SELECT HARVESTS

ANNUAL REPORT 2015

Company Profile

Select Harvests is one of Australia's largest almond producers and marketers 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. We supply the Australian retail and industrial markets and export almonds globally.

Our Operations

Our geographically diverse almond orchards are at or near maturity. Located in Victoria, South Australia and New South Wales our portfolio includes more than 7,602 Ha (18,776 acres) of company owned and leased almond orchards and land suitable for planting.

These orchards, plus other independent orchards, supply our state-of-the-art primary processing facility at Carina West near Robinvale, 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 and 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.

Export

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 markets in Asia, Europe and the Middle East.

Our Brands

The Select Harvests Food Division provides a capability and route to market domestically and around the world for processed almonds and other natural products. It supplies both branded and private label products to the key retailers, distributors and industrial users. Our market leading brands are: Lucky, Nu-Vit, Sunsol, Allinga Farms 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.

Our Mission

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

Geographic Diversity

1,611

PLANTED HA
IN SOUTHERN REGION
(3,979 ACRES)

2,161

PLANTED HA
IN CENTRAL REGION
(5,337 ACRES)

1,825

PLANTED HA
IN NORTHERN REGION
(4,508 ACRES)

Note: Planted area as at 30 September 2015. Includes 384 HA (948 acres) planted in Southern Region post 30 June 2015.

Industry Overview

9 things you might not know about almonds...

1/ AUSTRALIA'S LARGEST HORTICULTURAL EXPORT

EXPORT SALES
▲246%
OVER PAST FIVE YEARS

Export sales will reach A$600m in 2015/16. Sales will top A$1b by 2020.

Source: ABA

2/ AUSTRALIA EXPORTS ALMONDS TO 50 COUNTRIES

INDIA CONSUMES
24%
OF AUSTRALIAN ALMOND EXPORTS

Export sales of A$422m in 2014/15.

Source: ABA

3/ ALMONDS GROW WITH THE GLOBAL CHOCOLATE INDUSTRY

66%
OF CHOCOLATE CONSUMERS PREFER CHOCOLATE WITH ALMONDS THAN WITHOUT

The global chocolate industry was forecast to grow another 27% over the next 5 years.

Source: Californian Almond Board/Euromonitor

4/ THE DOMINANT TREE NUT

ALMONDS COMPRISE
33%
OF TREE NUTS GLOBALLY

Almonds are roughly double the volume of the next largest nut, making substitution of other tree nuts for almonds difficult.

Source: Company Data

5/ AUSTRALIA LEADS CONSUMPTION

▲934
GRAMS / PERSON / YEAR

Australian per capita almond consumption was the highest in the world at 934gm/person/year in 2014.

Source: ABA

6/ CHEAP SOURCE OF PROTEIN

VALUE & COST

On a price per unit of protein basis, almonds are still one of the cheapest sources of protein on the planet.

Source: Company Data

7/ GOOD FOR YOUR THINKING

MAY IMPROVE COGNITIVE PROCESSES

A new review of 70 studies has found that a handful of nuts may improve cognitive processes, which include mental processes such as memory, problem solving and decision making.

Source: Nuts for Life

8/ NUTS ARE HEALTHY FOR YOU

▼40%
POSSIBLE REDUCTION IN HEART DISEASE

Nuts have been linked to a 40% Reduced Risk of Death from Heart Disease in a recent meta-analysis.

Source: Nuts for Life

9/ ALMONDS ARE RICH IN NUTRIENTS

POUND FOR POUND, ALMONDS ARE ONE OF THE BEST NUTS FOR YOUR HEALTH

Almonds are the tree nut highest in protein, fibre, calcium, vitamin E, riboflavin, niacin and one of the highest sources of hard-to-get magnesium.

Source: Nuts for Life

Contents

Performance Summary

EBIT ($000's)	FY14 (restated)	FY15
Almond Division	30,275	87,503
Food Division	5,644	6,817
Corporate	(4,631)	(4,685)
Total EBIT	**31,288**	**89,635**
Interest Expense	(4,455)	(5,331)
Profit Before Tax	**26,833**	**84,304**
Tax Expense	(5,190)	(24,885)
NPAT (before acquisition costs)	**21,643**	**59,419**
Acquisition Costs	–	(2,653)
NPAT Reported	**21,643**	**56,766**
EPS (excluding acquisition costs)	**37.5 cents**	**86.8 cents**
EPS reported	**37.5 cents**	**82.9 cents**
Operating Cash flow	**23,063**	**30,399**
Net Debt	**94,764**	**109,708**
Gearing (Net Debt/Equity)	**54.1%**	**38.2%**

A Record Year

- Select Harvests delivered a **record Underlying NPAT** (excluding acquisition costs) in 2015 of **$59.4 million**, following on from the strong restated 2014 result of $21.6 million.

- **Earnings per share** (excluding acquisition costs) was **86.8 cps**, an **increase of 131%** on last year's underlying EPS.

- The business generated **cash flow** of **$30.4 million, 32% higher** than 2014.

- The result was driven by the valuation of the 2015 crop, based on a yield of **14,500 tonnes** and a price of **$11.45/kg** plus further upside from the 2014 crop.

- This improved performance has resulted in **gearing** being **reduced to 38.2%**

- Our **7 strategic platforms** have resulted in **growth, improved productivity** and **profitability** plus **reduced risk.**

We are pleased to present you with Select Harvests' 2014/15 Annual Report. It has been an outstanding year for the company with record volumes, prices, productivity and financial results, driven by executing our strategy, enhanced by favourable market conditions.

Highlights

- Record Reported Profit – $56.8 million, up 162%
- Productivity gains
  - Harvest – 38% larger harvest
  - Processing – 20% more productive in FY15
  - Orchard – Higher nutrient program reflecting in tree health and yield
- Sales Growth
  - Almond sales up 189%
  - Industrial sales up 28%
  - Branded consumer sales up 9%
- Strategic Projects – Approved
  - Project Parboil (facility to improve almond supply chain efficiency) – $10.0m,
  - Project H2E (Electricity Cogen Plant) – $12.0m
- Funding – equity raising, sale & leaseback
  - Acquisition of 2 orchards and land bank
  - Replanted 207 HA (512 acres) in Q3CY2014
  - Planted 384 HA (948 acres) in Q3CY2015
  - Funding in place to plant another 960 HA (2,371 acres)
- Risk mitigation
  - Frost Fans – 13 frost events, nil loss
  - Increased harvest matrix – 14 days less harvesting time
  - Almond Dryer – Quality/mix improvement
- Almond crop
  - 14,500 tonnes – up 4,000 tones on FY14

Financial Performance

The company generated a Reported NPAT of $56.8 million in FY15 – a record result and substantially up on the strong FY14 Underlying NPAT of $21.6 million. Excluding the impact of acquisition transaction costs and the company's early adoption of new Accounting Standards, FY15 NPAT would have been $63.2 million.

Reported FY15 Earnings Per Share ("EPS") increased to 82.9 cents per share ("cps"), up 121% on Restated FY14 EPS of 37.5 cps.

The company paid a final dividend of 35 cents per share on 13 October 2015 (Record Date 31 August 2015), taking the full year dividend to 50 cents per share (up from 20 cents last year).

As at 30 June 2015, Net Debt was $109.7 million and gearing (Net Debt to Equity) was 38%.

Strategy

The company has continued to deliver against the milestones set out in its 7 strategic platforms. The recent orchard acquisitions and greenfield expansion will deliver the primary strategy platform of building and controlling the critical mass of nut. The enhanced tree nutrition program and increased density of new tree plantings will deliver greater orchard productivity, leveraging the global almond opportunity that we have been steadily working towards in recent years and maximizing profitability.

Capital investments in the Almond Dryer, Cogen Plant and Project Parboil will improve quality and productivity, reduce the cost base and increase the efficiency, capacity and sustainability of our supply chain. These investments will positively impact the ability of the Packaged Food business and Industrial & Trading business to capture new opportunities and grow.

The investment in brands is gaining traction and delivering increased sales and margin, while the growth in other channels and geographies will assist future profitability and growth.

Chairman & Managing Director's Report

Acquisitions

During the financial year the company acquired 2 almond orchards (Amaroo in South Australia and Mullroo in Victoria). These acquisitions delivered another 1,004 HA (2,481 acres) of planted almond orchards and land suitable for planting to almonds, which will be planted out over the next 3 years.

Select Harvests now has 5,597 HA (13,824 acres) of planted almond orchards, including 384 HA (948 acres) planted in the Southern Region post 30 June 2015. With plantings anticipated over the next 2 seasons, we will have portfolio of approx 6,680 HA (16,500 acres) of planted almond orchard.

Funding

During the year, the company secured additional funding from a number of sources. To fund the acquisition of the aforementioned orchards and land bank, the company raised a total of $66.2 million in equity ($46.5 million Institutional Placement and $19.7 million Share Purchase Plan) at $5.35/share.

The company was granted additional facilities from its bankers NAB and Rabo, ensuring that it was adequately positioned to fund further projects.

Select Harvests recently announced a Sale & Leaseback Agreement with First State Super ("FSS"), whereby FSS would acquire a mature orchard and unplanted land from Select Harvests for $67 million. Select Harvests will lease back these properties, plus develop the unplanted orchards in FY17 and FY18, with all development costs funded by FSS. Select Harvests maintains the full horticultural control and income from these orchards. Post planting out of this Greenfield acreage, the ratio between owned and leased orchards across the portfolio will be approximately 50:50.

FSS are a significant Australian superannuation company who are at the forefront of Australian super funds investing in highly productive and valuable farmland. Select Harvests are pleased to have secured this relationship. The relationship delivers secure long term funding allowing Select Harvests to significantly grow almonds under its control, whilst protecting EPS while the orchards mature.

Select Harvests continues to seek mature orchards to acquire and opportunities to develop greenfield properties. These initiatives, along with the outlook for the business, place the company in a very strong position.

Almond Division

The Almond Division generated an EBIT of $87.5 million in FY15 (FY14 $30.3 million).

Almond kernel volume was 14,500 tonnes (last year 10,500 tonnes) and average almond price was A$11.45/kg (last year A$8.50/kg).

While the FY15 harvest volume was 38% larger, we were able to complete harvest activities in 14 less days than FY14. Recent initiatives such as geographic diversification, investment in irrigation infrastructure, a higher nutrient horticultural program, increased harvest machinery matrix, night harvesting and the Almond Dryer all assisted in delivering this outcome. The dryer was successfully used as a pre-conditioner for processing, which along with other initiatives, assisted 20% increased productivity at the Carina West Processing Facility.

We continue to investigate methods to improve yield, reduce volatility & risk and minimize cost. Improving orchard productivity, tree health and yield remain our focus.

Chairman & Managing Director's Report

Continued

In the last 3 years we have significantly lifted the productive scale of the business with the acquisition of 2,205 HA (5,447 acres) of almond orchards

Capital investments in the Almond Dryer, Cogen Plant and Project Parboil will improve quality and productivity, reduce the cost base and increase the efficiency, capacity and sustainability of our supply chain

Food Division

The Food Division generated an EBIT of $6.8 million (last year $5.6 million). The performance was an improvement on last year, and shows there is good potential in the Consumer Brands and Industrial & Trading businesses. Industrial & Trading grew through aligning with key regional industrial customers and astute trading. Consumer Brands grew through a combination of new product development and customer alignment – Lucky registered July MAT market share of 39.8% – the highest in 7 years. New distribution in exports markets such as Malaysia, Japan, Thailand and China have laid the foundation for future export growth.

Operations

Commissioning of the Almond Dryer and stage one of the Electricity Cogen Plant was seamless and greatly assisted productivity improvement at the Carina West Processing Facility.

The recently announced Project Parboil is a critical component of our strategic platform to reduce cost and have a Best in Class Supply Chain, along with Project H2E which will deliver reliable, cheap and sustainable power to our Carina West Processing Facility through the conversion of waste product.

Project Parboil will establish Carina West Processing Facility as a state of the art almond value-add processing facility, adjacent to the existing hulling and shelling plant – this will not only reduce cost and wastage, but will create new sales opportunities as it increases currently fully utilized capacity and will allow us to supply customers who wish to buy almonds from a peanut free facility.

Safety

Safety is a very important issue and is viewed seriously by the Board. We have commenced rollout of the ZERO Harm OH&S strategy. The focus in the next 12 months is to increase employee engagement, identify and eradicate hazards.

Staff Recognition

The Chairman's Awards are given annually to employees considered to consistently represent Select Harvests' work and ethical values. I am pleased to say that this year Alison Box (Thomastown), Erika Banner (Thomastown), Sia Mafi (Carina West) and Mick Hore (Belvedere Orchard) were the recipients of the Chairman's Awards and we congratulate each of them on their contribution.

Outlook

Despite higher almond prices in 2015, continuing strong global demand has ensured that the crop has been sold and delivered to customers at those higher prices.

Demand in major almond consuming markets like the US and India remained strong. Local evidence of this strong demand is that 212 new products with almond as an ingredient were launched onto Australian supermarket shelves in the 12 months to Feb 2015.

With modest carryover inventory and a reduced current US crop outlook, pricing remains strong. We look forward with confidence to placing Select Harvests 2015/16 crop at attractive prices.

While we have a strong focus on growth, we will maintain an even sharper focus on driving improvement from our core business, including:

- Roll out ZERO Harm OH&S strategy
- Improve yield and orchard performance
- Acquire orchards
- Implement greenfield program
- Implement Project H2E
- Implement Project Parboil
- Further development of our food business
- Implement consolidation of One Select ERP program

The Board and Executive have refreshed our strategy and established targets to ensure the ongoing growth of Select Harvests. We have a pipeline of growth initiatives in our business and a range of projects to sustainably grow scale, improve yields and reduce cost whilst increasing the efficiency of our business. The balance sheet is strong, the company is well placed to capitalize on the long term trend towards healthy eating and particularly, the increasing global consumption of almonds.

Thank you

Finally, we'd like to thank the team at Select Harvests for continuing to raise the bar in 2015. Their passion and relentless commitment to lift performance through efficient execution of strategy is becoming part of Select Harvests' DNA and will assist in delivering future milestones. We look forward to another exciting year of growth and performance in 2016.

Michael Iwaniw Chairman

Paul Thompson Managing Director

Our Growth Platform

KAROTH KRAK
ORCHARD HAND

ALMOND DIVISION
9 YEARS

Strategic Objective & Activities

FY13 / Completed

Strategic Objective & Activities	FY13 Initiatives
CONTROL CRITICAL MASS OF ALMONDS Secure the critical mass of nuts needed to maximize profitability and leverage the global almond opportunity.	• Acquired 521 HA (1,286 acres) almond orchard • Ceased WA investment
IMPROVE YIELD & CROP VALUE Improve yield and overall crop value by perfecting on-farm and farm to factory practices.	• Restructured Horticulture Division • Investments in Benchmarking/Tech. • Improve efficiency/protect yield • $500K frost fans
BE BEST IN CLASS SUPPLY CHAIN Continuously improve our supply chain, achieving high quality, low cost and optimum capital utilisation.	• Restructured Operations Division
INVEST IN INDUSTRIAL & TRADING DIVISION Allocate resources to leverage our trading skills and grow sales in the industrial channel	• Grew Industrial Division 40%
TURN AROUND PACKAGED FOOD BUSINESS Develop a new model for the packaged food category that will deliver sustainable returns above the cost of capital.	• Exited unprofitable Retail Brand business • Product Research/Collect Insights
FIX OUR SYSTEMS & PROCESS Develop the business systems and processes required to be a global industry leader.	• OHS improvement – LTI's dropped 60%
ENGAGE WITH OUR PEOPLE & OUR STAKEHOLDERS Engage with investors and our industry while developing the team required to be a global industry leader.	• Investor engagement – conferences, site tours and road shows

We are making significant progress on implementation of Select Harvests' 7 strategic platforms & transition to a fully integrated agribusiness.

Scale, Productivity & Risk Mitigation

During the year, the company announced a range of initiatives focussed on enhancing scale and productivity, totalling $78 million, including:

- Acquisitions – acquired 1,004 HA (2,481 acres) of planted orchards ($55m)
- Almond Dryer – risk mitigation ($1m)
- Cogen Plant – electricity generation from orchard waste ($12m)
- Project Parboil – almond value-adding facility ($10m)

FY14 / Completed **FY15 / Completed** **FY16 / Ongoing** **FY18**

FY14 Initiatives	FY15 Initiatives	FY15+
• Acquired 275 HA (680 acres) planted orchard • Acquired 405 HA (1,000 acres) unplanted	• Acquired 1,004 HA (2,481 acres) planted orchard • Acquired 1,808 HA (4,465 acres) unplanted • Acquired 6,215 ML high security water • Replanted 207 HA (512 acres) in Q3CY2014	• Acquired mature orchards • Develop 2,024+ HA (5,000+ acres) of greenfield almonds • Planted 384HA (948 acres) in Q3CY2015
• Total review of Horticultural assets • Further $500K frost fans • Additional harvest equipment	• Additional harvest equipment • Biostimulants trial • Trial catch & shake harvest technology	• Increase Hort program to target 3.2T/HA (1.3T/acre) yield • On farm drying • Irrigation management
• Evaluate operational improvements & refine proposals • New Optical Sorter at Thomastown	• High voltage network (Project H2E) Cogen Plant • Carina West Dryer	• Reduce cost (Project Parboil) • Refrigerated storage • Biomass (Project H2E)
• Grew Industrial Division 24% through local and SE Asia customer base • Innovations assisted growth	• Expanding business with food processors in local and SE Asian markets	• Increase value adding capacity (Project Parboil)
• Product Development – Innovation/ Renovation/Reformulation/Repackaging • Brand relaunch – Sunsol & Lucky Smart Snax	• Multiple relaunches & new products • Range rationalisation • New distributors – Thailand & Malaysia	• Relaunch key brands • Accelerate NPD rate of branded business • Distribution in SE Asia
• OHS improvement – LTI's dropped 73% • New risk management framework • New OHS policies/procedures	• IT upgrade	• Single Company ERP • Reduce LTI's by 25% Y on Y
• Hort 3 training for Farm Management • Refreshed company website • Introduction of employee newsletters/intranet	• Further development of Performance Review process • Diversity Committee	• Improve skill levels on farm & processing QA • Employee diversity

Almond Division

UNDERLYING EBIT ($M)

FY14	FY15
30.3	87.5 ▲189%

The Almond Division delivered a great result in FY15 with EBIT of $87.5 million, up 189% on last year. This was driven by increased volume of 14,500 tonnes (FY14 10,500 tonnes) and a price of $11.45/kg (last year $8.50/kg).

The company strategy requires improved productivity and this was evident throughout the Almond Division result.

- In the orchard, while we benefited from a much better season than the prior year, improved tree yield and health was achieved due the higher nutrient program.
- Harvest operations, despite a 38% higher volume (20% excluding acquisitions), harvest was completed in 14 days less than last year – protecting product integrity. This was aided by the better weather, but driven by company initiatives of increased harvest equipment matrix and inaugural night harvesting activities.
- An increased fertigation program is in place which will enhance yields over a 2 year time horizon.
- The orchard acquisitions have been integrated smoothly and are transitioning to the higher yield targets as planned.

Risk mitigation initiatives literally paid dividends.

- Despite 13 frost events during the year, there was no loss associated with frost damage.
- Geographic orchard diversification has meant that harvest equipment finished in 1 region that can be redeployed to assist and speed the uncompleted harvest in other regions.
- The investment in the Almond Dryer has allowed us to pre-condition almonds, improving the productivity of the processing facility by 20%.

We will continue to seek out risk mitigation initiatives to reduce the volume variance and protect quality in our product.

During the financial year the company continued to invest in the future scale and productivity of the business with the acquisition/planting/replanting program:

- Acquired 2 orchards totalling 1,004 HA (2,481 acres) of planted almond orchards
- Planted 384 HA (948 acres) of greenfield orchard
- Replanted 202 HA (500 acres) of older trees
- Replants and new plantings were at higher densities than our older orchards
- A similar level of replants will happen in FY16, prior to the commencement of the plant out of the greenfield acreage in FY17 and FY18.

We continue to focus on increasing the critical mass of almonds, through orchard growth (mature acquisitions, greenfield development), yield improvements and value protection and enhancement.

GAVIN EGGMOLESSE
ORCHARD HAND

ALMOND DIVISION
8 YEARS

TOTESIA (SIA) MAFI
PRODUCTION PLANNER

ALMOND DIVISION
7 YEARS

INCREASING SCALE

▲ 1,004 HA

DURING THE YEAR WE ACQUIRED 2 PLANTED ALMOND ORCHARDS (2,481 ACRES)

Food Division

UNDERLYING EBIT ($M)

FY14	FY15
5.6	6.8 ▲21%

The Food Division delivered an improved performance with EBIT of $6.8 million, up 21% on FY14.

Increased sales of branded product, strong sales to industrial food manufacturers, price increases and astute commodity trading offsetting reduced private label sales were the foundations of this result.

There has been a focus on product development and innovation during the year, along with the introduction of new capability in the management teams. Brands like Lucky Smart Snax and Sunsol Muesli have been undergoing innovation, renovation, reformulation, repackaging and relaunching.

Our export growth strategy is underway with the appointment of new distributors in Thailand and Malaysia.

The investment in our Consumer Brands is gaining traction, most obviously with the Australian market share data for Lucky Brand with July 2015 MAT of 39.8% (36.8% July 2014).

The improved sales mix drove margin improvement and this on the back of new product launches – 17% of branded sales are being generated from new products. We will continue to introduce new products and access new channels and markets.

The Industrial Business grew by 28% through good trading and aligning with key regional industrial customers.

New distribution into Malaysia, Japan, Thailand & China will underpin the export growth strategy which plays on our integrated, completely in-house, end to end supply chain delivering high value Australian food products into high growth premium markets that place significant value on quality assurance and food security.

Project Parboil will deliver a dedicated Almond Value-Add Facility and increased capacity that will support this high growth part of the business. With modern, in-line value-add equipment replacing ageing equipment in a less than optimal layout at Thomastown, the cost savings, quality improvement and ability to serve our customers will be greatly enhanced.

Project Parboil will also deliver extra sales as there are significant customers who will not currently buy almond product from Select Harvests as our almonds are value added in our Thomastown facility that handles other nuts, particularly peanuts. As the Almond Value-Add Facility will be immediately adjacent to the hulling and shelling facility, logistics are simple and waste/ullage will be significantly reduced.

Project H2E (biomass electricity Cogen Plant) will drop the processing plant's cost base by 20%, enhancing our competitive position. The efficient use of almond waste product (hull & shell) and orchard prunings, will voluntarily reduce Select Harvests carbon footprint by 23,645 tonnes.

The foundation of the business will be permanently and sustainably enhanced with the completion of this project in Q3 CY2016.

We will continue to invest to improve the efficiency of our supply chain, refresh/relaunch our brands, introduce new products and packaging and access new channels and markets. The Food Division performance is consistent with plan and we are optimistic on the future of this business.

GULSUN OKRAY
ASSISTANT ACCOUNTANT

CORPORATE
8 MONTHS

People & Diversity

The company recognises and embraces the advantages, opportunities and responsibilities of a diverse workforce, in all its various forms.

Select Harvests has a diverse and longstanding workforce (including age, cultural, ethnic, gender, religious and tenure diversity) of approximately 270 permanent employees and a seasonal workforce peaking at 500 people across regional and urban Australia.

With 37% of its workforce born outside of Australia, Select Harvests has specific experience in the employment of people of many different ethnicities.

With average tenure of 5 years across the business (3 months-30 years) and employee age ranging between 18-60+ years, this provides an implicit employee statement of endorsement on their value of the Select Harvests culture and quality of the employment conditions.

The company's Diversity Policy is available on the website (under Governance). During the year Select Harvests established a Diversity Committee comprising employees from all functions of the business.

Select Harvests 2015 Diversity Initiatives include:

- An empowered and effective Diversity Committee
- Diversity KPIs for MD & GMHR
- Negotiating flexibility provisions in its enterprise agreements
- Ensuring flexible work arrangement opportunity for any employees
- Ensuring recruitment practices are open, fair and unbiased
- Conducting performance reviews that encourage development opportunity consideration
- Conducting a Pay Parity Review

The Director's Report (detailed later in the Annual Report) assesses Select Harvests performance against its 2014/15 Diversity Objectives and outlines the 2015/16 Objectives. All objectives were met in 2014/15.

Select Harvests Annual Report to the Workplace Gender Equality Authority (WGEA) highlighted:

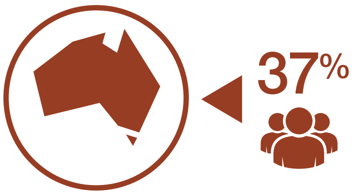
- An 8% increase in female participation at senior to middle management level roles.
- Females comprise 30% of senior to middle management level roles.
- Females comprise 22% of other manager level roles.
- Females comprise 28% of non-managerial roles.

The company is making progress and is well advanced in meeting its gender diversity targets by 2018. Select Harvests is an organisation that has great diversity – beyond its regulatory responsibilities the company embraces diversity in all its forms, because it is the right and just thing to do and it makes good sense. Diversity helps to make Select Harvests the company that it is.

REECE MERLIN
IT SUPPORT

ALMOND DIVISION
7 YEARS

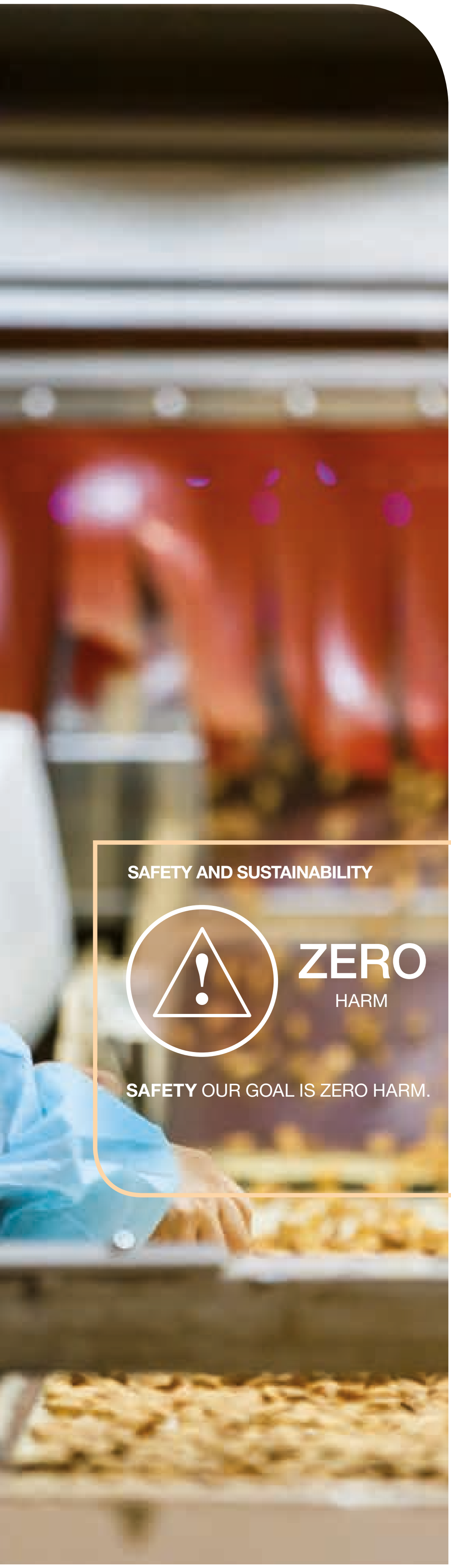
ETHNIC AND GENDER DIVERSITY



WORKFORCE 37% OF OUR WORKFORCE WERE BORN OUTSIDE OF AUSTRALIA.

8%

WORKPLACE AN 8% INCREASE IN FEMALE PARTICIPATION AT SENIOR TO MIDDLE MANAGEMENT LEVEL.



OH&S, Sustainability

Occupational Health & Safety (OH&S)

The health and safety of our people comes first – Select Harvests' goal is to have ZERO Harm.

Safety is the most serious matter and is everyone's responsibility. OH&S is reported to the Executive and Board monthly and all employees have OH&S KPI's.

After a significant reduction in the LTIF in 2014, it increased back to industry average in 2015.

Management has begun implementing a strategy and plan based around ZERO Harm.

We seek to understand, manage and where possible, eliminate the risks in our business. We have procedures and controls in place plus provide training to ensure a safe and healthy workplace.

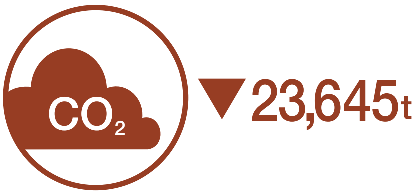
In 2015 the focus was on educating, encouraging and maintaining a proactive safety culture by identifying workplace hazards. Building on these foundations, future improvement will be driven by increased emphasis on reporting leading indicators of safety and more regular and extensive safety audits.

Select Harvests is committed to continuously improving OH&S and ensuring a healthy and safe working environment for all employees.

SAFETY AND SUSTAINABILITY

ZERO
HARM

SAFETY OUR GOAL IS ZERO HARM.



SUSTAINABILITY BIOMASS POWER GENERATION PLANT WILL ABATE 23,645 TONNES OF GREENHOUSE EMISSIONS.

Sustainability and Environment

Sustainable, responsible business practices are an integral part of delivering enduring value to Select Harvests' stakeholders.

Select Harvests is committed to minimising its environmental impact and contributing favourably to the environment we operate in.

Our orchards are a natural carbon sink and over the course of their 25 to 30 year life, significantly increase their biomass. During the year the Board approved an investment in a biomass power generation plant to reduce our reliance on external power and add value to our waste. This $12.0M project will be commissioned by September 2016 and fuelled by almond hull, shell and orchard waste, will abate 23,645 tonnes of greenhouse emissions.

Other 2015 activities include:
- selling of waste to be reused as stock feed and mulch;
- office and orchard waste recycling;
- reduction of gas consumption due to removing large afterburners;
- installation of low energy lighting (LED) at our factories and farms;
- recycling of chemical drums and plastic;
- upgrade of irrigation system to reduce water consumption

We have an evidence based continuous improvement program in place to improve water use efficiency and to optimise the value created per mega litre of water consumed.

Select Harvests holds licences issued by the Environmental Protection Authority (EPA), which regulate the management of discharge to the air and stormwater runoff associated with the operations. In 2014/15, no environmental breaches have been notified by the EPA.

The company is committed to preserving native vegetation and wildlife through our wildlife management plan. We are a signatory of the National Packaging Industry Covenant, which aims to deliver more sustainable packaging, increased recycling rates and reduced packaging litter.

Select Harvests will continue to implement progressive environmentally sustainable projects and aim to be a leader in our industry.

Communities

Helping communities to thrive is part of our culture. We recognise the positive impact we can have on communities, while creating value for our business.

Key community initiatives during 2014/15:
- Sponsorships and donations to 35 local community organisations
- School career expos and work inspiration programme (Robinvale College)

Executive Team

PAUL CHAMBERS
Chief Financial Officer and Company Secretary

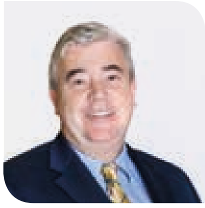
Joined Select Harvests as Chief Financial Officer and Company Secretary in September 2007. He is a Chartered Accountant and has over 25 years experience in senior financial management roles in Australian and European organisations, including corporate positions with the Fosters Group, and Henkel Australia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

BRUCE VAN TWEST
General Manager Operations

Bruce joined Select Harvests in 2012. With a deep working knowledge of complex 'end to end' supply chains, Bruce has been a highly successful contributor within the executive management teams of large-scale corporates across food production, apparel, industry consumables and suppliers to automotive industries. Prior to joining Select Harvests he was Operations Director at Kraft Foods, CEO of Bizwear & Alert Safety and Director Supply, ANZ at SCA Hygiene Australasia.

PETER ROSS
General Manager Horticulture

Peter joined Select Harvests in 1999. He has held the positions of Plant Manager, Project Manager and General Manager for the processing area of the Almond Division before being appointed to the role of General Manager for Horticulture in November 2012. Prior to joining Select Harvests Peter ran his own maintenance and fabrication business servicing agriculture, mining and heavy industry.



LAURENCE VAN DRIEL
General Manager Trading and Industrial

Laurence joined Select Harvests in 2000. Laurence has over 30 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 a track record of driving profitable sales growth. He joined 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.

CAROLYN BARBUTO
General Manager Human Resources

Carolyn joined Select Harvests in November 2014. She has acquired comprehensive Human Resource experience with past roles in the following organisations: CSL Ltd, Colonial Mutual and more recently The Nuance Group. She is a dedicated HR professional with strong leadership, strategic insight and operational skills.

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 Chairman of Australian Grain Technologies and a Non Executive Director of Australian Grain Growers Cooperative. He was also a Non Executive Director of Australian Renewable Fuels Ltd in the last 3 years. Michael is a member of the Remuneration and Nomination Committee.

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 councillor in the Australian Industry Group.

ROSS HERRON
Non-Executive Director

Ross Herron joined the Board on 27 January 2005. A Chartered Accountant, he retired as a Senior Partner of PriceWaterhouse-Coopers in December 2002. He was a member of the Coopers & Lybrand (now PriceWaterhouse-Coopers) Board of Partners where he was National Deputy Chairman, and Melbourne office Managing Partner for six years. He also served on several international committees within Coopers & Lybrand. He is Chairman of GUD Holdings Ltd, Deputy Chairman of Insurance Manufacturers Australia Ltd and a non-executive director of Kinetic Superannuation Ltd. Ross is Chairman of the Audit and Risk Committee.

MICHAEL CARROLL
Non-Executive Director

Michael joined the Board on 31 March 2009. He has worked for a range of food and agricultural businesses in a board, advisory and executive capacity. Other board positions include Sunny Queen Australia, Rural Funds Management, Tassal, Paraway Pastoral Company and the Gardiner Dairy Foundation. Former board positions include Queensland Sugar, Warrnambool Cheese and Butter, the Australian Farm Institute and Meat & Livestock Australia. Executive experience includes establishing and leading National Australia Bank's Agribusiness division, a senior role in NAB's Investments and Advisory unit and business development roles with international animal health and crop care companies. He is Chairman of the Remuneration and Nomination Committee.

FRED GRIMWADE
Non-Executive Director

Fred Grimwade was appointed to the Board on 27 July, 2010. Fred is a Principal and Director of Fawkner Capital, a specialist corporate advisory firm, and works with a wide range of companies in a board or advisory capacity. He is Chairman of CPT Global Ltd and Troy Resources Ltd and is also a director of Australian United Investment Company Ltd, XRF Scientific Ltd and NewSat Ltd. He has held general management positions with Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation and Goldman, Sachs & Co. He is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

PAUL RIORDAN
Non-Executive Director

Paul Riordan was 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. 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. He is a member of the Audit and Risk Committee.

Historical Summary

SELECT HARVESTS CONSOLIDATED RESULTS FOR YEARS ENDED 30 JUNE		2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Total sales		217,866	229,498	224,655	248,581	238,376	248,316	246,766	190,918	188,088	223,474
Earnings before interest and tax		38,369	40,549	27,120	26,827	26,032	22,612	(2,495)	5,241	31,288	85,845
Operating profit/(loss) before tax		37,903	40,014	25,384	23,047	23,603	18,473	(8,743)	198	26,833	80,514
Net profit after tax		26,492	28,098	18,130	16,712	17,253	17,674	(4,469)	2,872	21,643	56,766
Earnings per share (Basic)	(cents)	67.1	71.0	46.7	42.6	43.3	33.7	(7.9)	5.0	37.5	82.9
Return on shareholders' equity	(%)	26.1	29.4	19.3	16.6	15.2	10.5	(2.8)	1.8	12.3	19.8
Dividend per ordinary share	(cents)	53	57	45	12	21	13	8	12	20	50
Special dividend per ordinary share	(cents)	10	–	–	–	–	–	–	–	–	–
Dividend franking	(%)	100	100	100	100	100	100	100	100	55	–
Dividend payout ratio	(%)	80.0	80.0	96.7	28.2	48.5	38.6	(101.3)	239.8	53.5	60.3
Financial ratios											
Net tangible assets per share	($)	1.83	1.57	1.41	1.56	1.87	2.17	2.19	2.14	2.38	3.35
Net interest cover	(times)	82.30	75.80	15.60	7.10	10.70	6.70	(0.4)	1.0	6.9	15.9
Net debt/equity ratio	(%)	1.3	1.7	49.7	51.9	39.6	43.3	41.7	49.6	54.0	38.2
Current asset ratio	(times)	1.82	1.32	0.87	0.79	1.44	1.96	1.42	1.61	4.02	3.36
Balance sheet data as at 30 June											
Current assets		72,455	70,983	77,014	81,075	83,993	91,228	76,936	123,303	136,639	207,782
Non-current assets		79,421	89,170	118,934	133,884	145,612	214,352	202,371	180,542	194,080	280,130
Total assets		151,876	160,153	195,948	214,959	229,605	305,580	279,307	303,845	330,719	487,912
Current liabilities		39,905	53,680	88,162	102,348	58,469	46,454	54,369	76,800	33,988	61,893
Non-current liabilities		10,490	10,969	13,715	11,735	57,515	90,311	64,608	67,540	121,325	138,632
Total liabilities		50,395	64,649	101,877	114,083	115,984	136,765	118,977	144,340	155,313	200,525
Net assets		101,481	95,504	94,071	100,876	113,621	168,815	160,330	159,505	175,406	287,387
Shareholders' equity											
Share capital		52,665	41,953	44,375	46,433	47,470	95,066	95,957	97,007	99,750	170,198
Reserves		12,691	11,273	11,235	12,949	11,327	11,201	10,472	9,144	12,190	12,818
Retained profits		36,125	42,278	38,461	41,494	54,824	62,548	53,901	53,354	63,466	104,371
Total shareholders' equity		101,481	95,504	94,071	100,576	113,621	168,815	160,330	159,505	175,406	287,387
Other data as at 30 June											
Fully paid shares	(000)	39,708	38,739	39,009	39,519	39,779	56,227	56,813	57,463	57,999	71,436
Number of shareholders		3,369	2,953	3,319	3,296	3,039	3,227	3,359	3,065	3,779	4,328
Select Harvests' share price – close	($)	13.02	11.60	6.00	2.16	3.46	1.84	1.30	3.27	5.14	11.00
Market capitalisation		516,998	449,372	234,054	85,361	137,635	103,458	73,857	187,904	298,115	785,796

$'000 (except where indicated)

ROSHNI CHAND
QUALITY ASSURANCE TEAM LEADER

FOOD DIVISION
13 YEARS

* The 2014 result has been restated due to the early adoption of changes to Accounting Standards, AASB 116 Property, Plant and Equipment, and AASB 141 Agriculture, impacting 'bearer plants'.

Financial Report

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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 2015.

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 secretaries as at the year end. Directors were in office for this entire period unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

M Iwaniw, B Sc, Graduate Diploma of Business Management, MAICD (Chairman)

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

Interest in shares: 188,087 fully paid shares.

P Thompson (Managing Director and Chief Executive Officer)

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

Interest in Shares: 37,111 fully paid shares.

M Carroll, B AgSc, MBA and 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 Paraway Pastoral Company Ltd, Sunny Queen Australia Pty Ltd, Gardiner Dairy Foundation, Rural Funds Management Ltd and Tassal Ltd. 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. Former board positions include Warrnambool Cheese and Butter Ltd and Queensland Sugar Ltd. He is Chairman of the Remuneration and Nomination Committee.

Interest in Shares: 3,202 fully paid shares.

F S Grimwade, B Com, LLB (Hons), MBA, (Non-Executive Director)

Appointed to the board on 27 July, 2010. Fred is a Principal and Director of Fawkner Capital, a specialist corporate advisory firm, and works with a wide range of companies in a board or advisory capacity. He is Chairman of CPT Global Ltd and Chairman of Troy Resources Ltd and is also a director of Australian United Investment Company Ltd, XRF Scientific Ltd and NewSat Ltd. He has held general management positions with Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation and Goldman, Sachs and Co. He is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Interest in shares: 102,804 fully paid shares.

R M Herron, FCA and 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 and 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 and Lybrand. He is Chairman of GUD Holdings Ltd, Deputy Chairman of Insurance Manufacturers Australia Limited and a non-executive director of Kinetic Superannuation Ltd. He is Chairman of the Audit and Risk Committee.

Interest in Shares: 49,879 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: 10,000 fully paid shares.

COMPANY SECRETARIES

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

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

Interest in shares: 76,511 fully paid shares.

V Huxley, BCom, CA, (Assistant Company Secretary)

Appointed Assistant Company Secretary in November 2014. She is a Chartered Accountant with over 15 years experience in senior financial management and corporate advisory roles.

Interest in shares: Nil.

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 564 full time equivalent employees as at 30 June 2015 (2014: 415 full time equivalent employees).

Full time equivalent employees include: executive, permanent, contractor and seasonal (casual and labour agency hire) employment types.

Directors' Report

Continued

OPERATING AND FINANCIAL REVIEW

Highlights and Key developments during the year

In the financial year ended 30 June 2015 Select Harvests has delivered a record Net Profit After Tax (NPAT) following on from the strong result last year.

The focus this year by the Board, Executive Management, and employees, has been on consolidating the strong foundations of the business in advancing the implementation of the strategic priorities as set out in the 7 Strategy platforms which were defined in the 5 year plan established in 2013.

Progress remains ahead of this plan, and further commentary on this is included later in the review.

Financial Performance Review

Profitability

Reported Net Profit After Tax (NPAT) is $56.8 million, which compares to a reported Net Profit After Tax (restated for the impact of accounting policy change) of $21.6 million in 2014. Earnings Before Interest and Taxes (EBIT) is $85.8 million, which compares to EBIT of $ 31.3 million (restated for the impact of accounting policy change) in 2014. Adjusting for the impact of acquisition transactions costs of $3.8 million incurred in FY15, underlying EBIT is $89.6 million, and underlying NPAT is $59.4 million.

The impact of the accounting policy change arises through the Company's decision to early adopt the requirements of amendments to AASB 116 Property, Plant and Equipment and AASB 141 Agriculture, on the accounting treatment of Bearer Plants (the value of almond trees). Note 1 (ad) to the Financial Statements sets out the background and impact of this change. Further commentary on the impact of this change is set out below.

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

Results Summary and Reconciliation

$ 000'S	REPORTED RESULT (AIFRS)		UNDERLYING RESULT	
EBIT ($000's)	**FY15**	**FY14 (1)**	**FY15**	**FY14 (1)**
Almond Division (2)	83,713	30,275	87,503	30,275
Food Division	6,817	5,644	6,817	5,644
Corporate Costs	(4,685)	(4,631)	(4,685)	(4,631)
Operating EBIT	**85,845**	**31,288**	**89,635**	**31,288**
Interest Expense	(5,331)	(4,455)	(5,331)	(4,455)
Net Profit Before Tax	**80,514**	**26,833**	**84,304**	**26,833**
Tax Expense	(23,748)	(5,190)	(24,855)	(5,190)
Net Profit After Tax	**56,766**	**21,643**	**59,419**	**21,643**
Earnings Per Share	82.9	37.5	86.8	37.5

(1) The FY14 Result has been restated as required by the early adoption of amendments to Accounting Standards AASB 116 and AASB 141. In summary:

- EBIT in the FY14 period has been restated to charge additional depreciation of $4.5 million, and remove the impact of the biological fair value adjustment of $6 million, with a net reduction of EBIT of $10.5 million.

If the change to the accounting standards had not been adopted:

- the FY14 EBIT would be $ 41.8 million, and NPAT would be $ $29.0 million, and EPS would have been 50.2 cents (as reported in last year's financial statements);
- the reported FY15 EBIT in the Almond Division has been charged with $5.5 million of additional depreciation;
- The FY15 underlying EBIT would have been $95.1 million, and underlying NPAT would have been $ 63.2 million, and underlying EPS would have been 92 cents per share (assuming that there had been no change to the fair value of trees).

(2) The adjustment to the reported Almond division EBIT in FY15 relates to acquisition transaction costs of $3.8 million to exclude these costs from the underlying EBIT in the period.

Any further commentary set out below reviews divisional performance on a like with like basis, taking into account the impact of the change in accounting standards referred to above.

Almond Division Profitability

Revenues of $ 115.3 million, compared to $88.0 million in 2014. The increase in revenues is driven by the realised sales of the 2014 and 2015 crop in the financial year, with an increase in volumes and at almond prices higher than average prices achieved in the previous financial year.

Underlying EBIT is $ 87.5 million which compares to underlying EBIT of $30.3 million last year. This result is driven by the valuation of the 2015 crop, based on a yield of 14,500 MT and an almond price projection of $11.45/kg. This is partially offset by the lower realised value of the 2014 crop achieved on completion of the processing and selling through the 2014 crop, which was impacted by poor weather during the harvest in that year.

Food Division Profitability

Revenues of $138.8 million compare to $117.9 million in 2014, an increase of +17.7%. EBIT of $6.8 million, compares to $5.6 million in 2014. The increase in revenues and EBIT is driven by the combined impact of increased sales of branded products, strong sales to industrial food manufacturers, increases in commodity trading, offset by reduced sales in private label. A continuation in the improved sales mix during the year has again improved the overall quality of earnings, in spite of the challenge of increased raw material cost, and a tough pricing environment in this segment. The Food Division remains on target with the planned strategy to improve overall returns year on year.

Interest Expense

Interest expense has increased to $5.1 million in FY15 compared to $4.5 million in FY14, due to a higher average debt level arising from investing cash flows incurred in FY15, and an increase in working capital associated with the almond orchards acquired in the period.

Balance Sheet

Net assets at 30 June 2015 are $287.4 million, compared to $175.4 million last year (restated for the impact of changes to accounting standards).

The balance sheet includes the impact of $99.9 million of investing cash out-flows, comprising almond orchard acquisitions, permanent water purchases, and other capital expenditures incurred during the Financial year, which were funded by a combination of increased new equity ($64.7 million raised from a placement and Share Purchase Plan), and increased debt.

Net working capital has increased by 72%. As summarised below, the main increase relates to the value of inventory, which comprises the fair value of the unsold 2015 almond crop, which is significantly higher than at the corresponding period last year, due to the combined impact of higher yield and higher almond price valuation.

$000's	2015	2014
Trade and other receivables	60,082	39,135
Inventories	142,354	83,018
Trade and other payables	(31,273)	(22,693)
Net working capital	**171,163**	**99,460**

Cash flow and Net Bank Debt

Net bank debt at the 30 June 2015 is $109.7 million, with a gearing ratio (net bank debt/net assets) of 38.2%. Operating cash in-flow in the financial year is $30.4 million, compared to $23.1 million last year. The improvement in operating cash in-flow is mainly driven by the cash flows derived from the proceeds on selling through the 2014 crop, and sales to date of the 2015 crop. Investing cash out-flows of $99.9 million are a result of investment in the acquisition of almond orchards during the first half of the year, the commencement of construction of the cogeneration plant, the development of 948 acres (384 hectares) of new plantings at Allinga in South Australia, replanting of 512 acres (207 hectares) of older orchards, and additional investment in harvest equipment and risk mitigation.

Dividends

An unfranked final dividend of 35 cents per share has been declared, resulting in a total dividend of 50 cents per share. This compares to a total dividend of 20 cents per share in FY14.

Strategy Implementation

Significant progress has been made on the implementation of the Company strategy.

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

1. **To control a critical mass of almonds**: at the core of the Company strategy has been to expand the almond acreage to benefit from the fundamentals of the global almond market, with a focus on growth through acquisition, and green field development projects.
   - On 24 August 2014, the company announced the acquisition of 2 new almond orchards:
     - Amaroo orchards near Renmark in South Australia, were acquired for $52.5 million, which included 2,011 acres (814 hectares) of planted almond trees, plus vacant land suitable for planting of almonds, plus 6,215 ML of high security water entitlements;
     - Mullroo orchards near Lake Culluleraine, Victoria, were acquired for $8.5 million, which included 434 acres (176 hectares) of planted almond trees, and land suitable for planting of almonds;

Directors' Report

Continued

OPERATING AND FINANCIAL REVIEW Continued

- On 31 August 2014 the company settled on the purchase of vacant land at Mendook, near Euston, Northern Victoria, close to the existing Company operations, of which approximately 1,600 acres (647 hectares) is suitable for a greenfield almond development project;

During the year the company has evaluated a range of funding options to support an expansion of green field almond orchards. On 20 August, 2015, the Company entered into a partnership with First State Superannuation, under a lease structure, designed to secure long term funding to support the Company's green field almond orchard expansion plan. This structure will enable future production to be significantly enhanced whilst maintaining prudent capital management ratios during the development period of these new orchards;

2. **To improve yield and crop value**: the activities during the year remained focused on improvement of on farm and farm to factory practises, aimed at improving productivity and product quality. This includes benchmarking studies, research and development into new varieties, and training and development of employees;
   - During the year 512 acres (207 hectares) of existing almond orchards were removed with a plan to replant older non performing orchards with new varieties and densities, to optimise future production capacity;
   - During the year, there has been increased investment in increased harvest equipment, to support night harvesting, on farm and in factory drying technology, and a focus on mitigating risk (eg insects), and upgrading of irrigation systems;
   - The Company continued to invest in the core farming programs aimed at increasing long term tree health and yield potential of the orchard portfolio;
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;
   - An investment of approximately $12 million has been approved to design and construct a Co-generation plant at the Carina West processing facility in Northern Victoria. This plant will convert by product from almond production (hull and orchard waste materials) in an environmentally sustainable way to create energy to operate the processing plant and nearby almond orchards. This will generate significant annualised costs savings once fully operational, with the benefits anticipated to be realised from the 2017 financial year onwards;
   - An investment of $10 million has been approved to develop a state of the art almond value added processing facility which will enable the consolidation of certain almond production activities onto a single pathogen free site at the Carina West processing facility in Northern Victoria. The ability to increase production capacity and utilise best in class technologies will open up new markets for the Company as well as enabling productivity improvements to be realised;
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.
   - The growth of the industrial business, through the supply of processed almond to ingredient manufacturers, continues to remain strong, with growth in both domestic and export markets. The committed investment in new manufacturing capacity and technology on a pathogen free site at Carina West will enable increased reach into new customers and markets, further supporting the profitable growth in this part of the business.
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.
   - During the year this part of the business continued on its path to improve the margin mix and economic returns. Revenues in private label and non-core brands have declined, through the exiting of lower margin business, offset by the improved sales and margins in the branded business;
   - Investment in organisation capability, and New Product development has continued;
   - Re-launching key brands.
6. **Improve our systems and processes:** Develop internal business systems and structures to enable a more integrated based business focus, aligning all activities and functions around effective sales and operations planning, IT systems, policies and procedures, including risk management and environmental sustainability
   - The integration of an end to end supply chain process has commenced through the implementation of a new Enterprise wide IT system, through the 1Select program. Through common processes, all parts of the business from farm to consumer will be better connected and aligned towards improved control and management processes. It is anticipated the program will take approximately 12 months to implement;
7. **Engage with our people and stakeholders:** Ensure maintenance of a safe working culture and environment; drive a culture of transparency, cooperation and accountability across the business; improve engagement with investors, shareholders, government and industry bodies; and develop our human capital plan for high performance and orderly succession.

- The focus on Safety has continued to be a number one priority in the business. This is specifically referred to in the section below;
- Employee communication and performance management processes are now fully rolled out, with a high performance culture being developed in the company;
- External communications have remained a focus, including with the investment community;
- Select Harvests is now an ASX 200 Listed Company, and has 8 analysts covering the stock;
- During the year, the company established a Diversity Committee, which comprises management and employees from all parts of the business. Its aims are to enhancing the focus on the benefits of a diverse workforce, and advance processes which measure the benefits of diversity.

Corporate Social Responsibility

Occupational Health and Safety (OH&S)

Select Harvests recognises that the health and safety of our people comes first, our goal is to have ZERO Harm. Our strategy is to understand, manage and where possible, eliminate the risks in our business. We have procedures and controls in place plus provide training to ensure a safe and healthy workplace.

Disappointingly after a 70% reduction in Lost Time Injury Incident Frequency (LTIF) to 15.7 last year, this year our LTIF has increased to 26.1. Management has developed a strategy and plan based around ZERO Harm, implementation will commence in the second quarter of the 2015/16 financial year.

The OH&S Committee has responsibility across all Select Harvests sites, with each site having its own Committee. All employees have OH&S KPIs. OH&S is reported to the Executive and Board monthly.

The focus in 2014/15 has been on educating, encouraging and maintaining a proactive safety culture by identifying workplace hazards. Our goal is to prevent accidents before they happen. This is being driven by increasing the emphasis on reporting "leading" indicators of safety such as hazards and near misses, and more extensive safety audits and including safety on all daily tool box meetings. The number of hazards identified has increased by 100%.

To reinforce this all senior employees must have ensured we had the foundations of safe working environment in place before being entitled to participate in the annual incentive program.

Select Harvests is committed to continuously improve in OH&S and ensure a healthy and safe working environment for all employees. At Select Harvests safety is everyone's responsibility.

Sustainability and Environment

Select Harvests believe sustainable and responsible business practices are critical to delivering value to our stakeholders. Select Harvests is committed to minimising our environmental impacts and contributing 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.

At the core of our activities, we grow trees which over the course of their 25 to 30 year life increase their biomass and are a natural carbon sink. We recognise that we are a large user of irrigation water and have an evidence based continuous improvement program in place to improve water use efficiency and to optimise the value created per mega litre of water consumed.

Recent activities include:

- selling of waste to be reused as stock feed and mulch;
- office and orchard waste recycling;
- reduction of gas consumption due to removing large afterburners;
- installation of low energy lighting (LED) at our factories and farms;
- recycling of chemical drums and plastic;
- upgrade of irrigation system to reduce water consumption

During the year the Board approved investment in a biomass power generation plant to reduce our reliance on external power and add value to our waste. This $9.2 million project will be commissioned by September 2016 and fuelled by almond hull, shell and orchard waste will abate 23,645 tonnes of greenhouse emissions. Select Harvests has applied for a grant from Regional Development Victoria (State Government Victoria) to support this project.

Select Harvests holds licences issued by the Environmental Protection Authority which specify limits for discharges to the environment. These licences regulate the management of discharge to the air and stormwater runoff associated with the operations. In 2014/15, no environmental breaches have been notified by the Environmental Protection Authority.

The Company is committed to preserving native vegetation and wildlife through our wildlife management plan. We are a signatory of the National Packaging Industry Covenant, which aims to deliver more sustainable packaging, increased recycling rates and reduced packaging litter.

Select Harvests will continue to implement progressive environmentally sustainable projects and aim to be a leader in our industry.

Communities

Helping communities to thrive is embedded in our culture. We recognise the positive impact we can have on communities while creating value for our business.

Key community initiatives during 2014/15

- Sponsorships and donations to 35 local community organisations
- School career expos and work inspiration programme (Robinvale College)

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 previous year the Company updated its detailed risk register, and rolled out formal policies and procedures through all parts of the business. 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.

During this financial year a number of specific risks have been focussed on being:

- Horticultural Risks (including climatic disease, water management, pollination, and quality);
- Processing and manufacturing Risks (including product quality, fire, utilities supply, major equipment failure);

An emphasis has been on product quality with a number of key financial investments

Directors' Report

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OPERATING AND FINANCIAL REVIEW Continued

being made, both on farm and at the processing facilities to mitigate risks such as speed of harvest to beat the rain, drying technologies, and processes to protect against insect damage.

Managing financial risks, including exposure to currency volatility has once again been a key focus area for management and the Board.

Outlook

The fundamentals underpinning the global almond industry remain very strong, meaning that the outlook for the company remains positive. Demand for almonds continues to grow domestically and internationally and supply remains constrained. A continuation of a prolonged drought in California means there is uncertainty on the impact of production over the medium term, meaning almond pricing is seen to remain at near record highs moving into the new financial year. The relatively weak Australian Dollar against the US Dollar will continue to benefit the earnings of the Company, with the majority of the Company revenues realised in US Dollars.

Select Harvests orchard growth now has a defined growth plan to increase future almond production. This will commence during the first half of the 2016 financial year.

Benchmarking on yield and productivity will remain an absolute focus for our horticulture team as we strive to identify and deliver best practise and high economic returns. Older uneconomic parts of the orchard portfolio will continue to be evaluated with the replanting program continuing in the new financial year.

The horticultural program for the 2016 crop is well underway, with the water management plan fully funded.

The implementation of 2 major investments (co-generation and consolidation of almond value added processing) will be an absolute focus and priority for the business during the coming year.

The continued improvement across the Food Division will again remain a focus as the roll out of New Product innovations occurs.

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 20 August 2015, the Company announced a sale and leaseback transaction with First State Super. The transaction involves selling three properties in South Australia, Victoria and New South Wales for proceeds of $67 million, accompanied by a long term lease to support the development of new greenfield almond orchards.

At 30 June 2015 the financial effect of the transaction cannot be accurately estimated, and these assets have not been classified as held for sale, as the accounting treatment cannot be completed until all aspects of the leaseback transaction are finalised. The assets sold include land, irrigation, infrastructure and trees that have been acquired during the year. Any differential between the proceeds and carrying value, which is not currently expected to be material, will either be deferred over the lease term or recognised in the income statement, dependent upon finalisation of the accounting treatment.

On 21 August 2014, the Directors declared a final unfranked dividend of 35 cents per share payable on 13 October 2015 to shareholders on the register on 31 August 2015.

Environmental regulation and performance

The Company's operations are subject to environmental regulations under laws of the Commonwealth or of a State or Territory.

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 bank debt, net debt, net working capital and adjustments to reconcile from reported results to underlying results.

REMUNERATION REPORT

The directors present the 2015 Remuneration Report which sets out remuneration information for the Company's non-executive directors, executive director and other key management personnel.

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

1. Overview of Remuneration Arrangements

Remuneration strategy

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

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

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

Non-executive directors' remuneration

Non-executive directors receive fees (including statutory superannuation) but do not receive any performance related remuneration nor are they issued options or performance rights on securities. This reflects the responsibilities and the Group's demands of directors. Non-executive directors' fees are periodically reviewed by the Board to ensure that they are continually appropriate and in line with market expectations. The current aggregate fee limit of $680,000 was approved by shareholders at the 21 November 2014 Annual General Meeting. For the reporting period the total amount paid to non-executive directors was $504,000.

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	$160,000
Other non-executive directors	$80,000

Additional Fees (including superannuation)

Chair of the Audit and Risk Committee	$12,000
Chair of the Remuneration Committee	$12,000

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 below.

Directors' Report

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REMUNERATION REPORT Continued

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 the market 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)		**Up to 40%**	**Up to 40%**
Purpose	Create incentive to exceed the annual business objectives.		
Term	1 year		
Instrument	Cash		
Performance conditions*	• It is a condition of any STI payment that key OH&S foundations are in place to ensure a safe working environment for all employees. • 40% Financial (including exceeding the annual NPAT targets) • 40% Project goals (achievement of stretching and balanced Key Performance Indicators as established in annual performance plans) • 20% Values and Challenges (Company values displayed and response to challenge)		
Why these were chosen	To incentivise successful and sustainable financial outcomes, annual business objectives that drive the achievement of long term business objectives, continuous safety improvement and behaviour consistent with Company values and objectives.		
Long term incentives (LTI)		**Up to 133%**	**Up to 30%**
Purpose	Reward achievement of long term business objectives and sustainable value creation for shareholders		
Term	3 years, vesting proportionately		
Instrument	Performance rights		
Performance conditions*	• Continuing service • 50% Earnings per share (EPS) growth targets (compound annual 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:		

EXISTING ISSUES		FUTURE ISSUES	
Measure	**Rights to Vest**	**Measure**	**Rights to Vest**
EPS		**EPS**	
Below 5% growth	Nil	Below 5% growth	Nil
5% growth	25%	5% growth	25%
5.1% – 6.9% growth	Pro rata vesting	5.1% – 19.9% growth	Pro rata vesting
7% or higher growth	50%	20% or higher growth	50%
TSR		**TSR**	
Below the 60th percentile**	Nil	Below the 50th percentile**	Nil
60th percentile**	25%	50th percentile**	25%
61st – 74th percentile**	Pro rata vesting	51st – 74th percentile**	Pro rata vesting
At or above 75th percentile**	50%	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

*** Market value at grant date.

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.

	2015	2014***	2014	2013**	2012*	2011
Net profit after tax ($ million)	56,766	21,643	29,007	2,872	(4,469)	17,674
Basic EPS (cents)	82.9	37.5	50.2	5.0	(7.9)	33.7
Basic EPS Growth	121%	650%	904%	163%	(123%)	(22%)
Dividend per share (cents)	50.0	20.0	20.0	12.0	8.0	13.0
Opening share price 1 July ($)	5.14	3.27	3.27	1.30	1.84	1.50
Change in share price ($)	5.86	1.87	1.87	1.97	(0.54)	0.34
Closing share price 30 June ($)	11.00	5.14	5.14	3.27	1.30	1.84
TSR % p.a.+	124%	63%	63%	161%	(25%)	31%

* 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.

*** Restated as a result of early adopting the amendments made to AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

\+ 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 2015 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

		2015			2014		
	STI Range (of TFR#)	STI Payment ($)	% Achieved	% Forfeited	STI Payment ($)	% Achieved	% Forfeited
Executive Director							
P Thompson	0%–40%	169,950	75%	25%	165,000	75%	25%
Executives							
P Chambers	0%–40%	101,198	75%	25%	98,578	75%	25%
M Eva	0%–40%	94,554	75%	25%	73,440	60%	40%
P Ross	0%–40%	91,155	75%	25%	73,750	63%	38%
L Van Driel	0%–40%	85,641	69%	31%	88,500	73%	27%
B Van Twest	0%–40%	99,498	75%	25%	73,988	57%	43%
C Barbuto*	0%–20%	17,400	75%	25%	–	–	–

\# Total Fixed Remuneration

* Commenced 10 November 2014.

The STI is usually paid in September following determination of the STI entitlement, so the above STI payment amounts represent an accrual in relation to the current financial performance year, which will be paid in the following financial year, plus any over or under accrual of the prior year following STI entitlement.

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

Directors' Report

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REMUNERATION REPORT Continued

Long Term Incentive (LTI)

The 2014 financial year was the first time performance rights vested for some of the current issues of performance rights. Vesting is 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	2015	2014	2013
Basic EPS (cents)	82.9	50.2	5.0
Basic EPS Growth	65%	904%	163%
Underlying EPS* (cents)	86.8	50.2	40.1
Underlying EPS* Growth	73%	25%	139%
3 Year Compound Average EPS Growth	73%	44%	
3 Year Compound Average EPS Growth** target 5% – 7%			

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

1. In FY13, an impairment write down of $39.9 million was made against the Western Australian almond project. A gain of $8.0 million was made on the acquisition of almond orchard assets during the financial year.
2. In FY15, acquisition transaction costs of $3.8 million.
3. The tax impact of items 1 and 2.

Relative TSR Performance	2015
3 Year Average TSR Ranking	100th percentile
3 Year Average TSR Ranking target 60th – 75th percentile	

* TSR ranking relative to ASX Consumer Staples also included in the All Ordinaries index, excluding alcohol and tobacco products companies.

3. Details of Remuneration

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

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

Table 5: 2014 and 2015 Remuneration

		ANNUAL REMUNERATION				LONG TERM REMUNERATION			
		Base Fee $	Short Term Incentives $	Non Cash Benefits $	Super-annuation Contri-butions $	Long Service Leave Accrued $	Perform-ance Rights Granted $	Termina-tion Benefits $	Total $
Non Executive Directors									
M Iwaniw	**2015**	**160,000**	**–**	**–**	**–**	**–**	**–**	**–**	**160,000**
	2014	150,000	–	–	–	–	–	–	150,000
M Carroll	**2015**	**84,018**	**–**	**–**	**7,982**	**–**	**–**	**–**	**92,000**
	2014	76,376	–	–	7,065	–	–	–	83,441
F Grimwade	**2015**	**73,059**	**–**	**–**	**6,941**	**–**	**–**	**–**	**80,000**
	2014	68,807	–	–	6,365	–	–	–	75,172
R M Herron	**2015**	**84,018**	**–**	**–**	**7,982**	**–**	**–**	**–**	**92,000**
	2014	78,440	–	–	7,256	–	–	–	85,696
P Riordan	**2015**	**73,059**	**–**	**–**	**6,941**	**–**	**–**	**–**	**80,000**
	2014	68,807	–	–	6,365	–	–	–	75,172
Executive Director									
P Thompson	**2015**	**504,512**	**169,950**	**43,289**	**18,699**	**–**	**446,857**	**–**	**1,183,307**
	2014	498,012	165,000	34,213	17,775	–	425,107	–	1,140,107
Other key management personnel									
P Chambers	**2015**	**303,158**	**101,198**	**15,468**	**18,699**	**7,443**	**36,051**	**–**	**482,017**
	2014	303,704	98,578	6,021	19,256	8,546	86,140	–	522,245
M Eva	**2015**	**242,928**	**94,554**	**47,853**	**18,699**	**–**	**92,690**	**–**	**496,724**
	2014	265,847	73,440	11,292	19,056	–	88,870	–	458,505
P Ross	**2015**	**274,267**	**91,155**	**10,884**	**18,699**	**–**	**33,625**	**–**	**428,630**
	2014	271,204	73,750	6,021	18,858	–	80,344	–	450,177
L Van Driel	**2015**	**284,073**	**85,641**	**–**	**34,654**	**7,644**	**74,258**	**–**	**486,270**
	2014	276,430	88,500	–	25,155	12,155	177,717	–	579,957
B Van Twest	**2015**	**298,095**	**99,498**	**–**	**18,699**	**–**	**100,548**	**–**	**516,840**
	2014	304,225	73,988	–	17,558	–	96,198	–	491,969
C Barbuto*	**2015**	**117,082**	**17,400**	**–**	**11,123**	**–**	**–**	**–**	**145,605**
	2014	–	–	–	–	–	–	–	–

* Commenced 10 November 2014

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 Monte Carlo simulation 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.

Directors' Report

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REMUNERATION REPORT Continued

Fixed and Variable Remuneration

Table 6 details the proportion of fixed and variable remuneration earned by directors and key management personnel during the 2014 and 2015 financial years.

Table 6: Fixed and Variable Remuneration

	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI#	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
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	47.9	55.1	14.4	18.6	37.8	26.2
Other key management personnel						
P Chambers	71.5	64.6	21.0	18.9	7.5	16.5
M Eva	62.3	64.6	19.0	16.0	18.7	19.4
P Ross	70.9	65.8	21.3	16.4	7.8	17.8
L Van Driel	67.1	54.1	17.6	15.3	15.3	30.6
B Van Twest	61.3	65.4	19.3	15.0	19.5	19.6
C Barbuto*	88.0	–	12.0	–	–	–

* Commenced 10 November 2014

\# based on the value of performance rights as at grant date as valued using the option pricing model.

Performance Rights

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

Table 7: Performance Rights affecting Remuneration

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

* Granted 29 June 2012

** Granted 30 April 2013

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

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

Directors' Report

Continued

REMUNERATION REPORT Continued

Table 8: Grants of Performance Rights

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

	RIGHTS TO DEFERRED SHARES							
Name	Year Granted	Number Granted	Value per right*	Vested %	Vested Number	Forfeited Number	Financial years in which rights may vest	Max. Value yet to vest*
P Thompson	2013	300,000	$2.26	100%	300,000	0	30 June 2015	$0
	2013	300,000	$2.26	0%	0	0	30 June 2016	$677,815
	2013	300,000	$2.26	0%	0	0	30 June 2017	$678,136
P Chambers	2012	57,960	$1.08	94%	54,511	3,449	30 June 2014	$0
	2012	57,960	$1.15	100%	57,960	0	30 June 2015	$0
	2012	57,960	$1.20	0%	0	0	30 June 2016	$69,486
M Eva	2013	52,687	$2.26	100%	52,687	0	30 June 2015	$0
	2013	60,000	$2.26	0%	0	0	30 June 2016	$135,563
	2013	60,000	$2.26	0%	0	0	30 June 2017	$135,627
P Ross	2012	54,060	$1.08	94%	50,843	3,217	30 June 2014	$0
	2012	54,060	$1.15	100%	54,060	0	30 June 2015	$0
	2012	54,060	$1.20	0%	0	0	30 June 2016	$64,810
L Van Driel	2013	50,600	$2.25	94%	47,589	3,011	30 June 2014	$0
	2013	50,600	$2.26	100%	50,600	0	30 June 2015	$0
	2013	50,600	$2.26	0%	0	0	30 June 2016	$114,325
B Van Twest	2013	60,000	$2.26	100%	60,000	0	30 June 2015	$0
	2013	60,000	$2.26	0%	0	0	30 June 2016	$135,563
	2013	60,000	$2.26	0%	0	0	30 June 2017	$135,627

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

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

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

	NUMBER				
2015	Opening Balance	Granted during the year	Vested during the year	Forfeited during the year	Closing Balance
Executive Director					
P Thompson	900,000	–	300,000	–	600,000
Other key management personnel					
P Chambers	115,920	–	57,960	–	57,960
M Eva	172,687	–	52,687	–	120,000
P Ross	108,120	–	54,060	–	54,060
L Van Driel	101,200	–	50,600	–	50,600
B Van Twest	180,000	–	60,000	–	120,000

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

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

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

2015	Held at 1 July 2014	Received on exercise of performance rights	Other – DRP, sales and purchases	Held at 30 June 2015
Directors – Non-executive				
M Iwaniw	178,567	–	9,520	188,087
R M Herron	45,326	–	4,553	49,879
M Carroll	–	–	3,202	3,202
F Grimwade	100,000	–	2,804	102,804
P Riordan	–	–	10,000	10,000
Directors – Executive				
P Thompson	30,700	–	6,411	37,111
Key Management Personnel				
P Chambers	22,000	54,511	–	76,511
P Ross	–	50,843	–	50,843
M Eva	–	–	–	–
L Van Driel	–	47,589	–	47,589
B Van Twest	–	–	–	–
C Barbuto	–	–	–	–

Directors' Report

Continued

REMUNERATION REPORT Continued

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. Super-annuation
P Thompson	Managing Director & CEO	On-going	6 months	566,500
P Chambers	Chief Financial Officer	On-going	3 months	337,325
M Eva	General Manager Sales and Marketing Consumer	On-going	3 months	315,180
P Ross	General Manager Horticulture	On-going	3 months	303,850
L Van Driel	Group Trading Manager	On-going	3 months	311,060
B Van Twest	General Manager Operations	On-going	3 months	331,660
C Barbuto*	Group Human Resource	On-going	3 months	200,000

* Commenced 10 November 2014

Base salaries quoted are for the year ended 30 June 2015. They are reviewed annually by the Remuneration Committee, however at the time of preparing the remuneration report the review for the 30 June 2016 year is yet to be completed.

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

5. Use of Remuneration Consultants

No remuneration consultants were used during the year.

DIVIDENDS

	Cents	2015 $'000
Interim fully franked dividend for 2015		
• on ordinary shares	15.0	10,641
Final unfranked dividend declared for 2015		
• on ordinary shares	35.0	25,003

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

COMMITTEE MEMBERSHIP

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

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

Audit and Risk

R M Herron (Chairman)
F Grimwade
P Riordan

Remuneration and Nomination

M Carroll (Chairman)
F Grimwade
M Iwaniw

DIRECTORS' MEETINGS

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

	DIRECTORS' MEETINGS		MEETINGS OF COMMITTEES: AUDIT AND RISK		MEETINGS OF COMMITTEES: REMUNERATION AND NOMINATION	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
M Iwaniw	16	16	–	–	4	4
P Thompson	16	16	–	–	–	–
R M Herron	16	16	4	4	–	–
M Carroll	16	15	–	–	4	4
F Grimwade	16	16	4	4	4	4
P Riordan	16	15	4	3	–	–

Directors' Report

Continued

DIRECTOR'S INTERESTS IN CONTRACTS

Directors' interests in contracts are disclosed in Note 31 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 "Auditor's Independence Declaration" 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 30. 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 other material legal proceedings in place on behalf of the company as at the date of this report.

CORPORATE GOVERNANCE

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

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

M Iwaniw
Chairman

Melbourne, 21 August 2015

Auditor’s Independence Declaration

pwc

Auditor’s Independence Declaration

As lead auditor for the audit of Select Harvests Limited for the year ended 30 June 2015, 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
21 August 2015

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

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.

The Company website contains a Board responsibility, skills and experience matrix setting out the mix of capability of the current Board in key areas.

REMUNERATION

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

Remuneration and Nomination Committee

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

1) Ensure that the board's responsibilities in relation to compensation of the company's directors and executives are fulfilled.

2) Recommend parameters for the setting and approval of remuneration, STIP and LTIP for company executives and any incentive scheme for other employees.
3) Ensure that the composition of the Board of Directors is appropriate for the purpose of fulfilling its responsibilities to shareholders in accordance with the law and current governing guidelines issued by the Australian Securities Exchange and other regulatory bodies.

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

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

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

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

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

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

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

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

Remuneration Policies

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

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

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

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

Audit and Risk Committee

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

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

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

The Managing Director and the Chief Financial Officer have provided a statement in writing to the Board that the Company's financial reports for the year ended 30 June 2015 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;

Corporate Governance Statement

Continued

- 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 and the company's risk register has been established in accordance with ISO standards.

RISK MANAGEMENT

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

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

- Strategic planning: The Board reviews and approves the strategic plan that encompasses the Company's strategy, designed to meet the stakeholders' needs and manage business risk. The strategic plan is dynamic and the Board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the Company;
- Risk management framework: The Company's risk management framework provides a mandate and commitment to risk management, includes the Company's policy that sets out the Company's risk objectives and intentions, embeds risk management within business processes, defines accountabilities and responsibilities, outlines a risk reporting schedule and provides mechanisms for monitoring and continuous improvement;
- Financial reporting: The Board reviews actual results against budgets approved by the Directors and revised forecasts prepared during the year;
- Functional reporting: Key areas subject to regular or periodical reporting to the Board include, but are not limited to, operational, treasury (including foreign exchange), environmental, occupational health and 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. These standards are reflected in the company's code of conduct.

Diversity

Select Harvests has a very diverse workforce of approximately 270 permanent employees and a seasonal workforce employed in both regional and urban Australia. The Company recognises its responsibilities to have a diverse workforce including ethnic, religious, gender and cultural diversity.

Select Harvests believes it is particularly strong in the employment of people of many different ethnicities and is proud to include many people from the Pacific Islands and Asia in its work force. 37% of our workforce were born outside Australia.

During the year Select Harvests reinforced its commitment to building the diversity in its workforce with the establishment of a Diversity Committee comprising employees from all functions of the business.

The Company's Diversity Policy is available on the website (under Governance). This policy is supported by a range of related policies including:

- Recruitment Policy
- Workplace Fair Treatment Policy
- Equal Employment Opportunity, Harassment and Bullying Policy
- Select Harvests Code of Conduct
- Flexible Working Arrangements
- Key Performance Indicators (KPI's) and Review Policy

The following table shows the performance against our 2014/15 Diversity Objectives and includes the 2015/16 Objectives. All objectives were meet in 2014/15.

OBJECTIVE	2014/15 MEASURABLE ACTION	2014/15 PROGRESS	2015/2016 MEASURABLE ACTION
Communicate the Company's core values	Induct all new employees on the Company's values.	All new employees have been inducted.	Companywide communication of performance to core values to be undertaken on a quarterly basis.
Recruit, develop and retain females increasing gender participation across the Company	• All interview panels will have at least one female member. • Remuneration and Nomination Committee include Diversity Review on its annual work plan.	• All interview panels have at least one female member. • Remuneration and Nomination Committee now review Diversity performance and targets on the annual workplan for the month of July.	• At least 30% of all interviewed candidates will be females. • Sponsor 10 or more female employees to be members of NAWO.
Build a flexibility workplace	Establish CEO/MD Diversity Committee.	Diversity Committee was established in April MD and GMHR both have Diversity KPIs.	Review all Executive roles to understand flexibility opportunities within roles.
Regular and accurate reporting of diversity	Remuneration and Nomination Committee annual review of gender targets.	Remuneration and Nomination Committee review gender performance and targets.	Review of employee of gender, age and ethnicity profile will be undertaken.
Workplace Fair Treatment Policy	N/A	N/A	0% Bullying and Harassment claims at Fair Work Australia.

In accordance with the federal Gender Equality Act, Select Harvests submits an annual report to the Workplace Gender Equality Authority (WGEA). The 2015 report reflected:

- 8% increase in the level of female participation at senior to middle management level roles.
- Females comprise 30% of senior to middle management level roles.
- Females comprise 22% of other manager level roles.
- Females comprise 28% of non-managerial roles.

A female has been appointed to the Senior Management Executive and the company remains committed to its target of 30% female representation on the Board and Senior Executive team.

Future Direction

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

The organisation supports diversity through:

- An empowered and effective Diversity Committee
- Having diversity KPIs for MD and GMHR
- Negotiating flexibility provisions in its enterprise agreements
- Ensuring flexible work arrangement opportunity for any employees
- Making sure its recruitment practices are open, fair and unbiased
- Conducting annual performance reviews which encourages both individuals and managers to consider development opportunities
- Conducting a Pay Parity Review

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

The Company believes that the following targets for gender diversity are achievable by 2018:

WGEA Category	Current Female %	Target 2018 %
Board and Senior Executive	8%	30%
Senior Managers	30%	40%
Other Managers	22%	30%
Non Managerial Roles	28%	40%

Conflict of Interest

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

Corporate Governance Statement

Continued

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.

Annual Financial Report

CONTENTS

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

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

Select Harvests Limited
360 Settlement Road
Thomastown Vic 3074

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

The financial report was authorised for issue by the directors on 21 August 2015. 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 2015

	Notes	CONSOLIDATED 2015 $'000	Restated* 2014 $'000
Revenue			
Sales of goods and services	4	223,474	188,088
Other revenue	4	170	163
Total revenue		**223,644**	**188,251**
Other income			
Inventory fair value adjustment	4	47,517	2,476
Total other income		**47,517**	**2,476**
Expenses			
Cost of sales	5	(168,130)	(144,134)
Distribution expenses		(4,349)	(4,797)
Marketing expenses		(1,181)	(668)
Occupancy expenses		(1,304)	(1,289)
Administrative expenses		(5,180)	(4,781)
Finance costs	5	(5,387)	(4,512)
Other expenses		(5,116)	(3,795)
Profit before income tax and discount on acquisition		**80,514**	**26,751**
Discount on acquisition of assets		–	82
PROFIT BEFORE INCOME TAX		**80,514**	**26,833**
Income tax expense	6	(23,748)	(5,190)
PROFIT ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED	25(c)	**56,766**	**21,643**
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	29	82.9	37.5
Diluted earnings per share (cents per share)	29	81.0	36.4

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

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

Statement of Comprehensive Income

For the year ended 30 June 2015

		CONSOLIDATED	
	Notes	2015 $'000	Restated* 2014 $'000
Profit for the year		**56,766**	**21,643**
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges, net of tax		(156)	2,092
Other comprehensive income/(expense) for the year		**(156)**	**2,092**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED		**56,610**	**23,735**

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

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

Balance Sheet

As at 30 June 2015

	Notes	CONSOLIDATED 2015 $'000	Restated* 2014 $'000	Restated* 1 July 2013 $'000
CURRENT ASSETS				
Cash and cash equivalents	*9*	270	6,312	8,939
Trade and other receivables	*10*	60,082	39,135	42,142
Inventories	*11*	142,354	83,018	66,879
Derivative financial instruments	*12*	76	542	343
Other assets	*13*	–	2,632	–
		202,782	**131,639**	**118,303**
Assets held for sale	*14*	5,000	5,000	5,000
TOTAL CURRENT ASSETS		**207,782**	**136,639**	**123,303**
NON CURRENT ASSETS				
Other assets	*15*	349	584	814
Property, plant and equipment (includes bearer plants)	*16*	231,442	156,333	143,447
Intangible assets	*17*	48,339	37,163	36,281
TOTAL NON CURRENT ASSETS		**280,130**	**194,080**	**180,542**
TOTAL ASSETS		**487,912**	**330,719**	**303,845**
CURRENT LIABILITIES				
Trade and other payables	*18*	31,273	22,693	29,495
Interest bearing liabilities	19	21,051	8,299	40,873
Derivative financial instruments	*12*	288	532	3,321
Current tax liabilities		5,473	–	–
Provisions	*20*	3,808	2,464	3,111
TOTAL CURRENT LIABILITIES		**61,893**	**33,988**	**76,800**
NON CURRENT LIABILITIES				
Interest bearing liabilities	*21*	88,927	92,777	47,250
Deferred tax liabilities	*22*	44,064	26,553	19,579
Provisions	*23*	5,641	1,995	711
TOTAL NON CURRENT LIABILITIES		**138,632**	**121,325**	**67,540**
TOTAL LIABILITIES		**200,525**	**155,313**	**144,340**
NET ASSETS		**287,387**	**175,406**	**159,505**
EQUITY				
Contributed equity	*24*	170,198	99,750	97,007
Reserves	*25*	12,818	12,190	9,144
Retained profits	*25*	104,371	63,466	53,354
TOTAL EQUITY		**287,387**	**175,406**	**159,505**

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

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

Statement of Changes in Equity

For the year ended 30 June 2015

CONSOLIDATED	Notes	Contributed Equity	Reserves	Retained Earnings	Total
Balance at 30 June 2013		**97,007**	**9,144**	**53,354**	**159,505**
Profit for the year		–	–	21,643	21,643
Other comprehensive income		–	2,092	–	2,092
Total comprehensive income for the year*		**–**	**2,092**	**21,643**	**23,735**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	*24*	2,743	–	–	2,743
Dividends paid or provided	*8*	–	–	(11,531)	(11,531)
Employee performance rights	*25*	–	954	–	954
Balance restated at 30 June 2014*		**99,750**	**12,190**	**63,466**	**175,406**
Profit for the year		–	–	56,766	56,766
Other comprehensive loss		–	(156)	–	(156)
Total comprehensive profit for the year		**–**	**(156)**	**56,766**	**56,610**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	*24*	5,792	–	–	5,792
Issue of ordinary shares		64,656	–	–	64,656
Dividends paid or provided	*8*	–	–	(15,861)	(15,861)
Employee performance rights	*25*	–	784	–	784
Balance at 30 June 2015		**170,198**	**12,818**	**104,371**	**287,387**

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

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

Statement of Cash Flows

For the year ended 30 June 2015

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		205,747	195,161
Payments to suppliers and employees (inclusive of goods and services tax)		(170,330)	(167,398)
		35,417	**27,763**
Interest received		136	210
Interest paid		(5,154)	(4,910)
Net Cash Inflow From Operating Activities	26	**30,399**	**23,063**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Government grants		2,302	–
Proceeds from sale of property, plant and equipment		227	527
Payment for water rights		(11,218)	(3,515)
Payment for property, plant and equipment		(33,833)	(8,584)
Acquisition of almond orchards	7	(54,600)	(16,601)
Acquisition of land – deposit paid		–	(215)
Tree development costs		(2,810)	(1,467)
Net Cash Outflow from Investing Activities		**(99,932)**	**(29,855)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares		64,656	–
Proceeds from borrowings		97,332	69,527
Repayments of borrowings		(91,500)	(57,000)
Dividends payment on ordinary shares, net of Dividend Reinvestment Plan		(10,068)	(8,788)
Net Cash Inflow from financing activities		**60,420**	**3,739**
Net decrease in cash and cash equivalents		**(9,113)**	**(3,053)**
Cash and cash equivalents at the beginning of the financial year		4,013	7,066
Cash and cash equivalents at the end of the financial year	9(a)	**(5,100)**	**4,013**

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.

New and amended standards adopted by the group

The Company has elected to early adopt the amendments made to AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants. The resulting changes to the accounting policies and retrospective adjustments made to the financial statements are explained in Note 1(ad).

The Company has adopted the new standard AASB 120 Accounting for Government Grants and Disclosure of Government Assistance which is explained in Note 1(e).

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The Company's assessment of the impact of these new standards and interpretations is set out below.

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

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The standard is not applicable until 1 January 2018 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) AASB15 Revenue from Contracts with Customers (effective from 1 January 2017)

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard is not applicable until 1 January 2018 but is available for early adoption. The Company is yet to assess its full impact and has not yet decided when to adopt AASB 15.

(b) Principles of consolidation

(i) Subsidiaries

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

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

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

(ii) Equity method

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

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

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

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

Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(b) Principles of consolidation

Continued

(iii) Changes in ownership interests

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

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

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity comprising the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of Select Harvests Limited.

(ii) Transactions and balances

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

(d) Revenue Recognition

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

Sale of Goods

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

Interest

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

Dividends

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

Almond Pool Revenue

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

As at 30 June 2015 the group held almond inventory on behalf of external growers which was not recorded as inventory of the Company.

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

(e) Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the consolidated entity.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which they become receivable.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are deducted from the carrying amount of the asset on the Balance sheet. The Grant is recognised in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

(f) 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.

(g) Trade Receivables

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

(h) 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.

(i) 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.

(j) 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
Bearer plants:	10 to 30 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.

(k) Leases

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

Operating leases

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

Finance leases

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

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

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

Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(l) Agriculture produce

Growing almond crop

The growing almond crop is valued in accordance with AASB 141 Agriculture. The fair value amount is an aggregate of the fair valuation of the current year almond crop and the reversal of the fair valuation of the prior year almond crop. The current year fair 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.

(m) 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.

(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) Income Tax

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

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

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

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

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

(i) Investment allowances and similar tax incentives

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

(ii) Goods and Services Tax (GST)

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

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

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

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

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

(p) 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.

(q) Employee benefits

(i) Short-term obligations

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

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

(ii) Other long-term benefit obligations

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

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

Share-based payments

Share-based compensation benefits are provided to employees via the Select Harvests Limited Long Term Incentive Plan (LTIP). Information relating to this scheme is set out in Note 34.

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.

(r) Financial Instruments

Financial Assets

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

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

Financial Liabilities

The bank overdraft disclosed within interest bearing liabilities is carried at the principal amount and is part of the Net Cash balance in the Statement of Cash Flows. Interest is charged as an expense as it accrues. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

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

(s) Fair value estimation

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

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

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

(t) 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.

Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(t) Borrowings Continued

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.

(u) 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.

(v) 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.

(w) Contributed equity

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

(x) Earnings per share

(i) Basic Earnings per share

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

(ii) Diluted earnings per share

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

(y) 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.

(z) Business Combinations

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

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

(aa) Comparatives

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

(ab) Rounding amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and 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 36 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 is 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.

(ad) Changes in accounting policies

As explained in 1(a) above, the group has adopted the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants this year. These amendments have resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

(i) Bearer plants

Amendments to AASB 116 Property, Plant and Equipment and AASB 141 Agriculture distinguish bearer plants from other biological assets. Bearer plants are solely used to grow produce over their productive lives and are seen to be similar to an item of machinery. They will therefore now be accounted for under AASB 116 Property, Plant and Equipment. However, agricultural produce growing on bearer plants will remain within the scope of AASB 141 Agriculture and continue to be measured at fair value less cost to sell.

The group's almond trees qualify as bearer plants under the new definition in AASB 141 Agriculture. As required under the standards, the change in accounting policy has been applied retrospectively to the earliest period presented in the financial statements. As a consequence, the trees were classified to property, plant and equipment effective 1 July 2013 and prior year financial statements have been restated.

The trees are now measured at amortised cost and first depreciated from maturity at year seven, to the end of their useful life which is estimated to be year 30. As permitted under the transitional rules, the fair value of the trees at 1 July 2013 was deemed to be their cost at that date.

Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(ad) Changes in accounting policies Continued

(ii) Impact on financial statements

As a result of the changes in the entity's accounting policies, prior year financial statements have been restated. The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the change have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. As permitted under the transitional rules, the impact on the current period is not disclosed.

	PRIOR YEAR RESTATEMENT		
Statement of profit or loss (extract)	**2014 (Previously stated) $'000**	**Increase/ (Decrease) $'000**	**2014 (Restated) $'000**
Biological asset fair value adjustment	8,503	(6,027)	2,476
Depreciation	(3,810)	(4,493)	(8,303)
Profit before income tax	**37,353**	**(10,520)**	**26,833**
Income tax benefit/(expense)	**(8,346)**	**3,156**	**(5,190)**
Profit attributable to members of Select Harvests Limited	**29,007**	**(7,364)**	**21,643**
Basic earnings per share (cents per share)	50.2	(12.7)	37.5
Diluted earnings per share (cents per share)	48.8	(12.4)	36.4
Balance Sheet (extract)			
Biological asset	81,229	(81,229)	–
Property, Plant and Equipment	85,625	70,708	156,333
Total assets	**341,239**	**(10,520)**	**330,719**
Deferred tax liabilities	29,709	(3,156)	26,553
Total liabilities	**158,469**	**(3,156)**	**155,313**
Net assets	**182,770**	**(7,364)**	**175,406**
Retained earnings	70,830	(7,364)	63,466
Total equity	**182,770**	**(7,364)**	**175,406**
Statement of changes in equity (extract)			
Contributed equity	99,750	–	99,750
Reserves	12,190	–	12,190
Retained earnings	70,830	(7,364)	63,466
Total	**182,770**	**(7,364)**	**175,406**

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.

The Group also acquires capital related items internationally in Euro.

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 2015 USD $'000	30 June 2015 EUR $'000	30 June 2014 USD $'000	30 June 2014 EUR $'000
Trade receivables net of payables	24,045	–	18,435	–
Overdraft	(4,141)	–	(2,299)	–
Foreign exchange contracts				
– buy foreign currency (cash flow hedges)	6,198	5,158	7,125	–
– sell foreign currency (cash flow hedges)	10,864	–	11,699	–

Group sensitivity analysis

Based on financial instruments held at the 30 June 2015, had the Australian dollar strengthened/weakened by 5% against the US dollar and the EUR, with all other variables held constant, the Group's post tax profit for the year would have been $860,000 lower/$951,000 higher (2014: $576,000 lower/$636,000 higher), mainly as a result of the US dollar denominated financial instruments as detailed in the above table. Equity would have been $811,000 lower/$896,000 higher (2014: $738,000 lower/$815,000 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 2015 Weighted Average Interest Rate %	Balance $'000	30 June 2014 Weighted Average Interest Rate %	Balance $'000
Debt facilities (AUD)	5.06%	94,608	5.48%	98,777
Overdraft (USD)	1.43%	4,141	0.95%	2,299

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 $10,000,000 (2014: $20,000,000) of debt at a rate of 3.97% to reduce the risk that higher interest rates pose to the company's cash flows. The weighted average interest rate of 5.06% in the table above is inclusive of the interest rate swap.

Notes to the Financial Statements

Continued

2. FINANCIAL RISK MANAGEMENT *Continued*

(a) Market risk Continued

(ii) Cash flow interest rate risk Continued

Group sensitivity

At 30 June 2015, 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 $182,000 lower/higher (2014: $169,000 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:

	FLOATING INTEREST RATE		FIXED INTEREST RATE MATURING IN:						NON-INTEREST BEARING		TOTAL CARRYING AMOUNT AS PER THE BALANCE SHEET		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
			1 YEAR OR LESS		OVER 1 TO 5 YEARS		MORE THAN 5 YEARS							
Financial Instruments	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 %**	**2014 %**
(i) Financial assets														
Cash	270	6,312	–	–	–	–	–	–	–	–	270	6,312	–	–
Trade and other receivables	–	–	–	–	–	–	–	–	58,308	37,566	58,308	37,566	–	–
Forward exchange contracts	–	–	–	–	–	–	–	–	76	542	76	542	–	–
Total financial assets	270	6,312	–	–	–	–	–	–	58,384	38,108	58,654	44,420		
(ii) Financial liabilities														
Bank overdraft – USD @ AUD	5,370	2,299	–	–	–	–	–	–	–	–	5,370	2,299	1.43	0.95
Commercial Bills	94,609	78,777	10,000	–	–	20,000	–	–	–	–	104,609	98,777	5.06	5.48
Trade creditors	–	–	–	–	–	–	–	–	8,112	7,439	8,112	7,439	–	–
Other creditors	–	–	–	–	–	–	–	–	23,161	16,613	23,161	16,613	–	–
Interest Rate Swap	–	–	–	–	–	–	–	–	135	314	135	314	–	–
Forward exchange contracts	–	–	–	–	–	–	–	–	153	218	153	218	–	–
Total financial liabilities	99,979	81,076	10,000	–	–	20,000	–	–	31,561	24,584	141,540	125,660		

(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 partners have long-term credit ratings of AA– and A+ (Standard and Poor's).

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

(c) Liquidity risk

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

Financing arrangements

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

Debt facilities	Expiry Date	Facility Limit
1. Term debt	31/08/2018	$50,000,000
2. Working capital	31/03/2016 NAB / 31/10/2016 Rabobank	$60,000,000
3. Acquisition	31/10/2016	$75,000,000
4. Acquisition – bridging	31/07/2015 NAB / 30/09/2015 Rabobank	$80,000,000
5. Trade finance*	30/04/2016	$10,000,000
		AUD $275,000,000
6. Overdraft*	31/03/2016	USD $5,000,000

* Held with NAB only

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

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

	2015 $'000	2014 $'000
Floating rate		
– Working capital/Acquisition facility	A$170,392	A$36,223
– Bank overdraft facility USD	US$859	US$2,714

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The debt facilities (term debt, working capital, acquisition, acquisition – bridging and trade finance) may be drawn at any time over a three year term.

Notes to the Financial Statements

Continued

2. FINANCIAL RISK MANAGEMENT *Continued*

(c) Liquidity risk Continued

Financing arrangements Continued

		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 2015						
Non derivatives						
Variable Rate	Debt facilities	–	21,511	96,698	118,209	101,427
	Trade finance	–	3,182	–	3,182	3,182
	Bank Overdraft	5,370	–	–	5,370	5,370
Derivatives	Interest Rate Swap	101	34	–	135	135
	EUR buy – outflow	2,710	2,448	–	5,158	(58)
	USD buy – outflow	4,518	1,680	–	6,198	(18)
	USD sell – (inflow)	(10,864)	–	–	(10,864)	153
	USD net	(6,346)	1,680	–	(4,666)	135

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

(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 2015 and 30 June 2014, the group's assets and liabilities measured and recognised at fair value comprised the interest rate swap derivative and foreign exchange forward contracts. Both are level 2 measurements under the hierarchy.

Maturities of financial liabilities

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

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 average almond selling price at the point of harvest of $11.45 per kg and almond yield based on a crop estimate for Company Orchards of 14,500mt.

Fair Value of Acquired Assets

In calculating the fair value of acquired assets, in particular almond orchards, the company has made various assumptions. These include future almond price, long term yield and discount rates. The valuation of almond trees is very sensitive to these assumptions and any change may have a material impact on these valuations.

Carry value of intangible assets

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

Key assumptions and sensitivities are disclosed in Note 17.

4. REVENUE

		CONSOLIDATED	
	Notes	**2015 $'000**	**Restated* 2014 $'000**
Revenue from continuing operations			
– Management services		5,725	4,280
– Sale of goods		217,749	183,808
		223,474	**188,088**
Other revenue			
– Bank interest		56	57
– Other revenue		114	106
Total other revenue		**170**	**163**
Total revenue		**223,644**	**188,251**

Notes to the Financial Statements

Continued

5. EXPENSES

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED Restated* 2014 $'000
Profit before tax includes the following specific expenses:			
Cost of goods and services sold		168,130	144,134
Depreciation of non-current assets:			
Buildings		193	272
Plantation land and irrigation systems		1,202	1,076
Plant and equipment		3,649	2,462
Bearer plants*		5,502	4,493
Total depreciation of non-current assets		10,546	8,303
Employee benefits		20,803	19,872
Finance costs		5,387	4,512
Impairment loss/(gain): trade receivables		(14)	6
Foreign exchange loss/(gain)		–	(1)
Operating lease rental minimum lease payments		5,334	5,381
Net loss on disposal of property, plant and equipment		251	239
Acquisition transaction costs		3,790	1,038

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

6. INCOME TAX

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED Restated* 2014 $'000
(a) Income tax expense			
Current tax		(10,406)	(7,787)
Deferred tax		(13,461)	(227)
Over provided in prior years		–	1,009
Over provided research and development tax offsets		119	1,815
		(23,748)	**(5,190)**
Income tax expense is attributable to:			
Profit from continuing operations		(23,748)	(5,190)
Aggregate income tax expense		**(23,748)**	**(5,190)**
Deferred income tax benefit included in income tax benefit comprises:			
(Increase)/Decrease in deferred tax assets	22	(17,599)	1,055
Increase/(Decrease) in deferred tax liabilities	22	4,138	(1,282)
		(13,461)	**(227)**

	Notes	CONSOLIDATED 2015 $'000	Restated* 2014 $'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit from continuing operations before income tax expense		80,514	26,833
Tax at the Australian tax rate of 30% (2014 – 30%)		(24,154)	(8,049)
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income			
Discount on acquisition		–	35
Other assessable items		287	–
Over provided in prior years		–	1,009
Over provided relating to research and development tax offsets		119	1,815
Income tax expense		**(23,748)**	**(5,190)**

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

7. BUSINESS COMBINATIONS

(a) Summary of acquisitions

On 22 August 2014, Select Harvests acquired 4,248 acres of land, which includes 2,011 acres of almond orchards and 731 acres of citrus orchards, near Renmark in South Australia (referred to as Amaroo) for $57.7 million cash consideration, which included $3.4 million for the orchard assets and $1.9 million for title to the 2015 crop.

On 22 August 2014, Select Harvests also acquired 2,953 acres of land, which includes 434 acres of almond orchards in Victoria (referred to as Mullroo) for $8.4 million cash consideration.

The fair values of assets and liabilities acquired are as follows:

	Amaroo $'000	Mullroo $'000
Plantation land and irrigation systems	18,000	5,451
Buildings	1,000	40
Plant and equipment	3,375	–
Bearer plants – trees	22,314	2,909
Permanent water rights	11,186	–
Inventory	1,953	–
Employee entitlements	(146)	–
Net Identifiable Assets	**57,682**	**8,400**
Net cash outflow on acquisition	57,682	8,400
Total purchase consideration	**57,682**	**8,400**

Included in other expenses in the income statement are transaction costs totalling $3.8 million relating to statutory, legal and advisors fees associated with the acquisitions.

These properties have been included in a sale and leaseback transaction subsequent to year end, as detailed in Note 28.

Notes to the Financial Statements

Continued

7. BUSINESS COMBINATIONS Continued

(b) Financial contribution of acquisitions

The acquired businesses contributed earnings before interest and tax of $9,881,000 to the group for the period from acquisition date to 30 June 2015.

If the acquisition had occurred on 1 July 2014, consolidated profit after tax for the year ended 30 June 2015 would have remained unchanged from the reported results.

8. DIVIDENDS PAID OR PROPOSED FOR ON ORDINARY SHARES

		CONSOLIDATED	
	Notes	**2015 $'000**	**2014 $'000**
(a) Dividends paid during the year			
(i) Interim – *paid 16 April 2015 (2014: 24 April 2014)*			
Unfranked dividend (15c per share) (2014: Fully franked 11c per share)		10,641	6,360
(ii) Final – *paid 15 October 2014 (2014: 15 October 2013)*			
Unfranked dividend (9c per share) (2014: Fully franked 9c per share)		5,220	5,171
		15,861	**11,531**

(b) Dividends proposed and not recognised as a liability

A final unfranked dividend of 35 cents per share has been declared by the directors ($25,002,530).

(c) Franking credit balance

		CONSOLIDATED	
	Notes	**2015 $'000**	**2014 $'000**
Franking credits available for the subsequent financial year arising from:			
Franking credits available for subsequent reporting periods		331	331
		331	**331**

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

There is no impact on the franking account from the dividend recommended by the directors since year end, but not recognised as a liability at year end, as it is unfranked (2014: unfranked).

9. CASH AND CASH EQUIVALENTS (CURRENT)

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Cash at bank and in hand		270	6,312
		270	**6,312**

(a) Reconciliation to cash at the end of the year

	Notes	2015 $'000	2014 $'000
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:			
Balances as above		270	6,312
Bank overdrafts	*19*	(5,370)	(2,299)
		(5,100)	**4,013**

10. TRADE AND OTHER RECEIVABLES (CURRENT)

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Trade receivables		58,338	37,566
Provision for impairment of trade receivables		(30)	(44)
		58,308	37,522
Prepayments		1,774	1,613
		60,082	**39,135**
As at 30 June 2015 current trade receivables of the Group with a value of $30,100 (2014: $44,079) were impaired. The amount of the provision was $30,100 (2014: $44,079). The ageing of these receivables is as follows:			
Up to 3 months		–	9
3 to 6 months		–	35
Over 6 months		30	–
		30	**44**
Movements in the provision for impairment of receivables are as follows:			
At 1 July		44	38
Provision for impairment recognised during the year		5	6
Receivables written off during the year		(19)	–
At 30 June		**30**	**44**

(a) Trade receivables past due but not impaired

	Notes	2015 $'000	2014 $'000
As at 30 June 2015, trade receivables of $5,796,640 (2014: $5,198,329) 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		5,702	5,156
3 to 6 months		9	43
> 6 months		86	–
		5,797	**5,199**

Notes to the Financial Statements

Continued

10. TRADE AND OTHER RECEIVABLES (CURRENT) Continued

(b) 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.

(c) Fair value

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

11. INVENTORIES (CURRENT)

		CONSOLIDATED	
	Notes	**2015 $'000**	**2014 $'000**
Raw materials at cost		9,522	8,490
Finished goods at cost		10,889	13,139
Other inventory at cost		9,684	6,550
Almond stock at cost	*1(l)*	112,259	54,839
		142,354	**83,018**

12. DERIVATIVE FINANCIAL INSTRUMENTS (CURRENT)

		CONSOLIDATED	
	Notes	**2015 $'000**	**2014 $'000**
Current Assets			
Forward exchange contracts – cash flow hedges		76	542
Total current derivative financial instrument assets		**76**	**542**
Current Liabilities			
Interest rate swap – cash flow hedges		135	314
Forward exchange contracts – cash flow hedges		153	218
Total current derivative financial instrument liabilities		**288**	**532**

(i) Cash flow hedges

On 25 February 2015, the Company entered into an agreement to swap the variable interest rate applicable to $10m of debt to fixed interest at a rate of 3.97% until 29 February 2016. The market value of the swap is recognised as a current liability in the balance sheet. Movements in the fair value of the swap are treated similarly to those of forward exchange contracts. Movements caused by changes in the intrinsic value of the swap are recognised in Other Comprehensive Income to the extent that the hedge is effective; those relating to a change in the time value of money are recognised in the income statement.

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

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

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

	SELL AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATE	
Less than 6 months	**2015 $'000**	**2014 $'000**	**2015 $**	**2014 $**
Buy United States Dollars Settlement	4,518	7,125	0.77	0.91
Buy Euro Dollars Settlement	2,710	–	0.70	–

	BUY AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATE	
Less than 6 months	**2015 $'000**	**2014 $'000**	**2015 $**	**2014 $**
Sell United States Dollars Settlement	10,864	11,699	0.77	0.90

	SELL AUSTRALIAN DOLLARS		AVERAGE EXCHANGE RATE	
More than 6 months	**2015 $'000**	**2014 $'000**	**2015 $**	**2014 $**
Buy United States Dollars Settlement	1,680	–	0.76	–
Buy Euro Dollars Settlement	2,448	–	0.68	–

(ii) Credit risk exposures

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

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

The net amount of the foreign currency the Company will be required to pay or purchase when settling the brought forward exchange contracts should the counterparty not pay the currency it is committed to deliver to the Company at balance date was USD $4,665,372 and EUR $5,158,417 (2014: USD $4,574,833).

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.

13. OTHER ASSETS (CURRENT)

		CONSOLIDATED	
	Notes	**2015 $'000**	**2014 $'000**
Temporary water rights		–	2,632
		–	**2,632**

14. ASSETS HELD FOR SALE (CURRENT)

		CONSOLIDATED	
	Notes	**2015 $'000**	**2014 $'000**
Property, plant and equipment		5,000	5,000
		5,000	**5,000**

The property, plant and equipment amount represents the estimated recoverable amount of assets at the Company's Western Australian orchards, less cost to sell. The decision was made to exit this project. 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 to the Financial Statements

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15. OTHER ASSETS (NON-CURRENT)

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Prepayments		349	584
		349	**584**

16. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliations

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

	Buildings $'000	Plantation land and irrigation systems $'000	Plant and equipment $'000	Bearer Plants $'000	Capital work in progress $'000	Total $'000
At 1 July 2013* (Restated)						
Cost	12,531	81,463	51,097	68,415	725	214,231
Accumulated depreciation	(1,768)	(27,462)	(41,554)	–	–	(70,784)
Net book amount	**10,763**	**54,001**	**9,543**	**68,415**	**725**	**143,447**
Year ended 30 June 2014						
Opening net book amount	10,763	54,001	9,543	68,415	725	143,447
Additions	60	502	2,968	475	5,055	9,060
Acquired through business combinations	–	5,733	851	6,311	–	12,895
Disposals	–	–	(766)	–	–	(766)
Depreciation expense	(272)	(1,076)	(2,462)	(4,493)	–	(8,303)
Transfers between classes	–	564	434	–	(998)	–
Closing net book amount	**10,551**	**59,724**	**10,568**	**70,708**	**4,782**	**156,333**
At 30 June 2014* (Restated)						
Cost	12,591	88,262	49,142	75,201	4,782	229,978
Accumulated depreciation	(2,040)	(28,538)	(38,574)	(4,493)	–	(73,645)
Net book amount	**10,551**	**59,724**	**10,568**	**70,708**	**4,782**	**156,333**
Year ended 30 June 2015						
Opening net book amount	10,551	59,724	10,568	70,708	4,782	156,333
Additions	–	35	10,552	4,476	18,075	33,138
Acquired through business combinations	1,040	23,451	–	25,223	3,375	53,089
Disposals	–	–	(564)	–	(8)	(572)
Depreciation expense	(193)	(1,202)	(3,649)	(5,502)	–	(10,546)
Transfers between classes	57	4,728	2,795	2,653	(10,233)	–
Closing net book amount	**11,455**	**86,736**	**19,702**	**97,558**	**15,991**	**231,442**
At 30 June 2015						
Cost	13,688	116,476	61,610	107,553	15,991	315,318
Accumulated depreciation	(2,233)	(29,740)	(41,908)	(9,995)	–	(83,876)
Net book amount	**11,455**	**86,736**	**19,702**	**97,558**	**15,991**	**231,442**

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

(b) Leased assets

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

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Leasehold plant and equipment			
At cost		6,673	1,483
Accumulated depreciation and impairment		(452)	(68)
		6,221	**1,415**

17. INTANGIBLES (NON-CURRENT)

	CONSOLIDATED Goodwill $'000	Brand Names* $'000	Permanent Water Rights $'000	Total $'000
Year ended 30 June 2014				
Opening net book amount	25,995	2,905	7,381	36,281
Acquisition of permanent water rights	–	–	882	882
Closing net book amount	**25,995**	**2,905**	**8,263**	**37,163**
Year ended 30 June 2015				
Opening net book amount	25,995	2,905	8,263	37,163
Acquisition of permanent water rights	–	–	573	573
Disposal of permanent water rights	–	–	(583)	(583)
Acquired through business combinations	–	–	11,186	11,186
Closing net book amount	**25,995**	**2,905**	**19,439**	**48,339**

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

(a) Impairment tests for goodwill and brand names

Goodwill is allocated to the Company's cash-generating units (CGU) identified according to operating segment. The total value of goodwill and brand names relates to the Food Products CGU. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. These calculations use cash flow forecasts based on financial projections by management covering a five year period based on growth rates taking into account past performance and its expectations for the future, in line with the Strategic Review. Assumptions made include that new product development, enhanced marketing and market penetration and the exiting of lower margin business will improve EBIT over the forecast period. Cash flow projections beyond the five year period are not extrapolated, but a terminal value is included in the calculations. A real pre-tax weighted average cost of capital of 12% (2014:12%) has been used to discount the cash flow projections.

(b) Impact of possible changes to key assumptions

The recoverable amount of the goodwill and brand names in the Food Division exceeds the carrying amount of goodwill at 30 June 2015. A decrease of 10% in the projected annual cash flows, or an increase of 1% in the pre-tax discount rate of 12% does not result in an impairment of the goodwill and brand names at 30 June 2015. These changes would be considered reasonably possible changes to the key assumptions.

(c) Permanent water rights

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

Notes to the Financial Statements

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18. TRADE AND OTHER PAYABLES (CURRENT)

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Trade creditors		8,112	7,439
Other creditors and accruals		23,161	15,254
		31,273	**22,693**

19. INTEREST BEARING LIABILITIES (CURRENT)

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Secured			
Bank overdraft		5,370	2,299
Trade finance		3,182	–
Debt facilities		12,499	6,000
Total secured current borrowings		**21,051**	**8,299**
Lease liability	*27(b)*	1,367	255
		1,367	**255**

(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.

20. PROVISIONS (CURRENT)

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Employee benefits		2,441	2,209
		2,441	**2,209**

21. INTEREST BEARING LIABILITIES (NON-CURRENT)

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Term debt facility		88,927	92,777
		88,927	**92,777**

Assets pledged as security

The bank overdraft and debt 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	
	Notes	2015 $'000	Restated* 2014 $'000
Current			
Floating charge			
Cash and cash equivalents		270	6,312
Receivables		60,082	39,135
Inventories		142,354	83,018
Derivative financial instruments		76	542
Assets held for sale		5,000	5,000
Total current assets pledged as security		207,782	134,007
Non-current			
Floating charge			
Prepayments		349	584
Property, plant and equipment		231,442	156,333
Permanent water rights		19,439	10,896
Total non-current assets pledged as security		251,230	167,813
Total assets pledged as security		**459,012**	**301,820**

Financing arrangements

The Company has a debt facility available to the extent of $275,000,000 as at 30 June 2015 (2014: $135,000,000). The Company has bank overdraft facilities available to the extent of US$5,000,000 (2014: US$5,000,000).

The current interest rates at balance date are 4.37% (2014: 5.12%) on the debt facility, and 1.16% (2014: 1.06%) on the United States dollar bank overdraft facility.

A number of covenants and financial undertakings are associated with the company banking facilities, all of which have been met during the period as at 30 June 2015.

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

		CONSOLIDATED	
	Notes	2015 $'000	2014 $'000
Lease liability	*27(b)*	4,534	1,104
		4,534	**1,104**

Notes to the Financial Statements

Continued

22. DEFERRED TAX LIABILITIES (NON CURRENT)

	Notes	CONSOLIDATED 2015 $'000	Restated* 2014 $'000
The balance comprises temporary differences attributable to:			
Amounts recognised in profit and loss			
Accruals and provisions		(3,499)	(2,530)
Inventory		23,078	8,382
Property, plant and equipment (includes bearer plants)		25,571	25,296
Intangibles		134	677
		45,284	**31,825**
Amounts recognised directly in OCI			
Cash flow hedges		**(664)**	**3**
Amounts recognised directly in equity			
Equity raising costs		**(556)**	**–**
Net deferred tax liabilities		44,064	31,828
Carry forward tax losses		–	(5,275)
Total deferred tax liabilities		**44,064**	**26,553**
Movements:			
Opening balance 1 July		26,553	19,579
Prior period under provision		119	2,824
Charged/(credited) to income statement		13,340	(2,636)
Charged/(credited) to equity		(1,223)	3
Discount on acquisition		–	35
Use of carry forward tax losses		5,275	6,748
Closing balance at 30 June		**44,064**	**26,553**

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

23. PROVISIONS (NON CURRENT)

	Notes	CONSOLIDATED 2015 $'000	2014 $'000
Employee entitlements		1,107	891
		1,107	**891**
Aggregate employee entitlements liability (Including current liabilities in Note 20)		3,548	3,100

24. CONTRIBUTED EQUITY

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
(a) Issued and paid up capital			
Ordinary shares fully paid		170,198	99,750
		170,198	**99,750**

(b) Movements in shares on issue

	2015 Number of Shares	2015 $'000	2014 Number of Shares	2014 $'000
Beginning of the financial year	**57,999,427**	**99,750**	**57,462,851**	**97,007**
Issued during the year:				
• Dividend reinvestment plan	894,540	5,792	536,576	2,743
• Long term incentive plan – tranche vested	152,943	–	–	–
• Ordinary shares issued under equity raising (net of transaction costs and deferred tax)	12,388,891	64,656	–	–
End of financial year	**71,435,801**	**170,198**	**57,999,427**	**99,750**

(c) Performance Rights

Long Term Incentive Plan

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

The long term scheme involves the issue of performance rights to the employee, under the Long Term Incentive Plan. During the financial year, performance rights granted during the 2012 year have vested under this plan (refer Note 34 and Directors' Report for further details). The market value of ordinary Select Harvests Limited shares closed at $11.00 on 30 June 2015 ($5.14 on 30 June 2014).

(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 its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Notes to the Financial Statements

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25. RESERVES AND RETAINED PROFITS

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED Restated* 2014 $'000
Capital reserve	*25(a)*	3,270	3,270
Cash flow hedge reserve	*25(a)*	(149)	7
Asset revaluation reserve	*25(a)*	7,645	7,645
Options reserve	*25(a)*	2,052	1,268
		12,818	**12,190**
Retained profits	*25(c)*	**104,371**	**63,466**

(a) Movements

	2015 $'000	Restated* 2014 $'000
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	7	(2,085)
Fair value movement in interest rate swap	125	179
Fair value movement in foreign currency dealings arising during the year	(281)	1,913
Balance at end of year	**(149)**	**7**
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	1,268	314
Option expense	784	954
Balance at end of year	**2,052**	**1,268**

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

(b) Nature and purpose of reserves

(i) Capital reserve

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

(ii) Asset revaluation reserve

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

(iii) Options reserve

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

(iv) Cash flow hedge reserve

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

	Notes	CONSOLIDATED 2015 $'000	Restated* 2014 $'000
(c) Retained profits			
Balance at the beginning of year		63,466	53,354
Profit attributable to members of Select Harvests Limited		56,766	21,643
Total available for appropriation		120,232	74,997
Dividends paid		(15,861)	(11,531)
Balance at end of year		**104,371**	**63,466**

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

	Notes	CONSOLIDATED 2015 $'000	Restated* 2014 $'000
Net profit		56,766	21,643
Non-cash items			
Depreciation and amortisation		10,546	8,303
Inventory fair value adjustment		(47,517)	(2,476)
Discount on acquisition		–	(82)
Net loss on sale of assets		251	239
Options expense		784	954
Income tax expense		23,748	5,190
Changes in assets and liabilities			
(Increase)/decrease in receivables		(20,786)	4,129
(Increase) in inventory		(14,990)	(10,163)
Decrease in prepayments		235	–
(Increase)/decrease in other assets		(854)	(566)
Increase/(decrease) in trade and other payables		9,730	(4,001)
(Increase) in income tax payable		(5,473)	–
Increase/(decrease) in deferred tax liability		17,511	(237)
Increase in employee entitlements		448	130
Net cash flow from operating activities		30,399	23,063

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

Non cash financing activities

During the current year the company issued 12,388,891 (2014: Nil) and 894,540 (2014: 536,576) of new equity as part of the Equity Raising and Dividend Reinvestment Plan respectively.

Notes to the Financial Statements

Continued

27. EXPENDITURE COMMITMENTS

	Notes	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
(a) Operating lease commitments			
Commitments payable in relation to leases contracted for at the reporting date but not recognised as liabilities:			
Within one year		11,039	10,837
Later than one year but not later than five years		41,487	37,019
Later than five years		92,873	78,494
		145,399	**126,350**

(i) Property and equipment leases (non-cancellable):

Minimum lease payments		
• Within one year	4,062	4,501
• Later than one year and not later than five years	9,205	9,884
• Later than five years	–	1,512
Aggregate lease expenditure contracted for at reporting date	13,267	15,897

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

(ii) Almond orchard leases:

Minimum lease payments		
• Within one year	6,977	6,336
• Later than one year and not later than five years	32,282	27,135
• Later than five years	92,873	76,982
Aggregate lease expenditure contracted for at reporting date	132,132	110,453

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

	Notes	CONSOLIDATED 2015 $'000	2014 $'000
(b) Finance lease commitments			
Commitments payable in relation to leases contracted for at the reporting date and recognised as liabilities:			
Within one year		1,367	332
Later than one year but not later than five years		4,534	1,201
Minimum lease payments		**5,901**	**1,533**
Future finance charges		(497)	(174)
Total lease liabilities		**5,404**	**1,359**
The present value of finance lease liabilities is as follows:			
Within one year		1,124	255
Later than one year but not later than five years		4,280	1,104
Minimum lease payments		**5,404**	**1,359**

Finance lease payments are for rental of farming equipment with a carrying amount of $6,220,629 (2014: $1,415,000).

(c) Capital commitments

		2015 $'000	2014 $'000
Significant capital expenditure contracted for at the end of the reporting period by not recognised as liabilities is as follows:			
Property, plant and equipment		9,070	–
		9,070	**–**

28. EVENTS OCCURRING AFTER BALANCE DATE

On 20 August 2015, the Company announced a sale and leaseback transaction with First State Super. The transaction involves selling three properties in South Australia, Victoria and New South Wales for proceeds of $67 million, accompanied by a long term lease to support the development of new greenfield almond orchards.

At 30 June 2015 the financial effect of the transaction cannot be accurately estimated, and these assets have not been classified as held for sale, as the accounting treatment cannot be completed until all aspects of the leaseback transaction are finalised. The assets sold include land, irrigation, infrastructure and trees that have been acquired during the year. Any differential between the proceeds and carrying value, which is not currently expected to be material, will either be deferred over the lease term or recognised in the income statement, dependent upon finalisation of the accounting treatment.

On 21 August 2015, the Directors declared a final unfranked dividend of 35 cents per share in relation to the financial year ended 30 June 2015 to be paid on 13 October 2015.

Notes to the Financial Statements

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29. EARNINGS PER SHARE

	2015 Cents	Restated* 2014 Cents
Basic earnings per share attributable to equity holders of the company	82.9	37.5
Diluted earnings per share attributable to equity holders of the company	81.0	36.4

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

	CONSOLIDATED	
	2015 $'000	Restated* 2014 $'000
Basic earnings per share:		
Profit attributable to equity holders of the company used in calculating basic earnings per share	56,766	21,643
Diluted earnings per share:		
Profit attributable to equity holders of the company used in calculating diluted earnings per share	56,766	21,643

	NUMBER OF SHARES	
	2015	2014
Weighted average number of ordinary shares used in calculating basic earnings per share	68,455,421	57,745,998
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	70,074,337	59,486,545

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

30. REMUNERATION OF AUDITORS

	2015 $	2014 $
Audit and other assurance services		
Audit and review of financial statements	297,000	269,400
Operational review and other assurance services	151,000	–
Total remuneration for audit and other assurance services	**448,000**	**269,400**
Taxation services		
Tax consulting	31,818	83,855
Total remuneration for taxation services	**31,818**	**83,855**
Total remuneration of PricewaterhouseCoopers	**479,818**	**353,255**

31. 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 33.

(c) Key management personnel compensation

		CONSOLIDATED	
	Notes	2015 $	2014 $
Short term employment benefits		3,275,159	2,992,655
Post-employment benefits		169,118	144,709
Long service leave		15,087	20,701
Share based payments		784,029	954,376
		4,243,393	**4,112,441**

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

(d) Director related entity transactions

There were no director related entity transactions during the year.

Notes to the Financial Statements

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32. SEGMENT INFORMATION

Segment products and locations

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

The Company has the following business segments:

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

The Company operates predominantly within the geographical area of Australia.

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

	FOOD DIVISION ($'000)		ALMOND DIVISION ($'000)		ELIMINATIONS AND CORPORATE ($'000)		CONSOLIDATED ENTITY ($'000)	
	2015	2014	2015	Restated* 2014	2015	2014	2015	Restated* 2014
Revenue								
Total revenue from external customers	138,757	117,926	84,717	70,162	–	–	223,474	188,088
Intersegment revenue	–	–	30,550	17,805	(30,550)	(17,805)	–	–
Total segment revenue	**138,757**	**117,926**	**115,267**	**87,967**	**(30,550)**	**(17,805)**	**223,474**	**188,088**
Other revenue	–	–	113	105	57	58	170	163
Total revenue	**138,757**	**117,926**	**115,380**	**88,072**	**(30,493)**	**(17,747)**	**223,644**	**188,251**
EBIT	6,817	5,644	83,713	30,275	(4,685)	(4,631)	85,845	31,288
Interest received	–	–	–	–	56	57	56	57
Finance costs expensed	–	–	(182)	–	(5,205)	(4,512)	(5,387)	(4,512)
Profit before income tax	**6,817**	**5,644**	**83,531**	**30,275**	**(9,834)**	**(9,086)**	**80,514**	**26,833**
Segment assets (excluding intercompany debts)	**77,059**	**69,378**	**418,225**	**280,823**	**(7,372)**	**(19,482)**	**487,912**	**330,719**
Segment liabilities (excluding intercompany debts)	**(11,489)**	**(8,848)**	**(78,115)**	**(72,481)**	**(110,921)**	**(73,984)**	**(200,525)**	**(155,313)**
Acquisition of non-current segment assets	**584**	**405**	**98,741**	**29,935**	**326**	**42**	**99,651**	**30,382**
Depreciation and amortisation of segment assets	**475**	**504**	**10,033**	**7,771**	**38**	**28**	**10,546**	**8,303**

Sales to major customers include Coles 23% and Woolworths 22% of total sales of the Food Division

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

33. CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2015	2014
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
Select Harvests Nominee Pty Ltd (i)	Australia	100	–
Select Harvests Orchards Nominee Pty Ltd (i)	Australia	100	–
Select Harvests Water Rights Unit Trust (i)	Australia	100	–
Select Harvests Water Rights Trust (i)	Australia	100	–
Select Harvests Land Unit Trust (i)	Australia	100	–
Select Harvests South Australian Orchards Trust (i)	Australia	100	–
Select Harvests Victorian Orchards Trust (i)	Australia	100	–
Select Harvests NSW Orchards Trust (i)	Australia	100	–

(i) Members of extended closed group

34. SHARE BASED PAYMENTS

Long Term Incentive Plan

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

EXISTING ISSUES		FUTURE ISSUES	
Measure	**Rights to Vest**	**Measure**	**Rights to Vest**
EPS		**EPS**	
Below 5% growth	Nil	Below 5% growth	Nil
5% growth	25%	5% growth	25%
5.1% – 6.9% growth	Pro rata vesting	5.1% – 19.9% growth	Pro rata vesting
7% or higher growth	50%	20% or higher growth	50%
TSR		**TSR**	
Below the 60th percentile*	Nil	Below the 50th percentile*	Nil
60th percentile*	25%	50th percentile*	25%
61st – 74th percentile*	Pro rata vesting	51st – 74th percentile*	Pro rata vesting
At or above 75th percentile*	50%	At or above 75th percentile*	50%

* Of the peer group of ASX listed companies

Notes to the Financial Statements

Continued

34. SHARE BASED PAYMENTS Continued

Summary of performance rights over unissued ordinary shares

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

2015

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	FORFEITED DURING THE YEAR	VESTED DURING THE YEAR	BALANCE AT END OF THE YEAR		PROCEEDS RECEIVED	SHARES ISSUED	FAIR VALUE PER SHARE	FAIR VALUE AGGREGATE
			Number	Number	Number	Number	On Issue	Vested	$	Number	$	$
29/06/2012	29/06/2015	–	224,040	–	–	112,020	112,020	–	–	–	1.14	127,703
30/04/2013	30/04/2016	–	1,353,887	–	–	463,287	890,600	–	–	–	2.26	2,012,756

2014

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	FORFEITED DURING THE YEAR	VESTED DURING THE YEAR	BALANCE AT END OF THE YEAR		PROCEEDS RECEIVED	SHARES ISSUED	FAIR VALUE PER SHARE	FAIR VALUE AGGREGATE
			Number	Number	Number	Number	On Issue	Vested	$	Number	$	$
29/06/2012	29/06/2015	–	336,060	–	6,665	105,355	224,040	–	–	–	1.14	255,406
30/04/2013	30/04/2016	–	1,404,487	–	3,011	47,589	1,353,887	–	–	–	2.26	3,059,785

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 in the tables above included:

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

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

Expenses arising from share-based payment transactions

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

	CONSOLIDATED	
	2015 $'000	2014 $'000
Performance rights granted under employee long term incentive plan	784,029	954,287
	784,029	**954,287**

35. CONTINGENT LIABILITIES

(i) Guarantees

Cross guarantees given by the entities comprising the Group are detailed in Note 36.

36. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

Balance Sheet	2015 $'000	Restated* 2014 $'000
Current Assets	1,475	7,727
Total Assets	569,084	406,870
Current Liabilities	28,364	9,406
Total Liabilities	368,422	295,974
Shareholders' Equity		
Issued capital	170,196	99,750
Reserves		
Capital reserve	3,270	3,270
Cash flow hedge reserve	(149)	7
Options reserve	2,052	1,268
Retained profits	25,293	6,601
Total Shareholders' Equity	**200,662**	**110,896**
Profit for the year	**5,901**	**2,218**
Total comprehensive income	**5,745**	**4,383**

* Refer to note 1(ad) for details regarding the restatements as a result of early adopting the amendments made to Accounting Standards AASB 116 Property, Plant and Equipment and AASB 141 Agriculture in relation to bearer plants.

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

(c) Guarantees entered into by parent entity

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

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

Directors' Declaration

In the directors' opinion:

(a) the financial statements and Notes set out on pages 44 to 83 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 2015 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 33 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 36.

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, 21 August 2015

Independent Auditor's Report to the Members of Select Harvests Limited

pwc

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 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Select Harvests Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

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

Independent Auditor's Report to the Members of Select Harvests Limited

Continued

Auditor's opinion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John O'Donoghue
Partner

Melbourne
21 August 2015

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 2015.

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

Number of ordinary shares	Number of Shareholders
1 to 1,000	1,934
1,001 to 5,000	1,671
5,001 to 10,000	508
10,001 to 100,000	418
100,001 and over	31

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

Number of ordinary shares	Number of Shareholders
1,389	228

(B) TWENTY LARGEST SHAREHOLDERS

The following information is current as at 31 July 2015.

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

		Number of Shares	Percentage of Shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,218,334	33.90%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	10,022,399	14.03%
3	NATIONAL NOMINEES LIMITED	6,158,349	8.62%
4	CITICORP NOMINEES PTY LIMITED	4,646,427	6.50%
5	BNP PARIBAS NOMS PTY LTD	1,501,427	2.10%
6	AMP LIFE LIMITED	888,356	1.24%
7	BRAZIL FARMING PTY LTD	722,804	1.01%
8	CITICORP NOMINEES PTY LIMITED	350,692	0.49%
9	SANDHURST TRUSTEES LTD	332,133	0.46%
10	REZANN PTY LTD	295,000	0.41%
11	NATIONAL NOMINEES LIMITED	281,891	0.39%
12	ROBERT FERGUSON + JENNIFER FERGUSON + RACHEL FERGUSON	280,000	0.39%
13	WARD MCKENZIE PTY LTD	185,000	0.26%
14	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	183,482	0.26%
15	UBS NOMINEES PTY LTD	180,000	0.25%
16	PAKA NOMINEES PTY LTD	177,804	0.25%
17	BOND STREET CUSTODIANS LIMITED	177,170	0.25%
18	MRS BARBARA ANNE KNOTT	172,410	0.24%
19	BOND STREET CUSTODIANS LIMITED	166,764	0.23%
20	MILTON CORPORATION LIMITED	161,862	0.23%

ASX Additional Information

Continued

(C) SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders are:

	Number of Shares
FMR LLC	7,168,268
Thorney Investment Group	4,304,659

(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

ABN 87 000 721 380

Directors

M Iwaniw (Chairman)
P Thompson (Managing Director)
M Carroll (Non-Executive Director)
F S 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

T (03) 9474 3544
F (03) 9474 3588
E 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

T (03) 9415 4000
F (03) 9473 2555

Website

www.selectharvests.com.au

www.colliercreative.com.au #SEL0005

SELECT HARVESTS

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ASX ticker code: SHV

www.selectharvests.com.au

Company Websites

www.luckynuts.com.au
www.sunsol.com.au
www.soland.com.au
www.allingafarms.com.au

Company Instagram Sites

www.instagram.com/select_harvests/
www. instagram.com/lucky.nuts/
www. instagram.com/sunsol_muesli/

Lucky

Market leader in the cooking nut category

Cooking Nut product range
almonds, walnuts, cashews, brazilnuts, pine nuts, pistachios, macadamias, sunflower seeds and pepitas (market share - July 2015 MAT - 39.8%)

Snacking product range
portion control packs, Lucky Smart Snax and Lucky Snack Tubs

Distribution
major supermarkets and export markets including the Middle East, Indonesia and Papua New Guinea

soland

Product range
nuts, dried fruit, legumes and pulses, cereals, grains, seeds, flour, muesli and organic foods

Bulk and convenient packs

Distribution
health and food stores and pharmacies nationally

Sunsol

Product range
muesli, dried fruit, nuts and snacks

Distribution
major supermarkets (muesli) and export markets including Hong Kong, Singapore, Malaysia, Indonesia and the Pacific Rim

Nu-Vit

Product range
muesli, dried fruit, wholefoods, nuts and snacks

Distribution
Health aisle of major supermarkets and export markets including Hong Kong, Singapore, Malaysia, Indonesia and Pacific Rim

Allinga Farms

Product range
almonds and other nuts, dried fruit, seeds, nut pastes, pralines and muesli

Bulk and convenient packs

Products sold to local and overseas food manufacturers, wholesalers, distributors and re-packers

Renshaw

Supplies bulk product to major bakeries, manufacturers and wholesalers who depend on quality and service.