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ASX ANNOUNCEMENT

SELECT HARVESTS REPORTS FULL YEAR RESULT and ANNOUNCES 2 NEW ACQUISITIONS, and AN EQUITY RAISING TO FUND GROWTH PLANS

25 August 2014

SELECT HARVESTS

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ACN 000 721 380
ABN 87 000 721 380

Select Harvests Limited (SHV ASX), a leading Australian almond producer and marketer, today announces its financial results for the 12 months ended 30th June 2014.

Result

- A record reported Net Profit After Tax of $29.0m[1] (FY13 NPAT: $2.9m);
- FY14 reported NPAT is + 27 % increase compared to underlying FY13 NPAT of $22.9m (which last year included the after tax impact of $27.9m of non - cash asset write down of Western Australian almond project, and $8.0m gain on the acquisition of almond orchard assets);
- Operating cash flow achieved of $ 23.1m (FY13: $4.1m), representing strong conversion from the existing asset base of the business;
- Earnings per share (EPS) of 50.2 cents, compared to underlying EPS of 40.1 cents last year, an increase of +25%
- The Directors have declared a final dividend (unfranked) of 9 cents per share to be paid on 15 October 2014 to shareholders based on their holding on 3 September 2014.

Acquisitions

- On 19 December 2013, the company acquired almond orchards in South Australia for $16.3 million. The assets comprised 680 acres (275 hectares) of almond orchards and 1,000 acres (405 hectares) of development land bank. The development of this land bank will now be advanced with the support of a grant of $7.5 million awarded by the SA Government in return for agreement to the water irrigation efficiencies program ;
- On 31 July 2014, the Company increased its land bank for new almond orchard developments through the $2.0 million purchase of land in Northern Victoria to support 1,600 acres (648 hectares) of new plantings of almond orchards;
- On 22 August 2014, Contracts to acquire 2 new almond orchards were signed comprising a total investment of $60.8 million (plus transaction costs):
    - One property, near Renmark in South Australia, comprises 2,046 acres (828 hectares) of planted almond orchards, a development land bank of 1,500 acres (607 hectares) and 6,215 Mega Litres of water rights. The property includes 760 acres (308 hectares) of citrus orchards which is expected to be leased to a third party. The purchase price is $52.3 million;
    - The second property in Victoria comprises 435 acres (176 hectares) of planted almond orchards and a development land bank of 1,365 acres (553 hectares). The purchase price is $8.5 million;

Funding

The funding of growth plans includes a $47m Placement, a Share Purchase Plan (SPP), flexible debt funding facilities with the NAB and Rabobank, and plans to evaluate a range of alternate funding models to support the green field orchard development program.
The placement will be made to institutions and professional investors. The SPP will be available to all existing shareholders with an address on the share register in Australia or New Zealand. New shares issues under the placement and SPP will not be entitled to the FY14 final dividend.

[1] Includes a $6m pre-tax revaluation of almond trees,

Paul Thompson, Select Harvests' Managing Director, comments:

"*Progress on delivering against our number one strategy goal, to increase exposure to the strong fundamentals of the global almond industry, is significantly advanced, whilst at the same time the Company has delivered a record result and strong cash flows from the quality assets already in place.*

The combined impact of having acquired (or secured contracts to acquire) 3,161 acres (1,279 hectares) of existing planted acres through 3 recent acquisitions and Allinga (acquired in December 2013), and having established a development land bank of 5,500 acres (2,227 hectares), and replanting of older orchards, places the company in a position to increase productive capacity to nearly 19,000 acres (7,692 hectares) on the plant out of available land banks. This will support a pipeline of future potential supply of nearly 23,000 MT of almonds once all trees become mature. In conjunction with third party processing contracts this pipeline of future production can be serviced by the capacity of our existing state of the art almond processing plant in Northern Victoria.

A prudent approach towards funding of any new almond orchard developments will be supported by the equity raising, responsible levels of debt and gearing, managed through strong operating cash flows, and the ongoing evaluation of alternate funding options and capital management plans.

We remain committed to our integrated business model with turnaround plans in our food division tracking in line with strategy to improve returns through innovation, increasing our sales and marketing efforts in Asia, and margin management.

This years' result is proof that our strategy is on track, with the outlook remaining positive as global almond supply and demand fundamentals remain attractive. The current strong almond prices are anticipated to remain over the medium term, with global supply influenced by severe drought conditions in California, the world's largest growing area, coupled with a continuation of almond consumption growth."

Results Summary

	Reported Result		Underlying Result	
EBIT ($000's)	**FY13**	**FY14**	**FY13**	**FY14**
Almond Division	3,888	40,795	36,393	40,795
Food Division	5,450	5,644	5,450	5,644
Corporate Costs	(4,097)	(4,631)	(4,097)	(4,631)
Operating EBIT	**5,241**	**41,808**	**37,746**	**41,808**
Interest Expense	(5,043)	(4,455)	(5,043)	(4,455)
Net Profit Before Tax	**198**	**37,353**	**32,703**	**37,353**
Tax (Expense)/Benefit	2,674	(8,346)	(9,813)	(8,346)
Net Profit After Tax	**2,872**	**29,007**	**22,890**	**29,007**
Earnings Per Share	5.0	50.2	40.1	50.2
Operating cash flow	4,051	23,062	-	-
Net Debt	79,184	94,764	-	-

A reconciliation of the adjustments between Reported and Underlying results is included as an appendix to this announcement.

Almond Division

Revenues of $88.1 million, compared to $71.1 million in 2013, an increase of 24%. The increase in revenues is driven by the increased sales of almonds relating to the 2013 and 2014 crop, offset by reduced revenues from management services for third party almond growers.

EBIT is $40.8 million which compares to underlying EBIT of $36.4 million in 2013, an increase of +12%. This result is driven by the valuation of the 2014 crop, comprising a yield of 10,500 MT (compared to 12,669 MT last year) and an almond price projection of $8.50/kg (compared to $6.38/kg last year), and the benefit of a higher return on the sell through of the 2013 crop during this financial year. The result also includes a $6 million revaluation of the almond trees, arising primarily as a result of the projected increase in the long term almond price.

Almond prices are at near record highs, whist this season's crop yields are down on earlier estimates and in comparison to the 2013 season, as reflected across the broader Australian Almond industry. Extreme heat, unfavourable weather during harvest, and the prevalence of higher than normal levels of insect damage are contributing factors to the yield outcomes. Costs of production have increased primarily as a result of wet weather during the harvest period.

The focus in this division has been to increase the control over the critical mass of almonds through acquisition of mature almond orchards and creation of a land bank for future new almond orchard developments.

- On 19 December 2013, the company acquired almond orchards near Loxton, South Australia, for $16.3 million, which included 680 acres (275 hectares) of mature planted acres, plus vacant land suitable for planting of approximately 1,000 acres (405 hectares) of new almond orchards, plus equipment and the rights to the 2014 crop. The Company has been successful in securing a $7.5 million grant from the South Australian Government in support of investment in new irrigation infrastructures aligned to the development of this vacant land, in return for irrigation efficiencies. Plans have commenced to begin the plant out of this land in the winter of 2015;

- On 31 August 2014, the Company settled on the purchase of vacant land, Mendook near Euston, New South Wales, for $2 million. The land, of which approximately 1,600 acres (648 hectares) is suitable for a greenfield almond orchard development, is located close to the existing Company operations in Northern Victoria;

- On 22 August 2014, the Company executed a Contract to acquire the Amaroo orchards, located near Renmark in South Australia, for $52.3 million. The assets comprise 2,046 acres (828 hectares) of almond orchards, the majority of which are mature, approximately 1,500 acres (607 hectares) of vacant land suitable for planting of new almond orchard developments, 760 acres (308 hectares) of citrus orchards, and 6,215 mega litres of high security water rights. The settlement of this purchase is set for early September 2014. The Company plans to enter into a lease with a third party who will operate the citrus orchards;

- On 22 August 2014, the Company executed a Contract to acquire the Grewal almond orchards, near Lake Cullulleraine, Northern Victoria, for $8.5 million. The assets comprise 435 acres (176 hectares) of planted almond orchards, and approximately 1,365 acres (553 hectares) of land available for planting out new almond orchard developments. The settlement of this purchase is set for September 2014.

During the year the program to replant some older areas in the existing Company almond orchard portfolio continued to be advanced, with 500 acres (202 hectares) removed, and planted out with new trees in July and August 2014. The program will be further advanced into the new financial year.

The focus in the almond division remains on continuing to increase the critical mass of almond orchards, yield improvements, benchmarking all aspects of farm management and processing, against domestic and international peers, with increased engagement with leading practitioners in California through a number of visits. Research into new varieties of almonds, planting densities, and nutrient management is an important aspect of this recognising the plans to develop new orchards.

Investment in risk mitigation has continued with additional frost fans and harvesting equipment having been purchased to minimise the impacts of potential adverse weather events into the future. In preparation for the 2015 crop the harvest matrix has been increased, and new drying capacity is being located at the almond processing plant.

Food division

Revenues of $117.9 million compare to $133.2 million in 2013, down by 11.5%. EBIT of $5.6 million compares to $5.5 million in 2013. The reduction in revenues is driven primarily by the loss of private label contracts to major retailers. This is partially offset by increased sales of branded products, and strong sales to industrial ingredient manufacturers, which have increased 24% year on year. The improved sales mix during the year has resulted in a higher EBIT/Revenue ratio, with this development being in line with the planned strategy to improve returns in the Food Division.

Investment behind new product development and innovation has been a focus, with the introduction of new capability into the management teams. New launches for the Lucky Smart Snax and Sunsol Muesli ranges have been achieved with reformulated offerings, new health concepts, and customised industrial solutions are now being brought to market. The export growth strategy continues with the appointment of new distributors in Malaysia and Thailand.

The review of the manufacturing and supply chain foot print remains on track with a focus on a more integrated approach across and within each segment of the business. The plans to generate energy efficiency savings are well advanced through investment in co-generation technologies.

Funding and Capital management

The Company has formulated capital management and funding plans to enable the growth plans as set out through the strategy implementation.

The strong operating cash flows being generated from the baseline assets of the business are supportive of flexible bank debt arrangements with our partners NAB and Rabo supporting our plans with additional debt capacity as we integrate acquisitions and refine the greenfield investment plans.

Net debt at 30 June 2014 is $ $94.8 million (compared to $79.3 million at 30 June 2013). Gearing (net debt/equity) is 51.9% at 30 June 2014 (compared to 49.7% at 30 June 2014), being within planned levels, recognising the acquisition in December 2013, was debt funded.

An equity raising, through a Placement and Share Purchase Plan has been announced to coincide with this results announcement to support our investment plans and manage gearing within the company target range.

The optimum funding model for greenfield developments is under evaluation and will comprise a mix between on balance sheet and third party involvement. The timing of this expansion will be determined by the combined impact of availability of tree root stocks for plantings and further development of the funding model.

Proceedings against the Company

The Company is involved in legal proceedings in the Supreme Court of Victoria instituted by Almas Almonds, relating to the provision of orchard management services commencing in 2006. The hearing of the proceeding is presently scheduled for February 2015. Almas Almonds is claiming damages of $9 million plus interest and costs, of which $8.3 million relates to claimed loss of future income for the period 2014 to 2029. Select Harvests denies any liability in relation to the claim and is vigorously defending it, and as a result no provision has been recognised in relation to the claim.

Dividend

An unfranked final dividend of 9 cents per share has been declared, resulting in a total dividend for the year of 20 cents per share. The final dividend will be payable on 16 October 2014 to shareholders based on their holding at 3 September 2014 and will not be payable on new shares issued under the Placement or SPP.

Strategy

Significant progress has been made on the implementation of the Company strategy, with emphasis on measurable projects and actions embedded within the 7 strategy platforms announced last year.

Whilst the emphasis has been on ensuring we accelerate the control over the critical mass of Almonds, the focus will be further enhanced in relation to supply chain integration, the investment in co-generation and improvement to the returns within the Food Division.

Outlook

The outlook for Select Harvests remains positive as the fundamentals of the global almond industry remain very compelling, and the Company is well placed to take advantage of those fundamentals. Demand for almonds continues to grow domestically and internationally. Developments in California, the largest growing region in the world, which remains in the midst of a severe drought, indicate that pressures on cost and yield are most likely to support the continuance of high almond prices in the outlook period. The realised almond price is impacted by the Australian Dollar value against the US Dollar, with developments in the exchange rate having potentially significant impacts on the almond price.

The horticultural program for the 2015 crop is well underway, with the farm program, including pollination and water, fully funded. An update on the development of the 2015 crop will be provided as and when key milestones in the orchard growing cycle have been measured and any meaningful estimates on yield can be set.

The integration of the acquired almond orchards will further enhance total yield, and provide the potential for the earnings benefits from the high almond prices to be gained.

Both the Packaged Food, and Industrial businesses have strong innovation programs which will carry through into the market during 2015.

The Company will continue to work on the divestment of the Western Australian assets during the 2015 financial year.

ENDS

For further information please contact

Investors and Analysts

Paul Thompson, Managing Director	+61 3 9474 3544
Paul Chambers, Chief Financial Officer	+61 3 9474 3544
Andrew Angus, Investor Relations	+61 402 823 757

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, South Australia and Southern New South Wales. Its primary processing facility (Carina West) is located at Wemen in North West Victoria and the secondary processing facility is located at Thomastown.

Adjustments between Reported and underlying EBIT

Almond Division

	FY13	FY14
Reported EBIT	**3,888**	**40,795**
WA asset impairment	39,908	-
Discount on acquisition of assets	(8,013)	-
Transaction costs	610	-
Underlying EBIT	**36,393**	**40,795**

Select Harvests Almond Orchard Portfolio

	Planted Orchard Area (acres)	Planted Orchard Area (hectares)	Bearing Orchard Area (acres)	Bearing Orchards Area (hectares)
Northern Region				
Owned	1,491	604	1,423	576
Leased	3,017	1,221	3,017	1,221
Total	**4,508**	**1,825**	**4,440**	**1,798**
Central Region				
Owned	4,165	1,686	3,554	1,439
Leased	1,481	600	1,481	600
Total	**5,646**	**2,286**	**5,035**	**2,039**
Southern Region				
Owned	3,156	1,278	2,467	999
Leased	**-**	**-**	**-**	**-**
Total	**3,156**	**1,278**	**2,467**	**999**
Total All Regions				
Owned	8,812	3,568	7,444	3,014
Leased	4,498	1,821	4,498	1,821
Total	**13,311**	**5,389**	**11,943**	**4,835**

Land bank (unplanted)	Acres	Hectares
Northern Region	-	-
Central Region	1,600	648
Southern Region	3,865	1,565
Total all Regions	**5,465**	**2,213**

Rule 4.3A

Appendix 4E **Preliminary final report**

Name of entity

Select Harvests Limited

ABN or equivalent company reference: 87 000 721 380

1. Reporting period

Report for the financial year ended	30 June 2014
Previous corresponding period is the financial year ended	30 June 2013

2. Results for announcement to the market

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

Revenues from ordinary activities *(item 2.1)*	Down	1.5%	to	$188,251
Profit (loss) from continuing ordinary activities after tax attributable to members (*item 2.2*)	Up	910.0%	to	$29,007
Net profit (loss) for the period attributable to members *(item 2.3)*	Up	910.0%	to	$29,007
Profit (loss) from continuing ordinary activities after tax attributable to members excluding the impact of write down of biological assets, impairment of property, plant and equipment and discount on acquisition	Up	26.7%	to	$29,007

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Final dividend	9 ¢	0 ¢
Previous corresponding period	9 ¢	9 ¢
Record date for determining entitlements to the dividend *(item 2.5)*	3 September 2014	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*:

Please refer to the attached announcement to the ASX.

3. Statement of Financial Performance *(item 3)*

Refer to the attached financial report

4. Statement of Financial Position *(item 4)*

Refer to the attached financial report

5. Statement of Cash Flows *(item 5)*

Refer to the attached financial report

6. Dividends *(item 6)*

	Date of payment	Total amount of dividend
Interim Dividend - year ended 30 June 2014	24 April 2014	$6,359,729

Amount per security

		Amount per security	Franked amount per security at 30 % tax	Amount per security of foreign sourced dividend
Total dividend:	Current year	20 ¢	11 ¢	0 ¢
	Previous year	12 ¢	12 ¢	0 ¢

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities *(each class separately)*	11,580	6,887
Preference securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Total	11,580	6,887

7. Details of dividend or distribution reinvestment plans in operation are described below *(item 7)*:

Not applicable

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	Not applicable

8. Statement of retained earnings *(item 8)*

Refer to the attached financial report.

9. Net tangible assets per security *(item 9)*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$ 2.47	$ 2.14

10. Details of entities over which control has been gained or lost during the period: *(item 10)*

Control gained over entities

Name of entities *(item 10.1)*	-
Date(s) of gain of control *(item 10.2)*	-
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 10.3)*	$ -
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 10.3)*	$ -

Loss of control of entities

Name of entities *(item 10.1)*	
Date(s) of loss of control *(item 10.2)*	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost *(item 10.3).*	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 10.3)*	

11. Significant information relating to the entity's financial performance and financial position. *(item 12)*

Please refer to the attached announcement.

12. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian accounting standards *(item 13)***.**

13. Commentary on the results for the period. *(item 14)*

Please refer to the attached announcement and financial report.

14. Audit of the financial report

The financial report has been audited and the audit opinion is attached.

15. Audit opinion

The audit opinion is unqualified.

16. Annual General Meeting

The Annual General Meeting will be held at the NAB Building, Level 3, 700 Bourke St, Dockland, Victoria, on 21 November 2014 at 1:00pm.

17. Periodic Disclosure Requirements Compliance Statement

1 The financial report and information provided in Appendix 4E uses the same accounting policies as those applied at 30 June 2014.

2 The Appendix 4E information gives a true and fair view of the matters disclosed in the annual financial report.

3. The economic entity has a formally constituted Audit & Risk Committee.

Sign here: Date: 25 August 2014

Print name: Paul Chambers
Company Secretary

Select Harvests Limited

ABN 87 000 721 380

Annual Financial Report

for the year ended 30 June 2014

Corporate Information

ABN 87 000 721 380

Directors
M Iwaniw (Chairman)
P Thompson (Managing Director)
M Carroll (Non-Executive Director)
F Grimwade (Non-Executive Director)
R M Herron (Non-Executive Director)
P Riordan (Non-Executive Director)

Company Secretary
P Chambers

Registered Office - Select Harvests Limited
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Email info@selectharvests.com.au

Solicitors
Minter Ellison Lawyers

Bankers
National Australia Bank Limited
Rabobank Australia

Auditor
PricewaterhouseCoopers

Share Register
Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Telephone (03) 9415 4000
Facsimile (03) 9473 2555

Website
www.selectharvests.com.au

Contents

DIRECTORS' REPORT

The directors present their report together with the financial report of Select Harvests Limited and controlled entities (referred to hereafter as the "Company") for the year ended 30 June 2014.

Directors

The qualifications, experience and special responsibilities of each person who has been a director of Select Harvests Limited at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

M Iwaniw, B Sc, Graduate Diploma of Business Management, MAICD (Chairman)
Appointed to the board on 27 June 2011 and appointed Chairman 3 November 2011. He began his career as a chemist with the Australian Barley Board (ABB), became managing director in 1989 and retired 20 years later. During these years he accumulated extensive experience in all facets of the company's operations, including leading the transition from a statutory authority and growing the business from a small base to an ASX 100 listed company. Helped orchestrate the merger of ABB Grain, AusBulk Ltd and United Grower Holdings Limited to form one of Australia's largest agri-businesses. He has a Bachelor of Science, a graduate diploma in business administration and is a member of the Australian Institute of Company Directors. He is a non executive director of Australian Grain Growers Cooperative and Australian Renewable Fuels. He is a member of the Remuneration and Nomination Committee.

Interest in shares: 178,567 fully paid shares.

P Thompson (Managing Director & Chief Executive Officer)
Appointed the Managing Director and Chief Executive Officer (CEO) of Select Harvests Limited on 9 July 2012. Has over 30 years of management experience. Formerly President of SCA Australasia, part of the SCA Group, one of the world's largest personal care and tissue products manufacturers. He is a member of the Australian Institute of Company Directors and has formerly held positions as a Director of the Food & Grocery Council and councillor in the Australian Industry Group.

Interest in Shares: 30,700 fully paid shares.

M Carroll, B AgSc, MBA & FAICD (Non-Executive Director)
Joined the board on 31 March, 2009. He works with a range of agribusiness companies in a board and advisory capacity, and has directorships with Queensland Sugar, Sunny Queen Farms, Rural Finance Corporation, Rural Funds Management and Tassal. He has 18 years experience in banking and finance, having established and led the Agribusiness division at National Australia Bank. He has worked for a number of companies in the agricultural sector including Monsanto Agricultural Products and a venture capital biotechnology company. He is Chairman of the Remuneration and Nomination Committee.

Interest in Shares: NIL

F S Grimwade, B Com, LLB (Hons), MBA, (Non-Executive Director)
Appointed to the board on 27 July, 2010. Fred is a Principal and Executive Director of Fawkner Capital, a specialist corporate advisory firm, and works with a wide range of companies in a board or advisory capacity. He is Chairman of Fusion Retail Brands Pty Ltd and CPT Global Limited, and is also a director of Australian United Investment Company Ltd, Troy Resources Ltd, and XRF Scientific Ltd. He has held general management positions with Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation and Goldman, Sachs & Co. He is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Interest in shares: 100,000 fully paid shares.

DIRECTORS' REPORT

R M Herron, **FCA & FAICD (Non-Executive Director)**
Joined the Board on 27 January 2005. A Chartered Accountant, Mr Herron retired as a Senior Partner of PricewaterhouseCoopers in December 2002. He was a member of the Coopers & Lybrand (now PricewaterhouseCoopers) Board of Partners where he was National Deputy Chairman and was the Melbourne office Managing Partner for six years. He also served on several international committees within Coopers & Lybrand. He is Chairman of Royal Automobile Club Of Victoria (RACV) Ltd, Chairman of GUD Holdings Ltd, and a major industry superannuation fund. He is Chairman of the Audit and Risk Committee.

Interest in Shares: 45,326 fully paid shares.

P Riordan (Non-Executive Director)
Appointed to the board on 2 October 2012. He has worked in various rural enterprises during his career, in Australia and the United States, including small seed production, large-scale sheep and grain organisations, and beef cattle. He is co-founder and Executive Director (Operations) of Boundary Bend Olives, Australia's largest vertically integrated olive company. Paul has a Diploma of Farm Management from Marcus Oldham Agriculture College, Geelong and has extensive operational and business experience in vertically integrated agri-businesses. He is a member of the Audit and Risk Committee.

Interest in shares: NIL

P Chambers, **BSc Hons, CA (Chief Financial Officer and Company Secretary)**
Joined Select Harvests as Chief Financial Officer and Company Secretary in September 2007. He is a Chartered Accountant and has over 25 years experience in senior financial management roles in Australian and European organisations, including corporate positions with the Fosters Group, and Henkel Australia and New Zealand. He is a member of the Australian Institute of Company Directors.

Interest in shares: 22,000 fully paid shares.

Corporate Information

Nature of operations and principal activities
The principal activities during the year of entities within the Company were:

- Processing, packaging, marketing and distribution of edible nuts, dried fruits, seeds, and a range of natural health foods, and
- The growing, processing and sale of almonds to the food industry from company owned almond orchards, the provision of management services to external owners of almond orchards, including orchard development, tree supply, farm management, land rental and irrigation infrastructure, and the marketing and selling of almonds on behalf of external investors.

Employees

The Company employed 387 full time equivalent employees as at 30 June 2014 (2013: 325 employees).

DIRECTORS' REPORT

Operating and Financial Review

Highlights & Key developments during the year

In the financial year ended 30 June 2014 Select Harvests has delivered a record Net Profit After Tax (NPAT) following on from the strong underlying result last year. There has been a focus by the Board, Executive Management, and employees, on the implementation of the Company growth strategy based on projects and initiatives which sit beneath the seven Strategy platforms announced last year. In many aspects, progress is ahead of plan, and further commentary on this is included later in the review.

The company is progressing with plans to identify the optimum funding model in support of its growth strategy to increase total almond production, through a combination of on and off balance sheet funding structures.

Financial Performance Review

Profitability

Reported Net Profit After Tax (NPAT) is $29.0 million, which compares to a reported Net Profit After Tax of $2.9 million in 2013. Earnings Before Interest and Taxes (EBIT) is $41.8 million, which compares to an EBIT of $ 5.2 million in 2013.

To better understand the underlying performance of the business in comparison to last year, the impact of a number of items is set out in the table below:

Results Summary

$'000	**Reported Result (AIFRS)**		**Underlying Result**	
EBIT ($'000's)	**FY14**	**FY13**	**FY14**	**FY13**
Almond Division (1)	40,795	3,888	40,795	36,393
Food Division	5,644	5,450	5,644	5,450
Corporate Costs	(4,631)	(4,097)	(4,631)	(4,097)
Operating EBIT	**41,808**	**5,241**	**41,808**	**37,746**
Interest Expense	(4,455)	(5,043)	(4,455)	(5,043)
Net Profit Before Tax	**37,353**	**198**	**37,353**	**32,703**
Tax (Expense)/Benefit	(8,346)	2,674	(8,346)	(9,813)
Net Profit After Tax	29,007	2,872	29,007	**22,890**
Earnings Per Share	50.2	5.0	50.2	40.1

(1) Adjustments between reported and underlying results in FY13 are an impairment write down of $39,908,000 made against the Western Australian almond project, and a discount (gain) of $8,013,000 made on the acquisition of almond orchard assets during the financial year, less transaction costs of $610,000.

NPAT of $29.0 million compares to underlying NPAT of $ 22.9 million in 2013, an increase of 27%. EBIT of $41.8 million, compares to underlying EBIT of $37.7 million in 2013, an increase of 11%. There is no difference between the reported results and the underlying results for the current year.

Earnings per share (EPS) of 50.2 cents compares to 5.0 cents last year. EPS has increased 25% compared to underlying EPS of 40.1 cents last year.

DIRECTORS' REPORT

Almond Division Profitability
Revenues of $88.1 million, compared to $71.1 million in 2013. The increase in revenues is driven by the increase in sales prices of the 2013 and 2014 almond crop, offsetting reduced revenues from management services from third party almond orchard owners.

EBIT is $40.8 million which compares to underlying EBIT of $36.4 million last year. This result is driven by the valuation of the 2014 crop, based on a yield of 10,500 MT and an almond price projection of $8.50/kg and the benefit of the higher yields and almond prices achieved on completion of the processing and selling through the 2013 crop. Costs of production for the 2014 crop have increased primarily as a result of the wet harvest season. The 2013 result included the residual fees earned from the provision of management services to third parties (mainly Olam) which have now curtailed. The result includes a $6.0 million revaluation of almond trees, arising primarily from an increase in the long term almond price.

Food Division Profitability
Revenues of $117.9 million compare to $133.2 million in 2013, down by 11.5%. EBIT of $5.6 million, compares to $5.5 million in 2013. The reduction in revenues is driven primarily by the loss of private label contracts with major retailers. This is partially offset by increased sales of branded products, and strong sales to industrial food manufacturers, which have increased 24% year on year. The improved sales mix during the year has resulted in a higher EBIT/sales ratio, with this development in line with the planned strategy to improve returns on the Food division.

Interest Expense
Interest expense has reduced from $5.0 million in FY13 to $4.5 million in FY14, down by 10%. The interest expense is impacted primarily by the reduction in interest rate relative to average net debt compared to the previous financial year.

Balance Sheet
Net assets at 30 June 2014 are $182.8 million, compared to $159.5 million last year.
Net working capital has increased by 23%. As summarised below, the main increase relates to the value of inventory, which comprises the fair value of the unsold 2014 almond crop, which is significantly higher than at the corresponding period last year.

$000's	2014	2013
Trade and other receivables	39,135	42,142
Inventories	83,018	66,879
Trade and other payables	(24,052)	(29,495)
Net working capital	**98,101**	**79,526**

Cash flow and Net Debt
Net debt at the 30 June 2014 is $ 94.8 million, with a gearing ratio (net debt/equity) of 52%. Operating cash flow in the financial year is $23.1 million, compared to $4.1 million last year. The improvement is mainly driven by the cash flows derived from the proceeds on selling through the 2013 crop. Investing cash flows of $29.9 million are a result of investment in the acquisition of the almond orchard in South Australia, the tree replant program and enhancements to almond growing and processing facilities, including frost fans and drying equipment.

Dividends
A final unfranked dividend of 9 cents per share has been declared, resulting in a total dividend per share of 20 cents, franked to 11 cents. This compares to a total fully franked dividend of 12 cents per share in FY13.

Strategy Implementation

Significant progress has been made on the implementation of the Company strategy. Set out below is a report on progress against the 7 identified platforms, which have been designed to chart out the growth objectives of the Company.

1. **To control a critical mass of almonds**: this is aligned to ensuring year on year growth in supply to meet the growing global demand for almonds, with a focus on growth through acquisition, brownfield and

DIRECTORS' REPORT

greenfield development projects, and identifying and securing longer term contracts with third party growers

- During the financial year the company continued with the replanting plans for some parts of the older orchards, with plans developed to replant a further 500 acres (202 hectares) in FY15;
- On 19 December 2013, the company acquired almond orchards near Loxton in South Australia, for $16.3 million, which included 680 acres (275 hectares) of mature planted acres, plus vacant land suitable for planting of approximately 1000 acres (405 hectares) of new almond orchards, plus equipment and the rights to the proceeds of the 2014 crop. The company has been successful in securing a $7.5 million grant from the South Australian Government in support of investment in new irrigation infrastructures, aligned to the development of this vacant land, in return for commitments to enhance irrigation efficiencies. Plans are being developed to plant out the vacant land by the winter of 2015 ;
- On 31 July 2014 the company settled on the purchase of vacant land at Mendook for $2.0 million, near Euston , Northern Victoria, close to the existing Company operations, of which 1,600 acres (648 hectares) is suitable for a greenfield almond development project;
- On 22 August 2014, the Company signed a contract to acquire the Amaroo business, near Renmark, South Australia for $52.3 million. The business comprises 2,046 acres (828 hectares) of mature almond orchards, 760 acres (308 hectares) of citrus orchards, 1,500 acres (607 hectares) of vacant land suitable for planting of new almond orchard developments, and 6,215 mega litres of high security water rights. The settlement of this purchase is planned for early September 2014. The Company has entered into a lease with a third party to operate the Citrus orchards;
- On 22 August 2014, the Company entered into a contract to acquire the Grewal almond orchards near Lake Cullulleraine, Northern Victoria, for $8.5 million. The almond orchards comprise 435 acres (176 hectares) of planted almond orchards, and 1,365 acres (553 hectares) of land available for planting out new almond orchard developments;

2. **To improve yield and crop value**: the actions are focussed on perfecting on farm and farm to factory practises, including benchmarking and implementing best practise horticulture and water management activities, investing in orchard replant programs, research and development into new varieties, and training and development of employees;

    - During the year 367 acres (148 hectares) of existing almond orchards were removed with a plan to replant older non performing orchards with new varieties and densities, to optimise future production capacity;
    - During the year, the benchmarking of orchard performance continued, with reference to peers within Australia, and through visits to California, to ensure leading industry practices are being applied;
    - The Company continued to invest in technology to improve farming and harvest efficiency and protect product quality by installing further frost fans and increasing the harvest matrix.

3. **Implement best in class supply chain**: Develop a manufacturing and supply chain footprint which optimises geographical location, efficiency and cost, maximises quality and customer service, whilst ensuring an economically and environmentally sustainable use of bi products;

    - Plans are in development to further integrate and streamline the supply chain and target savings in energy costs through co-generation technology.

4. **Invest in the industrial and trading business:** Leverage the competencies and capacity to supply almonds and other nut ingredients to export and domestic markets, including food manufacturing channels, through investment in capability and marketing.

    - The growth of the industrial business, through the supply of processed almond to ingredient manufacturers, continues to remain strong, with growth in both domestic and export markets.

DIRECTORS' REPORT

5. **Turnaround Food Division:** Focus on growing brand values by investing in insights, innovation and product development, brand image and awareness, and improve position and scope in new channels and markets, such as food service, health, and export markets, with an absolute focus on margin management and return on investment.

   - During the year this part of the business continued on its path to improve the margin mix and economic returns. Revenues have declined, through the exiting of lower margin business, offset by the improved sales and margins in the branded business;
   - Investment in organisation capability, and New Product development has continued;
   - New Sunsol Muesli and Lucky Smart Snax ranges and additions to the Lucky Baking nuts range have been released into the market.
   - New distributors have been appointed in the Malaysia and Thailand markets.

6. **Improve our systems and processes:** Develop internal business systems and structures to enable a more integrated based business focus, aligning all activities and functions around effective sales and operations planning, IT systems, policies and procedures, including risk management and environmental sustainability

   - Through the One Select program, a range of initiatives have been established to support a single integrated platform around which all parts of the business can be aligned. This includes the formal adoption of a Risk Management framework, and common OH and S, and HR policies. A new IT manager has been appointed to focus on the enhancements of the Company IT and Communications platforms and a move towards common business systems.

7. **Engage with our people and stakeholders:** Ensure maintenance of a safe working culture and environment; drive a culture of transparency, cooperation and accountability across the business; improve engagement with investors, shareholders, government and industry bodies; and develop our human capital plan for high performance and orderly succession.

   - The focus on Safety has continued. This is specifically referred to in the section below;
   - Employee communication and performance management processes have been further enhanced with the roll out of Employee newsletters, commencement of an intranet site, and more robust performance measurement systems;
   - External communications have been a focus, with the roll out of the new website, investor tours to the Company core operations, and engagement with the investment community;
   - The Company now has 8 analysts covering the Select Harvests stock.

Corporate Social Responsibility

Occupational Health & Safety
At 30 June 2014, Select employed 387 people compared to 325 at the end of the previous year. Employment levels during the year peak at higher levels due to the requirement for seasonal labour.
The emphasis on Occupational Health and Safety in the workplace continues through the Occupational Health and Safety Committee which operates across all Select Harvests sites. Representatives of the Committee meet monthly to review policies, procedures and projects, and to discuss key matters relating to Occupational Health and Safety.
The focus this year has been on the identification and reporting of near miss accidents, from which key learnings and preventative actions can be developed to mitigate against potential similar incidents in the future. The following reductions were achieved:

DIRECTORS' REPORT

Variation between 2012/13 and 2013/14

	Company	Food Division	Almond Division
Nº of Incidents/Accidents	**-31.8%**	-21.2%	-40.2%
Nº of Nil Lost Time	**-20.9%**	-2.1%	-34.3%
Nº of Lost Time	**-72.7%**	-72.2%	-73.3%

An annual Employee Calendar was introduced with a focus on health safety and welfare activities. Select Harvests was presented with an award by the City of Whittlesea for its employee health, safety welfare programs.

Each month the Board receives a comprehensive set of reports on Occupational Health and Safety, including details of all incidents which have resulted in lost time and medically treated injuries.

Sustainability and Environment
Select Harvests is committed to being a responsive, ethical company, which contributes favourably to the environment in which it operates, ensuring its practises are communicated openly and transparently to all stakeholders, including shareholders, customers, suppliers, employees and regulatory bodies.
The Sustainability and the Environment policies and related procedures have undergone a review throughout all parts of the business, leveraging existing practises and identifying new opportunities.
Specific focus areas included:

1. Efficiency in water usage;
2. Energy efficiency and greenhouse gas emissions;
3. Recycling of production bi- product, including maximising the environmental and economic use of almond hull through investigation of renewal energy, animal feed stock and fertilizer applications;
4. Benchmarking of farm practises to ensure yield outputs are maximised against efficient application of inputs:
5. Update the Wildlife Management Plan for each State the company operates in.

The Australian Industry Group has conducted environment audits for the Thomastown and Carina West Processing facilities to assist the company to identify opportunities for improvement.

The business recognises that sustainability is an area for renewed focus, and the emphasis over the coming year will be to continue to identify, measure and quantify the benefits.

Risk Management

Select Harvests has a formal risk management process is in place to identify, analyse, assess, manage and monitor risks throughout all parts of the business. Integral to this process is the Company's risk register, which provides a framework and benchmark against which risks are reported on at different levels in the business, with a bi annual report presented to the Board.

The key categories of risks included in the Risk Register are:

- Financial Risks (including funding capacity, interest rates, foreign exchange, asset guardianship, investment commitments);
- Horticultural Risks (including climatic , disease, water management, pollination, and quality);
- Processing and manufacturing Risks (including product quality, fire, utilities supply, major equipment failure);
- Market Risks (including quality, ability to meet supply, customer concentration, pricing);
- Trading Risks (including import and export product quality, commodity price risk);
- Regulatory and Compliance Risk (including compliance to quality standards, Corporate Governance).

DIRECTORS' REPORT

- Human Resources Risk (including Occupational Health and Safety, retention of key management and personnel).

Each risk is categorised as high, medium and low, relative to probability of the risk occurring, and business impact, with clear accountability for risk mitigation action plans and responsibility across the business. Risk Policies provide for an appropriate level of escalation and reporting of material risks both on a routine and ad hoc basis, depending on the nature of the risks involved.

Outlook

The outlook for Select Harvests remains positive as the fundamentals underpinning the global almond industry remain very compelling. Demand for almonds continues to grow domestically and internationally and remains on track to outstrip supply. Developments in California, which remains in the midst of a severe drought, are likely to put pressure on yields and operating costs, indicating that supply will remain constrained and pricing firm in the outlook period.

Select Harvests is well placed to take advantage of the positive industry fundamentals and will continue to invest in growing its productive capacity through acquisition and greenfield orchard development.

Benchmarking on yield and productivity will remain an absolute focus for our horticulture team as we strive to identify and deliver best practise and high economic returns, while mitigating the risks noted above.

The horticultural program for the 2015 crop is well underway, with the pollination and water management plan fully funded.

The focus on maximising the sale of the Western Australian assets will continue into the new financial year.

There is further upside potential from driving efficiency across the Food Division and further aligning all business units across the value chain, with a focus on brand value and new markets, including Asia.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company.

Significant events after the balance date

On 31 July 2014, the company settled on the purchase of vacant land at Mendook for $2.0 million, near Euston , Northern Victoria, close to the existing Company operations, of which 1,600 acres (648 hectares) is suitable for a greenfield almond development project.

On 22 August 2014, the Company signed a contract to acquire the Amaroo business, near Renmark, South Australia for $52.3 million. The business comprises 2,046 acres (828 hectares) of mature almond orchards, 760 acres (308 hectares) of citrus orchards, 1,500 acres (607 hectares) of vacant land suitable for planting of new almond orchard developments, and 6,215 mega litres of high security water rights. The settlement of this purchase is planned for early September, 2014. The Company has entered into a lease with a third party to operate the Citrus orchards.

On 22 August 2014, the Company entered into a contract to acquire the Grewal almond orchards near Lake Cululleraine, Northern Victoria, for $8.5 million. The almond orchards comprise 435 acres (176 hectares) of planted almond orchards, and 1,365 acres (553 hectares) of land available for planting out new almond orchard developments.

On 22 August 2014, the Company secured $50,000,000 additional debt equally from National Australia Bank and Rabobank to finance the above purchases.

On 25 August 2014, the Directors declared a final unfranked dividend of 9 cents per share payable on 15 October 2014 to shareholders on the register on 3 September 2014.

DIRECTORS' REPORT

Environmental regulation and performance

The Company's operations are subject to environmental regulations under laws of the Commonwealth or of a State or Territory. Details of the Company's performance in relation to such environmental regulations follow:

The Company holds licences issued by the Environmental Protection Authority which specify limits for discharges to the environment which are the result of the Company's operations. These licences regulate the management of discharge to the air and stormwater runoff associated with the operations. There have been no significant known breaches of the Company's licence conditions.

The Company takes its environmental responsibilities seriously, has a good record in environmental management to date, and adheres to environmental plans that preserve the habitat of native species. Almond developments have had a positive environmental impact. The change in land use and the increase in food source have seen a rejuvenation of remnant native vegetation and an increase in the wildlife population, in particular bird species. The company has committed funding to the monitoring of Regent parrot populations around our orchards and the effectiveness of protecting native vegetation corridors in preserving wildlife.

Non IFRS Financial Information

The non IFRS financial information included within this Directors' Report has not been audited or reviewed in accordance with Australian Auditing Standards.

Non IFRS financial information includes underlying EBIT, underlying result, underlying NPAT, underlying earnings per share, net interest expense, net debt, net working capital and adjustments to reconcile from reported results to underlying results.

REMUNERATION REPORT

The directors present the 2014 Remuneration Report which sets out remuneration information for the Company's non-executive directors, executive directors and other key management personnel.

For the purposes of this report, key management personnel are members of the Executive Management team who have the authority and responsibility for planning, directing and controlling the activities of the Company. They include all Directors of the Board, executive and non-executive.

1. Overview of Remuneration Arrangements

Remuneration strategy

The objective of the Group's executive reward framework is to set remuneration levels to attract and retain appropriately qualified and experienced directors and senior executives. The framework aligns executive reward with achievement of specific business plans and performance indicators, which include occupational health and safety, financial and operational targets relevant to performance at the consolidated entity level, divisional level, or functional level, as applicable, for the financial year.

Remuneration packages include a mix of fixed remuneration, performance based remuneration and equity based remuneration. Executive directors and key management personnel may receive short and long term incentives.

The Remuneration Committee makes recommendations to the Board on remuneration packages and other terms of employment for executive and non-executive directors. The Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given trends in the marketplace. The Group has structured an executive reward framework that is market competitive, performance driven and compliant with the Group's reward strategy.

Non-executive directors' remuneration

Non-executive directors receive fees (including statutory superannuation) but do not receive any performance related remuneration nor are they issued options or performance rights on securities. This reflects the responsibilities and the Group's demands of directors. Non-executive directors' fees are periodically reviewed by the Board to ensure that they are continually appropriate and in line with market expectations. The current aggregate fee limit of $580,000 was approved by shareholders at the 27 October 2010 Annual General Meeting. For the reporting period the total amount paid to non-executive directors was $469,481.

The remuneration is a base fee with the Chair of the Board and each of the Committees receiving additional amounts commensurate with their responsibilities. The current directors' fees are as follows:

Base Fees (including superannuation)	
Chairman	$150,000
Other non-executive directors	$75,172
Additional Fees (including superannuation)	
Chair of the Audit and Risk Committee	$10,524
Chair of the Remuneration Committee	$8,269

Executive remuneration

Executive remuneration has three components:

1. Base salary and benefits;
2. Short term performance incentives; and
3. Long term incentives.

An overview of these remuneration arrangements is included in the table below.

REMUNERATION REPORT

Table 1: Overview of Executive Remuneration Arrangements

Fixed Remuneration			
Base salary and benefits	Consists of cash salary, superannuation and non cash benefits, in the form of salary sacrifice arrangements such as motor vehicles and certain private expense reimbursements. Reviewed annually with reference to salary market requirements and Company objectives. There are no guaranteed base pay increases in any executives' contracts.		
Variable Remuneration			
		% of Fixed Remuneration	
		CEO	**Executives**
Short term incentives (STI)		**40%**	**40%**
Purpose	Reward achievement of annual business objectives		
Term	1 year		
Instrument	Cash		
Performance conditions*	• It is a condition of any STI payment that certain requirements are met that ensure a safe working environment • 40% Financial (achievement of NPAT targets) • 40% Project goals (achievement of individual project goals as established in annual performance plan) • 20% Values and Challenges (Safety objectives achieved, Company values displayed and response to challenge)		
Why these were chosen	To incentivise successful and sustainable financial outcomes, annual business objectives that drive the achievement of long term business objectives, continuous safety improvement and behaviour consistent with Company values and objectives.		
Long term incentives (LTI)		**133%**	**30%**
Purpose	Reward achievement of long term sustainable business objectives and value creation for shareholders		
Term	3 years, vesting proportionately		
Instrument	Performance rights		
Performance conditions*	• Continuing service • 50% Earnings per share (EPS) growth targets (average growth of the Company's EPS over the three years prior to vesting) • 50% Total shareholder return (TSR) targets (Company's average TSR compared to the TSR of a peer group of ASX listed companies over the three years prior to vesting) The performance targets and vesting proportions are as follows:		
	Measure	**Proportion of Rights to Vest**	
	EPS		
	Below 5% growth	Nil	
	5% growth	25%	
	5.1% - 6.9% growth	Pro rata vesting	
	7% or higher growth	50%	
	TSR		
	Below the 60th percentile**	Nil	
	60th percentile**	25%	
	61st – 74th percentile**	Pro rata vesting	
	At or above 75th percentile**	50%	
Why these were chosen	EPS represents a strong measure of overall business performance. TSR provides a shareholder perspective of the Company's relative performance against comparable companies.		

*The Remuneration Committee is responsible for assessing whether the targets are met. Financial performance conditions are determined on an underlying results basis.
** Of the peer group of ASX listed companies

REMUNERATION REPORT

2. Company Performance

The following section provides an overview of the Company's performance and its link to remuneration outcomes.

Table 2: Performance of Select Harvests Limited

The overall level of executive reward takes into account the performance of the consolidated entity over a number of years, with greater emphasis given to the current year.

	2010	2011	2012*	2013**	2014
Net profit after tax ($ million)	17,253	17,674	(4,469)	2,872	29,007
Basic EPS (cents)	43.3	33.7	(7.9)	5.0	50.2
Basic EPS Growth	2%	(22%)	(123%)	163%	904%
Dividend per share (cents)	21.0	13.0	8.0	12.0	20.0
Opening share price 1 July ($)	2.16	1.50	1.84	1.30	3.27
Change in share price ($)	(0.66)	0.34	(0.54)	1.97	1.87
Closing share price 30 June ($)	1.50	1.84	1.30	3.27	5.14
TSR % p.a.***	(21%)	31%	(25%)	161%	63%

* Includes $17.4 million of post tax net asset write downs
** Includes $27.9 million of post tax net asset write downs and $9.1 million discount on acquisition
*** TSR is calculated as the change in share price for the year plus dividends announced for the year, divided by opening share price

Short Term Incentive (STI)

Details of the range of potential STI cash payments, actual payments made and the amounts forfeited by the CEO and executive team in relation to the 2014 financial year are shown in Table 3 below. The actual outcomes are based on performance against the conditions outlined in Table 1.

Table 3: 2014 STI

	STI Range (of TFR)	2014 STI Payment $	% Achieved	% Forfeited
Executive Director				
P Thompson	0%-40% of TFR	165,000	75	25
Executives				
P Chambers	0%-40% of TFR	98,578	75	25
M Eva	0%-40% of TFR	73,440	60	40
P Ross	0%-40% of TFR	73,750	63	37
L Van Driel	0%-40% of TFR	88,500	73	27
B Van Twest	0%-40% of TFR	73,988	57	43

The STI is usually paid in September following determination of the STI entitlement, so the above amounts are those in relation to the 2014 financial year performance year, which will be paid in the 2015 financial year.

The STI program is also available to a select group of other key senior managers within the business.

REMUNERATION REPORT

Long Term Incentive (LTI)
The 2014 financial year is the first time performance rights may vest for some of the current issues of performance rights. Vesting will be based on performance against the hurdles over the three years prior to vesting.

The following illustrates the Company's performance against the metrics in the LTI plan.

Table 4: LTI Performance Conditions and Current Indicative Outcomes

EPS Growth	2012	2013	2014
Basic EPS (cents)	(7.9)	5.0	50.2
Basic EPS Growth	(123%)	163%	904%
Underlying EPS* (cents)	16.8	40.1	50.2
Underlying EPS* Growth	(50%)	139%	25%
3 Year Compound Average EPS Growth			44%
3 Year Compound Average EPS Growth** target 5% - 7%			

* Underlying EPS is basic EPS adjusted for the impact of the following:

1. In FY12, a non cash impairment write down of $4.9 million was made against plant, property and equipment;
2. In FY12, an impairment write down of $20.0 million was made against the Western Australian almond project. A gain of $4.0 million was realised on the sales of permanent water rights.
   In FY13, an impairment write down of $39.9 million was made against the Western Australian almond project. A discount (gain) of $8.0 million was made on the acquisition of almond orchard assets during the financial year.
3. In FY12, one off costs of $1.3 million for restructure and corporate costs were accounted for.
4. The tax impact of items 1 - 3, along with research and development tax credits impacted year on year tax expense.

Relative TSR Performance	2014
3 Year Average TSR Ranking	71.43st percentile
3 Year Average TSR Ranking target 60th – 75th percentile	

* TSR ranking relative to ASX Consumer Staples index, excluding alcohol and tobacco products companies.

3. Details of Remuneration
Details of the remuneration of the directors and the key management personnel of Select Harvests Limited and the consolidated entity are set out in the following tables.

It should be noted that performance rights granted referred to in the remuneration details set out in this report comprise a proportion of rights which have not yet vested and are reflective of rights that may or may not vest in future years.

REMUNERATION REPORT

Table 5: 2013 and 2014 Remuneration

		ANNUAL REMUNERATION				LONG TERM			
		Base Fee $	Short Term Incentives $	Non Cash Benefits $	Super-annuation Contri-butions $	Long Service Leave Accrued $	Perform-ance Rights Granted $	Termina-tion Benefits $	Total $
Non Executive Directors									
M Iwaniw	2014	150,000	-	-	-	-	-	-	**150,000**
	2013	*145,568*	*-*	*-*	*-*	*-*	*-*	*-*	***145,568***
M Carroll	2014	76,376	-	-	7,065	-	-	-	**83,441**
	2013	*73,639*	*-*	*-*	*6,628*	*-*	*-*	*-*	***80,267***
F Grimwade	2014	68,807	-	-	6,365	-	-	-	**75,172**
	2013	*66,300*	*-*	*-*	*5,967*	*-*	*-*	*-*	***72,267***
R M Herron	2014	78,440	-	-	7,256	-	-	-	**85,696**
	2013	*75,474*	*-*	*-*	*6,793*	*-*	*-*	*-*	***82,267***
P Riordan	2014	68,807	-	-	6,365	-	-	-	**75,172**
	*2013**	*49,725*	*-*	*-*	*4,475*	*-*	*-*	*-*	***54,200***
Executive Director									
P Thompson	2014	498,012	165,000	34,213	17,775	-	425,107	-	**1,140,107**
	*2013***	*401,010*	*149,400*	*24,739*	*16,470*	*-*	*210,362*	*-*	***801,981***
Other key management personnel									
P Chambers	2014	303,704	98,578	6,021	19,256	8,546	86,140	-	**522,245**
	2013	*289,339*	*99,287*	*21,585*	*26,041*	*33,024*	*32,150*	*-*	***501,426***
M Eva	2014	265,847	73,440	11,292	19,056	-	88,870	-	**458,505**
	2013+	*180,902*	*60,579*	*8,936*	*17,085*	*-*	*12,569*	*-*	***280,071***
P Ross	2014	271,204	73,750	6,021	18,858	-	80,344	-	**450,177**
	2013	*262,385*	*91,520*	*-*	*23,615*	*-*	*29,987*	*-*	***407,507***
L Van Driel	2014	276,430	88,500	-	25,155	12,155	177,717	-	**579,957**
	2013	*259,541*	*87,040*	*-*	*23,359*	*6,575*	*15,600*	*-*	***392,115***
B Van Twest	2014	304,225	73,988	-	17,558	-	96,198	-	**491,969**
	2013++	*229,638*	*86,474*	*-*	*13,951*	*-*	*13,351*	*-*	***343,414***
M Graham	2014	-	-	-	-	-	-	-	**-**
	2013+++	*79,428*	*-*	*12,476*	*7,149*	*-*	*-*	*-*	***99,053***
T Millen	2014	-	-	-	-	-	-	-	**-**
	2013++++	*66,740*	*-*	*5,049*	*6,007*	*-*	*-*	*123,666*	***201,462***

* Commenced 2 October 2012
** Commenced 9 July 2012
+ Commenced 24 October 2012
++ Commenced 24 September 2012
+++ Resigned 31 October 2012
++++ Resigned 26 October 2012

Notes
The elements of remuneration have been determined on the basis of the cost to the consolidated entity.

Performance rights granted have been valued using the Black-Scholes option pricing model, which takes account of factors such as the exercise price of the rights, the current level and volatility of the underlying share price and the time to maturity of the rights. The amount shown here is an accounting expense and reflects the value as determined using this model. The value is expensed over the vesting period of the rights.

REMUNERATION REPORT

Fixed and Variable Remuneration
Table 6 details the proportion of fixed and variable remuneration earned by directors and key management personnel during the 2013 and 2014 financial years.

Table 6: Fixed and Variable Remuneration

	Fixed Remuneration		At risk - STI		At risk - LTI	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Non Executive Directors						
M Iwaniw	100.0	100.0	-	-	-	-
M Carroll	100.0	100.0	-	-	-	-
F Grimwade	100.0	100.0	-	-	-	-
R M Herron	100.0	100.0	-	-	-	-
P Riordan	100.0	100.0	-	-	-	-
Executive Director						
P Thompson	48.2	55.1	14.5	18.6	37.3	26.2
Other key management personnel						
P Chambers	64.6	73.8	18.9	19.8	16.5	6.4
M Eva	64.6	73.9	16.0	21.6	19.4	4.5
P Ross	65.8	70.1	16.4	22.5	17.8	7.4
L Van Driel	54.1	73.8	15.3	22.2	30.6	4.0
B Van Twest	65.4	70.9	15.0	25.2	19.6	3.9
M Graham	-	100.0	-	-	-	-
T Millen	-	100.0	-	-	-	-

REMUNERATION REPORT

Performance Rights
Table 7 details awards of performance rights granted to executives under the LTI Plan that are still in progress.

Table 7: Performance Rights affecting Remuneration

Grant Year	Vesting Conditions	Performance/ Vesting Period	Participating Executives	Performance Achieved	% Vested
2012	• EPS growth • Relative TSR performance to peer group • Continuous service	30 June 2014 30 June 2015 30 June 2016	P Chambers* P Ross*	30 June 2014 rights achieved 100% of EPS condition rights and 88.1% of TSR condition rights Other periods to be determined.	100% of 30 June 2014 rights N/A other periods
2013	• EPS growth • Relative TSR performance to peer group • Continuous service	30 June 2014 30 June 2015 30 June 2016	L Van Driel**	30 June 2014 rights achieved 100% of EPS condition rights and 88.1% of TSR condition rights Other periods to be determined	100% of 30 June 2014 rights N/A other periods.
	• EPS growth • Relative TSR performance to peer group • Continuous service	30 June 2015 30 June 2016 30 June 2017	P Thompson M Eva** B Van Twest**	To be determined	N/A

* Granted 29 June 2012
** Granted 30 April 2013

The current LTI Plan provides for the offer of a parcel of performance rights with a three year expiry period to participating employees. The rights vest annually in three tranches on achievement of the performance hurdles.

Performance rights are granted under the plan for no consideration. The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

REMUNERATION REPORT

Table 8: Grants of Performance Rights

The following table details the grants of performance rights available to the Managing Director and CEO and executive team.

Name	Rights to deferred shares							
	Year Granted	Number Granted	Value per right *	Vested %	Vested Number	Forfeited %	Financial years in which rights may vest	Max. Value yet to vest *
P Thompson	2013	300,000	$2.26	0%	0	0	30-Jun-15	$676,861
	2013	300,000	$2.26	0%	0	0	30-Jun-16	$677,815
	2013	300,000	$2.26	0%	0	0	30-Jun-17	$678,136
P Chambers	2012	57,960	$1.08	100%	54,511	3,449	30-Jun-14	$0
	2012	57,960	$1.15	0%	0	0	30-Jun-15	$66,601
	2012	57,960	$1.20	0%	0	0	30-Jun-16	$69,486
M Eva	2013	52,687	$2.26	0%	0	0	30-Jun-15	$118,874
	2013	60,000	$2.26	0%	0	0	30-Jun-16	$135,563
	2013	60,000	$2.26	0%	0	0	30-Jun-17	$135,627
P Ross	2012	54,060	$1.08	100%	50,843	3,217	30-Jun-14	$0
	2012	54,060	$1.15	0%	0	0	30-Jun-15	$62,119
	2012	54,060	$1.20	0%	0	0	30-Jun-16	$64,810
L Van Driel	2013	50,600	$2.25	100%	47,589	3,011	30-Jun-14	$0
	2013	50,600	$2.26	0%	0	0	30-Jun-15	$114,164
	2013	50,600	$2.26	0%	0	0	30-Jun-16	$114,325
B Van Twest	2013	60,000	$2.26	0%	0	0	30-Jun-15	$135,372
	2013	60,000	$2.26	0%	0	0	30-Jun-16	$135,563
	2013	60,000	$2.26	0%	0	0	30-Jun-17	$135,627

* This represents the maximum value of the performance rights as at their grant date as valued using the option pricing model. The minimum possible total value of the rights is nil if the applicable vesting conditions are not met.

REMUNERATION REPORT

Table 9: Details of Performance Rights Granted, Vested and Exercised

The following table illustrates the movements in performance rights granted to the Managing Director and CEO and executive team during the period.

2014	Number				
	Opening Balance	Granted during the year	Vested during the year	Forfeited during the the year	Closing Balance
Executive Director					
P Thompson	900,000	-	-	-	900,000
Other key management personnel					
P Chambers	173,880	-	54,511	3,449	115,920
M Eva	172,687	-	-		172,687
P Ross	162,180	-	50,843	3,217	108,120
L Van Driel	151,800	-	47,589	3,011	101,200
B Van Twest	180,000	-	-	-	180,000

All vested rights are exercisable at the end of the year.

Table 10: Number of shares held by directors and key management personnel

The movement during the financial year in the number of ordinary shares of the company held, directly or indirectly, by each director and key management personnel, including their personally related entities, is as follows:

2014	Held at 1 July 2013	Received on exercise of performance rights	Other – DRP, sales & purchases	Held at 30 June 2014
Directors – Non-executive				
M Iwaniw	162,262	-	16,305	178,567
R M Herron	43,673	-	1,653	45,326
M Carroll	-	-	-	-
F Grimwade	100,000	-	-	100,000
P Riordan	-	-	-	-
Directors – Executive				
P Thompson	20,000	-	10,700	30,700
Key Management Personnel				
P Chambers	22,000	-	-	22,000
P Ross	-	-	-	-
M Eva	-	-	-	-
L Van Driel	-	-	-	-
B Van Twest	-	-	-	-

REMUNERATION REPORT

4. Service Agreements
On appointment to the Board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the managing director, chief financial officer and other key management personnel are also formalised in service agreements. Each of these agreements provide for performance related cash bonuses.

The major provisions of the agreements are set out below.

Name	Title	Term	Notice Period	Base Salary incl. Superannuation
P Thompson	Managing Director & CEO	On-going	6 months	550,000
P Chambers	Chief Financial Officer	On-going	3 months	327,500
M Eva	General Manager Sales & Marketing Consumer	On-going	3 months	306,000
P Ross	General Manager Horticulture	On-going	3 months	295,000
L Van Driel	Group Trading Manager	On-going	3 months	302,000
B Van Twest	General Manager Operations	On-going	3 months	322,000

Base salaries quoted are for the year ended 30 June 2014. They are reviewed annually by the Remuneration Committee, however the review for the 30 June 2015 year is yet to be completed.

Other than the notice periods noted above there are no specific termination benefits applicable to the service agreements.

5. Use of Remuneration Consultants
No remuneration consultants were used during the year.

Dividends

	Cents	2014 $'000
Interim fully franked dividend for 2014		
▪ on ordinary shares	11.0	6,360
Final unfranked dividend declared for 2014		
▪ on ordinary shares	9.0	5,220

Indemnification and insurance of directors and officers

During the year the Company entered into an insurance contract to indemnify directors and officers against liabilities that may arise from their position as directors and officers of the Company and its controlled entities. The terms of the contract do not permit disclosure of the premium paid.

Officers indemnified include the Company Secretary, all directors, and executive officers participating in the management of the Company and its controlled entities.

Committee membership

During or since the end of the financial year, the company had an Audit and Risk Committee and a Remuneration and Nomination Committee comprising members of the Board of Directors.

Members acting on the committees of the Board during or since the end of the financial year were:

Audit and Risk	**Remuneration and Nomination**
R M Herron (Chairman)	M Carroll (Chairman)
F Grimwade	M Iwaniw
P Riordan	F Grimwade

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director was as follows:

	Directors' Meetings		Meetings of Committees			
			Audit and Risk		Remuneration and Nomination	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
M Iwaniw	12	12	-	-	4	4
P Thompson	12	12	-	-	-	-
R M Herron	12	10	4	4	-	-
M Carroll	12	12	-	-	4	4
F Grimwade	12	12	4	4	3	3
P Riordan	12	12	4	3	-	-

Director's interests in contracts

Directors' interests in contracts are disclosed in Note 32 to the financial statements.

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 24.

Non-audit services

Non-audit services are approved by resolution of the Audit and Risk Committee and approval is provided in writing to the board of directors. Non-audit services provided by the auditors of the Company during the year are detailed in Note 31. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by Corporations Act 2001 as non-audit services are reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.

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 Class Order 98/100. The Company is an entity to which the Class Order applies.

Proceedings on behalf of the company

The company is involved in legal proceedings in the Supreme Court of Victoria instituted by Almas Almonds, relating to the provision of orchard management services commencing in 2006. The hearing of the proceeding is presently scheduled for February 2015. Almas Almonds is claiming damages totalling $9,010,879 plus interest and costs, of which $8,262,764 relates to claimed loss of future income for the period 2014 to 2029. Select Harvests denies any liability in relation to the claim and is vigorously defending it, and as a result no provision has been recognised in relation to the claim.

There are no other material legal proceedings in place on behalf of the company as at the date of this report.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Select Harvests Limited support and have adhered to the ASX principles of corporate governance. The Company's corporate governance statement is contained in detail in the corporate governance section of this annual report.

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

M Iwaniw
Chairman

Melbourne, 25 August 2014

Auditor's Independence Declaration

As lead auditor for the Select Harvests Limited for the year ended 30 June 2014, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

John O' Donoghue
Partner
PricewaterhouseCoopers

Melbourne
25 August 2014

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Corporate governance statement

This statement outlines the key corporate governance practices of the Company which considers the ASX Principles of Good Corporate Governance and Best Practice Recommendations issued by the ASX Corporate Governance Council. During the reporting period, the company has been compliant with the ASX Guidelines.

These principles are:

Principle 1 – Lay solid foundations for management and oversight

Principle 2 – Structure the board to add value

Principle 3 – Promote ethical and responsible decision making

Principle 4 – Safeguard integrity in financial reporting

Principle 5 – Make timely and balanced disclosure

Principle 6 – Respect the right of shareholders

Principle 7 – Recognise and manage risk

Principle 8 – Remunerate fairly and responsibly

The statements set out below refer to the above Principles as applicable.

Board of Directors and its Committees

The role of the Board and Board Processes set out below are with reference to **Principle 1, Lay solid foundations for management and oversight**.

Role of the Board

The Board of Directors of Select Harvests Limited is responsible for the overall corporate governance of the Company. The Board guides and monitors the business and affairs of Select Harvests Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. Details of the Board's charter are located on the company's website.

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to carry out its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board. A number of channels are used to source candidates to ensure the company benefits from a diverse range of individuals during the selection process.

The Board has delegated responsibility for the operation and administration of the company to the Managing Director and the Executive Management team. The Board ensures that this team is appropriately qualified and experienced to carry out its responsibilities and has in place procedures to assess the performance of the Managing Director and the Executive Management team.

Board Processes

To assist in the execution of its responsibilities, the Board established a Remuneration Committee, and an Audit and Risk Committee. These Committees have written charters, which are reviewed on a regular basis and are located on the company's website. The Board has also established a framework for the management of the Company.

Corporate governance statement

The full Board holds twelve scheduled meetings each year, plus any additional meetings at such other times as may be necessary to address any specific matters that may arise.

The agenda for meetings is prepared and includes the Managing Director's report, financial reports, business segment reports, strategic matters, governance and compliance. Submissions are circulated in advance. Executives are involved in Board discussions where appropriate, and Directors have other opportunities, including visits to operations, for contact with a wider group of employees.

Set out below, Director Education, Independent Advice and Access to Company Information and Composition of the Board make reference to **Principle 2, Structure the board to add value**.

Director Education

The Company has a process to educate new Directors about the nature of the business, current issues, the corporate strategy, and the expectations of the Company concerning performance of Directors. Directors also have the opportunity to visit the facilities of the Company and to meet with management to gain a better understanding of business operations. Directors are able to access continuing education opportunities to update and enhance their skills and knowledge.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense.

Composition of the Board

The names of the Directors of the company in office at the date of this report are set out in the Directors' report.

The composition of the Board is determined in accordance with the following ASX principles:

- The Board should comprise at least four Directors;
- The Board should maintain a majority of independent non-executive Directors;
- The Chairperson must be a non-executive director; and
- The Board should comprise Directors with an appropriate range of qualifications, skills and experience.

The Board assesses the independence of each Director in light of interests known to the Board, as well as those disclosed by each Director.

Remuneration

The statements set out below in relation to Remuneration, the Remuneration Committee and Remuneration Policies are with reference to **Principle 8, Remunerate fairly and responsibly**.

Remuneration and Nomination Committee

The main objectives of the Remuneration and Nomination Committee are to:

1) Ensure that the board's responsibilities in relation to compensation of the company's directors and executives are fulfilled.
2) Recommend parameters for the setting and approval of remuneration, STIP and LTIP for company executives and any incentive scheme for other employees.

Corporate governance statement

3) Ensure that the composition of the Board of Directors is appropriate for the purpose of fulfilling its responsibilities to shareholders in accordance with the law and current governing guidelines issued by the Australian Securities Exchange and other regulatory bodies.

The duties and responsibilities of the Committee are to review and recommend to the Board:

- Executive remuneration and incentive policies
- The remuneration structure and packages for directors.
- The remuneration packages of senior management.
- The company's recruitment, retention, and termination policies and procedures for senior management.
- Executive Incentive Schemes
- Superannuation arrangements.
- The preparation of the remuneration report for the company's Annual Report.
- The application of ASX, government and related agencies' human resource and remuneration standards and related reporting requirements.
- Board composition recommendations.
- Provide to the Board, nomination/s for any Board or Remuneration and Nomination Committee vacancy.
- Non-Executive Director fees that are in the form of cash, superannuation contributions or other forms as approved by the Board.
- The Non-Executive Director fee cap as recommended to the Board for AGM endorsement.
- Non-Executive Directors skill alignment to company needs.
- Review the Board's performance against its charter.

The Chairman of the Board evaluates the performance of each Board member annually in the last quarter of each financial year. The Chairman of the Audit Committee reviews the performance of the Chairman of the Board in the same period. The performance of each Board member is reviewed against the Board charter and any specific objectives agreed and set by the Board for the Company.

The Committee evaluates the performance of the Managing Director and is also responsible for share option schemes, incentive performance packages, superannuation entitlements and fringe benefits policies. Remuneration levels are reviewed annually and the Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given trends in the marketplace.

The members of the Remuneration and Nomination Committee are disclosed in the Directors' Report.

The Managing Director is invited to Remuneration and Nomination Committee meetings as required to discuss senior executives' performance and remuneration packages.

The Remuneration and Nomination Committee meets twice a year or as required. The Committee met four times during the financial year and the Committee members' attendance record is disclosed in the table of Directors' meetings.

Further details of the Remuneration and Nomination Committee's charter are available on the company's website.

Corporate governance statement

Remuneration Policies

Remuneration levels are set to attract and retain appropriately qualified and experienced Directors and senior executives. The Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given trends in the marketplace. Remuneration packages include a mix of fixed remuneration, performance based remuneration, and equity based remuneration.

Executive Directors and senior executives may receive short term incentives based on achievement of specific business plans and performance indicators, which include financial and operational targets relevant to performance at the consolidated entity level, divisional level, or functional level, as applicable, for the financial year. In addition, the consolidated entity offers executive Directors and senior executives participation in the long-term incentive scheme involving the issue of performance rights to the employee under the executive long term incentive plan. The plan provides for the offer of a parcel of performance rights to participating employees on an annual basis, with a three-year expiry period, exercisable at the market price. The performance rights are granted each year and vest over three years on achievement of the performance hurdles.

Non-executive directors do not receive any performance related remuneration.

Set out below are statements in relation to the Audit and Risk Committee and Risk Management, with reference to **Principle 7, Recognise and Manage Risk**, and **Principle 4, Safeguard integrity in Financial Reporting**.

Audit and Risk Committee

The Audit and Risk Committee has a documented charter, approved by the Board. All members of the Committee are non-executive directors with a majority being independent, and the Chairman of the Audit and Risk Committee is not the Chairman of the Board of Directors.

The members of the Audit and Risk Committee during the financial year are disclosed in the Directors' Report.

The external auditors, the Managing Director and Chief Financial Officer are invited to Audit and Risk Committee meetings at the discretion of the Committee, and the external auditor also meets with the Audit Committee during the year without management being present. The Committee met four times during the year and the Committee members' attendance record is disclosed in the table of Directors' meetings.

The Managing Director and the Chief Financial Officer have provided a statement in writing to the Board that the Company's financial reports for the year ended 30 June 2014 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards. This statement is required annually.

Further details of the Audit and Risk Committee's charter are available on the Company's website.

The duties and responsibilities of the Audit and Risk Committee include:

- Recommending to the Board the appointment of the external auditors;
- Recommending to the Board the fee payable to the external auditors;
- Reviewing the audit plan and performance of the external auditors;
- Determining that no management restrictions are being placed upon the external auditors;
- Evaluating the adequacy and effectiveness of the reporting and accounting controls of the company through active communication with operating management and the external auditors;
- Reviewing all financial reports to shareholders and/or the public prior to their release;
- Evaluating systems of internal control;

Corporate governance statement

- Monitoring the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;
- Requiring reports from management and the external auditors on any significant regulatory, accounting or reporting development to assess potential financial reporting interest;
- Reviewing and approving all significant company accounting policy changes;
- Reviewing the company's taxation position;
- Reviewing the annual financial statements with the Chief Financial Officer and the external auditors, and recommending acceptance to the Board;
- Evaluating the adequacy and effectiveness of the company's risk management policies and procedures including insurance; and
- Directing any special projects or investigations deemed necessary by the Board or by the Committee.

The Audit and Risk Committee is committed to ensuring that it carries out its functions in an effective manner. Accordingly, it reviews its charter at least once in each financial year and the company's risk register has been established in accordance with ISO standards.

Risk Management

The Board oversees the Company's risk management system. The Company's areas of focus in respect of risk management practices include, but are not limited to, product safety, occupational health and safety, environment, property, financial reporting and internal control.

The Board is responsible for the overall risk management and internal control framework, but recognises that no cost-effective risk management and internal control system will preclude all errors and irregularities. The Board has the following procedures in place to monitor performance and to identify areas of concern:

- Strategic planning: The Board reviews and approves the strategic plan that encompasses the Company's strategy, designed to meet the stakeholders' needs and manage business risk. The strategic plan is dynamic and the Board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the Company;
- Risk management framework: The Company's risk management framework provides a mandate and commitment to risk management, includes the Company's policy that sets out the Company's risk objectives and intentions, embeds risk management within business processes, defines accountabilities and responsibilities, outlines a risk reporting schedule and provides mechanisms for monitoring and continuous improvement;
- Financial reporting: The Board reviews actual results against budgets approved by the Directors and revised forecasts prepared during the year;
- Functional reporting: Key areas subject to regular or periodical reporting to the Board include, but are not limited to, operational, treasury (including foreign exchange), environmental, occupational health & safety, insurance, and legal matters;
- Continuous disclosure: A process is in place to identify matters that may have a material effect on the price of the Company's securities and to notify them to the ASX; and
- Investment appraisal: Guidelines for capital expenditure include annual budgets, appraisal and review procedures, due diligence requirements where businesses are being acquired or divested.

The Managing Director and Chief Financial Officer have provided a statement in writing to the Board that the declaration made in respect of the Company's financial reports is founded on a system of risk management and internal compliance and control which reflects the policies adopted to date by the Board, and that the Company's risk management and internal control and compliance system is operating effectively in all material respects based on the criteria for effective internal control established by the Board.

Corporate governance statement

The statements set out below on Ethical standards, Conflict of Interest and Dealings in Company Shares are with reference to **Principle 3, Promote ethical and responsible decision making.**

Ethical Standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. These standards are reflected in the company's code of conduct.

Diversity

Selects Harvests has a highly stable and diverse workforce of approximately 220 permanent employees. The company is also a major provider of seasonal casual employment within its horticultural and food processing functions. In recognition of the company's responsibilities to the diverse ethnic, gender, age and cultural/religious mix within its workforce, the company has established, and annually reviews its Diversity Policy. The policy is available on the company's internet website (under Governance).

The Diversity Policy is supported by a range of related policies, including:

- Recruitment Policy,
- Workplace Fair Treatment Policy,
- Equal Employment Opportunity, Harassment and Bullying Policy; and
- Select Harvests Code of Conduct.

2013/2014 Performance and 2014/2015 Objectives

OBJECTIVE	2013/14 MEASURABLE ACTION	2013/2014 PROGRESS	2014/15 MEASURABLE ACTION
Communicate the company's core values	New Company Values Statement to be developed and communicated	The company has developed a Code of Conduct which reflects the organization's values. The policy was communicated to all employees and is available on the company's intranet and internet sites.	Induct all new employees on the company's values.
Increased focus on gender participation and distribution across the company	Review and re-communicate the Diversity policy.	2014 Workplace Gender Return and the 2014 Employee Satisfaction Survey did not raise any diversity issues.	Remuneration and Nomination Committee include Diversity Review on its annual work plan.
Recruit, develop and retain females across the company	Review Recruitment Policy & Procedures	A review of the employment and related conditions has occurred. These include: Recruitment Policy, Fair Treatment Policy, Equal Opportunity Harassment and Bullying Policy.	All interview panels will have at least one female member.
Build a flexibility workplace	Review flexibility of Employment Terms and Conditions	We have reviewed and re-issued all employees General Conditions of Employment contracts. Where possible we have accommodated alternate work options. Flexibility terms are included in the company's enterprise agreements.	Establish CEO/MD Diversity Committee
Regular and accurate reporting of gender diversity	Board Reports to provide greater insight on diversity	Diversity is included in the monthly Board Report.	Remuneration and Nomination Committee annual review of gender targets.

Corporate governance statement

In accordance with the federal Gender Equality Act, Select Harvests submits an annual report to the Workplace Gender Equality Authority (WGEA). The 2014 report reflected:

- A 4% increase in the level of female participation at senior to middle management level roles in the year, with a corresponding decline in male participation.
- Females comprise 20% of senior to middle management level roles.
- Females comprise 30% of non-managerial roles.

No females are represented on the Board of Management or the senior executive team.

Future Direction:

The company is cognisant of its responsibilities under the various State and Federal age, gender, physical, ethnic, cultural, religious and related discrimination legislations and will continue to ensure that its policies and procedures remain compliant with these.

The organisation supports diversity through:

- Flexibility provisions in its enterprise agreements
- Flexible work arrangement opportunity for any employees
- Recruitment is open, fair and unbiased
- Providing that at least one female interview panel member participates in any employment interview panel
- Conduct of an annual performance review program which encourages both the individual and manager to consider development opportunities
- Review of annual pay parities for men and women.

Select Harvests will continue to apply fair and open recruitment processes, flexible work and leave arrangements, career and personal development, employee support arrangements and related measures to attract and retain skilled employees.

The Remuneration and Nomination Committee believes that the following targets for gender diversity are achievable by 2018:

WGEA Category	Current Female %	Target 2018 %
Board and Senior Executive	0%	30%
Senior Managers	28%	40%
Other Managers	21%	30%
Non Managerial Roles	30%	40%

Conflict of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Should a situation arise where the Board believes that a material conflict exists, the Director concerned shall not receive the relevant Board papers and will not be present at the meeting when the item is considered. Details of Director related entity transactions with the Company and consolidated entity are set out in the Notes to the financial statements.

Dealings in Company Shares

Directors and senior management are prohibited from dealing in Company shares except within a four week trading window that commences 48 hours after the release of the Company's results at year end and half year on the basis that they are not in possession of any price sensitive information. Directors must advise the ASX of any transactions conducted by them in shares in the Company.

Corporate governance statement

The statement below in relation to Communication with Shareholders is with reference to **Principle 5, Make timely and balanced disclosures** and **Principle 6, Respect the right of shareholders**.

Communication with Shareholders

The Board of Directors aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document), including relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments;
- The half yearly report contains summarised financial information and a review of the operations of the Company during the period. The half year audited financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it;
- The Company has nominated the Company Secretary to ensure compliance with the Company’s continuous disclosure requirements, and overseeing and co-ordinating disclosure of information to the ASX;
- Information is posted on the Company’s website immediately after ASX confirms an announcement has been made to ensure that the information is made available to the widest audience. The Company’s website is www.selectharvests.com.au;
- The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. It is the policy of the Company and the policy of the auditor for the lead engagement partner to be present at the Annual General Meeting to answer any questions about the conduct of the audit and the preparation and content of the auditor’s report; and
- Occasional letters from the Chairman and Managing Director may be utilised to provide shareholders with key matters of interest.

SELECT HARVESTS Limited ABN 87 000 721 380

Annual financial report

Contents

This financial report covers the Group consisting of Select Harvests Limited and its subsidiaries. The financial report is presented in the Australian currency.

Select Harvests Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Select Harvests Limited
360 Settlement Road
Thomastown Vic 3074

A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities and in the directors' report, both of which are not part of this financial report.

The financial report was authorised for issue by the directors on 25 August 2014. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All financial reports and other information are available on our website: www.selectharvests.com.au.

Income Statement

For the year ended 30 June 2014	Notes	CONSOLIDATED 2014 $'000	2013 $'000
Revenue			
Sales of goods and services	4	188,088	190,918
Other revenue	4	163	210
Total revenue		**188,251**	**191,128**
Other income			
Biological asset fair value adjustment		8,503	20,190
Total other income		**8,503**	**20,190**
Expenses			
Cost of sales	5	(139,641)	(156,664)
Distribution expenses		(4,797)	(6,688)
Marketing expenses		(668)	(795)
Occupancy expenses		(1,289)	(1,296)
Administrative expenses		(4,781)	(4,413)
Finance costs	5	(4,512)	(5,141)
Write down of biological assets – Western Australian orchards	5	-	(26,147)
Impairment of property, plant and equipment	5	-	(13,760)
Other expenses		(3,795)	(5,335)
Profit/(Loss) before income tax and discount on acquisition		37,271	(8,921)
Discount on acquisition of assets		82	8,013
Discount on acquisition of crop		-	1,106
Total discount on acquisition	7	82	9,119
PROFIT BEFORE INCOME TAX		**37,353**	**198**
Income tax benefit / (expense)	6	(8,346)	2,674
PROFIT ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED	26(c)	**29,007**	**2,872**
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	30	50.2	5.0
Diluted earnings per share (cents per share)	30	48.8	5.0

The above income statement should be read in conjunction with the accompanying Notes.

Statement of Comprehensive Income

For the year ended 30 June 2014	Notes	CONSOLIDATED 2014 $'000	2013 $'000
Profit for the year		**29,007**	**2,872**
Other comprehensive income / (expense)			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges, net of tax		2,092	(1,642)
Other comprehensive income / (expense) for the year		**2,092**	**(1,642)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED		**31,099**	**1,230**

The above statement of comprehensive income should be read in conjunction with the accompanying Notes.

Balance Sheet

As at 30 June 2014	Notes	CONSOLIDATED 2014 $'000	2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	9	6,312	8,939
Trade and other receivables	10	39,135	42,142
Inventories	11	83,018	66,879
Derivative financial instruments	12	542	343
Other assets	13	2,632	-
		131,639	**118,303**
Assets held for sale	14	5,000	5,000
TOTAL CURRENT ASSETS		**136,639**	**123,303**
NON CURRENT ASSETS			
Other assets	15	583	814
Property, plant and equipment	16	85,625	75,032
Biological assets – almond trees	17	81,229	68,415
Intangible assets	18	37,163	36,281
TOTAL NON CURRENT ASSETS		**204,600**	**180,542**
TOTAL ASSETS		**341,239**	**303,845**
CURRENT LIABILITIES			
Trade and other payables	19	22,693	29,495
Interest bearing liabilities	20	8,299	40,873
Derivative financial instruments	12	532	3,321
Provisions	21	2,464	3,111
TOTAL CURRENT LIABILITIES		**33,988**	**76,800**
NON CURRENT LIABILITIES			
Interest bearing liabilities	22	92,777	47,250
Deferred tax liabilities	23	29,709	19,579
Provisions	24	1,995	711
TOTAL NON CURRENT LIABILITIES		**124,481**	**67,540**
TOTAL LIABILITIES		**158,469**	**144,340**
NET ASSETS		**182,770**	**159,505**
EQUITY			
Contributed equity	25	99,750	97,007
Reserves	26	12,190	9,144
Retained profits	26	70,830	53,354
TOTAL EQUITY		**182,770**	**159,505**

The above balance sheet should be read in conjunction with the accompanying Notes.

Statement of changes in equity

CONSOLIDATED	Notes	Contributed Equity	Reserves	Retained Earnings	Total
Balance at 30 June 2012		**95,957**	**10,472**	**53,901**	**160,330**
Profit for the year		-	-	2,872	2,872
Other comprehensive expense		-	(1,642)	-	(1,642)
Total comprehensive profit/(expense) for the year		**-**	**(1,642)**	**2,872**	**1,230**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	25	1,050	-	-	**1,050**
Dividends paid or provided	8	-	-	(3,419)	**(3,419)**
Employee performance rights	26	-	314	-	**314**
Balance at 30 June 2013		**97,007**	**9,144**	**53,354**	**159,505**
Profit for the year		-	-	29,007	29,007
Other comprehensive income		-	2,092	-	2,092
Total comprehensive profit for the year		**-**	**2,092**	**29,007**	**31,099**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	25	2,743	-	-	**2,743**
Dividends paid or provided	8	-	-	(11,531)	**(11,531)**
Employee performance rights	26	-	954	-	**954**
Balance at 30 June 2014		**99,750**	**12,190**	**70,830**	**182,770**

The above statement of changes in equity should be read in conjunction with the accompanying Notes.

Statement of cash flows

For the year ended 30 June 2014	Notes	CONSOLIDATED 2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		195,161	191,781
Payments to suppliers and employees (inclusive of goods and services tax)		(167,398)	(183,520)
		27,763	**8,261**
Interest received		210	98
Interest paid		(4,910)	(5,160)
Income tax received		-	852
Net Cash Inflow From Operating Activities	27	**23,063**	**4,051**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of water rights		-	2,339
Proceeds from sale of property, plant and equipment		527	592
Payment for water rights		(3,515)	(98)
Payment for property, plant and equipment		(8,584)	(3,995)
Acquisition of almond orchards	7	(16,601)	(6,313)
Acquisition of land – deposit paid		(215)	-
Tree development costs		(1,467)	(6,457)
Net Cash Outflow From Investing Activities		**(29,855)**	**(13,932)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		69,527	19,250
Repayments of borrowings		(57,000)	-
Dividends payment on ordinary shares, net of DRP		(8,788)	(2,369)
Net Cash Inflow from financing activities		**3,739**	**16,881**
Net increase/(decrease) in cash and cash equivalents		**(3,053)**	**7,000**
Cash and cash equivalents at the beginning of the financial year		7,066	66
Cash and cash equivalents at the end of the financial year	9(a)	**4,013**	**7,066**

The above cash flow statement should be read in conjunction with the accompanying Notes.

Notes to the Financial Statements

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Company consisting of Select Harvests Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. Select Harvests Limited is a for profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Select Harvests Limited group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through the income statement, biological assets, and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher level of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(y)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.
Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

Notes to the Financial Statements

(iii) Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations
Select Harvests Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint ventures
Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Select Harvests Limited.

(v) Changes in ownership interests

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity comprising the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The

Notes to the Financial Statements

consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of Select Harvests Limited.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity, the revenue can be reliably measured, and the risks and rewards have passed to the buyer. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Risk and reward for the goods has passed to the buyer.

Interest

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Almond Pool Revenue

Under contractual arrangements, the group acts as an agent for external growers by simultaneously acquiring and selling the almonds and therefore, does not make a margin on those sales. These amounts are not included in the group's revenue.

As at 30 June 2014 the group held almond inventory on behalf of external growers which was not recorded as inventory of the Company.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, money market investments readily convertible to cash within two working days, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(f) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 10(b) for further information about the group's accounting for trade receivables and Note 1(m) for a description of the group's impairment policies.

Notes to the Financial Statements

(g) Inventories

Inventories are valued at the lower of cost and net realisable value except for almond stocks which are measured at fair value less estimated cost to sell at the point of harvest, and subsequently at Net Realisable Value under AASB 102 Inventories.

Costs, incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials and consumables: purchase cost on a first in first out basis;
- Finished goods and work in progress: cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity; and
- Almond stocks are valued in accordance with AASB 141 Agriculture whereby the cost of the non living (harvested) produce is deemed to be its net market value immediately after it becomes non living. This valuation takes into account current almond selling prices and current processing and selling costs.
- Other inventories comprise consumable stocks of chemicals, fertilisers and packaging materials.

(h) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory) or a non financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Notes to the Financial Statements

(i) Property, plant and equipment

Cost and valuation

All classes of property, plant and equipment are measured at historical cost less accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land water rights are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

Buildings:	25 to 40 years
Leasehold improvements:	5 to 40 years
Plant and equipment:	5 to 20 years
Leased plant and equipment:	5 to 10 years
Irrigation systems:	10 to 40 years

Capital works in progress

Capital works in progress are valued at cost and relate to costs incurred for owned orchards and other assets under development.

(j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis over the term of the lease.

Finance leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company are capitalised at the present value of the minimum lease payments and disclosed as plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the income statement.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Notes to the Financial Statements

(k) Biological assets

Almond trees

Almond trees are classified as a biological asset and valued in accordance with AASB 141 Agriculture. Almond trees are measured at fair value using a discounted cash flow methodology in accordance with AASB 141. The fair value measurement of the biological assets is a level 3 measurement, as defined by the AASB 13 Fair Value Measurement fair value hierarchy, as one or more of the significant inputs is not based on observable market data.

The discounted cash flows incorporate the following factors:

- Almond trees have an estimated 30 year economic life, with crop yields consistent with long term almond industry yield rates;
- Selling prices are based on expected future costs;
- Growing, processing and selling costs are based on long term average levels;
- Temporary water costs are based on long term average market prices where assets have no permanent water rights attached;
- Cash flows are discounted at a pre tax rate, that takes into account the cost of capital plus a suitable risk factor; and
- An appropriate rental charge is included to represent the use of the developed land on which the trees are planted.

Nursery trees are grown by the Company for sale to external almond orchard owners and for use in almond orchards owned by the Company. Nursery trees are carried at fair value.

Growing almond crop

The growing almond crop is valued in accordance with AASB 141 Agriculture. This valuation takes into account current almond selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity.

New orchards growing costs

All costs associated with the establishment, planting and growing of almond trees for an orchard in a new area where there is no previous experience of commercial almond production are accumulated for the first three years of that orchard. Once the fair value of this orchard becomes reliably measurable, the orchard is measured in accordance with the almond trees policy noted above.

Biological asset fair value adjustment

The biological asset fair value adjustment in the income statement includes current changes to the fair value of the almond trees, including the current year unwinding of the discount on future cash flows, the fair value change for the current year growing almond crop and the fair value component of cost of sales.

(l) Intangibles

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Notes to the Financial Statements

Brand names

Brand names are measured at cost. Directors are of the view that brand names have an indefinite life. Brand names are therefore not depreciated. Instead, brand names are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less any accumulated impairment losses.

Permanent water rights

Permanent water rights are recorded at historical cost. Such rights have an indefinite life, and are not depreciated. As an integral component of the land and irrigation infrastructure required to grow almonds, the carrying value is tested annually for impairment. If events or changes in circumstances indicate impairment, the carrying value is adjusted to take account of any impairment losses.

(m) Impairment of assets

Goodwill and other Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(n) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(i) Investment allowances and similar tax incentives

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

Notes to the Financial Statements

(ii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(p) Employee benefits

(i) Short-term obligations:

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term benefit obligations

The liability for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

Share-based payments

Share-based compensation benefits are provided to employees via the Select Harvests Limited Long Term Incentive Plan (LTIP). Information relating to this scheme is set out in Note 35.

The fair value of performance rights granted under the Select Harvests Limited LTIP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the

Notes to the Financial Statements

performance rights. The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the term of the right, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right. The fair value of the performance rights granted is adjusted to reflect market vesting conditions, but excludes the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of rights that are expected to vest. At each balance sheet date, the entity revises its estimate of the number of rights that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(q) Financial Instruments

Financial Assets

Collectability of trade receivables is reviewed on an ongoing basis. Trade receivables are carried at full amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable, and where there is objective evidence of impairment, debts which are known to be non collectible are written off immediately.

Amounts receivable from other debtors are carried at full amounts due. Other debtors are normally settled on 30 days from month end unless there is a specific contract which specifies an alternative date.

Amounts receivable from related parties are carried at full amounts due.

Financial Liabilities

The bank overdraft disclosed within interest bearing liabilities is carried at the principal amount and is part of the Net Cash balance in the Statement of Cash Flows. Interest is charged as an expense as it accrues.

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

Finance lease liabilities are accounted for in accordance with AASB 117 Leases.

(r) Fair value estimation

The fair value of certain financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets, such as foreign exchange hedge contracts and the interest rate swap, are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar instruments.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this

Notes to the Financial Statements

case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs, inclusive of all facility fees, bank charges, and interest, are expensed as incurred.

(u) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

(v) Contributed equity

Ordinary shares are classified as equity. The value of new shares or options issued is shown in equity.

(w) Earnings per share

(i)Basic Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive ordinary shares, and the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares.

(x) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer

(y) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree’s net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's

Notes to the Financial Statements

share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the income statement as a discount on acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(z) New and amended accounting standards

New standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 have not affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The following has impacted the disclosures made in the financial report:

(i) AASB 2011-4 Amendments to Australian Accounting Standards to remove individual Key Management Personnel Disclosure Requirements, Revised Corporations Regulations 2M.3.03 (effective from 1 July 2013)

Removes the individual key management personnel disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard. Following the release of the revised Corporates Regulations, all of the detailed disclosures are required to be included in the remuneration report for financial years commencing on or after 1 July 2013.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (effective from 1 January 2017)

Excludes bearer plants from the scope of IAS 41 and includes them in the scope of IAS 16, so they are accounted for as property, plant and equipment rather than agricultural assets. Almond trees fall within the definition of bearer plants and therefore under the revised standards the Company will be able to elect to value the trees on a cost or fair value basis. Accounting for the growing crop will not change as this remains within the scope of IAS 41. The revised standards are not applicable until 1 January 2016 but are available for early adoption. The Company is yet to fully assess the impact of the changes and has not yet decided when to adopt the revised standards.

(ii) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2017)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the company’s accounting for its financial assets. The standard is not applicable until 1 January 2017 but is available for early adoption. The Company is yet to assess its full impact and has not yet decided when to adopt AASB 9.

(aa) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Notes to the Financial Statements

(ab) Rounding amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relation to the “rounding off” of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ac) Parent entity financial information

The financial information for the parent entity, Select Harvests Limited, disclosed in Note 37 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of Select Harvests Limited.

(ii) Tax consolidation legislation

Select Harvests Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Select Harvests Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Select Harvests Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Select Harvests Limited for any current tax payable assumed and are compensated by Select Harvests Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Select Harvests Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Notes to the Financial Statements

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, foreign exchange and other price risks, and ageing analysis for credit risk.

Risk management is carried out by management pursuant to policies approved by the Board of Directors.

(a) Market risk
(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Group sells both almonds harvested from owned orchards through the almond pool and processed products internationally in United States dollars, and purchases raw materials and other inputs to the manufacturing and almond growing process from overseas suppliers predominantly in United States dollars.

Management and the Board review the foreign exchange position of the Group and, where appropriate, take out forward exchange contracts, transacted with the Group's banker, to manage foreign exchange risk.

The exposure to foreign currency risk at the reporting date was as follows:

Group	30 June 2014 USD $'000	30 June 2013 USD $'000
Trade receivables net of payables	18,435	17,615
Overdraft	(2,299)	(1,712)
Foreign exchange contracts		
- buy foreign currency (cash flow hedges)	7,125	5,227
- sell foreign currency (cash flow hedges)	11,699	31,271

Group sensitivity analysis

Based on financial instruments held at the 30 June 2014, had the Australian dollar strengthened/weakened by 5% against the US dollar, with all other variables held constant, the Group's post tax profit for the year would have been $576,000 lower/$636,000 higher (2013: $580,000 lower/$641,000 higher), mainly as a result of the US dollar denominated financial instruments as detailed in the above table. Equity would have been $738,000 lower/$815,000 higher (2013: $1,530,000 lower/$1,691,000 higher), arising mainly from foreign forward exchange contracts designated as cash flow hedges.

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from borrowings issued at variable rates, which exposes the Group to cash flow interest rate risk. The Group's borrowings at variable interest rate are denominated in Australian dollars.

Notes to the Financial Statements

At the reporting date the Group had the following variable rate borrowings:

	30 June 2014 Weighted Average Interest Rate	Balance	30 June 2013 Weighted Average Interest Rate	Balance
	%	$000	%	$000
Debt facilities	5.48%	98,777	6.57%	86,250
Overdraft (USD)	0.95%	2,299	1.35%	1,873

An analysis of maturities is provided in 2(c) below.

The Group analyses interest rate exposure on an ongoing basis in conjunction with debt facility, cash flow and capital management. As part of the Risk Management policy of Select Harvests Limited, the company has entered into an agreement to swap $20,000,000 of debt at a rate of 3.97% to reduce the risk that higher interest rates pose to the company's cash flows. The weighted average interest rate of 5.48% in the table above is inclusive of the interest rate swap.

Group sensitivity

At 30 June 2014, if interest rates had changed by +/- 25 basis points from the weighted average interest rate with all other variables held constant, post tax profit for the year would have been $169,000 lower/higher (2013: $95,000 lower/higher).

Notes to the Financial Statements

Interest rate risk

The Company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 %	2013 %
(i) Financial assets														
Cash	6,312	8,939	-	-	-	-	-	-	-	-	6,312	8,939	-	-
Trade and other receivables	-	-	-	-	-	-	-	-	37,566	41,558	37,566	41,558	-	-
Forward exchange contracts	-	-	-	-	-	-	-	-	542	343	542	343	-	-
Total financial assets	6,312	8,939	-	-	-	-	-	-	38,108	41,901	44,420	50,840		
(ii) Financial liabilities														
Bank overdraft – USD @ AUD	2,299	1,873	-	-	-	-	-	-	-	-	2,299	1,873	0.9	1.4
Commercial Bills	78,777	56,250	-	-	20,000	30,000	-	-	-	-	98,777	86,250	5.5	6.6
Trade creditors	-	-	-	-	-	-	-	-	7,439	10,441	7,439	10,441	-	-
Other creditors	-	-	-	-	-	-	-	-	16,613	19,054	16,613	19,054	-	-
Interest Rate Swap	-	-	-	-	-	-	-	-	314	569	314	569	-	-
Forward exchange contracts	-	-	-	-	-	-	-	-	218	2,752	218	2,752	-	-
Total financial liabilities	81,076	58,123	-	-	20,000	30,000	-	-	24,584	32,816	125,660	120,939		

Notes to the Financial Statements

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposure to wholesale, retail and farm investor customers, including outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates. Given that the majority of income is derived from large, blue chip customers with no history of default, the provision raised against receivables is deemed to be satisfactory.

The Group's banking partner has a long-term credit rating of AA (Standard & Poor's).

Refer to Note 10 for a summary of aged receivables impaired, and past due but not impaired.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The following debt facilities are held with the National Australia Bank (NAB) and Rabobank in equal proportions, except as noted.

Debt facilities	Expiry Date	Facility Limit
1. Term debt	7/10/2018	$50,000,000
2. Working capital	7/4/2015 NAB / 7/10/2015 Rabobank	$60,000,000
3. Acquisition	7/10/2015	$25,000,000
4. USD Overdraft*	7/11/2014	$5,000,000
		$140,000,000

* Held with NAB only

The interest rate paid on these facilities is determined by an incremental margin on the BBSY or LIBOR rate.

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2014 $'000	2013 $'000
Floating rate		
- Working capital/Acquisition facility	$A 36,223	$A 2,000
- Bank overdraft facility USD	$US 2,714	$US 1,288

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The debt facility may be drawn at any time over a three year term.

Notes to the Financial Statements

(d) Fair Value Measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. As of 1 July 2009, Select Harvests Limited has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level one);

(b) Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level two); and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level three).

At both 30 June 2014 and 30 June 2013, the group's assets and liabilities measured and recognised at fair value comprised the interest rate swap derivative and foreign exchange forward contracts. Both are level 2 measurements under the hierarchy.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities, net and gross settled derivative instruments into relevant maturity groupings based on the remaining period at the reporting date on the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the Financial Statements

		Less than 6 months $'000	6 – 12 months $'000	More than 12 months $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Group at 30 June 2014						
Non derivatives						
Variable Rate	Debt facilities	-	6,153	102,273	108,426	98,777
	Bank Overdraft	2,299	-	-	2,299	2,299
Derivatives	Interest Rate Swap	94	94	126	314	314
	USD buy – outflow	7,125	-	-	7,125	218
	USD sell – (inflow)	(11,699)	-	-	(11,699)	(542)
	USD net	(4,574)	-	-	(4,574)	(324)

		Less than 6 months $'000	6 – 12 months	More than 12 months $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ Liabilities $'000
Group at 30 June 2013						
Non derivatives						
Variable Rate	Debt facilities	39,659	4,642	49,247	93,548	86,250
	Bank Overdraft	1,873	-	-	1,873	1,873
Derivatives	Interest Rate Swap	107	107	355	569	569
	USD buy – outflow	5,227	-	-	5,227	(343)
	USD sell – (inflow)	(31,271)	-	-	(31,271)	2,752
	USD net	(26,044)	-	-	(26,044)	2,409

Notes to the Financial Statements

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 balance date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold. The assumptions are the estimated almond selling price at the point of harvest of $8.50 per kg and almond yield based on a crop estimate for Company Orchards of 10,500mt.

Almond trees

Almond trees are classified as a biological asset and valued in accordance with AASB 141 "Agriculture". The Company's accounting policies in relation to almond trees are detailed in Note 1(k).In applying this policy, the Company has made various assumptions. These are detailed in Note 17 of the financial statements. As at 30 June 2014, the value of almond trees carried in the financial statements of the Company is $81.2million (2013:$68.4million). The valuation of almond trees is very sensitive to the assumption of the long term almond price and yields. Any change to the long term almond price or yields may have a material impact on these valuations.

Estimated impairment of intangible assets

The Group tests annually whether intangible assets, has suffered any impairment, in accordance with the accounting policy stated in Note 1(l). The recoverable amounts of cash generating units have been determined based on value-in-use calculations.

Key assumptions and sensitivities are disclosed in Note 18.

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	2013 $'000
4. REVENUE			
Revenue from continuing operations			
- Management services		4,280	23,829
- Sale of goods		183,808	167,089
		188,088	**190,918**
Other revenue			
- Bank interest		57	98
- Other revenue		106	112
Total other revenue		**163**	**210**
Total revenue		**188,251**	**191,128**

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	2013 $'000
5. EXPENSES			
Profit before tax includes the following specific expenses:			
Cost of goods & services sold		139,641	156,664
Depreciation of non current assets			
Buildings		272	282
Plantation land and irrigation systems		2,147	626
Plant and equipment		1,391	3,755
Total depreciation of non current assets		3,810	4,662
Employee benefits		19,872	20,653
Finance costs		4,512	5,141
Impairment losses: trade receivables		6	17
Foreign exchange loss/(gain)		(1)	11
Operating lease rental minimum lease payments		5,381	5,703
Net loss on disposal of property, plant and equipment		239	270
Acquisition transaction costs		1,038	612
Costs associated with assets held for sale		-	1,930
Impairment of property, plant and equipment (a)			
Land and irrigation systems		-	-
Plant and equipment		-	13,760
		-	13,760
Write down of biological assets – Western Australian orchards (b)		-	26,147

(a) Impairment of property, plant and equipment

Impairment plant and equipment in 2013 relates to impairment losses recognised in relation to the Company's orchards in Western Australia. The WA impairment arose as a result of the decision to exit the project.

(b)Write down of biological assets – Western Australian orchards

The write down of biological assets relates to revaluation of trees at the Company's orchards in Western Australia. The write down arose as a result of the decision to exit the project.

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	2013 $'000
6. INCOME TAX			
(a) Income tax (expense)/benefit			
Current tax		(7,787)	620
Deferred tax		(3,383)	2,057
Over/(Under) provided in prior years		1,009	(3)
Over provided in 2012 and 2013 research & development tax offsets		1,815	-
		(8,346)	**2,674**
Income tax (expense)/benefit is attributable to:			
Profit from continuing operations		(8,346)	2,674
Aggregate income tax (expense)/benefit		**(8,346)**	**2,674**
Deferred income tax (expense)/benefit included in income tax (expense)/benefit comprises:			
Decrease/(increase) in deferred tax assets	23	1,539	(22,904)
(Decrease)/increase in deferred tax liabilities	23	(4,922)	21,312
		(3,383)	**(1,592)**
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit from continuing operations before income tax expense		37,353	198
Tax at the Australian tax rate of 30% (2013 – 30%)		(11,205)	(59)
Tax effect of amounts that are not deductible/ (taxable) in calculating taxable income			
Discount on acquisition	7	35	2,736
Over/(Under) provided in prior years		1,009	(3)
Over provided in 2012 and 2013 research & development tax offsets		1,815	-
Income tax (expense)/benefit		**(8,346)**	**2,674**

Notes to the Financial Statements

7. BUSINESS COMBINATIONS

(a) Summary of acquisitions
On 19 December 2013 Select Harvests acquired from Harmon Holdings Pty Ltd, 2,430 acres of land, including 680 acres of mature planted almond orchards, in the Riverland region of South Australia for $16.3 million cash consideration, which included $12.8 million for the orchard assets and $3.5 million for title to the 2014 crop.

The fair values of assets and liabilities recognised as a result of the acquisitions are as follows:

	Fair Value $'000
Plantation land and irrigation systems	5,733
Biological assets – almond trees	6,311
Inventory	3,500
Plant and equipment	851
Deferred tax liability	(35)
Net Identifiable Assets	**16,360**
Net cash outflow on acquisition	16,601
Receivable from sale of land and buildings	323
Total purchase consideration	**16,278**
Discount arising on acquisition	**82**

Included in other expenses in the income statement are transaction costs totaling $1.0 million relating to statutory, legal and advisors fees associated with the acquisitions.

(b) Financial contribution of acquisition

The acquired business contributed earnings before interest and tax of $512,000 to the group for the period from acquisition date to 30 June 2014.

If the acquisition had occurred on 1 July 2013, consolidated profit after tax for the year ended 30 June 2014 would have been $30,653,000, an increase of $1,646,000, assuming an $8.50 almond price and applying Company average operating costs for the acquired orchard. These amounts have been calculated using the group's accounting policies and by adjusting the results of the group to reflect the biological asset fair value adjustment that would have been taken up, the operating costs that would have been incurred and the additional depreciation that would have been charged had the assets been owned from 1 July 2013, together with the consequential tax effect.

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000

8. DIVIDENDS PAID OR PROPOSED FOR ON ORDINARY SHARES

(a) Dividends paid during the year

		2014 $'000	2013 $'000
(i) Interim – *paid 24 April 2014 (2013: 26 April 2013)*			
Fully franked dividend (11c per share) (2013: 3c per share)		6,360	1,715
		6,360	1,715
(ii) Final – *paid 15 October 2013 (2013: 22 October 2012)*			
Fully franked dividend (9c per share) (2013: 3c per share)		5,171	1,704
		11,531	**3,419**

(b) Dividends proposed and not recognised as a liability.

A final unfranked dividend of 9 cents per share has been declared by the directors ($5,219,948).

(c) Franking credit balance

Franking credits available for the subsequent financial year arising from:

		2014 $'000	2013 $'000
Franking credits available for subsequent reporting periods		331	11,862
		331	**11,862**

The above amounts represent the balance of the franking account (presented as the gross dividend value) as at the end of the reporting period.

There is no impact on the franking account from the dividend recommended by the directors since year end, but not recognised as a liability at year end, as it is unfranked (2013: reduction of $5,171,657).

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000

9. CASH AND CASH EQUIVALENTS

	Notes	2014 $'000	2013 $'000
Cash at bank and in hand		6,312	8,939
		6,312	**8,939**
(a) Reconciliation to cash at the end of the year			
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:			
Balances as above		6,312	8,939
Bank overdrafts	20	(2,299)	(1,873)
		4,013	**7,066**

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000

10. TRADE AND OTHER RECEIVABLES (CURRENT)

	2014	2013
Trade receivables	37,566	41,558
Provision for impairment of trade receivables	(44)	(38)
	37,522	41,520
Prepayments	1,613	622
	39,135	**42,142**

As at 30 June 2014 current trade receivables of the Group with a value of $44,079 (2013: $38,256) were impaired. The amount of the provision was $44,079 (2013:$ 38,256).

The ageing of these receivables is as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Up to 3 months	9	13
3 to 6 months	35	25
Over 6 months	-	-
	44	**38**
Movements in the provision for impairment of receivables are as follows:		
At 1 July	38	24
Provision for impairment recognised during the year	6	17
Receivables written off during the year	-	(3)
At 30 June	**44**	**38**

(b) Trade receivables past due but not impaired

As at 30 June 2014, trade receivables of $5,198,329 (2013: $3,529,068) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Up to 3 months	5,156	3,219
3 to 6 months	43	310
> 6 months	-	-
	5,199	**3,529**

Notes to the Financial Statements

(c) Effective interest rates and credit risk

All receivables are non-interest bearing.

The company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers from across the range of business segments in which the Company operates. Refer to Note 2 for more information on the risk management policy of the Company.

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in Note 2.

(d) Fair value

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

	Notes	Consolidated 2014 $'000	2013 $'000
11. INVENTORIES (CURRENT)			
Raw materials at cost		8,490	5,527
Finished goods at cost		13,139	7,714
Other inventory at cost		6,550	5,335
Almond stock at cost	1(k)	54,839	48,303
		83,018	**66,879**

	Notes	Consolidated 2014 $'000	2013 $'000
12. DERIVATIVE FINANCIAL INSTRUMENTS (CURRENT)			
Current Assets			
Forward exchange contracts – cash flow hedges		542	343
Total current derivative financial instrument assets		**542**	**343**
Current Liabilities			
Interest rate swap – cash flow hedges		314	569
Forward exchange contracts – cash flow hedges		218	2,752
Total current derivative financial instrument liabilities		**532**	**3,321**

Notes to the Financial Statements

(i) Cash flow hedges

On 25 February 2014, the Company entered into an agreement to swap the variable interest rate applicable to $20m of debt to fixed interest at a rate of 3.97% until 29 February 2016. The market value of the swap is recognised as a current liability in the balance sheet. Movements in the fair value of the swap are treated similarly to those of forward exchange contracts. Movements caused by changes in the intrinsic value of the swap are recognised in Other Comprehensive Income to the extent that the hedge is effective; those relating to a change in the time value of money are recognised in the income statement.

The Company also enters into forward exchange contracts to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective of entering the forward exchange contracts is to protect the Company against unfavourable exchange rate movements for highly probable contracted and forecasted sales and purchases undertaken in foreign currencies.

The accounting policy in regard to forward exchange contracts is detailed in Note 1(c).

At balance date, the details of outstanding forward exchange contracts are:

Buy United States Dollars Settlement	Sell Australian Dollars		Average Exchange Rate	
	2014	2013	2014	2013
	$'000	$'000	$	$
Less than 6 months	7,125	5,227	0.91	0.99
	7,125	**5,227**		

Sell United States Dollars Settlement	Buy Australian Dollars		Average Exchange Rate	
	2014	2013	2014	2013
	$'000	$'000	$	$
Less than 6 months	11,699	31,271	0.90	0.97
	11,699	**31,271**		

(ii) Credit risk exposures

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and Notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations at maturity. The credit risk exposure to forward exchange contracts and the interest rate swap are the net fair values of these instruments.

The net amount of the foreign currency the Company will be required to pay or purchase when settling the brought forward exchange contracts should the counterparty not pay the currency it is committed to deliver to the Company at balance date was $4,574,833 (2013: $26,043,890).

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
13. OTHER ASSETS (CURRENT)			
Temporary water rights		2,632	-
		2,632	**-**

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
14. ASSETS HELD FOR SALE			
Property, plant and equipment		5,000	5,000
		5,000	**5,000**

The property, plant and equipment amount represents the estimated recoverable amount of assets at the Company's Western Australian orchards, less cost to sell. The decision was made to exit this project last financial year. A sale process is currently in progress as the Company seeks to maximise the value from these assets. These assets are included within the Almond Division segment.

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
15. OTHER ASSETS (NON-CURRENT)			
Prepayments		583	814
		583	**814**

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	2013 $'000
16. PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT)			
Buildings			
At cost		12,591	12,531
Accumulated depreciation		(2,040)	(1,768)
	16(a)	10,551	10,763
Plantation land and irrigation systems			
At cost		88,262	81,463
Accumulated depreciation and impairment		(28,538)	(26,391)
	16(a)	59,724	55,072
Total land and buildings		**70,275**	**65,835**
Plant and equipment			
At cost		49,142	51,097
Accumulated depreciation and impairment		(38,574)	(42,625)
	16(a)	10,568	8,472
Capital works in progress			
At cost	16(a)	4,782	725
Total plant and equipment		**15,350**	**9,197**
Total property, plant and equipment			
Cost		154,777	145,816
Accumulated depreciation and impairment		(69,152)	(70,784)
Total written down amount		**85,625**	**75,032**

(a) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	Notes	Consolidated 2014 $'000	2013 $'000
Buildings			
Carrying amount at beginning		10,763	10,277
Additions		60	4
Disposals		-	(506)
Depreciation expense		(272)	(282)
Transfers between classes		-	1,270
		10,551	**10,763**

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	2013 $'000
16. PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT) continued			
Plantation land and irrigation systems			
Carrying amount at beginning		55,072	51,516
Additions		502	
Acquired through business combinations		5,733	4,351
Disposals		-	(152)
Assets transferred to held for sale		-	(5,000)
Depreciation expense		(2,147)	(626)
Transfers between classes		564	4,983
		59,724	**55,072**
Plant and equipment			
Carrying amount at beginning		8,472	28,138
Additions		2,968	3,166
Acquired through business combinations		851	-
Impairment of plant and equipment		-	(13,760)
Disposals		(766)	(203)
Transfers between classes		434	(5,114)
Depreciation expense		(1,391)	(3,755)
		10,568	**8,472**
Capital works in progress			
Carrying amount at beginning		725	1,040
Additions		5,054	825
Transfers between classes		(997)	(1,140)
		4,782	**725**
Total written down value		**85,625**	**75,032**

(b) Leased assets

Plant and equipment includes the following amounts where the Group is a lessee under a finance lease.

	2014	2013
Leasehold plant and equipment		
At cost	1,483	-
Accumulated depreciation and impairment	(68)	-
	1,415	-

Notes to the Financial Statements

17. BIOLOGICAL ASSETS – ALMOND TREES (NON-CURRENT)

The Company, as part of its operations, grows, harvests, and sells almonds. Harvesting of almonds occurs from February through to May each year. The almond orchards are located in Victoria, New South Wales and South Australia.

As at 30 June 2014 the Company owned a total of 5,555 acres of almond orchards (2013: 5,524 acres) and leased a total of 4,498 acres of almond orchards (2013: 4,498 acres).

For almond trees on orchards leased on a long term basis by the company, the future economic risks and rewards associated with these trees remain with Select Harvests. Accordingly, the trees are deemed to be an asset of the company.

During the year ended 30 June 2014, 10,500 metric tonnes of almonds were harvested from these orchards (2013: 12,000 metric tonnes) with a fair value less cost to sell at point of harvest of $89,250,000 (2013: $75,560,000).

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Carrying amount at 1 July	68,415	74,171
Transferred to inventory	(10,085)	(3,557)
Change in fair value*	15,121	4,739
Acquired through business combinations	6,311	12,752
Additions	1,467	6,457
Impairment of trees	-	(26,147)
Carrying amount at 30 June	**81,229**	**68,415**

* Unrealised gains recognised in profit or loss attributable to biological assets – almond trees are $6,027,000 (2013: $872,000)

The value of crop bearing almond trees is calculated using a discounted cash flow methodology. The discounted cash flow incorporates the following factors:

- Almond trees have an estimated 30 year economic life, with crop yields consistent with long term yield rates, which are in line with almond industry sourced data;
- Selling prices are based on long term average trend prices being $6.50 per kg (2013 $6.00);
- Growing, processing and selling costs are based on expected future costs;
- Temporary water costs are based on long term average market prices where assets have no permanent water rights attached;
- Cash flows are discounted at a pre tax, real discount rate of 15% (2013: 17%) which takes into account the cost of capital plus an appropriate risk factor; and
- An appropriate rental charge is included to represent the use of the developed land on which the trees are planted.

Price risk

The Group is exposed to commodity price risk in relation to its owned and leased orchards. The Group sells almonds harvested from owned and leased orchards domestically and overseas throughout the year based on an almond price which will fluctuate from time to time due to changes in international market conditions. The Group has an active and ongoing almond marketing and selling program in place which is continually monitored and adapted for changes in almond prices.

Notes to the Financial Statements

The Group also purchases raw materials and other inputs to the manufacturing and almond growing process domestically and overseas. The price of such inputs will also fluctuate from time to time based on market forces. Where practical, the Company, through its procurement programs, contracts from time to time to acquire such quantity of inputs as is projected to be required at fixed prices.

(a) Financial risk management strategies

The Company is exposed to financial risks arising from changes in the Australian dollar price of almonds because export sales are denominated in US dollars. The Company reviews its outlook for almond prices regularly in considering the need for active financial risk management. There is no active market for almonds.

(b) Non-current assets pledged as security

Refer to Note 22 for information on biological assets whose title is restricted and the carrying amounts of any biological assets pledged as security by the parent entity or its subsidiaries.

	Consolidated			
	Goodwill $'000	Brand Names* $'000	Permanent Water Rights $'000	Total $'000
18. INTANGIBLES (NON-CURRENT)				
Year ended 30 June 2013				
Opening net book amount	25,995	2,905	7,283	36,183
Acquisition of permanent water rights	-	-	98	98
Closing net book amount	**25,995**	**2,905**	**7,381**	**36,281**
Year ended 30 June 2014				
Opening net book amount	25,995	2,905	7,381	36,281
Acquisition of permanent water rights	-	-	882	882
Closing net book amount	**25,995**	**2,905**	**8,263**	**37,163**

*Brand name assets relate to the "Lucky" brand, which has been assessed as having an indefinite useful life. This assessment is based on the Lucky brand having been sold in the market place for over 50 years, being a market leader in the cooking nuts category and remaining a heritage brand.

(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, in line with the Strategic Review. Assumptions made include that new product development, enhanced marketing and market penetration and the exiting of lower margin business will improve EBIT over the forecast period. Cash flow projections beyond the five year period are extrapolated using a 0% real growth rate, which does not exceed the long-term growth rate for the industry in which the Food Products CGU operates. A pre-tax weighted average cost of capital of 12% (2013:13%) has been used to discount the cash flow projections.

Notes to the Financial Statements

(b) Impact of possible changes to key assumptions

The recoverable amount of the goodwill and brand names in the Food Products Division exceeds the carrying amount of goodwill at 30 June 2014. A decrease of 10% in the projected annual cash flows, or an increase of 1% in the pre-tax discount rate of 12.0% does not result in an impairment of the goodwill and brand names at 30 June 2014. These changes would be considered reasonably possible changes to the key assumptions.

(c) Permanent water rights

The value of permanent water rights relates to the Almond Division Cash Generating Unit (CGU) and is an integral part of land and irrigation infrastructures required to grow almond orchards. The fair value of permanent water rights is supported by the tradeable market value, which at current market prices is in excess of book value.

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
19. TRADE AND OTHER PAYABLES (CURRENT)			
Trade creditors		7,439	10,441
Other creditors and accruals		15,254	19,054
		22,693	**29,495**

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
20. INTEREST BEARING LIABILITIES (CURRENT)			
Secured			
Bank overdraft		2,299	1,873
Debt facilities		6,000	39,000
Total secured current borrowings		**8,299**	**40,873**

(a) Security

Details of the security relating to each of the secured liabilities and further information on the bank overdrafts and bank facilities are set out in Note 22.

(b) Interest rate risk exposures

Details of the Company's exposure to interest rate changes on borrowings are set out in Note 2.

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
21. PROVISIONS (CURRENT)			
Employee benefits		2,209	3,111
Lease liability		255	-
		2,464	**3,111**

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	2013 $'000
22. INTEREST BEARING LIABILITIES (NON-CURRENT)			
Term debt facility		92,777	47,250
		92,777	**47,250**

Assets pledged as security

The bank overdraft and facilities of the parent entity and subsidiaries are secured by the following:

(i). A registered mortgage debenture is held as security over all the assets and undertakings of Select Harvests Limited and the entities of the wholly owned group.

(ii). A deed of cross guarantee exists between the entities of the wholly owned group.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Notes	Consolidated 2014 $'000	2013 $'000
Current			
Floating charge			
Cash and cash equivalents		6,312	8,939
Receivables		39,135	42,142
Inventories		83,018	66,879
Derivative financial instruments		542	343
Assets held for sale		5,000	5,000
Total current assets pledged as security		134,007	123,303
Non-current			
Floating charge			
Prepayments		582	814
Property, plant and equipment		85,625	75,032
Biological assets – almond trees		81,229	68,415
Permanent water rights		10,896	7,381
Total non-current assets pledged as security		178,332	151,642
Total assets pledged as security		**312,339**	**274,945**

Financing arrangements

The Company has a debt facility available to the extent of $135,000,000 as at 30 June 2014 (2013: $91,250,000). The Company has bank overdraft facilities available to the extent of US$5,000,000 (2013: US$3,000,000).

The current interest rates at balance date are 5.12% on the debt facility, and 1.06% on the United States dollar bank overdraft facility.

A number of covenants and financial undertakings are associated with the company banking facilities, all of which have been met during the period and as at 30 June 2014.

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	2013 $'000
23. DEFERRED TAX LIABILITIES (NON CURRENT)			
The balance comprises temporary differences attributable to:			
Amounts recognised in profit and loss			
Accruals and provisions		(2,530)	(2,403)
Inventory		8,382	1,608
Biological assets – almond trees		24,369	16,991
Property, plant and equipment		4,083	15,622
Intangibles		677	677
		34,981	**32,495**
Amounts recognised directly in OCI			
Cash flow hedges		**3**	**(893)**
Total deferred tax liabilities		34,984	31,602
Carry forward tax losses		(5,275)	(12,023)
Net deferred tax liabilities		**29,709**	**19,579**
Movements:			
Opening balance 1 July		19,579	21,171
Charged/(credited) to income statement		3,344	(1,762)
Charged/(credited) to equity		3	(893)
Discount on acquisition		35	3,908
Carry forward tax losses		6,748	(2,845)
Closing balance at 30 June		**29,709**	**19,579**

	Notes	Consolidated 2014 $'000	2013 $'000
24. PROVISIONS (NON CURRENT)			
Employee entitlements		**891**	**711**
Lease liability		**1,104**	**-**
		1,995	**711**
Aggregate employee entitlements liability (Including current liabilities in Note 21)		3,100	3,822

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000

25. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	Notes	2014 $'000	2013 $'000
Ordinary shares fully paid		99,750	97,007
		99,750	**97,007**

(**b) Movements in shares on issue**

	2014 Number of Shares	2014 $'000	2013 Number of Shares	2013 $'000
Beginning of the financial year	**57,462,851**	**97,007**	**56,812,699**	**95,957**
Issued during the year				
▪ Dividend reinvestment plan	536,576	2,743	650,152	1,050
End of financial year	**57,999,427**	**99,750**	**57,462,851**	**97,007**

(c) Performance Rights

Long Term Incentive Plan

The company offered employee participation in short term and long term incentive schemes as part of the remuneration packages for the employees. Both the short term and long term schemes involve payments up to an agreed proportion of the total fixed remuneration of the employee, with relevant proportions based on market relativity of employees with equivalent responsibilities.

The long term scheme involves the issue of performance rights to the employee, under the Long Term Incentive Plan. During the financial year, performance rights granted during the 2012 year have vested under this plan (refer Note 35 and Directors' Report for further details). The market value of ordinary Select Harvests Limited shares closed at $5.14 on 30 June 2014 ($3.27 on 30 June 2013).

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(e) Capital risk management

The group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
26. RESERVES AND RETAINED PROFITS			
Capital reserve	26(a)	3,270	3,270
Cash flow hedge reserve	26(a)	7	(2,085)
Asset revaluation reserve	26(a)	7,645	7,645
Options reserve	26(a)	1,268	314
		12,190	**9,144**
Retained profits	26(c)	**70,830**	**53,354**
(a) Movements			
Capital reserve			
Balance at beginning of year		3,270	3,270
Balance at end of year		**3,270**	**3,270**
Cash flow hedge reserve			
Balance at beginning of year		(2,085)	(443)
Fair value movement in interest rate swap		179	266
Fair value movement in foreign currency dealings arising during the year		1,913	(1908)
Balance at end of year		**7**	**(2,085)**
Asset revaluation reserve			
Balance at beginning of year		7,645	7,645
Balance at end of year		**7,645**	**7,645**
Options reserve			
Balance at beginning of year		314	-
Option expense		954	314
Transfer to retained earnings		-	-
Balance at end of year		**1,268**	**314**

(b) Nature and purpose of reserves

(i) Capital reserve

The capital reserve was previously used to isolate realised capital profits from disposal of non-current assets.

(ii) Asset revaluation reserve

The asset revaluation reserve was previously used to record increments and decrements in the value of non-current assets. This revaluation reserve is no longer in use given assets are now recorded at cost. This is in line with accounting policies within Note 1.

(iii) Options reserve

The options reserve is used to recognise the fair value of performance rights granted and expensed but not exercised.

(iv) Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on the fair value movements in the interest rate swap and foreign currency contracts in a cash flow hedge that are recognised directly in equity.

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
26. RESERVES AND RETAINED PROFITS (continued)			
(c) Retained profits			
Balance at the beginning of year		53,354	53,901
Profit/(loss) attributable to members of Select Harvests Limited		29,007	2,872
Total available for appropriation		82,361	56,773
Dividends paid		(11,531)	(3,419)
Balance at end of year		**70,830**	**53,354**

27. RECONCILIATON OF THE NET PROFIT AFTER INCOME TAX TO THE NET CASH FLOWS FROM OPERATING ACTIVITIES

		2014	2013
Net profit		29,007	2,872
Non-cash items			
Depreciation and amortisation		3,810	4,662
Biological asset fair value adjustment		(8,503)	(20,190)
Impairment of property, plant and equipment		-	13,760
Write down of biological assets		-	26,147
Discount on acquisition		(82)	(9,119)
Net loss on sale of assets		239	270
Options expense		954	314
Changes in assets and liabilities			
(Increase) / decrease in receivables		4,129	(7,124)
(Increase) in inventory		(10,163)	(7,618)
(Increase) / decrease in other assets		(566)	233
Increase / (decrease) in trade and other payables		(4,238)	2,798
Decrease in income tax receivable		-	1,458
Increase / (decrease) in deferred tax liability		8,346	(4,606)
Increase in employee entitlements		130	194
Net cash flow from operating activities		**23,063**	**4,051**

Non cash financing activities

During the current year the company issued 536,576 of new equity as part of the Dividend Reinvestment Plan.

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000

28. EXPENDITURE COMMITMENTS

(a) Operating lease commitments

Commitments payable in relation to leases contracted for at the reporting date but not recognised as liabilities:

	Notes	2014 $'000	2013 $'000
Within one year		10,837	10,779
Later than one year but not later than five years		37,019	38,509
Later than five years		78,494	87,023
		126,350	**136,311**
(i) Property and equipment leases (non cancellable):			
Minimum lease payments			
▪ Within one year		4,501	4,613
▪ Later than one year and not later than five years		9,884	12,102
▪ Later than five years		1,512	2,981
▪ Aggregate lease expenditure contracted for at reporting date		15,897	19,696

Property and equipment lease payments are for rental of premises, farming and factory equipment.

	Notes	2014 $'000	2013 $'000
(ii) Almond orchard leases:			
Minimum lease payments			
▪ Within one year		6,336	6,166
▪ Later than one year and not later than five years		27,135	26,407
▪ Later than five years		76,982	84,042
Aggregate lease expenditure contracted for at reporting date		110,453	116,615

The almond orchard leases comprises the lease of a 512 acre almond orchard and a 1,002 acre lease from Arrow Funds Management in which the Company has the right to harvest the almonds from the trees owned by the lessor for the term of the agreement. The Company also has first right of refusal to purchase the properties in the event that the lessor wished to sell. Other leases within the consolidated entity have renewal and first right of refusal clauses. There is also a 20 year lease of 3,100 acres at Hillston with Rural Funds Management.

Notes to the Financial Statements

	Notes	Consolidated 2014 $'000	2013 $'000

28. EXPENDITURE COMMITMENTS (continued)

(a) Finance lease commitments

Commitments payable in relation to leases contracted for at the reporting date and recognised as liabilities:

		2014 $'000	2013 $'000
Within one year		332	-
Later than one year but not later than five years		1,201	-
Minimum lease payments		**1,533**	**-**
Future finance charges		(174)	-
Total lease liabilities		**1,359**	-
The present value of finance lease liabilities is as follows:			
Within one year		255	-
Later than one year but not later than five years		1,104	-
Minimum lease payments		**1,359**	-

Finance lease payments are for rental of farming equipment with a carrying amount of $1,415,000 (2013: $Nil).

(c) Capital commitments

Capital expenditure contracted for at reporting date but not recognised as liabilities is as follows:

		2014 $'000	2013 $'000
Permanent water rights		-	882
		-	**882**

29. EVENTS OCCURING AFTER BALANCE DATE

On 31 July 2014 the company settled on the purchase of vacant land at Mendook for $2.0 million, near Euston, Northern Victoria, close to the existing Company operations, of which 1,600 acres (648 hectares) is suitable for a greenfield almond development project;

On 22 August, 2014, the Company signed a contract to acquire the Amaroo business, near Renmark, South Australia for $52.3 million. The business comprises 2,046 acres (828 hectares) of mature almond orchards, 760 acres (308 hectares) of citrus orchards, 1,500 acres (607 hectares) of vacant land suitable for planting of new almond orchard developments, and 6,215 mega litres of high security water rights. The settlement of this purchase is planned for early September, 2014. The Company has entered into a lease with a third party to operate the Citrus orchards.

On 22 August, 2014, the Company entered into a contract to acquire the Grewal almond orchards near Lake Culluleraine, Northern Victoria, for $8.5 million. The almond orchards comprise 435 acres (176 hectares) of planted almond orchards, and 1,365 acres (553 hectares) of land available for planting out new almond orchard developments.

Notes to the Financial Statements

29. EVENTS OCCURING AFTER BALANCE DATE (continued)

On 22 August, 2014, the Company secured $50,000,000 additional debt equally from National Australia Bank and Rabobank to finance the above purchases.

On 25 August 2014, the Directors declared a final unfranked dividend of 9 cents per share in relation to the financial year ended 30 June 2014 to be paid on 15 October 2014.

30. EARNINGS PER SHARE

	2014 Cents	2013 Cents
Basic earnings per share attributable to equity holders of the company	50.2	5.0
Diluted earnings per share attributable to equity holders of the company	48.8	5.0

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	Consolidated	
	2014 $'000	2013 $'000
Basic earnings per share:		
Profit attributable to equity holders of the company used in calculating basic earnings per share	29,007	2,872
Diluted earnings per share:		
Profit attributable to equity holders of the company used in calculating diluted earnings per share	29,007	2,872

	Number of shares	
	2014	2013
Weighted average number of ordinary shares used in calculating basic earnings per share	57,745,998	57,100,931
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	59,486,545	57,777,363

Notes to the Financial Statements

31. REMUNERATION OF AUDITORS

	2014	2013
Audit and other assurance services		
Audit and review of financial statements	269,400	276,900
Other assurance services	-	-
Total remuneration for audit and other assurance services	**269,400**	**276,900**
Taxation services		
Tax compliance services	-	47,396
Tax consulting	83,855	137,049
Total remuneration for taxation services	**83,855**	**184,445**
Total remuneration of PricewaterhouseCoopers	**353,255**	**461,345**

32. RELATED PARTY DISCLOSURES

(a) Parent entity

The parent entity within the consolidated entity is Select Harvests Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 34.

(c) Key management personnel compensation

	Notes	Consolidated 2014 $	Consolidated 2013 $
Short term employment benefits		2,992,655	2,826,774
Post employment benefits		144,709	157,540
Termination benefits		-	123,666
Long service leave		20,701	39,599
Share based payments		954,376	314,019
		4,112,441	**3,461,598**

Other disclosures relating to key management personnel are set out in the Remuneration Report.

(d) Director related entity transactions

There were no director related entity transactions during the year.

Notes to the Financial Statements

33. SEGMENT INFORMATION

Segment products and locations

The segment reporting reflects the way information is reported internally to the Chief Executive Officer.

The Company has the following business segments:

- Food Division - processes, markets, and distributes edible nuts, dried fruits, seeds, and a range of natural health foods.
- Almond Division – grows, processes and sells almonds to the food industry from company owned almond orchards, and provides a range of management services to external owners of almond orchards, including orchard development, tree supply, farm management, land and irrigation infrastructure rental, and the sale of almonds on behalf of external investors

The previously reported Managed Orchards Almond Division and the Company Orchards Almond Division are now reported as a single “Almond Division” operating segment. Management considers that the Managed Orchards Almond division segment no longer meets the definition of an operating segment following the completion of the Olam contract and other structural changes. Decision making by the Chief Executive Officer and the related organisational structures are no longer aligned to the separate segmentation. Comparatives have been restated to reflect this change.

The Company operates predominantly within the geographical area of Australia.

Notes to the Financial Statements

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)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue								
Total revenue from external customers	117,926	133,209	70,162	57,709	-	-	188,088	190,918
Intersegment revenue	-	-	17,805	13,233	(17,805)	(13,233)	-	-
Total segment revenue	**117,926**	**133,209**	**87,967**	**70,942**	**(17,805)**	**(13,233)**	**188,088**	**190,918**
Other revenue	-	-	105	111	58	99	163	210
Total revenue	**117,926**	**133,209**	**88,072**	**71,053**	**(17,747)**	**(13,134)**	**188,251**	**191,128**
EBIT	5,644	5,450	40,795	3,888	(4,631)	(4,097)	41,808	5,241
Interest received	-	-	-	-	57	98	57	98
Finance costs expensed	-	-	-	-	(4,512)	(5,141)	(4,512)	(5,141)
Profit before income tax	**5,644**	**5,450**	**40,795**	**3,888**	**(9,086)**	**(9,140)**	**37,353**	**198**
Segment assets (excluding intercompany debts)	**69,378**	**62,976**	**291,343**	**235,123**	**(19,482)**	**5,746**	**341,239**	**303,845**
Segment liabilities (excluding intercompany debts)	**(8,848)**	**(13,702)**	**(75,635)**	**(39,346)**	**(73,986)**	**(91,292)**	**(158,469)**	**(144,340)**
Acquisition of non-current segment assets	**405**	**300**	**29,935**	**16,448**	**42**	**17**	**30,382**	**16,765**
Depreciation and amortisation of segment assets	**504**	**618**	**3,278**	**3,961**	**28**	**83**	**3,810**	**4,662**

Sales to major customers include Woolworths 31%, and Coles 11% of total sales.

2013 Company orchards EBIT includes a $26.1m write down of biological assets at the Company's Western Australian orchards.

2013 Company orchards EBIT includes a $13.8m impairment loss in relation to property, plant and equipment at the Company's Western Australian orchards.

2013 Company orchards EBIT includes a $9.1m discount on acquisition of orchards.

Notes to the Financial Statements

34. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2014	2013
Parent Entity:			
Select Harvests Limited (i)	Australia	100	100
Subsidiaries of Select Harvests Limited:			
Kyndalyn Park Pty Ltd (i)	Australia	100	100
Select Harvests Food Products Pty Ltd (i)	Australia	100	100
Meriram Pty Ltd (i)	Australia	100	100
Kibley Pty Ltd (i)	Australia	100	100

(i) Members of extended closed group

35. SHARE BASED PAYMENTS

Long Term Incentive Plan

The Group offers executive directors and senior executives the opportunity to participate in the long term incentive plan (LTI Plan) involving the issue of performance rights to the employee under the LTI Plan. The LTI Plan provides for the offer of a parcel of performance rights with a three year life to participating employees on an annual basis. One third of the rights vesting each year, with half of the rights vesting upon achievement of earnings per share (EPS) growth targets and the other half vesting upon achievement of total shareholder return (TSR) targets. The EPS growth targets are based on the average growth of the company's EPS over the three years prior to vesting. The TSR targets are measured based on the company's average TSR compared to the TSR of a peer group of ASX listed companies over the three years prior to vesting. The performance targets and vesting proportions are as follows:

Measure	Proportion of Performance Rights to Vest
EPS	
Below 5% growth	Nil
5% growth	25%
5.1% - 6.9% growth	Pro rata vesting
7% or higher growth	50%
TSR	
Below the 60th percentile*	Nil
60th percentile*	25%
61st – 74th percentile*	Pro rata vesting
At or above 75th percentile*	50%

* Of the peer group of ASX listed companies

Notes to the Financial Statements

35. SHARE BASED PAYMENTS (continued)

Summary of performance rights over unissued ordinary shares

Details of performance rights over unissued ordinary shares at the beginning and ending of the reporting date and movements during the year are set out below:

2014

Grant date	Expiry date	Exercise Price	Balance at start of the year	Granted during the year	Forfeited during the year	Vested during the year	Balance at end of the year		Proceeds received	Shares issued	Fair value per share	Fair value aggregate
			Number	Number	Number	Number	On Issue	Vested	$	Number	$	$
29/06/2012	29/06/2015	-	336,060	-	6,665	105,355	224,040	-	-	-	1.14	255,406
30/04/2013	30/04/2016	-	1,404,487	-	3,011	47,589	1,353,887	-	-	-	2.26	3,059,785

2013

Grant date	Expiry date	Exercise Price	Balance at start of the year	Granted during the year	Forfeited during the year	Vested during the year	Balance at end of the year		Proceeds received	Shares issued	Fair value per share	Fair value aggregate
			Number	Number	Number	Number	On Issue	Vested	$	Number	$	$
29/06/2012	29/06/2015	-	655,740	-	319,680	-	336,060	-	-	-	1.14	384,045
30/04/2013	30/04/2016	-	-	1,404,487	-	-	1,404,487	-	-	-	2.26	3,171,921

Notes to the Financial Statements

35. SHARE BASED PAYMENTS (continued)

Fair value of performance rights granted

The assessed fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the term of the rights, the impact of dilution, the share price at offer date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right.

The model inputs for rights granted during the year ended 30 June 2014 included:

	29 June 2012 Performance Rights Issue	30 April 2013 Performance Rights Issue
Share price at grant date	$1.62	$2.90
Expected volatility*	30%	30%
Expected dividends	Nil	Nil
Risk free interest rate	5%	5%

* Expected share price volatility was calculated with reference to the annualised standard deviation of daily share price returns on the underlying security over a specified period.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2014	2013
	$	$
Performance rights granted under employee long term incentive plan	954,287	314,019
	954,287	314,019

36. CONTINGENT LIABILITIES

(i) Claims

The company is involved in legal proceedings in the Supreme Court of Victoria instituted by Almas Almonds, relating to the provision of orchard management services commencing in 2006. The hearing of the proceeding is presently scheduled for February 2015. Almas Almonds is claiming damages totalling $9,010,879 plus interest and costs, of which approximately $8,262,764 relates to claimed loss of future income for the period 2014 to 2029. Select Harvests denies any liability in relation to the claim and is vigorously defending it, and as a result no provision has been recognised in relation to the claim.

(ii) Guarantees

Cross guarantees given by the entities comprising the Group are detailed in Note 37.

Notes to the Financial Statements

37. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Balance Sheet	2014 $' 000	2013 $' 000
Current Assets	7,727	7,617
Total Assets	406,869	387,861
Current Liabilities	9,406	38,151
Total Liabilities	295,974	287,224
Shareholders' Equity		
Issued capital	99,748	97,006
Reserves		
Capital reserve	3,270	3,270
Cash flow hedge reserve	7	(2,085)
Options reserve	1,268	314
Retained profits	6,601	2,132
	110,894	**100,637**
Profit or Loss for the year	**2,406**	**819**
Total comprehensive income/(loss)	**4,498**	**(823)**

(b) Tax consolidation legislation

Select Harvests Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in Note 1(n).On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Select Harvests Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Select Harvests Limited for any current tax payable assumed and are compensated by Select Harvests Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Select Harvests Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

(c) Guarantees entered into by parent entity

Each entity within the consolidated group has entered into a cross deed of financial guarantee in respect of bank overdrafts and loans of the group.

Loans are made by Select Harvests Limited to controlled entities under normal terms and conditions.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and Notes set out on pages 34 to 86 are in accordance with the Corporations Act 2001, including:

   (i) complying with 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 30 June 2014 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 34 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 37.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director and Chief Financial Officer required under section 295A of the Corporations Act 2001.

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

M Iwaniw
Chairman

Melbourne, 25 August 2014

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

Report on the financial report

We have audited the accompanying financial report of Select Harvests Limited (the company), which comprises the balance sheet as at 30 June 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Select Harvests Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Auditor's opinion

In our opinion, the financial report of Select Harvests Limited is in accordance with the *Corporations Act 2001,* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Select Harvests Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John O'Donoghue
Partner

Melbourne
25 August 2014

ASX additional information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows.

(a) Distribution of equity securities

The following information is current as at 31 July 2014.

The number of shareholders, by size of holding, in each class of share is:

NUMBER OF ORDINARY SHARES	NUMBER OF SHAREHOLDERS
1 to 1,000	1,426
1,001 to 5,000	1,482
5,001 to 10,000	444
10,001 to 100,000	421
100,001 and over	35

The number of shareholders holding less than a marketable parcel of shares is:

NUMBER OF ORDINARY SHARES	NUMBER OF SHAREHOLDERS
5,495	219

(b) Twenty largest shareholders

The following information is current as at 30 June 2014.

The names of the twenty largest registered holders of quoted shares are:

		NUMBER OF SHARES	PERCENTAGE OF SHARES
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,106,094	31.22%
2	NATIONAL NOMINEES LIMITED	4,743,295	8.18%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,414,426	7.61%
4	BNP PARIBAS NOMS PTY LTD	2,359,930	4.07%
5	CITICORP NOMINEES PTY LIMITED	2,034,526	3.51%
6	AMP LIFE LIMITED	1,453,480	2.51%
7	LE GRAND PTY LTD	774,851	1.34%
8	BRAZIL FARMING PTY LTD	720,000	1.24%
9	BRISPOT NOMINEES PTY LTD	464,603	0.80%
10	REZANN PTY LTD	300,000	0.52%
11	ROBERT FERGUSON + JENNIFER FERGUSON + RACHEL FERGUSON	280,000	0.48%
12	SANDHURST TRUSTEES LTD	255,283	0.44%
13	NATIONAL NOMINEES LIMITED	221,504	0.38%
14	SHAYANA PTY LTD	210,000	0.36%
15	QIC LIMITED	203,938	0.35%
16	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	190,729	0.33%
17	WARD MCKENZIE PTY LTD	180,000	0.31%
18	PAKA NOMINEES PTY LTD	175,000	0.30%
19	MRS BARBARA ANNE KNOTT	172,410	0.30%
20	BOND STREET CUSTODIANS LIMITED	168,042	0.29%

ASX additional information

(c) Substantial shareholders

The names of substantial shareholders are:

	Number of Shares
FMR LLC	7,168,268
Thorney Investment Group	5,354,647
AMP Capital Investors Limited	3,503,361

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

The Company is listed on the Australian Stock Exchange. The home exchange is Melbourne.