12 May 2014

SELECT HARVESTS

Global Market & Local Harvest Update

Select Harvests' Managing Director Paul Thompson reports that world almond prices have firmed following the release of the US April Almond Industry Position Report on 9 May, reflecting the continuing strong demand for almonds.

US domestic market shipments are up 11.3% year to date ("YTD") and export shipments up 1.3% YTD with total shipments up 4.3% YTD. The current forecast shows the carry over inventory will be 261.7 million pounds, 17.4% lower than last year end. Similar to the local Australian market, global demand remains strong from food processors, food service and confectioners. He added that prices are expected to remain firm as a result of strong shipments and reduced world supply.

Turning to Select Harvests' current crop, Mr. Thompson said that with additional investment in harvest equipment in 2013, the company had been able to harvest 84% of its farms by 29 April, despite rain disruption. These conditions have resulted in increased harvesting and processing costs. Continued rainfall in New South Wales since then has prevented the harvesting of the remaining 16% of the crop. The wet, cold conditions have resulted in some nut drop, further increasing the probability of product deterioration.

Without any further rain, harvesting could recommence within seven days, however with the current 28 day forecast indicating intermittent rain throughout this period, there is now uncertainty when harvest will be completed.

Until all of the remaining 2013/14 crop is harvested and processed, we are not in a position to determine, with any certainty, the impact of this year's wet harvest conditions on yield and quality.

Select Harvests remains committed to its strategy to improve yield, quality and mitigate risk. It intends to increase the harvest equipment matrix and invest in mechanical drying capability on farm and at Carina West Processing Facility.

Mr Thompson concluded that he remains confident in the fundamentals of the industry.

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BACKGROUND:

Select Harvests Ltd (ASX:SHV) is an ASX listed, fully integrated almond business consisting of orchards (company owned, leased, joint venture and managed), primary processing (hulling & shelling), secondary processing (blanching, roasting, slicing, dicing, meal), trading (industrial products) and consumer products (Private Label & Brands - Lucky, Sunsol, Soland, Nuvit, Renshaw & Allinga Farms). Select Harvests also import a full range of nuts (in addition to almonds) for inclusion in their Consumer Products range of nut products. Australia is a significant global almond producer and Select Harvests are one of Australia's largest almond companies, supplying almonds domestically and internationally, to supermarkets, health food shops, industrial segments and the almond trade. The company is headquartered at Thomastown on the outskirts of Melbourne, Australia while its orchards are located in North West Victoria, Southern New South Wales and South Australia. Its primary processing facility (Carina West) is located at Wemen in North West Victoria and the secondary processing facility is located at Thomastown.