

**SELECT HARVESTS LIMITED  
ABN 87 000 721 380  
AND CONTROLLED ENTITIES**

**HALF-YEAR INFORMATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017  
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A**

**This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2017.**

# Appendix 4D

## Half Year Report for the six months to 31 December 2017

Name of entity

Select Harvests Limited

ABN 87 000 721 380

### 1. Reporting period

Report for the half year ended 31 December 2017

Previous corresponding period is the financial year ended 30 June 2017 and half year ended 31 December 2016

### 2. Results for announcement to the market

(All amounts in this report are expressed in \$'000 unless otherwise stated)

Revenues from continuing ordinary activities ( <i>item 2.1</i> )	Down	10.7%	to	112,946
Profit from continuing ordinary activities after tax attributable to members ( <i>item 2.2</i> )	Down	45.9%	to	6,288
Net profit after tax attributable to members ( <i>item 2.3</i> )	Down	42.7%	to	5,607
<b>Dividends (<i>item 2.4</i>)</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
Interim dividend		5.0 ¢		5.0¢
Previous corresponding period				
Interim dividend		10.0 ¢		10.0¢
Record date for determining entitlements to the interim and special dividend ( <i>item 2.5</i> )		8 March 2018		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood ( <i>item 2.6</i> ):				
Please refer to the attached announcement.				

**3. Net tangible assets per security (item 3)**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$3.25	\$3.11

**4. Details of entities over which control has been gained or lost during the period: (item 4)**

**Control gained over entities**

Name of entities (item 4.1)	-	
Date(s) of gain of control (item 4.2)	-	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)	\$ -	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	\$ -	

**5. Dividends (item 5)**

	Date of payment	Total amount of dividend (\$'000)
Interim dividend – year ended 30 June 2018	5 April 2018	4,752
Interim dividend – year ended 30 June 2017	5 April 2017	7,349

**Amount per security**

	Amount per security	Franked amount per security at 30 % tax	Amount per security of foreign sourced dividend
<b>Total dividend:</b> Current year (interim)	5.0 ¢	5.0 ¢	Nil ¢
Previous year (interim)	10.0 ¢	10.0 ¢	Nil ¢

**Total dividend on all securities**

	Current period \$'000	Previous corresponding Period - \$'000
Ordinary securities <i>(each class separately)</i>	4,752	7,349
Preference securities <i>(each class separately)</i>	-	-
Other equity instruments <i>(each class separately)</i>	-	-
<b>Total</b>	<b>4,752</b>	<b>7,349</b>

**6. Details of dividend or distribution reinvestment plans in operation are described below *(item 6)*:**

The interim dividend may be reinvested in ordinary shares under the company's Dividend Reinvestment Plan.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan 9 March 2018

**7. Details of associates and joint venture entities *(item 7)***

Name of associate or joint venture entity	%Securities held
N/A	

**Aggregate share of profits (losses) of associates and joint venture entities**

<b>Group's share of associates' and joint venture entities':</b>	2017 \$	2016 \$
Profit (loss) from ordinary activities before tax	-	-
Income tax on ordinary activities	-	-
<b>Net profit (loss) from ordinary activities after tax</b>	-	-
Adjustments	-	-
<b>Share of net profit (loss) of associates and joint venture entities</b>	-	-

**8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached), which has been prepared in accordance with Australian accounting standards.**

**9. Independent review of the financial report** (*item 9*)

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

**10. Matters relating to a qualified independent review statement**

A description of the dispute or qualification in respect of the independent review of the half-year financial report is provided below (*item 17*)

N/A
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**SELECT HARVESTS LIMITED  
ABN 87 000 721 380  
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2017**

**SELECT HARVESTS LIMITED AND CONTROLLED ENTITIES**  
**ABN 87 000 721 380**  
**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2017**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2017 and any public announcements made by Select Harvests Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*

## DIRECTORS' REPORT

The directors present their report together with the financial report of Select Harvests Limited and controlled entities (referred to hereafter as the "consolidated entity" and "group") for the half-year ended 31 December 2017 and independent review report thereon.

### Directors

The names of the directors in office at any time during or since the end of the half-year are:

M Iwaniw (Chairman)  
P Thompson (Managing Director)  
M Carroll  
F S Grimwade  
P Riordan  
N Anderson  
F Bennett (appointed 6 July 2017)  
R M Herron (through to 15 November 2017)

Other than Mr Herron and Ms Bennett, the directors have been in office since the start of the financial period to the date of this report.

### Review of Operations

The consolidated profit of the group for the half year amounted to \$6.3 million (half-year 31 December 2016 \$11.62 million).

The 31 December 2016 Reported Results exclude significant adjustments made in the second half of FY17 relating to both almond crop size and price/kg. These adjustments are detailed in Note 3 to the Financial Statement.

Consistent with the requirements of Accounting Standard AASB 141 Agriculture, the crop has been valued at the estimated fair value less costs to sell. Based on the maturity profile of current orchards and industry standard yields, a crop of 15,800 MT should be expected.

Harvest has only just commenced and at this early stage it is difficult to accurately forecast the crop size and quality. This includes the potential impact of frost events in some of our orchards previously disclosed. As a result, we have applied a 5% discount to the industry standard yields to arrive at a crop volume of 15,000MT.

To date we have currently harvested approximately 15% of our portfolio - young trees of the non-pareil variety. Early harvest indications show that the crop quality is good and there is potential for the 15,000 MT crop estimate to be exceeded.

The fundamentals of demand remain extremely strong with the Almond Board of California January Position Report showing year to date shipments up 10% and uncommitted inventory down 12%. We are forecasting an almond price for the crop of A\$7.60-8.20/kg and today's market is currently trading in excess of A\$8.00/kg. We have valued the crop based on an average almond price of A\$7.75/kg at an AUD/USD exchange rate of 0.77. These pricing estimates will be tested in the coming weeks as the industry and market comes to understand the impact of the recent significant frost events in California (the biggest almond producing region in the world).

The Food Division has faced a number of challenges in the domestic market in the last six months, including the expansion of house brands (impacting SHV's market share) and the increasingly competitive domestic sector. The export market remains buoyant with significant opportunities in both North and South-East Asia. Opportunities to grow exist in consumer branded categories plus further growth in the industrial/commercial sectors. We anticipate our export business growth to accelerate, albeit from a small base.

**SELECT HARVESTS LIMITED AND CONTROLLED ENTITIES**  
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We have had zero environmental incidents. Lost Time Injury Frequency Rate (LTIFR) and Medically Treated Injury Frequency Rate (MTIFR) have both reduced in excess of 25% year on year and Lost Time Injury Severity Rates (LTISR) are down 50%. It is pleasing to see such positive results in our OHS performance.

**Business Outlook**

Select Harvests remains confident in our business fundamentals. We are anticipating a significantly improved 2H18 performance driven by the:

- potential benefit of improved almond yield, quality and pricing
- benefit of lower interest costs as a result of our improved debt position
- improved performance from the Parboil value-adding investment
- commissioning of the H2E co-generation plant in April
- increasing sales in the Food Division export markets
- and finally, further realization of cost saving initiatives expected to deliver more than \$6 million in annual savings

**Interim Dividend**

On 27 February 2018, the directors declared a fully franked interim dividend of 5 cents per ordinary share to be paid on 5 April 2018 to shareholders registered at 5.00pm on 8 March 2018.

**Subsequent Events**

No other significant events have occurred subsequent to reporting date.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

**Rounding**

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors:



Michael Iwaniw  
Chairman

Dated this 27<sup>th</sup> day of February 2018



## Auditor's Independence Declaration

As lead auditor for the review of Select Harvests Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Select Harvests Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Andrew Cronin', is positioned above the printed name.

Andrew Cronin  
Partner  
PricewaterhouseCoopers

Melbourne  
27 February 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Note	<b>31 December</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$ '000</b>	<b>\$ '000</b>
<b>Revenue</b>			
Sales of goods and services		109,410	124,702
Other revenue		3,536	1,755
<b>Total revenue</b>		<b><u>112,946</u></b>	<b><u>126,457</u></b>
<b>Other income</b>			
Inventory fair value adjustment		3,740	(1,479)
Gain on sale of assets		-	37
<b>Total other income</b>		<b><u>3,740</u></b>	<b><u>(1,442)</u></b>
<b>Expenses</b>			
Cost of sales		(96,707)	(98,370)
Distribution expenses		(1,867)	(2,181)
Marketing expenses		(352)	(495)
Occupancy expenses		(646)	(745)
Administrative expenses		(3,511)	(3,708)
Finance costs		(3,186)	(2,231)
Other expenses		(1,435)	(1,617)
<b>Total expenses</b>		<b><u>(107,704)</u></b>	<b><u>(109,347)</u></b>
<b>PROFIT BEFORE INCOME TAX</b>		<b><u>8,982</u></b>	<b><u>15,668</u></b>
Income tax expense	7	(2,694)	(4,043)
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED</b>		<b><u>6,288</u></b>	<b><u>11,625</u></b>
<b>Other Comprehensive Income/ (Expense)</b>			
<i>Items that may be reclassified to profit or loss</i>			
<b>Changes in fair value of cash flow hedges, net of tax</b>		(681)	(1,842)
Other Comprehensive Income/ (Expense) for the half-year		(681)	(1,842)
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSE) ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED</b>		<b><u>5,607</u></b>	<b><u>9,783</u></b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>			
Basic earnings (cents per share)		8.1	15.9
Diluted earnings (cents per share)		8.1	15.8

The above Consolidated Income Statement should be read in conjunction with the accompanying Notes.

**CONSOLIDATED BALANCE SHEET  
 AS AT 31 DECEMBER 2017**

	Note	31 December 2017 \$ '000	30 June 2017 \$ '000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		657	1,060
Trade and other receivables		29,451	46,806
Inventories		104,387	87,474
Derivative financial instruments		479	1,270
<b>TOTAL CURRENT ASSETS</b>		<b>134,974</b>	<b>136,610</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		288,930	282,477
Intangible assets	8	60,604	60,604
<b>TOTAL NON CURRENT ASSETS</b>		<b>349,534</b>	<b>343,081</b>
<b>TOTAL ASSETS</b>		<b>484,508</b>	<b>479,691</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		18,629	14,294
Interest bearing liabilities		6,530	110,385
Derivative financial instruments		30	160
Current tax liabilities		1,568	2,322
Deferred gain on sale		175	175
Employee entitlements		2,882	3,035
<b>TOTAL CURRENT LIABILITIES</b>		<b>29,814</b>	<b>130,371</b>
<b>NON CURRENT LIABILITIES</b>			
Interest bearing liabilities		50,521	36,492
Deferred tax liabilities		29,792	30,591
Deferred gain on sale		2,934	3,021
Employee entitlements		1,591	1,597
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>84,838</b>	<b>71,701</b>
<b>TOTAL LIABILITIES</b>		<b>114,652</b>	<b>202,072</b>
<b>NET ASSETS</b>		<b>369,856</b>	<b>277,619</b>
<b>EQUITY</b>			
Contributed equity	9	267,618	181,164
Reserves		11,098	11,602
Retained profits		91,140	84,853
<b>TOTAL EQUITY</b>		<b>369,856</b>	<b>277,619</b>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	31 December	
	2017 \$ '000	2016 \$ '000
<b>Balance at 1 July</b>	<b>277,619</b>	<b>290,901</b>
Profit for the half-year	6,288	11,625
Other Comprehensive Income/ (Expense)	(681)	(1,842)
<b>Total comprehensive income for the half-year</b>	<b>5,607</b>	<b>9,783</b>
Transactions with equity holders in their capacity as equity holders:		
- Dividends paid (note 5)	-	(18,227)
- Contributions of equity (note 9)	86,454	1,921
- Employee performance rights reserve	176	285
	86,630	(16,021)
<b>Total equity at the end of half-year</b>	<b>369,856</b>	<b>284,663</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	<b>31 December</b>	
	<b>2017</b>	2016
	<b>\$ '000</b>	\$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	125,881	143,786
Payments to suppliers and employees	<u>(105,348)</u>	<u>(110,367)</u>
	20,533	33,419
Interest received	19	10
Interest paid	(2,852)	(2,349)
Income tax paid	<u>(4,700)</u>	<u>(25,298)</u>
<b>Net cash inflow from operating activities</b>	<u>13,000</u>	<u>5,782</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from Government grants	3,946	1,642
Proceeds from sale of property, plant and equipment	70	37
Payment for property, plant and equipment	(7,926)	(17,598)
Payment for tree development costs	<u>(6,121)</u>	<u>(4,731)</u>
<b>Net cash (outflow) from investing activities</b>	<u>(10,031)</u>	<u>(20,650)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issues of shares	86,454	-
Proceeds from borrowings	47,550	70,750
Repayments of borrowings	(133,500)	(37,500)
Repayment of finance lease	(2,346)	(1,824)
Dividends payment on ordinary shares, net of Dividend Reinvestment Plan	-	<u>(16,306)</u>
<b>Net cash (outflow)/ inflow from financing activities</b>	<u>(1,842)</u>	<u>15,120</u>
<b>Net increase in cash and cash equivalents</b>	1,127	252
Cash and cash equivalents at the beginning of the half-year	<u>(1,931)</u>	<u>(3,455)</u>
<b>Cash and cash equivalents at the end of the half-year</b>	<u>(804)</u>	<u>(3,203)</u>
<b>Reconciliation to cash at the end of the year:</b>		
Cash and cash equivalents	657	2,188
Bank overdraft	<u>(1,461)</u>	<u>(5,391)</u>
	<u>(804)</u>	<u>(3,203)</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation of half-year report

This general purpose interim financial report for the half-year ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Select Harvests Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous annual financial report.

#### New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

*(i) AASB 9 Financial Instruments (effective from 1 January 2018)*

*AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. This change has no material impact to the Company.*

*(ii) AASB15 Revenue from Contracts with Customers (effective from 1 January 2018)*

*The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. This change has no material impact to the company.*

*(iii) IFRS 16 Leases (effective from 1 April 2019)*

*IFRS 16 (effective for annual periods starting on or after 1 January 2019) eliminates the classification of leases as either operating leases or finance leases and requires entities to recognise assets and liabilities on the balance sheet for the majority of leases. The company is currently evaluating the impact of the new standard.*

### 2. COMPARATIVE INFORMATION

The Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows provide comparative information for the half-year ended 31 December 2016. The Balance Sheet provides comparative information as at 30 June 2017.

Where necessary, the comparatives have been reclassified and repositioned to be consistent with the current year disclosures.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017

### 3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In addition to those critical accounting estimates and assumptions disclosed in the Group's previous annual financial report, the estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current and next financial year are discussed below.

#### Inventory - Prior Years Almond Crops

The reported 31 December 2017 and 31 December 2016 Earnings Before Interest and Tax (EBIT) was impacted by actual results for realisation of the 2017 and 2016 crops varying to the crop estimates previously recognised.

The impact of these items is summarised as follows:

	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
EBIT	12,149	17,889
Adjustment for 2017 crop (Notes 1 & 2)	1,072	(9,570)
Adjustment for 2016 crop (Note 3)	-	5,100
	13,221	13,419

Note 1: For the 6 months to 31 December 2017 costs relating to the prior year crops were incurred, higher than those assumed in the crop estimate determined at 30 June 2017. The EBIT for the 6 months to 31 December 2017 would have been \$1,072,000 higher if we had been able to predict these costs at 30 June 2017.

Note 2: At 31 December 2016 the 2017 crop was estimated at 16,000MT at a price of \$7.70/kg. At 30 June 2017 the final estimate was revised to 14,100MT at \$7.43/kg. The EBIT for the 6 months to 31 December 2016 would have been \$9,570,000 lower if we had been able to predict the crop price and volume that was used at 30 June 2017.

Note 3: For the period to 31 December 2016 the remaining 2016 crop was realised/estimated at a lower price than was estimated at 30 June 2016. The EBIT for the 6 months to 31 December 2016 would have been \$5,100,000 higher if we had been able to predict this crop price when it was recognised at 30 June 2016.

#### Inventory - Current Year Almond Crop

The current year almond crop is classified as a biological asset and valued in accordance with AASB 141 "Agriculture". In applying this standard, the consolidated entity has made various assumptions at the interim balance date as the current year almond crop is only partially through the growing season and the actual crop yield will not be known until it is completely processed and sold. The assumptions are the estimated average almond selling price at the point of harvest of \$7.75 per kg and almond yield based on a crop estimate for Company Orchards of 15,000 metric tonnes.

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2017**

**4. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

On 27 February 2018, the Directors declared a fully franked interim dividend of 5 cents per ordinary share to be paid on 5 April 2018 to shareholders registered at 5.00pm on 8 March 2018.

No other significant events have occurred subsequent to reporting date.

**5. DIVIDENDS**

	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Dividends paid during the half-year</b>		
Total dividends paid during the half-year	-	18,227
<b>(b) Dividends not recognised at the end of the half-year:</b>		
In addition to the above dividends, since the end of the half-year the directors have declared the payment of a fully franked interim dividend of 5 cents per fully paid ordinary share (Dec 2016 – 10.0 cents fully franked per fully paid ordinary share). The aggregate amount of the declared dividends expected to be paid on 5 April 2018 out of retained profits at 31 December 2017, but not recognised as a liability at the end of the half-year, is:	4,752	7,349

**SELECT HARVESTS LIMITED AND CONTROLLED ENTITIES**  
**ABN 87 000 721 380**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. SEGMENT INFORMATION**

The segment information provided to the Chief Executive Officer is referenced in the following table:

	Food Division (\$'000)		Almond Division (\$'000)		Eliminations and Corporate (\$'000)		Consolidated Entity (\$'000)	
	Dec 2017	Dec 2016	Dec 2017	Dec 2016	Dec 2017	Dec 2016	Dec 2017	Dec 2016
<b>Revenue</b>								
Total revenue from external customers	69,261	77,987	40,149	46,715	-	-	109,410	124,702
Intersegment revenue	-	-	14,176	12,502	(14,176)	(12,502)	-	-
<b>Total segment revenue</b>	<b>69,261</b>	<b>77,987</b>	<b>54,325</b>	<b>59,217</b>	<b>(14,176)</b>	<b>(12,502)</b>	<b>109,410</b>	<b>124,702</b>
Other revenue	-	-	3,517	1,745	19	10	3,536	1,755
<b>Total revenue</b>	<b>69,261</b>	<b>77,987</b>	<b>57,842</b>	<b>60,962</b>	<b>(14,157)</b>	<b>(12,492)</b>	<b>112,946</b>	<b>126,457</b>
<b>EBIT</b>	<b>3,175</b>	<b>5,054</b>	<b>11,532</b>	<b>15,605</b>	<b>(2,558)</b>	<b>(2,770)</b>	<b>12,149</b>	<b>17,889</b>
Interest received	-	-	-	-	19	10	19	10
Finance costs expensed	-	-	(1,302)	(1,372)	(1,884)	(859)	(3,186)	(2,231)
<b>Profit before income tax</b>	<b>3,175</b>	<b>5,054</b>	<b>10,230</b>	<b>14,233</b>	<b>(4,423)</b>	<b>(3,619)</b>	<b>8,982</b>	<b>15,668</b>
<b>Segment assets</b> (excluding intercompany debts)	<b>75,596</b>	<b>72,803</b>	<b>410,569</b>	<b>374,012</b>	<b>(1,657)</b>	<b>2,689</b>	<b>484,508</b>	<b>449,504</b>
<b>Segment liabilities</b> (excluding intercompany debts)	<b>(11,112)</b>	<b>(9,260)</b>	<b>(91,779)</b>	<b>(88,585)</b>	<b>(11,761)</b>	<b>(66,996)</b>	<b>(114,652)</b>	<b>(164,841)</b>
<b>Acquisition of non-current segment assets</b>	<b>80</b>	<b>340</b>	<b>15,835</b>	<b>20,603</b>	<b>117</b>	<b>1,386</b>	<b>16,032</b>	<b>22,329</b>
<b>Depreciation and amortisation of segment assets</b>	<b>221</b>	<b>228</b>	<b>7,705</b>	<b>6,908</b>	<b>28</b>	<b>33</b>	<b>7,954</b>	<b>7,169</b>

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2017**

**7. NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE  
TAX PAYABLE**

	<b>31 December</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
Profit from continuing operations before income tax expense	8,982	15,668
Tax at the Australian tax rate of 30% (2016 – 30%)	(2,694)	(4,700)
(Under)/ Over provision of previous year	-	657
Income tax expense	<b>(2,694)</b>	<b>(4,043)</b>

**8. INTANGIBLES**

**(a) Impairment tests for goodwill and brand names**

Goodwill is allocated to the Company's cash-generating units (CGU) identified according to operating segment. The total value of goodwill and brand names relates to the Food Products CGU. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. These calculations use cash flow forecasts based on financial projections by management covering a five year period based on growth rates taking into account past performance and its expectations for the future. Assumptions made do not include significant growth from expanding consumer export sales or product innovations in the industrial market over the forecast period. Cash flow projections beyond the five year period are not extrapolated, but a terminal value is included in the calculations (with a real growth rate of 0%). A real pre-tax weighted average cost of capital of 11.5% (30 June 2017:12.6%) has been used to discount the cash flow projections.

**(b) Impact of possible changes to key assumptions**

The recoverable amount of the goodwill and brand names in the Food Division exceeds the carrying amount of goodwill at 31 December 2017. If a pre-tax discount rate of 12.9% was used instead of 11.5% the recoverable amount of goodwill in the Food Products Division would be equal to the carrying amount of goodwill at 31 December 2017. A decrease of 10% in the projected annual cash flows does not result in an impairment of the goodwill and brand names at 31 December 2017. This change would be considered a reasonably possible change to this key assumption.

**9. EQUITY SECURITIES ISSUED**

	<b>31 December</b>		<b>31 December</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>Shares</b>	Shares	<b>\$'000</b>	\$'000
	<b>No.</b>	No.		
<b>Issues of ordinary shares during the half-year</b>				
Placement and Share Purchase Plan	<b>21,438,814</b>	-	<b>86,454</b>	-
Dividend reinvestment scheme issues	-	293,057	-	1,921
Long term incentive plan – tranche vested	-	274,705	-	-
Contributions to equity			<b>86,454</b>	1,921

## DIRECTORS' DECLARATION

In the directors' opinion:

- a) the financial statements and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001* including:
  - i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b) there are reasonable grounds to believe that Select Harvests Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Michael Iwaniw  
Chairman  
Dated this 27<sup>th</sup> day of February 2018



## **Independent auditor's review report to the members of Select Harvests Limited**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Select Harvests Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Select Harvests Limited. The consolidated entity comprises the Company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Select Harvests Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Select Harvests Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Andrew Cronin'.

Andrew Cronin  
Partner

Melbourne  
27 February 2018

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