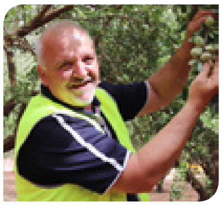
SELECT HARVESTS

ANNUAL REPORT **2019**

YEAR ENDED 30 SEPTEMBER 2019

NICK KOUTRIKAS, MANAGER OF SELECT HARVESTS OLDEST ORCHARD, WEMEN.



COVER IMAGE
Nick Koutrikas
FARM MANAGER, WEMEN

"This is the oldest orchard in the group. These old girls (trees) are 33 years old and still producing above average industry yields - that's unbelievable! The American farmers who tour here can't believe it. With some special care, I think they will get to 40 ...what a party!"

Diep Nguyen MARKETING
THOMASTOWN

"Our product innovation aligns with market trends. Sunsol has introduced Australia's first PRO-biotic light & crunchy cereal range. Available in two varieties, the Sunsol Probiotics toasted muesli is boosted with probiotics and fibre to support digestive health and overall wellness."

OUR ORCHARDS ARE LOCATED IN A VARIETY OF GEOGRAPHIC AREAS

7,696HA
(19,016 ACRES)
TOTAL
PLANTED AREA

2,670HA
(6,597 ACRES)
SOUTHERN REGION
PLANTED AREA

3,078HA
(7,605 ACRES)
CENTRAL REGION
PLANTED AREA

1,948HA
(4,814 ACRES)
NORTHERN REGION
PLANTED AREA

Company Profile

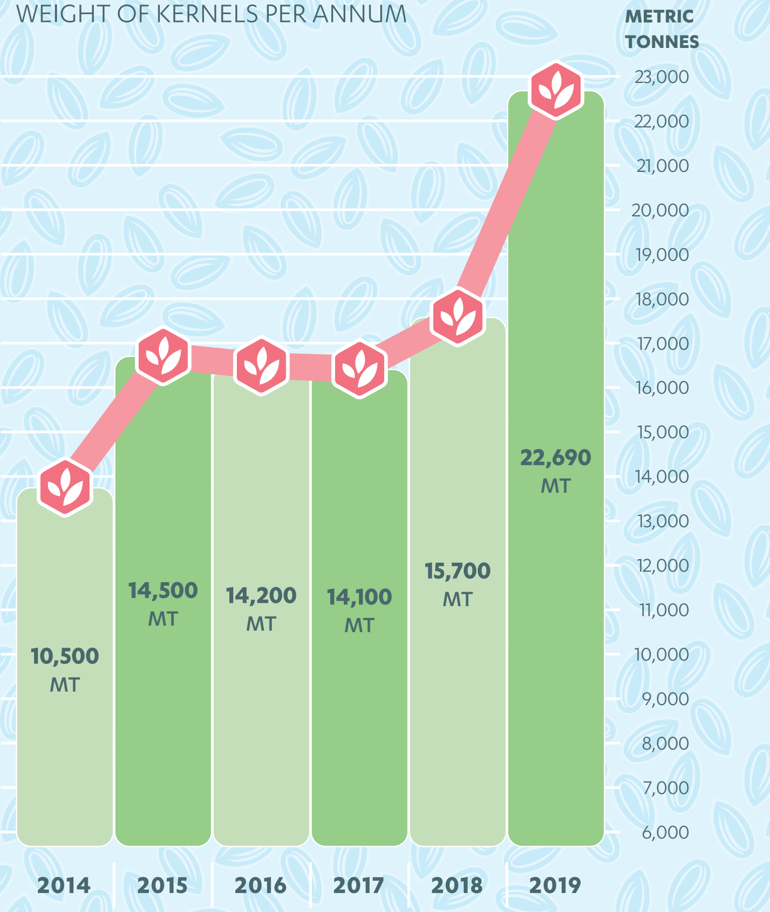
CONTINUED BRAND INVESTMENT

Lucky | Sunsol | NuVitality

Allinga Farms | Renshaw

TONNAGE TOTALS

WEIGHT OF KERNELS PER ANNUM



Select Harvests is one of Australia's largest almond growers and a leading manufacturer, processor and marketer of nut products, health snacks and muesli. We supply the Australian retail and industrial markets plus export almonds globally.

We are Australia's second largest almond producer and marketer with core capabilities across: Horticulture, Orchard Management, Nut Processing, Sales and Marketing. These capabilities enable us to add value throughout the value chain.

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 7,696 Ha (19,016 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 processing facility at Carina West near Robinvale, Victoria and our value-added processing facility at Thomastown in the Northern Suburbs of Melbourne.

Our Carina West processing facility has the capacity to process 25,000 MT of almonds in the peak season and is capable of meeting the ever increasing demand for in-shell, kernel and value-added product. Our processing plant in Thomastown processes over 10,000 MT 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, NuVitality, Sunsol, Allinga Farms and Soland in retail; 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 Vision

For Select Harvests to be recognised as one of Australia's most respected agrifood businesses.

Contents

Upul Gunawardena
TECHNICAL OFFICER, CARINA WEST

"We have created a closed loop by using the waste hull ash from the CoGen plant, which is high in potassium, as an important ingredient to our fertiliser program. All natural, recycled and low cost, our fertiliser program is the only project of it's kind in the almond industry, world wide."

Performance Summary

Results - Key Financial Data

$'000 (EXCEPT WHERE INDICATED)	REPORTED RESULT (AIFRS)		VARIANCE (%)
	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT	
Revenue	**298,474**	**67,581**	**341.7%**
Almond Crop Volume (MT)	22,690	N/A	
Almond Price (A$/kg)	8.60	N/A	
EBITDA[1]	**95,193**	**2,164**	**4,298.9%**
Depreciation and Amortisation	(15,128)	(3,216)	(370.4%)
EBIT[1]			
Almond Division	82,235	(1,013)	8,218.0%
Food Division	5,011	1,216	312.1%
Corporate Costs	(7,181)	(1,255)	(472.2%)
Total EBIT[1]	**80,065**	**(1,052)**	**7,710.7%**
Interest Expense	(3,957)	(1,037)	(281.6%)
Profit Before Tax	**76,108**	**(2,089)**	**3743.3%**
Tax Expense	(23,086)	553	(4,274.7%)
Net Profit After Tax (NPAT)	**53,022**	**(1,536)**	**3,552.0%**
Earnings Per Share (EPS)	**55.5**	**(1.6)**	**3,569.0%**
Dividend Per Share (DPS) - Interim	**12.0**	**Nil**	
Dividend Per Share (DPS) - Final	**20.0**	**Nil**	
DPS - Total	**32.0**	**Nil**	**>100%**
Net Debt (inc. lease liabilities)	**27,426**	**58,920**	
Gearing (inc. lease liabilities)	**6.6%**	**15.9%**	
Share Price (A$/Share as at 30 September)	**7.69**	**5.32**	
Market Capitalisation (A$M)	**736.2**	**506.6**	

Note: It should be reiterated that, as is always the case at the time the Company develops the crop value estimate, there is the potential for changes to occur both in yield outcomes (as the crop harvest and processing progress) and the pricing environment (driven by almond market or currency) shift.

Definitions:

1 **EBITDA & EBIT are Non-IFRS measures** used by the company are relevant because they are consistent with measures used internally by management and by some in the investment community to assess the operating performance of the business. The non-IFRS measures have not been subject to audit or review.

Chairman & Managing Director's Report

FY2019 has been a positive year on many fronts and has led to the delivery of a very strong profit result, greater operational efficiencies and a significant improvement in safety performance.

Select Harvests' multi-year greenfield development strategy is now yielding results as our investments mature into productive orchards, significantly contributing to the 45% increase in almond volume growth and an improved financial result. Further, we can expect continued growth in coming years as these greenfield orchards reach peak productivity. Other positive factors supporting the volume growth include: good growing conditions for the 2019 crop; our employees delivering and executing to a comprehensive and targeted horticultural program; and an increased investment in on farm technology, including risk mitigating frost fans.

Our level of productivity continues to improve, with cost of production per kilogram reducing by 14.7% (excluding tree depreciation).

Almond prices remained strong during our marketing period as world demand for almonds continued to rise, resulting in a low level of global carry out of stocks. Our strategic marketing program allowed us to take advantage of the China-Australia Free Trade Agreement and the increased Chinese tariff on U.S. almonds, whilst maintaining sales to our premium in-shell markets in India and regular customers in the Middle East, Europe and domestically.

The Food Division has had a mixed year with continued challenges in the consumer branded domestic market offset by strong demand for our value-added industrial product in the China market.

Increased industrial demand is being delivered through higher volumes at our Parboil almond valuing adding facility, which turns manufacturing grade material into high quality value-added products.

We remain focussed on our environmental and sustainability responsibilities with increased investment in efficient water usage technology and the completion of the H2E biomass electricity cogeneration plant, which enables processing of our co-product into high grade phosphate compost.

Select Harvests was awarded the Governor of Victoria's Export award for 2019 in the Agribusiness Food and Beverage Category. We are currently a national finalist in the 57th Australian Export Awards.

The fundamentals of the business remain strong. The growth in demand for 'better for you' plant-based foods continues to increase, with almonds playing a critical role. We remain focussed on our strategy of optimising our almond base, growing our brands and expanding strategically.

FINANCIAL PERFORMANCE

Select Harvests produced a Reported Net Profit After Tax (NPAT) of $53.0 million, Earnings per Share (EPS) of 55.6 cents per share (CPS) in FY2019 and a very strong operating cash flow of $80.3 million. The company paid a total dividend of 32 cps (comprising an interim dividend of 12 cps on 5 July 2019 and a final dividend of 20 cps on 6 Jan 2020). At 30 September 2019, Net Debt (including lease liabilities) was $27.4 million and Net Debt to Equity was 6.6%.

Business Highlights

- Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of $95.2 million
- Net Profit After Tax (NPAT) of $53.0 million
- Total dividend payment – 32.0 cps fully franked
- Almond crop – 22,690 MT – up 45% - greenfield investment strategy starting to deliver
- Average SHV almond price A$8.60/kg - up 6.8%
- Productivity Cost Reduction: Delivered productivity cost reduction of 14.7% per kg (excluding tree depreciation)
- Net Debt (including lease liabilities) to Equity 6.6%
- Safety record – Lost Time Incidents – down 61%
- Risk mitigation – installed an additional 94 frost fans, protecting a further 444 Ha (1,100 acres)
- Re-development of 145 Ha (358 acres) of almonds in July 2019

LEFT: Processing Lucky slivered almonds at Thomastown

Chairman & Managing Director's Report

Continued

ALMOND DIVISION

The Almond Division delivered Earnings Before Interest and Tax (EBIT) of $82.2 million in FY2019. This strong result was driven by the FY2019 almond crop's increased volume, a higher almond price and improved cost productivity.

The 2019 almond crop volume was 22,690 MT (2018 almond crop was 15,700 MT). In general, all age cohorts across all geographies yielded at levels higher than industry average.

This maintainable yield performance combined with a well-controlled cost focus puts the company in a sound position moving forward.

USD almond prices firmed as global demand continues to increase. Select Harvests achieved an average sale price of A$8.60/kg, supported by this solid demand and a lower AUD.

Improved productivity reduced costs significantly in our orchards and at the Carina West almond processing centre. The calculated installation of frost fans for the 2019 season mitigated the impact of several frost events during critical times in the growing season. A further 77 frost fans will be installed for the 2020 season.

The water market was challenging in FY2019 and remains so for the FY2020 year. Ongoing drought conditions increased horticultural developments and a greater presence of large non-irrigator financial traders in the water markets have all put increased pressure on water (cost and supply) in the Murray Darling Basin.

Under these conditions the price of water for FY2019 increased significantly. However, the full impact of the increases were effectively managed through the company's water ownership structure and prudent temporary water acquisitions. The price of water was further mitigated by the sale of almond hulls for animal feed purposes.

Importantly, we have secured our water requirements for the 2020 growing season. Our current water policy, and water efficiency programs, have protected us from the full impact of higher water prices. We remain committed to our strategy of balancing water requirements between owned, leased and the temporary market and this will be guided by pricing under each scenario.

Select Harvests supports the Murray-Darling Basin (MDB) Plan. However, the water market has evolved significantly since the MDB plan was set up in 2012 and the ACCC's MDB Water Market Inquiry is a good opportunity to address the current issues impacting water markets. Select Harvests supports the Inquiry and looks forward to participating.

ALMOND ORCHARD PORTFOLIO

Select Harvests almond orchard portfolio, 7,696 Ha (19,016 acres) of planted almond trees, is one of the largest almond portfolios globally. 35% of the orchards are yet to reach full maturity and will do so over the next six years. This will naturally increase our volume of almonds produced, underpinning the future growth of the business. This continued growth has been enabled by our decision to invest in greenfield sites during recent years.

Based on Select Harvests planted almond orchards and anticipated yield, our almond production will incrementally increase over the next three years. We are confident in our ability to maintain yields above industry average, driving significant value upside from our existing orchard base.

FOOD DIVISION

The Food Division produced an EBIT of $5.0 million in FY2019. This overall stable result involved strong demand for Industrial product from the Chinese and Asian markets, whilst the domestic market remains challenging.

The domestic consumer brand market remains challenging with retail private label taking a foothold in the key cooking nuts category. Additionally, the net cost of raw materials has risen, leading to reduced margins.

Changing demographics and increasing affluence in Asia is driving higher consumer demand for healthier food products. As a result, the high growth Asian market remains a key focus for Select Harvests in both the Industrial and Consumer segments. FY2019 has seen a significant increase in the export of value added Industrial blanched, sliced, diced, roasted and meal product to food processors in Asian markets.

To meet this rising demand we have had a focus on improving the operational performance of our Parboil facility, which has increased the output and subsequent Group EBIT contribution.

The trade dispute between China and the US has opened up opportunities for our value-added product to enter the China market and to develop key tier one customer relationships that will continue moving forward.

We continue to work with PepsiCo Foods (China) Co. Ltd through our Trademark Licence and Distribution Agreement to determine the best channel to market in China for Select Harvests Lucky branded nuts, seeds and blends.

The Sunsol brand has achieved high growth in FY2019 through our partnership with Sam's Club. In order to grow our Asian business, we have invested in additional employees with proven Asia market experience.

SAFETY, SUSTAINABILITY & WELLBEING

Select Harvests' number one objective is to ensure the safety of our people, by preventing injuries before they occur. The aim of the Select Harvests Zero Harm Safety and Wellbeing strategy is to improve our safety performance by 15% per annum until we operate in a zero-harm environment. Lost Time Incidents reduced by 67%.

We are aware of our responsibilities to protect and sustainably utilise our natural resources. We have strategies to protect native flora and fauna. Our irrigation infrastructure ensures we minimise our water use. Where possible we recycle our waste. We had no environmental incidents, whist recycling 1,470 MT of co-waste to the orchard and generating a net 14,296 MWH of electricity.

As a significant employer in regional Australia, we are committed to being an active member of the community by contributing to local charities and other community causes, with a particular focus on youth.

BOARD & MANAGEMENT

Guy Kingwill joined the Board on 25 November 2019. He brings an extensive background in horticulture, international soft commodity marketing and water investment and trading.

This year we welcomed two new executives, Suzanne Douglas and Urania Di Cecco.

Suzanne Douglas joined the company in April 2019 in the role of General Manager Consumer heading up the Food Division's retail areas including the running of our Thomastown secondary processing centre. Suzanne brings extensive market, branding, sales and operational experience to the organisation.

Urania Di Cecco joined the company in July 2019 in the role of General Manager – People, Safety and Sustainability. Urania's previous experience in areas of safety and people development will be crucial in delivering Select Harvests goals relating to people development, safety and sustainability.

Suzanne and Urania replaced Mark Eva and Kathie Tomeo. We thank both Mark and Kathie for their contributions and wish them the best for future endeavours.

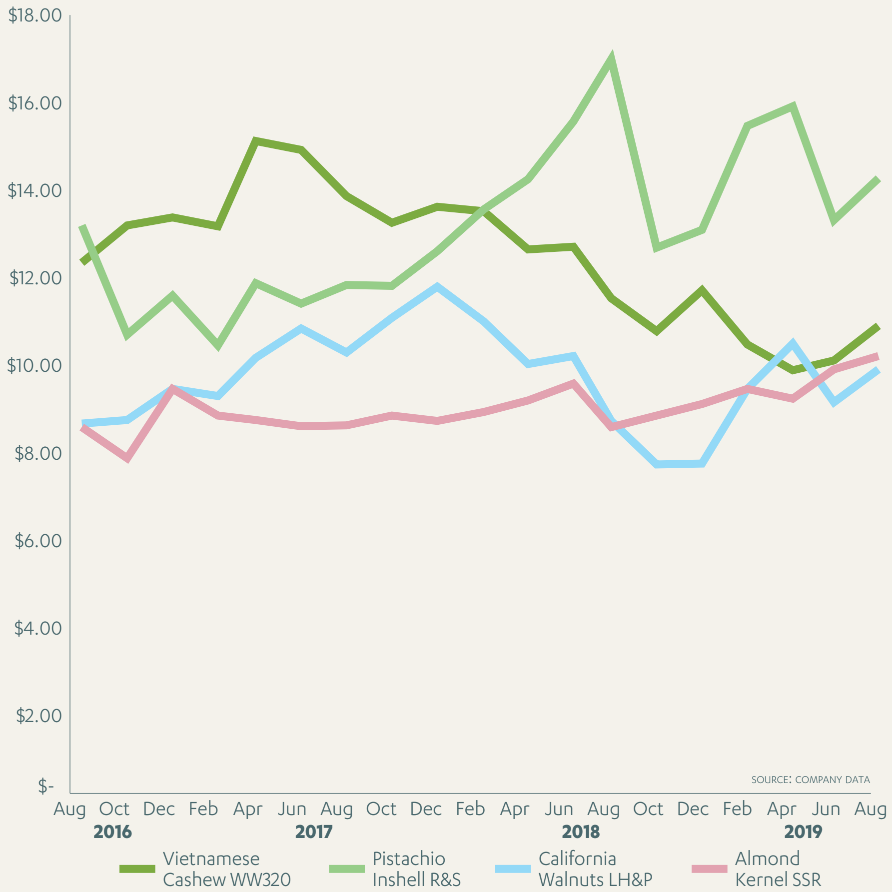
MARKET OUTLOOK

The outlook for almond prices remains positive. Robust global demand for almonds is expected to continue largely driven by our two key export markets, China and India. While the trade dispute with China has impacted US export numbers to that destination, this has re-directed global almond movements, with Australian producers increasing exports to China while the US has increased exports into other global markets.

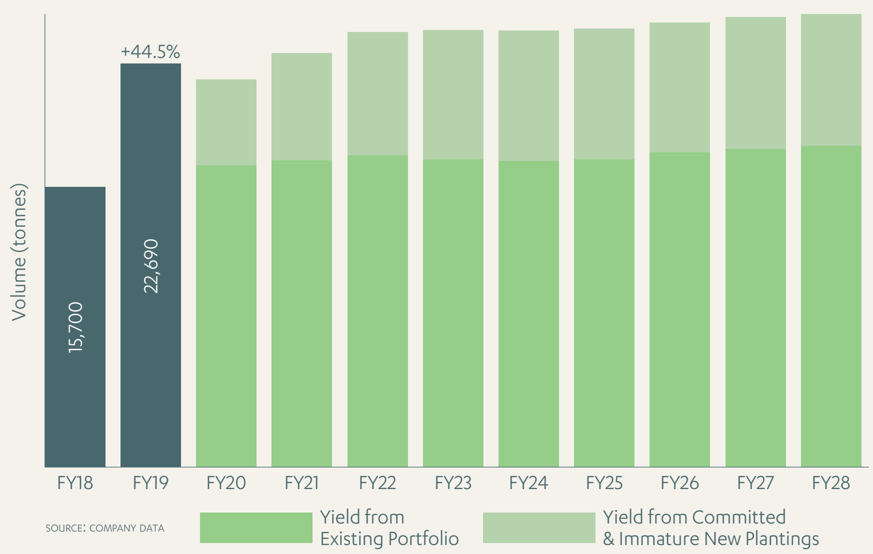
The current industry estimate for the 2019 US almond crop is 2.35 billion pounds, similar to the crop produced in 2018. This stable year on year crop combined with continued record U.S. shipments and a forecast low carryover inventory has led to global almond prices firming.

FY2020 is expected to see solid prices driven by growing global demand and limited supply. We have commenced our sales program into this robust market and we anticipate prices to remain resilient.

Commodity Price Trend 2016-2019 - AUD$/KG CFR



SHV Theoretical Harvest Volume 2018 – 2028 (Basis 1.35 Tonnes per Acre at Maturity Yield)



STRATEGY

Our strategy of investing in greenfield developments is yielding strong returns, evidenced by the strong almond volume growth this year. Informing and driving this strategy were the positive fundamentals of the almond industry and growing demand for plant-based foods, which remains unchanged. Rising middle class wealth in developing economies and an increasing number of consumers adopting plant-based diets is underpinning strong growth in almond consumption, both in its natural format and increasingly in innovative 'plant forward' products, including almond milk.

Optimising our almond based business through increased productivity and achieving sustainably high yields remains our key strategic objective. We continue to assess options to increase our almond production base through acquisitions if suitable orchards become available.

Additionally, we are assessing opportunities to diversify into other tree nuts, where we can utilise our expertise around multi-site orchard management, processing and strategic marketing.

We remain focused on growing our consumer and industrial brands, aligned to the increased consumption of plant-based foods. To enable this we have initiated a multi-Division project to significantly grow our food business, designed to capture the growth in these areas going forward.

With our almond base business underpinning future company growth and our food business taking advantage of market growth opportunities, we continue to pursue value accretive acquisitions that align with our core competencies. Any opportunity to expand the business will be predicated on sound business plans that enable us to exceed commercial, safety, sustainability and ethical hurdles.

THANK YOU

We would like to thank our shareholders, suppliers and employees for their support in creating what is a successful and sustainable Australian agribusiness. We are in a period of considerable, sustained business growth that should make for an exciting journey over 2020 and the coming years.

Michael Iwaniw, Chairman

Paul Thompson, Managing Director

In control of our destiny

VISION

To be a Leader in the Supply of Better For You Plant Based Foods

VALUES

Trust & Respect
Treat all stakeholders with trust and respect

Integrity & Diversity
All decisions and transactions will not compromise the integrity of the organisation or individual

Sustainability
Our focus is on the long-term sustainability of our environment, business and community

Performance
Exceed expectations on a daily basis

Innovation
Constantly challenge ourselves to improve everything

STRATEGIC PRIORITIES

The pathway to achieving our vision

Optimise the Almond Base
Increase productivity and achieve sustainably high yields from our growing almond orchard base

Grow our Brands
Grow our consumer and industrial brands, aligned to the increasing consumption of plant based foods

Expand Strategically
Pursue value accretive acquisitions that align with our core competencies in the plant based agrifoods sector

OPERATIONAL FOCUS

What we do everyday

Customers
Exceed our current customer's expectations and grow our customer base, focused on the Asian marketplace

Supply Chain
Optimise our end-to-end supply chain to achieve maximum value for the business as a whole

People
Focus on a safe working environment, well being, company culture, leadership development and staff training, attraction and retention

Capital
Target capital discipline, balance sheet strength, superior shareholder returns and long term growth

GOAL

Sustainable Shareholder Value Creation

ABOVE: Market leading product innovation. Sunsol has introduced Australia's first PRO-biotic light & crunchy cereal range.

ABOVE: Dan Wilson overseeing the instalment of the CoGen filter which will significantly reduce emissions.

BELOW: "Our water portfolio strategy mitigates against high water costs in the future" - Matt Wilson, Water Portfolio Manager

ABOVE: Lucky Smart Snax - a healthy snacking range distributed through Coles, Woolworths and Independent supermarkets.

LEFT: Our closed loop processing utilises all waste products generated from growing and processing almonds. The almond hull (pictured left) is used to fuel the Carina West CoGen power plant and is also sold as stock feed. The waste ash from the CoGen is rich in potassium and is used as a key ingredient to our high grade compost used in the orchards.

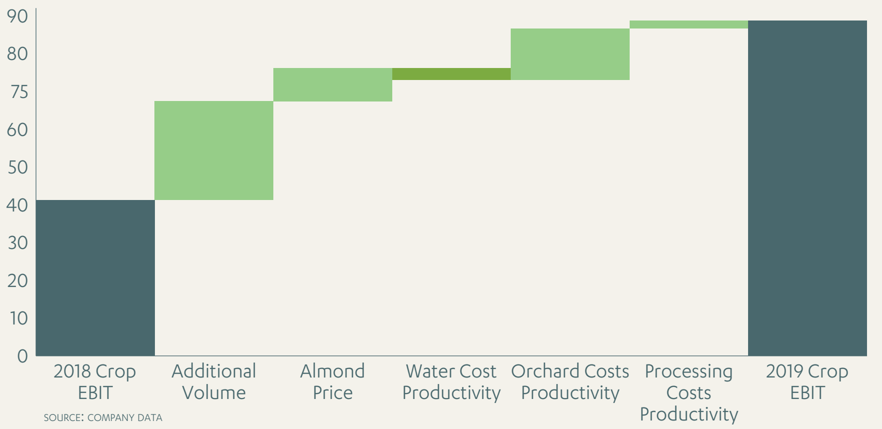
ABOVE: Frost fans have been installed to reduce the risk of frost damage to orchard yields.

BELOW: State of the art processing at Carina West has improved quality and productivity.

LEFT: Winner of the Governor of Victoria Export Award 2019.

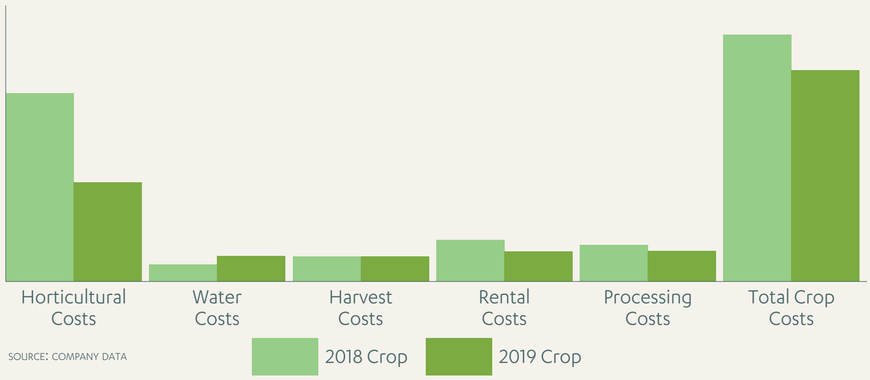
Almond Division

2019 Crop EBIT Movement vs 2018 Crop EBIT ($M)



SOURCE: COMPANY DATA

2019 Crop - Cost Per KG - Excluding Tree Depreciation (A$/KG)



SOURCE: COMPANY DATA

Yield Performance

SOURCE: COMPANY DATA

The Almond Division delivered a strong FY2019 EBIT result of $82.2 million. The result was positively impacted by improved yields, a higher almond price, timely marketing and continued operational productivity improvements.

The 2019 crop volume of 22,690 MT was up 6,990 tonnes or 44.5% on FY2018's crop volume of 15,700 tonnes. This increase was as a result of high yielding immature orchards coming into production, a comprehensive and targeted horticultural program, significant yield increases in orchards impacted by frosts in FY2018, good growing conditions and investment in frost fans into high risk areas. The overall higher crop volume had a positive impact on EBIT of approximately $29 million.

Our immature orchards continue to yield at a faster rate than the initial business case. Good horticultural management across the portfolio combined with higher yielding varieties, higher tree densities and modern irrigation and fertigation infrastructure are delivering this outcome. The impact of new plantings contributed an additional 2,290 tonnes in 2019.

Cost efficiency continued to be a focus during FY2019 with crop production costs per kilogram 15% lower than those for the 2018 crop. Excluding water costs the production cost per kilogram reduced by 24%.

Hulling and shelling was completed in early August and crop quality was similar to last year. Sorting and packing continues, and overall processing costs per kilogram are down 7% as a result of increased volumes, the dry conditions, investment in new sorting technology and overall factory productivity improvements.

Water is a critical input for the ongoing health and productivity of our trees. Water requirements for the short, medium and long term are monitored in detail by our experienced team. Decisions are made in order to achieve the lowest possible usage (without impacting yield) at the lowest net price.

Our water strategy continues to be platformed by owning, leasing and being exposed to the spot market. This water strategy continues to deliver a competitive average long-term water price across the cycle and is capital efficient. The ongoing drought has seen spot water allocation prices rise significantly this year although the business remains protected from the majority of the negative impact in any one year due to the strategy in place.

Food Division

With our increasing productive acreage, we continue to monitor the water market and assess the range of options available in order to best achieve our strategy.

85% OF THE FY2019 CROP SOLD OR COMMITTED FOR SALE

The company has sold or committed for sale 85% of the FY2019 crop with most of the balance held to cover internal value add processing requirements. Through a targeted and timely executed sales profile an average price of A$8.60/kg will be achieved, 7% higher than the FY2018 almond price estimate of A$8.05/kg. The higher almond price positively impacted EBIT by $11.3 million.

Prior year crop adjustments totalled $2.6 million. The change to the financial year will ensure significant adjustments are less likely in the future.

We re-developed 142 hectares (352 acres) of almonds in August 2019 at our Kyndalyn Park orchard in Victoria. The Select Harvests almond orchard portfolio remains at 7,696 hectares (19,016 acres).

The outlook for Select Harvests FY2020 crop is optimistic with required chill hours achieved, followed by a good pollination. While there have again been several frost events these have been extensively mitigated through further investment in strategically placed frost fans. Market pricing remains slightly up on last year.

Global demand for almonds remains strong. This combined with the US 2019 crop being lower than plan and monthly export shipment numbers consistently higher than prior periods is leading to a decrease in global stocks. The impact of Chinese tariffs on US product has been positive, allowing Select Harvests the opportunity to increase its exposure in the growing Chinese market and develop important relationships.

Select Harvests is a world class, efficient, integrated agribusiness with quality assured, export facing assets and capabilities directed at supplying the worlds high growth markets with growing volumes of its high quality, plant-based food products.

Sahil Vaid CORPORATE STRATEGY THOMASTOWN

"Optimising the almond base with high sustainable yields and improving overall crop value by perfecting on-farm and farm-to-factory practices is important to our performance."

The Food Division delivered an FY2019 EBIT of $5.0 million.

The Food Division delivered an overall Solid result for the 2019 year. Strong export demand for Industrial value-added product offset lower demand for branded nuts in the domestic market

Lucky sales continued to be impacted by last year's expansion of Coles private label although market share has stabilised recently with Lucky remaining the branded market leader in cooking nuts. Investment in new packaging, branded advertising and new product development commenced in FY2019 and this is expected to be released to the market early in FY2020. The category's margins were also negatively impacted in FY2019 by rising raw material input prices (non-almond nuts) as a result of reduced international supply and the lower AUD.

Sunsol sales continued to grow strongly in FY2019 - up 22% vs last year and ahead of the overall cereal category. The introduction of the first to market Probiotic muesli range during the year was successful and we plan to build on this innovation domestically and internationally. The domestic market remains a focus in this category and we are looking to expand our range both within mueslis and other related products.

International opportunities continue to be pursued with our current distributor arrangements into China as well as new channels to market.

The Industrial Business performed well with increased demand from the China market. Strong relationships have been developed in this market throughout the year and this will assist in maintaining a strong foothold in the future. Our value adding facility, Parboil, improved its performance throughout the year leading to increased sales opportunities.

The Trademark License and Distribution Agreement with PepsiCo Foods (China) Co. Ltd announced on 18 July 2018 continues to develop. Following an initial launch, the partnership is assessing branding options to increase market traction. Entering into the China market in partnership with PepsiCo remains an exciting opportunity for Select Harvests.

We have now positioned the Food Division to grow. With a strong base of high performing orchards supplying our own almonds, plans to increase our foothold in the domestic market through high performing brands, increasing numbers of export customers for our Industrial product supported by world class value adding facilities and a developing partnership with one of the leading consumer marketing companies in one of the largest and fastest growing markets puts Select Harvest in a very attractive position.

A sustainable, growing business

PEOPLE & DIVERSITY

Select Harvests recognises the advantages of having an inclusive and diverse workforce. We aim to offer a supportive and engaging work environment that enables employees to develop their careers and be rewarded for their contributions to our success. We expect our people to maintain high standards at all times in their work, whilst adopting quality standards and a relentless commitment to safety.

We employ 570 full time equivalent employees (at 30 September 2019), including executive, permanent, contractor and seasonal (casual and labour agency hire) personnel throughout regional and metropolitan Australia.

We had no incidents of bullying during the year.

Select Harvests' Inclusion and Diversity objectives are to recruit, develop and retain talent whilst building and maintaining a flexible workplace. Our Diversity Policy is available on the company website and reporting against the Policy is in the 2019 Corporate Governance Statement in the same section (see Governance section: selectharvests.com.au/governance).

One characteristic of our diversity is the employment of people of many different ethnicities. We are proud to partner with Indigenous and Islander education and employment programs, in addition to employing people from Asia-Pacific and European ethnicities in our work force.

The acknowledgement of such diversity and its ongoing importance to the business is reflected in our new Diversity Goals which have been broadened to recognise both ethnicity and gender – we seek to employ at least 33% of our workforce with ethnicity, 33% males and 33% females. This year 45% of our people self-identified as being from culturally diverse backgrounds, while 70% of our workforce are male and 30% female.

In seeking to raise female participation in our workforce, 28% of roles recruited in 2018 went to females, which while below target, represented an improvement of 3% over the prior year. In addition, we sponsored 10 female employees to be members of National Association of Women in Operations (NAWO). Remuneration reviews were completed for our Horticulture division, with increased female eligibility for short and long term incentive programs.

Select Harvests submits an annual report to the Workplace Gender Equality Agency (WGEA) – see Governance section of Select Harvests website. This year's results show that our female representation of management is 4% better than industry average (when benchmarked to the 2016/17 WGEA's Agriculture Comparison Group comprising 27 organisations).

COMMUNITIES

Select Harvests is a significant employer and active member in its local communities in regional Victoria, South Australia, New South Wales and the Northern Metropolitan area of Melbourne.

Select Harvests maintains an annual grants program to support local communities and charities, through financial and non-financial means. This year we were able to provide support to over 30 organisations, including:

- Robinvale College
- Mallee Almond Festival
- Foodbank Victoria
- Rotary Club of Preston
- Clontarf Foundation
- Loxton North School
- Renmark Football Club
- Hillston Secondary School

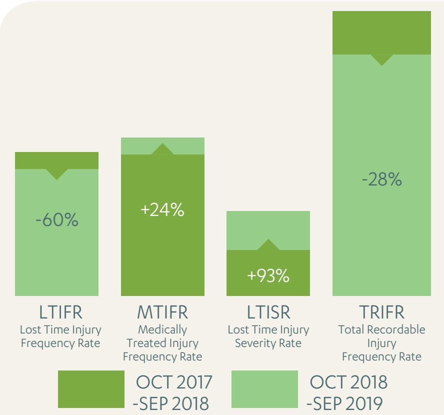
OH&S

Our first and foremost objective is the safety and wellbeing of our people. Through the Zero Harm OH&S and Wellbeing Strategy, our focus is to prevent injuries before they occur.

The four key strategic priorities include:

1. A Safety culture
2. Education
3. Process improvement and performance measurement
4. Employee wellness

The Zero Harm Safety Strategy targets 15% performance improvement year on year – 15% less injuries, 15% reduction in injury severity and 15% more hazards identified. The chart below illustrates our performance and progress on the measures.



SOURCE: COMPANY DATA

All measures remain ahead of 2016 levels, however LTIFR (Long Term Injury Frequency Rate), MTIFR (Medically Treated Injury Frequency Rate) and TRIFR (Total Recorded Injury frequency Rate) measures fell short of their 2018 targets. Select Harvests achieved strong reductions in the LTISR (Long Term Injury Severity Rate).

SUSTAINABILITY & ENVIRONMENT

Select Harvests aims to operate its business in a sustainable manner, based around 3 platforms – Environmental, Social and Financial Security.

In recognition of the importance of sustainability in our business, we produced our first Sustainability Report in 2016/17 which is available in the Sustainability section of our website (selectharvests.com.au/sustainability).

Select Harvests is cognisant of the potential impact of climate change on our business and through sensible and responsible management, we seek out sustainable solutions to challenges across our business. We have a particular focus on energy, water and bees and we aim to recycle and maximise the benefits of waste/by-product wherever we can.

Our largest energy saving initiative is Project H2E which generates electricity from almond by-product (hull, shell and orchard waste). Project H2E is operating and generating electricity that powers our Carina West Processing Facility, irrigation pumps at the nearby Carina orchard as well as exporting power to the grid. This project not only provides secure, sustainably generated power to Select Harvests by adding economic value to lower value by-product, but by exporting to the grid, it assists other users in our region, providing additional commercial and community imperatives. Project H2E will reduce our carbon footprint by 27%, taking the equivalent of 8,210 cars per annum off the road.

Water is a scarce and finite resource and is vital for the successful long-term operation of Select Harvests business, as well as the communities in which we operate and live. We invest significant resources in both infrastructure and management, to improve water utilisation through best practice water delivery systems, water optimisation technology such as soil water monitoring, plant based monitoring and high-resolution imagery. We recycle water from drainage systems, reducing cost and environmental impact.

Select Harvests is dependent on bees to pollinate its almond orchards with key bee stewardship challenges centring on crop safety and bee health.

With such a reliance, we maintain close and active relationships with the bee and pollination industries, pollination brokers and apiarists.

Our bee stewardship initiatives are manifold and include fostering of alternative forage sources, provision of water at pollination sites to assist bee hydration, avoidance of sprays when bees are present, audited spray diaries and inspections to monitor and promote colony strength. We are active in the bee and pollination industries and show our support through a range of measures including industry advocacy, R&D projects and technological applications like colony imagery.

Our business depends on sustainability and because of this it is a source of competitive advantage which generates value for our shareholders while promoting responsible stewardship of finite resources.

SELECT HARVESTS

Company Values

Profit

Rural & Regional Development

Community Development & Employment.

Environment

Climate Change & Water

Water Management.
Horticultural Disruptions.

Resource Efficiency

Greenhouse Gas.
Environmental Compliance.
Energy.

Sustainable Farm Management

Bee Stewardship.
Wildlife Management.
Land Management.
Chemicals.
Pests.

People

Our People

Business Ethics.
OH&S & Wellbeing.
Inclusion & Diversity.
Fair Work.

Human Health & Nutrition

Food safety.
Sourcing Sustainability.
Consumer Relations.
Traceability.

Executive Team

BRAD CRUMP

Chief Financial Officer and Company Secretary

Brad joined Select Harvests as Chief Financial Officer on 20 November 2017 and was appointed Company Secretary on 7 August 2018. He is a Certified Practising Accountant and has over 10 years experience in senior financial management. Most recently he has been the CFO of Redflex Limited and previously gained extensive experience in agribusiness as CFO of Landmark (Australia's largest rural services provider) and senior roles within AWB Limited. He brings extensive agribusiness, agri services and related capital management experience to the role.

BEN BROWN

General Manager Horticulture

Ben Brown joined Select Harvests in 2014. Ben held the position of Project and Technical Manager of the Horticultural Division, before being appointed General Manager Horticulture in April 2018. Ben is an Applied Science graduate with Honours in Soil Science and has 20 years' experience across perennial irrigated horticulture with expertise in: orchard development; production horticulture; development of detailed RD&E strategies; and extension and technology transfer of best practice. Prior to joining Select Harvests, Ben was the Industry Development Manager at the Almond Board of Australia and an irrigation and soil agronomist.

PETER ROSS

General Manager Almond Operations

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, General Manager Horticulture and was appointed General Manager Almond Operations in August 2017. 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.

SUZANNE DOUGLAS

General Manager Consumer

Suzanne joined Select Harvests in April 2019. Suzanne is a highly experienced, successful and senior manager who has extensive experience in both the Australian and international Fast-Moving Consumer Goods Industry. Before joining Select Harvests, Suzanne has led HJ Heinz Australia, and held senior management roles at Devondale Murray Goulburn and McPherson's Consumer Products.

URANIA DI CECCO

General Manager People, Safety & Sustainability

Urania joined Select Harvests in July 2019. Urania is a highly experienced and commercial HR Leader, with a passion for helping businesses transform to achieve success and sustainable growth through a capable, diverse and engaged workforce. She has proven her adaptability to different industries, having worked in manufacturing, professional services and service and distribution. Prior to joining Select Harvests, Urania was the Director of Human Resources for Cummins South Pacific. She also held the position of Group General Manager, Human Resources at Crowe Horwarth and various senior HR roles at Amcor Australasia.

Board of Directors

MICHAEL IWANIW
Chairman
Appointed to the board on 27 June 2011 and appointed Chairman 3 November 2011. He began his career as a chemist with the Australian Barley Board (ABB), became Managing Director in 1989 and retired 20 years later. During these years he accumulated extensive experience in all facets of the company's operations, including leading the transition from a statutory authority and growing the business from a small base to an ASX 100 listed company. He helped orchestrate the merger of ABB Grain Ltd, AusBulk Ltd and United Grower Holdings Ltd to form one of Australia's largest agribusinesses. He has a Bachelor of Science, a Graduate Diploma in Business Administration and is a member of the Australian Institute of Company Directors. Michael is the immediate past Chairman of Australian Grain Technologies. He is a member of the Remuneration and Nomination Committee.

PAUL THOMPSON
Managing Director and CEO
Appointed the Managing Director and Chief Executive Officer (CEO) of Select Harvests Limited on 9 July 2012. Paul 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.

MICHAEL CARROLL
Non-Executive Director
Appointed to the board on 31 March 2009. He brings to the Board diverse experience from executive and non-executive roles in food and agribusiness. Current non-executive board roles include Rural Funds Management, Paraway Pastoral Company, RFM Poultry and Paraway Pastoral Company, Australian Rural Leadership Foundation and Viridis Ag Pty Ltd. Previous board roles include Queensland Sugar, Warrnambool Cheese & Butter, Sunny Queen Farms and Tassal. During his executive career Mike established and led the NAB's agribusiness division with earlier senior executive roles including marketing, investment banking and corporate advisory services. He is Chairman of the Remuneration and Nomination Committee.

FRED GRIMWADE
Non-Executive Director
Appointed to the board on 27 July 2010. Fred is a Principal and Director of Fawkner Capital, a specialist corporate advisory and investment firm. He is Chairman of CPT Global Ltd and a director of Australian United Investment Company Ltd, XRF Scientific Ltd and AgCap Pty Ltd. He was formerly Chairman of Troy Resources Ltd, a non-executive director of AWB Ltd and 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 current member of the Audit and Risk Committee.

NICKI ANDERSON
Non-Executive Director
Appointed to the board on 21 January 2016. Nicki is an accomplished leader with deep experience in strategy, marketing and innovation within branded food and consumer goods businesses, including agribusinesses of SPC Ardmona and McCain. Nicki has over 20 years local and international experience including senior positions in marketing and innovation within world class FMCG companies and was Managing Director within the Blueprint Group concentrating on sales, marketing and merchandising within the retail sales channel. She is a current Non-Executive director of the Australian Made Campaign Limited, Skills Impact (representing the National Farmers Federation), Mrs Mac's Pty Ltd and Funtastic Limited. She is a member and former Chair of the Monash University Advisory Board (Marketing). She is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee

FIONA BENNETT
Non-Executive Director
Appointed to the board on 6 July 2017. Fiona has an extensive background in corporate governance, audit and risk, and is currently a non-executive director of Hills Limited and the Chairman of the Victorian Legal Services Board. Fiona has previously served on the boards of Beach Energy Limited, Boom Logistics Limited, Alfred Health and the Institute of Chartered Accountants in Australia. She was formerly a senior executive in several leading listed companies and major government sector and consulting organisations. She is Chair of the Audit and Risk Committee.

GUY KINGWILL
Non-Executive Director
Appointed to the board on 25 November 2019. Guy joins the Board with an extensive background in horticulture, international soft commodity marketing and water investment and trading. He is currently on the Boards of Tasmanian Irrigation and ACMII Australia 1 Group and serves the Chair of the Audit Committee at Tasmanian Irrigation. Guy has previously served as Managing Director and Chief Executive Officer of Tandou Limited, based in Mildura and as a Director of Lower Murray Water Urban and Rural Water Corporation. His experience in Horticulture and Water Resource Management will be invaluable to Select Harvests as the company continues to develop its asset base.

Historical Summary

Select Harvests consolidated results for years ended 30 September/June

$'000 (EXCEPT WHERE INDICATED)	2009 YEAR ENDED 30 JUNE	2010 YEAR ENDED 30 JUNE	2011 YEAR ENDED 30 JUNE	2012 YEAR ENDED 30 JUNE	2013 YEAR ENDED 30 JUNE	2014* YEAR ENDED 30 JUNE	2015 YEAR ENDED 30 JUNE	2016 YEAR ENDED 30 JUNE	2017 YEAR ENDED 30 JUNE	2018 YEAR ENDED 30 JUNE	2018 3 MONTH PERIOD ENDED 30 SEPT	2019 12 MONTH PERIOD ENDED 30 SEPT
Total sales	248,581	238,376	248,316	246,766	190,918	188,088	223,474	285,917	242,142	210,238	67,581	298,474
Earnings before interest and tax	26,827	26,032	22,612	(2,495)	5,241	31,288	85,845	49,785	16,979	34,869	(1,052)	80,065
Operating profit before tax	23,047	23,603	18,473	(8,743)	198	26,833	80,514	44,290	11,978	29,464	(2,089)	76,108
Net profit after tax	16,712	17,253	17,674	(4,469)	2,872	21,643	56,766	33,796	9,249	20,371	(1,536)	53,022
Earnings per share (Basic) (cents)	42.6	43.3	33.7	(7.9)	5.0	37.5	82.9	46.7	12.6	23.2	(1.6)	55.5
Return on shareholders' equity (%)	16.6	15.2	10.5	(2.8)	1.8	12.3	19.8	11.6	3.3	5.4	(0.4)	12.7
Dividend per ordinary share (cents)	12	21	13	8	12	20	50	46	10	12	0	32
Dividend franking (%)	100	100	100	100	100	55	-	54	100	100	N/A	100
Dividend payout ratio (%)	28.2	48.5	38.6	(101.3)	239.8	53.5	62.8	99.1	79.4	51.7	N/A	57.7
Financial ratios												
Net tangible assets per share ($)	1.56	1.87	2.17	2.19	2.14	2.38	3.35	3.22	2.95	3.34	3.21	3.60
Net interest cover (times)	7.10	10.70	6.70	(0.4)	1.0	6.9	15.9	9.0	3.4	6.4	(1.0)	20.2
Net debt/equity ratio (%)	51.9	39.6	43.3	41.7	49.6	54.0	38.2	23.1	52.5	18.7	15.9	6.6
Current asset ratio (times)	0.79	1.44	1.96	1.42	1.61	4.02	3.36	1.90	1.05	4.49	3.21	2.74
Balance sheet data as at 30 September/June												
Current assets	81,075	83,993	91,228	76,936	123,303	136,639	207,782	155,521	136,610	162,118	158,855	173,666
Non-current assets	133,884	145,612	214,352	202,371	180,542	194,080	280,130	294,251	343,081	354,435	363,766	379,190
Total assets	**214,959**	**229,605**	**305,580**	**279,307**	**303,845**	**330,719**	**487,912**	**449,772**	**479,691**	**516,553**	**522,621**	**552,856**
Current liabilities	102,348	58,469	46,454	54,369	76,800	33,988	61,893	81,783	130,371	36,104	49,412	63,455
Non-current liabilities	11,735	57,515	90,311	64,608	67,540	121,325	138,632	77,088	71,701	101,809	102,570	73,398
Total liabilities	**114,083**	**115,984**	**136,765**	**118,977**	**144,340**	**155,313**	**200,525**	**158,871**	**202,072**	**137,913**	**151,982**	**136,853**
Net assets	100,876	113,621	168,815	160,330	159,505	175,406	287,387	290,901	277,619	378,640	370,639	416,003
Shareholders' equity												
Share capital	46,433	47,470	95,066	95,957	97,007	99,750	170,198	178,553	181,164	268,567	268,567	271,750
Reserves	12,949	11,327	11,201	10,472	9,144	12,190	12,818	11,168	11,602	9,601	9,802	10,417
Retained profits	41,494	54,824	62,548	53,901	53,354	63,466	104,371	101,180	84,853	100,472	92,270	133,836
Total shareholders' equity	**100,576**	**113,621**	**168,815**	**160,330**	**159,505**	**175,406**	**287,387**	**290,901**	**277,619**	**378,640**	**370,639**	**416,003**
Other data as at 30 September/June												
Fully paid shares ('000)	39,519	39,779	56,227	56,813	57,463	57,999	71,436	72,919	73,607	95,226	95,226	95,737
Number of shareholders	3,296	3,039	3,227	3,359	3,065	3,779	4,328	8,908	11,461	11,943	11,884	10,331
Select Harvests' share price												
- close ($)	2.16	3.46	1.84	1.30	3.27	5.14	11.00	6.74	4.90	6.90	5.32	7.69
Market capitalisation	85,361	137,635	103,458	73,857	187,904	298,115	785,796	491,474	360,674	657,059	506,602	736,218

* 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

Jane Finch FARM MANAGER MILDURA

"We are always looking for good nut to leaf ratio on our trees - which means we are developing healthy bud sites for next season ."

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", "the Group" or "the consolidated entity") for the year ended 30 September 2019.

DIRECTORS

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

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

M Iwaniw, B Sc, Graduate Diploma in 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. He helped orchestrate the merger of ABB Grain, AusBulk Ltd and United Grower Holdings Limited to form one of Australia's largest agribusinesses. He has a Bachelor of Science, a graduate diploma in business administration and is a member of the Australian Institute of Company Directors. Michael is the immediate past Chairman of Australian Grain Technologies. He is a member of the Remuneration and Nomination Committee.

Interest in shares: 205,681 fully paid shares.

P Thompson, B Bus and MAICD (Managing Director and Chief Executive Officer)

Appointed as the Managing Director and Chief Executive Officer (CEO) of Select Harvests Limited on 9 July 2012. Paul 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: 483,800 fully paid shares.

M Carroll, B Ag Sc, MBA and FAICD (Non-Executive Director)

Joined the board on 31 March 2009. He brings to the Board diverse experience from executive and non-executive roles in food and agribusiness. Current non-executive board roles include Elders Limited (ASX: ELD, director since September 2018), Rural Funds Management (RE for ASX: RFF and NSX: RFP; director since April 2010), Paraway Pastoral Company, Australian Rural Leadership Foundation and Viridis Ag Pty Ltd. Previous board roles include Queensland Sugar Limited, Tassal (ASX: TGR, 2014-2018), Warrnambool Cheese & Butter, Rural Finance Corporation, Sunny Queen Farms and Meat and Livestock Australia. During his executive career Mike established and led the NAB's agribusiness division with earlier senior executive roles including marketing and investment and advisory services. He is Chair of the Remuneration and Nomination Committee.

Interest in Shares: 21,634 fully paid shares.

F S Grimwade, B Com, LLB (Hons), MBA, FAICD, SF Fin and FCIS (Non-Executive Director)

Appointed to the board on 27 July 2010. Fred is a Principal and Director of Fawkner Capital, a specialist corporate advisory and investment firm. He is Chairman of CPT Global Ltd (ASX: CGO; director since October 2002) and XRF Scientific Ltd (ASX: XRF; director since May 2012) as well as being a director of Australian United Investment Company Ltd (ASX: AUI; director since March 2014) and AgCap Pty Ltd. He was formerly Chairman of Troy Resources Ltd (2013-2017), a non-executive director of AWB Ltd., and 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 current member of the Audit and Risk Committee.

Interest in shares: 80,000 fully paid shares.

N Anderson, B Bus, EMBA, GAICD (Non-Executive Director)

Appointed to the board on 21 January 2016. Nicki Anderson is an accomplished leader and director with broad experience in strategy, sales, marketing, licensing and innovation within branded food, beverage and consumer goods businesses both in Australia and Internationally (including Coca Cola Amatil, Cadbury Schweppes, McCain, Nestle and Kraft). Nicki has held senior positions in marketing and innovation within world class FMCG companies and was most recently Managing Director of the Blueprint Group concentrating on sales, marketing and merchandising within the retail and pharmacy sales channels. Nicki is currently a Director of Mrs Mac's, Australia Made Campaign Limited, and ASX listed Funtastic (ASX: FUN; director since October 2018). She is Chair of the Remuneration & Nomination Committee for both Mrs Mac's Limited and Funtastic Limited. Nicki is a Member and Former Chair of the Monash University Advisory Board for the marketing faculty. She is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.

Interest in shares: 7,193 fully paid shares.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

F Bennett, BA (Hons), FCA, FAICD and FIML (Non-Executive Director)

Appointed to the board on 6 July 2017. Ms Fiona Bennett is a Chartered Accountant and an experienced non-executive director with an extensive background in business management, corporate governance, audit and risk. She is currently on the boards of BWX Limited (ASX: BWX; director since December 2018) and Hills Limited (ASX: HIL; director since May 2010) and is also Chairman of the Victorian Legal Services Board. Ms Bennett has previously served on the boards of Beach Energy Limited (2012-2017) and Boom Logistics Limited (2010-2015). She has held senior executive roles at BHP Limited and Coles Limited and has been Chief Financial Officer at several organisations in the health sector. She is Chair of the Audit and Risk Committee.

Interest in shares: 7,630 fully paid shares.

G Kingwill (Non-Executive Director)

Appointed to the board on 25 November 2019. Guy joins the Board with an extensive background in horticulture, international soft commodity marketing and water investment and trading. He is currently on the Boards of Tasmanian Irrigation and ACMII Australia 1 Group and serves the Chair of the Audit Committee at Tasmanian Irrigation. Guy has previously served as Managing Director and Chief Executive Officer of Tandou Limited, based in Mildura and as a Director of Lower Murray Water Urban and Rural Water Corporation. His experience in Horticulture and Water Resource Management will be invaluable to Select Harvests as the company continues to develop its asset base.

Interest in shares: 5,361 fully paid shares.

B Crump (Chief Financial Officer and Company Secretary)

Joined Select Harvests as Chief Financial Officer on 20 November 2017 and appointed Company Secretary on 7 August 2018. He is a Certified Practising Accountant and has over 10 years experience in senior financial management. Most recently he has been the CFO of Redflex Limited and previously gained extensive experience in agribusiness as CFO of Landmark (Australia's largest rural services provider) and senior roles within AWB Limited. He brings extensive agribusiness, agri services and related capital management experience to the role.

Interest in shares: Nil.

CORPORATE INFORMATION

Nature of operations and principal activities

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

- The growing, processing and sale of almonds to the food industry from company owned and leased almond orchards; and
- Processing, packaging, marketing and distribution of edible nuts, dried fruits, seeds, and a range of natural health foods.

EMPLOYEES

The Company employed 570 full time equivalent employees as at 30 September 2019 (30 September 2018: 551 full time equivalent employees).

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

OPERATING AND FINANCIAL REVIEW

Highlights and Key developments during the year

Select Harvests delivered a very strong profit result for FY2019 platformed by almond volumes from the 2019 crop. This increase reflects the prior year's investment in greenfield developments now reaching their productive stage. Additionally, consistent improved yields achieved and the Company's investment in risk mitigating frost fans has led to an increase in the forecasted production volume. This reflects the current strategic focus on consolidating the asset base to maximise returns.

Improved productivity in the Almond division has also been a major contributor to the FY2019 result. Continued focus on cost management in conjunction with increased yields has reduced the cost of production per kilogram by 14.7% (excluding tree depreciation) and despite increase in the cost of water.

The water market was challenging in FY2019 and remains so for the FY2020 year.

Ongoing drought conditions, increased horticultural developments and a greater presence of large non-irrigator financial traders in the water markets have all put increased pressure on water (cost and supply).

The FY2019 result has flowed through to improved operating cashflows and a strengthened Balance Sheet highlighted by a zero bank debt position and $7.9 million in surplus cash. There has been no major project expenditure or greenfield development during the year.

Prior year investments in H2E (biomass electricity cogeneration facility) and Parboil (value-adding processing plant) are now both delivering value with a closed loop power source, production of high grade phosphate compost which is recycled back to our orchards and high grade value added product being processed for the export market.

The options for greenfield expansion, mature orchard acquisition, and non-almond related opportunities continue to be assessed for future growth.

Directors' Report

Continued

FINANCIAL PERFORMANCE REVIEW

Profitability

Reported Net Profit After Tax (NPAT) is $53.0 million. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is $95.2 million and Earnings Before Interest and Taxes (EBIT) is $80.1 million.

Results Summary and Reconciliation

EBIT ($'000)	REPORTED RESULT (AIFRS)	
	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Almond Division	82,235	(1,013)
Food Division	5,011	1,216
Corporate Costs	(7,181)	(1,255)
Operating EBIT	**80,065**	**(1,052)**
Interest Expense	(3,957)	(1,037)
Net Profit / (Loss) Before Tax	**76,108**	**(2,089)**
Tax (Expense) / Benefit	(23,086)	553
Net Profit / (Loss) After Tax	**53,022**	**(1,536)**
Earnings / (Loss) Per Share (cents)	55.5	(1.6)

Almond Division Profitability

Revenue of $205.9 million was generated through the processing and sale of the majority of the 2019 crop. Due to the dry conditions, the quality of the crop and investment in new technology the processing functions were able to be completed early in the cycle. The bulk of the remaining tonnage on hand is for internal use in the Food Division and Parboil usage until product from the 2020 crop becomes available.

An EBIT of $82.2 million was achieved in FY2019 as a result of the valuation of the 2019 crop based on a yield achieved of 22,690 MT (45% higher than the 2018 crop).

This higher yield performance is a result of investments in greenfield developments over the past few years now transitioning into productive orchards; good growing conditions for the 2019 crop; our employees delivering and executing to a comprehensive and targeted horticultural program; and an increased investment in on farm technology, including risk mitigating frost fans.

Additionally, a projected almond price of $8.60/kg (6.8% higher than the 2018 crop) and a 14.7% (excluding tree depreciation) reduction in the cost per kilogram added to the positive result.

The result was negatively impacted by a $2.1 million adjustment to prior year crop earnings due to the write down of lower quality inventory.

Food Division Profitability

FY2019 revenue generated was $148.1 million resulting in a stable EBIT of $5.0 million. This result reflected strong demand for value added Industrial product into the China market offset by the continuing challenging environment in the domestic consumer branded market.

Improved margins were achieved in the Industrial market reflective of the higher almond price and improved Parboil efficiencies. Lower margins in the domestic consumer "branded" market were a result of the increased foothold of retailer private label products in the relevant categories and the increased prices of raw material inputs. Retail export remains a focus however was behind plan in FY2019 as the optimal channel to market continues to be reviewed.

Balance Sheet

$'000	2019	2018
Trade and other receivables	50,223	46,157
Inventories	111,831	99,410
Trade and other payables	(32,345)	(40,319)
Net working capital	**129,709**	**105,248**

Balance Sheet

Net assets at 30 September 2019 are $416.0 million, compared to $370.6 million at 30 September 2018. An increase in inventory (predominantly made up of capitalised 2020 crop growing costs that are higher due to the increased age profile of the immature orchards), plant and equipment (increased farm equipment matrix and investment in new processing equipment), water purchases and lower levels of debt has been offset by an increased provision for tax payable.

Net working capital has increased by 23.2%. This increase is due to higher inventory levels (as described above) and lower creditors outstanding.

Interest Expense

Interest expense of $4.0 million reflects the lower overall debt levels as a result of improved operating cashflows and reduced major capital expenditure.

Cash flow and Net Bank Debt

Total debt at 30 September 2019 was $27.4 million (30 September 2018 was $58.9 million) including finance lease commitments of $35.4 million (30 September 2018 was $35.1 million), with a gearing ratio (total debt/equity) of 6.6% (30 September 2018: 15.9%). At 30 September 2019 the company had no bank debt and $7.9m cash on hand. This favourable position is a result of improved operational performance resulting in higher cash inflows.

Operating cash inflow generated for FY2019 amounted to $80.3 million. This strong result was delivered through the profitability of the 2019 crop and lower tax paid as a result of prior year adjustments. This was partially offset by higher water purchases and an increased dividend paid. Investing cash outflows of $33.9 million were stable with no major projects underway. Net cash generated for FY2019 was $31.7 million which was used to pay down bank debt.

Dividends

A 20 cents final dividend has been declared, resulting in a total dividend of 32 cents per share for the financial year. This compares to a total dividend of Nil cents per share declared for the 3 months ended 30 September 2018.

CORPORATE SOCIAL RESPONSIBILITY

Health, Safety and Wellbeing

Focus continues towards achieving Zero Harm, with the annual target to improve year on year performance by a 15% reduction in the number of incidents, injuries and injury severity and a 25% increase in hazards identified and resolved, to prevent harm.

The four key strategic priorities are:

1. A Safety Culture
2. Education
3. Process improvement and performance measurement
4. Employee wellness

The key activities implemented included:

- OH&S Committees with representatives for all sites
- Safety walks, workplace ergonomics, return to work programs and site/department audits
- Capital project key risk assessments
- Monthly training topics focussed on key risks (e.g. Manual Handling & Traffic Management)
- Industry consultation and discussions to share best practice
- Employee Assistance Program (EAP), including mental health education and offer of professional support
- The implementation of a company-wide safety manual

Strong drive and focus during the year have resulted in a significant reduction in Lost Time Injuries (LTI) of 61%, along with a decrease in LTI Frequency rate (LTIFR) of 60%. The LTI severity rate was impacted by workers compensation days lost and this will diminish over time as all long-term cases are now closed.

Unfortunately, there was an increase in Medical Treatment incidents and resultant frequency rate, but due to early intervention and effective injury management, these did not translate to Lost Time Injuries.

Overall, there was a 28% reduction in Total Recordable Incidents Frequency Rate (TRIFR). Hazard identification increased by 7%, which was short of the 25% target, but continues to increase and remain a focus, particularly on any identified high-risk hazards. Focus continues to be maintaining the drive to the next wave of improvements and Select Harvests' strong safety culture.

Community

Select Harvests is a significant employer and proud member of the community with orchards in regional Victoria, South Australia and New South Wales and the Company has significant processing facilities at Thomastown in the Northern Metropolitan area of Melbourne and Robinvale, in North West Victoria. The Company is actively involved in all their local communities. Many of their employees contribute to local community organisations on a regular basis.

Select Harvests supports the local communities with both financial and non-financial support and through product donations. There is an annual grants program in each region to support local community organisations and charities. The charities and community groups submit projects for support and the site leadership teams then recommend the allocation of funds. This year, Select Harvests has supported over 40 organisations including schools, clubs, sports teams and local community groups.

A selection of these include:

- Robinvale College (VIC)
- Mallee Almond Festival (VIC)
- Swan Hill Show (VIC)
- Foodbank (VIC Metro)
- Royal Children's Hospital (VIC Metro)
- Manangatang Improvement Group (VIC)
- Loxton & District Chamber of Commerce (SA)
- Hillston Arts Council (NSW)

Fair Employment Practices

Our policies, practices and procedures ensure that all our employees and contractors are treated in a fair and reasonable manner. We are an Equal Employment Opportunity employer, who values and respects Inclusion and Diversity in our workplace.

All third-party labour providers engaged are subject to meeting our Contractor Engagement and Recruitment Policies that warrant compliance with Australian labour laws and legislative obligations. We undertake regular audits to ensure compliance with focus on the payment of wages and eligibility to work in Australia. We have had no breaches during the financial reporting period.

In addition, Select Harvests released an Ethical Sourcing Policy during the financial year, with the objectives of upholding human rights, protecting the environment and to operate in a sustainable manner, whilst being a respected leader in the industry and communicating the same expectations of its suppliers and their supply chains. The Company is committed to managing the economic, environmental and social challenges across their supply chain and this will be achieved by committing to:

- Employing innovative approaches to conserve resources and reduce impacts to help preserve, improve and protect the environment.
- Promoting responsible agricultural and food manufacturing practices.
- Safeguarding the quality and integrity of the food we produce, market and manufacture.
- Respecting people and human rights by treating our employees, suppliers, and contractors with dignity and respect and providing safe, secure and healthy work environments, and expecting the same from our suppliers.

The Ethical Sourcing Policy is available on the Select Harvests website:

http://www.selectharvests.com.au/governance

Occupational Health and Safety (OH&S)

		OCT 2017-SEP 2018	OCT 2018-SEP 2019	VARIANCE 2017/18 VS 2018/19
Lost Time Injuries	#	18	7	-61.1%
	Frequency Rate	19	7.7	-59.5%
Medical Treatment Injuries	#	16	19	+18.8%
	Frequency Rate	16.8	20.9	+24.4%
Lost Time Injuries Severity	Days Lost	442	404	-8.6%
	Severity Rate	5.8	11.2	+93.1%
Total Recordable Incidents	#	100	88	-12.0%
	Frequency Rate	81.1	58.2	-28.2%
Hazards	#	591	631	+7%

Directors' Report

Continued

Sustainability

Select Harvests aims to operate a business that is environmentally, socially and financially sustainable. When making decisions we seek to ensure a balance between the value generated for shareholders, customers, consumers and our local communities.

The Company recognises the potential environmental impact of horticulture on biodiversity and is committed to preserving the native vegetation and wildlife in the unfarmed areas adjacent to our orchards. One positive environmental outcome is the rejuvenation of remnant native vegetation and an increase in wildlife population.

Our Environment and Sustainability Policy and its related procedures and systems govern our wildlife management plan and licensing requirements. A copy is available on the Select Harvests website:

http://www.selectharvests.com.au/governance

Select Harvests is a signatory of the National Packaging Industry Covenant, which aims to deliver more sustainable packaging, increased recycling rates and reduced waste. The Company's office and farm waste is recycled where possible.

The Food Products Division has successfully obtained Sedex Members Ethical Trade Audit accreditation. This demonstrates the Company's commitment to engaging in ethical business practices and compliance in the key areas of Health and Safety, Labour Standards, Environment and Business Ethics. This enables Select Harvests to partner with customers who recognise these critical capabilities.

Select Harvests generates renewable energy at its H2E power co-generation facility at Carina West. We also have renewable wind Power Purchase Agreements (PPA's) for a proportion of our electricity supply in recognition of the need to decarbonise and move to a more sustainable energy supply mix.

A summary of our environmental, water, energy consumption and pollination management practices are outlined below.

Environmental Regulation & Performance

Select Harvests is subject to environmental regulations under laws of the Commonwealth and State Governments of Victoria, New South Wales and South Australia. The Company holds licences issued by the Environmental Protection Authority (EPA) which specify limits for discharges to the environment. These licences regulate the management of discharge to the air and stormwater runoff.

In June 2018, Select Harvests received approval from the EPA to progress from "commissioning" to "operation" of the co-generation facility.

The Company has had one EPA corrective action relating to particulate emissions from the co-generation facility which we responded to and no infringements were issued. We are working with the EPA to improve our environmental management systems, procedures and reporting.

There were no environmental breaches during the 2018/19 financial year and no breaches of any of the Company's environmental licence conditions.

Water

Water is a limited resource and a key input to Select Harvests' almond orchards. A significant amount of capital and management time is invested in improving the efficiency of water utilisation.

Initiatives include installing state of the art irrigation technology and systems to deliver water efficiently, dedicated resources on each farm to optimise water use which includes reviewing and agreeing the irrigation and fertigation application on a weekly basis. Several innovative technology solutions have also been deployed to improve orchard management, including soil moisture monitoring probes, plant based water stress monitoring sensors and vegetative index imagery collected by drones that identifies differing tree health. These sources of real time information are connected by telemetry enabling us to build a database that over time will lead to more informed decisions.

In some orchards we are recycling water from the drainage system, resulting in cost savings and minimising the impact on the water table. In addition, trials are being run on higher yielding almond varieties that use less water per tonne of almonds produced.

Almond orchards are a long-term investment that require a secure supply of water. To mitigate the risk of inadequate supply of water at an economic price, Select Harvests has developed a strategy that addresses our exposure to immediate and future weather patterns, market trends and projected prices. The company operates in several irrigation regions, has a mix of owned permanent water entitlements, medium term water leases and allocation water purchased in the spot market, and uses a mix of ground and river water. The strategy is reviewed by the Board annually and monitored through monthly reports.

Energy

Our largest energy saving initiative is the H2E co-generation facility which was commissioned in June 2018. This plant uses biomass such as hulls, shells and orchard prunings to generate electricity. Enough electricity can be generated to power the Carina West Processing Facility and nearby orchard pumps and supply renewable electricity into the local grid.

Project H2E is delivering approximately 27% reduction in the carbon footprint of the facility or the equivalent of taking 8,210 cars off the road. Further work to optimise the facility will be completed at the end of 2019.

Over the last 12 months Select Harvests sourced 39% of its net electricity consumption from renewables (excluding grid mix renewables) through self-generation and targeted Wind Power Purchase Agreements (PPAs). A breakdown is provided in the following table:

DESCRIPTION	UTILISATION (MWH)
Total Power Consumed	58,500
Total Power Generated	18,569
Total Power Exported	5,340
Power Purchased through Wind PPAs	4,178

This highlights the company's commitment to sourcing sustainable energy. With additional PPA's maturing in the coming year, and increased reliability and output of the cogeneration facility, Select Harvests is on track for greater use of renewable power.

CWPF is continuing with projects to reduce its energy footprint and efficiency. Projects include more efficient warehouse chilling, site energy consumption reviews and further refinement of the H2E co-generation facility.

Recycling

The composting of the cogeneration facility's ash with organic matter, soil ameliorants and essential plant nutrients resulted in approximately 13,000 tonnes of compost being produced and applied to the orchards in readiness for the 2019/20 season.

The composting process takes all the waste skins from the Carina West value adding facility, which used to be directed to landfill. More recently the waste almonds skins from the Thomastown facility have also been diverted to composting, averting them being sent to landfill. The compost will increase soil carbon levels, provide a valuable slow release biological nutrient source, increase water and fertiliser efficiency, and ultimately improve soil health.

The compost will reach peak production over the next 12 months with approximately 30,000 tonnes being produced annually, enough to treat approximately 85% of our orchards.

Office waste, containers and packaging are recycled or reused wherever possible. All food waste is sold into the stockfeed industry.

Pollination Management

Select Harvest almond orchards are dependent on bee pollination. The key challenges and risks in bee stewardship centre on optimum bee health, pollination activity and almond yield. The Company sources pollination services through several brokers and direct relationships with apiarists. This generates productive relationships and an optimum pollination outcome.

Recognising the importance of bees, Select Harvests actively engages and supports the bee and pollination industries. This includes the sponsorship and support for apiary associations, participation and presentation at conferences, and collaboration in all-of-horticulture and almond specific R&D projects and steering committees.

We continue to investigate innovative solutions to generate improved colony health and pollination outcomes. These include trialling self-pollinating varieties, improved bee husbandry practices, colony imagery and artificial pollen application.

Our on-farm bee stewardship practices include fostering alternative forage sources for bees, provision of water at pollination sites to aid bee hydration, avoiding the use of products bees are sensitive to when colonies are present. If a spray is required we work with the apiarist and conduct it at night outside of foraging periods. Audited spray diaries available and ongoing inspections monitor for colony strength and health.

Other critical components to ensuring maximum yield include successful cross-pollination through varietal selection.

Risk Management

Select Harvests has a risk management process in place to identify, analyse, assess, manage and monitor risks throughout all parts of the business.

The Company maintains and refreshes its detailed risk register annually. 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.

Each month major risks are reviewed by Senior Management and the Board. They include:

- Safety Risks (including employee safety, fire prevention and plant operation);
- Horticultural Risks (including climatic, disease, water management, pollination and quality)
- Food Safety Risks (including product quality, utilities supply, major equipment failure); and
- Financial Risks (including currency, customer concentration and market pricing)

The Audit and Risk Committee Charter is available on the Select Harvests website:

http://www.selectharvests.com.au/governance

Outlook

The global macro for almonds continues to remain positive moving forward. Continued strong demand driven by increasing middleclass wealth and a higher number of consumers adopting and consuming healthier diets, including the increased consumption of plant-based products, particularly almonds is platforming this growth. Select Harvests is successfully delivering in both the Almond and Food Divisions to leverage this macro increase in global demand.

The horticultural program for the 2020 crop is well underway. Conditions to date have been favourable with the trees receiving sufficient chill hours through the dormancy period and the pollination process has completed without issue. There have been a number of frost events however the investment in frost fans implemented in key areas has mitigated any negative impact.

Based on industry standard yields and the age profile of the orchards, and assuming normal growing conditions for the season, the Select Harvests 2020 theoretical crop would be approximately 21,000MT.

Water pricing remains a key concern as dry conditions prevail and long-term forecasts suggest this may continue. Our policy of owning water entitlements, long and medium term leasing entitlements and acquiring annual allocations on the spot market means we are not fully exposed to the recent increases in water prices.

USD almond pricing is currently firm based on the current industry estimate for the US 2019 crop of 2.35 billion pounds. Shipments out of both the US and Australia continue to be very strong leading to decreased end of season stock levels compared to historic averages. The impact of US tariffs remains positive for the company allowing increased access to the China market.

A number of improvements have been or are in the process of being implemented to increase the production and quality profile of the Almond Division going into FY2020 and beyond. In summary these are:

- Increasingly targeted approach to horticultural management through technology delivering improvements to yield, quality and lower water usage
- Continued investment in new sorting equipment in our Robinvale processing facility improving both quality and productivity
- Increased operating efficiency from our Parboil value adding facility through installation of new cutters and elevators
- Consistent maximum power generation from our H2E bio-mass facility using hull and horticultural waste and producing high quality pot ash to be composted and applied to current orchard assets

In addition to the above, greenfield developments and mature orchard acquisitions continue to be assessed both domestically and internationally.

The Food Division is focussing on the following key areas to improve segment profitability in FY2020 and beyond. These are:

- Improved efficiency of the Thomastown processing facility through investment in new equipment and process re-design benefiting both our consumer branded product margins and the competitiveness of our third party packing contracts
- Re-branding and packaging improvements in the consumer branded product range to support new product development in the ‘better for you’ food category
- Build on partnership agreements in the China market to increase sales momentum for the Lucky and Sunsol brands
- Further progress value added almond sales in the business to business Industrial market, particularly China. As our production levels naturally grow there will continue to be a volume uplift in this area. Improvements in our Parboil value adding facility will deliver additional opportunities in domestic and export markets.

The company continues to carefully assess (through internally set hurdle rates and strategic benefits) its growth opportunities. These comprise of:

- Continued expansion in almond orchards, both greenfield and mature
- Diversification into other nuts
- Continue to grow our Food Division both organically (through new product development, brand strengthening and improved operational efficiencies) and inorganically

The macro for the almond industry and ‘better for you’ plant-based foods remains very strong both domestically and internationally. Select Harvests has high quality assets, a sustained increasingly efficient production profile supported by world class technology. We remain well placed to deliver on the opportunities that will arise from continued demand growth globally for plant based foods.

Directors' Report

Continued

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 29 November 2019, the Directors of the Company declared a final fully franked dividend of 20 cents per share payable on 6 January 2020 to shareholders on the register on 13 December 2019.

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.

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.

DIVIDENDS

	CENTS	2019 ($'000)
Final fully franked dividend*	20.0	19,147

* On ordinary shares

COMMITTEE MEMBERSHIP

During or since the end of the financial year, the Company had an Audit and Risk Committee and a Remuneration and Nomination Committee comprising members of the Board of Directors. Members acting on the Committees of the Board during or since the end of the financial year were:

Audit and Risk	**Remuneration and Nomination**
F Bennett (Chair)	M Carroll (Chair)
F Grimwade	M Iwaniw
N Anderson	N Anderson

DIRECTORS' MEETINGS

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

	DIRECTORS' MEETINGS		MEETINGS OF COMMITTEES			
			Audit and Risk		Remuneration and Nomination	
	Number Eligible to Attend	**Number Attended**	**Number Eligible to Attend**	**Number Attended**	**Number Eligible to Attend**	**Number Attended**
M Iwaniw	12	12	-	-	2	2
P Thompson	12	12	4	2	2	2
M Carroll	12	12	-	-	2	2
F Grimwade	12	12	4	4	-	-
N Anderson	12	11	4	3	2	2
F Bennett	12	12	4	4	-	-

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts are disclosed in Note 24(e) 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 40.

LEAD AUDIT ENGAGEMENT PARTNER'S ROTATION

The Company's current audit engagement partner, PricewaterhouseCoopers' Andrew Cronin, was appointed during the 2016 financial year audit. Under the Corporations Act 2001 (Cth), audit engagement partners must be rotated at least every 5 financial years. Due to the Company amending its financial year in the previous year which resulted in two financial reporting "years" in a period of fifteen months, Mr Cronin's rotation with another audit engagement partner would have been at the conclusion of the 2019 reporting year.

Given this, the Audit and Risk Committee, as well as the Board, had considered the impact of the rotation of Mr Cronin in 2019, in particular, in relation to audit quality, the Board noted that, amongst other things: it is important that the detailed knowledge and understanding that Mr Cronin has built up in relation to the Company and its industry over the past four years is retained to ensure the quality of the audit of the Company.

Prior to the end of the financial year, the Board resolved in accordance with section 324DAA of the Corporations Act 2001 to extend Mr Cronin's term for an additional financial year on the basis that such an extension would be in the best interests of the Company. This means that Mr Cronin will continue as the Company's audit engagement partner for the 2020 financial year. Importantly, in considering the extension of Mr Cronin's term as audit engagement partner, the Board was satisfied that such an extension would not give rise to a conflict of interest situation, as defined in the Corporations Act and, thereby, impair Mr Cronin's independence. PricewaterhouseCoopers have agreed in writing to the extension of Mr Cronin's term.

NON-AUDIT SERVICES

Non-audit services provided by the external auditor are approved by resolution of the Audit and Risk Committee and approval is provided in writing to the board of directors. The directors are satisfied that no non-audit services were provided during the period, as detailed in Note 23.

ROUNDING

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Select Harvests Limited support and have adhered to the ASX principles of corporate governance. The Company has previously adopted Listing Rule 4.10.3 which allows companies to publish their corporate governance statement on their website rather than in their annual report. A copy of the statement along with any related disclosures is available at:

http://www.selectharvests.com.au/governance

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

M Iwaniw

Chairman

Melbourne, 29 November 2019

Directors' Report

Continued

REMUNERATION REPORT

Introduction from the Chair of the Remuneration and Nomination Committee

Dear Shareholder,

On behalf of the Board, I'm pleased to present our 30 September 2019 remuneration report.

The objective of Select Harvests remuneration strategy is to attract, retain and motivate the people we require to sustainably manage and grow the business. Executive remuneration packages include a balance of fixed remuneration, short term cash incentives and long term equity incentives. The framework endeavours to align executive reward with market conditions and shareholders' interests.

Fixed remuneration is aligned to the market mid-point for similar roles in comparable companies.

The short term incentive program is based on annual performance and assessed against key financial and operational performance indicators (KPIs). The performance targets are based on the annual business plan and set at a level that results in a 50% payout on achievement of a stretching but realistically achievable level of performance. Maximum payout only occurs where there is a clearly outstanding level of performance across all KPIs. In addition to KPIs for their business unit and areas of direct responsibility all Key Management Personnel (KMP) share a company NPAT KPI to encourage a strong executive team dynamic and cross business unit collaboration.

Setting KPIs for a business such as ours has the challenge of a number of factors such as climatic conditions, commodity prices and exchange rates having a significant effect on results. While management can to some degree mitigate these "agricultural risks" and should be encouraged to do so, they are largely out of our control. The Board retains some discretion in evaluating overall performance and taking into account operating conditions.

The health and well-being of our people remains the paramount priority for the business, with the short term incentive payments conditional on the foundations being in place for a safe work environment, demonstration of a strong safety culture and our values.

The long term incentive plan is based on 3 year compound annual growth in earnings per share and relative total shareholder return against ASX listed industry peers and absolute Earnings Per Share (EPS) growth. The EPS band is broad with vesting starting at 5% and full vesting occurring at 20%. The choice of a broad band reflects our desire for the start point to have a reasonable probability of occurring and for full vesting to only occur when there is a strong outcome for shareholders.

One matter we had to address over the last 15 months was how we treated executive incentive arrangements over the 3 months to September 2018 as we transitioned from a June to September year end.

As this period did not include any earnings from the almond division we decided not to offer the executives any opportunity to earn incentives over this period. The lost opportunity was compensated by increasing the incentive plans for the 12 months to September 2019 by 25%. The maximum potential short term incentive was increased by 25% and the long term incentive performance rights grant was increased by 25%.

The remuneration outcomes resulting from the FY2019 performance are set out in this Remuneration Report.

Mike Carroll

Chair – Remuneration & Nomination Committee

The report has been prepared and audited against the disclosure requirements of the *Corporations Act 2001* (Cth).

1. KEY QUESTIONS

What are our remuneration objectives and guiding principles?

OBJECTIVE	PRINCIPLES				
To deliver sustainable returns as a leader in "better for you" plant based foods.	Align management and shareholder interests.	Reflect our values of: • Trust & Respect • Integrity & Diversity • Sustainability • Performance & Innovation	Deliver competitive advantage in attracting, motivating and retaining talent.	Encourage a diverse workforce.	Simple, easily understood, rewarding performance and creating a culture that delivers shareholder value.

How is our remuneration structured?

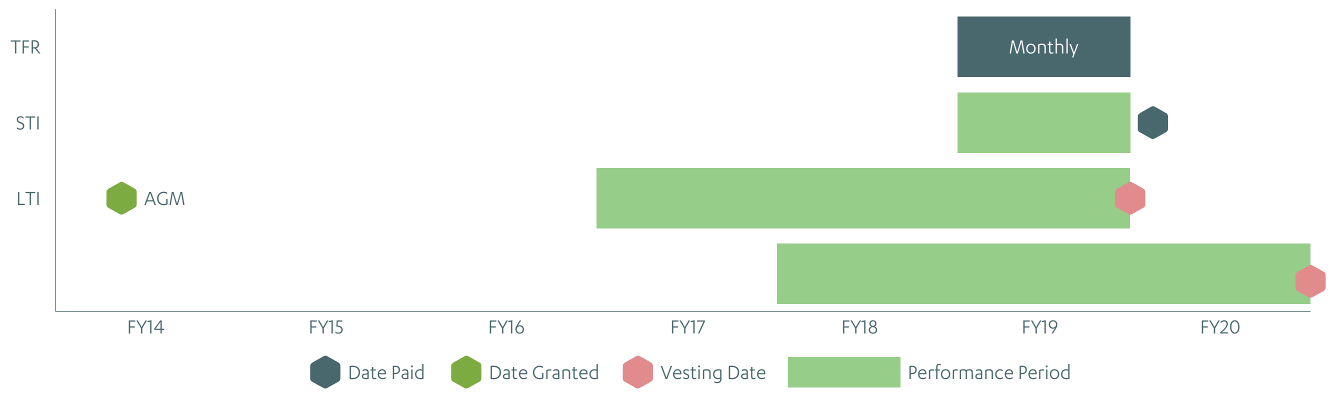
The table below provides an overview of the different remuneration components within the framework.

OBJECTIVE	REMUNERATION COMPONENT	PURPOSE	DELIVERY	FY19 APPROACH
Attract and retain the best talent	Total Fixed Remuneration (TFR)	TFR is set in relation to the external market and takes into account: • Size and complexity of the role • Individual responsibilities	Base salary, superannuation and salary sacrifice components based on total cost to the company	Target TFR positioning is Median of Comparator Group Comparators: Listed Food and Agribusiness Companies
Reward current year performance	Short Term Incentive (STI)	STI ensures appropriate differentiation of pay for performance and is based on business and individual performance outcomes	Annual cash payment	STI Performance Measures[1] • NPAT (30%) • Capital management (15%) • Divisional performance (10%) • Project delivery (25%) • Board discretion (20%) With a safety and values tollgate
Reward long term sustainable performance	Long Term Incentive (LTI)	LTI ensures alignment to long-term overall company performance and is consistent with: • Profitable growth • Long-term shareholder return	Performance rights (vesting after three years, subject to performance)	LTI Performance Measures • Relative TSR (50%) • EPS growth (50%) With a positive TSR gate • Holding Lock The participant's holding is equal to their fixed annual remuneration • Clawback conditions For fraud or dishonest conduct breach of obligations to the Company

1 This summarises the CEO's Performance Measures. Other KMP's measures are tailored to their responsibilities

When remuneration is earned and received?

The remuneration components are structured to reward executives progressively across different timeframes. The diagram below shows the period over which FY18 remuneration is delivered and when the awards vest.



Directors' Report

Continued

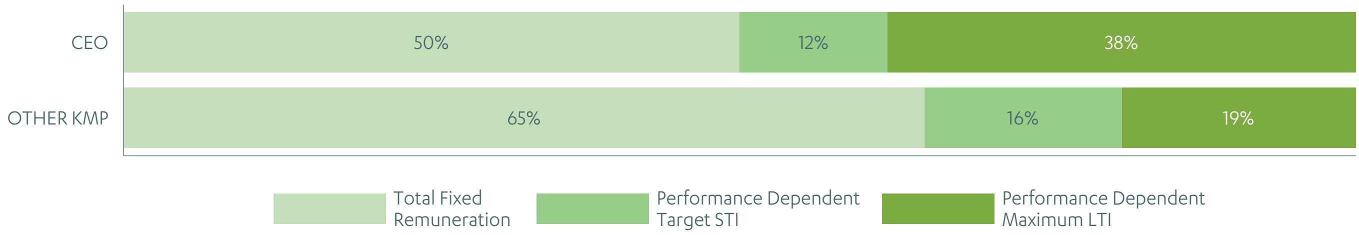
REMUNERATION REPORT (CONTINUED)

1. KEY QUESTIONS (CONTINUED)

What is the remuneration mix for Key Management Personnel?

The remuneration mix for KMP is balanced between fixed and variable remuneration.

- CEO: 50% of remuneration is performance-based pay and 38% of remuneration is delivered as performance rights to shares.
- Other KMP: 35% of their remuneration is performance-based pay and 19% of their remuneration is delivered as performance rights to shares.



STI payments are based on 50% of the maximum vesting on achievement of a stretching but achievable planned level of performance having regard to past and otherwise expected achievements.

LTI grants are at face value, where face value represents the share pricing at the time of allocating grants and relates to rights due for vesting at 30 September 2019. Executive KMP have minimum shareholding requirements.

How much did you pay your executive for the financial year?

The table below presents the remuneration paid to, or vested for, Executive KMP for the financial year ended 30 September 2019.

$	TOTAL FIXED REMUNERATION	STI ACHIEVED[1]	VESTED PERFORMANCE RIGHTS[2]	TOTAL
Paul Thompson - CEO	629,125	328,718	210,514	1,168,357
Brad Crump – CFO	394,394	221,847	-	616,241
Peter Ross – GM Almond Operations	340,539	175,590	42,103	558,232
Laurence Van Driel – GM Trading	348,878	175,093	42,103	566,074
Ben Brown – GM Horticulture	314,034	185,869	21,055	520,958
Suzanne Douglas – GM Consumer*	139,509	31,041	-	170,550
Urania Di Cecco – GM People†	59,462	7,730	-	67,192

* Commenced 29 April 2019 † Commenced 15 July 2019

1 Cash STI will be paid after the 30 September 2019 financial statements have been finalised. Short term incentives have been calculated based on a 15 month period for 2018/19 financial year, as part of the transition to the new financial year period

2 The vested performance rights value in this table has been determined using the closing share price on the last trading day of FY19. Vesting occurs after the finalisation of the 30 September 2019 financial statements and hurdle testing is completed by an independent expert. Sale of shares emanating from vested performance rights under the current plan are subject to a holding lock which requires Executive KMPs to accumulate and hold a value equivalent to their annual TFR.

What equity was granted for FY19?

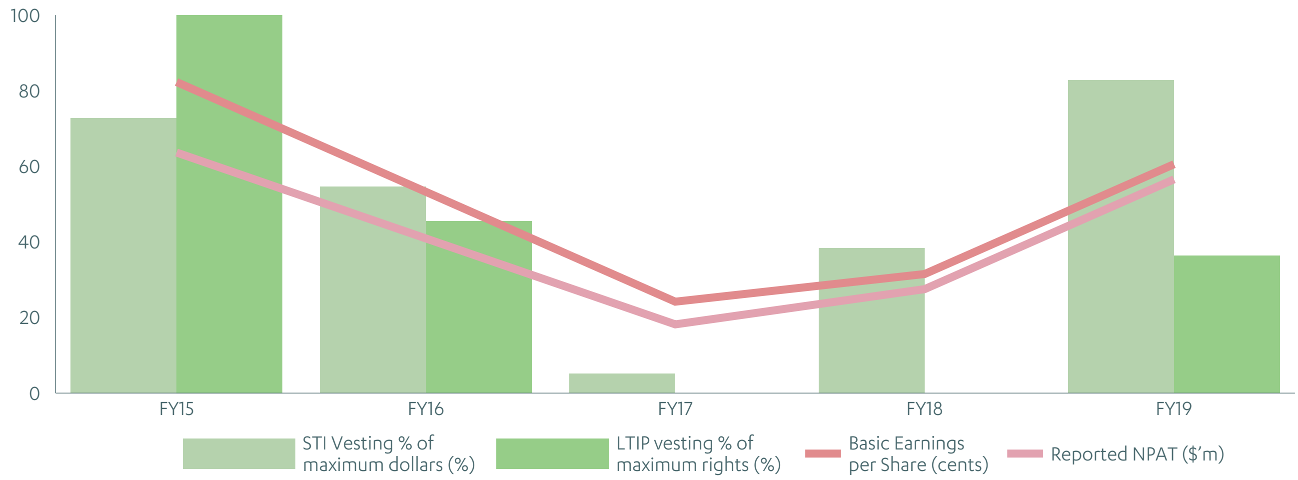
Equity was granted to KMPs in 2019, as detailed in the table below. 25% additional rights were granted to KMP as compensation for the transition period. The methodology used for the allocation was determined using the face value of full vesting based on the Volume Weighted Average Price (VWAP) over the 10 days preceding the date of 22nd February 2019 Annual General Meeting.

Equity grants that commenced performance testing in FY18 at Face Value

	NUMBER OF PERFORMANCE RIGHTS GRANTED	TRANSITION PERIOD AGM FACE VALUE Based on VWAP price ($6.11) over 10 days preceding AGM (22 February 2019)	COMMENCEMENT OF PERFORMANCE PERIOD FACE VALUE Based on share price ($5.32) on 1 October 2018
Paul Thompson – CEO	82,815	$506,000	$440,576
Brad Crump – CFO	22,095	$135,000	$117,545
Peter Ross – GM Almond Operations	16,571	$101,249	$88,158
Laurence Van Driel – GM Trading	16,571	$101,249	$88,158
Ben Brown – GM Horticulture	16,571	$101,249	$88,158

Is there alignment between management and shareholder interests?

The following chart shows the alignment between shareholders' interests as measured by reported profit and earnings per share and management's interests as measured by the proportion of STI that pays out and the number of performance rights vesting. The board believes these outcomes show "at risk" remuneration has varied appropriately.



Note: This report excludes the FY18 transition period (3 months period ending 30 September 2018) as no STI or LTIP were vested.

Directors' Report

Continued

REMUNERATION REPORT (CONTINUED)

2. EXECUTIVE KMP REMUNERATION

2.1 Overview of FY19 remuneration framework

FIXED REMUNERATION			
Base salary	Consists of cash salary, superannuation and salary sacrifice arrangements based on total cost to the company. Reviewed annually with reference to the market median for comparable companies, the individual's performance and potential and the company's future plans. There is no guaranteed base pay increase in any executives' contracts.		
Short Term Incentive (STI)		**% of Fixed Remuneration**	
Opportunity		**CEO**	**Other KMP**
		Threshold – 12.5% Target – 25% Maximum - 50%	Threshold – 7.5-12.5% Target – 15-25% Maximum – 40-50%
Purpose	To provide incentive to exceed the annual business objectives.		
Term	1 year		
Instrument	Cash		
Performance measures	**KPI Score Card**	**CEO**	**Other KMP**
	Company NPAT	40%	30-40%
	Business Unit EBIT	5%	0-20%
	Capital management	20%	0-20%
	Operational performance / Project delivery	15%	20-40%
	Board discretion	20%	20%
	With a safety and values tollgate		
Why these were chosen	To provide a balance between outperforming the annual operating plan, individual business unit plans, focus on the efficient use of capital and strengthening the balance sheet, on time and budget delivery of strategic projects and sustained orchard productivity. The Board retains some discretion to adjust the outcomes based on whether they were influenced by uncontrollable "headwinds" or "tailwinds" and the degree to which behaviours reflect our values. The health and well-being of our people remains paramount and no incentive is paid if the foundations for a safe work environment were not maintained.		
Long Term Incentive (LTI)		**% of Fixed Remuneration**	
Opportunity		**CEO**	**Other KMP**
		Face Value – up to 82%	Face Value – up to 35%
Purpose	Reward achievement of long term business objectives and sustainable value creation for shareholders.		
Term	3 years, vesting at the end of the period.		
Instrument	Performance rights		
Performance conditions*	1. Continuing service		
	2. Positive absolute shareholder return		
	3. 50% Compound Annual Growth in underlying earnings per share† over three years. The performance targets and vesting proportions are as follows:		
	• Below 5% CAGR	Nil	
	• 5% CAGR	25%	
	• 5.1% - 19.9% CAGR	Pro rata vesting	
	• 20% or higher CAGR	50%	
	4. 50% Total Shareholder Return relative to a peer group of ASX listed companies over three years. The performance targets and vesting proportions are as follows:		
	• Below the 50th percentile	Nil	
	• 50th percentile	25%	
	• 51st – 74th percentile	Pro rata vesting	
	• At or above 75th percentile	50%	
Why these were chosen	Underlying 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 and Nomination Committee is responsible for assessing whether the targets are met and in doing so obtains the advice of an independent expert.

† EPS adjustments are made consistent with the guidance issued by the Australian Institute of Company Directors and Financial Services Institute of Australasia in March 2009 and ASIC Regulator Guide RG230 'Disclosing Non-IFRS financial information'.

OTHER	
Hedging policy	Individuals cannot hedge Select Harvests equity that is unvested or subject to restrictions.
Clawback	The Board may determine that any unvested share rights will lapse or be forfeited in certain circumstances such as in the case of fraud, wilful misconduct or dishonesty.
Minimum shareholding requirements	Vested performance rights are to be held until the accumulated value is equal to 100% base salary.

2.2 How STI outcomes are linked to performance

At the commencement of each annual operating cycle the board sets KPIs for the CEO and the CEO sets KPIs for the KMP with target levels of performance based on the Board approved annual operating plan. At the end of the operating cycle the Board assesses performance against these KPIs and how this rates against the scales set out in the following table. This determines the STI reward.

PERFORMANCE LEVEL	PERFORMANCE DESCRIPTION	QUANTITATIVE KPI TARGETS (% PLANNED PERFORMANCE)	SUBJECTIVE TARGETS (BASED ON A 1 TO 5 SCALE)	STI REWARD (% MAXIMUM)	STI REWARD (% TFR)
Unsatisfactory	Unacceptable level of performance	< 95%	Score 1 or < 2	No payment	No payment
Threshold	The minimum acceptable level of performance that needs to be achieved before any reward would be available.	95%	Score 2	25%	12.5%
		96% - 99%	Score > 2 & < 3	Pro-rata from 25% to 49%	Pro-rata from 12.5% to 24%
Target	Represents the planned level of performance. Financial and other quantitative KPIs are set at the budgeted level assuming plans are challenging but achievable	100%	Score of 3	50%	25%
		101% - 114%	Score > 3 & < 5	Pro-rata from 51% to 99%	Pro-rata from 26% to 49%
Outstanding	A clearly outstanding level of performance and evident to all as an exceptional level of achievement	115% +	Score of 5	100% (double on target reward)	50%

For FY2019 the KMP score cards averaged 73% as a percentage of the potential maximum score and resulted in STI rewards as a percentage of TFR of 36%. This level of performance is reflective of a strong year with above target performance.

The individual KMP actual STI payments and potential maximum payments are set out in the following table in section 2.3. STI have been calculated based on a 15 month period for 2018/2019 financial year, as part of the transition to the new financial year period.

The safety tollgate, which requires maintenance of a safe work environment, was passed.

Directors' Report

Continued

REMUNERATION REPORT (CONTINUED)

2. EXECUTIVE KMP REMUNERATION (CONTINUED)

2.3 What we paid executive KMP in FY19 – Further detail

The following pages compare the maximum potential and actual remuneration for the 12 month period ended 30 September 2019 and for the 3 month period ended 30 September 2018 for current KMP. Amounts include:

- Total fixed remuneration
- STI achieved as a result of business and individual performance (versus the maximum potential cash STI)
- Share performance rights that vested during the year at face value (versus the maximum initial award face value) for the performance testing period concluding in that year.

This information differs from the statutory remuneration disclosures presented in Section 5.1 as the performance rights value is based on the closing share price on the day the tranche of performance rights were approved.

$'000			TOTAL FIXED REMUNERATION	SHORT TERM INCENTIVE*	PERFORMANCE RIGHTS†	TOTAL
P Thompson	Actual Remuneration	Sep 19	629	329	178	1,136
Managing Director & CEO	Maximum Potential	Sep 19	629	393	487	1,509
	Actual Remuneration	Sep 18	156	-	-	156
	Maximum Potential	Sep 18	156	-	-	156
B Crump	Actual Remuneration	Sep 19	394	222	-	616
Chief Financial Officer	Maximum Potential	Sep 19	394	246	-	640
	Actual Remuneration	Sep 18	101	-	-	101
	Maximum Potential	Sep 18	101	-	-	101
P Ross	Actual Remuneration	Sep 19	341	176	36	553
General Manager Almond Operations	Maximum Potential	Sep 19	341	213	97	651
	Actual Remuneration	Sep 18	83	-	-	83
	Maximum Potential	Sep 18	83	-	-	83
L Van Driel	Actual Remuneration	Sep 19	349	175	36	560
General Manager Trading	Maximum Potential	Sep 19	349	218	97	664
	Actual Remuneration	Sep 18	93	-	-	93
	Maximum Potential	Sep 18	93	-	-	93
B Brown	Actual Remuneration	Sep 19	314	186	18	518
General Manager Horticulture	Maximum Potential	Sep 19	314	196	49	559
	Actual Remuneration	Sep 18	84	-	-	84
	Maximum Potential	Sep 18	84	-	-	84
S Douglas‡	Actual Remuneration	Sep 19	140	31	-	171
General Manager Consumer	Maximum Potential	Sep 19	140	70	-	210
U Di Ceccoǀ	Actual Remuneration	Sep 19	59	8	-	67
General Manager People	Maximum Potential	Sep 19	59	24	-	83

* Short term incentives have been calculated based on a 15 month period for 2018/19 financial year, as part of the transition to the new financial year period.

† 2019 Performance Rights valued at $6.49, the closing share price on the day of the 2014 AGM at which they were approved (21/11/2014)

‡ Commenced 15 July 2019

ǀ Commenced 29 April 2019

2.4 FY20 Outlook

The Committee and Board continue to review and finesse our remuneration arrangements:

- Our LTIP performance rights are allocated annually, ensuring closer alignment to current strategic plans.
- The 2020 STIP KPI's continue to evolve, maintaining the focus on financial metrics, whilst increasing the focus on culture.
- We will be evaluating changes to the LTIP measures to align with our strategy, including capital return performance measures.

2.5 Long Term Performance Perspective

The following table provides the performance outcomes over a five year period which align to the STI and LTI outcomes for Executive KMP.

	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT	2018 YEAR ENDED 30 JUNE	2017 YEAR ENDED 30 JUNE	2016 YEAR ENDED 30 JUNE	2015 YEAR ENDED 30 JUNE
Net profit after tax ($'000)	53,022	(1,536)	20,371	9,249	33,796	56,766
Basic EPS (cents)	55.5	(1.6)	23.2	12.6	46.7	82.9
Basic EPS Growth	3,552%	(107%)	84%	(73%)	(44%)	121%
Dividend per share (cents)	32.0	Nil	12.0	10.0	46.0	50.0
Opening share price 1 Oct / 1 July ($)	5.32	6.90	4.90	6.74	11.00	5.14
Change in share price ($)	2.37	(1.58)	2.00	(1.84)	(4.26)	5.86
Closing share price 30 September / 30 June ($)	7.69	5.32	6.90	4.90	6.74	11.0
TSR % p.a.*	51%	(23%)	43%	(26%)	(35%)	124%

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

Vesting of performance rights is based on performance against the hurdles over the three years prior to vesting.

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

EPS GROWTH	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT	2018 YEAR ENDED 30 JUNE	2017 YEAR ENDED 30 JUNE	2016[1] YEAR ENDED 30 JUNE
Basic EPS (cents)	55.5	(1.6)	23.2	12.6	46.7
Underlying EPS† (cents)	55.5	(1.6)	23.2	12.6	38.5
3 Year EPS CAGR	11.9%	N/A	(36%)	(37%)	(1%)
3 Year EPS CAGR target 5% - 20%					
Percentage vested	73%	N/A	0%	0%	0%

† Underlying EPS is basic EPS adjusted for the impact of the following:
1. In FY16, gains on asset sales of $8.5 million and the corresponding tax impact.

RELATIVE TSR PERFORMANCE‡	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT	2018 YEAR ENDED 30 JUNE	2017 YEAR ENDED 30 JUNE	2016 YEAR ENDED 30 JUNE
SHV 3 Year TSR %	22.8%	N/A	(22.5%)	1%	108%
SHV 3 Year TSR Ranking	29th percentile	N/A	0 percentile	13th percentile	73rd percentile
3 Year Median TSR Ranking target 60th – 75th percentile					
Peer group 3 Year Median TSR	50%	N/A	27%	18%	64%
SHV Rank against peer group	11th out of 16	N/A	15th out of 15	14th out of 16	5th out of 16
Percentage vested	0%	N/A	0%	0%	94%

‡ TSR ranking relative to ASX Consumer Staples also included in the All Ordinaries index.

Directors' Report

Continued

REMUNERATION REPORT (CONTINUED)

2. EXECUTIVE KMP REMUNERATION (CONTINUED)

2.6 Terms of KMP Service Agreements

Remuneration and other terms of employment for the KMP are formalised in service agreements. These service agreements set out the base salary arrangements and future review. Each of these agreements provide for participation in a Short Term Incentive Plan and a Long Term Incentive Plan.

Other significant provisions of the agreements are that the term is on-going with a 6 month notice period for the CEO and 3 month notice period for all other KMP.

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

3. NON-EXECUTIVE DIRECTORS' ARRANGEMENTS

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.

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 appropriate and in line with market expectations.

Non-Executive Directors' professional development is supported and funded through the company's training budget. There is no equity ownership requirement for Non-Executive Directors. Directors are encouraged to acquire and hold shares equivalent in value to their annual fees.

The current aggregate fee limit of $830,000 was approved by shareholders at the 26 November 2015 Annual General Meeting. For the reporting year the total amount paid to Non-Executive Directors was $634,164.

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

Base Fees (including superannuation)	
Chair	$218,362
Other Non-Executive Directors	$97,453
Additional Fees (including superannuation)	
Chair of the Audit and Risk Committee	$12,995
Chair of the Remuneration and Nominations Committee	$12,995

4. GOVERNANCE

4.1 Role of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee operates under its own Charter and reports to the Board. The Charter, which the Board reviews annually, was last updated in July 2018. A copy of the Charter is available on the Company's website:

www.selectharvests.com.au

4.2 Use of Remuneration Advisors

No remuneration advisors were used during the financial year ended 30 September 2019.

4.3 Share Trading Policy

The Share Trading Policy was last reviewed by the Board in April 2019. A copy is available on the Company's website:

www.selectharvests.com.au

Under the policy senior executives may not hedge Select Harvests equity that is unvested or subject to restrictions.

5. KMP STATUTORY DISCLOSURES

5.1 Details of the 12 months ended 30 September 2019 and three months ended 30 September 2018 Remuneration

Remuneration of the directors and other key management personnel of Select Harvests Limited and the consolidated entity.

$		ANNUAL REMUNERATION				LONG TERM			
		Base Fee	Short Term Incentives#	Non Cash Benefits	Superannuation Contributions	Long Service Leave Accrued & paid	Performance Rights Granted	Other∆	Total
Non Executive Directors									
M Iwaniw	2019	218,362	-	-	-	-	-	-	218,362
	Sep 18	54,252	-	-	-	-	-	-	54,252
M Carroll	2019	100,866	-	-	9,582	-	-	-	110,448
	Sep 18	24,468	-	-	2,324	-	-	-	26,792
F Grimwade	2019	88,998	-	-	8,455	-	-	-	97,453
	Sep 18	21,589	-	-	2,051	-	-	-	23,640
N Anderson	2019	88,998	-	-	8,455	-	-	-	97,453
	Sep 18	21,589	-	-	2,051	-	-	-	23,640
F Bennett	2019	100,866	-	-	9,582	-	-	-	110,448
	Sep 18	24,468	-	-	2,324	-	-	-	26,792
Executive Director									
P Thompson	2019	564,051	328,718	44,425	20,649	12,544	358,833	-	1,329,220
	Sep 18	139,242	-	11,949	5,133	4,732	29,406	-	190,462
Other key management personnel									
B Crump	2019	375,872	221,847	-	18,522	-	42,595	-	658,836
	Sep 18	93,591	-	-	7,260	-	6,569	-	107,420
P Ross	2019	314,938	175,590	4,951	20,649	6,594	60,446	-	583,168
	Sep 18	77,025	-	1,238	5,133	2,752	4,655	-	90,803
L Van Driel	2019	326,081	175,093	-	22,797	10,730	60,446	-	595,147
	Sep 18	78,658	(6,808)	-	14,281	5,303	4,655	-	96,089
B Brown	2019	293,222	185,869	-	20,813	-	51,668	-	551,572
	Sep 18	70,206	(6,643)	-	13,313	-	2,327	-	79,203
S Douglas*	2019	129,204	31,041	-	10,305	-	-	-	170,550
U Di Cecco†	2019	55,002	7,730	-	4,460	-	-	-	67,192
K Tomeo‡	2019	162,352	-	-	15,272	-	(18,994)	6,074	164,704
	Sep 18	60,868	(2,092)	-	7,874	-	2,110	-	68,760
M Eva‖	2019	75,338	-	1,197	5,070	-	-	54,456	136,061
	Sep 18	74,646	-	8,623	5,052	(36,328)	(42,724)	-	9,269
V Huxley¶	Sep 18	27,181	(2,373)	7,272	5,066	-	-	5,785	42,931

* Commenced 29 April 2019 † Commenced 15 July 2019 ‡ Resigned 31 May 2019 and her LTI reversed ‖ Resigned 21 December 2018 ¶ Resigned 24 August 2018

Short term incentives have been calculated based on a 15 month period for 2018/19 financial year, as part of the transition to the new financial year period.

∆ Relates to payment of annual leave accrued.

Notes: 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.
The elements of remuneration have been determined based on the cost to the consolidated entity.
Performance rights granted have been independently 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

Continued

REMUNERATION REPORT (CONTINUED)

5. KMP STATUTORY DISCLOSURES (CONTINUED)

5.2 Details of LTI Performance Rights Granted, Vested and Exercised

Performance rights granted to the Managing Director and Executive team during the period.

	NUMBER				
	Opening balance 1 Oct 2018	**Granted during the year**	**Vested during the year**	**Forfeited during the year**	**Closing balance 30 Sept 2019**
Executive Director					
P Thompson	150,000	82,815	27,375	47,625	157,815
Other key management personnel					
B Crump	18,000	22,095	-	-	40,095
P Ross	30,000	16,571	5,475	9,525	31,571
L Van Driel	30,000	16,571	5,475	9,525	31,571
B Brown	15,000	24,071	2,738	4,762	31,571
K Tomeo*	10,000	-	-	10,000	-
M Eva†	30,000	-	-	30,000	-

* Resigned 31 May 2019 ‡ Resigned 21 December 2018

All vested rights are exercisable at the end of the year, subject to a holding lock that requires KMP to hold shares with a value equivalent to their base salary.

5.3 Active Plan Performance Rights Granted

Performance rights granted to executives under the LTI Plans that are relevant to FY2019 and beyond.

GRANT DATE	VESTING CONDITIONS	PERFORMANCE PERIOD	PARTICIPATING EXECUTIVES	PERFORMANCE ACHIEVED	VESTED %
2017	• EPS Compound Annual Growth • Relative TSR performance to peer group • Continuous service • Holding Lock	30 June 2018	P Thompson‡ P Ross‖ L Van Driel‖ B Brown¶	30 June 2018 rights achieved 0% of EPS condition rights and 0% of TSR condition rights	0% of 30 June 2018 rights
		30 September 2019		30 September 2019 rights achieved 73% of EPS condition rights and 0% of TSR condition rights	37% of 30 September 2019 rights
		30 September 2020		2020 period to be determined	N/A
20 Nov 2017	• EPS Compound Annual Growth • Relative TSR performance to peer group • Continuous service • Holding Lock	30 September 2020	B Crump	2020 period to be determined	N/A
29 April 2019	• EPS Compound Annual Growth • Relative TSR performance to peer group • Continuous service • Holding Lock	30 September 2021	P Thompson B Crump P Ross L Van Driel B Brown	2021 period to be determined.	N/A

‡ Granted 20 October 2014
‖ Granted 29 September 2016
¶ Granted 2 December 2018

The LTI Plan provides for the offer of a parcel of performance rights with a three year performance period to participating employees. The rights vest at the end of the period 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.

5.4 Grants of Performance Rights

The table details the grants of performance rights to the Managing Director 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	2017	75,000	$4.20	37%	27,375	47,625	30-Sep-19	-
	2017	75,000	$4.07	-	-	-	30-Sep-20	$305,250
	2019	82,815	$5.18	-	-	-	30-Sep-21	$428,982
B Crump	2018	18,000	$3.65	-	-	-	30-Sep-20	$65,700
	2019	22,095	$5.18	-	-	-	30-Sep-21	$114,452
P Ross	2017	15,000	$3.45	37%	5,475	9,525	30-Sep-19	-
	2017	15,000	$3.38	-	-	-	30-Sep-20	$50,700
	2019	16,571	$5.18	-	-	-	30-Sep-21	$85,838
L Van Driel	2017	15,000	$3.45	37%	5,475	9,525	30-Sep-19	-
	2017	15,000	$3.38	-	-	-	30-Sep-20	$50,700
	2019	16,571	$5.18	-	-	-	30-Sep-21	$85,838
B Brown	2017	7,500	$3.45	37%	2,738	4,762	30-Sep-19	-
	2017	15,000	$3.38	-	-	-	30-Sep-20	$50,700
	2019	16,571	$5.18	-	-	-	30-Sep-21	$85,838

* This represents the 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.

5.5 Number of shares held by directors and other 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 other key management personnel, including their personally related entities, is as follows:

	HELD AT 1 OCTOBER 2018	RECEIVED ON EXERCISE OF PERFORMANCE RIGHTS	OTHER –DRP, SALES AND PURCHASES	HELD AT 30 SEPTEMBER 2019
Non-executive directors				
M Iwaniw	205,503	-	178	205,681
M Carroll	20,997	-	637	21,634
F Grimwade	106,375	-	(26,375)	80,000
N Anderson	7,071	-	122	7,193
F Bennett	7,500	-	130	7,630
Executive director				
P Thompson	483,607	-	193	483,800
Other key management personnel				
B Crump	-		-	-
P Ross	130,392	-	-	130,392
L Van Driel	-	-	-	-
B Brown	571	-	9	580
S Douglas*	-	-	-	-
U Di Cecco†	-	-	-	-

* Commenced 29 April 2019 † Commenced 15 July 2019

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Select Harvests Limited for the year ended 30 September 2019, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
29 November 2019

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

Annual Financial Report

Annual Financial Report

This financial report covers the Group consisting of Select Harvests Limited and its subsidiaries.
The financial report is presented in 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 29 November 2019.
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

Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019	NOTE	CONSOLIDATED ($'000) 2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Revenue			
Sales of goods and services	5	298,204	67,500
Other revenue	5	270	81
Total revenue		**298,474**	**67,581**
Other income			
Inventory fair value adjustment	6	9,212	(12,675)
Gain / (Loss) on sale of assets		519	(3)
Total other income		9,731	(12,678)
Expenses			
Cost of sales	6	(201,636)	(51,050)
Distribution expenses		(4,344)	(950)
Marketing expenses		(6,652)	(566)
Occupancy expenses		(1,232)	(478)
Administrative expenses	6	(14,827)	(1,990)
Finance costs		(3,957)	(1,044)
Other expenses	6	551	(914)
PROFIT / (LOSS) BEFORE INCOME TAX		**76,108**	**(2,089)**
Income tax (expense) / benefit	7	(23,086)	553
PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED		***53,022***	***(1,536)***
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges, net of tax		23	192
Other comprehensive income for the year		**23**	**192**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED		***53,045***	***(1,344)***
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings / (loss) per share (cents per share)	22	55.5	(1.6)
Diluted earnings / (loss) per share (cents per share)	22	55.3	(1.6)

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

Balance Sheet

AS AT 30 SEPTEMBER 2019	NOTE	CONSOLIDATED ($'000) 30 SEPTEMBER 2019	30 SEPTEMBER 2018
CURRENT ASSETS			
Cash and cash equivalents		11,588	6,860
Trade and other receivables	9	50,223	46,157
Inventories	10	111,831	99,410
Current tax assets		-	6,404
Derivative financial instruments	11	24	24
TOTAL CURRENT ASSETS		**173,666**	**158,855**
NON-CURRENT ASSETS			
Property, plant and equipment	12	307,923	293,684
Intangible assets	13	71,267	70,082
TOTAL NON-CURRENT ASSETS		**379,190**	**363,766**
TOTAL ASSETS		***552,856***	***522,621***
CURRENT LIABILITIES			
Trade and other payables	14	32,345	40,319
Interest bearing liabilities	15	8,111	4,822
Derivative financial instruments	11	965	929
Current tax liabilities		16,989	-
Deferred gain on sale	16	175	175
Employee entitlements	17	4,870	3,167
TOTAL CURRENT LIABILITIES		***63,455***	***49,412***
NON-CURRENT LIABILITIES			
Interest bearing liabilities	15	30,903	60,958
Deferred tax liabilities	7(c)	39,629	37,197
Deferred gain on sale	16	2,627	2,802
Employee entitlements	17	239	1,613
TOTAL NON-CURRENT LIABILITIES		**73,398**	**102,570**
TOTAL LIABILITIES		**136,853**	**151,982**
NET ASSETS		***416,003***	***370,639***
EQUITY			
Contributed equity	18	271,750	268,567
Reserves		10,417	9,802
Retained profits		133,836	92,270
TOTAL EQUITY		***416,003***	***370,639***

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

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019	NOTE	CONSOLIDATED ($'000) CONTRIBUTED EQUITY	RESERVES[1]	RETAINED EARNINGS	TOTAL
Balance at 30 June 2018		***268,567***	***9,601***	***100,472***	***378,640***
(Loss) for the period		**-**	**-**	**(1,536)**	**(1,536)**
Other comprehensive income		-	192	-	192
Total comprehensive income for the year		***-***	***192***	***(1,536)***	***(1,344)***
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	18	-	-	-	-
Dividends paid or provided	8	-	-	(6,666)	(6,666)
Employee performance rights	25	-	9	-	9
Balance at 30 September 2018		***268,567***	***9,802***	***92,270***	***370,639***
Profit for the year		**-**	**-**	**53,022**	**53,022**
Other comprehensive income	11	-	23	-	23
Total comprehensive income for the year		***-***	***23***	***53,022***	***53,045***
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	18	3,183	-	-	3,183
Dividends paid or provided	8	-	-	(11,456)	(11,456)
Employee performance rights	25	-	592	-	592
Balance at 30 September 2019		***271,750***	***10,417***	***133,836***	***416,003***

1. Nature and purpose of reserves

(i) 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.

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

(iii) 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.

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

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019	NOTE	CONSOLIDATED ($'000) 2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		310,929	77,289
Payments to suppliers and employees		(229,779)	(49,206)
		81,150	**28,083**
Interest received		13	7
Interest paid		(3,959)	(1,035)
Income tax received / (paid)		3,133	(2,195)
Net cash inflow from operating activities	**19**	**80,337**	**24,860**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Government grants		2,275	55
Proceeds from sale of property, plant and equipment		1,307	-
Payment for water rights		(1,185)	(4,074)
Payment for property, plant and equipment		(20,361)	(5,503)
Tree development costs		(15,940)	(3,504)
Net cash outflow from investing activities		**(33,904)**	**(13,027)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		282,667	39,100
Repayments of borrowings		(313,067)	(40,200)
Proceeds from finance leases		5,837	-
Repayments of finance leases		(5,596)	(1,356)
Dividends on ordinary shares, net of Dividend Reinvestment Plan		(14,939)	-
Net cash outflow from financing activities		**(45,098)**	**(2,456)**
Net increase in cash and cash equivalents		**1,335**	**9,377**
Cash and cash equivalents at the beginning of the year / period		6,610	(2,767)
Cash and cash equivalents at the end of the year / period		**7,945**	**6,610**
Reconciliation to cash at the end of the year:			
Cash and cash equivalents		11,588	6,860
Bank overdrafts		(3,643)	(250)
		7,945	**6,610**

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 interest bearing liabilities in the balance sheet.

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 2.

New and amended standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 September 2019 reporting period. Of those standards that are not yet effective, AASB 16 Leases is expected to have a material impact on the Group's financial statements when implemented.

(i) AASB 16 Leases (effective from 1 January 2019)

AASB 16 Leases will be adopted by the Company from 1 October 2019. The standard will primarily affect the accounting treatment of leases by lessees and will result in the recognition of almost all leases on the balance sheet with recognition exemptions for short term leases and leases of low-value items. Upon recognition, the Company will need to recognize right of use assets to represent its right to use the underlying assets which will be depreciated over the estimated lease term and lease liabilities to represent its obligation to make lease payments which will reduce over the same period with an appropriate interest charge recognised.

Lessor accounting remains similar to previous accounting policies.

The Company has substantially completed its implementation assessment of the new standard and has elected to apply the modified retrospective transition method. This method will result in the cumulative effect of the initial application recognised in retained earnings as at 1 October 2019 with no restatement of comparative information. The estimated impact of the new lease standard as at 1 October 2019 is as follows:

	($'000)
Recognition of right of use asset	209,760
Recognition of lease liability	237,773
Decrease to retained earnings (pre-tax)	28,013

As the Company is a lessee with substantial costs incurred from operating leases of its farms, the implementation of this standard will have a significant impact on the Company's financial statements from adoption date. As at 30 September 2019, the Company held almond orchard leases with a future obligation of $325.8 million on a non-discounted basis as disclosed in note 20(a)(ii).

The actual financial impact on the results for the 30 September 2020 financial year will also be contingent on any new leases that are entered into during the financial year and any adjustments for market rent reviews during the year.

(ii) Other Standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 (effective 1 January 2019)
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement (effective 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

(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) Comparatives

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

(e) Rounding

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

(f) Parent entity financial information

The financial information for the parent entity, Select Harvests Limited, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(g) Investments in subsidiaries and associates

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

2. 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 may not by definition, 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. As at balance date, the company had completed hulling and shelling all the Company's almonds with a yield of 22,690MT and 85% of this crop had been sold, or committed to be sold. Based on this the Company's estimated average almond selling price at the point of harvest is $8.60. This is based on various assumptions made at balance date.

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.

Carrying value of intangible assets

The Group tests annually whether intangible assets, have suffered any impairment, in accordance with the accounting policy stated in Note 13. The recoverable amounts of cash generating units have been determined based on value-in-use calculations.

Key assumptions and sensitivities are disclosed in Note 13.

3. 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 both United States dollars and European euros.

Management and the Board review the foreign exchange position of the Group and, where appropriate, enter into a variety of derivative financial instruments, transacted with the Group's bankers to manage its foreign exchange risk, including forward foreign currency contracts and options

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

GROUP	SEPTEMBER 2019 (USD $'000)	SEPTEMBER 2019 (EUR €'000)	SEPTEMBER 2018 (USD $'000)	SEPTEMBER 2018 (EUR €'000)
Trade receivables net of payables	6,396	23	10,018	-
Overdraft	(2,458)	-	(181)	-
Foreign Exchange Contracts (FEC)				
• buy foreign currency (cash flow hedges)	1,120	192	2,062	347
• sell foreign currency (cash flow hedges)	27,085	-	22,400	-
Sell foreign currency option contracts*	7,000	-	5,000	-

* Foreign currency option contracts have a number of possible outcomes depending on the spot rate at maturity. These contracts are shown at face value. Depending on spot rate at maturity, the value of the contract can be USD$4,500,000 or USD$14,000,000.

Group sensitivity analysis

Based on financial instruments held at 30 September 2019, had the Australian dollar strengthened/ weakened by 5% against the US dollar and the EUR, with all other variables held constant, the Group's results for the period would have been $1,618,000 lower/$1,788,000 higher (30 September 2018: $1,151,000 lower/ $1,272,000 higher), mainly as a result of the US dollar denominated financial instruments as detailed in the above table. Equity would have been $1,812,000 lower / $2,003,000 higher (30 September 2018: $1,604,000 lower / $1,773,000 higher), arising mainly from forward foreign currency 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 AUD

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

	30 SEPTEMBER 2019 AVERAGE		30 SEPTEMBER 2018 AVERAGE	
	INTEREST RATE (%)	BALANCE ($'000)	INTEREST RATE (%)	BALANCE ($'000)
Debt facilities (AUD)	Nil	Nil	3.75%	30,400
Overdraft (USD)	1.93%	2,458	1.93%	181

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

The Group analyses interest rate exposure on an ongoing basis in conjunction with the debt facility, cash flow and capital management. In line with management's expectations for a reduction in our debt facilities and interest rate environment, the company had not entered into any interest rate swap agreement during the year (30 September 2018: $13.5m of debt for 1 year at 1.77%).

Group sensitivity

At 30 September 2019, if interest rates had changed by +/- 25 basis points from the weighted average interest rate with all other variables held constant, result for the period would have been $4,000 lower/ higher (30 September 2018: $54,000 lower/ higher).

Notes to the Financial Statements

Continued

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

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

FINANCIAL INSTRUMENTS	Floating Interest Rate		Fixed interest rate maturing in:						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							
$('000)	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019 (%)	30 Sept 2018 (%)
(i) Financial assets														
Cash	-	-	-	-	-	-	-	-	11,588	6,860	11,588	6,860	1.00	-
Trade and other receivables	-	-	-	-	-	-	-	-	30,163	37,061	30,163	37,061	-	-
Forward foreign currency contracts	-	-	-	-	-	-	-	-	24	13	24	13	-	-
Interest Rate Swap	-	-	-	11	-	-	-	-	-	-	-	11	-	-
Total financial assets	**-**	**-**	**-**	**11**	**-**	**-**	**-**	**-**	**41,775**	**43,932**	**41,775**	**43,945**		
(ii) Financial liabilities														
Bank overdraft – USD @ AUD	3,643	250	-	-	-	-	-	-	-	-	3,643	250	1.93	1.93
Commercial Bills	-	30,400	-	-	-	-	-	-	-	-	-	30,400	-	3.75
Trade creditors	-	-	-	-	-	-	-	-	18,621	24,088	18,621	24,088	-	-
Other creditors	-	-	-	-	-	-	-	-	13,724	16,231	13,724	16,231	-	-
Forward foreign currency contracts	-	-	-	-	-	-	-	-	965	929	965	929	-	-
Total financial liabilities	**3,643**	**30,650**	**-**	**-**	**-**	**-**	**-**	**-**	**33,310**	**41,248**	**36,953**	**71,898**		

Financial Assets

Collectability of trade receivables is reviewed on an ongoing basis. Trade receivables are carried at full amounts due less expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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.

(b) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures 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) and to historical information. The majority of the Group's sales are derived from large, established customers with no history of default.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group's banking partners have long-term credit ratings of AA- and A+ (Standard and Poors).

(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 National Australia Bank (NAB) and Rabobank (Rabo).

DEBT FACILITIES	EXPIRY DATE	FACILITY LIMIT	AMOUNT DRAWN 30 SEPT 2019
1. Term*	22/12/2020	$80,000,000	Nil
2. Seasonal†	30/06/2020	$20,000,000	Nil
		$100,000,000	**AUD $Nil**
3. Overdraft‡	31/12/2019	USD $5,000,000	USD $2,458,000

* Held with NAB ($50 million) and RABO ($30 million)
† Held with RABO only. The facility is reviewed annually and available for the period 1 March to 30 June each year.
‡ Held with NAB only and reviewed annually.

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:

FLOATING RATE	30 SEPT 2019 ($'000)	30 SEPT 2018 ($'000)
Term / Seasonal‖	AUD $100,000	AUD $69,600
Bank Overdraft Facility USD	USD $2,542	USD $4,819

‖ Subject to seasonal restrictions as mentioned above

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The debt facilities (term and seasonal) may be drawn at any time over the term subject to restrictions noted above on the seasonal facility.

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.

($'000)		LESS THAN 6 MONTHS	6-12 MONTHS	MORE THAN 12 MONTHS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT (ASSETS) / LIABILITIES
Group at 30 September 2019						
Non-derivatives						
Variable Rate	Debt facilities	-	-	-	-	-
	Trade and other payables	32,345	-	-	32,345	32,345
	Bank Overdraft	3,643	-	-	3,643	3,643
Derivatives	FEC EUR buy – outflow	192	-	-	192	(1)
	FEC USD buy – outflow	1,120	-	-	1,120	(23)
	FEC USD sell – (inflow)	(15,626)	(11,459)	-	(27,085)	786
	USD Sell option	-	(7,000)	-	(7,000)	179
	Net USD	**(14,506)**	**(18,459)**	**-**	**(32,965)**	**941**
Group at 30 September 2018						
Non-derivatives						
Variable Rate	Debt facilities	-	-	31,850	31,850	30,400
	Trade and other payables	40,319	-	-	40,319	40,319
	Bank Overdraft	251	-	-	251	250
Derivatives	Interest Rate Swap	-	13,500	-	13,500	(11)
	FEC EUR buy – outflow	347	-	-	347	(6)
	FEC USD buy – outflow	2,062	-	-	2,062	(7)
	FEC USD sell – (inflow)	(11,400)	(11,000)	-	(22,400)	635
	USD Sell option	-	(5,000)	-	(5,000)	294
	Net USD	**(9,338)**	**(16,000)**	**-**	**(25,338)**	**922**

Notes to the Financial Statements

Continued

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair Value Measurement

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 forward foreign currency contracts and 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.

Disclosures are required 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).

The group's assets and liabilities measured and recognised at fair value comprised the forward foreign currency contracts and interest rate swap derivative. Both are level 2 measurements under the hierarchy.

4. 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:

- Almond Division - growing, processing and sale of almonds to the food industry from company owned and leased almond orchards; and
- Food Division - processing, marketing, and distribution of edible nuts, dried fruits, seeds, and a range of natural health foods.

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:

($'000)	ALMOND DIVISION		FOOD DIVISION		ELIMINATIONS AND CORPORATE		CONSOLIDATED ENTITY	
	30 SEPT 2019	30 SEPT 2018	30 SEPT 2019	30 SEPT 2018	30 SEPT 2019	30 SEPT 2018	30 SEPT 2019	30 SEPT 2018
Revenue								
Total revenue from external customers	153,866	33,339	144,338	34,161	-	-	298,204	67,500
Intersegment revenue	51,771	10,199	3,775	795	(55,546)	(10,994)	-	-
Total segment revenue	**205,637**	**43,538**	**148,113**	**34,956**	**(55,546)**	**(10,994)**	**298,204**	**67,500**
Other revenue	255	74	15	-	-	7	270	81
Total revenue	***205,892***	***43,612***	***148,128***	***34,956***	***(55,546)***	***(10,987)***	***298,474***	***67,581***
EBIT	82,235	(1,013)	5,011	1,216	(7,181)	(1,255)	80,065	(1,052)
Interest received	-	-	-	-	55	7	55	7
Finance costs expensed	(2,177)	(569)	-	-	(1,835)	(475)	(4,012)	(1,044)
Profit / (Loss) before income tax	**80,058**	**(1,582)**	**5,011**	**1,216**	**(8,961)**	**(1,723)**	**76,108**	**(2,089)**
Segment assets (excluding intercompany debts)	469,491	436,356	73,197	72,560	10,170	13,705	552,858	522,621
Segment liabilities (excluding intercompany debts)	(101,992)	(98,689)	(8,190)	(12,983)	(26,671)	(40,310)	(136,853)	(151,982)
Acquisition of non-current segment assets	34,375	12,706	675	152	1,520	172	36,570	13,030
Depreciation and amortisation of segment assets	13,961	2,989	320	74	847	153	15,128	3,216

Sales to major customers include Coles 20% and Woolworths 35% of total sales of the Food Division.

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.

5. REVENUE

CONSOLIDATED ($'000)	NOTE	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Revenue from continuing operations			
Sale of goods		293,811	66,690
Management services		4,393	810
Government grant and other revenue		270	81
Total revenue		**298,474**	**67,581**

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 when performance obligations are satisfied and control of the goods or services have passed or provided to the buyer. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Control for the goods has been transferred to the buyer.

Management services

Management services revenue relates to services provided for the management and development of farms and is recognised as services are provided.

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.

Almond Pool Revenue

Under contractual arrangements, the Group acts as an agent for external growers by selling almonds on their behalf and does not make a margin on those sales. These amounts are not included in the Group's revenue. However, the Group receives a marketing fee for providing this service.

As at 30 September 2019 the Group held almond inventory on behalf of external growers which was not recorded as inventory of the Group. All revenue is stated net of the amount of Goods and Services Tax (GST).

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.

Notes to the Financial Statements

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6. OTHER INCOME AND EXPENSES

CONSOLIDATED ($'000)	NOTE	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Profit before tax includes the following specific expenses:			
Inventory fair value adjustment	(a)	(9,212)	12,675
Depreciation of non-current assets:			
• Buildings		411	105
• Plantation land and irrigation systems		2,107	514
• Plant and equipment		11,155	2,153
• Bearer plants	(b)	657	164
Total depreciation of non-current assets		**14,330**	**2,936**
Amortisation of software		798	280
Employee benefits		42,483	7,748
Operating lease rental minimum lease payments	(c)	3,927	636
Net (gain) / loss on disposal of property, plant and equipment		(519)	3

(a) Inventory fair value adjustment relates to the recognition of the profit for the crop harvested during the period, offset by the unwinding of the profits recognised during the current and previous periods for sales during the period.

(b) Depreciation on the almond trees amounting to $5.2 million (30 September 2018: $1.3 million) was capitalised into the inventory cost base.

(c) The expense represents lease rentals that are charged directly to the Statement of Comprehensive Income. Lease rentals relating to the orchards have been capitalised into the inventory cost base.

7. INCOME TAX

CONSOLIDATED ($'000)	NOTE	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
(a) Income tax expense			
Current tax		(20,717)	3,224
Deferred tax		(2,265)	(2,671)
Over provided in prior years		(104)	-
		(23,086)	**553**
Income tax expense is attributable to:			
(Profit) / Loss from continuing operations		(23,086)	553
Aggregate income tax (expense) / Benefit		(23,086)	553
Deferred income tax benefit included in income tax benefit comprises:			
Increase / (Decrease) in deferred tax assets	7(c)	1,899	(54)
(Increase) / Decrease in deferred tax liabilities	7(c)	(4,164)	(2,617)
		(2,265)	**(2,671)**
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit / (loss) from continuing operations before income tax expense		76,108	(2,089)
Tax at the Australian tax rate of 30% (2018 – 30%)		(22,832)	627
Tax effect of amounts that are not deductible/ (taxable) in calculating taxable income			
Other assessable items		(150)	(74)
(Under) / Over provided in prior years		(104)	-
Income tax (expense) / benefit		**(23,086)**	**553**

CONSOLIDATED ($'000)	NOTE	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
(c) Deferred tax liabilities (Non-current)			
The balance comprises temporary differences attributable to:			
Amounts recognised in profit and loss			
Receivables		28	138
Inventory		16,053	13,374
Property, plant and equipment (includes bearer plants)		35,881	34,461
Intangibles		871	871
Accruals and provisions		(4,923)	(3,024)
Lease liabilities		(7,990)	(8,203)
		39,920	**37,617**
Amounts recognised directly in other comprehensive income			
Cash flow hedges		(282)	(272)
Amounts recognised directly in equity			
Equity raising costs		(9)	(148)
Net deferred tax liabilities		**39,629**	**37,197**
Movements:			
Opening balance 1 Oct / 1 July		37,197	34,285
Prior period under provision		203	-
Charged / (Credited) to income statement		2,229	2,671
Debited / (Credited) to equity		-	241
Closing balance at 30 September		**39,629**	**37,197**

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 (e.g. 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.

Notes to the Financial Statements

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8. DIVIDENDS PAID OR PROPOSED FOR ON ORDINARY SHARES

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
(a) Dividends paid during the year/period			
(i) Interim *– paid 5 July 2019*			
Fully franked dividend 12c per share (30 September 2018: Nil)		11,456	-
(ii) Final *– paid 5 October 2018*			
Fully franked dividend 7c per share (30 September 2018: Nil)		6,666	-
		18,122	**-**
(b) Dividends proposed and not recognised as a liability.			
A final fully franked dividend of 20 cents per share has been declared by the directors ($19,147,326) (30 September 2018: Nil)			
(c) Franking credit balance			
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2018: 30%)		**34,531**	**25,227**

The above amounts represent the balance of the franking account (presented as the gross dividend value) as at the end of the period, adjusted for:

(i) Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date

(ii) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

9. TRADE AND OTHER RECEIVABLES

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Trade receivables		29,350	34,350
Loss allowance		(15)	(158)
		29,335	**34,192**
Other receivables		828	2,869
Prepayments		20,060	9,962
		50,223	**47,023**
Reclassified prepayments to intangibles			
Permanent water rights*		-	(866)
Closing Balance		**50,223**	**46,157**

* During the financial year, an amount of $0.87m was identified to be permanent water that was previously classified as temporary water.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are recognised initially at the amount of consideration that is unconditional and subsequently measured at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are explained below.

(a) Impairment of trade receivables

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 September 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

GROSS CARRYING AMOUNT ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Current		28,037	31,267
Up to 3 months past due		1,206	2,100
More than 3 months past due		107	983
		29,350	**34,350**

Note: Expected credit loss on aged receivables is immaterial and not disclosed above.

The closing loss allowances for trade receivables as at 30 September 2019 reconcile to the opening loss allowances as follows:

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Opening loss allowances		158	19
Increase in loan loss allowance recognised in profit or loss during the year/period		11	140
Unused amount reversed		(154)	(1)
At 30 September		**15**	**158**

(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 3 for more information on the risk management policy of the Company as well as the effective interest rate and credit risk of both current and non-current receivables.

(c) Fair value

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

10. INVENTORIES

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Raw materials		15,864	6,843
Finished goods		39,943	16,799
Other inventory		2,513	11,415
Almond stock	(a)	53,511	64,353
		111,831	**99,410**

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.

(a) Agriculture produce

Growing almond crop

The growing almond crop is valued in accordance with AASB 141 Agriculture. The inventory fair value adjustment in the Statement of Comprehensive Income is an aggregate of the fair value 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.

11. DERIVATIVE FINANCIAL INSTRUMENTS

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Current Assets			
Forward exchange and option contracts – cash flow hedges		24	13
Interest rate swap – fair value hedge		-	11
Total current derivative financial instrument assets		**24**	**24**
Current Liabilities			
Forward exchange and option contracts – cash flow hedges		965	929
Total current derivative financial instrument liabilities		**965**	**929**

Notes to the Financial Statements

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11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) 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 at the end of each reporting period. 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).

(i) Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

For hedges of foreign currency purchases and sales, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness. Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated or if there are changes in the credit risk.

In hedges of foreign currency purchases and sales, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of Australia or the derivative counterparty.

(ii) 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.

(iii) 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 the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Income.

When option contracts are used to hedge forecast transactions, the Company designates both the intrinsic value and time value of the options as the hedging instrument. Gains and losses relating to the effective portion of the change in value of the options are recognised in the cash flow hedge reserve within equity.

When forward contracts are used to hedge forecast transactions, the Company designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. The gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the Statement of Comprehensive Income 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 deferred 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 Statement of Comprehensive Income.

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

At balance date, the details of outstanding foreign currency contracts are:

LESS THAN 6 MONTHS	SELL AUSTRALIAN DOLLARS ($'000)		AVERAGE EXCHANGE RATE ($)	
	30 SEPT 2019	30 SEPT 2018	30 SEPT 2019	30 SEPT 2018
FEC Buy USD Settlement	USD 1,120	USD2,062	0.69	0.72
FEC Buy Euro Settlement	EUR 192	EUR347	0.62	0.63

LESS THAN 6 MONTHS	BUY AUSTRALIAN DOLLARS ($'000)		AVERAGE EXCHANGE RATE ($)	
	30 SEPT 2019	30 SEPT 2018	30 SEPT 2019	30 SEPT 2018
FEC Sell USD Settlement	USD 15,626	USD11,400	0.68	0.73

MORE THAN 6 MONTHS	BUY AUSTRALIAN DOLLARS ($'000)		AVERAGE EXCHANGE RATE ($)	
	30 SEPT 2019	30 SEPT 2018	30 SEPT 2019	30 SEPT 2018
FEC Sell USD Settlement	USD 11,459	USD11,000	0.69	0.74
Option Sell USD Settlement	USD 7,000	USD5,000	0.67	0.73

(iv) 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 foreign currency contracts should the counterparty not pay the currency it is committed to deliver to the Company at balance date was USD $32,966,036 and EUR $191,872 (2018: USD $25,338,167; EUR $346,994).

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.

(v) Hedging reserves

The Company's hedging reserves as presented in Statement of Changes in Equity relate to the following hedging instruments:

CONSOLIDATED ($'000)	INTRINSIC VALUE OF OPTIONS	SPOT COMPONENT OF CURRENCY FORWARDS	TOTAL HEDGE RESERVES
Closing balance 30 June 2018	**(167)**	**(952)**	**(1,119)**
Add: Change in fair value of hedging instrument recognised in OCI	(294)	(491)	(785)
Less: Reclassified from OCI to profit or loss	239	979	1,218
Less: Deferred tax	16	(257)	(241)
Closing balance 30 September 2018	**(206)**	**(721)**	**(927)**
Add: Change in fair value of hedging instrument recognised in OCI	(178)	(762)	(940)
Less: Reclassified from OCI to profit or loss	206	721	927
Less: Deferred tax	(8)	44	36
Closing balance 30 September 2019	**(186)**	**(718)**	**(904)**

(vi) Market risk

The effects of the foreign currency related hedging instruments on the Company's financial position and performance are as follows:

CONSOLIDATED ($'000)	30 SEPTEMBER 2019		30 SEPTEMBER 2018	
	BUY USD	BUY EUR	BUY USD	BUY EUR
Foreign currency forwards				
Carrying amount asset	23	1	7	6
Notional amount	1,120	192	2,062	347
Maturity date	Oct - Nov 2019	Nov 2019	Oct - Nov 2018	Oct 2018 - Jan 2019
Hedge ratio	1:1	1:1	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 October / 1 July	23	1	7	6
Change in value of hedged item used to determine hedge effectiveness	(23)	(1)	(7)	(6)
Weighted average hedged rate for the year/period (including forward points)	0.6874	0.6209	0.7241	0.6251

CONSOLIDATED ($'000)	30 SEPT 2019 SELL USD	30 SEPT 2018 SELL USD
Foreign currency forwards		
Carrying amount (liability)	(786)	(635)
Notional amount	27,086	22,400
Maturity date	Oct 2019 - July 2020	Oct 2018 - Aug 2019
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 October / 1 July	(786)	(504)
Change in value of hedged item used to determine hedge effectiveness	786	504
Weighted average hedged rate for the year/period (including forward points)	USD$0.6876: AUD$1	USD$0.7384: AUD$1

Notes to the Financial Statements

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11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(vi) Market risk (CONTINUED)

CONSOLIDATED ($'000)	30 SEPT 2019 SELL USD	30 SEPT 2018 SELL USD
Foreign currency options		
Carrying amount (liability)	(179)	(294)
Notional amount	7,000	5,000
Maturity date	May-August 2020	June 2019
Hedge ratio	1:1	1:1
Change in intrinsic value of outstanding hedging instruments since 1 October / 1 July	(179)	(142)
Change in value of hedged item used to determine hedge effectiveness	179	142
Weighted average strike rate for the year/period	USD$0.6745: AUD$1	USD$0.7315: AUD$1

12. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment for the current financial year.

($'000)	BUILDINGS	PLANTATION LAND AND IRRIGATION SYSTEMS	PLANT AND EQUIPMENT	BEARER PLANTS	CAPITAL WORK IN PROGRESS	TOTAL
At 30 June 2018						
Cost	21,466	111,623	105,802	145,044	37,566	421,501
Accumulated depreciation	(3,049)	(34,712)	(62,351)	(27,558)	-	(127,670)
Net book amount	**18,417**	**76,911**	**43,451**	**117,486**	**37,566**	**293,831**
Period ended 30 September 2018						
Opening net book amount	18,417	76,911	43,451	117,486	37,566	293,831
Additions	-	-	-	2,007	6,949	8,956
Disposals	-	-	(7)	-	-	(7)
Depreciation expense	(104)	(515)	(2,468)	(1,472)	-	(4,559)
Transfers between classes	-	348	3,893	-	(4,241)	-
Closing net book amount	**18,313**	**76,744**	**44,868**	**118,021**	**40,275**	**298,221**
Reclassified to intangibles*						
Cost	-	-	(3,922)	-	(895)	(4,818)
Accumulated Depreciation	-	-	280	-	-	280
Closing net book amount	**18,313**	**76,744**	**41,226**	**118,021**	**39,380**	**293,684**
At 30 September 2018						
Cost	21,466	111,971	105,614	147,051	39,380	425,482
Accumulated depreciation	(3,153)	(35,227)	(64,388)	(29,030)	-	(131,798)
Net book amount	**18,313**	**76,744**	**41,226**	**118,021**	**39,380**	**293,684**
Year ended 30 September 2019						
Opening net book amount	18,313	76,744	41,226	118,021	39,380	293,684
Additions	-	-	-	8,925	25,662	34,587
Disposals	-	(694)	-	-	(94)	(788)
Depreciation expense	(411)	(2,107)	(11,155)	(5,887)	-	(19,560)
Transfers between classes	123	2,218	37,354	237	(39,932)	-
Closing net book amount	**18,025**	**76,161**	**67,425**	**121,296**	**25,016**	**307,923**
At 30 September 2019						
Cost	21,589	113,495	142,968	156,213	25,016	459,281
Accumulated depreciation	(3,564)	(37,334)	(75,543)	(34,917)	-	(151,358)
Net book amount	**18,025**	**76,161**	**67,425**	**121,296**	**25,016**	**307,923**

* Refer to note 13 Intangibles

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.

An independent valuation was performed in September 2019 for specific assets of our Almond Division (owned orchards and Carina West Processing Facility). The book value of the assets at 30 September 2019 was $169.8 million against a market valuation of $249.7 million.

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. Bearer plants are assumed ready for use when a commercial crop is produced from the seventh year post planting. The depreciation on the almond trees amounting to $5.2 million (30 September 2018: $1.3 million) was capitalised into the inventory cost base. 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.

(b) Leased assets

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

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Leasehold plant and equipment and bearer plants			
At cost		47,643	46,246
Accumulated depreciation and impairment		(13,652)	(11,262)
		33,991	**34,984**

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.

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 shorter.

Notes to the Financial Statements

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13. INTANGIBLES

CONSOLIDATED ($'000)	GOODWILL	BRAND NAMES*	PERMANENT WATER RIGHTS	SOFTWARE †	TOTAL
At 30 June 2018					
Cost	25,995	2,905	31,704	-	60,604
Accumulated amortisation	-	-	-	-	-
Net book amount	**25,995**	**2,905**	**31,704**	**-**	**60,604**
Period ended 30 September 2018					
Opening net book amount	25,995	2,905	31,704	-	60,604
Acquisition of permanent water rights	-	-	4,075	-	4,075
Closing net book amount	**25,995**	**2,905**	**35,779**	**-**	**64,679**
Reclassified from Property, Plant and Equipment and Prepayments					
Cost	-	-	1,761‡	3,922 †	5,683
Amortisation of software	-	-	-	(280)	(280)
Closing net book amount	**25,995**	**2,905**	**37,540**	**3,642**	**70,082**
At 30 September 2018					
Cost	25,995	2,905	37,540	3,922	70,362
Accumulated amortisation	-	-	-	(280)	(280)
Net book amount	**25,995**	**2,905**	**37,540**	**3,642**	**70,082**
Year ended 30 September 2019					
Opening net book amount	25,995	2,905	37,540	3,642	70,082
Acquisition	-	-	319	1,664	1,983
Amortisation of software	-	-	-	(798)	(798)
Closing net book amount	**25,995**	**2,905**	**37,859**	**4,509**	**71,267**
At 30 September 2019					
Cost	25,995	2,905	37,859	5,586	72,345
Accumulated amortisation	-	-	-	(1,078)	(1,078)
Net book amount	**25,995**	**2,905**	**37,859**	**4,508**	**71,267**

* 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.

† Software costs were reclassified from Property, Plant and Equipment to Intangibles. This relates to the implementation and development costs of the Company's new ERP software. Please refer to software note below.

‡ During the financial year, an amount of $1.76m was reclassified as permanent water from temporary water ($0.87m) and from capital work in progress ($0.89m).

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 amortised. 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 amortised. 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.

The Company had completed an assessment of these rights, currently at a historical cost value of $37.9 million (30 September 2018: $35.8 million). Water prices fluctuate due to market, seasonal and climatic factors. Based on market prices as at 30 September 2019, the valuation of the Company's water rights was $85.8 million (30 September 2018: $56.3 million).

Software

Costs associated with maintaining software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software to use it
- There is an ability to use the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development of the software
- The expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software include employee costs, consultant costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Software costs are amortised on a straight line basis over the period of their expected benefit, being 7 years.

Impairment of assets

Goodwill, brand names and permanent water rights 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).

(a) Impairment tests for goodwill and brand names

Goodwill is allocated to the Company's cash-generating units (CGU) identified according to operating segment. The total value of goodwill and brand names relates to the Food Products CGU. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. These calculations use cash flow forecasts based on financial projections by management covering a five year period based on growth rates taking into account past performance and its expectations for the future.

Assumptions made 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 with a nil growth rate is included in the calculations. A real pre-tax weighted average cost of capital of 11.1% (30 June 2018: 11.1%) was used to discount the cash flow projections. No material changes in key assumptions arose during the period.

(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 based on impairment testing performed at 30 September 2019. A decrease of 10% in the projected annual cash flows, or an increase of 1% in the pre-tax discount rate of 11.1% does not result in an impairment of the goodwill and brand names. 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.

14. TRADE AND OTHER PAYABLES

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Trade creditors		18,621	24,088
Other creditors and accruals		13,724	16,231
		32,345	**40,319**

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

Notes to the Financial Statements

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15. INTEREST BEARING LIABILITIES

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Current- Secured			
Bank overdraft		3,643	250
Debt facilities		-	-
Finance lease	20(b)	4,468	4,572
		8,111	**4,822**
Non-current- Secured			
Debt facilities		-	30,400
Finance lease	20(b)	30,903	30,558
		30,903	**60,958**

Borrowings

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

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

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.

(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 15(c).

Finance leases are secured with plant and equipment and bearer plants with various leasing companies and First State Super respectively.

(b) Interest rate risk exposures

Details of the Company's exposure to interest rate changes on borrowings are set out in Note 3.

(c) 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 ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Current			
Floating charge			
Cash and cash equivalents		11,588	6,860
Receivables		50,223	47,023
Inventories		111,831	99,410
Derivative financial instruments		24	24
Total current assets pledged as security		**173,666**	**153,317**
Non-current			
Floating charge			
Property, plant and equipment		273,932	263,237
Permanent water rights		37,859	35,779
Total non-current assets pledged as security		**311,791**	**299,016**
Total assets pledged as security		***485,457***	***452,333***

Financing arrangements

The Company has a debt facility available to the extent of $100,000,000 as at 30 September 2019 (30 September 2018: $100,000,000). The Company has bank overdraft facilities available to the extent of US$5,000,000 (2018: US$5,000,000). The current interest rates at balance date are 2.30% (2018: 3.29%) on the debt facility, and 1.925% (2018: 1.925%) on the United States dollar bank overdraft facility.

16. DEFERRED GAIN ON SALE

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Current			
Sale and leaseback		175	175
Non-Current			
Sale and leaseback		2,627	2,802

The deferred gain on sale relates to the sale and leaseback of bearer plants for three orchards that were sold to First State Super on 22 September 2015 and 1 January 2016. The lease is for a 20 year term.

17. PROVISIONS

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Current			
Employee benefits		4,670	3,167
Others		200	-
		4,870	**3,167**
Non-Current			
Employee benefits		**239**	**1,613**

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.

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.

18. CONTRIBUTED EQUITY

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
(a) Issued and paid up capital			
Ordinary shares fully paid		271,750	268,567

Contributed equity

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

Notes to the Financial Statements

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18. CONTRIBUTED EQUITY (CONTINUED)

(b) Movements in shares on issue

	30 SEPT 2019		30 SEPT 2018	
	NUMBER OF SHARES	$'000	NUMBER OF SHARES	$'000
Beginning of the year/period	**95,226,349**	**268,567**	**95,226,349**	**268,567**
Issued during the year/period:				
Dividend reinvestment plan	510,279	3,183	-	-
Long term incentive plan – tranche vested	-	-	-	-
Ordinary shares issued under equity raising (net of transaction costs and deferred tax)	-	-	-	-
End of the year/period	**95,736,628**	**271,750**	**95,226,349**	**268,567**

(c) Performance Rights

Long Term Incentive Plan

The Company offered employee participation in long term incentive schemes as part of the remuneration packages for the employees. In determining the quantum of rights offered the board considers a number of factors including: the corporate strategy; the appropriate mix of fixed and at risk remuneration; the fair value and face value of the rights; and the 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. The market value of ordinary Select Harvests Limited shares closed at $7.69 on 30 September 2019 ($5.32 on 30 September 2018).

(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.

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

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Net profit / (loss) after tax		53,022	(1,536)
Non-cash items			
Depreciation and amortisation		20,358	3,216
Inventory fair value adjustment		(9,212)	12,675
Net (gain) / loss on sale of assets		(519)	3
Options expense		592	9
Deferred gain on sale		(175)	(44)
Changes in assets and liabilities			
(Increase) / Decrease in trade and other receivables		(4,067)	4,355
(Increase) / Decrease in inventory		2,021	(1,973)
Increase / (Decrease) in trade payables		(7,840)	10,642
(Decrease) / Increase in income tax payable		23,393	(5,419)
(Decrease) / Increase in deferred tax liability		2,432	2,912
Increase in employee entitlements		332	20
Net cash flow from operating activities		**80,337**	**24,860**

Non cash financing activities

During the current financial year ended 30 September 2019, the company issued 510,279 of new equity (three month period ended 30 September 2018: Nil) as part of the Dividend Reinvestment Plan.

(a) Net debt reconciliation

Net debt movement during the year/period as follows:

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Cash and cash equivalents		7,945	6,610
Borrowings- repayable after one year		-	(30,400)
Finance lease liabilities- repayable within one year		(4,468)	(4,572)
Finance lease liabilities- repayable after one year		(30,903)	(30,558)
Net debt		**(27,426)**	**(58,920)**

($'000)	CASH/ BANK OVERDRAFT	LIABILITIES FROM FINANCING ACTIVITIES				TOTAL
		FINANCE LEASES DUE WITHIN 1 YEAR	FINANCE LEASES DUE AFTER 1 YEAR	BORROWINGS DUE WITHIN 1 YEAR	BORROWINGS DUE AFTER 1 YEAR	
Net debt as at 1 July 2018	**(2,767)**	**(4,995)**	**(31,491)**	**-**	**(31,500)**	**(70,753)**
Cash flows	8,160	1,356	-	-	1,100	10,616
Acquisitions finance leases	-	-	-	-	-	-
Foreign exchange adjustments	1,217	-	-	-	-	1,217
Other non-cash movements	-	(933)	933	-	-	-
Net debt as at 30 September 2018	**6,610**	**(4,572)**	**(30,558)**	**-**	**(30,400)**	**(58,920)**
Cash flows	4,605	5,596	-	-	30,400	40,601
Acquisitions finance leases	-	(5,837)	-	-	-	(5,837)
Foreign exchange adjustments	(3,270)	-	-	-	-	(3,270)
Other non-cash movements	-	345	(345)	-	-	-
Net debt as at 30 September 2019	**7,945**	**(4,468)**	**(30,903)**	**-**	**-**	**(27,426)**

20. EXPENDITURE COMMITMENTS

(a) Operating lease commitments

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

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Minimum lease payments			
• Within one year		30,260	24,613
• Later than one year and not later than five years		112,180	93,546
• Later than five years		197,111	195,908
Aggregate lease expenditure contracted for at reporting date		**339,551**	**314,067**

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.

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
(i) Property and equipment leases (non-cancellable):			
Minimum lease payments			
• Within one year		5,078	3,325
• Later than one year and not later than five years		8,683	5,204
• Later than five years		-	-
Aggregate lease expenditure contracted for at reporting date		**13,761**	**8,529**

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

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
(ii) Almond orchard leases:			
Minimum lease payments			
• Within one year		25,182	21,288
• Later than one year and not later than five years		103,497	88,342
• Later than five years		197,111	195,908
Aggregate lease expenditure contracted for at reporting date		**325,790**	**305,538**

Notes to the Financial Statements

Continued

20. EXPENDITURE COMMITMENTS (CONTINUED)

(a) Operating lease commitments (CONTINUED)

The almond orchard leases comprises:

(iii) A 20 year lease of a 512 acre (207 hectares) almond orchard and a 1,002 acre (405 hectares) 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.

(iv) A 20 year lease of 3,017 acres (1,221 hectares) at Hillston with Rural Funds Management.

(v) A 20 year lease of 5,877 acres (2,382 hectares) of almond and 722 acres (292 hectares) citrus orchards and approximately 599 acres (242 hectares) for future development of almonds with First State Super. 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.

(b) Finance lease commitments

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

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Within one year		7,240	6,637
Later than one year but not later than five years		14,765	14,255
Later than five years		28,233	30,800
Minimum lease payments		**50,238**	**51,692**
Future finance charges		(14,867)	(16,561)
Total lease liabilities		**35,371**	**35,131**
The present value of finance lease liabilities is as follows:			
Within one year		5,258	4,572
Later than one year but not later than five years		8,717	7,891
Later than 5 years		21,396	22,668
Minimum lease payments		**35,371**	**35,131**

Finance lease payments are for rental of farming equipment and bearer plants with a net carrying amount at 30 September 2019 of $11,338,106 (30 September 2018: $10,492,547) and $22,652,930 (30 September 2018: $24,491,675) respectively.

(c) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

CONSOLIDATED ($'000)	NOTE	30 SEPT 2019	30 SEPT 2018
Property, plant and equipment		9,667	4,201

21. EVENTS OCCURRING AFTER BALANCE DATE

On 29 November 2019, the Directors declared a final fully franked dividend of 20 cents per share in relation to the financial year ended 30 September 2019 to be paid on 6 January 2020.

22. EARNINGS PER SHARE

CENTS	NOTE	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Basic earnings / (loss) per share attributable to equity holders of the company		55.5	(1.6)
Diluted earnings / (loss) per share attributable to equity holders of the company		55.3	(1.6)

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

CONSOLIDATED ($'000)	NOTE	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Basic earnings per share: Profit / (loss) attributable to equity holders of the company used in calculating basic earnings per share		53,022	(1,536)
Diluted earnings per share: Profit / (loss) attributable to equity holders of the company used in calculating diluted earnings per share		53,022	(1,536)

NUMBER OF SHARES	NOTE	30 SEPT 2019	30 SEPT 2018
Weighted average number of ordinary shares used in calculating basic earnings per share		95,530,334	95,226,349
Effect of dilutive securities: Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share		95,873,271	95,542,321

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 year/ period.

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

23. REMUNERATION OF AUDITORS

CONSOLIDATED ($)	NOTE	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Audit and other assurance services			
Audit and review of financial statements		273,000	145,000
Other services		-	-
Total remuneration of PricewaterhouseCoopers		**273,000**	**145,000**

24. RELATED PARTY DISCLOSURES

(a) Parent entity

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

(b) Subsidiaries

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%) 30 SEPT 2019	30 SEPT 2018
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	100
Select Harvests Orchards Nominee Pty Ltd (i)	Australia	100	100
Select Harvests Water Rights Unit Trust (i)	Australia	100	100
Select Harvests Water Rights Trust (i)	Australia	100	100
Select Harvests Land Unit Trust (i)	Australia	100	100
Select Harvests South Australian Orchards Trust (i)	Australia	100	100
Select Harvests Victorian Orchards Trust (i)	Australia	100	100
Select Harvests NSW Orchards Trust (i)	Australia	100	100
Jubilee Almonds Irrigation Trust Inc	Australia	100	100

(i) Members of extended closed group

(c) Key management personnel compensation

CONSOLIDATED ($)	NOTE	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Short term employment benefits		4,070,611	777,279
Post-employment benefits		174,611	71,862
Long service leave		29,868	(23,541)
Share based payments		554,994	6,998
		4,830,084	**832,598**

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

(d) Director related entity transactions

There were no director related entity transactions during the year.

Notes to the Financial Statements

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24. RELATED PARTY DISCLOSURES (CONTINUED)

(e) Directors' interests in contracts

Michael Carroll is a director of Rural Funds Management, the responsible entity for Rural Funds Group, which leases orchards to Select Harvests. Additionally, he is a director of Elders Limited which supplies crop inputs, other farm related products and water brokering services to Select Harvests. These transactions are on normal commercial terms and procedures are in place to manage any potential conflicts of interest.

25. 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 performance period to participating employees on an annual basis. One third of the rights vest each year, half of the rights vest upon achievement of underlying earnings per share (EPS) Cumulative Annual Growth Rate (CAGR) targets and the other half vest upon achievement of total shareholder return (TSR) targets. The underlying EPS growth targets are based on the CAGR of the company's underlying EPS over the three years prior to vesting. The TSR targets are measured based on the company's average TSR compared to the TSR of a peer group of ASX listed companies over the three years prior to vesting. The performance targets and vesting proportions are as follows:

MEASURE	RIGHTS TO VEST
Current Issues	
Underlying EPS	
Below 5% CAGR	Nil
5% CAGR	25%
5.1% - 19.9% CAGR	Pro rata vesting
20% or higher CAGR	50%
TSR	
Below the 50th percentile*	Nil
50th percentile*	25%
51st – 74th percentile*	Pro rata vesting
At or above 75th percentile*	50%

* Of the peer group of ASX listed companies as outlined in the directors' report.

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/period are set out below:

30 September 2019

GRANT DATE	VESTING DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR (NUMBER)	GRANTED DURING THE YEAR (NUMBER)	FORFEITED DURING THE YEAR (NUMBER)	VESTED DURING THE YEAR (NUMBER)	BALANCE AT END OF THE YEAR ON ISSUE	BALANCE AT END OF THE YEAR VESTED	PROCEEDS RECEIVED ($)	SHARES ISSUED (NUMBER)	FAIR VALUE PER SHARE ($)	FAIR VALUE AGGREGATE ($)
20/10/2014	30/09/2020	-	150,000	-	(47,625)	(27,375)	75,000	-	-	-	4.21	315,750
29/09/2016	30/09/2020	-	100,000	-	(59,050)	(10,950)	30,000	-	-	-	3.23	96,900
02/12/2016	30/09/2020	-	30,000	7,500	(9,524)	(5,476)	22,500	-	-	-	3.23	72,675
20/11/2017	30/09/2020	-	18,000	-	-	-	18,000	-	-	-	3.65	65,700
29/04/2019	30/09/2021	-	-	169,557	-	-	169,557	-	-	-	5.18	878,305

30 September 2018

GRANT DATE	VESTING DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR (NUMBER)	GRANTED DURING THE YEAR (NUMBER)	FORFEITED DURING THE YEAR (NUMBER)	VESTED DURING THE YEAR (NUMBER)	BALANCE AT END OF THE YEAR ON ISSUE	BALANCE AT END OF THE YEAR VESTED	PROCEEDS RECEIVED ($)	SHARES ISSUED (NUMBER)	FAIR VALUE PER SHARE ($)	FAIR VALUE AGGREGATE ($)
20/10/2014	30/06/2020	-	150,000	-	-	-	150,000	-	-	-	4.21	631,500
29/09/2016	30/06/2020	-	120,000	-	(20,000)	-	100,000	-	-	-	3.23	323,000
02/12/2016	30/06/2020	-	30,000	-	-	-	30,000	-	-	-	3.23	96,900
20/11/2017	30/06/2020	-	18,000	-	-	-	18,000	-	-	-	3.65	65,700

Fair value of performance rights granted

The assessed fair value at grant date is determined using a Monte Carlo 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 APRIL 2019 PERFORMANCE RIGHTS ISSUE	20 NOVEMBER 2017 PERFORMANCE RIGHTS ISSUE	2 DECEMBER 2016 PERFORMANCE RIGHTS ISSUE	29 SEPTEMBER 2016 PERFORMANCE RIGHTS ISSUE	20 OCTOBER 2014 PERFORMANCE RIGHTS ISSUE
Share price at grant date	$6.49	$4.64	$6.23	$5.62	$5.95
Expected volatility*	40%	45%	45%	45%	45%
Expected dividends	1.83%	2.13%	7.87%	7.87%	3.31%
Risk free interest rate	1.33%	1.85%	1.58%	1.58%	2.84%

* 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 ($)	NOTE	2019 12 MONTH PERIOD ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Performance rights granted under employee long term incentive plan		592,102	9,326

Share-based payments

Share-based compensation benefits are provided to employees via the Select Harvests Limited Long Term Incentive Plan (LTIP).

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 Monte Carlo 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.

26. CONTINGENT LIABILITIES

(i) Guarantees

Cross guarantees are given by the entities comprising the Group. Group entities are set out in Note 24(b).

(ii) Bank Guarantees

As at 30 September 2019, the company had provided $6.16 million (30 September 2018: $11.05 million) of bank guarantees as security for the almond orchard leases.

27. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

Balance Sheet

($'000)	30 SEPT 2019	30 SEPT 2018
Current Assets	12,407	14,483
Total Assets	**302,523**	**553,395**
Current Liabilities	2,869	9,322
Total Liabilities	**7,283**	**281,300**
Shareholders' Equity		
Issued capital	271,750	268,567
Reserves		
Cash flow hedge reserve	(940)	(927)
Options reserve	3,679	3,087
Retained profits	20,751	1,368
Total Shareholders' Equity	**295,240**	**272,095**
Profit / (loss) for the year/period	**30,840**	**(1,171)**
Total comprehensive income / (expense)	***30,863***	***(1,363)***

Notes to the Financial Statements

Continued

27. PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

(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 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. The funding amounts are recognised as current intercompany receivables or payables.

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.

(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 41 to 72 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 September 2019 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 24 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 27.

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, 29 November 2019

Independent Auditor's Report

Independent auditor's report

To the members of Select Harvests Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Select Harvests Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 September 2019 and of its financial performance for the year then ended

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

What we have audited

The Group financial report comprises:

- the balance sheet as at 30 September 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality	***Audit scope***	***Key audit matters***
• For the purpose of our audit we used overall Group materiality of $1.95 million. This represents approximately 5% of the Group's three year average of profit before tax, excluding the three month transition period ended 30 September 2018. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We chose a three year average to address volatility in the profit before tax calculation caused by the almond price and yield fluctuations between years. • We utilised a 5% threshold	• As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Group financial report. • Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. One of the key areas in this respect is the Group's inventory valuation. • Our audit mainly consisted of procedures performed by the audit engagement team at the Thomastown head office in Melbourne, with site visits to the Carina West processing facility and surrounding orchards.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Inventory valuation - almond crop – Accounting for bearer plants – Carrying value of intangible assets • These are further described in the *Key audit matters* section of our report.

Independent Auditor's Report

Continued

based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	***How our audit addressed the key audit matter***
Inventory valuation - almond crop *Refer to Critical accounting estimates and judgements in note 2 to the financial report* The current year almond crop is classified by the Group as a biological asset. Australian Accounting Standards require agriculture produce (such as almonds) from an entity's biological assets to be measured at fair value less costs to sell, at the point of harvest. To measure this agriculture produce, the Group has made various assumptions at the balance date such as the crop yield and the selling price. As outlined in Note 2 - Critical Accounting Estimates and Judgements, the key assumptions are the estimated average almond selling price at the point of harvest of $8.60 per kg, crop estimate for the Group's orchards of 22,690MT based on estimated harvest yield, quality and grade of the almonds, and the estimated remaining cost of sorting and packaging. We believe this was a key audit matter because of its financial significance to the Group's assets, liabilities and profit for the year ended 30 September 2019 and the judgemental nature of the key assumptions.	Our audit procedures included: • Tested the almond crop on hand based on a physical observation and sample testing performed during the Group's inventory stocktake at 30 September 2019. • Evaluated the Group's ability to make estimates of the fair value of almond crops by comparing prior estimates to actual results with the benefit of hindsight, including assessing the fair value recognised compared to the actual selling prices of the almond crop achieved in the year to 30 September 2019. This included comparing a sample of committed sales to contracts and considering external spot price information. • Considered sources of estimation uncertainty and external factors, such as global almond prices, global supply pressures and foreign exchange rate assumptions with reference to external industry information and market data. • Tested the costs of harvesting and processing the almond crop during the period, and the allocation to inventory at 30 September 2019. • Tested the mathematical accuracy of the Group's almond crop calculation.

Key audit matter	How our audit addressed the key audit matter
	• Evaluated the adequacy of the disclosures made in note 2 and 10.
Carrying value of intangible assets *Refer to Critical accounting estimates and judgements in note 2 and note 13 to the financial report* As required by Australian Accounting Standards, the Group tests annually whether goodwill and other intangible assets that have an indefinite useful life have suffered any impairment. Impairment is recognised where the estimated recoverable amount for each division is less than the carrying amount of the division's intangible assets. The Food Division has goodwill and brand names of $29m. The recoverable amount of the Food Division is estimated by the Group using a value-in-use discounted cash flow model (the model). The model is based on Board approved budget. Assumptions applicable to the model are described in Note 13. The Almond Division has permanent water rights assets held at cost at $38m. The recoverable amount of permanent water rights related to the Almond Division is based on the current tradeable market value of the rights. This is a key audit matter due to the significant carrying value of the Group's intangible non-current assets which are subject to significant judgements and assumptions outlined above in determining whether any impairment of value has occurred.	Our audit procedures included: • Evaluated the Group's cash flow forecasts for the Food Division in the model and the process by which they were developed with reference to current year results, external industry information and market data. • Tested the mathematical accuracy of the model. • Assessed that the forecast earnings were consistent with the board approved budgets, and that the key assumptions such as forecast growth and discount rate are reasonable by comparing it to market data. • Compared the previous year's forecast for FY2019 with the actual results for FY2019 to assess the accuracy and reliability of forecasting. • Evaluated if the Group's discount rate was appropriate by assessing the reasonableness of the relevant inputs against market data. • Considered the sensitivity of the calculations by varying key assumptions such as forecast growth and discount rates. We compared the carrying amount of the permanent water rights to their tradeable market value. We evaluated the adequacy of the disclosures made in the financial statements in note 2 and note 13.

Independent Auditor's Report

Continued

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Key audit matter	***How our audit addressed the key audit matter***
Accounting for bearer plants *Refer to reconciliation of the carrying amounts of property, plant and equipment in note 12 to the financial report* The Group accounts for its Almond trees as Property, Plant and Equipment, to be recorded at cost less accumulated depreciation. Under applicable accounting standards, the Group capitalises growing and leasing costs proportionate to maturity up to 7 years, when trees are deemed to reach a mature commercial state. It is from this point that depreciation would commence on a units of production method, reflecting the commencement of the revenue stream from the trees. Depreciation is charged over 10 to 30 years depending on the maturity of the bearer plant. At 30 September 2019, carrying value of $121m of Property Plant and Equipment related to trees against which depreciation of $5.9m was charged during the year. This was a key audit matter due to the significance of the net book value to the Group's balance sheet, estimates and judgements regarding capitalisation and depreciation, and complexities in accounting for leasing arrangements.	Our audit procedures included: • Tested the amount and nature of a sample of growing costs capitalised during the period to supporting purchase documentation for trees with a maturity of up to 7 years old. • Evaluated the Group's useful life assessment, maturity of trees and yield profile assumptions applied in the units of production method for depreciation against historical experience. • Evaluated the adequacy of disclosures made in note 12.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 28 to 39 of the directors' report for the year ended 30 September 2019.

In our opinion, the remuneration report of Select Harvests Limited for the year ended 30 September 2019 complies with section 300A of the *Corporations Act 2001*.

Independent Auditor's Report

Continued

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Responsibilities

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.

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
29 November 2019

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 October 2019. 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	4,582
1,001 to 5,000	4,080
5,001 to 10,000	919
10,001 to 100,000	605
100,001 and over	39

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

NUMBER OF ORDINARY SHARES	NUMBER OF SHAREHOLDERS
13,444	450

(b) Twenty largest shareholders

The following information is current as at 31 October 2019. The names of the twenty largest registered holders of quoted shares are:

	NUMBER OF SHARES	PERCENTAGE OF SHARES
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,874,291	22.85%
2. J P MORGAN NOMINEES AUSTRALIA LIMITED	12,526,974	13.08%
3. CITICORP NOMINEES PTY LIMITED	11,081,052	11.57%
4. NATIONAL NOMINEES LIMITED	2,658,615	2.78%
5. UBS NOMINEES PTY LTD	2,609,151	2.73%
6. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT- COMNWLTH SUPER CORP A/C>	1,684,696	1.76%
7. INVIA CUSTODIAN PTY LIMITED <A/M Unit A/C>	1,269,279	1.33%
8. BUTTONWOOD NOMINEES PTY LTD	1,126,009	1.18%
9. BNP PARIBAS NOMS PTY LTD <DRP>	911,650	0.95%
10. UBS NOMINEES PTY LTD	823,855	0.86%
11. BNP PARIBAS NOMS PTY LTD <AGENCY LENDING DRP A/C>	618,447	0.65%
12. MUTUAL TRUST PTY LTD	585,587	0.61%
13. SMARTEQUITY EIS PTY LTD	571,842	0.60%
14. WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	569,029	0.59%
15. MIRRABOOKA INVESTMENTS LIMITED	550,000	0.57%
16. MR JOHN PATERSON	337,927	0.35%
17. NEWECONOMY COM AU NOMINEES PTY LTD <900 ACCOUNT>	310,710	0.32%
18. CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	275,472	0.29%
19. REZANN PTY LTD <RIPKA FAMILY A/C>	246,000	0.26%
20. BRAZIL FARMING PTY LTD	300,000	0.31%
Total securities of Top 20 holdings	**60,930,586**	**63.64%**
Remaining holders balance	34,806,042	36.36%
Total	***95,736,628***	***100%***

(c) Substantial shareholders

The substantial shareholders as disclosed by notices received by the Company as at 31 October 2019 are:

	NUMBER OF SHARES	% HOLDING
Perpetual Limited	8,603,028	8.99%
Paradice Investment Management Pty Ltd	6,772,229	7.07%
Thorney Investment Group	5,630,000	5.88%
Dimensional Fund Advisors LP	4,802,975	5.02%

(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)
N Anderson (Non-Executive Director)
F Bennett (Non-Executive Director)
G Kingwill (Non-Executive Director) - appointed 25 November 2019

COMPANY SECRETARY

B Crump

REGISTERED OFFICE - SELECT HARVESTS LIMITED

360 Settlement Road
Thomastown VIC 3074

Postal address
PO Box 5
Thomastown VIC 3074
Telephone (03) 9474 3544

Email info@selectharvests.com.au

SOLICITORS

Minter Ellison Lawyers

BANKERS

National Australia Bank Limited
Rabobank Australia

AUDITOR

PricewaterhouseCoopers

SHARE REGISTER

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Telephone (03) 9415 4000

WEBSITE

www.selectharvests.com.au

SELECT HARVESTS

Lucky | Sunsol | NuVitality | ALLINGA FARMS | RENSHAW

Market leader in the cooking nut category

Cooking Nut product range
almonds, walnuts, cashews, brazilnuts, pine nuts, pistachios, macadamias, sunflower seeds and pepitas

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

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

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

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 the Pacific Rim

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

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

Select Harvests Limited
ABN 87 000 721 380

PO Box 5
Thomastown VIC 3074
360 Settlement Road
Thomastown VIC 3074

T (03) 9474 3544
F (03) 9474 3588
E info@selectharvests.com.au

ASX ticker code: SHV

Company Websites
www.luckynuts.com.au
www.sunsol.com.au
www.nuvitality.com.au
www.allingafarms.com.au

Company Instagram Sites
www.instagram.com/select_harvests/
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www.instagram.com/sunsol_muesli/
www.instagram.com/nuvitalityau/

LinkedIn
Select Harvests Limited

www.selectharvests.com.au