SELECT HARVESTS

Positioned for growth

Annual Report 2010

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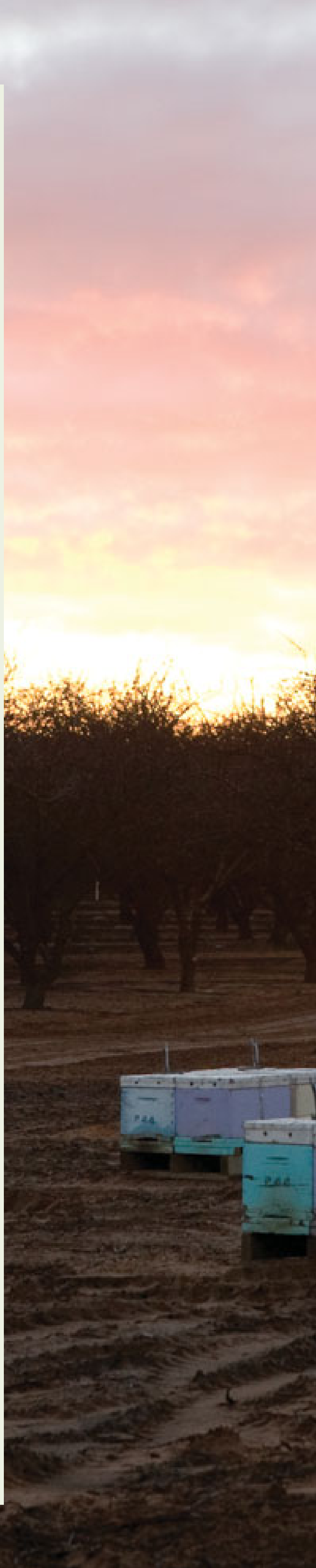
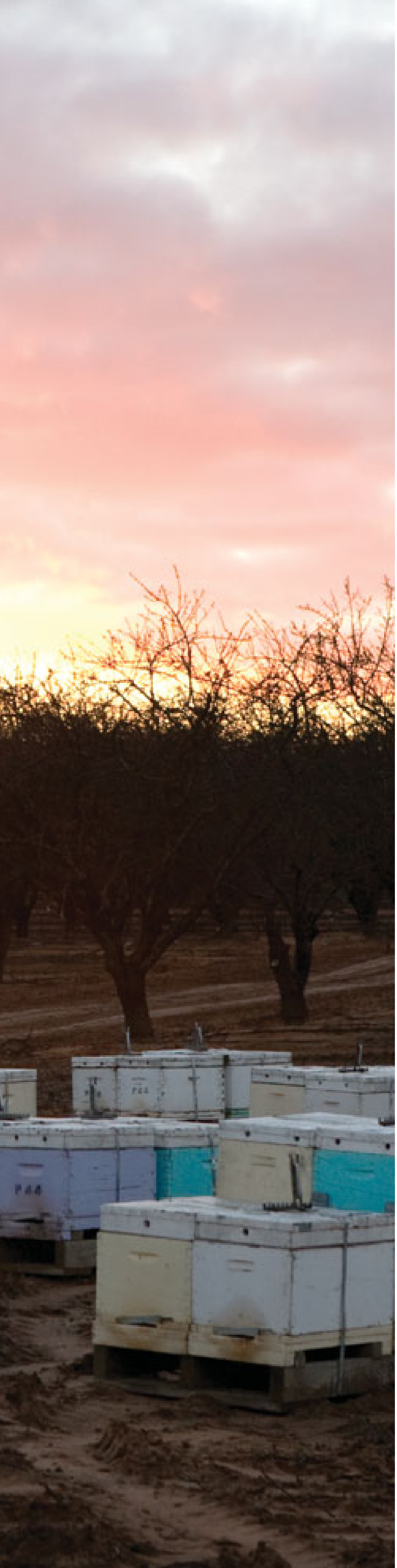


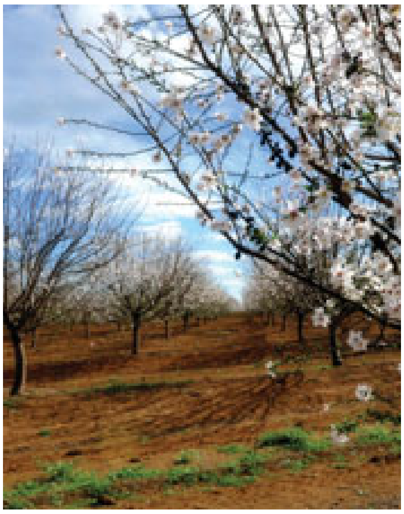


Select Harvests

"Select Harvests is one of the world's largest almond orchard managers. We are committed to driving long-term sustained earnings growth for our shareholders by leveraging our expertise in establishing and managing almond orchards and processing, marketing and selling almonds."

"The fundamentals of the global almond industry remain very attractive with demand expected to outstrip supply within five years. Select Harvests is well positioned to grow and diversify its portfolio of owned, leased and managed orchards, and to increase its exposure to the whole almond value chain."

JOHN BIRD, CEO, SELECT HARVESTS



Shareholder Information

Annual General Meeting

The annual general meeting will be held on 27th October 2010, at the RACV Club, 501 Bourke Street, Melbourne, Victoria at 11.00 am. A separate notice of meeting has been posted to all shareholders.

2011 Calendar

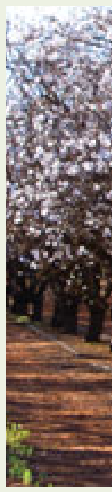
- Feb Announcement of interim results
- Apr Payment of interim dividend
- Aug Announcement of preliminary full year results
- Sep Annual report to shareholders
- Oct Payment of final dividend
- Oct Annual general meeting

Business model

Select Harvests is a diverse almond growing, processing and marketing company. We are the leading orchard manager and marketer in Australia with best-in-class infrastructure, production and processing facilities.

Select Harvests has leading capabilities across the whole almond value chain. We are well positioned to capture value from orchard development and management, primary and value added processing, and sales and marketing into growing domestic and export markets.

We create value for our share holders through a combination of managing these activities for third party orchard owners on a fee for service basis in our Managed Orchards and through owning and leasing Company Orchards.



OPERATING EBIT
2009: $30.0m
2010: $29.6m

ORCHARD DEVELOPMENT
— NURSERY
— ORCHARD ESTABLISHMENT

MANAGED ORCHARDS EBIT
2009: $13.7m
2010: $11.2m
ACRES : 34,691

ORCHARD MANAGEMENT
— ALMOND GROWING
— HARVESTING

COMPANY ORCHARDS EBIT
2009: $2.7m
2010: $6.8m
ACRES: 3,600
2009 CROP: 2,600 mt
2010 CROP: 2,800 mt (est)

ALMOND PROCESSING EBIT
2009: $9.2m
2010: $6.5m
2009 CROP: 19,400 mt
2010 CROP: 17,200 mt (est)

PROCESSING
— ALMOND PROCESSING
— VALUE-ADDED PROCESSING

VALUE-ADDED PROCESSING EBIT
2009: $1.1m
2010: $3.2m

SALES & MARKETING EBIT
2009: $3.3m
2010: $1.9m

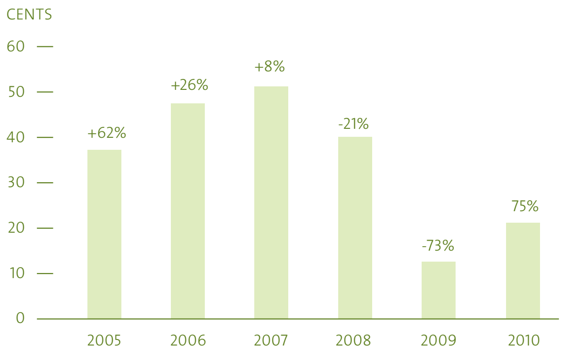
SALES & MARKETING
— ALMOND POOL SALES
— VALUE-ADDED PRODUCT SALES

Key financial results

A $'000's	Year ended 30 June 2010	Year ended 30 June 2009	% increase (decrease)
Sales revenue	*238,376*	*248,581*	*-4.1%*
EBIT			
– Management services	17,717	22,902	-22.6%
– Almond orchards	6,791	2,706	151.0%
Almond division	24,508	25,608	-4.3%
Food division	5,104	4,459	14.5%
Operating EBIT	*29,612*	*30,067*	*-1.5%*
Corporate costs	(3,580)	(3,240)	10.5%
EBIT	*26,032*	*26,827*	*-3.0%*
Net profit after tax	*17,253*	*16,712*	*3.2%*

EARNINGS PER SHARE

ORDINARY DIVIDEND PER SHARE



From the Chairman

"We have a strong balance sheet, a clear strategy for growth, and are well positioned to take advantage of an attractive global almond market"

CURT LEONARD, CHAIRMAN

This has been a year of significant transition for Select Harvests. I am pleased to report that we have successfully navigated the challenges presented to our business following the collapse of Timbercorp and we are now in good shape to put a period of uncertainty behind us and move forward with certainty and confidence. Following the transition of the 29,500 acres of Timbercorp orchards into new ownership in January of this year we secured a management agreement with the new owners, Olam, for an initial three year period, reflecting the strength of our credentials as professional farm managers.

We delivered another year of solid earnings, with net profit after tax up 3.2% to $17.3 million and cashflow from operating activities of $25.5 million, an increase of almost 13% on last year. Our robust earnings performance, strong cash generation and the certainty provided by the Olam contract has enabled us to reinstate our full year dividend. We are pleased to be declaring a final fully franked dividend of 11c per share which will be payable on 4th October 2010.

The Australian almond industry has undergone significant change following the demise of several large Managed Investment Schemes (MIS) and our strategy has evolved to reflect these changes and ensure that we leverage our strong capabilities in establishing and managing almond orchards as well as processing and selling almonds. When the MIS sector was strong it made sense for us to focus on managing orchards on behalf of third parties, a strategy which required minimal capital and delivered an annuity-like income stream.

While we will continue to leverage our world-class orchard management, processing and marketing capabilities to grow our managed services business, we believe that growing Company Orchards will enable us to diversify our earnings stream, increase control over future earnings and broaden access to the whole almond value chain. The fallout of the MIS sector is now presenting us with new opportunities as established orchards are becoming available for acquisition or long-lease at a discount to replacement value.

Our strategy requires a capital structure which provides flexibility to take advantage of growth opportunities in Company Orchards. We have successfully concluded a review of our capital structure and we now have a strengthened balance sheet with the capacity to fund growth. In February, we refinanced our banking facilities with a $78 million debt facility comprising $40m of term debt. In September, we raised $48m from the capital markets through an equity raising. The proceeds of the equity raising and the new debt facilities will fund investment and development of existing projects as well as future opportunities. We will balance our investment between short term cash generating assets which include established orchards and longer term growth initiatives like our Western Australian greenfield development. We maintain disciplined return on investment criteria when considering new investments.

During the year we have certainly not let the grass grow under our feet. We are already making very good progress with our strategy to expand our Company Orchards business. In March we entered into a long term lease for 3,000 acres of established orchards at Hillston in NSW and planted the first 2,000 acres of greenfield orchards in the Dandaragan Plateau region of Western Australia. As a result we more than doubled our Company Orchards from 3,600 acres to 8,600 acres and Company Orchards now comprise some 20% of the business. In addition we have recently acquired a further 530 acres at Lake Powell. This acquisition is due to complete in October 2010.

I am also pleased to report that we have strengthened the Board of the Company with the appointment of Fred Grimwade as a Non-Executive Director. Mr Grimwade is a highly experienced director and corporate adviser and is a Non Executive Director of AWB and Chairman of CPT Global. His depth of experience in agribusiness and banking are highly complimentary to our existing board and will be invaluable in supporting Select Harvests through its next stage of growth and development.

As the world's second largest manager of almond orchards, the outlook for Select Harvests is positive. The demand for almonds globally remains strong and Australia continues to be highly competitive, particularly in premium export markets. The global demand and supply dynamics continue to support a stable almond market and strong almond price fundamentals.

We have the business model, expertise and financial flexibility to continue to grow, diversify and broaden our income stream. Select Harvests is a world-class grower, processor and marketer and we are well positioned to leverage all of the expertise that comes with that.

I would like to take this opportunity to thank all of our team for their hard work and commitment, and to extend the Board's gratitude to our shareholders for their support during a challenging period.

Our Board of Directors

CURT LEONARD—*Chairman*

Curt joined the Board on 21 July 2004. He has held senior management positions with the Mars group of companies in Australia including General Manager of Mars Confectionery, Managing Director of Uncle Ben's, and Managing Director of Mars Australia and New Zealand. In addition, he has served as President, Asia Pacific of all Mars businesses, and a Director of the Managing Board of Mars Incorporated global business. Curt is a Director of Patties Foods Limited. He is Chairman of the Board, a member of the Audit and Risk committee and Remuneration Committee.

JOHN BIRD—*CEO*

John became the CEO of Select Harvests Limited in January 1998. He has had many years' experience in the food industry and international trade. Formerly Managing Director of Jorgenson Waring Foods. Appointed Managing Director and joined the Board in September 2001. Through his deep industry experience the company has developed over 30,000 acres of almond orchards during the last ten years. John is a member of the Nomination Committee.

FRED GRIMWADE—
Non- Executive Director

Fred was appointed to the Board on 27 July, 2010. He works with a wide range of companies in a board or advisory capacity. He is a Non-Executive Director of AWB Limited and Chairman of CPT Global Limited, and is a Principal and Executive Director of Fawkner Capital. He has held General Management positions in Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation and Goldman Sachs & Co. Fred is a member of the Remuneration Committee, Audit and Risk Committee and the Nomination Committee.

MAX FREMDER—
Non-Executive Director

Max joined the Board in March 1996 and from that time was Chairman of the Board until retiring from this position on 15 August, 2008. He is formerly a director of IAMA Limited, and founder of Nufarm, one of Australia's largest chemical manufacturers for the rural industry. Mr Fremder also was a Non-Executive Director of Tassal Limited between 3 October 2003 and 18 March 2005. Member of the Remuneration Committee, Audit and Risk Committee and Chairman of the Nomination Committee.

ROSS HERRON—
Non-Executive Director

Ross 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 a Non-Executive Director of GUD Holdings Ltd, Heemskirk Consolidated Ltd, Royal Automobile Club of Victoria (RACV) Ltd and a major industry superannuation fund. Ross is Chairman of the Audit and Risk Committee, and member of the Remuneration and Nomination Committees.

MICHAEL CARROLL—
Non-Executive Director

Michael 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 Meat and Livestock Australia, the Rural Finance Corporation, Rural Funds Management, and Warrnambool Cheese and Butter. He has 18 years' experience in banking and finance, having lead and established the Agribusiness division within the National Australia Bank. He has worked for a number of companies in the agricultural sector. He is Chairman of the Remuneration Committee, and a member of the Audit and Risk Committee and Nomination Committee.

From the CEO

JOHN BIRD, CEO

Over the last 12 months Select Harvests has laid firm foundations for future growth. We have adapted our strategy to reflect the significant changes in our operating environment and hit the ground running, delivering on a number of important milestones during the year.

We secured a three year contract with Olam to manage 29,500 acres of former Timbercorp orchards in Northern Victoria and have made good progress in expanding our Company Orchards business adding 3,000 acres at Hillston, NSW and planting 2,000 acres for our Western Australian orchard development. We have also agreed to acquire 530 acres of almond orchards at Lake Powell which become Company Orchards in October 2010.

We have delivered a solid financial performance this year with net profit after tax improving by 3% to $17.3 million. The result was impacted by the revised fees from the new Olam contract, a lower crop tonnage, and the delay in the harvest causing a deferral of processing and marketing fee income into the next financial year. Our Company Orchards business performed strongly and the realignment of our Food Division continues to deliver improved returns.

Importantly we now have the right capital structure to enable us to take advantage of growth opportunities where it makes financial sense for us to do so.

2010 Almond Crop

The 2010 crop is estimated to be 20,000 metric tons, slightly down on the 2009 record crop of 22,000 metric tons. While crop estimates early in the growing cycle indicated another record yield for 2010, a number of factors impacted crop volumes. These included the exceptionally high levels and frequency of rainfall during harvest, lower than optimal investment in the younger orchards in the aftermath of Timbercorp going into administration, and the cumulative effect of three years of reduced water application.

Managed Orchards

The performance of the Managed Orchards division reflects a number of key events and developments. Following the demise of Timbercorp and other Managed Investment Schemes, we played a significant role in maintaining 29,500 acres of Timbercorp orchards as they were sold to Olam International. In January of this year we reached agreement to manage these assets for an initial period of three years. The agreement includes baseline fees for our services and incentives based on performance hurdles being achieved.

EBIT from our Managed Orchards declined from $22.9 million in 2009 to $17.7 million in 2010. Managed Orchards EBIT was impacted by a number of factors including a lower crop than last year and the rebasing of terms for base fee income in the new Olam contract. Processing and marketing fee income was impacted by the volume and timing of the harvest which resulted in a lower proportion of income being recognized this year than last year.

The total 2010 crop for Managed Orchards is estimated to be 17,200 metric tons compared to 19,400 metric tons last year. This is below earlier estimates primarily due to the exceptional high levels and frequency of rainfall during harvest, lower than optimal investment in the younger orchards in the aftermath of Timbercorp going into administration, and reduced water applications over the last three years.

All orchards have returned to a full horticultural program including normal water applications following three years of drought management. It is expected yields will return to normal levels and that this, combined with an increase in the maturity profile of the trees will drive a further uplift in volumes which will increase our processing and marketing fee income.

Company Orchards

Company Orchards EBIT grew from $2.7m to $6.8m driven by the crop increasing to 2,800 metric tons, an improvement in the almond price, improved maturity profile of the orchards and a return to more normal water allocations, lowering the requirement for temporary water. 300 acres of orchards transitioned from Managed Orchards to Company Orchards during the year. This is a particularly encouraging performance given the company's strategic focus to expand our Company Orchards in the future, and further demonstrates the opportunity to leverage our expertise across the almond value chain.

During the year we increased Company Orchards from 3,600 acres to 8,600 acres. In March we signed a long term lease with Rural Funds Management covering 3,000 acres of almond orchards near Hillston in New South Wales. These orchards were planted in 2007 and 2008 and will start reaching maturity from 2014 with a first crop expected as soon as next year. They are in good condition and are serviced by bore water from a reliable groundwater source.

In Western Australia we have begun Stage 1 of our greenfields development at the Dandaragan Plateau with the planting of 2,000 acres due to yield a first crop in 2013 and reach full maturity in 2017.

Water

I am pleased to report that there has been a significant improvement in water allocations in the Murray Darling as the impact of several years of drought has begun to abate. Following a number of years of drought, we implemented a drought management program which resulted in a 20% reduction in water applications over the last three years. We have made good progress on driving irrigation efficiencies in our business and will continue to do so.

There have been unseasonably high levels of rainfall in Victoria during the course of this calendar year resulting in significant inflows into the Victorian Murray River system. Water allocations are at 94% compared to 13% last year while the Hume Dam is running at 77% capacity set against just 29 % in 2009.

The improved water outlook has enabled us to return to full water applications in the 2011 crop which will support the orchards returning to normal yields in the future.

More widely we have diversified water sources for almond production with our investment in greenfield developments in Western Australia, and our expansion of Company Orchards into New South Wales.

Food Division

The performance of our Food Division was particularly encouraging and demonstrated that we have begun to reap the rewards of realigning the business. The realisation of cost savings following consolidation of our manufacturing facilities in Melbourne has delivered an improved and more sustainable cost base. Almond sales increased by 10% over the year driven by strong selling initiatives in conjunction with the marketing program rolled out by the Almond Board of Australia.

Market share in the cooking category reached its highest level for four years, through the continued strong performance of the "Lucky" brand. It is pleasing that overall our EBIT from value added processing rose from $1.1m to $3.1m.

Investing for Growth

Select Harvests is in great shape to take advantage of further growth opportunities to increase total acreage in Company Orchards and Managed Orchards. Our improved capital structure gives us the flexibility to pursue opportunities both as an acquirer and developer of orchards as well as a manager, marketer and processor of almonds.

With this in mind we anticipate our future growth will come from:

- Leveraging our core competencies, capabilities and processing capacity to grow our share of managed services (farm management, processing and marketing) in relation to orchards not currently managed by Select Harvests. We will look to leverage the presence of Company Orchards in new regions to grow the management services business.
- Acquisition or long term lease of established orchards that are nearly or fully mature and therefore are, or soon will be, cash generative. Recent examples include the long lease agreement with Rural Funds Management for 3,000 acres at Hillston, NSW, and the agreed proposed acquisition of 530 acres at Lake Powell.
- Leveraging our industry leading orchard establishment experience through greenfield developments. Select Harvests has now planted 2,000 acres of greenfield orchard development at our site in the Dandaragan Plateau region of Western Australia. Long-term there is the potential to develop up to 10,000 acres of almond orchards in this location, further diversifying our orchard portfolio.

Outlook

In our next financial year Select Harvests will benefit from an increase in Company Orchards acreage as well as an improved maturity profile and higher water applications across our Company Orchards and Managed Orchards businesses. The Olam orchards will benefit from a full horticultural program which has resumed following the transition of ownership from Timbercorp.

Our growth strategy is supported in the medium term by volume growth as our existing orchards reach maturity. Based on standard industry yields our current 43,300 acres under management would be expected to produce 52,000 metric tons per annum at full maturity. This improving maturity profile puts us in a strong position to capitalise on increasing global demand for almonds.

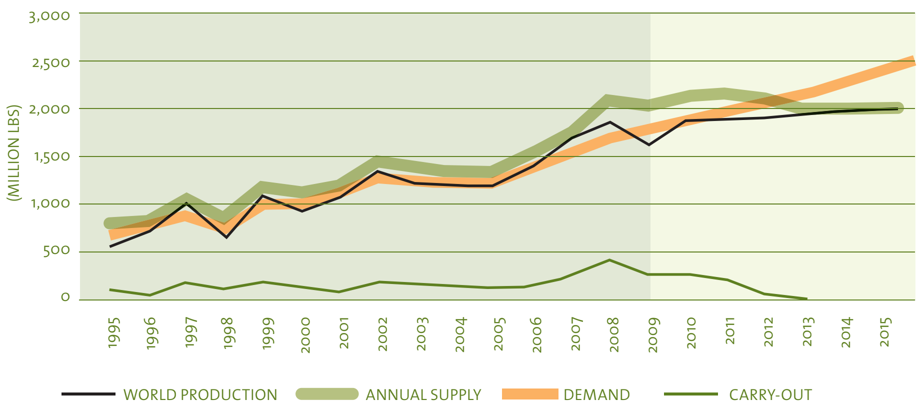
The Global Almond Market

The global almond market is currently worth an estimated US$4.5bn and has experienced consumption growth averaging 9% per annum since 2000. The underlying dynamics are attractive. In developed markets demand for almonds is driven by increasingly health conscious consumers, while rising affluence underpins demand from emerging markets including India, China and the Middle East.

Almond supply is restricted by a slow-down in plantings by some major producers in recent years, a lack of suitable growing conditions globally and the relatively long-lead times from planting to full production.

As a result demand is expected to exceed supply by 2013/14.

WORLD ALMOND SUPPLY VS DEMAND



Global demand for almonds is expected to outstrip supply within the next five years

USA Almond Supply and Demand

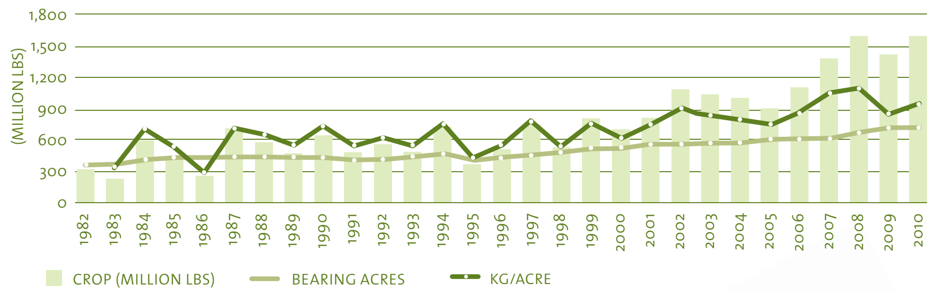
The 2010 USA almond crop estimate projects a large crop, up 17% on the 2009 crop , and in line with the record crop of 1.6 billion lbs in 2008. After 4 years of falling supply (2002 – 2005) USA production increased from 2006 to 2008, as new acreage came into production. That growth will begin to plateau and with limited plantings in recent years the rate of growth will continue to slow and not match underlying consumption growth.

Taking this estimate, consumption levels would need to grow approximately 5% to maintain a manageable carry over stock to 2011. This does not look particularly challenging based on annual growth rates achieved over the last 4 years. World almond consumption continues to grow with USA 2009 crop shipments tracking +10% above last year. USA shipments have increased 65% over the last 4 years comfortably matching supply increases over the same period. In the longer term lower planting activity in the USA and Australia will constrain future supply increases below the consumption growth achieved over the last 10 years.

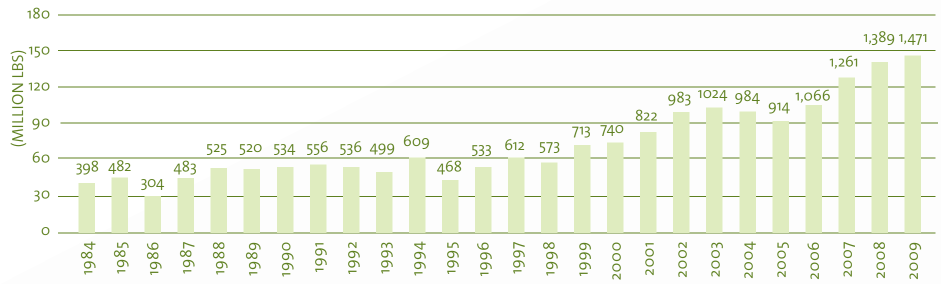
The harvest of the USA 2010 crop has commenced. Based on early receipts there is some expectation the original crop estimate will not be achieved.

Accompanied by increased demand from emerging economies, with China the number 1 importer from the USA in 2009, the fundamentals of supply and demand remain intact, supportive of underlying pricing of almonds.

USA ANNUAL PRODUCTION

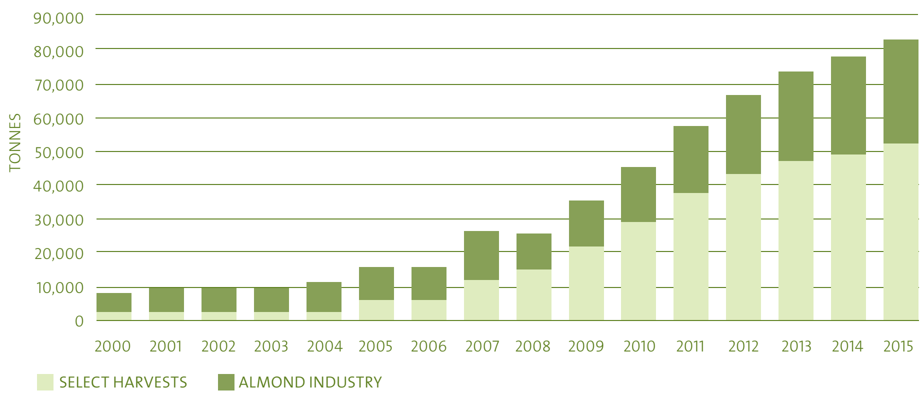


USA ALMOND CROP ANNUAL SHIPMENTS

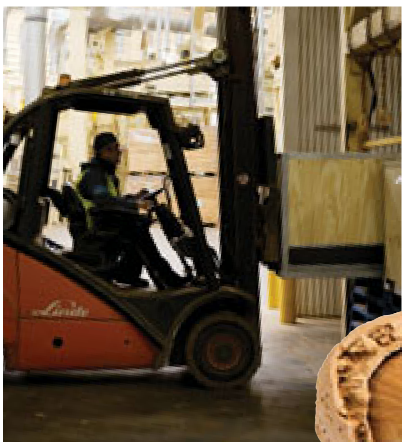


Australian Almonds

AUSTRALIAN ALMOND PRODUCTION FORECAST



Australia is projected to produce 82,000 metric tonnes of almonds by 2015, becoming the second largest producing country.



Select Harvests' $32 million processing facility near Robinvale, Victoria

Australia is already a significant global manager, processor and seller of almonds with a growing market share. Over 70% of Australia's almond orchards have been planted since 2004, giving us an enviable maturity profile. Production in Australia is projected to grow 17.5% annually, and on that basis it is likely to exceed Spain as the number two producing country by 2015.

What also sets Australia apart is the quality of our crop. 50% of Australian almonds are the premium nonpareil variety, which is highly sought after in many markets.

We are particularly well positioned to serve fast growing emerging economies such as China and India. India is already Australia's largest almond export market. We also continue to see growth in demand from the Middle East which in 2009 exceeded Europe as a market for Australian almonds.

Select Harvests is a major driver of growth in the Australian almond industry. We have over 30 years' experience at orchard development, management, processing and marketing. Globally we are the second largest manager of almond orchards, giving us unrivalled scale and expertise. At full maturity and based on our existing portfolio we expect to produce 52,000 metric tons per annum based on standard industry yields, equating to 62% of Australia's almond crop.

Our $35m almond processing plant at Robinvale is the most advanced facility in Australia enabling us to undertake shelling and packing of harvested almonds. This plant has sufficient capacity and room for future expansion to accommodate the growing crop.

We believe these unique capabilities position the Company well for future growth.

Growing our orchards

A core part of our strategy going forward is to increase our Company Orchards to enable us to diversify our earnings stream and broaden access to the whole of the almond value chain. Of 43,300 acres under management we now have 8,600 acres which are Company Orchards, representing 20% of our orchards. This compares to less than 10% a year ago.

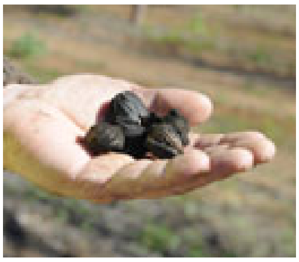
As we continue to grow our Company Orchards, our strategy will be to strike a balance between immediate or soon-to-be cash-generative investments and longer-term developments.

Expanded footprint in Victoria and NSW

The most significant addition to our orchard portfolio has been the 20 year lease agreement with Rural Funds Management (RFM) covering 3,000 acres near Hillston in NSW. These orchards were established in 2006/07 and were previously leased to a Managed Investment Scheme. The orchards are in good condition and serviced by bore water from the Lower Lachlan Groundwater Source, which has been a reliable source of water in recent drought conditions.

The lease agreement with RFM represents a partnership with an investment fund with a history in almond ownership. It enables us to grow our Company Orchards without a large capital commitment and gives us the opportunity to benefit from the full almond value chain. The Hillston orchards are expected to deliver its first crop in 2011, reaching maturity by 2017.

We continue to evaluate other opportunities to lease or buy established orchards in Victoria and New South Wales, and recently agreed to acquire 530 acres at Lake Powell, near Robinvale. These orchards were planted in 2006 and have been managed by Select Harvests since then.



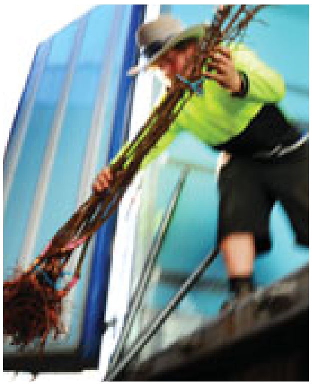
WA Development

In the winter of 2010, and following a number of years of feasibility assessments, we completed Stage 1 of the establishment of Greenfield orchards in the Dandaragan Plateau.

Dandaragan is attractive for a number of reasons, the climate and soil type indicate excellent growing potential, there is a reliable and cost effective long-term water source, and as a result development is below replacement cost in Victoria and New South Wales.

We have secured 22,000 ML of water rights, sufficient to support the Stage 1 planting of 2,000 acres, and Stage 2 development of 2,300 acres. The first crop from Stage 1 plantings is expected in 2013, with full maturity by 2017.

Over time we have the opportunity to grow the Western Australian almond footprint to 10,000 acres.



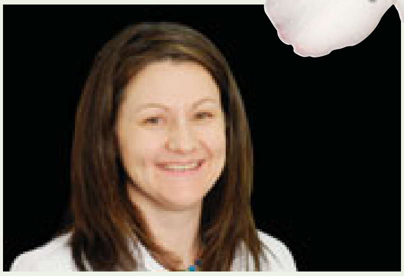
Our executive team

TIM MILLEN—*Horticultural Manager*

Tim joined Select Harvests in 1996. Tim has over 18 years' experience in horticulture. He has held senior horticultural positions in operations management, as well as holding the roles of Technical Officer and Horticulturist. Prior to commencing with Select Harvests, Tim was Orchard Manager for an Australian and New Zealand Nashi, Stonefruit and Pipfruit operation.

PETER ROSS—*Operations Manager Almond Division*

Peter joined Select Harvests in 1999. Peter held the position of Plant and then Project Manager for the processing area of the Almond Division before being appointed to his current role in July of this year. Prior to commencing with Select Harvests, Peter ran his own maintenance and fabrication business servicing agriculture, mining and heavy industry.



KIM MARTIN—*Operations Manager Food Division*

Kim joined Select Harvests in 2007. Kim has spent the majority of her career with Mars Confectionery and Masterfoods, part of Mars Inc. She started her career as an accountant before moving to manufacturing. In the last 10 years, Kim has held various senior manufacturing and supply chain management roles. Prior to joining Mars, Kim worked with PriceWaterhouseCoopers in the Audit division.

LAURENCE VAN DRIEL—*Trading Manager*

Laurence joined Select Harvests in 2000. Laurence has over 20 years' experience in trading edible nuts and dried fruits. He has a comprehensive knowledge of international trade and deep insights into the trading cultures of the various countries in which these commodities are sold. He has held senior purchasing and sales management positions with internationally recognised companies.

MATTHEW GRAHAM—*Sales & Marketing Manager Food Division*

Matthew joined Select Harvests in August 2007 as Grocery Channel Manager, and moved into the Group Manager Sales & Marketing role in March 2009. Previously to this he has developed his multi channel FMCG experience through senior management roles at both Mars Food, and Nestle Confectionery. His experience includes Channel and Customer Management roles across our major Grocery customers.

PAUL CHAMBERS—*Chief Financial Officer & Company Secretary*

Paul joined Select Harvests in 2007. Paul is a Chartered Accountant and has over 20 years' experience in senior financial management roles in Australian and European organisations. Most recently, he was CFO, Henkel ANZ and prior to that he held corporate positions with the Fosters Group. He has managed complex change, acquisition and business integration projects.

CEO: **JOHN BIRD**

- Horticultural Manager: **TIM MILLEN**
- Operations Manager Almond Division: **PETER ROSS**
- Operations Manager Food Division: **KIM MARTIN**
- Trading Manager: **LAURENCE VAN DRIEL**
- Sales & Marketing Manager Food Division: **MATTHEW GRAHAM**
- CFO & Company Secretary: **PAUL CHAMBERS**

Marketing our products

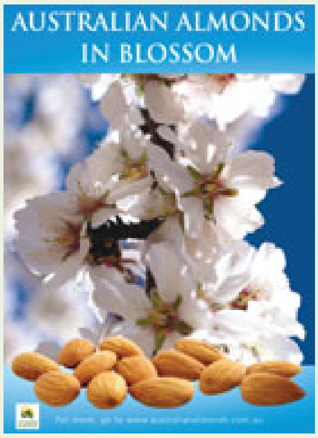
Marketing our almonds directly into the major domestic consumer markets is key to Select Harvests' coverage of the entire almond value chain. As a result, driving almond consumption is the central focus of Select Harvests' Food Division. Sales of almonds into the Australian marketplace has increased by over 10% during the past year. This growth in almond consumption has been assisted by leveraging the promotional calendar of the Almond Board of Australia. Every quarter, the Australian almond industry promotes a key reason to purchase almonds:

- Improved heart health in January through the 'New Year, New Heart' promotion;
- Great taste of fresh almonds in the New Season promotion in April – May;
- The natural goodness of almonds via the August almond blossom season promotion; and
- Celebrating with almonds in our Christmas promotion.

One of the most effective forms of promoting almonds has been the distribution of 30gm almond snack tins. These snack tins have featured in major almond promotions in Coles and Woolworths supermarkets nationally.

The improved performance of Select Harvests Food Division has also been driven by the an improved sales mix across the total business and the realisation of cost savings which have flowed from the rationalisation of production and warehouse facilities which commenced in 2008.

Market share in the cooking category has reached its highest level for four years through strong performance of the Lucky brand. New product launches this year include the "Lucky Smart Snax" range and new Lucky Six pack snacking products into the major retailers. These new additions to the Lucky range aim to increase market share of the healthy snacking segment of the Dried Fruit & Nut category.



Environment and community

Our Approach

Select Harvests has continued to commit resources towards sustainability, ensuring our business remains a valuable partner in the communities in which we operate, and that we are contributing positively towards the environment.

Our emphasis has been on responsible and proactive water management, and the management of wildlife in our almond orchards.

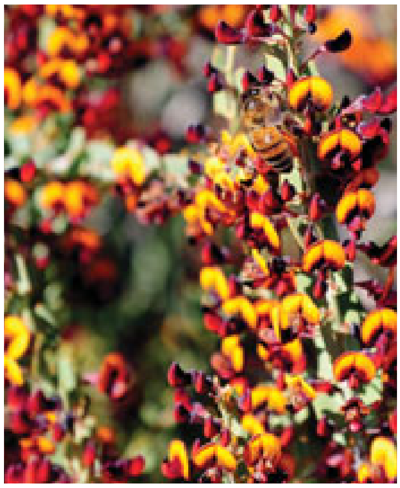
Environmental commitment

In conjunction with Charles Sturt University, the Victorian, New South Wales and South Australian Governments, Select Harvests has sponsored a number of projects aimed at ensuring native wildlife is not only protected in the orchard environment, but is able to be nurtured wherever possible.

Current research projects are focusing specifically on the Regent Parrot population. One project entitled, “The role of food resources in driving habitat occupancy and movement by Regent Parrots” involves the tracking of Regent Parrots in almonds and other foraging areas, and at breeding sites to determine home ranges and movement pathways. Dietary data has been collected along with surveying and mapping of available food sources. The projects involve the hiring of people from Select Harvests and the local Sunraysia community to work with PhD students to assist in the research.

Contributing to the community

As the largest employer in the Robinvale area, Select Harvests continues to play an important role in supporting a number of community activities and programs, including the Robinvale and Euston Football Clubs, and the Robinvale Secondary College Chaplaincy program. The company hosted the second Mallee Almond Blossom festival at the Kyndalyn Park Orchards attracting a large number of people from the local community and beyond to celebrate the beauty of the annual blossom, and sample a variety of local foods and wines. With over 50 stalls, this event is now becoming a highlight in the local community calendar as it showcases produce from the local area.



Regent Parrots

Almond plantation, Robinvale

Satistical summary

SELECT HARVESTS CONSOLIDATED RESULTS FOR YEARS ENDED 30 JUNE		2010	2009	2008	2007	2006	2005
Total sales		238,376	248,581	224,655	229,498	217,866	173,864
Earnings before interest and tax		26,032	26,827	27,120	40,549	38,369	33,069
Operating profit before tax		23,603	23,047	25,384	40,014	37,903	31,802
Net profit after tax		17,253	16,712	18,130	28,098	26,492	22,104
Earnings per share (Basic)	(CENTS)	43.3	42.6	46.7	71.0	67.1	56.9
Return on shareholders' equity	(%)	15.2	16.6	19.3	29.4	26.1	25.1
Dividend per ordinary share	(CENTS)	21	12	45	57	53	42
Special dividend per ordinary share	(CENTS)	-	-	-	-	10	-
Dividend franking	(%)	100	100	100	100	100	100
Dividend payout ratio	(%)	48.5	28.2	96.7	80.0	80.0	75.4
Financial ratios							
Net tangible assets per share	(%)	1.87	1.56	1.41	1.57	1.83	1.52
Net interest cover	(TIMES)	10.7	7.1	15.6	75.8	82.3	26.2
Net debt/equity ratio	(%)	39.6	51.9	49.7	1.7	1.3	1.0
Current asset ratio	(TIMES)	1.44	0.79	0.87	1.32	1.82	1.52
Balance sheet data as at 30 June							
Current assets		83,993	81,075	77,014	70,983	72,455	58,832
Non-current assets		145,612	133,884	118,934	89,170	79,421	78,676
Total assets		229,605	214,959	195,948	160,153	151,876	137,508
Current liabilities		58,469	102,348	88,162	53,680	39,905	38,757
Non-current liabilities		57,515	11,735	13,715	10,969	10,490	10,656
Total liabilities		115,984	114,083	101,877	64,649	50,395	49,413
Net assets		113,621	100,876	94,071	95,504	101,481	88,095
Shareholders' equity							
Share capital		47,470	46,433	44,375	41,953	52,665	46,925
Reserves		11,327	12,949	11,235	11,273	12,691	13,766
Retained profits		54,824	41,494	38,461	42,278	36,125	27,404
Total shareholders' equity		113,621	100,876	94,071	95,504	101,481	88,095
Other data as at 30 June							
Fully paid shares	(000)	39,779	39,519	39,009	38,739	39,708	39,069
Number of shareholders		3,039	3,296	3,319	2,953	3,369	2,999
Select Harvests' share price							
- close	($)	3.46	2.16	6.00	11.60	13.02	9.70
Market capitalization		137,635	85,361	234,054	449,372	516,998	378,970

$ '000 (except where indicated)

Contents

The directors present their report together with the financial report of Select Harvests Limited and controlled entities (referred to hereafter as the "consolidated entity") for the year ended 30 June 2010.

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

J C Leonard, B.Mktng & Bus. Admin, MBA (Chairman)

Joined the Board on 21 July 2004. Has held senior management positions with the Mars group of companies in Australia including General Manager of Mars Confectionery, Managing Director of Uncle Bens, and Managing Director of Mars Australia and New Zealand. In addition, he has served as President, Asia Pacific of all Mars businesses, and a Director of the Managing Board of Mars Incorporated global business. Is a Director of Patties Foods Limited. He is Chairman of the Board, a member of the Audit and Risk Committee, Remuneration Committee and Nomination Committee.

Interest in Shares and Options: 663,668 fully paid shares

M A Fremder (Non – Executive Director)

Joined the board in March 1996 and from that time was Chairman of The Board until retiring from this position on 15 August, 2008. Formerly a director of IAMA Limited, and founder of Nufarm, one of Australia's largest chemical manufacturers for the rural industry. Mr Fremder also was a Non-Executive Director of Tassal Limited between 3 October 2003 and 18 March 2005. Member of the Remuneration Committee, Audit and Risk Committee, and Chairman of the Nomination Committee.

Interest in Shares and Options: 5,835,234 fully paid shares.

J Bird (Managing Director)

Became the CEO of Select Harvests Limited in January 1998. Has had many years' experience in the food industry and international trade. Formerly Managing Director of Jorgenson Waring Foods. Appointed Managing Director and joined the Board in September 2001. Member of the Nomination Committee.

Interest in Shares and Options: 619,522 fully paid shares.

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 a Non-Executive Director of GUD Holdings Ltd, Heemskirk Consolidated Ltd, Royal Automobile Club Of Victoria (RACV) Ltd and a major industry superannuation fund. Chairman of the Audit and Risk Committee, and a member of the Remuneration Committee and Nomination Committee.

Interest in Shares and Options: 18,772 fully paid shares.

M Carroll, BSC, MBA (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 Meat and Livestock Australia, the Rural Finance Corporation, Rural Funds Management and Warnambool Cheese and Butter. He has 18 years' experience in banking and finance, having lead and established the Agribusiness division within the 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 Committee, and a member of the Audit and Risk Committee and Nominations Committee.

Interest in Shares and Options: 0 fully paid shares.

F Grimwade, MBA, (Non- Executive Director)

Appointed to the board on 27 July, 2010. He works with a wide range of companies in a board or advisory capacity. He is a Non-Executive Director of AWB Limited and Chairman of CPT Global Limited, and is a Principal and Executive Director of Fawkner Capital, a specialist corporate advisory firm. He has held General Management positions in Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation and Goldman Sachs & Co. He also has experience with a major management consulting firm.

Interest in shares and options: 2,000 fully paid shares.

P Chambers, BSc Hons, ACA (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 20 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.

Interest in shares and options: 0 fully paid shares.

Corporate Information

Nature of operations and principal activities

The principal activities during the year of entities within the consolidated entity 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.

There were no other significant changes in the nature of the activities of the consolidated entity in the financial year.

Employees

The consolidated entity employed 387 full time employees as at 30 June 2010 (2009: 366 employees).

Review and results of operations

Profit attributable to the members of Select Harvests Limited for the year ended 30 June 2010 was $17.3 million compared to $16.7 million in 2009.

For additional information refer to the announcement lodged with the ASX and the report before the Appendix 4E.

Significant changes in the state of affairs

No significant changes in the state of affairs of the consolidated entity occurred during the financial year.

Significant events after the balance date

On 23 August 2010, the Directors declared a final dividend of 11 cents per share payable on 4 October 2010 to shareholders on the register on 26 August 2010.

On 27 July 2010, the board announced the appointment of Mr Fred Grimwade to the position of Non-Executive Director.

On 23 August 2010, the company announced a $48 million fully underwritten equity raising to existing shareholders.

Likely developments and expected results

For comments on the outlook period refer to the announcement lodged with the ASX and the report before Appendix 4E.

Environmental regulation and performance

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

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

REMUNERATION REPORT

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001.

Principles used to determine the nature and amount of remuneration

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 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 Board has established a Remuneration Committee which 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

Non-executive directors receive fees but do not receive any performance related remuneration nor are they issued options on securities. This reflects the Group's demands which are made on, and the responsibilities of, the directors. Non executive directors' fees are reviewed by the Board annually to ensure that they are continually appropriate and in line with market expectations. The review also includes the remuneration of the Chairman, who typically receives up to twice the base fee of a Non Executive Director.

Directors' fees

The current base fees were last reviewed with effect from July 1st, 2008. Non-executive directors each receive a base fee of $65,000 per annum. The Chairman receives up to twice the base fee. Non-executive directors do not receive any performance related remuneration nor are they issued options on securities.

The following fees have applied:

	From 1 July 2008	From 1 July 2007 To 30 June 2008
Base Fees		
Chair	$130,000	$100,000
Other non-executive directors	$ 65,000	$ 50,000

Executive Pay

The executive pay and reward framework has three components:

1. base pay and benefits (including superannuation);
2. short term performance incentives; and
3. long term incentives involving the issue of options in the Select Harvests Limited executive Share Option Scheme.

The combination of these three components forms the executive's total remuneration. The group will review the remuneration packages as part of its annual review during the year ended 30 June 2011.

Base pay and benefits

A total employment cost package which can be structured as a combination of cash and non cash benefits at the discretion of the company.

Executives receive a base pay that is reviewed annually to ensure market competitiveness in line with the objectives of the remuneration framework. There are no guaranteed base pay increases in any executives' contracts.

Executives receive benefits including motor vehicle and certain private expense reimbursements.

Superannuation

Retirement benefits are delivered under the Select Harvests Limited Employees' Superannuation Fund.

Short-term incentives

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. The Remuneration Committee is responsible for assessing whether the KPIs are met based on detailed reports on performance prepared by management. Financial targets ensure that variable reward is only available when value has been created for Shareholders. Operational targets allow for the recognition of efficiencies that will provide for future shareholder value.

Long-term incentives

The Group offers executive directors and senior executives the opportunity to participate in the long-term incentive scheme involving the issue of options to the employee under the executive share option scheme. The executive share option scheme provides for the offer of a parcel of options to participating employees on an annual basis, with a three-year expiry period, exercisable at the market price set at the time the offer was made. The options are granted annually and have a three year life, with one third vesting in each year, upon achievement of a 10% increase in EPS. The Remuneration Committee is responsible for assessing whether the targets are met based on reports prepared by management.

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. Over the past 5 years, the consolidated entity's profit from ordinary activities after income tax has fallen at an average rate of 8% per annum and the EPS has fallen at an average rate of 9% over the last 5 years. These figures were substantially impacted by events not in the ordinary course of business in 2008 and 2009.

In determining the level of short term incentives for the 2008 – 2009 years, a lower weighting had been placed on financial targets given events arising during that period. Prior to 2008 EPS growth had significantly increased as shown in the below table:

Earnings Per Share

	2003	2004	2005	2006	2007
Cents	31.3	40.0	56.9	67.1	71.0
Growth	23%	28%	42%	18%	6%

Negative growth in 2008 reflects the impact of three events:

1. almond price development;
2. restructuring costs for the close down of the Brisbane site; and
3. increasing water costs associated with the impact of drought.

Further, 2009 includes before tax provisions of $4.7 million for the impact of lost revenues pertaining to the administration of Almond Management Pty Ltd, a subsidiary of Timbercorp Limited.

EPS figures for 2008 and 2009 have not been included as management believes there was no correlation between the payment of incentives and EPS growth during this period due to the events outlined above. Management instead opted to reward staff on strategic targets.

Options, vesting proportionally one-third per year over a three year period, were issued in each of the last five years. All were based on the achievement of 10% growth in EPS. They were only exercised or vested in the years the growth target was achieved.

Details of remuneration

Details of the remuneration of the directors and the key management personnel as defined in AASB 124 Related Party Disclosures of Select Harvests Limited and the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity includes the directors as listed above and the following executive officers, which also includes the 5 highest paid executives of the consolidated entity:

NAME	POSITION	EMPLOYER
P Ross	Operations Manager Almond Division	Kyndalyn Park Pty Ltd
K Martin	Operations Manager Food Products Division	Select Harvests Limited
T Millen	Group Horticultural & Farm Operations Manager	Kyndalyn Park Pty Ltd
L Van Driel	Group Trading Manager	Select Harvests Food Products Pty Ltd
P Chambers	Chief Financial Officer & Company Secretary	Select Harvests Limited
M Graham	Sales & Marketing Manager	Select Harvests Food Products Pty Ltd

The nature and amount of each major element of the remuneration of each director of the Company and each of the key management personnel of the company and the consolidated entity for the financial year is detailed below. It should be noted that "share based payments" referred to in the remuneration details set out in this report comprise a proportion of share options which have not yet vested and are reflective of options that may be vested in the financial year.

2010	ANNUAL REMUNERATION				LONG TERM REMUNERATION		
	BASE FEE $	SHORT TERM INCENTIVES $	NON CASH BENEFITS $	SUPER CONTRI-BUTIONS $	LONG SERVICE LEAVE ACCRUED $	OPTIONS GRANTED $	TOTAL $
Non Executive							
M A Fremder	70,850	-	-	-	-	-	**70,850**
J C Leonard	130,000	-	-	11,700	-	-	**141,700**
M Carroll	65,000	-	-	5,850	-	-	**70,850**
R M Herron	65,000	-	-	5,850	-	-	**70,850**
Executive							
J Bird	583,003	128,200	27,932	63,830	13,502	53,408	**869,875**
Other key management personnel							
M Graham	197,395	22,500	21,579	19,951	5,027	-	**266,452**
K Martin	240,963	25,500	-	23,982	5,831	12,750	**309,026**
L Van Driel	190,727	23,000	31,219	19,053	5,298	11,500	**280,797**
T Millen	180,782	40,000	39,848	16,270	5,546	11,500	**293,946**
P Chambers	215,531	27,000	43,171	21,828	6,174	13,500	**327,204**
P Ross	267,368	-	-	-	-	12,500	**279,868**

2009	ANNUAL REMUNERATION				LONG TERM REMUNERATION		
	BASE FEE $	SHORT TERM INCENTIVES $	NON CASH BENEFITS $	SUPER CONTRI-BUTIONS $	LONG SERVICE LEAVE ACCRUED $	OPTIONS GRANTED $	TOTAL $
Non Executive							
M A Fremder	82,658	-	-	-	-	-	**82,658**
G F Dan O'Brien*	55,000	-	-	4,950	-	-	**59,950**
J C Leonard	119,167	-	-	10,725	-	-	**129,892**
M Carroll**	17,001	-	-	1,530	-	-	**18,531**
R M Herron	65,000	-	-	5,850	-	-	**70,850**
Executive							
J Bird	560,806	80,000	30,133	57,673	17,047	22,258	**767,917**
Other key management personnel							
M Graham	177,353	-	19,797	15,962	5,135	-	**218,247**
K Martin	214,450	-	-	19,300	5,350	5,313	**244,413**
L Van Driel	203,784	30,000	10,406	20,832	7,426	4,792	**277,240**
T Millen	174,451	40,000	39,848	15,701	10,108	5,000	**285,108**
P Chambers	237,804	20,000	10,793	23,202	5,987	5,625	**303,411**
K Bartholemew***	182,659	-	-	15,829	-	-	**198,488**
P Ross	250,000	-	-	-	-	5,208	**255,208**

* Resigned from the role of Director 23 June 2009
** Appointed as a Director on 31 March 2009
*** Resigned 9 April 2009

Notes

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

Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option.

Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

2010	FIXED REMUNERATION		AT RISK - STI		AT RISK - LTI	
	2010 %	2009 %	2010 %	2009 %	2010 %	2009 %
Non Executive						
M A Fremder	100.0	100.0	-	-	-	-
J C Leonard	100.0	100.0	-	-	-	-
M Carroll	100.0	100.0	-	-	-	-
R M Herron	100.0	100.0	-	-	-	-
Executive						
J Bird	86.7	87.0	10.4	10.0	2.9	3.0
Other key management personnel						
M Graham	91.4	100.0	8.6	-	-	-
K Martin	87.4	97.8	8.4	-	4.2	2.2
L Van Driel	87.5	87.5	8.3	10.8	4.2	1.7
T Millen	82.1	84.2	13.9	14.0	4.0	1.8
P Chambers	87.4	91.6	8.4	6.6	4.2	1.9
P Ross	95.5	98.0	-	-	4.5	2.0

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 and the other key management personnel are also formalized in service agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits and participation, when eligible, in the Select Harvests Limited Employee Option Plan. Other major provisions of the agreements are set out below.

NAME	TERM OF AGREEMENT	BASE SALARY INCL SUPER*
J Bird	On-going	674,765
M Graham	On-going – 3 Month Notice	238,925
K Martin	On-going – 3 Month Notice	264,945
T Millen	On-going	236,900
P Chambers	On-going – 3 Month Notice	280,530
L Van Driel	On-going	240,999
P Ross	On-going	267,368

* Base salaries quoted are for year ended 30 June 2010; they are reviewed annually by the remuneration committee.
** There are no specific termination benefits applicable to the service agreements.

Share-based compensation

Executive Share Option Scheme

The current executive share option scheme provides for the offer of a parcel of options to participating employees on an annual basis, with a three year expiry period, exercisable at the market price at the time the offer was made. The options are granted annually in three tranches on achievement of the performance hurdles.

Individual parcels of options offered to participating employees are based on a percentage of fixed remuneration. The options are granted annually in three tranches on achievement of a 10% increase in EPS. Options granted as remuneration are subject to continuing service with the consolidated entity. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments. Options previously granted as remuneration, 57,798 shares, valued at $206,339 have lapsed during the year.

The assessed fair value at offer date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, 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 option.

Options 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.

The model inputs for options offered during the year ended 30 June 2010 included:

1. options are granted for no consideration, have a three year life, and one third of the options offered vest in each year, subject to meeting EPS hurdles
2. exercise price: $2.83 (2008 - $5.15)
3. offer date: 28 September 2009 (2009 – 20 September 2008)
4. expiry date: 29 October 2012 (2009 – 28 October 2011)
5. volume weighted average share price at offer date: $2.83 (2009 – $5.44)
6. expected price volatility of the company's shares: 49% (2009 – 34%)
7. expected dividend yield: 6% (2009 – 7.5%)
8. risk free interest rate: 4.89% (2009 – 5.76%)

During or since the end of the financial year, the Company granted options over unissued ordinary shares to the executive director and the following key management personnel of the Company as part of their remuneration.

2010	NUMBER OF OPTIONS GRANTED DURING THE YEAR	$ VALUE OF OPTIONS AT GRANT DATE	NUMBER OF OPTIONS VESTED DURING THE YEAR	NUMBER OF OPTIONS LAPSED DURING THE YEAR	$ VALUE AT LAPSE DATE
Executive					
J Bird	190,744	160,225	NIL	(36,765)	(131,251)
Other key management personnel					
M Graham	-	-	-	-	-
K Martin	45,536	38,250	NIL	-	-
L Van Driel	41,071	34,500	NIL	(7,563)	(27,000)
T Millen	41,071	34,500	NIL	(7,798)	(27,839)
P Chambers	48,214	40,500	NIL	-	-
P Ross	44,643	37,500	NIL	-	-

Details of ordinary shares in the company provided as a result of the exercise of remuneration options to each director of the consolidated entity and other key management personnel are set out below.

No options were exercised in the financial year ended 30 June 2010 (and in 2009).

Details of remuneration: Bonuses and share based compensation benefits

For each cash bonus and grant of options included above, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses is payable in future years. No options will vest if the conditions are not satisfied hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been calculated based on the option price.

NAME	CASH BONUS		OPTIONS					
	PAID %	FORFEITED %	YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEARS IN WHICH OPTIONS MAY VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST ($)	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST ($)
J Bird	100	-	2007	-	-	2010	Nil	50,875
		-	2008	-	-	2011	Nil	53,419
		-	2009	-	-	2012	Nil	53,408
L Van Driel	100	-	2007	-	-	2010	Nil	3,731
		-	2008	-	-	2011	Nil	11,500
		-	2009	-	-	2012	Nil	11,500
T Millen	100	-	2007	-	-	2010	Nil	10,000
		-	2008	-	-	2011	Nil	12,000
		-	2009	-	-	2012	Nil	11,500
K Martin	100	-	2007	-	-	2010	Nil	12,750
		-	2008	-	-	2011	Nil	12,750
		-	2009	-	-	2012	Nil	15,482
P Ross	-	-	2008	-	-	2010	Nil	12,500
			2009	-	-	2011	Nil	12,500
P Chambers	100	-	2007	-	-	2010	Nil	13,000
		-	2008	-	-	2011	Nil	13,500
		-	2009	-	-	2012	Nil	13,500

Loans to directors and executives

Information on loans to directors and executives (if any), are set out in Note 32.

Share options granted to directors and the most highly remunerated officers

For options over unissued ordinary shares of Select Harvests Limited granted and not exercised during or since the end of the financial year to the five most highly remunerated officers of the company as part of their remuneration, see Page 23.

No options have been granted since the end of the financial year.

Unissued Ordinary shares Under Option

At the date of this report there are 1,039,016 unissued ordinary shares of the company under option.

Dividends – Select Harvests Limited

DIVIDENDS	Cents	2010 $
Interim for the year		
• on ordinary shares	10.0	3,922,387
Final for 2010 shown as recommended in the 2010 report		
• on ordinary shares	11.0	4,375,642

Indemnification and insurance of directors and officers

During the year the Company entered into an agreement at a premium of $39,231 (incl GST) in respect to 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.

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

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:

			MEETINGS OF COMMITTEES					
	DIRECTORS' MEETINGS		AUDIT AND RISK		REMUNERATION		NOMINATION	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
M A Fremder	12	12	4	3	1	1	1	1
J Bird	12	12	-	-	-	-	1	1
J C Leonard	12	11	4	4	1	1	1	1
R M Herron	12	12	4	4	1	1	1	1
M Carroll	12	12	4	4	1	1	1	1

Committee membership

During or since the end of the financial year, the company had an Audit and Risk Committee, a Remuneration Committee, and a 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

R M Herron (Chairman)
J C Leonard
MA Fremder
M Carroll
F Grimwade

REMUNERATION

M Carroll (Chairman)
M A Fremder
J C Leonard
R M Herron
F Grimwade

NOMINATION

M A Fremder (Chairman)
J Bird
R M Herron
J C Leonard
M Carroll
F Grimwade

Directors' interests in contracts

Directors' interest 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 27.

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 consolidated entity 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 & 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

There are no 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.

J C Leonard
Chairman
Melbourne, 23 August 2010

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

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SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999
Website:www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of Select Harvests Limited for the year ended 30 June 2010, 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.

Andrew Mill
Partner
PricewaterhouseCoopers

Melbourne
23 August 2010

Corporate governance statement

This statement outlines the key corporate governance practices of the consolidated entity 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 consolidated entity. 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.

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 has established a Remuneration Committee, and an Audit and Risk Committee. The Board also performs, as part of its function, the role of Nomination 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 consolidated entity.

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, Composition of The Board and the Nomination Committee, make reference to **Principle 2, Structure the board to add value.**

Director Education

The consolidated entity has a process to educate new Directors about the nature of the business, current issues, the corporate strategy, and the expectations of the consolidated entity concerning performance of Directors. Directors also have the opportunity to visit the facilities of the consolidated entity 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 consolidated entity'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. In accordance with the ASX Corporate Governance Council's recommendations, the Board wishes to outline the following:

- A non–executive Director of the Company, Mr M A Fremder, is a substantial shareholder, having a 14.43% shareholding at 30 June 2010.
- A non–executive Director of the Company, Mr M A Fremder, owns (directly or indirectly) almond orchards totalling 2,082 acres in respect to which the consolidated entity provides orchard management services under contract at market rates.
- The Chairman of the Company, Mr J C Leonard, owns (directly or indirectly) almond orchards totalling 1,782 acres in respect to which the consolidated entity provides orchard management services under contract at market rates.

Nomination Committee

The Board of Directors, as one of its important functions, performs the role of Nomination Committee. The Board's role as Nomination Committee is to ensure that the composition of the Board of Directors is appropriate for the purpose of fulfilling its responsibilities to shareholders.

The duties and responsibilities of the Board in its role as Nomination Committee are as follows:

- To access and develop the necessary and desirable competencies of Board members;
- To develop and review Board succession plans;
- To evaluate the performance of the Board;
- To recommend to the Board, the appointment and removal of Directors; and
- Where a vacancy exists, to determine the selection criteria based on the skills deemed necessary and to identify potential candidates with advice from external consultants.

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 consolidated entity.

The Nomination Committee meets annually unless otherwise required. The Committee met once during the financial year and the Committee members' attendance record is disclosed in the table of Directors' meetings. The members of the Nomination Committee are disclosed in the Directors' Report.

Further details of the Nomination Committee's charter are available on the Company's website.

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

Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and the Directors themselves. It 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 Committee are disclosed in the Directors' Report.

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

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

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

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 options to the employee under the executive share option scheme. The executive share option scheme provides for the offer of a parcel of options to participating employees on an annual basis, with a three-year expiry period, exercisable at the market price set at the time the offer was made. The options are granted annually in three tranches 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 consolidated entity's financial reports for the year ended 30 June 2010 present a true and fair view, in all material respects, of the consolidated entity'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;
- 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.

Risk Management

The Board oversees the establishment, implementation, and review of a system of risk management within the consolidated entity. The consolidated entity's areas of focus in respect of risk management practices include, but are not limited to, environment, occupational health and safety, 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 consolidated entity'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 consolidated entity;
- Financial reporting; Monthly actual results are reported 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 consolidated entity'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 consolidated entity'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.

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.**

Corporate governance statement

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 consolidated entity. The consolidated entity's code of conduct includes the following:

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 consolidated entity'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.

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 consolidated entity'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 consolidated entity 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 consolidated entity 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 consolidated entity has nominated the Company Secretary to ensure compliance with the consolidated entity's continuous disclosure requirements, and overseeing and co-ordinating disclosure of information to the ASX;
- Information is posted on the consolidated entity's website immediately after ASX confirms an announcement has been made to ensure that the information is made available to the widest audience. The consolidated entity'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 consolidated entity's strategy and goals. It is the policy of the consolidated entity 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.

Financial Report

This financial report covers the consolidated entity 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 consolidated entity'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 23 August 2010. 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 2010	NOTES	CONSOLIDATED	
		2010 $' 000	2009 $' 000
Revenue			
Sales of goods and services	4	238,376	248,581
Other revenue	4	735	93
Total revenue		239,111	248,674
Other income (expenses)			
Almond stock fair value adjustment		2,405	(1,951)
Total other income (expenses)		2,405	(1,951)
Expenses			
Cost of sales	5	(200,651)	(199,429)
Distribution expenses		(6,890)	(8,220)
Marketing expenses		(631)	(901)
Occupancy expenses		(1,331)	(1,441)
Administrative expenses		(3,783)	(3,718)
Finance costs	5	(2,946)	(3,873)
Other expenses		(1,681)	(6,094)
PROFIT BEFORE INCOME TAX		**23,603**	**23,047**
Income Tax Expense	6	(6,350)	(6,335)
PROFIT ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED	25(c)	**17,253**	**16,712**
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	29	43.3	42.6
Diluted earnings per share (cents per share)	29	43.3	42.6

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

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2010	NOTES	CONSOLIDATED 2010 $' 000	2009 $' 000
Profit for the year		**17,253**	**16,712**
Other comprehensive income			
Cash flow hedges		(2,032)	2,181
Intrinsic value movement – I/R cap		(213)	-
Income Tax relating to components of other comprehensive income		502	(652)
Other comprehensive income for the year		**(1,743)**	**1,529**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED		**15,510**	**18,241**

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

Balance Sheet

AS AT 30 JUNE 2010	NOTES	CONSOLIDATED	
		2010 $' 000	2009 $' 000
CURRENT ASSETS			
Cash and cash equivalents	9	13,184	6,945
Trade and other receivables	10	33,495	43,128
Inventories	11	34,152	28,680
Derivative financial instruments	12	541	2,322
Current tax receivables		2,621	-
TOTAL CURRENT ASSETS		**83,993**	**81,075**
NON CURRENT ASSETS			
Other Receivables	13	1,553	-
Property, plant and equipment	14	87,560	80,487
Biological assets – Almond Trees	15	17,363	14,261
Intangible assets	16	39,136	39,136
TOTAL NON CURRENT ASSETS		**145,612**	**133,884**
TOTAL ASSETS		**229,605**	**214,959**
CURRENT LIABILITIES			
Trade and other payables	17	37,504	36,764
Interest bearing liabilities	18	18,153	59,293
Derivative financial instruments	12	42	149
Current tax liabilities		-	3,566
Provisions	19	2,770	2,576
TOTAL CURRENT LIABILITIES		**58,469**	**102,348**
NON CURRENT LIABILITIES			
Trade and other payables	20	329	-
Interest bearing liabilities	21	40,000	-
Deferred tax liabilities	22	16,302	10,871
Provisions	23	884	864
TOTAL NON CURRENT LIABILITIES		**57,515**	**11,735**
TOTAL LIABILITIES		**115,984**	**114,083**
NET ASSETS		**113,621**	**100,876**
EQUITY			
Contributed equity	24	47,470	46,433
Reserves	25	11,327	12,949
Retained profits	25	54,824	41,494
TOTAL EQUITY		**113,621**	**100,876**

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 1 July 2008		**44,375**	**11,235**	**38,461**	**94,071**
Total comprehensive income for the year		**-**	**1,529**	**16,712**	**18,241**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	24	2,058	-	-	**2,058**
Employee share options	25	-	185	-	**185**
Dividends paid or provided	8	-	-	(13,679)	**(13,679)**
Balance at 30 June 2009		**46,433**	**12,949**	**41,494**	**100,876**
Total comprehensive income for the year		**-**	**(1,743)**	**17,253**	**15,510**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs:	24	1,037	-	-	**1,037**
Employee share options	25	-	120	-	**120**
Dividends paid or provided	8	-	-	(3,922)	**(3,922)**
Balance at 30 June 2010		**47,470**	**11,327**	**54,824**	**113,621**

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 2010	NOTES	CONSOLIDATED 2010 $' 000	2009 $' 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers			
(inclusive of goods and services tax)		298,694	330,408
Payments to suppliers and employees			
(inclusive of goods and services tax)		(263,455)	(300,296)
		35,239	**30,112**
Interest received		517	93
Interest paid		(3,719)	(3,873)
Income tax paid		(6,542)	(3,759)
Net Cash Inflow From Operating Activities	26	**25,495**	**22,573**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		15	161
Payment for property, plant and equipment		(12,143)	(12,208)
Tree development costs		(3,102)	(4,510)
Net Cash Outflow From Investing Activities		**(15,230)**	**(16,557)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Commercial bill draw downs		-	6,000
Repayments of borrowings		(1,500)	(246)
Dividends payment on ordinary shares, net of DRP		(2,886)	(11,622)
Net Cash Outflow from financing activities		**(4,386)**	**(5,868)**
Net increase in cash and cash equivalents		**5,879**	**148**
Cash and cash equivalents at the beginning of the financial year		4,152	4,004
Cash and cash equivalents at the end of the financial year	9(a)	**10,031**	**4,152**

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

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 consolidated entity 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.

Compliance with IFRS

The consolidated financial statements of the Select Harvests Limited group and the separate financial statements of Select Harvests Limited also 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 profit and loss, 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 consolidated entity'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.

Going Concern Basis

The financial report has been prepared on the basis that Select Harvests Limited ("the Group"), comprising the parent company and its subsidiaries, is a going concern.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Select Harvests Limited (the parent entity) and all entities which Select Harvests Limited controlled at any point during the year and at balance date.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has power to govern the financial and operating policies, generally accompanying of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date at which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(e) 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 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.

(f) Biological Assets

Almond Trees

Almond trees are classified as a biological asset and valued in accordance with AASB 141 Agriculture.

Developing almond trees are valued at their growing cost until the year they bear their first commercial crop. The value of crop bearing almond trees is measured at fair value 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;
- Selling prices are based on long term average trend prices;
- Growing, processing and selling costs are based on long term average levels;
- Cash flows are discounted at a 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 consolidated entity for sale to external almond orchard owners and for use in almond orchards owned by the consolidated entity. 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 a new orchard are accumulated for the first three years of that orchard. Once immature trees commence bearing a commercial crop a proportion of the annual growing costs are expensed on the basis of yield achieved as a proportion of anticipated yield of a mature tree. At the end of the eighth year full maturation is deemed to occur, after which the tree is considered to be mature in terms of revenue generation and the annual growing costs are then expensed in full. Almond trees are valued as described above once they commence bearing a commercial crop.

(g) 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 consolidated entity 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 consolidated entity 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 consolidated entity 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 hedging 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.

(h) Property, plant and equipment

Cost and valuation

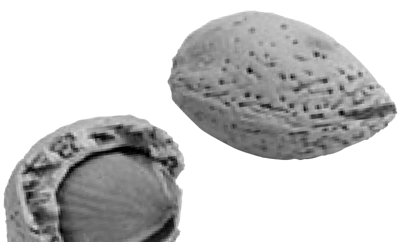
All classes of property, plant and equipment are measured at cost less accumulated depreciation.

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.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of Note.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land water rights, and almond trees, 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
Plantation land, 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.

(i) 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 consolidated entity 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.

(j) Intangibles

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity'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.

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.

(k) 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

Control of the goods has passed to the buyer.

Rendering of Services

Revenue from the rendering of services is recognised upon the delivery of the service to the customer. Certain clients may be invoiced in advance of provision of services.

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 company acts as an agent for external growers by simultaneously acquiring and selling the almonds and therefore, does not make a margin on those sales.

As at 30 June 2010 the Company 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).

(l) Other income

Almond Stocks

Increments or decrements in the net market value of almond stocks are recognised as income or expenses in the income statement in the financial year in which they occur.

(m) 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 for each jurisdiction 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 for each jurisdiction. 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.

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.

(n) 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).

(o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Contributions are made by the consolidated entity 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 Executive Share Option Scheme. Information relating to this scheme is set out in Note 35.

The fair value of options granted under the Select Harvests Limited Executive Share Option Scheme 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 options.

The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, 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 option.

The fair value of the options 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 options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. 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.

(p) 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 is carried at the principal amount and is part of the Net Cash balance in the Balance Sheet. 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 consolidated entity.

Finance lease liability is accounted for in accordance with AASB 117 Leases.

(q) 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 Cap, are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity 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 consolidated entity for similar instruments.

(r) Borrowings

Borrowings are recognised at their nominal value as at 30 June 2010. They are split between Current and Non-Current based on remaining settlement period. The short term portion of the debt facility, along with the AUD value of the Bank overdraft are recognised as Current Liabilities. The remaining balance of the debt facility is recognised as a Non-Current Liability.

(s) 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.

(t) 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 after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares.

(u) Segment Reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer.

The adoption of AASB 8 did not result in any change to the previously identified segments.

(v) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below:

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The group will apply the amended standard from 1 July 2010. As the group has not made any such rights issues, the amendment will not have any effect on the group's or the parent entity's financial statements.

This amendment has been reviewed and deemed not applicable by Select Harvests Limited.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group is yet to assess its full impact. However, initial indications are that it may affect the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the group recognised $15,000 of such gains in other comprehensive income. The group has not yet decided when to adopt AASB 9.

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group and the parent will need to disclose any transactions between its subsidiaries and its associates. However, it has yet to put systems into place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 1 July 2010) **and AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project** (effective from 1 January 2011)**.**

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The amendments of particular relevance to Select Harvests Limited are those affecting IFRS 7 Financial Instruments: Disclosures; IAS 1 Presentation of Financial Statements; and IAS 27 Consolidated and Separate Financial Statements.

(w) Provisions

Provisions are recognised when the consolidated entity 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.

(x) 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.

(y) Contributed equity

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

(z) Comparatives

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

(aa) 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.

(ab) 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, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Select Harvests Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(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.

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 consolidated entity'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 2010 USD $000's	30 JUNE 2009 USD $000's
Trade receivables net of payables	5,798	9,186
Cash at bank/(overdraft)	(2,377)	(2,253)
Foreign exchange contracts		
- buy foreign currency (cash flow hedges)	5,367	3,740
- sell foreign currency (cash flow hedges)	6,874	14,464

Group sensitivity analysis

Based on financial instruments held at the 30 June 2010, had the Australian dollar strengthened/weakened by 5% against the US dollar, with all other variable's held constant, the Group's post tax profit for the year would have been $136,000 lower/$150,000 higher (2009: $287,000 lower/$317,000 higher), mainly as a result of the US dollar denominated financial instruments as detailed in the above table. Other components of equity would have been $195,000 higher/$216,000 lower (2009:$730,000 higher/$806,000 lower), 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.

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

	30 JUNE 2010 WEIGHTED AVERAGE INTEREST RATE	BALANCE	30 JUNE 2009 WEIGHTED AVERAGE INTEREST RATE	BALANCE
	%	$000	%	$000
Commercial bill facility	8.00%	55,000	7.87%	56,500
Overdraft	3.80%	3,153	3.80%	2,793

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 cap $30,000,000 of debt at a rate of 5.75% to reduce the risk that higher interest rates pose to the company's cash flows.

Group sensitivity

At 30 June 2010, if interest rates had changed by +/- 25 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $94,000 lower/higher (2009: $94,000 lower/higher).

Interest rate risk

The consolidated entity'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	FIXED INTEREST RATE MATURING IN:													
	FLOATING INTEREST RATE		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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 %	2009 %
(i) Financial assets														
Cash	13,184	6,945	-	-	-	-	-	-	-	-	13,184	6,945	-	-
Trade and other receivables	-	-	-	-	-	-	-	-	33,495	43,128	33,495	43,128	-	-
Interest Rate Cap	-	-	-	-	-	-	-		358	-	358		-	-
Foreign exchange contracts	-	-	-	-	-	-	-	-	183	2,322	183	2,322	-	-
Total financial assets	13,184	6,945	-	-	-	-	-	-	34,036	45,450	47,220	52,395	-	-
(ii) Financial liabilities														
Bank overdraft – USD @ AUD	3,153	2,793	-	-	-	-	-	-	-	-	3,153	2,793	3.8	3.8
Commercial Bills	55,000	56,500	-	-	-	-	-	-	-	-	55,000	56,500	8.0	7.8
Trade creditors	-	-	-	-	-	-	-	-	16,591	7,047	16,591	7,047	-	-
Other creditors	-	-	-	-	-	-	-	-	20,335	29,717	20,335	29,717	-	-
Foreign exchange contracts	-	-	-	-	-	-	-	-	42	149	42	149	-	-
Total financial liabilities	58,153	59,293	-	-	-	-	-	-	36,968	36,913	95,121	96,206	-	-

(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 if 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 AAA (Standard & Poors).

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

	2010 $'000	2009 $'000
Floating rate		
- Commercial bill facility	$A 25,000	$A 8,500
- Bank overdraft facility USD	$US 623	$US 747

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

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 over 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).

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 and are all Level 2 inputs.

		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 2010						
Non derivatives						
Variable Rate	Bills payable	-	20,000	55,000	75,000	55,000
	Bank Overdraft	3,153	-	-	3,153	3,153
Derivatives	Interest Rate Cap	(107)	(100)	(329)	(536)	(536)
	USD buy - outflow	(5,367)	-	-	(5,367)	(183)
	USD sell - inflow	6,807	67	-	6,874	42
	USD net	1,440	67	-	1,507	(141)

		LESS THAN 12 MONTHS $'000		MORE THAN 12 MONTHS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	CARRYING AMOUNT (ASSETS)/ LIABILITIES $'000
Group at 30 June 2009						
Non derivatives						
Variable Rate	Bills payable	56,500	-	-	56,500	56,500
	Bank Overdraft	2,793	-	-	2,793	2,793
Derivatives	USD buy - outflow	(3,740)	-	-	(3,740)	149
	USD sell - inflow	7,884	-	6,580	14,464	2,322
	USD net	4,144	-	6,580	10,724	2,173

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 consolidated entity 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.

Almond Trees

Almond trees are classified as a biological asset and valued in accordance with AASB 141 "Agriculture". The consolidated entity's accounting policies in relation to almond trees are detailed in Note 1(f). In applying this policy, the consolidated entity has made various assumptions. These are detailed in Note 15 of the financial statements. As at 30 June 2010, the value of almond trees carried in the financial statements of the consolidated entity is $17.4 million (2009:$14.3 million)

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(j). The recoverable amounts of cash generating units have been determined based on value-in-use calculations.

Key assumptions are disclosed in note 16.

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
4. REVENUE			
Revenue from continuing operations			
- Management services		102,321	108,259
- Sale of goods		136,055	140,322
		238,376	**248,581**
Other revenue			
Interest			
- Other persons/corporations		**735**	**93**
Total interest		**735**	**93**
Total other revenue		**735**	**93**
Total revenue		**239,111**	**248,674**

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
5. EXPENSES			
Profit before tax includes the following specific expenses:			
Cost of goods & services sold		200,651	199,429
Depreciation of non current assets			
Buildings		51	236
Plantation land and irrigation systems		355	356
Leased plant and equipment		-	34
Plant and equipment		4,546	4,170
Total depreciation of non current assets		4,952	4,796
Finance costs			
other persons		3,718	4,585
capitalised	5a	(772)	(712)
Total finance costs		2,946	3,873
Impairment losses: trade receivables		170	4,695
Foreign exchange (gain)		98	(279)
Operating lease rental minimum lease payments		10,692	10,681
Net loss (gain) on disposal of property, plant and equipment		(15)	53

(a) Capitalised Borrowing Costs

The capitalised rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year, 8% (2009 – 7.87%)

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
6. INCOME TAX			
(a) Income tax expense			
Current Tax		2,196	8,213
Deferred tax		4,929	(1,439)
(Over) provided in prior years		(775)	(439)
		6,350	**6,335**
Income tax expense is attributable to:			
Profit from continuing operations		6,350	6,335
Aggregate income tax expense		**6,350**	**6,335**
Deferred income tax (revenue) expense included in income tax expense comprises:			
Decrease (increase) in deferred tax assets		-	55
(Decrease) increase in deferred tax liabilities	22	4,929	(1,494)
		4,929	(1,439)
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit from continuing operations before income tax expense		23,603	23,047
Tax at the Australian tax rate of 30% (2009 – 30%)		7,081	6,914
Tax effect of amounts that are not deductible (taxable) in calculating taxable income			
Other non allowable items		44	10
Other non assessable items		-	(150)
Under/(over) provision of previous year		(775)	(439)
Income tax expense		**6,350**	**6,335**

7. DISCONTINUED OPERATIONS

There are no discontinued operations impacting the reported results in the current financial year or the prior financial year.

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000

8. DIVIDENDS PAID OR PROPOSED FOR ON ORDINARY SHARES

(a) Dividends paid during the year

(i) Interim** - paid 9 April 2010 **(2009: 16 April 2009)

		2010 $'000	2009 $'000
Fully franked dividend (10c per share) (2009: 12c per share)		3,922	4,707
		3,922	4,707

(ii) Final – nil (2009: 1 October 2008)

		2010 $'000	2009 $'000
Fully franked dividend (nil c per share) (2008: 23c per share)		-	8,972
		3,922	13,679

(b) Dividends proposed and not recognised as a liability

A final dividend of 11c per share has been declared by the directors ($4,375,642)

(c) Franking credit balance

Franking credits available for the subsequent financial year arising from:

		2010 $'000	2009 $'000
Franking account balance as at the beginning of the financial year		42,730	28,817
Current year tax payment instalments and adjustments		17,009	10,299
Interim dividends paid		(3,922)	(4,707)
Franking account balance at end of financial year		55,817	34,409
Current year income tax payable/(receivable)		(6,113)	8,321
Dividend declared		(4,376)	-
Franking account balance after payment of current year tax and dividends		45,328	42,730

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, is $4,375,642 (2009 - $nil).

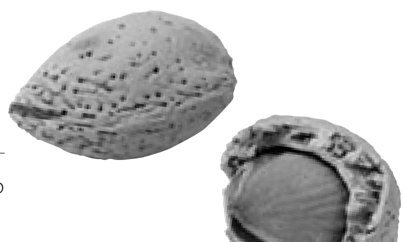
9. CASH AND CASH EQUIVALENTS

	NOTES	2010 $'000	2009 $'000
Cash at bank and in hand		13,184	6,945
		13,184	**6,945**

(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 flow as follows:

	NOTES	2010 $'000	2009 $'000
Balances as above		13,184	6,945
Bank overdrafts	20	(3,153)	(2,793)
		10,031	**4,152**



	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
10. RECEIVABLES (CURRENT)			
Trade receivables		33,000	46,126
Provision for impairment of trade receivables		(170)	(4,688)
		32,830	41,438
Prepayments		665	1,690
		33,495	**43,128**

(a) Impaired trade receivables

As at 30 June 2010 current trade receivables of the Group with a value of $170,000 (2009: $4,668,000) were impaired. The amount of the provision was $170,000 (2009:$4,668,000).

The aging of these receivables is as follows:

	CONSOLIDATED 2010 $'000	2009 $'000
Over 6 months	170	17
	170	17
Movements in the provision for impairment of receivables are as follows:		
At 1 July 2009	4,688	15
Provision for impairment recognised during the year	170	4,695
Receivables written off during the year	(4,688)	(22)
At 30 June 2010	170	4,688

Provision for impairment recognised during the 2009 year includes $4,667 relating to revenues earned but not yet collected from Almond Management Pty Ltd, a subsidiary of Timbercorp Limited

(b) Trade receivables past due but not impaired

As at 30 June 2010, trade receivables of $4,094,787 (2009: $5,566,108) 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 2010 $'000	2009 $'000
Up to 3 months	3,607	5,165
3 to 6 months	277	183
> 6 months	211	218
	4,095	5,566

(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 consolidated entity operates. Refer to Note 2 for more information on the risk management policy of the consolidated entity.

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 and credit risk

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

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
11. INVENTORIES (CURRENT)			
Raw Materials			
Raw materials at cost		9,250	8,911
		9,250	8,911
Finished goods			
Finished goods at cost		8,200	9,911
		8,200	9,911
Other inventory			
Other inventory at cost		6,468	5,564
		6,468	5,564
Almond stocks			
Almond stock at cost	1(f)	6,019	1,768
Almond stock fair value adjustment		4,215	2,526
		10,234	4,294
		34,152	**28,680**

12. DERIVATIVE FINANCIAL INSTRUMENTS (CURRENT)

		2010 $'000	2009 $'000
Current Assets			
Forward exchange contracts – cash flow hedges		183	2,322
Interest rate cap – cash flow hedges		358	-
Total current derivative financial instrument assets		**541**	**2,322**
Current Liabilities			
Forward exchange contracts – cash flow hedges		42	149
Total current derivative financial instrument liabilities		**42**	**149**

(i) Cash flow hedges

On 1 April 2010, the consolidated entity entered into an agreement to fix the interest rate applicable to $30m of debt at 5.75% for a term of 3 years. The market value of the cap is recognised as a current asset in the Balance Sheet. Movements in the fair value of the cap are treated similar to those of forward exchange contracts. Movements caused by changes in the intrinsic value of the cap 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 consolidated entity also enters into forward exchange contracts to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for highly probable contracted and forecasted sales and purchases undertaken in foreign currencies.

The net amount of the foreign currency the consolidated entity 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 $1,506,736 (2009: $10,724,000).

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	
	2010 $'000	2009 $'000	2010 $	2009 $
Less than 6 months	5,367	3,740	0.87	0.78
	5,367	**3,740**		

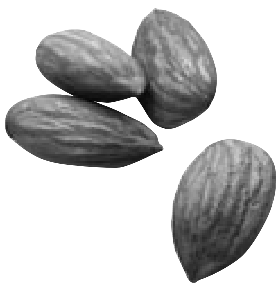
SELL UNITED STATES DOLLARS SETTLEMENT	BUY AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATE	
	2010 $'000	2009 $'000	2010 $	2009 $
Less than 6 months	6,807	7,884	0.85	0.73
6 months to 1 year	67	-	0.89	-
More than 1 year	-	6,580	-	0.67
	6,874	**14,464**		

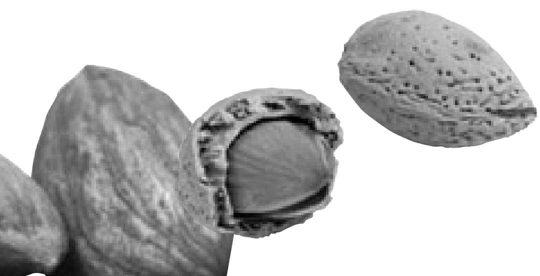
(ii) Credit risk exposures

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.

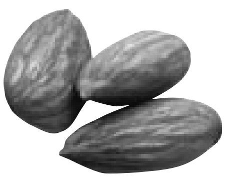
Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations at maturity. The credit risk exposure to forward exchange contracts and the interest rate cap are the net fair values of these instruments.

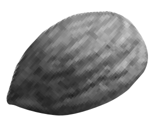
The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.





	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
13. OTHER RECEIVABLES (NON-CURRENT)			
Prepayments		**1,553**	-
		1,553	-
14. PROPERTY, PLANT AND EQUIPMENT			
Buildings			
At cost		10,609	10,511
Accumulated depreciation		(753)	(702)
	14(a)	9,856	9,809
Plantation Land and irrigation systems			
At cost		30,091	30,091
Accumulated depreciation		(3,084)	(2,729)
	14(a)	27,007	27,362
Total land and buildings		**36,863**	**37,171**
Plant and equipment			
At cost		69,583	66,173
Accumulated amortisation		(30,841)	(26,295)
	14(a)	38,742	39,878
Capital works in progress			
At cost	14(a)	11,955	3,438
Total plant and equipment		**50,697**	**43,316**
Total property, plant and equipment			
Cost		122,238	110,213
Accumulated depreciation and amortisation		(34,678)	(29,726)
Total written down amount		**87,560**	**80,487**





(a) Reconciliations

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

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
Buildings			
Carrying amount at beginning		9,809	2,343
Transfers between classes		98	7,702
Depreciation expense		(51)	(236)
		9,856	**9,809**
Plantation land and irrigation systems			
Carrying amount at beginning		27,362	19,226
Additions		-	3
Transfers between classes		-	8,489
Depreciation expense		(355)	(356)
		27,007	**27,362**
Plant and equipment under lease			
Carrying amount at beginning		-	198
Disposals		-	(164)
Transfer between classes		-	-
Depreciation expense		-	(34)
		-	-
Plant and equipment			
Carrying amount at beginning		39,878	14,256
Additions		-	2
Disposals		(94)	(50)
Transfers between classes		3,504	29,840
Depreciation expense		(4,546)	(4,170)
		38,742	**39,878**
Capital works in progress			
Carrying amount at beginning		3,438	37,112
Additions		12,143	12,208
Reclassification from Trade & Other Receivables		-	3,867
Expensed to profit & loss		(24)	(6)
Transfers between classes		(3,602)	(46,031)
Reclass to Biological Assets		-	(3,712)
		11,955	3,438
Total written down value		**87,560**	**80,487**

15. BIOLOGICAL ASSETS – ALMOND TREES

The consolidated entity, as part of its operations, grows, harvests, and sells almonds. Harvesting of almonds occurs from February through to April each year. The almond orchards are located in the Robinvale area of North West Victoria.

As at 30 June 2010 the consolidated entity owned a total of 4,142 acres of almond orchards (2009: 1,863 acres) and leased a total of 4,521 acres of almond orchards (2009: 1,505 acres).

During the year ended 30 June 2010, 2,800 metric tonnes of almonds were harvested from these orchards (2009: 2,600 metric tonnes). These almonds had a fair value less estimated point of sale costs of $15.3 million (2009: $13.0 million).

	CONSOLIDATED	
	2010 $'000	2009 $'000
Carrying amount at 1 July	14,261	6,039
Reclass to Biological Assets*	-	3,712
Tree development costs	3,102	4,510
Carrying amount at 30 June	**17,363**	**14,261**

* Due to the reporting of leased orchard tree valuations in a consistent manner with owned orchards, a reclassification of Property, Plant & Equipment to Biological Assets has been retrospectively applied to the 2009 accounts. There is no impact on Net Assets as it is simply a reclass between two Non-Current Assets.

Developing almond trees are valued at their growing cost until the year they bear their first commercial crop. 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;
- Selling prices are based on long term average trend prices;
- Growing, processing and selling costs are based on long term average levels;
- Cash flows are discounted at a rate of 14% (2009: 17%) which 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.

Price risk

The Group is exposed to commodity price risk in relation to its owned orchards. The Group sells almonds harvested from owned 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.

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 consolidated entity, 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 consolidated entity is exposed to financial risks arising from changes in the price of almonds. The consolidated entity reviews its outlook for almond prices regularly in considering the need for active financial risk management.

(b) Non-current assets pledged as security

Refer to Note 21 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
16. INTANGIBLES				
Year ended 30 June 2009				
Opening net book amount	25,995	2,905	10,236	39,136
Closing net book amount	**25,995**	**2,905**	**10,236**	**39,136**
Year ended 30 June 2010				
Opening net book amount	25,995	2,905	10,236	39,136
Closing net book amount	**25,995**	**2,905**	**10,236**	**39,136**

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

(a) Impairment tests for goodwill and brand names

Goodwill is allocated to the consolidated entity's cash-generating units (CGU) identified according to operating segment. The total value of goodwill relates to the Food Products CGU. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial projections by management covering a five-year period assuming a 10% growth rate based on projected crop increases and other growth rates based on past performance and its expectations for the future. These do not exceed the long-term growth rate for the business in which the Food Products Division operates in. A weighted average cost of capital of 12.8% has been used to discount the cash flow projections.

(b) Impact of possible changes to key assumptions

The recoverable amount of the goodwill in the Food Products Division exceeds the carrying amount of goodwill at 30 June 2010. If a pre-tax discount rate of 13.8% was used instead of 12.8% the recoverable amount of the goodwill in the Food Products Division would still exceed the carrying amount of goodwill at 30 June 2010.

(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	
		2010 $'000	2009 $'000
17. TRADE AND OTHER PAYABLES (CURRENT)			
Trade creditors		17,168	7,047
Other creditors and accruals		20,336	29,717
		37,504	**36,764**
18. INTEREST BEARING LIABILITIES (CURRENT)			
Secured			
Bank overdraft		3,153	2,793
Commercial Bills payable		15,000	56,500
Total secured current borrowings		**18,153**	**59,293**

(a) Security

Details of the security relating to each of the secured liabilities and further information on the bank overdrafts and bank loans are set out in Note 21.

Bills Payable is the current portion of the interchangeable Debt.

(b) Interest rate risk exposures

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

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
19. PROVISIONS (CURRENT)			
Employee benefits		2,770	2,576
		2,770	**2,576**
20. TRADE AND OTHER PAYABLES (NON-CURRENT)			
Interest rate cap payable		329	-
		329	**-**
21. INTEREST BEARING LIABILITIES (NON-CURRENT)			
Commercial Bills payable		40,000	-
		40,000	**-**

Assets pledged as security

The bank overdraft and commercial bills 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 2010 $'000	2009 $'000
Current			
Floating charge			
Cash and cash equivalents		13,184	6,945
Receivables		33,495	43,128
Inventories		34,152	28,680
Current tax receivables		2,621	-
Derivative financial instruments		541	2,322
Total current assets pledged as security		83,993	81,075
Non-current			
Floating charge			
Prepayments		1,553	-
Property, plant and equipment		87,560	80,487
Biological assets – almond trees		17,363	14,261
Permanent water rights		10,236	10,236
Total non-current assets pledged as security		116,712	104,960
Total assets pledged as security		**200,705**	**186,035**

Financing arrangements

The consolidated entity and the Company have bank overdraft facilities available to the extent of USD 3,000,000 (2009: USD 3,000,000).

The consolidated entity and the Company have a commercial bill facility available to the extent of $75,000,000 (2009: $65,000,000). As at 30 June 2010 the consolidated entity and Company have used $55,000,000 (2009: $56,500,000). The split between current and no current liabilities has been based on the repayment requirements under the terms of the debt facility.

The current interest rates are 5.76% on the commercial bill facility, and 2.41% 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 2010.

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
22. DEFERRED TAX LIABILITIES (NON CURRENT)			
The balance comprises temporary differences attributable to:			
Amounts recognised in profit and loss			
Inventory		2,416	1,338
Assets at cost		14,574	10,709
Employee benefits		(1,208)	(1,093)
Accruals		(746)	898
Provisions		245	(1,995)
Intangibles		871	870
Operating leases		-	(396)
		16,152	10,331
Amounts recognised directly in OCI			
Cash flow hedges		150	540
		16,302	**10,871**
Movements:			
Opening balance 1 July		10,871	13,020
Credited / (charged) to income statement		4,929	(1,494)
Credited / (charged) to OCI		502	(655)
Closing balance at 30 June		**16,302**	**10,871**
Deferred tax liabilities to be settled after more than 12 months		13,523	11,222
Deferred tax liabilities to be settled within 12 months		2,779	(351)
		16,302	**10,871**
23. PROVISIONS (NON CURRENT)			
Employee entitlements		**884**	**864**
(a) Aggregate employee entitlements liability		3,654	3,440
(b) Number of full time employees at year end		387	366
24. CONTRIBUTED EQUITY			
(a) Issued and paid up capital			
Ordinary shares fully paid		47,470	46,433
		47,470	**46,433**

(b) Movements in shares on issue

	2010 NUMBER OF SHARES	2010 $'000	2009 NUMBER OF SHARES	2009 $'000
Beginning of the financial year	39,518,915	46,433	39,008,928	44,375
Issued during the year				
• Dividend reinvestment scheme	259,652	1,037	509,987	2,058
End of Financial year	**39,778,567**	**47,470**	**39,518,915**	**46,433**

(c) Share options

Employee share scheme

The company continued to offer employee participation in short term and long term incentive schemes as part of the remuneration packages for the employees of the companies. 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 employee is able to receive payments under the short term incentive scheme based on the achievement of agreed business plans by the individual. This performance is measured and reported by a balanced scorecard approach.

The long term scheme involves the issue of options to the employee, under the executive share option scheme. During or since the end of the financial year, no options (2009: no options) have vested under this scheme (refer Note 35 and Directors' Report for further details). The market value of ordinary Select Harvests Limited shares closed at $3.46 on 30 June 2010 ($2.16 on 30 June 2009).

(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.

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
25. RESERVES AND RETAINED PROFITS			
Capital reserve	25(a)	3,270	3,270
Cash flow hedge reserve	25(a)	(222)	1,520
Asset revaluation reserve	25(a)	7,645	7,645
Options reserve	25(a)	634	514
		11,327	**12,949**
Retained profits	25(c)	**54,824**	**41,494**
(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		1,520	(9)
Interest rate cap intrinsic		320	-
Currency translation differences arising during the year		(2,062)	1,529
Balance at end of year		**(222)**	**1,520**
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		514	329
Option expense		120	185
Balance at end of year		**634**	**514**

(b) Nature and purpose of reserves

(i) Capital reserve

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

(ii) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements in the value of non current assets. The reserve can only be used to pay dividends in limited circumstances. 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 options granted but not exercised.

(iv) Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on foreign exchange contracts in a cash flow hedge that are recognised directly in equity.

	NOTES	CONSOLIDATED	
		2010 $'000	2009 $'000
(c) Retained profits			
Balance at the beginning of year		41,494	38,461
Profit attributable to members of Select Harvests Limited		17,252	16,712
Total available for appropriation		58,746	55,173
Dividends paid		(3,922)	(13,679)
Balance at end of year		**54,824**	**41,494**

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

Net profit	17,253	16,712
Non-cash items		
Depreciation and amortisation	4,952	4,796
Almond stock fair value adjustment	(1,629)	1,951
Net loss on disposal of property, plant and equipment	-	53
Changes in assets and liabilities		
(Increase) / decrease in trade receivables	8,249	(4,440)
(Increase) in inventory	(5,472)	(1,401)
(Increase) in receivables and other assets	(528)	(1,491)
Increase in trade and other payables	3,188	3,516
(Decrease) / increase in income tax payable	(6,187)	4,127
Increase/ (decrease) in deferred income tax liability	7,598	(2,149)
(Increase) / decrease in deferred tax assets	(2,143)	600
Increase in employee entitlements	214	299
Net cash flow from operating activities	**25,495**	**22,573**

Non cash financing activities

During the current year the company issued $1,036,719 of new equity as part of the Dividend Reinvestment Plan (refer to note 24).

	NOTES	CONSOLIDATED 2010 $'000	2009 $'000
27. EXPENDITURE COMMITMENTS			
Lease commitments – Group company as lessee			
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:			
Within one year		15,690	11,532
Later than one year but not later than five years		40,730	27,071
Later than five years		105,786	50,357
		162,206	88,960
(i) Operating leases (non cancellable):			
Minimum lease payments			
• Not later than one year		10,006	9,026
• Later than one year and not later than five years		16,387	16,338
• Later than five years		8,692	9,997
• Aggregate lease expenditure contracted for at reporting date		35,085	35,361
Operating lease payments are for rental of premises, farming and factory equipment.			
(ii) Almond orchard leases:			
Minimum lease payments			
• Not later than one year		5,684	2,506
• Later than one year and not later than five years		24,343	10,733
• Later than five years		97,094	40,360
Aggregate expenditure commitments comprise:			
Aggregate lease expenditure contracted for at reporting date		127,121	53,599

The almond orchard leases comprises the lease of a 512 acre almond orchard and a 1,002 acre lease from Sandhurst Trustees Limited in which the consolidated entity 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 Select 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.

28. EVENTS OCCURING AFTER BALANCE DATE

On 23 August 2010, the Directors declared a final dividend of 11 cents per share in relation to the financial year ended 30 June 2010 to be paid on 4 October 2010.

On 27 July 2010, Mr F Grimwade was appointed to the board as a Non-Executive Director.

On 23 August 2010, the company announced a $48 million fully underwritten equity raising to existing shareholders.

There has been no other matter or circumstance, which has arisen since 30 June 2010 that has significantly affected or may significantly affect:

a) the operations, in financial years subsequent to 30 June 2010, of the consolidated entity, or

b) the results of those operations, or

c) the state of affairs, in financial years subsequent to 30 June 2010, of the consolidated entity.

29. EARNINGS PER SHARE

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

	CONSOLIDATED	
	2010 $'000	2009 $'000
Profit attributable to equity holders of the company used in calculating basic earnings per share	17,253	16,712
Diluted earnings per share:		
Profit attributable to equity holders of the company used in calculating diluted earnings per share	17,253	16,712

	NUMBER OF SHARES	
	2010	2009
Weighted average number of ordinary shares used in calculating basic earnings per share	39,778,567	39,518,915
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	39,778,567	39,518,915

30. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Principles used to determine the nature and amount of remuneration

Remuneration levels are set to attract and retain appropriately qualified and experienced directors and key management personnel. 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 key management personnel 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 key management personnel participation in the long-term incentive scheme involving the issue of options to the employee under the executive share option scheme. The executive share option scheme provides for the offer of a parcel of options to participating employees on an annual basis, with a three-year expiry period, exercisable at the market price set at the time the offer was made. The options are granted annually in three tranches on achievement of the performance hurdles.

Non-executive directors each receive a base fee of $65,000 per annum. The Chairman receives up to twice the base fee. Non-executive directors do not receive any performance related remuneration nor are they issued options on securities.

a) Directors

The following persons were directors of Select Harvests Limited during the financial year:

(i) *Chairman – non-executive*
J C Leonard

(ii) *Executive director*
J Bird, Managing Director

(iii) *Non-executive directors*
M A Fremder
R M Herron
M Carroll

b) Other key management personnel

The following persons also had authority and responsibility for planning, directing, and controlling the continuing activities of the consolidated entity, directly or indirectly, during the financial year:

NAME	POSITION	EMPLOYER
K Martin	Operations Manager, Food Products Division	Select Harvests Limited
T Millen	Group Horticultural & Farm Operations Manager	Kyndalyn Park Pty Ltd
L Van Driel	Group Trading Manager	Select Harvests Food Products Pty Ltd
P Chambers	Chief Financial Officer & Company Secretary	Select Harvests Limited
P Ross	Operations Manager, Almond Division	Kyndalyn Park Pty Ltd
M Graham	Manager Sales & Marketing	Select Harvests Food Product Pty Ltd

	NOTES	CONSOLIDATED	
		2010 $	2009 $
(c) Key management personnel compensation			
Short term employment benefits		2,824,882	2,755,075
Long service leave		41,378	51,053
Share based payments		115,158	48,196
		2,981,418	2,854,324

(d) Equity instrument disclosures relating to key management personnel

Number of options held by directors and key management personnel

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

2010	HELD AT 1 JULY 2009	GRANTED AS COMPENSATION	LAPSED	HELD AT 30 JUNE 2010	UNVESTED AT 30 JUNE 2010
Directors					
J Bird	297,003	190,744	(36,765)	450,982	450,982
Key Management Personnel					
K Martin (Group Operations Manager)	63,345	45,536	-	108,881	108,881
T Millen (Group Horticultural & Farm Operations Manager)	63,363	41,071	(7,798)	96,635	96,635
L Van Driel (Group Trading Manager)	61,656	41,071	(7,563)	95,164	95,164
P Chambers (Chief Financial Officer & Company Secretary)	66,057	48,214	-	114,271	114,271
P Ross (Operations Manager Almond Division)	36,765	44,643	-	81,408	81,408

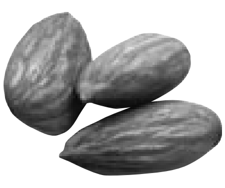
2009	HELD AT 1 JULY 2008	GRANTED AS COMPENSATION	LAPSED	HELD AT 30 JUNE 2009	UNVESTED AT 30 JUNE 2009
Directors					
J Bird	186,023	157,114	(46,134)	297,003	297,003
Key Management Personnel					
K Martin (Group Operations Manager)	25,845	37,500	-	63,345	63,345
T Millen (Group Horticultural & Farm Operations Manager)	35,135	35,294	(7,066)	63,363	63,363
L Van Driel (Group Trading Manager)	37,166	33,824	(9,334)	61,656	61,656
P Chambers (Chief Financial Officer & Company Secretary)	26,351	39,706	-	66,057	66,057
P Ross (Operations Manager Almond Division)	-	36,765	-	36,765	36,765

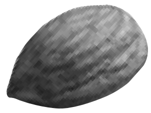
No options held by directors or key management personnel are vested but not exercisable.

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:

2010	HELD AT 1 JULY 2009	RECEIVED ON EXERCISE OF OPTIONS	OTHER – DRP, SALES & PURCHASES	TOTAL
Directors – Non Executive				
M A Fremder	5,777,234	-	58,000	5,835,234
J C Leonard	615,628	-	48,040	663,668
R M Herron	18,772	-	-	18,772
M Carroll	-	-	-	-
Directors – Executive				
J Bird	619,522	-	-	619,522
Key Management Personnel				
K Martin (Group Operations Manager)	-	-	-	-
T Millen (Group Horticultural & Farm Operations Manager)	45,444	-	-	45,444
L Van Driel (Group Trading Manager)	-	-	-	-
P Chambers (Chief Financial Officer & Company Secretary)	-	-	-	-
P Ross (Operations Manager, Almond Division)	-	-	-	-





2009	HELD AT 1 JULY 2008	RECEIVED ON EXERCISE OF OPTIONS	OTHER – DRP, SALES & PURCHASES	TOTAL
Directors – Non Executive				
M A Fremder	5,777,234	-	-	5,777,234
J C Leonard	581,779	-	33,849	615,628
G F O'Brien	54,769	-	4,580	59,349
R M Herron	8,772	-	10,000	18,772
M Carroll	-	-	-	-
Directors – Executive				
J Bird	619,522	-	-	619,522
Key Management Personnel				
K Martin (Group Operations Manager)	-	-	-	-
T Millen (Group Horticultural & Farm Operations Manager)	45,444	-	-	45,444
L Van Driel (Group Trading Manager)	-	-	-	-
P Chambers (Chief Financial Officer & Company Secretary)	-	-	-	-

(e) Other transactions with directors and key management personnel

Transactions with directors and key management personnel that require disclosure in accordance with AASB 124 for the year ended 30 June 2010 are detailed in Note 32.

31. REMUNERATION OF AUDITORS

	2010 $	2009 $
Audit and other assurance services		
Audit and review of financial statements	192,450	185,950
Other assurance services	45,000	23,210
Total remuneration for audit and other assurance services	**237,450**	**209,160**
Taxation services		
Tax compliance services	64,355	28,300
Tax consulting	23,145	24,350
Total remuneration for taxation services	**87,500**	**52,650**
Total remuneration of PricewaterhouseCoopers	**324,950**	**261,810**

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

Disclosures relating to key management personnel are set out in Note 30.

(d) Director related entity transactions

Services

Select Harvests Limited has an Almond Orchard Management Agreement and a Land Lease agreement with Maxdy Nominees Pty Ltd, a company in which Mr M A Fremder is a director. Under the terms of the agreements, Select Harvests Limited has developed and continues to manage 300 acres of almond orchard on a fee basis for Maxdy Nominees Pty Ltd.

In addition, Select Harvests Limited will process and sell the entire production of the orchard for a 25 year period. The consolidated entity received an amount of $1,555,112 (2009: $1,805,723) during the financial year in relation to the above contract. The agreements are under normal terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director related entity at arms length in the same circumstances.

Select Harvests Limited also has an Almond Orchard Management Agreement with Almas Almonds Pty Ltd, a company which manages the Almas Almonds Partnership in which both Mr M A Fremder and Mr J C Leonard have an indirect interest. Under the terms of the agreement, Select Harvests Limited is developing and shall manage 1,753 acres of almond orchard on a fee basis for Almas Almonds Pty Ltd.

In addition, Select Harvests Limited will process and sell the entire production of the orchard for the entire 30 year life of the orchard. The consolidated entity received an amount of $4,851,165 (2009: $3,546,136) during the financial year in relation to the above contract. The agreements are under normal terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director related entity at arms length in the same circumstances.

At 30 June 2010, the total amount receivable from director related entities in respect to the above transaction is $1,626,772.

During the financial year the company entered into foreign exchange contracts on behalf of Almas Pty Limited and Maxdy Pty Ltd, under conditions which pass costs and benefits to the related parties under normal commercial terms.

A former non-executive director of the Company, Mr Dan O'Brien, acquired from Select Harvests, via an associated entity. $nil (2009: $146,974) worth of almond hull suitable for livestock feed. This was purchased at market prices.

33. SEGMENT INFORMATION

Segment products and locations

The consolidated group has adopted the new segment accounting standard AASB 8 Operating Segments from 1 July 2009. The segment reporting reflects the way information is reported internally to the Board of directors.

The consolidated entity has the following business segments:

- The food products division processes, markets, and distributes edible nuts, dried fruits, seeds, and a range of natural health foods.
- The almond operation comprises the growing, processing and sale of almonds to the food industry from company owned almond orchards; the sale of a range of management services to external owners of almond orchards, including orchard development, tree supply, farm management, land rental and, irrigation infrastructure; and the sale of almonds on behalf of external investors.

The consolidated entity operates predominantly within the geographical area of Australia.

	FOOD PRODUCTS ($'000)		ALMOND OPERATIONS ($'000)		CORPORATE ($'000)		ELIMINATIONS ($'000)		CONSOLIDATED ENTITY ($'000)	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue										
Total revenue from external customers	$131,885	$132,059	$106,491	$116,522	$0	$0	$0	$0	$238,376	$248,581
Intersegment revenue	$0	$0	$26,774	$23,992	$0	$0	-$26,774	-$23,992	$0	$0
Total segment revenue	**$131,885**	**$132,059**	**$133,265**	**$140,514**	**$0**	**$0**	**-$26,774**	**-$23,992**	**$238,376**	**$248,581**
Other revenue	$0	$0	$218	$93	$517	$0	$0	$0	$735	$93
Total revenue	**$131,885**	**$132,059**	**$133,483**	**$140,607**	**$517**	**$0**	**-$26,774**	**-$23,992**	**$239,111**	**$248,674**
EBIT	$5,104	$4,459	$24,508	$25,608	-$3,580	-$3,240	$0	$0	$26,032	$26,827
Interest received	$0	$0	$0	$0	$517	$0	$0	$0	$517	$0
Finance costs expensed	$0	$0	$0	$0	-$2,946	-$3,873	$0	$0	-$2,946	-$3,873
Profit before income tax	**$5,104**	**$4,459**	**$24,508**	**$25,608**	**-$6,009**	**-$7,113**	**$0**	**$0**	**$23,603**	**$22,954**
Segment assets	$59,913	$70,605	$147,445	$138,472	$22,247	$5,882	$0	$0	$229,605	$214,959
Segment liabilities	$11,444	$8,400	$55,286	$40,906	$49,254	$64,777	$0	$0	$115,984	$114,083
Acquisition of non-current segment assets	$307	$267	$14,895	$16,117	$43	$260	$0	$0	$15,245	$16,644
Depreciation and amortisation of segment assets	$1,193	$1,500	$3,592	$3,149	$167	$148	$0	$0	$4,952	$4,797

Notes:

1. The Corporate column represents key financials of the Parent Entity Select Harvests Limited.
2. The Eliminations column shows the elimination entries for consolidation purposes. It removes the impact of sales from Almond operations to Food Products.

34. CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2010	2009
Parent Entity:			
Select Harvests Limited	Australia	100	100
Subsidiaries of Select Harvests Limited:			
Kyndalyn Park Pty Ltd	Australia	100	100
Select Harvests Food Products Pty Ltd	Australia	100	100
Meriram Pty Ltd	Australia	100	100
Kibley Pty Ltd	Australia	100	100

35. EMPLOYEE BENEFITS

Executive share option scheme

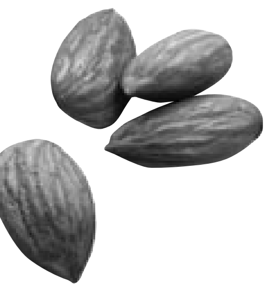
The consolidated entity has in place an executive share option scheme. The scheme provides for the board to offer to eligible employees a parcel of options, which will be granted for no consideration in three equal tranches over a period of approximately three years from the date of each result announcement to the ASX in each financial year.

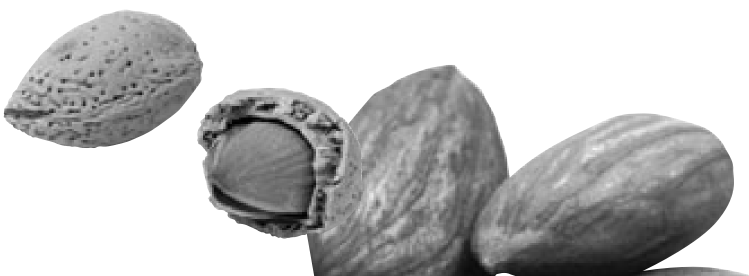
Each option is convertible into one ordinary share. The exercise price of the options, determined in accordance with the rules of the scheme, is based on the weighted average price of the company's shares over the first 50 sales of shares in the ordinary course of trading on the stock market of the ASX immediately following the result announcement.

All options expire on the earlier of their expiry date or termination of the employee's employment. The vesting of options is conditional upon the consolidated entity achieving growth of at least 10% in EPS in each financial year over the preceding financial year. Accordingly, the scheme does not represent remuneration for past services.

There are no voting or dividend rights attached to the options.

The assessed fair value at offer date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, 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 option.





35. EMPLOYEE BENEFITS (CONT.)

Summary of options over unissued ordinary shares

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

2010

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	FORFEITED DURING THE YEAR	EXERCISED 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	$	$
22/09/2006	31/10/2009	$13.13	57,798		(57,798)	-		-	-	-	-	-
27/08/2007	31/10/2010	$9.74	210,379		-	-	210,379	-	-	-	-	-
20/09/2008	31/10/2011	$5.15	362,379		-	-	362,379	-	-	-	-	-
28/09/2009	29/10/2012	$2.83	-	438,208	-	-	438,208	-	-	-	-	-
Weighted Average Exercise Price			$7.41	$2.83	$13.13	-	$5.10					

2009

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	FORFEITED DURING THE YEAR	EXERCISED 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	$	$
28/08/2005	31/10/2008	$11.05	101,200	-	(101,200)	-	-	-	-	-	-	-
22/09/2006	31/10/2009	$13.13	57,798	-	-	-	57,798	-	-	-	-	-
27/08/2007	31/10/2010	$9.74	210,379	-	-	-	210,379	-	-	-	-	-
20/09/2009	31/10/2011	$5.15	-	362,379	-	-	362,379	-	-	-	-	-
Weighted Average Exercise Price			$10.63	$5.15	$11.05	-	$7.41					

The fair value of shares issued as a result of exercising the options during the reporting period is the market price of the company's shares on the ASX as at the close of trading on the exercise date.

35. EMPLOYEE BENEFITS (CONT.)

The amounts recognised in the financial statements of the consolidated entity in relation to executive share options exercised during the financial year were:

	CONSOLIDATED	
	2010 $	2009 $
Issued and Paid up Capital	-	-

(b) 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	
	2010 $	2009 $
Options granted under employee option plan	120,000	48,196
	120,000	**48,196**

36. CONTINGENT LIABILITIES

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

37. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

BALANCE SHEET	2010 $' 000	2009 $' 000
Current Assets	13,641	10,397
Total Assets	206,891	181,377
Current Liabilities	16,532	64,672
Total Liabilities	155,042	129,141
Shareholders' Equity		
Issued Capital	47,470	46,433
Reserves		
Capital Reserve	3,270	3,270
Cash flow hedge reserve	(222)	1,520
Options Reserve	633	514
Retained profits	696	499
	51,847	**52,236**
Profit or Loss for the year	**4,121**	**13,419**
Total comprehensive income	**2,378**	**14,948**

(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(m). 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.

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

Directors' Declaration

In the directors' opinion:

(a) the financial statements and Notes set out on pages 16 to 77 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 2010 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.

JC Leonard

J C Leonard
Chairman

Melbourne, 23 August 2010

PricewaterhouseCoopers
ABN 52 780 433 757

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2 Southbank Boulevard
SOUTHBANK VIC 3006
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MELBOURNE VIC 3001
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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 2010, and the income statement, the 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 Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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. These Auditing 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 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independent auditor's report to the members of Select Harvests Limited (cont.)

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Select Harvests Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 24 of the directors' report for the year ended 30 June 2010. 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 2010, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Mill
Partner
PricewaterhouseCoopers

Melbourne
23 August 2010

ASX additional information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 July 2010.

(a) Distribution of equity securities

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	1,197
1,001 TO 5,000	1,184
5,001 TO 10,000	334
10,001 TO 100,000	316
100,001 AND OVER	33

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

NUMBER OF ORDINARY SHARES	NUMBER OF SHAREHOLDERS
-	-

(b) Twenty largest shareholders

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

		LISTED ORDINARY SHARES	
		NUMBER OF SHARES	PERCENTAGE OF ORDINARY
1	HSBC Custody Nominees (Australia) Limited	6,781,633	17.06
2	Maxdy Nominees Pty Ltd	5,406,671	13.60
3	ANZ Nominees Limited	1,666,275	4.19
4	Citicorp Nominees Pty Ltd	1,190,793	2.99
5	MF Custodians Ltd	995,746	2.50
6	National Nominees Limited	760,790	1.91
7	Mirrabooka Investments Limited	751,064	1.89
8	MF Custodians (account 10051001)	663,105	1.67
9	Le Grand Pty Ltd	629,888	1.58
10	Mid Manhattan Pty Ltd	579,244	1.46
11	Mr John Bird	555,815	1.40
12	National Australia Trustees Limited	534,891	1.35
13	Spectrok Pty Ltd	487,789	1.23
14	Mr Petrus Cornelius Nicolaas Middencorp	464,128	1.17
15	Longo Pty Ltd	460,871	1.16
16	RBC Dexia Investor Services Nominees Pty Limited	343,241	0.86
17	Mr Max Fremder	330,563	0.83
18	JP Morgan Nominees Australia Limited	313,615	0.79
19	Dr John Carey	217,215	0.55
20	RBC Dexia Investor Services Nominees Pty Limited	213,675	0.54

(c) Substantial shareholders

The names of substantial shareholders are:

	NUMBER OF SHARES
HSBC Custody Nominees (Australia) Limited	6,781,633
Maxdy Nominees Pty Ltd	5,406,671
ANZ Nominees Limited	1,666,275

(d) Voting rights

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

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

Corporate Information

Select Harvests Limited

ABN 87 000 721 380

Directors

J C Leonard (Chairman)
J Bird (Managing Director)
M Carroll (Non-Executive Director)
M Fremder (Non-Executive Director)
R M Herron (Non-Executive Director)
F Grimwade (Non-Executive Director)

Company Secretary

P Chambers

Registered Office – Select Harvests Limited

360 Settlement Road
THOMASTOWN VIC 3074

Postal address

PO Box 5
THOMASTOWN VIC 3074

Telephone (03) 9474 3544
Facsimile (03) 9474 3588
Email info@selectharvests.com.au

Solicitors

Minter Ellison Lawyers

Bankers

Australia and New Zealand Banking Group Limited

Auditor

PricewaterhouseCoopers

Share Register

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Telephone (03) 9415 5040
Facsimile (03) 9473 2562

Internet Address

www.selectharvests.com.au

SELECT HARVESTS

Select Harvests Limited

ABN 87 000 721 380

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THOMASTOWN VIC 3074

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