Transitioning to capture new opportunities.

Annual Report 2013.

SELECT HARVESTS

Company profile

Select Harvests is Australia's largest vertically integrated nut and health food company with core capabilities across: Horticulture, Orchard Management, Processing, Sales and Marketing. These capabilities enable us to benefit throughout the value chain.

We are one of Australia's largest almond growers and the country's leading manufacturer, processor and marketer of nut products, health snacks and muesli to the Australian retail and industrial markets, in addition to exporting almonds globally.

Our geographically diverse almond orchards are at or near maturity. Located in Victoria and New South Wales our portfolio includes include more than 4,000 hectares (10,000 acres) of company owned and leased almond orchards.

These orchards, plus other independent orchards, supply our state-of-the-art primary processing facility at Carina West in north-west Victoria and our value added processing facility at Thomastown in the Northern Suburbs of Melbourne. Our primary processing facility has the capacity to process 22,000 metric tonnes of almonds in the peak season. The plant is capable of meeting the ever increasing demand for both in-shell and kernel product. Our processing plant in Thomastown processes over 10,000 metric tonnes of product per annum.

Select Harvests is one of Australia's largest almond exporters and continues to build strong relationships in the fast growing markets of India and China, as well as maintaining established routes to market in Asia, Europe and the Middle East.

The Select Harvests Food Division provides a capability and route to market domestically and around the world for processed almonds. It supplies both branded and private label products to the key retailers, distributors and industrial users. Our market leading brands are: Lucky, Sunsol and Soland in retail markets and Renshaw and Allinga Farms in wholesale and industrial markets. In addition to almonds, we market a broad range of snacking and cooking nuts, health mixes and muesli.

Select Harvests' mission

To deliver sustainable shareholder value by being a global leader in integrated growing, processing and marketing of almonds.

Contents

Letter from the Chairman

MICHAEL IWANIW,
CHAIRMAN

I am pleased to present my second report as Chairman of Select Harvests. During my time in the role, the business has managed a number of difficult challenges and is now well positioned for a period of sustainable cash flow generation and positive returns. The quick turn-around in business performance is testament to the solid structure and highly capable team the Company now has in place.

During 2013, Select Harvests reinforced its position as a leading player across the diverse areas of the almond and tree nut industry in both developed and developing economies around the world.

We continued to evolve the business from being a manager of almond orchards for third party growers to an owner and operator of almond orchards integrated to a food business. The transition of our business model is now largely complete, with approximately 4,000 hectares (10,000 acres) of almond orchards owned or leased by the Company, providing an increased exposure to the almond value chain.

To put this in perspective, 90 per cent of our Almond Division income stream was previously derived from managed orchards. Moving forward, approximately 90 per cent of this income stream will be derived from company owned and leased orchards.

We have been on this transition path for the last few years, restructuring the balance sheet so we can become what we are today – a strong business that is positively exposed to the fundamentals of the almond and tree nut market.

I am very pleased that everyone in the Company has embraced these changes. It has been great to see the Company come through a period of structural change in the Australian almond industry and now have a strong base from which to grow.

Opportunities for selling and marketing of our products are particularly compelling. Globally, there is increased demand for health foods and health snacks. Tree nuts in particular continue to experience increased demand. The demand for almonds is increasing 8% per annum whilst supply is increasing at around 4%.

Select Harvests is well placed to take advantage of these emerging opportunities. We are the only publically listed Australian company exposed to the global almond industry. We are also one of the few publically listed agri- businesses with exposure to these developing markets. Today, up to approximately 80 per cent of our crop is exported to international markets including Asia.

80 per cent of the world's almonds are grown in California where the pipeline for new investment in almond orchards is challenged by pressures such as constraints around land and water availability.

This factor, combined with the tightness between global supply and demand for almonds, means Select Harvests is entering its own sweet spot. We must create a situation where we are at least growing in parity with the rest of the world's suppliers. We need to develop new sources of supply over the short, medium and long term. This can occur by a combination of acquiring new assets and

investing in both brownfield and greenfield developments in locations proximate to our Victorian and NSW growing heartlands.

We are fortunate to own and control our high quality processing facility in Northern Victoria which has the capacity to support this ongoing growth potential.

As part of this growth strategy, during the year we acquired 520 hectares (1,284 acres) of orchards at values accretive to Select Harvests shareholders in order to maintain the growth rates in our almond orchard portfolio. Select Harvests will continue to look for opportunities to expand its orchard portfolio through acquisition.

Western Australia

As reported at the time of the half year results, the board took the difficult decision to exit the Western Australian greenfield almond development. This led us to write down the assets by a further $39.9 million ($27.9 million after tax) at that time.

The exit decision was taken after a vigorous and exhaustive review process by our Horticultural Committee. This process included an extensive horticultural and financial review using internal resources and the external resources of industry experts in irrigation, horticulture and orchard management.

Our Management team is now committed to maximising the value of the Western Australian assets and the investment made to date, which comprises 5,546 hectares (13,700 acres) across three properties, high quality irrigation infrastructure, and 22 giga-litres of water rights.

A sale process is in progress to obtain initial expressions of interest, with a number of opportunities currently being evaluated. The assets are reported as held for sale in the accounts at a written down value of $5 million. We will maintain a patient approach to realising the maximum potential for our Western Australian assets.

Funding and capital management

At the beginning of the 2014 financial year we negotiated new bank funding arrangements which, at current market rates, will generate savings for the organisation as well as increased capacity and longer tenure. The new facility provides us with the flexibility to manage the larger growing crop cycle, and support additional growth projects which include the further development of our almond orchards.

Our banking facilities now comprise $135 million of capacity, including a $50 million non - amortising five year term facility, a $25 million acquisition line, and a working capital facility to support investment in the crop growing cycle and other Company wide investment initiatives. The new facility is with the NAB and Rabobank, which diversifies the funding partners from a one to two bank structure.

We remain targeted on the effective deployment of capital in the business. There has been a lot of effort around managing our working capital which has been a focus of the organisation through the year. For example, working capital of our Food Division is down by about 20 per cent.

Our net debt position at 30 June 2013 is $79.2 million, with a gearing ratio (net debt/equity) of 49.7 per cent. The capital management and the funding plan going forward will be closely aligned to our new strategy to maintain a prudent balance sheet and support growth plans for the Company. The capacity of our business to generate strong operating cash flows in the future will enable us to achieve our target gearing levels.

Financial Performance & Dividend

Select Harvests reported a Net Profit after Tax of $2.9m. Post adjustments for the WA write down and the gain on acquisition, the underlying NPAT was $22.9m, up 141%. This underlying result is extremely pleasing and sustainable in the current market conditions.

At the time of the full year results the board declared a final fully franked dividend of 9 cents per share, resulting in a total dividend for the year of 12 cents per share. This reflects an increased confidence in the capacity of the business to generate sustainable and improved cash flows into the future.

Outlook

In addition to our strong financial performance, the Board and I believe the Company made significant progress on many fronts during the year. The Board and Executive team completed a formal strategy review which determined the seven strategy platforms. As part of this process, the Company undertook a formal risk management review focused on identifying and managing key risks.

We also greatly improved our communication with shareholders, employees, customers and suppliers – an important initiative that is described in more detail in the Managing Director's report.

I am pleased that Select Harvests has transitioned through a challenging period to deliver such a strong result this year. We plan to capitalise on this result and continue our strategic management practises so the Company achieves even greater outcomes for our shareholders in future years.

Michael Iwaniw,
Chairman

Managing Director's Report

PAUL THOMPSON,
MANAGING DIRECTOR

During my first year at the helm of this exciting business I am delighted that the Company has moved down a pathway of improvement on so many fronts.

This is especially pleasing in light of the focus required to resolve issues associated with our project established to grow almonds in Western Australia. This process required significant attention during the year and whilst the outcome was to exit the project, it does demonstrate the capacity of the Company to make tough decisions and adapt to change. We have a more robust balance sheet and great prospects for growth into the future.

Select Harvests delivered a positive performance in 2012-13 as demonstrated by the underlying financial result. Our strong underlying earnings benefited from a return to normal growing conditions for almonds, strong almond prices and a weaker Australian Dollar in the last four months of 2013.

The global almond market has remained strong characterised by global consumption growth of 8% per annum whilst supply grew at around 4% creating upward price pressure. Select Harvests has been able to capitalise on this dynamic.

Our positive performance was a consequence of our Management team and staff's commitment to delivering operational improvements in all parts of the business. As stated by our Chairman, in 2012-13 we successfully transitioned from being primarily a manager for third party almond growers/investors, to a fully integrated almond business.

Select Harvests continues to identify and evaluate opportunities to grow our almond orchard portfolio through acquisitions, leasing, and developing new plantings. We made two shareholder value accretive acquisitions this year and have benefited from our prior acquisition in New South Wales. It is critical we maintain our market share in a growing global market. The recent debt refinancing and our overall capital management plan provides us with the financial flexibility to support our growth plans.

Before joining the Company I was aware of the positive macro environment in which the Company operated. Since joining in July 2012, I have an even greater appreciation of the healthy benefits of our range and can only see that improving, with recent European research showing that a 'Mediterranean' diet and a few handful of nuts has a dramatic influence on reducing cardiovascular disease and mortality rates.

The macro consumption and supply trends of tree nuts, particularly almonds, are very positive. Healthy eating and snacking is growing above five per cent in all categories (whether grocery or industrial), both globally and in Australia, driven by a middle class trend towards healthy eating across the developed world, and the maturation of markets in developing countries as people move from subsistence carbohydrate-based diets to protein based diets.

The industry forecasts significant growth in global markets; we see many positive signs for the future growth of our brands.

Almond Division

The performance of our Almond Division was strong, particularly given that this is the first financial year after the transition from almond manager of 11,943 hectares (29,500 acres) of almond orchards owned by Olam, to now being the owner manager of a Company Orchard portfolio of 4,057 hectares (10,000 acres).

Managed Orchards

Earnings before tax and interest (EBIT) from our managed orchards were $4.7 million. This reduction on our $14.2 million EBIT earned in 2012 was caused by the impact of Olam in-sourcing the management of its almond orchards that were previously managed by Select Harvests on a fee for service basis. Whilst this change on 1 July 2012 did have a significant affect, completing the processing of the Olam 2012 crop did benefit our 2013 EBIT. The managed orchards component of Select Harvests' earnings will be relatively small in future.

> *The global almond market has remained strong characterised by global consumption growth of 8% per annum whilst supply grew at around 4%...*

Company Orchards

Our Company orchards delivered significant growth during the year, increasing to an underlying EBIT of $31.7 million from $3.1 million the previous year. This increase was driven by the stronger almond price, improved almond quality and a more substantial crop.

The yield was consistent with our earlier 2013 season projections of 12,000 tonnes. Taking into account the benefit of acquiring 520 hectares (1,284 acres) in northern Victoria in February 2013, this yield represents an increase of 106 per cent on the 5,830 tonnes harvested in 2012.

Average almond prices achieved for this crop compared favourably to the previous year. The projected $6.38 per kg price represents an increase of more than 25 per cent on $5.08 per kg in 2012.

The improved crop quality and quantity was the result of a good pollination, dry conditions throughout most of the harvest period and Select Harvests' investment in improved horticultural practises, plus the commitment of our employees.

Risk mitigation

Reducing our exposure to agricultural risk has been a high priority for management. It goes beyond just being integrated. To this end, we undertook a range of risk mitigation measures during the year. These included changes to business practices and capital investment such as: installing frost fans in our orchards, making additional water purchases in NSW, entering into a new three year bee supply agreement, and installing a new pasteuriser at our almond processing facility at Carina West. Other risk-related measures included making a commitment to purchasing additional harvesting equipment for the next season and the introduction of stricter harvesting Key Performance Indicators (KPIs).

Food Division

Our Food Division provides us with access to growing domestic and international markets for both almonds and other health products.

In 2013 we have seen a 9.6 per cent dip in performance from $6 million EBIT in 2012 to $5.5 million this year – a reduction significantly affected by the loss of private label almond contracts with major domestic retailers.

The positive news is that this loss was more than offset by the higher exports sales of that tonnage at higher prices in the Almond Division.

The Food Division recorded a 40 per cent year on year increase in sales by the industrial sales team to food manufacturers and distributors. Our Lucky brand improved its market share in cooking nuts. This was all achieved with 20% less working capital, increased customer service, less customer complaints and the conversion cost per kilo remaining flat.

New strategy for growth

During the year the Board and Management undertook a formal strategy review across the business which to set out the Company's growth objectives, platforms, priorities and aspirations for the next five years. This strategy is outlined later in this report.

The strategy is based on seven platforms which are underpinned by 39 specific projects which have specific delivery targets aligned to the planning horizon.

Effective engagement

Communicating these seven platforms to everyone in the Company is essential in ensuring ownership of the strategy. This is why the Executive team undertook a Company-wide road show outlining each platform to every employee in the organisation. The executive team have individual KPIs, designed to align with the delivery of the strategy in a timely manner to deliver our future growth.

In the last 12 months our transparency and reporting within the business has continued to improve. The alignment of the team, how Management works together and the integration of our supply chain have all changed for the better. This in turn has opened up our capacity for knowledge sharing and value-adding right across the Company. This is the process we need to improve each year to ensure maximum returns.

Such improvements are as much due to conversations that happen around the coffee machine as those that take place in the boardroom.

Our overall improvements are an amalgam of many small changes, like moving a separate horticultural office and processing centre into one building at Carina West or significant changes such as exiting WA.

Select Harvests engagement with the capital markets has been a priority this year, to create an increased understanding of the business and our market. Feedback on our product quality and service improved significantly.

This was partly due to better processing quality, a better season and partly as a result of introducing tighter processes. Our overwhelming objective is to get the best cost and most productive outcome.

Safety

At Select Harvests, we appreciate our business isn't just about financial outcomes. Our outcomes must recognise that one person being injured is one too many. This approach has helped ensure that our injury rate has dropped by more than 60 per cent year on year.

Sustainability

When growing trees and producing annual crops year on year, sustainability must be front of mind all the time. We maintain practices to ensure this is the case. Sustainability will be a continued focus area for us and we will be putting additional effort in this arena going forward. We are continuing to evaluate best practice ways to recycle our waste and reduce our energy and water consumption.

Positive outlook

The Company outlook going forward is very positive, primarily because the fundamentals underpinning the global almond industry and healthy eating remain so compelling. Domestic and international demand for almonds continues to grow at a rate that is greater than supply. The drought in California impacts on yields, quality and operating costs for that region, with California supplying over 80% of the world's almonds. This environment is supportive of a continuation of the trend of constrained supply and firm pricing over the outlook period.

The Select Harvests Almond Division continues to benefit from the evolving maturity profile of our NSW orchards, which comprise nearly 50% of our portfolio. The impact of this benefit is partially offset by the replanting program on some of our older Victorian orchards. The replant program is an important investment for our future to protect and enhance the value of our almond orchards.

Our horticulture and processing teams will continue to focus on yield and productivity benchmarking as we strive to identify and deliver best practise and higher economic returns.

The horticultural program for the 2014 crop is well underway, with trees having flowered and been pollinated by bees and our water management plan in place for the season.

We will continue to focus on maximising value for our shareholders from the sale of the Western Australian assets, drive efficiency across the Food Division and further align all business units across the value chain.

The challenge now is to execute our new strategy for growth to take advantage of almond industry and healthy eating fundamentals and continue on our path towards delivering best practice outcomes in all that we do.

Paul Thompson.

Paul Thompson,
Managing Director

Performance summary

The 2013 financial year was defined by strong performance for our business, the almond industry and the healthy products category as a whole. It was a year of consolidation for Select Harvests that enabled us to take advantage of constrained global supply of almonds and a return to normal growing conditions in Australia, to target emerging new markets (particularly in India and China), and strengthen our relationships in established domestic and international markets.

Our Almond Division performed very strongly, with a return to normal yields, maturing orchards, improved crop quality and higher almond prices. This performance was assisted by a weakening of the Australian Dollar against the US Dollar and two shareholder value accretive orchard acquisitions. During the year we commenced our replanting program to replace older orchards, improved on orchard productivity and continued to focus on cost control.

While competitive domestic trading conditions impacted on the performance of our Food Division, our key brands and industrial division performed well and are now positioned to drive future growth and improved profitability. The focus of the business has been on: quality, productivity and cost control.

In the medium term, global almond supply and demand fundamentals remain attractive. The Company has established a comprehensive strategy to ensure we are well positioned to take advantage of the favourable macro trend of increasing demand for healthy snacking and eating in a supply constrained environment.

The new strategy for growth described in this report was a key initiative developed in 2013 to create a strong platform to increase shareholder value. The objective is to improve performance across the business by focusing on consumer and customer insights, orchard efficiency and productivity, capital efficiency, supply chain efficiency, cost control and improved quality by leveraging Select Harvests' scale, unique asset based and employee expertise.

	Reported Results		Underlying Results*	
EBIT ($000's)	**FY12**	**FY13**	**FY12**	**FY13**
Managed Orchards	9,332	4,723	14,240	4,723
Company Orchards	(12,883)	(835)	3,076	31,670
Food Division	6,027	5,450	6,027	5,450
Corporate Costs	(4,971)	(4,097)	(3,721)	(4,097)
Operating EBIT	**(2,495)**	**5,241**	**19,622**	**37,746**
Interest Expense	(6,248)	(5,043)	(6,248)	(5,043)
Net Profit Before Tax	**(8,743)**	**198**	**13,374**	**32,703**
Tax (Expense)/Benefit	4,274	2,674	(3,860)	(9,813)
Net Profit After Tax	(4,469)	**2,872**	**9,514**	**22,890**
Earnings Per Share	(7.9)	5.0	16.8	40.1
Operating cash flow	22,031	4,051	-	-
Net Debt	66,934	79,184	-	-

**Adjustments between reported and underlying results are explained as follows ($000's):*

1. *In FY12, a non cash impairment write down of $4,908 was made against plant, property and equipment.*
2. *In FY12, a non cash impairment write down of $20,000 was made against the Western Australian almond project. A gain of $4,041 was realised on the sales of permanent water rights in Victoria.*

   In FY13, a non cash impairment write down of $39,908 was made against the Western Australian almond project. A discount (gain) of $8,013 was made on the acquisition of almond orchard assets during the financial year.
3. *In FY12, one off costs of $1,250 for restructure and corporate costs were accounted for.*
4. *The tax impact of items 1 - 3, along with research and development tax credits impacted year on year tax expense.*

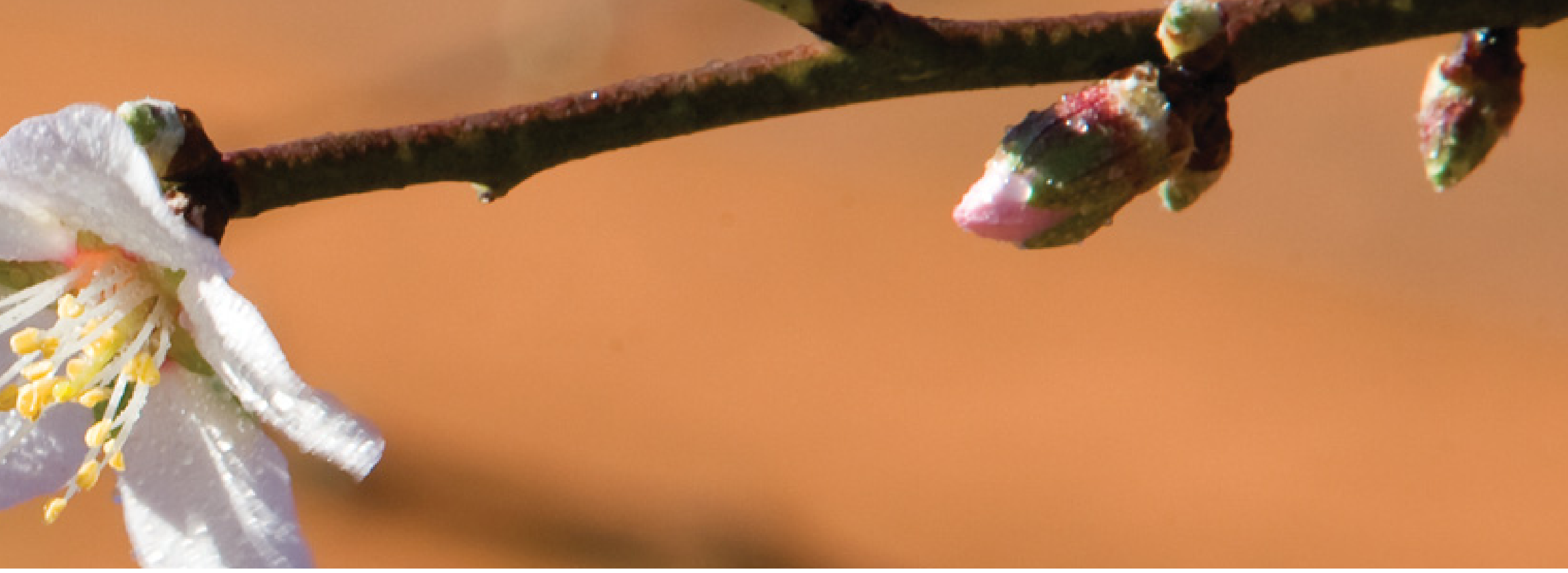
Our new strategy for growth

During the year, Select Harvests established a formal strategy which sets out our growth plans for the company as well as key approaches and priorities for the next five years. This strategy for growth is underpinned by seven key platforms:

1. **Control a critical mass of almonds** to ensure supply increases to meet growing global demand
2. **Improve yield and crop value** by perfecting on-farm and farm to factory practices
3. **Implement best in class supply chain** that optimises location, efficiency, cost, quality and customer service in an economical and sustainable manner
4. **Invest in the industrial and trading division** to better supply almonds and other nut ingredients to export and domestic markets
5. **Turn around the Packaged Food Division** by investing in brand development, and new channels and markets
6. **Improve systems and processes** to deliver more integrated business focus, more effective sales and operations planning, IT systems, policies and procedures
7. **Engage with our people and stakeholders** to maintain a safe working culture and environment that emphasises transparency, cooperation and accountability across the business.

Strategy Map towards 2013

1 CONTROL CRITICAL MASS OF ALMONDS	Secure the critical mass of nuts needed to maximize profitability and leverage the global almond opportunity.
2 IMPROVE YIELD & CROP VALUE	Improve yield and overall crop value by perfecting on-farm and farm to factory practices.
3 BE BEST IN CLASS SUPPLY CHAIN	Continuously improve our supply chain, achieving high quality, low cost and optimum capital utilisation.
4 INVEST IN THE INDUSTRIAL & TRADING DIVISION	Allocate resources to leverage our trading skills and grow sales in the industrial channel.
5 TURN AROUND THE PACKAGED FOOD DIVISION	Develop a new model for the packaged food category that will deliver sustainable returns above the cost of capital.
6 IMPROVE OUR SYSTEMS & PROCESSES	Develop the business systems and processes required to be a global industry leader.
7 ENGAGE WITH OUR PEOPLE & OUR STAKEHOLDERS	Engage with investors and our industry while developing the team required to be a global industry leader.



Mission

To deliver sustainable shareholder value by being a global leader in integrated growing, processing & marketing of almonds.

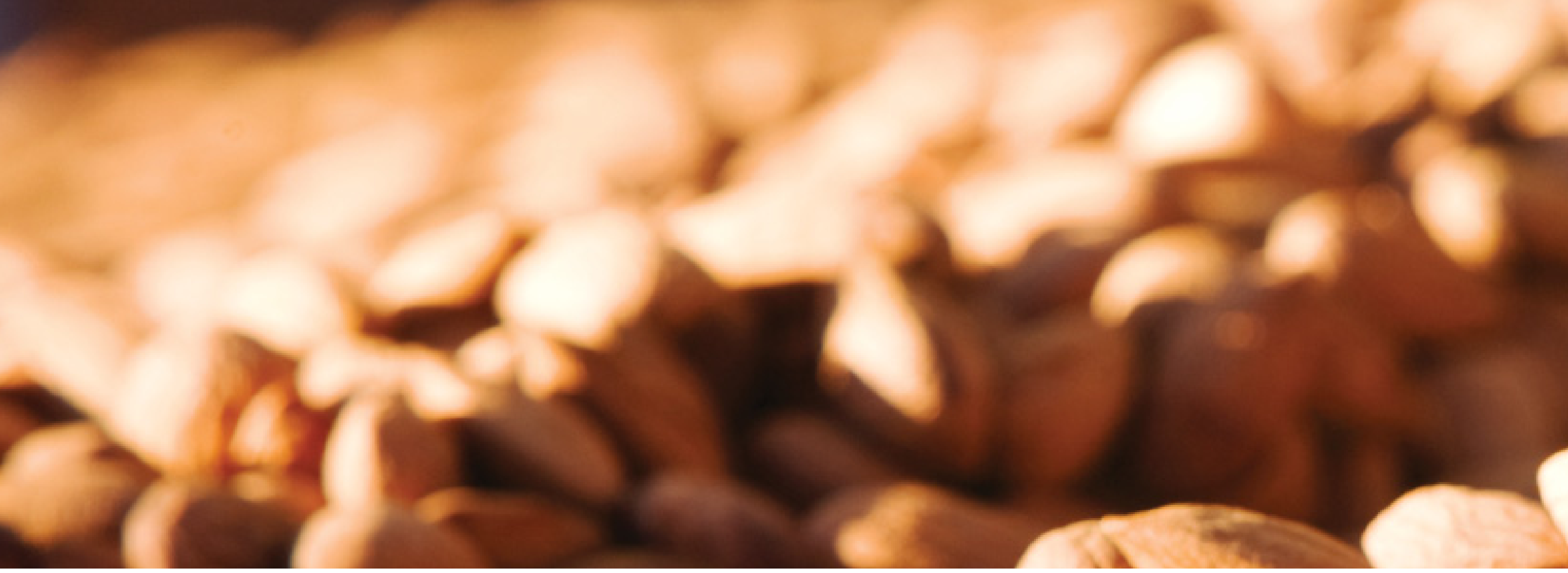
Critical enabler

An appropriate capital structure to deliver these strategies.

The strategic development process

The development of this strategy was influenced by the following assumptions and trends in the operating environment, including:

1. World almond prices will increase in response to demand and supply dynamic
2. Global demand of almonds will grow steadily (8 per cent) and out-strip forecast supply growth (4 per cent)
3. The price of land suitable for almonds will increase in value globally
4. Healthy eating and snacking increasing demand for our products and other solutions – Super foods will be sought after by an ageing and affluent population as it emerges in Asia
5. Climate will impact our industry and government policy
6. Water will remain a scarce resource impacting availability and price
7. Australia's agri-food sector relative competitive disadvantage will remain (labour, energy, compliance & logistics costs)
8. Australian dollar will remain volatile
9. Structure of the local retail industry will remain dominated by large retailers
10. Corporatisation and foreign investment in agri-food will grow in Australia
11. The ability to attract and retain skilled labour in remote agricultural businesses
12. Social accountability is a growing influence on food production systems.



The almond opportunity

Australian Industry Growth

The Australian almond industry is highly efficient, competing in international markets and operating without production or export subsidies. According to the Almond Board of Australia, the outlook for almonds in Australia is positive, as global demand is expected to grow strongly for the foreseeable future.

The large increase in almond orchards during the past decade has resulted in a rapid expansion of the Australian almond industry. As these orchards reach maturity the almond industry has become one of the fastest growing segments in Australia's horticulture sector.

In 2012, Australia produced about 4.4 per cent of world almonds, behind Spain (4.8 per cent) and California (81 per cent). In 2013, Australia will surpass Spain to become the world's second largest almond producer producing over 70,000 metric tonnes.

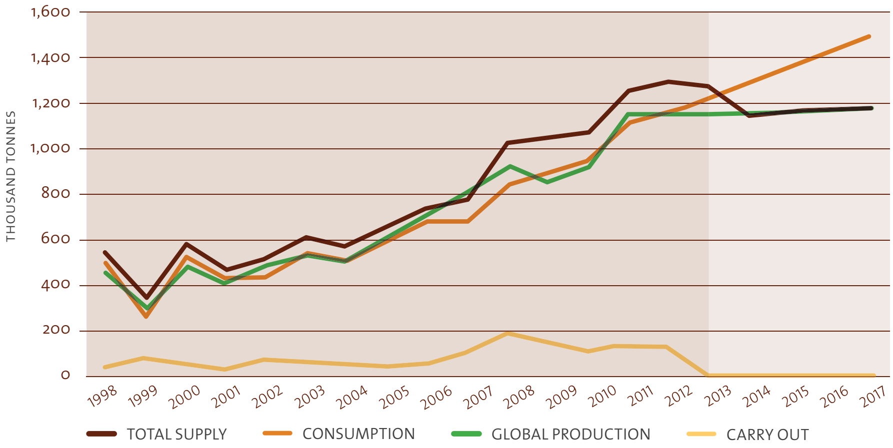
Increasing demand

Strong growth in consumer demand for almonds has been experienced over the past decade, and this trend is expected to continue due to the positive health benefits, versatility as a savoury or sweet snack and use as an ingredient in many forms in manufactured food products.

Improving incomes in India and China are driving a dramatic increase in demand for almonds in these important export markets. Domestic market growth in the USA and Australia has been strong, and is supported by promotional programs that feature the taste, versatility and health benefits of almonds.

Australian domestic almond consumption grew 20 per cent in the past marketing year, and has grown steadily over the past five years from 0.492kg per person in 2007/08 to 0.853kg in 2012/13.

World Almond supply vs demand – fig. 1



Domestic demand

Australians are eating more almonds each year. In 2013, almond sales in Australia increased 20 per cent in volume to 20,197 tonnes in response to domestic per capita consumption which has almost doubled since 2007.

These increased sales include whole almond kernel as well as slivers, pieces, meal and blanched product eaten as snacks, used in cooking and as an ingredient in manufactured food items.

Global demand

Despite the rapidly growing domestic market, export tonnages outweigh domestic sales, with over 60% of local production being exported.

Global demand for almonds has doubled during the past decade, and has matched the large increase in supply. With demand increasing at an assumed rate of 8 per cent a year, there will be insufficient supply to meet demand in future, and upward price pressure should exist.

In 2014, the Almond Board of Australia forecasts that for every tonne consumed in Australia, 2.5 tonnes will be exported. The Australian almond industry is successfully marketing its increasing almond tonnages into both existing and newly established markets, with national export sales forecast at over $350 million.

Heritage and health help boost almond eating

Over 40 countries now buy Australian almonds, with India being Australia's largest overseas market, four times the size of the next largest market, the United Arab Emirates.

Almonds have long been an integral part of India's cultural heritage, especially during festive periods and weddings. The Indian market has a preference for in-shell product, which is then hand cracked. Our Australian product provides an excellent crack-out ratio (kernel to in-shell weight) and some Indian buyers have expressed a liking for the Australian kernel shape and colour.

The Middle East has an ancient tradition of almond consumption, with almonds playing a key role in breaking of the Ramadan fast. Europeans are increasingly health conscious, with nuts and healthy snacking an important part of their diet.

The health benefits of eating almonds regularly include a reduced risk of heart disease, stroke, diabetes prevention and satiety of appetite assisting weight management.

Clinical studies* show that eating nuts for only a short period can reduce the incidence of heart attack and stroke by over 30 per cent. Research also indicates that almonds are an excellent recovery food after physical exercise.

It is well known that in Australia our saturated fat intake is too high. The known consequences of too much saturated fat are elevated blood cholesterol – particularly LDL (low density lipoprotein) cholesterol which is associated with health problems like heart disease.

Various health studies highlight the relationship between the amount of almonds consumed and the resulting reduction in LDL cholesterol.

Including 30 grams of almonds into a balanced diet has been shown to lower LDL cholesterol. This amount of almonds can also displace other snack foods, improve nutritional intake and make you feel fuller for longer.

Clinical trials which included larger serves of almonds (68 to 84g per day) showed LDL cholesterol was reduced by up to 10 per cent.

Cholesterol reduction associated with almond consumption is primarily attributed to replacing saturated fat with mono-unsaturated fat which is recognised as 'good fat' and of benefit to our health.

** studies cited in European Journal of Clinical Nutrition (2003, 2008)*

Marketing our products

In response to a detailed review of our Food Division, during the year we renewed our focus on core retail and ingredient almond products. This was reflected in our promotional program which focused on increasing the success of our market leading brands in core and growth categories, including snacks, baking and ingredients.

Investments made during the year provided Select Harvests with a better understanding of our consumers' current and future needs to ensure our product offerings remain relevant and successful into the future.

Brands snapshot

The value-added brands within our Food Division are Australian leaders. They include the popular retail brands Lucky, Sunsol, Soland and Nu-vit which are described here.

Lucky brand performance

Lucky has driven growth in the nut and dried fruit category for more than half a century.

The iconic brand incorporates a range of quality products including Select Harvests almonds plus walnuts, cashews, hazelnuts, brazil nuts, pine nuts, pistachios, macadamias, sunflower seeds and pepitas. Lucky also offers Lucky 6 packs, Lucky snack tubs and Lucky Smart Snax. Through effective marketing, our Lucky brand has helped encourage awareness of the benefits of snacking on nuts.

During 2013, the Lucky brand continued to be Australian consumers' preferred brand of baking and cooking nuts. As Select Harvests' market leading brand, Lucky's ongoing success throughout the year was bolstered by a pre-Christmas advertising campaign that tempted consumers with suggestions for a delicious range of Christmas food recipes.

Lucky's market share also continued to grow in the area of healthy snacking as consumers become more aware of the benefits of including more nuts in their diet. In line with this trend, our Lucky Smart Snax range grew strongly during the year. Over summer, Lucky Smart Snax were promoted on beaches around Australia as part of the Australian Surf Rowers' League national competition carnival.

Sunsol brand performance

Popular in the muesli category for over 20 years, Sunsol continued as a leading Australian brand specialising in muesli and quality whole food products. Sunsol's range of over 100 products includes nuts, cereals and muesli, dried fruit, grains and seeds, mixes and snacks. Sunsol is sold in independent supermarkets and is produced to the highest quality standards.

Soland brand performance

Soland specialises in natural health food and quality whole food products. During 2013, it continued as a leading brand in health food stores and pharmacies throughout Australia. Soland offers a broad range of nutritious products including nuts, dried fruit, legumes and pulses, cereals, grains, seeds, flours, muesli and organic foods.

Nu-vit brand performance

During 2013, our Nu-vit brand continued to perform well in supermarkets throughout Australia and southeast Asia. It also enjoyed success in markets like Singapore and Hong Kong as consumers in those countries sought healthier eating options.

Our people

In line with Select Harvests' new strategic direction, we renewed our focus on accountability with more open and thorough communication throughout the company, with our stakeholders and the local communities within which we operate. Open communication and clear individual Key Performance Indicators (KPIs) are at the core of Select Harvests' company culture, alongside our ongoing commitment to improve work practices and foster attitudes which sustain healthy and safe work environments.

During the year, the senior Management team was restructured to help facilitate the Company's affirmative new direction. Bruce van Twest was announced as our new General Manager of Operations and Mark Eva became the new General Manager of Sales and Marketing. Tom Kite took up a new role as General Manager of Human Resources and Peter Ross moved from his role of General Manager of Processing at Carina West to become our new General Manager of Horticulture. Paul Chambers and Laurence Van Driel continued to add value to the Company in their respective roles as Chief Financial Officer and General Manager Trading and Industrial.

One of the key communications initiatives in the financial year was a series of half-day 'road trips' undertaken by the Executive Management team to introduce staff to the new strategy and how it will benefit them and the Company. In addition all staff established agreed annual KPIs.

Select Harvests' communications and accountability emphasis is on-going. The Executive Management team now meet on a weekly basis to discuss ongoing management issues, we conduct regular staff briefings and are about to introduce a new company-wide staff newsletter. To further facilitate communication throughout the company, a new communication plan will be developed in the second half of 2013.

The skills of our staff are integral to their individual wellbeing and the growth of the Company. For this reason, we are currently reviewing our horticultural skills base. The outcome of this assessment will determine potential development options, including up-skilling through formal training, in-house development and exposure to overseas horticultural and management techniques.

Our present enterprise agreement associated with our horticultural operations and Carina West processing facility was successfully renegotiated in September 2013 and has been submitted to the Fair Work Commission for approval. Included within the agreement is a series of skill progression options for our horticultural staff.

Environment and Sustainability

Select Harvests 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. The emphasis has been on responsible and proactive water management, waste reduction and the management of wildlife in our almond orchards.

During 2013, we began developing a suite of Company policies and procedures and communicating them to all staff. These documents include an Environmental Policy, a Sustainability Policy and an Environmental and Sustainability Plan which will set out our legislative compliance requirements and incorporate wildlife plans for Select Harvests' operations in each state.

Our Executive Team

BRUCE VAN TWEST
General Manager Operations

Bruce joined Select Harvests in 2012. Bruce's last position was at Kraft Foods where he was the Group Manufacturing Manager, Australia & New Zealand. Bruce oversaw the integration of Kraft and Cadbury's trans-Tasman operations following the merger of the two businesses across six manufacturing sites.

LAURENCE VAN DRIEL
General Manager Trading and Industrial

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.

MARK EVA
General Manager Sales & Marketing - Consumer Products

Mark joined Select Harvests in 2012. Mark has strong FMCG experience across branded, private label and commodity products with track record of driving profitable sales growth. He joins Select Harvests from SCA Hygiene where he was the Director of Sales and Marketing, Consumer. He was previously General Manager – Marketing, Sales and Innovation at Bulla Dairy Foods.

PETER ROSS
General Manager Horticulture

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 the role of General Manager Processing in July 2012. Prior to joining Select Harvests, Peter ran his own maintenance and fabrication business servicing agriculture, mining and heavy industry.

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. Prior to joining Select Harvests 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.

Our Board of Directors

MICHAEL IWANIW
Chairman

Michael Iwaniw was appointed as Chairman of Select Harvests in November 2011 following a career spanning 40 years in Australian agribusiness. He became Managing Director of the Australian Barley Board (ABB) in 1989, retiring from the role some 20 years later. As Managing Director he led the transition from a statutory authority to a publicly listed company, growing the business into an ASX 100 company with a market capitalisation of A$1.6 billion. Michael has acted as a Non Executive Director of a number of Companies. He is currently a Non Executive Director of Australian Grain Growers Cooperative.

PAUL THOMPSON
Managing Director

Paul Thompson joined Select Harvests as Managing Director in July 2012. He is an experienced executive with over 30 years in management. Before joining Select Harvests Paul was President of SCA Hygiene Australasia responsible for a $600 million turnover business across all of its divisions (FMCG, Pharmacy, Industrial/Foodservice & Healthcare) and overseeing leading brands including Sorbent and Handee. Paul is a member of the Australian Institute of Company Directors and has formerly held positions as a Director of the Australian Food & Grocery Council and on other industry bodies.

FRED GRIMWADE
Non-Executive Director

Fred Grimwade 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 Chairman of CPT Global Limited, and is a Principal and Executive Director of Fawkner Capital and is also a director of Troy Resources Ltd, XRF Scientific Limited and Fusion Retail Brands Pty Ltd. 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 Audit and Risk Committee and the Nomination Committee.

ROSS HERRON
Non-Executive Director

Ross Herron joined the Board on 27 January 2005. A Chartered Accountant, he 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 Melbourne office Managing Partner and served on several international committees within Coopers & Lybrand. He is Chairman of GUD Holdings Ltd, and Royal Automobile Club of Victoria (RACV) Ltd and a non-executive director of a major industry superannuation fund. Ross is Chairman of the Audit and Risk Committee, and member of the Nomination Committees.

MICHAEL CARROLL
Non-Executive Director

Michael Carroll joined the Board on 31 March, 2009. He works with a range of agribusiness companies in a board and advisory capacity, and has directorships with Queensland Sugar Limited, Sunny Queen Farms, 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 Nomination Committee.

PAUL RIORDAN
Non-Executive Director

Paul Riordan was appointed to the Board in October 2012. He has worked in various rural enterprises during his career, in Australia and the United States, including small seed production, large-scale sheep and grain organisations, and beef cattle. Paul is a co-founder and Executive Director (Operations) of Boundary Bend Olives, Australia's largest vertically integrated olive company. Paul has a Diploma of Farm Management from Marcus Oldham Agricultural College, Geelong and has extensive operational and business experience in vertically integrated agribusinesses, including in horticultural operations and risk management.

Contents

Directors' Report

The directors present their report together with the financial report of Select Harvests Limited and controlled entities (referred to hereafter as the "Company") for the year ended 30 June 2013.

Directors

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

Names, qualifications, experience and special responsibilities

M Iwaniw (Chairman)

Appointed to the board on 27 June 2011 and appointed Chairman 3 November 2011. He began his career as a chemist with the Australian Barley Board (ABB), became managing director in 1989 and retired 20 years later. During these years he accumulated extensive experience in all facets of the company's operations, including leading the transition from a statutory authority and growing the business from a small base to an ASX 100 listed company. Helped orchestrate the merger of ABB Grain, AusBulk Ltd and United Grower Holdings Limited to form one of Australia's largest agri-businesses. He has a Bachelor of Science, a graduate diploma in business administration and is a member of the Australian Institute of Company Directors. He has acted as a Non-executive director for a number of companies including Toepfer International, New World Grain, Australian Bulk Alliance and 5-star flour mill, and is currently a non-executive director of Australian Grain Growers Cooperative. He is a member of the Remuneration Committee.

Interest in shares and options: 162,262 fully paid shares.

P Thompson (Managing Director & Chief Executive Officer)

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

Interest in Shares and Options: 20,000 fully paid shares.

M Carroll, BAgSc, MBA & FAICD (Non-Executive Director)

Joined the board on 31 March, 2009. He works with a range of agribusiness companies in a board and advisory capacity, and has directorships with Queensland Sugar Limited, Sunny Queen Farms, Rural Finance Corporation, Rural Funds Management and Warrnambool Cheese and Butter. He has 18 years experience in banking and finance, having established and led the Agribusiness division at National Australia Bank. He has worked for a number of companies in the agricultural sector including Monsanto Agricultural Products and a venture capital biotechnology company. He is Chairman of the Remuneration Committee.

Interest in Shares and Options: NIL.

F S Grimwade, B.Com, LLB (Hons), 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 Chairman of CPT Global Limited, a Principal and Executive Director of Fawkner Capital, a specialist corporate advisory firm, and is also a director of Troy Resources Ltd, XRF Scientific Limited and Fusion Retail Brands Pty Ltd. 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 is a member of the Audit and Risk Committee.

Interest in shares and options: 100,000 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 Chairman of Royal Automobile Club Of Victoria (RACV) Ltd, Chairman of GUD Holdings Ltd, and a non-executive director of a major industry superannuation fund. He is Chairman of the Audit and Risk Committee.

Interest in Shares and Options: 43,673 fully paid shares.

P Riordan, (Non-Executive Director)

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

Interest in shares and options: NIL.

P Chambers, BSc Hons, CA (Chief Financial Officer and Company Secretary)

Joined Select Harvests as Chief Financial Officer and Company Secretary in September 2007. He is a Chartered Accountant and has over 25 years experience in senior financial management roles in Australian and European organisations, including corporate positions with the Fosters Group, and Henkel Australia and New Zealand.

Interest in shares and options: 22,000 fully paid shares.

Corporate Information

Nature of operations and principal activities

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

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

Employees

The Company employed 325 full time equivalent employees as at 30 June 2013 (2012: 571 employees).

Directors' Report

Operating and Financial Review

Highlights & key developments during the year

In the financial year ended 30 June 2013, Select Harvests has delivered a positive performance, following a number of challenging years. This is demonstrated by the strong underlying financial result.

There has been a focus by the Board, Executive Management and employees, on strategy formulation, risk management and the implementation of operational improvement programs across the business.

The Company has continued to transition its business model from one of largely managing almond orchards for third party growers, to being an owner and controller of almond orchards, integrated fully across the supply chain from farm paddock to consumer. This transition is now largely complete, with over 10,000 acres (4,000 hectares) of almond orchards owned/leased by the Company, providing an increased exposure to the almond value chain. This exposure is to a global almond market which has compelling fundamentals, characterised by consumption which has grown by 8% p.a., with production supply remaining constrained with growth at around 4%. This market dynamic accompanied by a relatively lower current year crop in the Californian almond growing districts, has maintained upwards pressure on almond prices (which are traded internationally in US Dollars) throughout the year. As Select Harvests realises almond sales in Australian Dollars, a devaluation of the Australian Dollar against the US Dollar of over 10% during the last 4 months of the financial year has had a positive impact on the Company.

The Almond Division, through which almonds are cultivated, harvested, processed and sold to domestic and international markets, has benefitted in a year in which the Australian almond industry has returned yields at or well above average compared to the recent challenging years. Growing and harvesting conditions were ideal, operating costs were well contained, aided by supply of water at economical prices, enabling the Company to secure a large and high quality almond crop. This, along with the strong almond prices, and a weaker Australian Dollar, has driven the financial performance of this division and the Company as a whole.

A significant development in the year was the decision to exit the greenfield almond project in Western Australia, which comprised developments of 4,000 acres (1,600 hectares). Following an extensive horticultural and economic review of the project, it was determined by the Board that growing almonds in the Mid -West region of Western Australia is not economically viable, particularly given the increased future investment that would be required to develop almond orchards to maturity. As a consequence of this decision, an impairment provision was taken against the value of the assets, writing them down by $39.9 million ($27.9 million post tax), and a project team has been established to sell or maximise the value of the assets.

During the second half of the financial year the Company acquired 1,286 acres (520 hectares) of mature almond orchards in Northern Victoria, investing $5.7 million to acquire the assets, at purchase prices accretive to our shareholders.

The Food Division, through which the Company produces and distributes a range of almond, nut and health products, mainly to the domestic market, has had a challenging year. Whilst the branded business which includes the supply of a range of ingredients (including almonds) to manufacturers, and the Lucky brand (cooking and snacking nuts range) has performed well, the business has been impacted by the loss of its supply for natural fresh and roasted almonds private label contracts to the two major domestic retailers. The domestic pricing environment remains very competitive, and these contracts will be up for renewal during the next financial year. Whilst the loss of these contracts impacts the financial performance of the Food Division, this is offset by earnings generated in the Almond division through export sales which have prevailed at strong prices.

The Company has again concentrated its efforts on strengthening the balance sheet, through a combination of working capital management, prudent deployment of investments, and a refinancing of banking facilities to support future growth and operational initiatives.

A formal strategy review and formulation process has been undertaken which identifies 7 platforms which are aligned towards achieving sustainable earnings growth and financial returns over the next 5 year planning horizon. This is accompanied by an update to the Company risk management framework and associated policies and procedures.

Financial Performance Review

Profitability

Reported Net Profit After Tax (NPAT) is $2.9 million, which compares to a reported Net Loss After Tax of $4.5 million in 2012. Earnings Before Interest and Taxes (EBIT) is $5.2 million, which compares to a Loss Before Interest and Taxes of $2.5 Million in 2012.

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

Results Summary

$ 000's	REPORTED RESULT (AIFRS)		UNDERLYING RESULT	
EBIT ($000's)	**FY12**	**FY13**	**FY12**	**FY13**
Managed Orchards (1)	9,332	4,723	14,240	4,723
Company Orchards (2)	(12,883)	(835)	3,076	31,670
Food Division	6,027	5,450	6,027	5,450
Corporate Costs (3)	(4,971)	(4,097)	(3,721)	(4,097)
Operating EBIT	**(2,495)**	**5,241**	**19,622**	**37,746**
Net Interest Expense	(6,248)	(5,043)	(6,248)	(5,043)
Net Profit/(Loss) Before Tax	**(8,743)**	**198**	**13,374**	**32,703**
Tax (Expense)/Benefit (4)	4,274	2,674	(3,860)	(9,813)
Net Profit/(Loss) After Tax	**(4,469)**	**2,872**	**9,514**	**22,890**
Earnings Per Share	(7.9)	5.0	16.8	40.1

Adjustments between reported and underlying results are explained as follows ($000's):

1. In FY12, a non cash impairment write down of $4,908 was made against plant, property and equipment;
2. In FY12, a non cash impairment write down of $20,000 was made against the Western Australian almond project. A gain of $4,041 was realised on the sales of permanent water rights in Victoria. In FY13, a non cash impairment write down of $39,908 was made against the Western Australian almond project. A discount (gain) of $8,013 was made on the acquisition of almond orchard assets during the financial year.
3. In FY12, one off costs of $1,250 for restructure and corporate costs were accounted for.
4. The tax impact of items 1–3, along with research and development tax credits impacted year on year tax expense.

Underlying NPAT is $22.9 million, which compares to $9.5 million in 2012, an increase of 141%. Underlying EBIT is $37.7 million, compared to $19.6 million in 2012, an increase of 92%.

Earnings per share is 5.0 cents compared to (7.9) cents last year. Underlying earnings per share is 40.1 cents compared to 16.8 cents last year.

Directors' Report

Almond Division Profitability

Revenues of $71.1 million, compared to $123.9 million in 2012. The reduction in revenues is driven by reduced revenues from Managed Orchards offset by increased revenue from Company Orchards. Almond division underlying EBIT is $36.4 million which compares to $17.3 million last year. EBIT includes biological assets fair value adjustments of $20.2 million, compared to $2.5 million last year, with the significant increase due to the valuation applied to the 2013 crop. The key driver of the relative EBIT to revenue comparison year on year is the shift from Managed Orchards business (services provided to third party growers) to a Company Owned orchards business.

The reduction of underlying EBIT derived from Managed Orchards is primarily caused by the impact of lost revenues and margins from the provision of services to Olam, who elected to manage their own almond orchards (nearly 30,000 acres, (12,100 hectares)) effective from 1 July 2012.

The significant increase in the underlying EBIT from Company Orchards is driven by the combination of almond crop yield increases and almond price increases. 2013 crop yields from Company orchards have been projected at 12,000 metric tonnes (compared to 5,830 metric tonnes in 2012). The increase of 106% includes the impact of almond orchards acquired during the year. Yield per acre is 1.20 metric tonnes which is a positive outcome relative to the maturity profile of the Select Harvests orchard portfolio, with lower yields in the younger near maturing orchards offset by very strong yields in the mature orchards. Almond prices are valued based on sales contracts committed and a valuation of uncommitted sales contracts at the reporting date, inclusive of the impact of any foreign currency hedges. The average price projected for the 2013 crop is $6.38/kg, which compares to $5.08 per kg in 2012, an increase of 26 %.

Food Division Profitability

Revenues of $133.2 million compare to $137.1 million in 2012, down by 2.8 %. EBIT of $5.5 million, compares to $6.0 million in 2012. The reduction in revenues and corresponding impact on EBIT is driven primarily by the loss of private label contracts to major retailers. This is partially offset by increased sales of branded products and sales to industrial food manufacturers.

Net Interest Expense

Net interest expense has reduced from $6.2 million in FY12 to $5.0million in FY13, down by 19%. The net interest expense is impacted primarily by the reduction in interest rate relative to average net debt compared to the previous financial year.

Balance Sheet

Net assets at 30 June 2013 are $159.5 million, compared to $160.3 million last year. Net assets have been impacted by the after tax write down of the Western Australia project in the year of $27.9 million.

Net working capital has increased by 63%. As summarised below, the main increase relates to the value of inventory, which comprises the fair value of the unsold 2013 almond crop, which is significantly higher than at the corresponding period last year.

$000's	2012	2013
Trade and other receivables	37,398	42,142
Inventories	36,644	66,879
Trade and other payables	(25,365)	(29,495)
Net working capital	**48,677**	**79,526**

Cash flow and Net Debt

Net debt at the 30 June 2013 is $79.2 million, with a gearing ratio (net debt/net assets) of 49.7%. Operating cash flow in the financial year is $4.1 million, compared to $22.0 million last year. The lower conversion of EBIT to cash in the period arises from the nature and timing of cash flows. In 2012 cash flows included the monthly receipts from provision of managed services to Olam, which has largely ceased this year. Further, operating cash flow is materially impacted by the timing of receipts from the 2013 crop sales program, with significant receipts having been received in the period since the year end close date.

Dividends

A fully franked final dividend of 9 cents per share has been declared, resulting in a total dividend per share of 12 cents. This compares to a total dividend of 8 cents per share in FY12.

Funding

The Company is pleased to have secured a refinancing of its bank facilities after balance date to provide increased capacity, longer tenure and lower funding costs. The banking facilities now comprise $135 million of capacity, including a $50 million 5 year non – amortising term facility, a $25 million acquisition line and a working capital facility to support investment in the growing cycle and other company wide investment initiatives. The new facility is with the NAB and Rabobank, which diversifies the funding partners from a one to two bank structure.

The capital management and the funding plan from hereon will be closely aligned to the strategy ensuring a prudent balance sheet is maintained, whilst ensuring growth plans can be supported.

Strategy

A formal strategy formulation process has been completed to set out the plans for growth and key plans and priorities over the next 5 year planning horizon. This is based on 7 key platforms:

1. **To control a critical mass of almonds:** this is aligned to ensuring year on year growth in supply to meet the growing global demand for almonds, with a focus on growth through acquisition, brownfield and greenfield development projects and identifying and securing longer term contracts with third party growers;
2. **To improve yield and crop value:** the actions are focussed on perfecting on farm and farm to factory practices, including benchmarking and implementing best practice horticulture and water management activities, investing in orchard replant programs, research and development into new varieties, and training and development of employees;
3. **Implement best in class supply chain:** Develop a manufacturing and supply chain footprint which optimises geographical location, efficiency and cost, maximises quality and customer service, whilst ensuring an economically and environmentally sustainable use of by products;
4. **Invest in the industrial and trading division:** Leverage the competencies and capacity to supply almonds and other nut ingredients to export and domestic markets, including food manufacturing channels, through investment in capability and marketing;
5. **Turnaround Packaged Food Division:** Focus on growing brand values by investing in insights, innovation and product development, brand image and awareness, and improve position and scope in new channels and markets, such as food service, health and export markets, with an absolute focus on margin management and return on investment;
6. **Improve our systems and processes:** Develop internal business systems and structures to enable a more integrated business focus, aligning all activities and functions around effective sales and operations planning, IT systems, policies and procedures, including risk management and environmental sustainability;
7. **Engage with our people and stakeholders:** Ensure maintenance of a safe working culture and environment; drive a culture of transparency, cooperation and accountability across the business; improve engagement with investors, shareholders, government and industry bodies; and develop our human capital plan for high performance and orderly succession.

Directors' Report

Corporate Social Responsibility

Occupational Health & Safety

At 30 June 2013, the Company employed 325 people compared to 571 at the end of the previous year. Employment levels during the year peak at higher levels due to the requirement for seasonal labour. The reduction in employees relates to the cessation of the Olam orchard management contract which had the impact of a number of employees leaving the company, many of whom were able to secure employment with Olam.

The emphasis on Occupational Health and Safety in the workplace continues through the Occupational Health and Safety Committee which operates across all Select Harvests sites. Representatives of the Committee meet monthly to review policies, procedures and projects, and to discuss key matters relating to Occupational Health and Safety.

The focus this year has been on the identification and reporting of near miss accidents, from which key learnings and preventative actions can be developed to mitigate against potential similar incidents in the future.

During the financial year the Company achieved a period of 178 consecutive days without a lost time injury event, at the Carina West processing facility.

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

Sustainability

Select Harvests is committed to being a responsive, ethical company, which contributes favourably to the environment in which it operates, ensuring its practices are communicated openly and transparently to all stakeholders, including shareholders, customers, suppliers, employees and regulatory bodies.

The sustainability policy and related procedures is currently undergoing a review throughout all parts of the business, leveraging existing practices and identifying new opportunities.

Specific focus areas are:

1. Efficiency in water usage;
2. Energy efficiency and greenhouse gas emissions;
3. Recycling of production by product, including maximising the environmental and economic use of almond hull through investigation of renewal energy, animal feed stock and fertilizer applications;
4. Benchmarking of farm practices to ensure yield outputs are maximised against efficient application of inputs.

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

Risk Management

It is a policy of Select Harvests to ensure that a formal risk management process is in place to identify, analyse, assess, manage and monitor risks throughout all parts of the business.

During the year the practical application of the policy was further enhanced by an in-depth project to update Risk Management processes and procedures of the Company. This involved workshops incorporating all parts of the business, resulting in a detailed risk register being presented to the Board.

The register provides a framework and benchmark against which risks are reported on at different levels in the business, with a bi-annual report presented to the Board.

The key categories of risks included in the Risk Register which could impact the achievement of the Company's strategy as outlined on the previous page are:

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

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

Outlook

The outlook for Select Harvests remains positive as the fundamentals underpinning the global almond industry remain very compelling. Demand for almonds continues to grow domestically and internationally and remains on track to outstrip supply. Developments in California, with pressure on yields and operating costs indicate that supply will remain constrained and pricing firm in the outlook period.

The Almond Division continues to benefit from the improved maturity profile of its NSW orchards, with short term yield potential of some older Victorian orchards to be constrained as the investment in our tree replant program progresses. Benchmarking on yield and productivity will remain an absolute focus for our horticulture team as we strive to identify and deliver best practice and high economic returns, which mitigate the risks noted above.

The horticultural program for the 2014 crop is well underway, with the water management plan fully funded.

The focus on maximising the sale of the Western Australian assets will continue into the new financial year, with a patient approach being adopted to realise the best value for our shareholders.

There is further upside potential from driving efficiency across the Food Division and further aligning all business units across the value chain.

Significant changes in the state of affairs

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

Significant events after the balance date

On 22 August 2013, the Directors declared a final dividend of 9 cents per share payable on 15 October 2013 to shareholders on the register on 3 September 2013.

On 12 August 2013 the Company announced that it had completed negotiations on the refinancing of its banking facilities. New facilities totalling $135 million have been approved in a joint banking arrangement with the National Australia Bank and Rabobank.

Environmental regulation and performance

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

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

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

Non IFRS Financial Information

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

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

Remuneration Report

The directors present the 2013 Remuneration Report which sets out remuneration information for the Company's non-executive directors, executive directors and other key management personnel.

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

1. Overview of Remuneration Arrangements

Remuneration strategy

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

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

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

Non-executive directors' remuneration

Non-executive directors receive fees (including statutory superannuation) but do not receive any performance related remuneration nor are they issued options or performance rights on securities. This reflects the responsibilities and the Group's demands of directors. Non-executive directors' fees are periodically reviewed by the Board to ensure that they are continually appropriate and in line with market expectations. The current aggregate fee limit of $580,000 was approved by shareholders at the 27 October 2010 Annual General Meeting. For the reporting period the total amount paid to non-executive directors was $434,569.

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

Base Fees (including superannuation)	
Chairman	$145,000
Other non-executive directors	$72,267
Additional Fees (including superannuation)	
Chair of the Audit and Risk Committee	$10,000
Chair of the Remuneration Committee	$8,000

Executive remuneration

Executive remuneration has three components:

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

An overview of these remuneration arrangements is included in the table on the next page.

Remuneration Report

Table 1: Overview of Executive Remuneration Arrangements

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

* The Remuneration Committee is responsible for assessing whether the targets are met. Financial performance conditions are determined on an underlying results basis

** Of the peer group of ASX listed companies

2. Company Performance

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

Table 2: Performance of Select Harvests Limited

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

	2009	2010	2011	2012*	2013**
Net profit after tax ($ million)	16,712	17,253	17,674	(4,469)	2,872
Basic EPS (cents)	42.6	43.3	33.7	(7.9)	5.0
Basic EPS Growth	(9%)	2%	(22%)	(123%)	163%
Dividend per share (cents)	12.0	21.0	13.0	8.0	12.0
Opening share price 1 July ($)	6.00	2.16	1.50	1.84	1.30
Change in share price ($)	(3.84)	(0.66)	0.34	(0.54)	1.97
Closing share price 30 June ($)	2.16	1.50	1.84	1.30	3.27
TSR % p.a.***	(62%)	(21%)	31%	(25%)	161%

* Includes $17.4 million of post tax net asset write downs

** Includes $27.9 million of post tax net asset write downs and $9.1 million discount on acquisition

*** TSR is calculated as the change in share price for the year plus dividends announced for the year, divided by opening share price

Short Term Incentive (STI)

Details of the range of potential STI cash payments, actual payments made and the amounts forfeited by the CEO and executive team in relation to the 2013 financial year are shown in Table 3 below. The actual outcomes are based on performance against the conditions outlined in Table 1.

Table 3: STI

	STI RANGE	STI PAYMENT ($)	% ACHIEVED	% FORFEITED
Executive Director				
P Thompson	0%-40% OF TFR	149,400	83	17
Executives				
P Chambers	0%-40% OF TFR	99,287	79	21
M Eva*	0%-40% OF TFR	60,579	74	26
P Ross	0%-40% OF TFR	91,520	80	20
L Van Driel	0%-40% OF TFR	87,040	80	20
B Van Twest*	0%-40% OF TFR	86,474	75	25

* STI has been pro-rated to take into account commencement date.

The STI is usually paid in September following determination of the STI entitlement, so the above amounts are those in relation to the 2013 financial year performance year, which will be paid in the 2014 financial year.

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

Remuneration Report

Long Term Incentive (LTI)

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

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

Table 4: LTI Performance Conditions and Current Indicative Outcomes

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

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

1. In FY12, a non cash impairment write down of $4.9 million was made against plant, property and equipment;
2. In FY12, an impairment write down of $20.0 million was made against the Western Australian almond project. A gain of $4.0 million was realised on the sales of permanent water rights.

   In FY13, an impairment write down of $39.9 million was made against the Western Australian almond project. A discount (gain) of $8.0 million was made on the acquisition of almond orchard assets during the financial year.
3. In FY12, one off costs of $1.3 million for restructure and corporate costs were accounted for.
4. The tax impact of items 1 - 3, along with research and development tax credits impacted year on year tax expense.

Relative TSR Performance

In the coming financial year the Company will engage an independent specialist to complete the detailed calculations to determine the Company's TSR percentile ranking, as the 2014 financial year will be the first time performance rights may vest for some of the current issues of rights.

3. Details of Remuneration

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

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

Table 5: 2012 and 2013 Remuneration

		ANNUAL REMUNERATION				LONG TERM			
		Base Fee $	Short Term Incentives $	Non Cash Benefits $	Super-annuation Contri-butions $	Long Service Leave Accrued $	Performance Rights Granted $	Termination Benefits $	Total $
Non Executive Directors									
M Iwaniw*	2013	145,568	-	-	-	-	-	-	**145,568**
	2012	223,307	-	-	-	-	-	-	**223,307**
M Carroll	2013	73,639	-	-	6,628	-	-	-	**80,267**
	2012	73,639	-	-	6,628	-	-	-	**80,267**
F Grimwade	2013	66,300	-	-	5,967	-	-	-	**72,267**
	2012	66,300	-	-	5,967	-	-	-	**72,267**
R M Herron	2013	75,474	-	-	6,793	-	-	-	**82,267**
	2012	75,474	-	-	6,793	-	-	-	**82,267**
P Riordan**	2013	49,725	-	-	4,475	-	-	-	**54,200**
	2012	-	-	-	-	-	-	-	**-**
J C Leonard***	2013	-	-	-	-	-	-	-	**-**
	2012	83,017	-	-	7,472	-	-	-	**90,489**
Executive Director									
P Thompson****	2013	401,010	149,400	24,739	16,470	-	210,362	-	**801,981**
	2012	-	-	-	-	-	-	-	**-**
J Bird*****	2013	-	-	-	-	-	-	-	**-**
	2012	467,204	-	20,949	41,619	-	-	247,318	**777,090**
Other key management personnel									
P Chambers	2013	289,339	99,287	21,585	26,041	33,024	32,150	-	**501,426**
	2012	252,574	-	46,171	23,001	-	-	-	**321,746**
M Eva+	2013	180,902	60,579	8,936	17,085	-	12,569	-	**280,071**
	2012	-	-	-	-	-	-	-	**-**
P Ross	2013	262,385	91,520	-	23,615	-	29,987	-	**407,507**
	2012	255,046	-	-	22,954	-	-	-	**278,000**
L Van Driel	2013	259,541	87,040	-	23,359	6,575	15,600	-	**392,115**
	2012	231,900	-	18,211	20,081	6,377	-	-	**276,569**
B Van Twest++	2013	229,638	86,474	-	13,951	-	13,351	-	**343,414**
	2012	-	-	-	-	-	-	-	**-**
M Graham+++	2013	79,428	-	12,476	7,149	-	-	-	**99,053**
	2012	229,222	-	38,462	20,716	-	-	-	**288,400**
T Millen++++	2013	66,740	-	5,049	6,007	-	-	123,666	**201,462**
	2012	223,980	-	16,497	18,382	7,352	-	-	**266,211**

* Includes fees of $108,412 received for fulfilling the Executive Chairman role for the period 5 March 2012 to 30 June 2012

** Commenced 2 October 2012

*** Retired 1 June 2012

**** Commenced 9 July 2012

***** Retired 1 March 2012. Termination benefits amount has been adjusted from that disclosed in the 2012 Remuneration Report to remove leave entitlements paid out on termination

+ Commenced 24 October 2012

++ Commenced 24 September 2012

+++ Resigned 31 October 2012

++++ Resigned 26 October 2012

Notes

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

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

Remuneration Report

Fixed and Variable Remuneration

Table 6 details the proportion of fixed and variable remuneration earned by directors and key management personnel during the 2012 and 2013 financial years.

Table 6: Fixed and Variable Remuneration

	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI	
	2013 %	2012 %	2013 %	2012 %	2013 %	2012 %
Non Executive Directors						
M Iwaniw	100.0	100.0	-	-	-	-
M Carroll	100.0	100.0	-	-	-	-
F Grimwade	100.0	100.0	-	-	-	-
R M Herron	100.0	100.0	-	-	-	-
P Riordan	100.0	100.0	-	-	-	-
Executive Director						
P Thompson	55.1	-	18.6	-	26.2	-
J Bird	-	100.0	-	-	-	-
Other key management personnel						
P Chambers	73.8	100.0	19.8	-	6.4	-
M Eva	73.9	-	21.6	-	4.5	-
P Ross	70.2	100.0	22.5	-	7.4	-
L Van Driel	73.8	100.0	22.2	-	4.0	-
B Van Twest	70.9	-	25.2	-	3.9	-
M Graham	100.0	100.0	-	-	-	-
T Millen	100.0	100.0	-	-	-	-

Performance Rights Granted

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

Table 7: Grants of Performance Rights affecting Remuneration

GRANT YEAR	VESTING CONDITIONS	PERFORMANCE/ VESTING PERIOD	PARTICIPATING EXECUTIVES	STATUS
2012	• EPS growth • Relative TSR performance to peer group • Continuous service	30 June 2014 30 June 2015 30 June 2016	P Chambers* P Ross*	In progress
2013	• EPS growth • Relative TSR performance to peer group • Continuous service	30 June 2014 30 June 2015 30 June 2016	L Van Driel**	In progress
	• EPS growth • Relative TSR performance to peer group • Continuous service	30 June 2015 30 June 2016 30 June 2017	P Thompson*** M Eva** B Van Twest**	In progress

* Granted 29 June 2012

** Granted 30 April 2013

*** Approved by shareholders at the November 2012 Annual General Meeting. Granted 30 April 2013

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

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

Remuneration Report

Table 8: Details of Performance Rights Granted, Vested and Exercised

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

2013	NUMBER						
	OPENING BALANCE	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE THE YEAR	CLOSING BALANCE	VESTED DURING THE YEAR	FAIR VALUE OF GRANT YET TO VEST ($)*
Executive Director							
P Thompson	-	900,000	-	-	900,000	-	2,032,811
Other key management personnel							
P Chambers	173,880	-	-	-	173,880	-	198,708
M Eva	-	172,687	-		172,687	-	390,064
P Ross	162,180	-	-	-	162,180	-	185,337
L Van Driel	-	151,800	-	-	151,800	-	342,484
B Van Twest	-	180,000	-	-	180,000	-	406,562
M Graham	167,940	-	-	167,940	-	-	-
T Millen	151,740	-	-	151,740	-	-	-

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

4. Service Agreements

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

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

The major provisions of the agreements are set out below.

NAME	TITLE	TERM	NOTICE PERIOD	BASE SALARY INCL. SUPERANNUATION
P Thompson	Managing Director & CEO	On-going	6 months	450,000
P Chambers	Chief Financial Officer	On-going	3 months	314,200
M Eva	General Manager Sales & Marketing Consumer	On-going	3 months	300,000
P Ross	General Manager Horticulture	On-going	3 months	286,000
L Van Driel	Group Trading Manager	On-going	3 months	272,000
B Van Twest	General Manager Operations	On-going	3 months	315,000

Base salaries quoted are for the year ended 30 June 2013. They are reviewed annually by the Remuneration Committee, however the review for the 30 June 2014 year is yet to be completed.

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

5. Use of Remuneration Consultants

No remuneration consultants were used during the year.

Directors' Report

Dividends

	CENTS	2013 $'000
Interim for the year		
• on ordinary shares	3.0	1,715
Final for 2013 shown as recommended in the 2013 report		
• on ordinary shares	9.0	5.172

Indemnification and insurance of directors and officers

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

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

Committee membership

During or since the end of the financial year, the company had an Audit and Risk Committee, 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	Remuneration	Nomination
R M Herron (Chairman)	M Carroll (Chairman)	M Iwaniw (Chairman)
F Grimwade	M Iwaniw	P Thompson
P Riordan		M Carroll
		F Grimwade
		R M Herron
		P Riordan

P Thompson joined the Board 9 July 2012
P Riordan joined the Board 2 October 2012

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 Iwaniw	12	12	3	3	3	3	1	1
P Thompson	12	12	-	-	3	3	1	1
R M Herron	12	11	5	5	-	-	1	1
M Carroll	12	12	3	3	3	3	1	1
F Grimwade	12	12	5	4	-	-	1	1
P Riordan	10	10	2	2	-	-	1	1

Directors' Report

Director's interests in contracts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 37.

Non-audit services

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

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Proceedings on behalf of the company

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.

M Iwaniw
Chairman
Melbourne, 22 August 2013

Auditor's Independence Declaration

As lead auditor for the audit of Select Harvests Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

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

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
22 August 2013

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Corporate Governance Statement

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

These principles are:

Principle 1 – Lay solid foundations for management and oversight

Principle 2 – Structure the board to add value

Principle 3 – Promote ethical and responsible decision making

Principle 4 – Safeguard integrity in financial reporting

Principle 5 – Make timely and balanced disclosure

Principle 6 – Respect the right of shareholders

Principle 7 – Recognise and manage risk

Principle 8 – Remunerate fairly and responsibly

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

Board of Directors and its Committees

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

Role of the Board

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

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

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

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

Board Processes

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

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

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

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

Director Education

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

Independent Professional Advice and Access to Company Information

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

Composition of the Board

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

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

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

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

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 Company.

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.

Corporate Governance Statement

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 performance rights to the employee under the executive long term incentive plan. The plan provides for the offer of a parcel of performance rights to participating employees on an annual basis, with a three-year expiry period, exercisable at the market price set at the time the offer was made. The performance rights are granted each year and vest over three years on achievement of the performance hurdles.

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

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

Audit and Risk Committee

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

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

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

The Managing Director and the Chief Financial Officer have provided a statement in writing to the Board that the Company's financial reports for the year ended 30 June 2013 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards. This statement is required annually.

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

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

- Recommending to the Board the appointment of the external auditors;
- Recommending to the Board the fee payable to the external auditors;
- Reviewing the audit plan and performance of the external auditors;
- Determining that no management restrictions are being placed upon the external auditors;
- Evaluating the adequacy and effectiveness of the reporting and accounting controls of the company through active communication with operating management and the external auditors;
- Reviewing all financial reports to shareholders and/or the public prior to their release;
- Evaluating systems of internal control;
- 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 Company. The Company's areas of focus in respect of risk management practices include, but are not limited to, product safety, occupational health and safety, environment, property, financial reporting and internal control.

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

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

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

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

Ethical Standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Company's code of conduct includes the following:

Diversity

Selects Harvests is an equal opportunity employer and recruits people from a diverse range of backgrounds.

Workplace diversity encompasses the full variety of differences between people in the organisation. It includes differences in gender, race, ethnicity, age, disability and cultural background. Select Harvests recognises that embracing such diversity in its workforce contributes to the achievement of the Group's objectives and enhances its reputation as an employer.

Select Harvests is committed to achieving the goals of providing access to equal opportunities at work based on merit and fostering a culture that embraces the value of diversity.

To support this goal, the Board has developed a Diversity Policy which is available on the Group's website.

While Select Harvest has a rich diversity of ethnicities and cultural backgrounds amongst its employees, we recognise the need to improve diversity at senior executive and board level and to make stronger progress on our commitment to building a gender diverse workforce.
At 30 June 2013 there were 93 female employees within the Group (25% of total employees). There were no female senior executives or Board members.

Corporate Governance Statement

In order to enhance the commitment to gender and broader diversity principles, we are working to achieve objectives which include:

OBJECTIVE:	MEASURABLE ACTION:
Review and communicate the company's core values	New Company Values Statement to be developed and rolled out
Increased focus on gender participation and distribution across the Group	Survey management and employee attitudes to diversity Review, refresh and re communicate the Diversity Policy
Review the means by which the Group recruits, develops and retains females across the Group	Review Recruitment Policy & Procedures
Continue to build on our current workplace flexibility options	Review and enhance position flexibility and Employment Terms and Conditions
Regular reporting to the Board on gender diversity	Enhance Board Reports to provide greater insight on diversity

Conflict of Interest

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

Dealings in Company Shares

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

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

Communication with Shareholders

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

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

SELECT HARVESTS Limited ABN 87 000 721 380

Annual financial report

Contents

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

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

Select Harvests Limited
360 Settlement Road
Thomastown Vic 3074

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

The financial report was authorised for issue by the directors on 22 August 2013. 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 2013	Notes	CONSOLIDATED 2013 $'000	2012 $'000
Revenue			
Sales of goods and services	4	190,918	246,766
Gain on sale of permanent water rights	4	-	4,041
Other revenue	4	210	515
Total revenue		**191,128**	**251,322**
Other income			
Biological asset fair value adjustment	16	20,190	2,508
Total other income		**20,190**	**2,508**
Expenses			
Cost of sales	5	(156,664)	(215,212)
Distribution expenses		(6,688)	(6,936)
Marketing expenses		(795)	(614)
Occupancy expenses		(1,296)	(1,308)
Administrative expenses		(4,413)	(4,383)
Finance costs	5	(5,141)	(6,489)
Write down of biological assets – Western Australian orchards	5	(26,147)	-
Impairment of property, plant and equipment	5	(13,760)	(24,908)
Other expenses		(5,335)	(2,723)
(Loss) before income tax and discount on acquisition		(8,921)	(8,743)
Discount on acquisition of assets		8,013	-
Discount on acquisition of crop		1,106	-
Total discount on acquisition	7	9,119	-
PROFIT/(LOSS) BEFORE INCOME TAX		**198**	**(8,743)**
Income tax benefit/(expense)	6	2,674	4,274
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED	25(c)	**2,872**	**(4,469)**
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	29	5.0	(7.9)
Diluted earnings per share (cents per share)	29	5.0	(7.9)

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

Statement of Comprehensive Income

For the year ended 30 June 2013	CONSOLIDATED	
	2013 $'000	2012 $'000
Profit/(Loss) for the year	**2,872**	**(4,469)**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges, net of tax	**(1,642)**	**(401)**
Other comprehensive (expenses) for the year	**(1,642)**	**(401)**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED	**1,230**	**(4,870)**

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

Balance Sheet

As at 30 June 2013	Notes	CONSOLIDATED	
		2013 $'000	2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	9	8,939	1,061
Trade and other receivables	10	42,142	37,398
Inventories	11	66,879	36,644
Derivative financial instruments	12	343	375
Current tax receivables		-	1,458
		118,303	**76,936**
Assets held for sale	13	5,000	-
TOTAL CURRENT ASSETS		**123,303**	**76,936**
NON CURRENT ASSETS			
Other assets	14	814	1,047
Property, plant and equipment	15	75,032	90,970
Biological assets – almond trees	16	68,415	74,171
Intangible assets	17	36,281	36,183
TOTAL NON CURRENT ASSETS		**180,542**	**202,371**
TOTAL ASSETS		**303,845**	**279,307**
CURRENT LIABILITIES			
Trade and other payables	18	29,495	25,365
Interest bearing liabilities	19	40,873	25,495
Derivative financial instruments	12	3,321	818
Provisions	20	3,111	2,691
TOTAL CURRENT LIABILITIES		**76,800**	**54,369**
NON CURRENT LIABILITIES			
Interest bearing liabilities	21	47,250	42,500
Deferred tax liabilities	22	19,579	21,171
Provisions	23	711	937
TOTAL NON CURRENT LIABILITIES		**67,540**	**64,608**
TOTAL LIABILITIES		**144,340**	**118,977**
NET ASSETS		**159,505**	**160,330**
EQUITY			
Contributed equity	24	97,007	95,957
Reserves	25	9,144	10,472
Retained profits	25	53,354	53,901
TOTAL EQUITY		**159,505**	**160,330**

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

Statement of Changes in Equity

CONSOLIDATED	Notes	Contributed Equity	Reserves	Retained Earnings	Total
Balance at 30 June 2011		**95,066**	**11,201**	**62,548**	**168,815**
Profit for the year		-	-	(4,469)	(4,469)
Other comprehensive income		-	(401)	-	(401)
Total comprehensive income for the year		-	**(401)**	**(4,469)**	**(4,870)**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	24	891	-	-	**891**
Dividends paid or provided	8	-	-	(4,506)	**(4,506)**
Transfer to retained earnings		-	(328)	328	**-**
Balance at 30 June 2012		**95,957**	**10,472**	**53,901**	**160,330**
Profit for the year		-	-	2,872	2,872
Other comprehensive expense		-	(1,642)	-	(1,642)
Total comprehensive profit/(expense) for the year		**-**	**(1,642)**	**2,872**	**1,230**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	24	1,050	-	-	**1,050**
Dividends paid or provided	8	-	-	(3,419)	**(3,419)**
Employee performance rights	25	-	314	-	**314**
Balance at 30 June 2013		**97,007**	**9,144**	**53,354**	**159,505**

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 2013	Notes	CONSOLIDATED 2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		191,781	260,748
Payments to suppliers and employees (inclusive of goods and services tax)		(183,520)	(239,533)
		8,261	**21,215**
Interest received		98	241
Interest paid		(5,160)	(4,415)
Income tax received		852	4,990
Net Cash Inflow From Operating Activities	26	**4,051**	**22,031**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of water rights		2,339	15,689
Proceeds from sale of property, plant and equipment		592	357
Payment for water rights		(98)	-
Payment for property, plant and equipment		(3,995)	(9,641)
Acquisition of almond orchards	7	(6,313)	-
Tree development costs		(6,457)	(18,694)
Net Cash Outflow From Investing Activities		**(13,932)**	**(12,289)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(repayments) of borrowings		19,250	(12,000)
Dividends payment on ordinary shares, net of DRP		(2,369)	(3,616)
Net Cash Inflow (Outflow) from financing activities		**16,881**	**(15,616)**
Net increase/(decrease) in cash and cash equivalents		**7,000**	**(5,874)**
Cash and cash equivalents at the beginning of the financial year		66	5,940
Cash and cash equivalents at the end of the financial year	9(a)	**7,066**	**66**

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

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Critical accounting estimates

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

(b) Principles of consolidation

The consolidated financial statements are those of the Company, 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 Company 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 Company controls another entity.

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company.

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 Company 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 at Net Realisable Value under AASB 102 Inventories.

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

- Raw materials and consumables: purchase cost on a first in first out basis;
- Finished goods and work in progress: cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity;
- 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; and
- 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.

A fair value review is completed at each period end to ensure compliance with AASB 141. The value of almond trees is measured at fair value using a discounted cash flow methodology.

The discounted cash flows incorporate the following factors:

- Almond trees have an estimated 30 year economic life, with crop yields consistent with long term almond industry yield rates;
- Selling prices are based on long term average trend prices being $6 per Kg;
- Growing, processing and selling costs are based on long term average levels;
- Temporary water costs are based on long term average market prices where assets have no permanent water rights attached;
- Cash flows are discounted at a post tax rate of 13%, that takes into account the cost of capital plus a suitable risk factor; and
- An appropriate rental charge is included to represent the use of the developed land on which the trees are planted.

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

Growing almond crop

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

New orchards growing costs

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

(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 Company designates derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

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

(h) Property, plant and equipment

Cost and valuation

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

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

Depreciation

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

The useful lives for each class of assets are:

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

Capital works in progress

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

(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 Company are capitalised at the present value of the minimum lease payments and disclosed as plant and equipment under lease. A lease liability of equal value is also recognised.

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

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

(j) Business Combinations

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

The excess of the consideration transferred the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the income statement as a discount on acquisition.

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

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

(k) Intangibles

Goodwill

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

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.

(l) 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.

Interest

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

Dividends

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

Almond Pool Revenue

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

As at 30 June 2013 the group held almond inventory on behalf of external growers which was not recorded as inventory of the Company.

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

(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 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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

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

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

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

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

(i) Short-term obligations:

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

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

(ii) Other long-term benefit obligations

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

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

Share-based payments

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

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

(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 Statement of Cash Flows. Interest is charged as an expense as it accrues.

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

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

(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 Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

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

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

(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

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

(v) New and amended accounting standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements* effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption. The company is yet to assess its full impact and has not yet decided when to adopt AASB 9.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards and AASB 2012-10 Amendments to Australian Accounting Standards

Transition Guidance and Other amendments together represent a suite of related standards covering the accounting and disclosure requirements for consolidated financial statements, associates, joint arrangements and off balance sheet vehicles.

The new standards and amendments are not expected to have a significant impact on the current accounting treatment of the Company's investments in subsidiaries, associates and jointly controlled entities. The Company will adopt the new standards and amendments from their operative date, being for the financial year ending 30 June 2014.

Notes to the Financial Statements

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

This standard and amendments combines guidance for all fair value measurements required in other standards. These standards do not require fair value measurements additional to those already required or permitted by other Australian accounting standards, and therefore this standard is not expected to have an impact on the financial results of the Company on adoption. The new accounting standard and amendments are to be first applied by the Company for the financial year ending 30 June 2014.

(iv) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early.

(v) Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) - (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements.

(w) Provisions

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

(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) Joint ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

(ab) Rounding amounts

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

(ac) Parent entity financial information

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

(i) Investments in subsidiaries and associates

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

(ii) Tax consolidation legislation

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

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

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

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

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

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

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

2. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

Group	30 June 2013 USD $000's	30 June 2012 USD $000's
Trade receivables net of payables	17,615	7,131
Overdraft	(1,712)	(1,019)
Foreign exchange contracts		
- buy foreign currency (cash flow hedges)	5,227	4,813
- sell foreign currency (cash flow hedges)	31,271	9,547

Group sensitivity analysis

Based on financial instruments held at the 30 June 2013, had the Australian dollar strengthened/weakened by 5% against the US dollar, with all other variables held constant, the Group's post tax profit for the year would have been $580,000 lower/$641,000 higher (2012: $200,000 lower/$221,000 higher), mainly as a result of the US dollar denominated financial instruments as detailed in the above table. Equity would have been $1,530,000 lower/$1,691,000 higher (2012:$354,000 lower/$391,000 higher), arising mainly from foreign forward exchange contracts designated as cash flow hedges.

(ii) Cash flow interest rate risk

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

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

	30 June 2013 Weighted Average Interest Rate %	Balance $'000	30 June 2012 Weighted Average Interest Rate %	Balance $'000
Debt facilities	6.57%	86,250	7.14%	67,000
Overdraft (USD)	1.35%	1,873	1.18%	995

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

The Group analyses interest rate exposure on an ongoing basis in conjunction with debt facility, cash flow and capital management. As part of the Risk Management policy of Select Harvests Limited, the Company has entered into an agreement to swap $30,000,000 of debt at a rate of 3.97% to reduce the risk that higher interest rates pose to the Company's cash flows. The weighted average interest rate of 6.57% in the table above is inclusive of the interest rate swap.

Group sensitivity

At 30 June 2013, if interest rates had changed by +/- 25 basis points from the weighted average interest rate with all other variables held constant, post tax profit for the year would have been $95,000 lower/higher (2012: $116,000 lower/higher).

Interest rate risk

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

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Fixed interest rate maturing in: Over 1 to 5 years		Fixed interest rate maturing in: More than 5 years		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 %	2012 %
(i) Financial assets														
Cash	8,939	1,061	-	-	-	-	-	-	-	-	8,939	1,061	-	-
Trade and other receivables	-	-	-	-	-	-	-	-	41,558	37,001	41,558	37,001	-	-
Forward exchange contracts	-	-	-	-	-	-	-	-	343	375	343	375	-	-
Total financial assets	8,939	1,061	-	-	-	-	-	-	41,901	37,376	50,840	38,437	-	-
(ii) Financial liabilities														
Bank overdraft – USD @ AUD	1,873	995	-	-	-	-	-	-	-	-	1,873	995	1.4	1.2
Commercial Bills	56,250	37,000	-	-	30,000	30,000	-	-	-	-	86,250	67,000	6.6	7.1
Trade creditors	-	-	-	-	-	-	-	-	10,441	13,075	10,441	13,075	-	-
Other creditors	-	-	-	-	-	-	-	-	19,054	12,290	19,054	12,290	-	-
Interest Rate Swap	-	-	-	-	-	-	-	-	569	664	569	664	-	-
Forward exchange contracts	-	-	-	-	-	-	-	-	2,752	154	2,752	154	-	-
Total financial liabilities	58,123	37,995	-	-	30,000	30,000	-	-	32,816	26,183	120,939	94,178	-	-

Notes to the Financial Statements

(b) Credit risk

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

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

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

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

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

(c) Liquidity risk

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

Financing arrangements

On 12 August 2013 the Company announced that it had completed negotiations on the refinancing of its banking facilities. New facilities have been approved in a joint banking arrangement with the National Australia Bank (NAB) and Rabobank. The following table contains the NAB facility limits at 30 June 2013 and the recently approved joint facility with NAB and Rabobank:

Debt Facilities	Review Date	30 June 2013 Facility Limit	Post Balance Date Adjusted Facility Limit
1. Core debt	21/06/2016	$47,250,000	$50,000,000
2. Working capital	Annual Review	$32,000,000	*$60,000,000
3. Acquisition	Annual Review	$9,000,000	$25,000,000
4. USD Overdraft	Annual Review	$3,000,000	-
		$91,250,000	**$135,000,000**

* Includes USD overdraft

The debt margin above is based on a margin above BBSY or LIBOR.

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

	2013 $'000	2012 $'000
Floating rate		
- Working capital/Acquisition facility	$A 2,000	$A 45,000
- Bank overdraft facility USD	$US 1,288	$US 1,981

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

(d) Fair Value Measurement

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

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

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

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

At both 30 June 2013 and 30 June 2012, the group's assets and liabilities measured and recognised at fair value comprised the interest rate swap derivative, interest rate cap derivative and foreign exchange forward contracts. Both are measured with reference to level 2.

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.

		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 2013						
Non derivatives						
Variable Rate	Debt facilities	39,659	4,642	49,247	93,548	86,250
	Bank Overdraft	1,873	-	-	1,873	1,873
Derivatives	Interest Rate Swap	107	107	355	569	569
	USD buy – outflow	5,227	-	-	5,227	(343)
	USD sell – (inflow)	(31,271)	-	-	(31,271)	2,752
	USD net	(26,044)	-	-	(26,044)	2,409

		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 2012						
Non derivatives						
Variable Rate	Debt facilities	20,750	3,750	42,500	67,000	67,000
	Bank Overdraft	995	-	-	995	995
Derivatives	Interest Rate Swap	285	285	94	664	664
	USD buy – outflow	4,490	323	-	4,813	154
	USD sell – (inflow)	(9,547)	-	-	(9,547)	(375)
	USD net	(5,057)	323	-	(4,734)	(221)

Notes to the Financial Statements

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Inventory – current year almond crop

The current year almond crop is classified as a biological asset and valued in accordance with AASB 141 “Agriculture”. In applying this standard, the consolidated entity has made various assumptions at the balance date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold. The assumptions are the estimated almond selling price at the point of harvest of $6.38 per kg and almond yield based on a crop estimate for Company Orchards of 12,000mt.

Almond trees

Almond trees are classified as a biological asset and valued in accordance with AASB 141 “Agriculture”. The Company’s accounting policies in relation to almond trees are detailed in Note 1(f).In applying this policy, the Company has made various assumptions. These are detailed in Note 16 of the financial statements. As at 30 June 2013, the value of almond trees carried in the financial statements of the Company is $68.4 million (2012:$74.2million). The valuation of almond trees is very sensitive to the assumption of the long term almond price and yields. Any change to the long term almond price or yields may have a material impact on these valuations.

Estimated impairment of intangible assets

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

Key assumptions and sensitivities are disclosed in note 17.

Income taxes

The income tax provision is developed at Balance Sheet date based on a preliminary estimate of the tax payable or receivable. This includes an estimate of allowable Research & Development (R&D) tax concession credits. The tax return in relation to the financial year ended 30 June 2013 will be prepared and submitted during the financial year ended 30 June 2014. Due to uncertainties associated with changes to the R&D tax concession rules, no accrual has been made for possible R&D credits in 2013.

WA Project expenditure

Following a formal independent expert review of all horticultural and economic aspects of the Western Australia Greenfield orchard development, the decision was made to exit this project. The review found that the growing conditions have been more challenging than anticipated and water requirements and power costs have proved to be significantly higher than expected. The assessment was that commercial crop yields can only be achieved in this geographical area, with significant future investment and this would not be without a high level of horticultural risk. As a result of the review a decision was made to impair the carrying value of the assets, with write downs of biological assets of $26,147,387 and impairment losses on property, plant and equipment of $13,760,204 recognised. The remaining amount capitalised on the balance sheet of $5,000,000, consisting of land and irrigation infrastructure, plant and equipment represents the estimated recoverable amount of the assets, less cost to sell. A number of judgements have been made in determining the estimated recoverable amount of the assets, including considerations in relation to the nature of the assets, the location of the assets and the alternate uses of the assets. It is reasonably possible, on the basis of existing knowledge, that outcomes in the future that are different from the assumptions could require an adjustment to the carrying amount, either positive or negative. A sale process is currently in progress as the Company seeks to maximise the value from these assets.

	Notes	Consolidated 2013 $'000	2012 $'000
4. REVENUE			
Revenue from continuing operations			
- Management services		23,829	95,445
- Sale of goods		167,089	151,321
		190,918	**246,766**
Other revenue			
- Gain on sale of permanent water rights		-	4,041
- Bank interest		98	241
- Other revenue		112	274
Total other revenue		**210**	**4,556**
Total revenue		**191,128**	**251,322**
5. EXPENSES			
Profit before tax includes the following specific expenses:			
Cost of goods & services sold		156,664	215,212
Depreciation of non current assets			
Buildings		69	51
Plantation land and irrigation systems		626	338
Plant and equipment		3,967	5,724
Total depreciation of non current assets		**4,662**	**6,113**
Finance costs			
other persons		5,141	6,489
Total finance costs		**5,141**	**6,489**
Impairment losses: trade receivables		17	34
Foreign exchange loss/(gain)		11	(111)
Operating lease rental minimum lease payments		5,703	13,013
Net loss on disposal of property, plant and equipment		270	254
Acquisition transaction costs		612	-
Costs associated with assets held for sale		1,930	-
Impairment of property, plant and equipment (a)			
Land and irrigation systems		-	20,000
Plant and equipment		13,760	4,908
		13,760	**24,908**
Write down of biological assets – Western Australian orchards (b)		26,147	-

(a) Impairment of property, plant and equipment

Impairment of land and irrigation systems in 2012 and plant and equipment in 2013 relates to impairment losses recognised in relation to the Company's orchards in Western Australia. The WA impairment arose as a result of the decision to exit the project as discussed at note 3. The 2012 plant and equipment impairment relates to Victorian assets.

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

The write down of biological assets relates to revaluation of trees at the Company's orchards in Western Australia. The write down arose as a result of the decision to exit the project as discussed at note 3.

	Notes	Consolidated 2013 $'000	2012 $'000
6. INCOME TAX			
(a) Income tax expense/(benefit)			
Current Tax		(620)	(3,006)
Deferred tax		(2,057)	387
Under/(Over) provided in prior years		3	(1,655)
		(2,674)	**(4,274)**
Income tax expense is attributable to:			
Profit from continuing operations		(2,674)	(4,274)
Aggregate income tax expense		(2,674)	(4,274)
Deferred income tax (revenue) expense included in income tax expense comprises:			
Decrease (increase) in deferred tax assets	22	(22,904)	(7,977)
(Decrease) increase in deferred tax liabilities	22	21,312	6,709
		(1,592)	(1,268)
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit (loss) from continuing operations before income tax expense		198	(8,743)
Tax at the Australian tax rate of 30% (2012 – 30%)		59	(2,623)
Tax effect of amounts that are not deductible (taxable) in calculating taxable income			
Discount on acquisition		(2,736)	-
Other non assessable items		-	4
Under/(Over) provided in prior years		3	(1,655)
Income tax benefit		**(2,674)**	**(4,274)**

7. BUSINESS COMBINATIONS

(a) Summary of Acquisitions

On 17 January 2013, Select Harvests acquired 690 acres of established almond orchards in northern Victoria for $4.3 million cash consideration, which included $3.0 million for the orchard assets and $1.3 million for title to the 2013 crop.

On 4 February 2013 Select Harvests purchased 596 acres of almond orchards in northern Victoria for $3.3 million, which included $2.7 million for the orchard assets and $0.6 million for title to the 2013 crop.

Details of the 4 February 2013 acquisition purchase consideration are as follows:

Purchase consideration	
Cash paid	$2.0 million
Deferred consideration	$1.3 million

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

	Fair Value $'000
Plantation land and irrigation systems	4,351
Biological assets – almond trees	12,752
Inventory	3,569
Deferred tax liability	(3,908)
Net Identifiable Assets	**16,764**
Net cash outflow on acquisition	6,313
Deferred consideration	1,332
Total purchase consideration	**7,645**
Discount arising on acquisition	**9,119**

Included in other expenses in the income statement are transaction costs totaling $0.6 million relating to statutory, legal and advisors fees associated with the acquisitions.

(b) Revenue and profit contribution

The acquired businesses contributed other income of $2,988,000 and net profit of $2,092,000 to the group for the period from the acquisition dates to 30 June 2013.

If the acquisitions had occurred on 1 July 2012, consolidated other income and profit for the year ended 30 June 2013 would have been $23,759,000 and $2,602,000 respectively. These amounts have been calculated using the group's accounting policies and by adjusting the results of the group to reflect the biological asset fair value adjustment that would have been taken up and the additional depreciation that would have been charged had the assets been owned from 1 July 2012, together with the consequential tax effect.

	Notes	Consolidated 2013 $'000	2012 $'000
8. DIVIDENDS PAID OR PROPOSED ON ORDINARY SHARES			
(a) Dividends paid during the year			
(i) Interim – *paid 26 April 2013 (2012: 16 April 2012)*			
Fully franked dividend (3c per share)			
(2012: 5c per share)		1,715	2,820
		1,715	2,820
(ii) Final – *paid 22 October 2012 (2012: 13 October 2011)*			
Fully franked dividend (3c per share)			
(2012: 3c per share)		1,704	1,686
		3,419	**4,506**

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

A final dividend of 9 cents per share has been declared by the directors ($5,171,657).

(c) Franking credit balance

Franking credits available for the subsequent financial year arising from:

		2013	2012
Franking credits available for subsequent reporting periods		11,862	13,865
		11,862	**13,865**

The above amounts represent the balance of the franking account (presented as the gross dividend value) as at the end of the reporting period, adjusted for franking debits that will arise from the receipt of the amount of the tax receivable.

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 a reduction of $5,171,657 (2012 $1,704,381).

9. CASH AND CASH EQUIVALENTS

	Notes	2013	2012
Cash at bank and in hand		8,939	1,061
		8,939	**1,061**
(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:			
Balances as above		8,939	1,061
Bank overdrafts	19	(1,873)	(995)
		7,066	**66**

	Notes	Consolidated	
		2013 $'000	2012 $'000

10. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables		41,558	37,001
Provision for impairment of trade receivables		(38)	(24)
		41,520	36,977
Prepayments		622	421
		42,142	**37,398**

As at 30 June 2013 current trade receivables of the Group with a value of $38,256 (2012: $24,446) were impaired. The amount of the provision was $38,256 (2012:$24,446).

The ageing of these receivables is as follows:

Up to 3 months		13	-
3 to 6 months		25	-
Over 6 months		-	24
		38	**24**
Movements in the provision for impairment of receivables are as follows:			
At 1 July		24	3
Provision for impairment recognised during the year		17	34
Receivables written off during the year		(3)	(13)
At 30 June		**38**	**24**

(b) Trade receivables past due but not impaired

As at 30 June 2013, trade receivables of $3,529,068 (2012: $3,970,002) 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:

Up to 3 months		3,219	3,600
3 to 6 months		310	370
> 6 months		-	-
		3,529	**3,970**

(c) Effective interest rates and credit risk

All receivables are non-interest bearing.

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

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

(d) Fair value

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

Notes to the Financial Statements

	Notes	Consolidated 2013 $'000	2012 $'000
11. INVENTORIES (CURRENT)			
Raw materials at cost		5,527	6,296
Finished goods at cost		7,714	7,450
Other inventory at cost		5,335	5,707
Almond stock at net realisable value	1(e)	48,303	17,191
		66,879	**36,644**
12. DERIVATIVE FINANCIAL INSTRUMENTS (CURRENT)			
Current Assets			
Forward exchange contracts – cash flow hedges		343	375
Total current derivative financial instrument assets		**343**	**375**
Current Liabilities			
Interest rate swap – cash flow hedges		569	664
Forward exchange contracts – cash flow hedges		2,752	154
Total current derivative financial instrument liabilities		**3,321**	**818**

(i) Cash flow hedges

On 25 February 2013, the Company entered into an agreement to swap the variable interest rate applicable to $30m of debt to fixed interest at a rate of 3.97% until 29 February 2016. The market value of the swap is recognised as a current liability in the balance sheet. Movements in the fair value of the cap are treated similarly 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 Company also enters into forward exchange contracts to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective of entering the forward exchange contracts is to protect the Company against unfavourable exchange rate movements for highly probable contracted and forecasted sales and purchases undertaken in foreign currencies.

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

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

Buy United States Dollars Settlement	Sell Australian Dollars		Average Exchange Rate	
	2013 $'000	2012 $'000	2013 $	2012 $
Less than 6 months	5,227	4,490	0.99	0.99
6 months to 1 year	-	323	-	0.97
	5,227	**4,813**		

Sell United States Dollars Settlement	Buy Australian Dollars		Average Exchange Rate	
	2013 $'000	2012 $'000	2013 $	2012 $
Less than 6 months	31,271	9,547	0.97	0.97
	31,271	**9,547**		

(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 net amount of the foreign currency the Company will be required to pay or purchase when settling the brought forward exchange contracts should the counterparty not pay the currency it is committed to deliver to the Company at balance date was $26,043,890 (2012: $4,733,901).

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

	Notes	Consolidated 2013 $'000	2012 $'000
13. ASSETS HELD FOR SALE			
Property, plant and equipment		5,000	-
		5,000	**-**

This amount represents the estimated recoverable amount of assets at the Company's Western Australian orchards, less cost to sell. As outlined in note 3, the decision has been made to exit this project. An independent review found that the growing conditions have been more challenging than anticipated and water requirements and power costs have proved to be significantly higher than expected. The assessment was that commercial crop yields can only be achieved in this geographical area, with significant future investment and this would not be without a high level of horticultural risk. As a result of the review a decision was made to impair the carrying value of the assets, with write downs of biological assets of $26,147,387 and impairment losses on property, plant and equipment of $13,760,204 recognised. A sale process is currently in progress as the Company seeks to maximise the value from these assets. These assets are included within the Almond Division segment.

	Notes	2013 $'000	2012 $'000
14. OTHER ASSETS (NON-CURRENT)			
Prepayments		814	1,047
		814	**1,047**

	Notes	2013 $'000	2012 $'000
15. PROPERTY, PLANT AND EQUIPMENT			
Buildings			
At cost		12,531	11,910
Accumulated depreciation		(773)	(851)
	15(a)	**11,758**	**11,059**
Plantation land and irrigation systems			
At cost		81,463	75,230
Accumulated depreciation and impairment		(26,391)	(23,714)
	15(a)	55,072	51,516
Total land and buildings		**66,830**	**62,575**
Plant and equipment			
At cost		51,097	70,257
Accumulated depreciation and impairment		(43,620)	(42,902)
	15(a)	7,477	27,355
Capital works in progress			
At cost	15(a)	725	1,040
Total plant and equipment		**8,202**	**28,395**
Total property, plant and equipment			
Cost		145,816	158,437
Accumulated depreciation		(70,784)	(67,467)
Total written down amount		**75,032**	**90,970**

(a) Reconciliations

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

	Notes	Consolidated 2013 $'000	2012 $'000
Buildings			
Carrying amount at beginning		11,059	11,110
Acquired through business combinations		4	-
Disposals		(506)	-
Depreciation expense		(69)	(51)
Transfers between classes		1,270	-
		11,758	**11,059**
Plantation land and irrigation systems			
Carrying amount at beginning		51,516	54,578
Acquired through business combinations		4,351	-
Impairment of land and irrigation systems		-	(20,000)
Disposals		(152)	(3,211)
Assets transferred to held for sale		(5,000)	-
Depreciation expense		(626)	(338)
Transfers between classes		4,983	20,487
		55,072	**51,516**
Plant and equipment			
Carrying amount at beginning		27,355	35,696
Additions		3,166	349
Impairment of plant and equipment		(13,760)	(4,908)
Disposals		(203)	(1,399)
Transfers between classes		(5,114)	3,341
Depreciation expense		(3,967)	(5,724)
		7,477	**27,355**
Capital works in progress			
Carrying amount at beginning		1,040	15,139
Additions		825	9,729
Transfers between classes		(1,140)	(23,828)
		725	**1,040**
Total written down value		**75,032**	**90,970**

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

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

As at 30 June 2013 the Company owned a total of 5,524 acres of almond orchards (2012: 8,232 acres) and leased a total of 4,498 acres of almond orchards (2012: 4,521 acres).

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

During the year ended 30 June 2013, 12,000 metric tonnes of almonds were harvested from these orchards (2012: 5,830 metric tonnes).

	Consolidated	
	2013 $'000	2012 $'000
Carrying amount at 1 July	74,171	49,585
Transferred to inventory	(27,498)	(1,066)
Change in fair value	20,190	2,508
Acquired through business combinations	12,752	-
Additions	14,947	23,144
Impairment of trees	(26,147)	-
Carrying amount at 30 June	**68,415**	**74,171**

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

- Almond trees have an estimated 30 year economic life, with crop yields consistent with long term yield rates, which are in line with almond industry sourced data;
- Selling prices are based on long term average trend prices being $6 per kg;
- Growing, processing and selling costs are based on expected future costs;
- Temporary water costs are based on long term average market prices where assets have no permanent water rights attached;
- Cash flows are discounted at a rate of 13%(2012: 13%) which takes into account the cost of capital plus an appropriate risk factor; and
- An appropriate rental charge is included to represent the use of the developed land on which the trees are planted.

Price risk

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

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

(a) Financial risk management strategies

The Company is exposed to financial risks arising from changes in the Australian dollar price of almonds because export sales are denominated in US dollars. The Company reviews its outlook for almond prices regularly in considering the need for active financial risk management.

(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

17. INTANGIBLES (NON-CURRENT)

	Goodwill $'000	Brand Names* $'000	Permanent Water Rights $'000	Total $'000
Year ended 30 June 2012				
Opening net book amount	25,995	2,905	18,061	46,961
Disposal of permanent water rights	-	-	(10,778)	(10,778)
Closing net book amount	**25,995**	**2,905**	**7,283**	**36,183**
Year ended 30 June 2013				
Opening net book amount	25,995	2,905	7,283	36,183
Acquisition of permanent water rights	-	-	98	98
Closing net book amount	**25,995**	**2,905**	**7,381**	**36,281**

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

a) Impairment tests for goodwill and brand names

Goodwill is allocated to the Company's cash-generating units (CGU) identified according to operating segment. The total value of goodwill 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 forecasts based on financial projections by management covering a five year period based on growth rates taking into account past performance and its expectations for the future. These do not exceed the long-term growth rate for the business in which the Food Products Division operates. A pre-tax weighted average cost of capital of 13% (2012:13%) 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 2013. If the projected annual cash flows were decreased by 5%, or if a pre-tax discount rate of 13.7% was used instead of 13.0% the recoverable amount of the goodwill in the Food Products Division would be equal to the carrying amount of goodwill at 30 June 2013.

(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 2013 $'000	2012 $'000

18. TRADE AND OTHER PAYABLES (CURRENT)

	Notes	2013 $'000	2012 $'000
Trade creditors		10,441	13,075
Other creditors and accruals		19,054	12,290
		29,495	**25,365**

19. INTEREST BEARING LIABILITIES (CURRENT)

	Notes	2013 $'000	2012 $'000
Secured			
Bank overdraft		1,873	995
Debt facilities		39,000	24,500
Total secured current borrowings		**40,873**	**25,495**

(a) Security

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

(b) Interest rate risk exposures

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

	Consolidated 2013 $'000	2012 $'000
20. PROVISIONS (CURRENT)		
Employee benefits	3,111	2,691
	3,111	**2,691**
21. INTEREST BEARING LIABILITIES (NON-CURRENT)		
Term debt facility	47,250	42,500
	47,250	**42,500**

Assets pledged as security

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

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

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

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

	Consolidated 2013 $'000	2012 $'000
Current		
Floating charge		
Cash and cash equivalents	8,939	1,061
Receivables	42,142	37,398
Inventories	66,879	36,644
Current tax receivables	-	1,458
Derivative financial instruments	343	375
Assets held for sale	5,000	-
Total current assets pledged as security	123,303	76,936
Non-current		
Floating charge		
Prepayments	814	1,047
Property, plant and equipment	75,032	90,970
Biological assets – almond trees	68,415	74,171
Permanent water rights	7,381	7,283
Total non-current assets pledged as security	151,642	173,471
Total assets pledged as security	**274,945**	**250,407**

Financing arrangements

The Company has bank overdraft facilities available to the extent of US$3,000,000 (2012: US$3,000,000).

The Company has a debt facility available to the extent of $91,250,000 as at 30 June 2013 (2012: $115,000,000). On 12 August 2013 the Company announced that it had completed negotiations on the refinancing of its banking facilities. New facilities totalling $135,000,000 have been approved in a joint banking arrangement with the National Australia Bank and Rabobank. The split between current and non-current liabilities has been based on the repayment requirements under the terms of the existing debt facility.

The current interest rates at balance date are 5.07% on the debt facility, and 0.78% 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 2013.

	Consolidated	
	2013 $'000	2012 $'000

22. DEFERRED TAX LIABILITIES (NON CURRENT)

	2013 $'000	2012 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Accruals and provisions	(2,403)	10
Inventory	1,608	1,679
Biological assets – almond trees	16,991	19,443
Property, plant and equipment	15,622	8,825
Intangibles	677	871
	32,495	30,828
Amounts recognised directly in OCI		
Cash flow hedges	(893)	153
Amounts recognised directly in equity		
Equity raising costs	-	(632)
Total deferred tax liabilities	31,602	30,349
Carry forward tax losses	(12,023)	(9,178)
Net deferred tax liabilities	19,579	21,171
Movements:		
Opening balance 1 July	21,171	25,123
Prior period over provision	3	1,655
(Credited) to income statement	(1,765)	(387)
Charged/(credited) to equity	(893)	244
Discount on acquisition	3,908	-
Carry forward tax losses	(2,845)	(5,464)
Closing balance at 30 June	**19,579**	**21,171**

23. PROVISIONS (NON CURRENT)

	2013 $'000	2012 $'000
Employee entitlements	**711**	**937**
Aggregate employee entitlements liability (Including current liabilities in Note 20)	3,822	3,628

	Consolidated 2013 $'000	2012 $'000
24. CONTRIBUTED EQUITY		
(a) Issued and paid up capital		
Ordinary shares fully paid	97,007	95,957
	97,007	**95,957**

(b) Movements in shares on issue

	2013		2012	
	Number of Shares	$'000	Number of Shares	$'000
Beginning of the financial year	56,812,699	95,957	56,226,960	95,066
Issued during the year				
• Dividend reinvestment plan	650,152	1,050	585,739	891
End of Financial year	**57,462,851**	**97,007**	**56,812,699**	**95,957**

(c) Performance Rights

Long Term Incentive Plan

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

The long term scheme involves the issue of performance rights to the employee, under the Long Term Incentive Plan. During or since the end of the financial year, no performance rights (2012: no performance rights) have vested under this plan (refer Note 35 and Directors' Report for further details). The market value of ordinary Select Harvests Limited shares closed at $3.27 on 30 June 2013 ($1.30 on 30 June 2012).

(d) Ordinary shares

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

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

(e) Capital risk management

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

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

	Notes	Consolidated 2013 $'000	2012 $'000
25. RESERVES AND RETAINED PROFITS			
Capital reserve	25(a)	3,270	3,270
Cash flow hedge reserve	25(a)	(2,085)	(443)
Asset revaluation reserve	25(a)	7,645	7,645
Options reserve	25(a)	314	-
		9,144	**10,472**
Retained profits	25(c)	**53,354**	**53,901**
(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		(443)	(42)
Fair value movement in interest rate swap		266	(664)
Fair value movement in interest rate cap		-	7
Fair value movement in foreign currency dealings arising during the year		(1908)	256
Balance at end of year		**(2,085)**	**(443)**
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		-	328
Option expense		314	-
Transfer to retained earnings		-	(328)
Balance at end of year		**314**	**-**

b) Nature and purpose of reserves

(i) Capital reserve

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

(ii) Asset revaluation reserve

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

(iii) Options reserve

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

(iv) Cash flow hedge reserve

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

	Consolidated 2013 $'000	2012 $'000
(c) Retained profits		
Balance at the beginning of year (i)	53,901	62,548
Profit/(loss) attributable to members of Select Harvests Limited	2,872	(4,469)
Total available for appropriation	56,773	58,079
Dividends paid	(3,419)	(4,506)
Transfer from reserves	-	328
Balance at end of year	**53,354**	**53,901**

(i) Refer to Note 1 (a)

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

	2013 $'000	2012 $'000
Net profit/(loss)	2,872	(4,469)
Non-cash items		
Depreciation and amortisation	4,662	6,113
Biological asset fair value adjustment	(20,190)	(2,508)
Impairment of property, plant and equipment	13,760	24,908
Write down of biological assets	26,147	-
Discount on acquisition	(9,119)	-
Net (gain) / loss on sale of assets	270	(3,787)
Options expense	314	-
Changes in assets and liabilities		
(Increase) / decrease in receivables	(7,124)	3,118
(Increase) in inventory	(7,618)	(2,819)
(Increase) / decrease in other assets	233	2,575
Increase / (decrease) in trade and other payables	2,798	(1,352)
Decrease in income tax receivable	1,458	4,841
Increase in deferred tax liability	(4,606)	(3,970)
Increase / (decrease) in employee entitlements	194	(619)
Net cash flow from operating activities	**4,051**	**22,031**

Non cash financing activities

During the current year the company issued $650,152 of new equity as part of the Dividend Reinvestment Plan.

	Consolidated 2013 $'000	2012 $'000

27. EXPENDITURE COMMITMENTS

(a) Lease commitments

	2013 $'000	2012 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	10,779	9,412
Later than one year but not later than five years	38,509	33,173
Later than five years	87,023	98,484
	136,311	**141,069**
(i) Operating leases (non cancellable):		
Minimum lease payments		
• Not later than one year	4,613	3,411
• Later than one year and not later than five years	12,102	7,473
• Later than five years	2,981	7,569
• Aggregate lease expenditure contracted for at reporting date	19,696	18,453

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

	2013 $'000	2012 $'000
(ii) Almond orchard leases:		
Minimum lease payments		
• Not later than one year	6,166	6,001
• Later than one year and not later than five years	26,407	25,700
• Later than five years	84,042	90,915
Aggregate lease expenditure contracted for at reporting date	116,615	122,616

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

(b) Capital commitments

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

	2013 $'000	2012 $'000
Permanent water rights	882	-
	882	-

28. EVENTS OCCURING AFTER BALANCE DATE

On 22 August 2013, the Directors declared a final dividend of 9 cents per share in relation to the financial year ended 30 June 2013 to be paid on 15 October 2013.

On 12 August 2013 the Company announced that it had completed negotiations on the refinancing of its banking facilities. New facilities totalling $135 million have been approved in a joint banking arrangement with the National Australia Bank and Rabobank.

There has been no other matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect:

a) the operations, in financial years subsequent to 30 June 2013, of the Company, or

b) the results of those operations, or

c) the state of affairs, in financial years subsequent to 30 June 2013, of the Company.

Notes to the Financial Statements

29. EARNINGS PER SHARE

	2013 Cents	2012 Cents
Basic earnings per share attributable to equity holders of the Company	5.0	(7.9)
Diluted earnings per share attributable to equity holders of the Company	5.0	(7.9)

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

	Consolidated	
	2013 $'000	2012 $'000
Basic earnings per share:		
Profit/(loss) attributable to equity holders of the Company used in calculating basic earnings per share	2,872	(4,469)
Diluted earnings per share:		
Profit/(loss) attributable to equity holders of the Company used in calculating diluted earnings per share	2,872	(4,469)

	Number of shares	
	2013	2012
Weighted average number of ordinary shares used in calculating basic earnings per share	57,100,931	56,429,488
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	57,777,363	56,429,488

30. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

a) Directors

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

(i) Chairman – non-executive
M Iwaniw

(ii) Executive director
P Thompson, Managing Director*

(iii) Non-executive directors
F Grimwade
R M Herron
M Carroll
P Riordan**

* Appointed 9 July 2012
** Appointed 2 October 2012

b) Other key management personnel

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

Name	Position	Employer
P v	Chief Financial Officer & Company Secretary	Select Harvests Limited
M Eva	Group Manager Sales & Marketing	Select Harvests Limited
P Ross	Group Horticultural & Farm Operations Manager	Select Harvests Limited
L Van Driel	Group Trading Manager	Select Harvests Limited
B Van Twest	Group Manager Operations	Select Harvests Limited

	Notes	Consolidated	
		2013 $'000	2012 $'000
(c) Key management personnel compensation			
Short term employment benefits		2,984,314	2,495,566
Termination benefits		123,666	247,318
Long service leave		39,599	13,729
Share based payments		314,019	-
		3,461,598	**2,756,613**

(d) Equity instrument disclosures relating to key management personnel

Number of options/performance rights held by directors and key management personnel

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

2013	Held at 1 July 2012	Granted as Compensation	Lapsed	Held at 30 June 2013	Unvested at 30 June 2013
Directors					
P Thompson*	-	900,000	-	900,000	900,00
Key Management Personnel					
P Chambers	173,880	-	-	173,880	173,880
M Eva**	-	172,678	-	172,678	172,678
P Ross	162,180	-	-	162,180	162,180
L Van Driel	-	151,800	-	151,800	151,800
B Van Twest***	-	180,000	-	180,000	180,000
M Graham****	167,940	-	167,940	-	-
T Millen*****	151,740	-	151,740	-	-

* Appointed 9 July 2012

** Appointed 24 October 2012

*** Appointed 24 September 2012

**** Resigned 31October 2012

***** Resigned 26 October 2012

2012	Held at 1 July 2011	Granted as Compensation	Lapsed	Held at 30 June 2012	Unvested at 30 June 2012
Directors					
J Bird***	539,784	-	(539,784)	-	-
Key Management Personnel					
P Chambers	136,426	173,880	(136,426)	173,880	173,880
M Graham	41,320	167,940	(41,320)	167,940	167,940
L Van Driel	116,214	-	(116,214)	-	-
T Millen	117,685	151,740	(117,685)	151,740	151,740
P Ross	126,757	162,180	(126,757)	162,180	162,180

*** Retired 1 March 2012

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

Notes to the Financial Statements

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:

2013	Held at 1 July 2012	Received on exercise	Other – DRP, sales & purchases	Held at 30 June 2013
Directors – Non executive				
M Iwaniw	100,000	-	62,262	162,262
R M Herron	41,965	-	1,708	43,673
M Carroll	-	-	-	-
F Grimwade	100,000	-	-	100,000
Directors – Executive				
P Thompson*	-	-	20,000	20,000
Key Management Personnel				
P Chambers	22,000	-	-	22,000
P Ross	-	-	-	-
M Eva**	-	-	-	-
L Van Driel	-	-	-	-
B Van Twest***	-	-	-	-
M Graham****	-	-	-	-
T Millen*****	45,444	-	-	45,444

* Appointed 9 July 2012

** Appointed 24 October 2012

*** Appointed 24 September 2012

**** Resigned 31 October 2012

***** Resigned 26 October 2012

2012	Held at 1 July 2011	Received on exercise	Other – DRP, sales & purchases	Held at 30 June 2012
Directors – Non executive				
J C Leonard*	947,099	-	-	947,099
R M Herron	40,672	-	1,293	41,965
M Carroll	-	-	-	-
F Grimwade	30,000	-	70,000	100,000
M Iwaniw	3,000	-	97,000	100,000
Directors – Executive				
J Bird**	645,005	-	-	645,005
Key Management Personnel				
M Graham	-	-	-	-
T Millen	45,444	-	-	45,444
L Van Driel	-	-	-	-
P Chambers	8,000	-	14,000	22,000
P Ross	-	-	-	-

* Retired 1 June 2012

** Retired 1 March 2012. Closing balance of shares shown is as at retirement.

(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 2013 are detailed in Note 32.

31. REMUNERATION OF AUDITORS

	2013 $	2012 $
Audit and other assurance services		
Audit and review of financial statements	276,900	236,750
Other assurance services	-	60,000
Total remuneration for audit and other assurance services	**276,900**	**296,750**
Taxation services		
Tax compliance services	47,396	41,500
Tax consulting	137,049	548,247
Total remuneration for taxation services	**184,445**	**589,747**
Total remuneration of PricewaterhouseCoopers	**461,345**	**886,497**

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

There were no director related entity transactions during the year.

33. SEGMENT INFORMATION

Segment products and locations

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

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 is split into two segments:
  - » Company Orchards - the growing, processing and sale of almonds to the food industry from company owned almond orchards; and
  - » Managed 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 Company operates predominantly within the geographical area of Australia.

33. SEGMENT INFORMATION (CONT.)

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

	Food Products ($'000)		Managed Orchards Almond Division ($'000)		Company Orchards Almond Division ($'000)		Total Almond Division ($'000)		Eliminations and Corporate ($'000)		Consolidated Entity ($'000)	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue												
Total revenue from external customers	133,209	137,094	23,829	95,445	33,880	14,227	57,709	109,672	-	-	190,918	246,766
Intersegment revenue	-	-	-	-	13,233	9,888	13,233	9,888	(13,233)	(9,888)	-	-
Total segment revenue	**133,209**	**137,094**	**23,829**	**95,445**	**47,113**	**24,115**	**70,942**	**119,560**	**(13,233)**	**(9,888)**	**190,918**	**246,766**
Other revenue	-	-	-	-	111	4,314	111	4,314	99	242	210	4,556
Total revenue	**133,209**	**137,094**	**23,829**	**95,445**	**47,224**	**28,429**	**71,053**	**123,874**	**(13,134)**	**(9,646)**	**191,128**	**251,322**
EBIT	5,450	6,027	4,723	9,332	(835)	(12,883)	3,888	(3,551)	(4,097)	(4,971)	5,241	(2,495)
Interest received	-	-	-	-	-	-	-	-	98	241	98	241
Finance costs expensed	-	-	-	-	-	-	-	-	(5,141)	(6,489)	(5,141)	(6,489)
Profit before income tax	**5,450**	**6,027**	**4,723**	**9,332**	**(835)**	**(12,883)**	**3,888**	**(3,551)**	**(9,140)**	**(11,219)**	**198**	**(8,743)**
Segment assets (excluding intercompany debts)	**62,976**	**67,852**					**235,123**	**211,830**	**5,746**	**(375)**	**303,845**	**279,307**
Segment liabilities (excluding intercompany debts)	**13,702**	**11,799**					**39,346**	**42,908**	**91,292**	**64,270**	**144,340**	**118,977**
Acquisition of non-current segment assets	**300**	**277**					**16,448**	**27,923**	**17**	**135**	**16,765**	**28,335**
Depreciation and amortisation of segment assets	**618**	**679**					**3,961**	**5,334**	**83**	**100**	**4,662**	**6,113**

Assets and liabilities in the almond division are managed and reported at the total almond division level.

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

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

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

2012 Managed orchards EBIT includes a $4.9m impairment loss in relation to almond processing assets.

2012 Company orchards EBIT includes a $20.0m impairment loss in relation to the Company's Western Australian orchards.

Sales to major customers include Woolworths 29%, Coles 20% and Olam 6% of total sales.

34. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2013	2012
Parent Entity:			
Select Harvests Limited (i)	Australia	100	100
Subsidiaries of Select Harvests Limited:			
Kyndalyn Park Pty Ltd (i)	Australia	100	100
Select Harvests Food Products Pty Ltd (i)	Australia	100	100
Meriram Pty Ltd (i)	Australia	100	100
Kibley Pty Ltd (i)	Australia	100	100

(i) Members of extended closed group

35. EMPLOYEE BENEFITS

Long Term Incentive Plan

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

MEASURE	PROPORTION OF RIGHTS TO VEST
EPS	
Below 5% growth	Nil
5% growth	25%
5.1% – 6.9% growth	Pro rata vesting
7% or higher growth	50%
TSR	
Below the 60th percentile*	Nil
60th percentile*	25%
61st – 74th percentile*	Pro rata vesting
At or above 75th percentile*	50%

* Of the peer group of ASX listed companies

35. EMPLOYEE BENEFITS (CONT.)

Summary of performance rights over unissued ordinary shares

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

2013

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	$	$
29/06/2012	29/06/2015	-	655,740	-	319,680	-	336,060	-	-	-	1.14	384,045
30/04/2013	30/04/2016	-	-	1,404,487	-	-	1,404,487	-	-	-	2.26	3,171,921

2012

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	$	$
20/09/2008	31/10/2011	$5.15	324,879	-	(324,879)	-	-	-	-	-	-	-
28/09/2009	29/10/2012	$2.83	392,672	-	(392,672)	-	-	-	-	-	-	-
27/09/2010	28/10/2013	$3.27	409,741	-	(409,741)	-	-	-	-	-	-	-
29/06/2012	29/06/2015	-	-	655,740	-	-	655,740	-	-	-	-	-

35. EMPLOYEE BENEFITS (continued)

Fair value of performance rights granted

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

The model inputs for rights granted during the year ended 30 June 2013 included:

	29 JUNE 2012 RIGHTS ISSUE	30 APRIL 2013 RIGHTS ISSUE
Share price at grant date	$1.62	$2.90
Expected volatility*	30%	30%
Expected dividends	Nil	Nil
Risk free interest rate	5%	5%

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

Expenses arising from share-based payment transactions

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

	Consolidated	
	2013 $	2012 $
Performance rights granted under employee long term incentive plan	314,019	-
	314,019	-

36. CONTINGENT LIABILITIES

Cross guarantees given by the entities comprising the Company 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	2013 $'000	2012 $'000
Current Assets	7,617	1,726
Total Assets	387,861	329,885
Current Liabilities	38,151	19,768
Total Liabilities	287,224	226,249
Shareholders' Equity		
Issued Capital	97,006	95,957
Reserves		
Capital Reserve	3,270	3,270
Cash flow hedge reserve	(2,085)	(444)
Options Reserve	314	121
Retained profits	2,132	4,732
	100,637	**103,636**
Profit or Loss for the year	**819**	**2,015**
Total comprehensive income/loss	**(823)**	**1,614**

Notes to the Financial Statements

(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.

Director's Declaration

In the directors' opinion:

(a) the financial statements and Notes set out on pages 18 to 88 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 2013 and of its performance for the financial year ended on that date; and

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

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

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

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

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

M Iwaniw
Chairman

Melbourne, 22 August 2013

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 2013, 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 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. 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.

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

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Freshwater Place 2Southbank Boulevard,SOUTHBANK VIC 3006, GPO BOX 1331, Melbourne VIC 3001
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Independent auditor's report to the members of Select Harvests Limited (continued)

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 consolidated entity's financial position as at 30 June 2013 and of its 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 financial report 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 the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John O'Donoghue
Partner

Melbourne
22 August 2013

ASX additional information

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

(a) Distribution of equity securities

The following information is current as at 31 July 2013.

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	953
1,001 to 5,000	1,143
5,001 to 10,000	421
10,001 to 100,000	495
100,001 and over	53

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

Number of Ordinary Shares	Number of Shareholders
9,869	230

(b) Twenty largest shareholders

The following information is current as at 24 June 2013.

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

		Listed Ordinary Shares	
		Number of Shares	Percentage of Shares
1	FMR LLC	7,085,081	12.33%
2	Thorney Investment Group	6,865,928	11.95%
3	Global Thematic Partners LLC	2,364,025	4.11%
4	Credit Suisse Group	2,031,584	3.54%
5	Dimensional Fund Advisors	1,786,757	3.11%
6	AMP Capital Investors Limited	1,714,225	2.98%
7	Mr Curt Leonard	947,099	1.65%
8	Mr Thomas Hadley	881,844	1.53%
9	Rockets Worldwide Limited	871,990	1.52%
10	Fairview Equity Partners	820,523	1.43%
11	DBTS (G) Ltd	760,401	1.32%
12	Middendorp Family Holdings (Retail Group)	706,483	1.23%
13	Mr & Mrs Franklyn R Brazil	600,000	1.04%
14	Mr Paul Taylor	530,000	0.92%
15	Sigma Funds Management Pty Ltd	400,622	0.70%
16	Mr J Shuster & Ms J Lush	400,000	0.70%
17	Mr William Matthes	387,455	0.67%
18	Mr Rodney Fitzroy	350,000	0.61%
19	Mr John Lawless	325,500	0.57%
20	Berkholts Investments Pty Ltd	319,640	0.56%

(c) Substantial shareholders

The names of substantial shareholders are:

	Number of Shares
FMR LLC	7,085,081
Thorney Investment Group	6,865,928

(d) Voting rights

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

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

Corporate information

Select Harvests Limited

ABN 87 000 721 380

Directors

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

Company Secretary

P Chambers

Registered Office - Select Harvests Limited

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

National Australia Bank Limited
Rabobank Australia

Auditor

PricewaterhouseCoopers

Share Register

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Telephone (03) 9415 4000
Facsimile (03) 9473 2555
www.investorcentre.com

Internet Address

www.selectharvests.com.au

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SELECT HARVESTS