SELECT HARVESTS

ANNUAL REPORT 2020

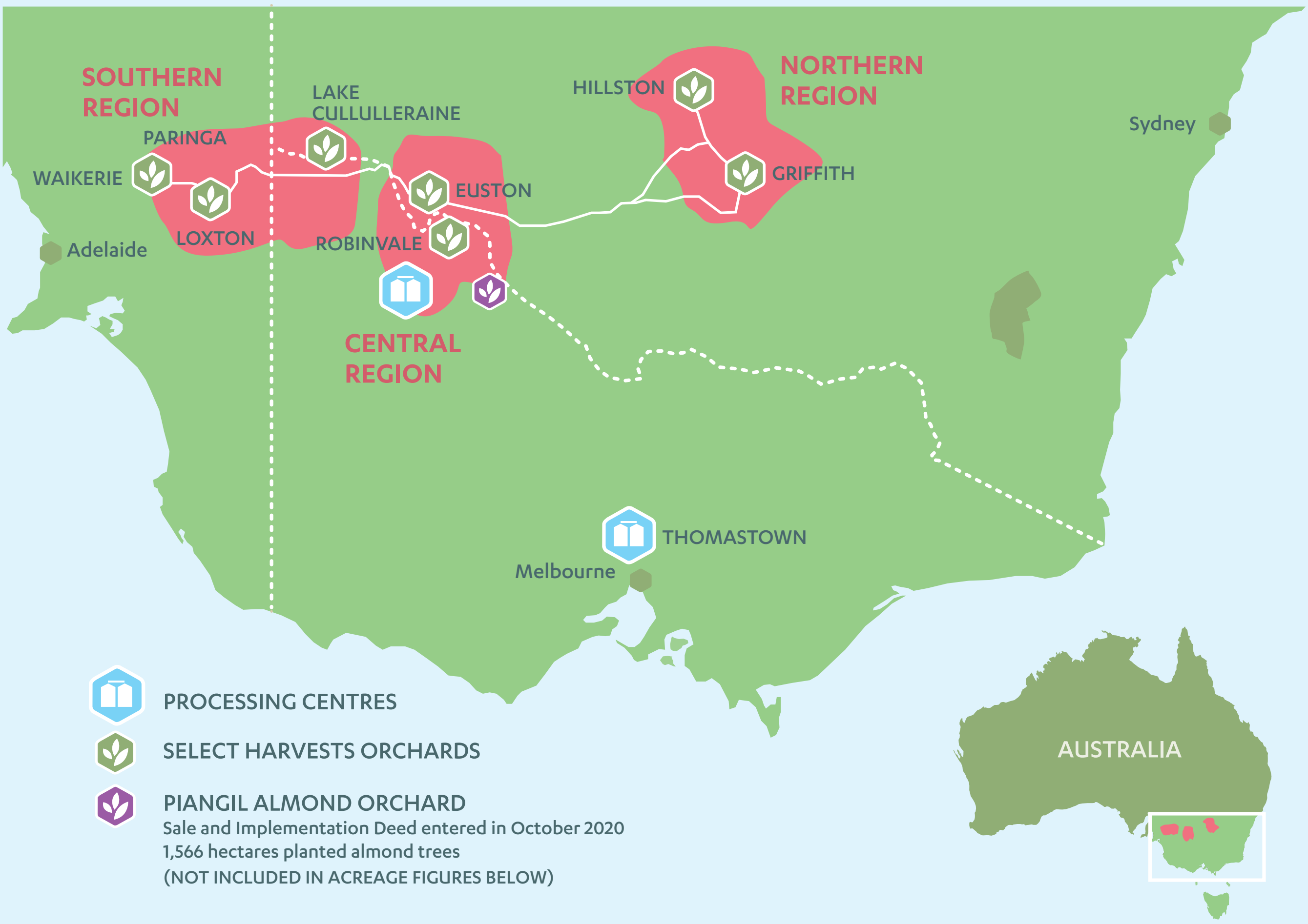
YEAR ENDED 30 SEPTEMBER 2020

OUR ORCHARDS BLOSSOM LATE JULY TO EARLY SEPTEMBER

GEOGRAPHIC DIVERSITY

The strategy to have geographic diversity between our orchards limits our exposure to the weather, the spread of disease and insect infestation.

Geographic diversity also enhances the availability of labour.



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

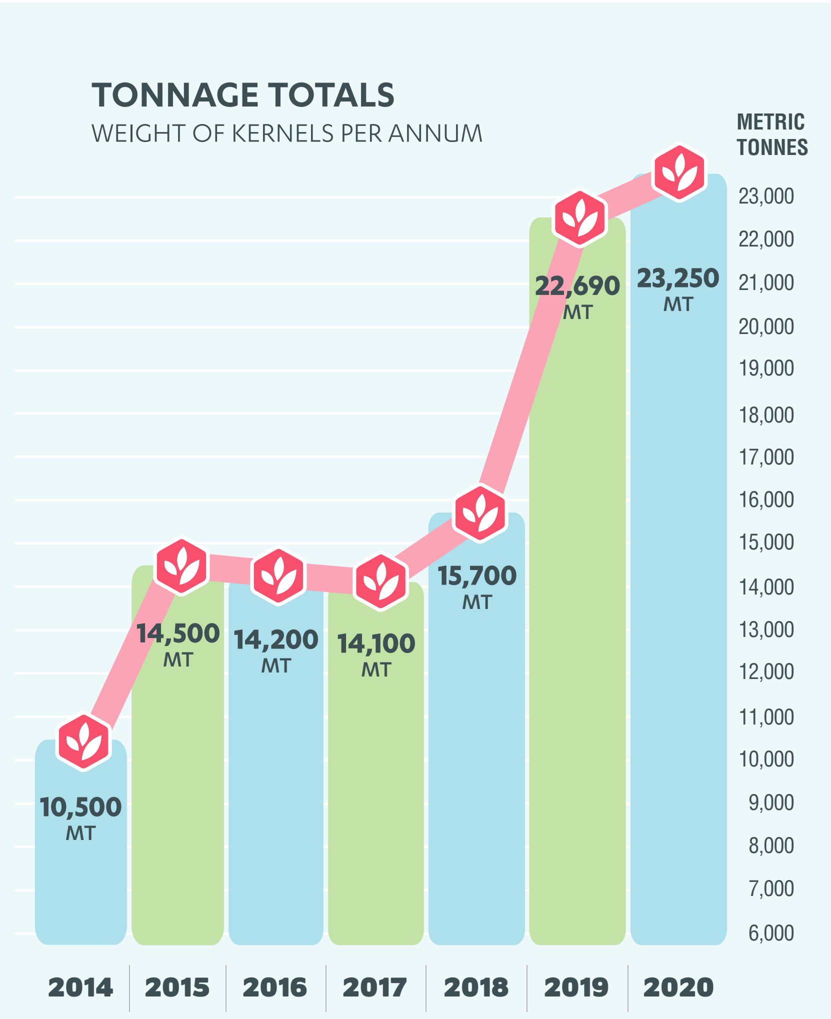
2,670HA
(6,597 ACRES)
SOUTHERN REGION
PLANTED AREA

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

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

Company Profile

CONTINUED STRATEGIC INVESTMENT IN OUR BRANDS



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 located in Victoria, South Australia and New South Wales with a portfolio that 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 above 30,000Mt 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 10,000Mt 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 and Sunsol 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

To be a leader in the supply of better for you plant-based foods.

Contents

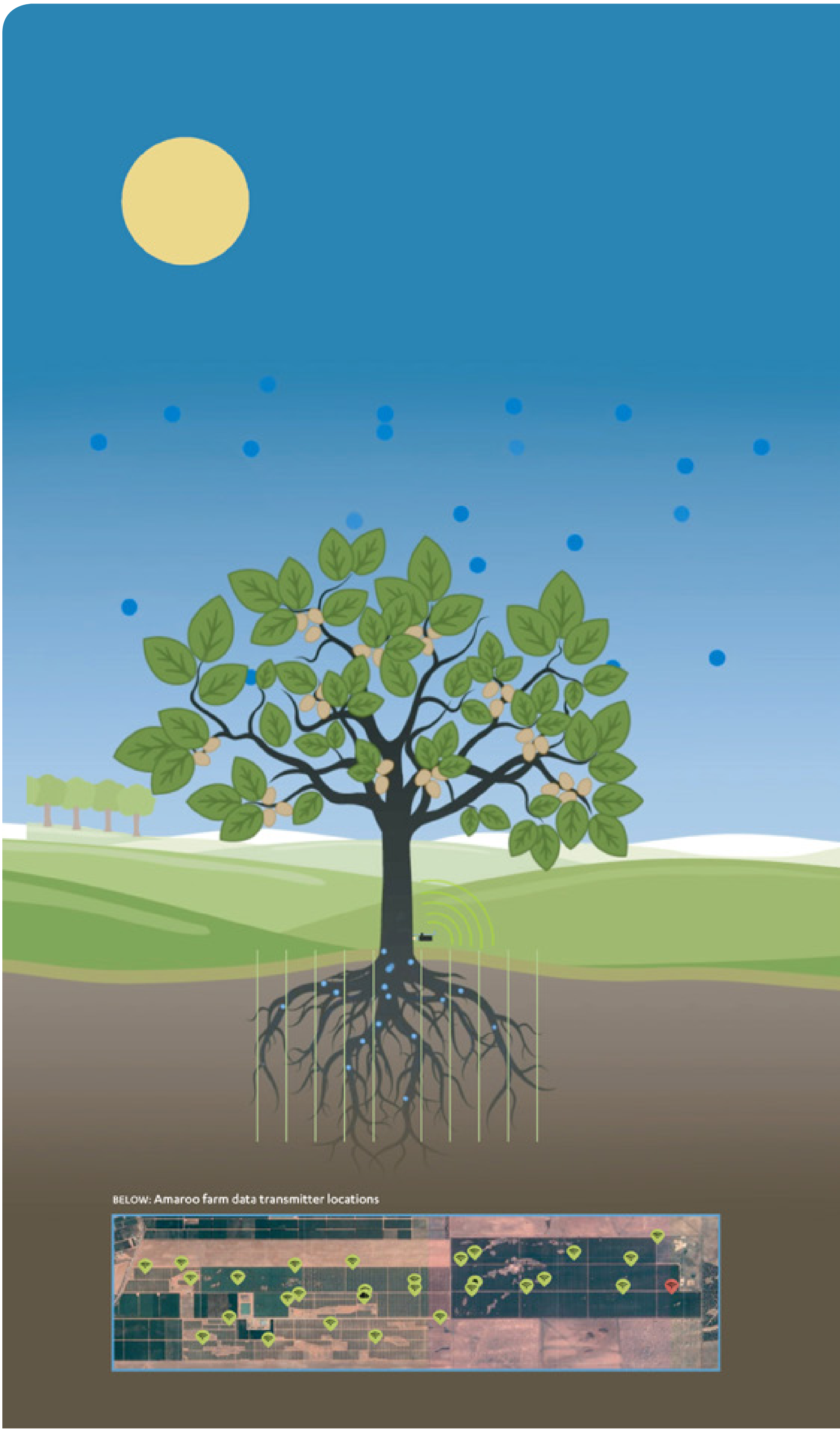
Phytech

Using technology to improve water efficiency

Making the best use of the water available to our orchards is vital for productivity and cost-efficiency. Technology to help us achieve this has been evolving rapidly. Several of our orchards are now using data from Phytech to deliver the precise amount of water required, when it is needed, avoiding run-off.

Amaroo Farm

Amaroo in South Australia has saved over 600 megalitres of water a year, amounting to cost savings of more than $250,000 using this data driven approach.



BELOW: Amaroo farm data transmitter locations

Performance Summary

Results - Key Financial Data

$'000 (EXCEPT WHERE INDICATED)	REPORTED RESULT (AIFRS) FY2020	FY2019	VARIANCE	VARIANCE (%)
Revenue	**248,262**	**298,474**	**(50,211)**	**(16.8%)**
Almond Crop Volume (Mt)	23,250	22,690	560	2.5%
Almond Price (A$/kg)	7.50	8.60	(1.10)	(12.8%)
EBITDA[1]	**57,783**	**95,193**	**(37,410)**	**(39.3%)**
Depreciation and Amortisation	(19,057)	(15,128)	(3,929)	(26.0%)
EBIT[1]				
Almond Division	41,807	82,235	(40,428)	(49.2%)
Food Division	3,348	5,011	(1,663)	(33.2%)
Corporate Costs	(6,429)	(7,181)	752	10.5%
Total EBIT[1]	**38,726**	**80,065**	**(41,339)**	**(51.6%)**
Interest Expense	(2,064)	(3,957)	1,893	47.8%
Profit Before Tax	**36,662**	**76,108**	**(39,446)**	**(51.8%)**
Tax Expense	(11,661)	(23,086)	11,425	49.5%
Net Profit After Tax (NPAT)	**25,001**	**53,022**	**(28,021)**	**(52.8%)**
Earnings Per Share (EPS) (cents)	**26.0**	**55.5**	**(29.5)**	**(53.2%)**
Dividend Per Share (DPS) - Interim (cents)	**9**	**12**		
Dividend Per Share (DPS) - Final (cents)	**4**	**20**		
DPS - Total (cents)	**13**	**32**		
Net Debt (inc. lease liabilities)	**322,311**	**27,426**		
Gearing (inc. lease liabilities)	**79.6%**	**6.6%**		
Share Price (A$/Share as at 30 September)	**5.57**	**7.69**		
Market Capitalisation (A$M)	**538.3**	**736.2**		

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.

BELOW: Data collected from the trees delivers the precise amount of water into the root zone

Chair & Managing Director's Report

FY2020 has been a year of internal achievements and external challenges for Select Harvests.

Like businesses the world over we have been impacted by the COVID-19 global pandemic, although when COVID arrived we were quickly declared an essential food producer. At this point the 2020 crop harvest was well underway and we were commencing the processing of a record 23,250Mt 2020 almond crop.

Select Harvests' almond orchards are in three Australian states that were quickly subject to border closures, limiting movement. Our food processing facilities and head office are at Thomastown in Melbourne, Victoria, a city that by November 2020 was just emerging from two extensive lockdown periods.

While the federal and state governments moved relatively quickly to ensure that employees in essential industries could go about their work with fewer restrictions than the general public, the pressure on our employees and their families has been enormous. It is to their great credit that the team of people who make up Select Harvests responded quickly, at every level, to adapt operations to the new environment. It meant that harvest was completed, all almond and food processing facilities were kept going, sales and shipping of product went ahead.

Timing is important in sales of agricultural products. Select Harvests' strategy for marketing our 2020 crop secured significant early sales commitments.

In the beginning stages of the pandemic, short-term reduction in export demand caused buyers to delay shipments from Australia, although by July Select Harvests was able to report that our customers had commenced taking shipments at near normal levels.

Forecasts of a record U.S. almond crop and aggressive selling by some marketers around mid-year resulted in a significant softening of prices, however Select Harvests' early sales insulated our results from the worst of this price drop. Our sales campaign is complete, leaving no carry-out almond stock, which is a substantial achievement.

The upside from almond prices falling to historic 10-year lows was a significant uplift in short-term demand, with early indications of price recovery. Select Harvests' ability to optimise our almond yields, manage costs & inputs and add value to our growing almond crop, through our Carina West Value-Adding Almond Processing Facility, will position the company well as the market recovers.

While the impact of the ongoing pandemic remains unpredictable, early market access interruptions have now subsided, with increased momentum evident towards the end of FY2020.

The Food Division continues to operate in a challenging domestic market. We are seeing strong underlying demand, both domestically and overseas, from food manufacturers, confectioners and consumers for our value-added industrial almond products.

While sales were higher for our Industrial value-added segment in FY2020, higher private label penetration and commodity costs negatively impacted the overall segment result. We expect volumes to increase in 2021. Our focus will be to expand our existing customer base.

The external environment this year has clearly shown how unpredictable events can and do occur, emphasising the importance of a sound business base, flexible thinking and understanding the things we can control.

Accordingly, Select Harvests is focused on the key internal value drivers of our business and remains committed to our long-term growth strategy.

To this end, on 1 October 2020 Select Harvests announced it had entered into an Implementation Deed and Sale Agreements to acquire the 1,566ha Piangil Almond Orchard, along with a $120 million capital raising to assist in funding the acquisition. Anticipated to be completed in the 3rd week of December 2020, this exciting development will add significant scale to our orchard portfolio.

FINANCIAL PERFORMANCE

Select Harvests produced a reported Net Profit After Tax (NPAT) of $25.0 million and Earnings per Share (EPS) of 26 cents per share (cps). FY2020 operating cash flow was $13.2 million. This was impacted as a result of COVID-19 market access issues and related timing of customer payments (to flow through in H1 FY2021). The company paid a total dividend of 13cps (comprising an interim dividend of 9cps on 3 August 2020 and a final dividend of 4cps to be paid on 5 February 2021). At 30 September 2020, Net Bank Debt (excluding lease liabilities) was $57.5 million and Net Bank Debt to Equity was 14.2%.

Business Highlights

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of **$57.8 million**

Net Profit After Tax (NPAT) of **$25.0 million**

Total dividend payment of **13cps** fully franked

Almond Crop: **23,250Mt** up 560Mt

Average SHV Almond price **A$7.50/kg**

Net Bank Debt to Equity: **14.2%**

Safety Record: Total Recordable Incidents **down 23%**

Agreement to acquire Piangil Almond Orchard (October 2020): 1,566ha planted (1,177ha mature & 389ha immature) and 1,877ML of high reliability water entitlements for A$129m

Capital raising of A$120m (October 2020): A$38.7m retail entitlement offer and A$81.3m institutional placement and entitlement offer

Chair & Managing Director's Report

Continued

ALMOND DIVISION

The Almond Division delivered Earnings Before Interest and Tax (EBIT) of $41.8 million in FY2020. A record 2020 almond crop volume of 23,250Mt (2019 crop 22,690Mt) represented the third consecutive year of increasing harvests, although the production increase was offset against lower almond prices and higher water costs.

In general, all orchard age cohorts across all Select Harvests' growing regions yielded at levels higher than industry average. The third consecutive year of increasing yields is very pleasing, validating the company's targeted horticulture program and on-farm investments in risk-mitigating frost fans and productivity-enhancing technology.

Cost management continued to be a focus during FY2020, with total almond production costs per kilogram (excluding the impact of higher water prices) increasing by 6.5%. Our industry benchmarking activities indicate that Select Harvests remains in the bottom quartile of almond farming and processing costs globally – a most favourable position.

Recent investment in technology at our Carina West Value-Adding Almond Processing Facility has resulted in improved efficiency, higher quality, and lower processing costs per kilogram.

USD almond prices softened on the back of a record 2020 U.S. almond crop estimate and challenges relating to COVID-19 market access. Due to the timing and strategy of Select Harvests' FY2020 marketing program we were able to secure significant sale commitments prior to prices softening, achieving an average sale price of A$7.50/kg.

The water market remained challenging for the 2020 season, with record, or near record, water prices across the Murray-Darling Basin.

Select Harvests' water strategy is to meet our annual surface water requirements through a mix of 1/3rd ownership/control of water entitlements, 1/3rd long term leases of water entitlements and 1/3rd purchases of annual allocation water on spot markets. This water strategy enabled us to limit the financial impact of higher water prices during the 2019/20 water season.

The start of the 2020/21 water season has featured higher annual water market allocations and a movement of water prices back towards long-term averages. We have been acquiring lease and temporary water in recent months given the favourable market conditions.

The Murray-Darling Basin water markets inquiry interim report was released by the Australian Competition & Consumer Commission (ACCC) on 30 July 2020. Select Harvests is pleased to see that the ACCC has taken on board the feedback we provided in our initial submission to the inquiry. The ACCC's preliminary view is that the current governance of the Basin and the regulatory frameworks for water trading do not meet standards expected in modern markets. Select Harvests has provided feedback on the interim report, with a final ACCC report due by February 2021.

FOOD DIVISION

The Food Division produced an EBIT of $3.3 million in FY2020. While sales were higher for our value-added Industrial segment in FY2020, higher consumer private label penetration and commodity costs negatively impacted the overall result.

In FY2020 there was further investment in the Sunsol and Lucky brands, with new national ranging of products achieved. Sunsol domestic sales growth was strong, with very positive early responses from major customers to our new product development.

Consumer demand for healthier food products is growing in Asian markets. These markets remain a focus for Select Harvests. However, our in-country export market development was held back in FY2020 due to COVID-19 related travel restrictions.

The Thomastown processing facility, warehouse and corporate office lease expires on 30 June 2022 and as advised previously, Management is currently undertaking a comprehensive review of the Food Division. This review covers both strategic growth options and supply chain solutions to support the various options under consideration. The review is expected to be concluded by the end of 2020.

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. Overall, total recordable incidents reduced by 23% in FY2020.

Due to the COVID-19 global pandemic, Select Harvests was designated by government as a 'permitted business', with no restrictions other than the requirement to operate under a 'COVID-19 Safe Plan'. We have been able to operate throughout the pandemic period and during the Stage 4 Victorian lockdown.

Appropriate protocols and procedures have been put in place to protect our employees and manage the health and wellbeing risks associated with COVID-19.

MARKET OUTLOOK

The estimated record 2020 U.S. almond crop of 3.0 billion pounds (1.4 million tonnes) and challenges relating to market access due to COVID-19 resulted in a significant softening of the almond price in mid-2020.

Amidst this, global demand for healthy plant-based foods, like almonds, continues to grow.

Recent monthly U.S. almond shipment data shows that demand responded strongly to historic 10-year low almond prices, with record monthly shipments to key world markets, India in particular. This represents significant growth in consumptive demand and should avoid any large, long-term surplus remaining in the market.

Select Harvests' next crop will begin harvest in February 2021, with early deliveries reaching the market in April. By this time, a more definitive market and pricing environment is likely to have appeared, supporting our next marketing campaign.

STRATEGY

The underlying fundamentals of our business remain strong. Demand for almonds, including raw almonds and value-added almond products, is increasing globally.

Achieving consistent high yielding performance from our mature almond orchards and efforts to increase immature yields underpins the multi-year growth strategy for Select Harvests.

Our strategic priority to 'Optimise the Almond Base' has been further strengthened with the October 2020 agreement to acquire the Piangil Almond Orchard.*

Select Harvests' average orchard age, with the inclusion of Piangil, is 12.3 years, with 95% of current planted hectares cash generative. Almond orchards remain economically viable for +25 years, providing Select Harvests with a solid foundation for long term growth.

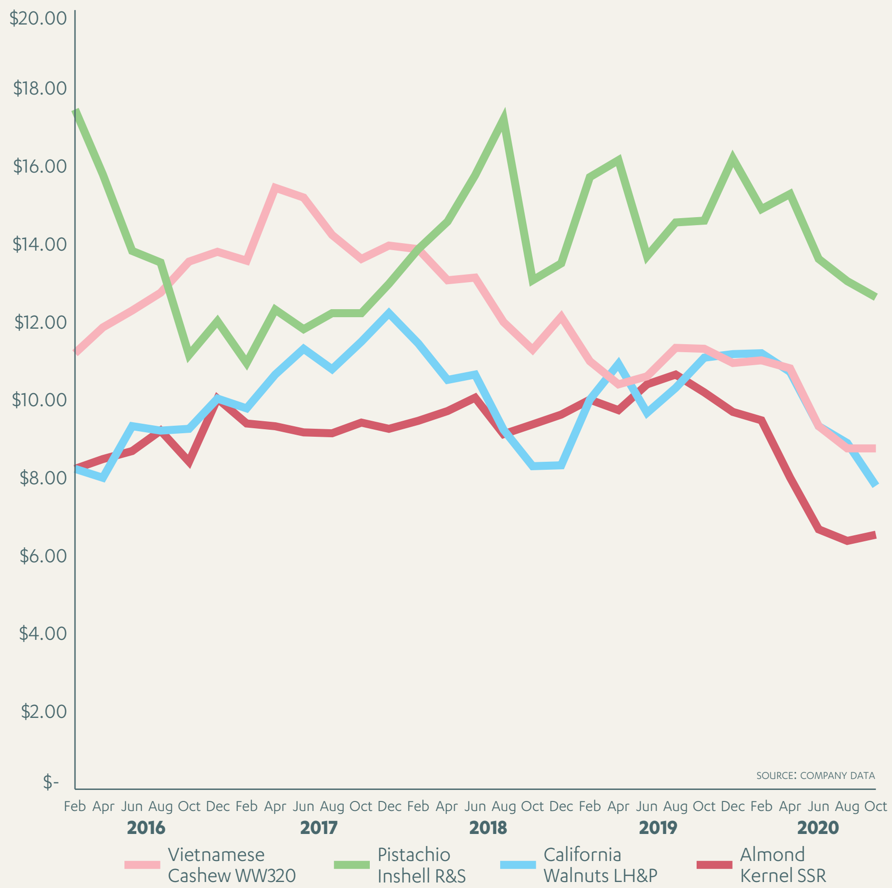
Demand for value-added industrial almond products has been increasing in recent years. Not only are these products sold at a premium to other almonds, but demand is more stable and less price sensitive, as value-added almond products are often a key ingredient in consumer plant-based food and beverages, like almond milk.

Select Harvests' strategic investment in our Carina West Almond Value-Adding Facility is targeted at meeting these trends. We will look to make further strategic capital investments in our Carina West Facility, as the demand for innovative and value-added almond products is increasing.

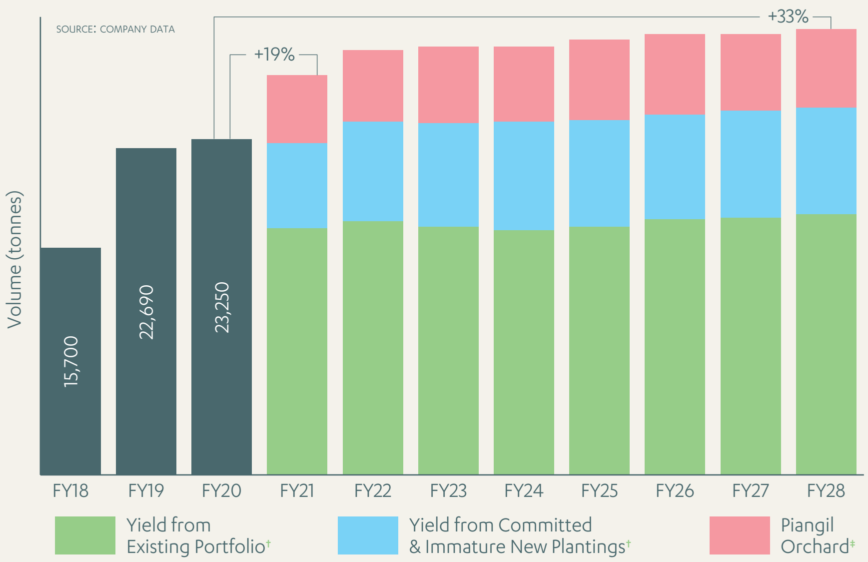
Optimising our almond based business through increased productivity and achieving sustainably high yields remains our key strategic objective. We continue to assess options to increase our almond production base through acquisitions if suitable orchards become available. We also continue to assess opportunities to diversify into other tree nuts, where we can utilise our expertise around multi-site orchard management, processing, and strategic marketing.

* On 1 October 2020 Select Harvests entered into an Implementation Deed and Sales Agreement to acquire the Piangil Almond Orchard. The transaction is subject to a number of conditions, with the acquisition expected to be completed in the 3rd week of December 2020

Commodity Price Trend 2016-2020 - AUD$/KG CFR



SHV Theoretical Harvest Volume 2021 – 2028*



* The almond crop is biennial in nature with expected +/- 10% per annum variation in tonnage.

† Assuming a 3.3Mt per ha (1.3Mt per acre) maturity profile for Select Harvests orchards and immature yields based on the average of the 2019 and 2020 crops.

‡ Assuming a 3.5Mt per ha (1.4Mt per acre) maturity profile for Piangil Orchard.

THANK YOU

This year has had its challenges, yet the business has emerged with newfound strength in adaptability and innovation. We have achieved another consistent high yielding performance from our almond orchards in 2020 and water availability is positive leading into the summer irrigation season.

The core fundamentals of our business and industry remain strong and have given Select Harvests the confidence to expand and raise capital. We remain committed to executing on our growth strategy, underpinned by a world class portfolio of almond assets. As one of the world's largest vertically integrated value adding almond producers, Select Harvests is well positioned to take advantage of the growing demand for plant-based foods.

We would like to thank our shareholders, suppliers and employees for their support and commitment during the current pandemic. We are in a period of considerable, sustained business growth that should make for an exciting journey over 2021 and beyond.

Michael Iwaniw, Chair

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 AND RESPECT	INTEGRITY AND DIVERSITY	SUSTAINABILITY	PERFORMANCE	INNOVATION
DO THE RIGHT THING	BE ONE TEAM	PROTECT AND GROW	OWN IT	THINK OUTSIDE THE SQUARE

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 almond orchard base

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

LEFT: Compost rows at Carina West

Our work has demonstrated that carbon-based fertiliser is able to be used at scale in our orchards and has the potential to recycle most of our hull waste.

RIGHT: Upul Gunawardena
TECHNICAL OFFICER,
CARINA WEST

"We have created a closed loop by using the waste hull ash from the CoGen power 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."

CASE STUDY

Carbon Based Fertiliser Sustainable Almond Production

Select Harvests is using a waste product from its almond production to replace expensive chemical fertilisers in its orchards, increasing soil nutrient balance and carbon level and reducing our carbon footprint.

More than 70% of the almond fruit we harvest is hull (the hard outer shell), which is inedible for humans and when stored can become a fire risk. While some of this waste has traditionally been sold as cattle feed, demand for this varies considerably and we wanted to find a better solution.

Co-Gen Power Plant

In 2018, commissioning was completed on our co-generation plant to power our operations by burning the hull waste. We quickly realised that there could be other benefits as well - a by-product of the co-generation process is considerable quantities of ash, which contains a high percentage of potassium as well as other nutrients.

High Grade Ash

We developed a process to convert the ash into a high-grade carbon based fertiliser that could be used on our almond orchards. Working with our South Australia partners, Rash Engineering, our technical team developed a method to deliver this fertiliser direct to the rootzone of the almond trees.

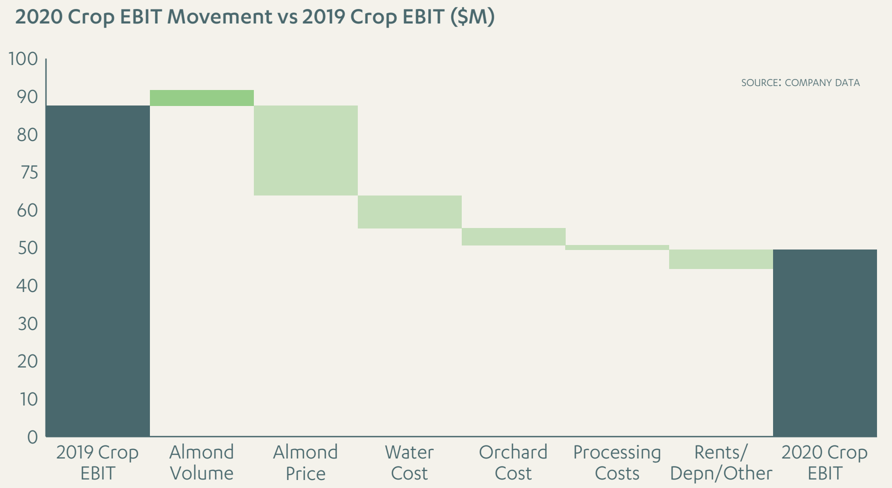
Research findings have confirmed that the application of soil carbon significantly improve the soil health, which in turn improves the almond quality and yield, reduces the aging process of the crop and suppresses various soil borne disease organisms.

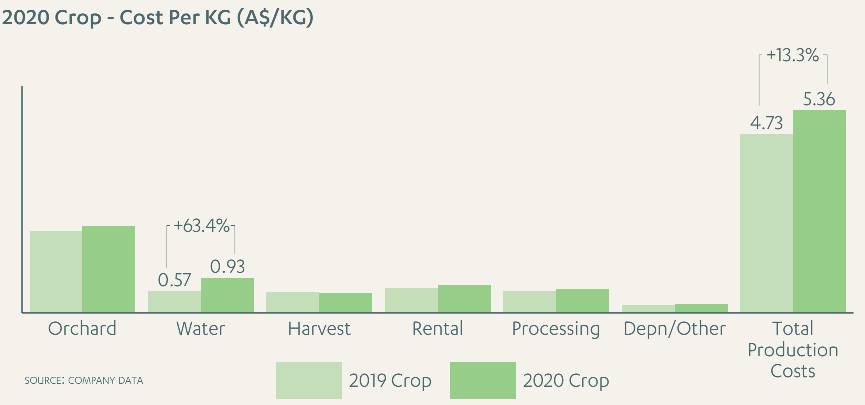
Key benefits include:

(a) Replacement of 25-30% of expensive imported chemical fertilisers with recycled nutrients
(b) Moderates soil structure, through retention of nutrients, soil moisture & temperature
(c) Is reducing erosion
(d) Increases soil carbon level
(e) Eliminates almond waste into land fill
(f) Significant reduction in the carbon footprint of almond production
(g) Improved soil health, root biology & crop health
(h) Improved Select Harvests long term asset value

Our work to date has demonstrated that carbon-based fertiliser is able to be used at scale in our orchards and has the potential to recycle most of our hull waste. At present it has enabled us to replace up to 30% of expensive imported chemical fertiliser in our orchards, and significantly improve soil health, root biology and crop health. At the same time, it has been cost-neutral – a real win-win for our business and the environment!

Almond Division





The Almond Division delivered an EBIT result of $41.8 million. Strong yields and a record crop were offset against lower almond prices and higher water costs. The 2020 crop's total production costs per kg increased by 13.3% (6.5% excluding water costs)

The 2020 crop volume of 23,250Mt was up 560Mt on FY2019's crop volume of 22,690Mt. This record result was due to good growing conditions, the commitment and dedication of our employees in executing the company's targeted horticulture program, further investment in frost fans mitigating the impact of frost events on our trees and increased adoption of on-farm technology to monitor and guide the performance of our orchards.

The overall higher crop volume had a positive impact on EBIT of approximately $4.8 million. The positive impact of a higher crop was offset by a reduction in almond prices and higher water costs which impacted EBIT by $25.0 million and $8.7 million respectively.

Both our mature and immature orchards continue to yield at a rate significantly higher than industry standard yields. The yield performance of our immature greenfield orchards is particularly pleasing and supports the long-term strategy to grow our almond orchard base through a combination of greenfield developments and mature orchard acquisitions. Immature orchards yielding above industry standard delivered an additional 2,029Mt in FY2020.

Higher water prices increased water costs per kilogram by 63.4%, accounting for approximately 17.4% of total per kilogram crop production costs in FY2020. Another year of yield outperformance and Select Harvests' balanced water ownership strategy helped contain the overall impact of higher water prices on our per kilogram crop production costs, which increased by 13.3% compared to the 2019 crop.

Hulling and shelling was completed in mid-October and crop quality was similar to last year. Sorting and packing continues. Recent investment in new sorting technology and factory productivity improvements will pay dividends as Select Harvests crop volume increases in the coming years.

Water is a critical input for the ongoing health and productivity of our trees. With our increasing productive acreage, improving water use efficiency, along with the use of on-farm technology, remains a key focus of our experienced water team.

In FY2020 we remained below our water use budget across our orchard portfolio. The targeted use of water to consistently maximise yield potential is a key focus moving forward.

Food Division

The company has sold or committed for sale 82% of the FY2020 crop with most of the balance held to cover internal value-add processing requirements. An average price of A$7.50/kg will be achieved, 12.8% lower than the FY2019 almond price of A$8.60/kg.

82% OF THE FY2020 CROP SOLD OR COMMITTED FOR SALE

The recent change in financial year, to better align the company's reporting cycle with the almond crop cycle, has resulted in no prior year crop adjustments being required in FY2020.

No new almond orchard planting, or replanting, was conducted in FY2020. Subject to the completion of the October 2020 acquisition of the Piangil Almond Orchard, Select Harvests' almond orchard portfolio will increase from 7,696ha (19,016 acres) to 9,262ha (22,886 acres).

The tree health and outlook for Select Harvests' FY2021 crop remain positive, following good pollination and growing conditions to date. There has only been one significant frost event, which was mitigated by our frost fans. Good seasonal rainfall has led to higher allocations and lower temporary water costs. Given Select Harvests' high levels of 2019 carry-over water and higher lease costs the benefit of this lower pricing will flow through in FY2021 and the majority in FY2022.

Market pricing will remain somewhat uncertain until a clearer picture of Californian almond shipments emerges at the end of 2020. A record 2020 U.S. crop of 3 billion pounds, significant 2019 U.S. crop carryover, a strengthening AUD and the ongoing market access impacts of COVID-19 are all factors that will impact the 2021 global almond price.

Global demand for almonds has responded well to the lower almond price environment. Raw almond shipments to key consumer markets like India and China are significantly higher than prior periods. The inclusion of value-added almonds as a key ingredient in consumer products is growing as consumers become more conscious of their food choices, and demand healthier options.

Select Harvests is one of the world's largest almond producers, with a world class portfolio of high performing almond orchards and industry leading value-added processing capabilities. We provide millions of consumers around the world with high quality, healthy, nutritious Australian grown and processed almonds, both in their raw form and increasingly as value-added inputs to a wide range of healthy plant-based food products.

The Food Division delivered an EBIT result of $3.3 million.

The Food Division result was below expectations. Strong demand for Industrial value-added almond products was not enough to offset the margin impacts of higher overall imported non-almond commodity input costs and ongoing domestic private label penetration in branded nuts.

The Industrial business sales increased in FY2020, accounting for over 25% of Select Harvest's 2020 almond crop. Value-added industrial almonds are a key ingredient in an increasing number of consumer products. These value-added almonds both sell at a premium, and are less price elastic, than raw almonds.

Recent investments in the Carina West Value-Adding Facility will enhance our capacity to produce industrial almond products thereby increasing the value of the lower grade portion of our crop.

The core Lucky cooking range is performing well in Woolworths with 6 additional products being ranged in the last quarter and has been supported by an increased interest in consumers home baking activity due to COVID-19 related lockdowns. Lucky snacking nut product deletions in Coles and ongoing private label penetration resulted in a reduction in branded snacking sales in FY2020.

Sunsol sales growth was particularly strong, with sales increasing by 45% in FY2020. Further development of our PRO-biotic range was well received by our major retail customers, with national ranging achieved. An extensive marketing campaign, including Sunsol's first ever TV advertising, delivered strong consumer engagement.

International opportunities are being pursued across both our industrial and consumer Food segments. In country export market development was held back in the second half of FY2020 due to COVID-19 related travel restrictions.

Select Harvests' lease on the Thomastown processing facility is due to expire on 30 June 2022. The facility primarily processes our Lucky and Sunsol consumer product ranges and private label consumer products, as well as housing Select Harvests Melbourne based corporate staff and a warehouse. A comprehensive review of strategic growth options and supply chain solutions for the Food Division was commenced in FY2020 and is expected to be concluded by the end of 2020.

ABOVE: Sunsol Kids PRO-biotic cereals

To develop our Sunsol Kids PRO-biotic Cereals we conducted consumer research to understand what parents and kids wanted in a cereal. We then formulated our product and developed a set of clear messages for the packaging which aligned with the research results.

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 always expect our people to maintain high work and quality standards, whilst maintaining a relentless commitment to safety.

We employ 533 employees (full time equivalent, as at 30 September 2020), including executive, permanent, contractor and seasonal (casual and agency labour hire) personnel throughout regional and metropolitan Australia.

We had no incidents of bullying during the year.

Select Harvests' Inclusion & 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, along with Diversity reporting, which is included in the 2020 Corporate Governance Statement. See Governance section:
www.selectharvests.com.au/governance

One characteristic of our diversity is the significantly different ethnicities we employ. We are proud to partner with indigenous and islander education and employment programs, in addition to employing people from Asia Pacific and European countries in our workforce.

In addition to ethnic diversity, we continue to maintain a focus to increase female participation, with this year's participation level at 31%, against a target of 33% overall. Whilst the result was on par to the previous year, there was an increase in females in managerial roles. The Workplace Flexible Arrangements Policy was reviewed and significantly, as a key policy to enabling the attraction and retention of females.

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 in Melbourne. This year, it was decided to make a significant contribution to the bushfire affected communities in the regional areas where Select Harvests operates. A contribution of $100,000 will be made by the Company to relevant fire services. In addition, Select Harvests has matched all contributions submitted by employees, to various registered charities, in support of the rebuilding work following the bushfires.

OH&S

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

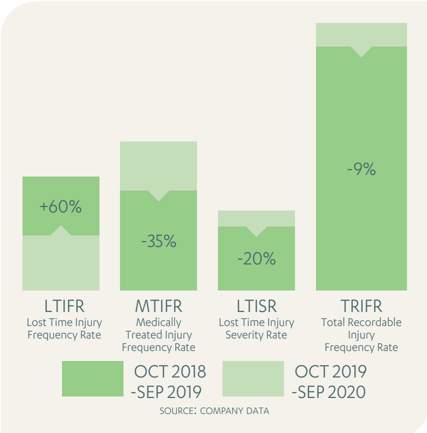
The key focus for the year has predominantly been to ensure the safety and wellbeing of our employees, during the COVID-19 pandemic, whilst not diverting our attention from key risk areas in the business.

The key strategic priorities for the year were:

1. COVID-19 Management & Response Plan
2. Process improvement and System Implementation
3. Building on Safety Culture and Safety Leadership
4. Targeted Employee health and wellbeing programs

The key activities implemented included:

- Activating and continually updating the COVID-19 Management and Response Plan
- Implementing technology to support compliance management and real time incident and hazard reporting.
- Actioning process improvements in incident investigation reporting and risk assessment.
- Reinforcing the strong safety culture, through the revised Company Values and Behaviours, visible safety leadership, including safety walks and frequent toolbox training sessions and discussions.
- Supporting employee wellbeing through a holistic wellness program (Global Challenge), mental health first aid training for leaders, increased counselling support through our Employee Assistance Program (EAP) and pulse check surveys for employees working from home.



SUSTAINABILITY & ENVIRONMENT

This year, Select Harvests has reviewed its sustainability strategy and as part of that process, aligned reporting with the Global Reporting Initiative Standards as well as the United Nations Sustainable Development Goals (SDGs). Both provide a global framework that helps guide our goals and objectives as a business.

There is a shortage of healthy food globally and as a grower and marketer of nutrient dense food products, we are well positioned to help meet this growing demand.

To capitalise on this demand, we need to set our goals and targets with a long-term lens as we operate in an industry that requires commitment and up to 25 years of foresight when expanding almond operations.

Therefore, it is imperative that sustainability be embedded into everything we do, which is why we recognise it as a core value supporting the delivery of our business strategy. This sustainable approach to running our business is essential to delivering on our key strategic objectives;

- Optimise the almond base
- Grow our brands
- Expand strategically.

The Company is committed to minimising the impact its operations have on the environment, with several projects activated over the past two years, including reduction of our carbon footprint. Our key focus areas in 2020 were:

- Ensuring the safety of our people, by preventing injuries before they occur. The aim of 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
- Securing future water supply whilst being a leader in the market for water efficiency. We aim to manage our water efficiency through best practice water delivery systems, water optimisation technology such as soil water monitoring, plant based monitoring and high-resolution imagery
- Reducing our impact on the environment across all aspects of the business. This is achievable through the further investment in sustainable projects (i.e. H2E co-generation facility), bee stewardship, promoting a 'recycle first' culture and transitioning to greener inputs used throughout the value chain.

The 2019/20 Sustainability Report is available on the company website:
www.selectharvests.com.au/sustainability

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:
www.selectharvests.com.au/governance

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

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.

For FY2020, there were no environmental breaches nor breaches of the Company's environmental licence conditions.

SELECT HARVESTS

Culture Values and Behaviours

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 15 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 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
Chair
Appointed to the board on 27 June 2011 and appointed Chair 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. Michael was instrumental in the successful merger of ABB Grain, AusBulk Ltd and United Grower Holdings Limited to form one of Australia's largest agri-businesses. He has a Bachelor of Science, a graduate diploma in business administration and is a member of the Australian Institute of Company Directors. Michael is the immediate past Chair of Australian Grain Technologies and has extensive non-executive director experience with several listed and private companies. He is a member of the Remuneration and Nomination Committee.

PAUL THOMPSON
Managing Director and Chief Executive Officer
Appointed as the Managing Director and Chief Executive Officer (MD) 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
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 Rural Funds Management (RE for ASX: RFF; director since April 2010), Paraway Pastoral Company, Australian Rural Leadership Foundation and Viridis Ag Pty Ltd. Previous board roles include Queensland Sugar Limited, Elders Limited (ASX: ELD, 2018-2020), 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.

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 Chair 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 Chair 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 member of the Audit and Risk Committee.

NICKI ANDERSON
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, Prostate Cancer Foundation 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.

FIONA BENNETT
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 Chair of the Victorian Legal Services Board. Ms Bennett has previously served on the board of Beach Energy Limited (2012-2017). 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.

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 as the Chair of the Audit Committee at Tasmanian Irrigation. Guy has previously served as Managing Director of Tandou Limited, and as a non-executive director of Lower Murray Water Urban and Rural Water Corporation. He is a member of the Audit and Risk Committee.

Historical Summary

Select Harvests consolidated results for years ended 30 September/June

$'000 (EXCEPT WHERE INDICATED)	2009	2010	2011	2012	2013	2014*	2015	2016	2017	2018	2018†	2019	2020
YEAR/PERIOD ENDED	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 SEPT†	30 SEPT	30 SEPT
Total sales	248,581	238,376	248,316	246,766	190,918	188,088	223,474	285,917	242,142	210,238	67,581	298,474	248,262
Earnings before interest and tax	26,827	26,032	22,612	(2,495)	5,241	31,288	85,845	49,785	16,979	34,869	(1,052)	80,065	38,726
Operating profit before tax	23,047	23,603	18,473	(8,743)	198	26,833	80,514	44,290	11,978	29,464	(2,089)	76,108	36,662
Net profit after tax	16,712	17,253	17,674	(4,469)	2,872	21,643	56,766	33,796	9,249	20,371	(1,536)	53,022	25,001
Earnings per share (Basic) (cents)	42.6	43.3	33.7	(7.9)	5.0	37.5	82.9	46.7	12.6	23.2	(1.6)	55.5	26.0
Return on shareholders' equity (%)	16.6	15.2	10.5	(2.8)	1.8	12.3	19.8	11.6	3.3	127.5		12.7	6.2
Dividend per ordinary share (cents)	12	21	13	8	12	20	50	46	10	12	0	28	13
Dividend franking (%)	100	100	100	100	100	55	-	54	100	100	N/A	100	100
Dividend payout ratio (%)	28.2	48.5	38.6	(101.3)	239.8	53.5	62.8	99.1	79.4	51.7	N/A	50.0	50.0
Financial ratios													
Net tangible assets per share ($)	1.56	1.87	2.17	2.19	2.14	2.38	3.35	3.22	2.95	3.34	0.00	3.60	3.46
Net interest cover (times)	7.10	10.70	6.70	(0.4)	1.0	6.9	15.9	9.0	3.4	6.4	N/A	20.0	18.7
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	79.6‡
Current asset ratio (times)	0.79	1.44	1.96	1.42	1.61	4.02	3.36	1.90	1.05	4.49	3.23	2.74	2.39
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	159,721	173,667	217,397
Non-current assets	133,884	145,612	214,352	202,371	180,542	194,080	280,130	294,251	343,081	354,435	362,900	379,190	607,497
Total assets	**214,959**	**229,605**	**305,580**	**279,307**	**303,845**	**330,719**	**487,912**	**449,772**	**479,691**	**516,553**	**522,621**	**552,858**	**824,894**
Current liabilities	102,348	58,469	46,454	54,369	76,800	33,988	61,893	81,783	130,371	36,104	49,412	63,457	91,062
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	328,822
Total liabilities	**114,083**	**115,984**	**136,765**	**118,977**	**144,340**	**155,313**	**200,525**	**158,871**	**202,072**	**137,913**	**151,982**	**136,854**	**419,884**
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	405,010
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	279,096
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	14,280
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	111,634
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**	**405,010**
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	96,637
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	11,258
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	5.57
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	538,268

* 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'.
† 3 month transition period ‡ As a result of implementation of AASB16 Leases on 1 October 2019, the Company recognised Right-of-use assets and lease liabilities in its books

Financial Report

RIGHT: The Murray River at Euston Lock

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 2020.

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 (Chair)

Appointed to the board on 27 June 2011 and appointed Chair 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. Instrumental in the successful merger of ABB Grain, AusBulk Ltd and United Grower Holdings Limited to form one of Australia's largest agri-businesses. He has a Bachelor of Science, a graduate diploma in business administration and is a member of the Australian Institute of Company Directors. Michael is the immediate past Chair of Australian Grain Technologies and has extensive non-executive director experience with several listed and private companies. He is a member of the Remuneration and Nomination Committee.

Interest in shares: 220,545 fully paid shares.

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

Appointed as the Managing Director and Chief Executive Officer (MD) 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: 559,451 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 Rural Funds Management (RE for ASX: RFF; director since April 2010), Paraway Pastoral Company, Australian Rural Leadership Foundation and Viridis Ag Pty Ltd. Previous board roles include Queensland Sugar Limited, Elders Limited (ASX: ELD, 2018-2020), 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: 26,023 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 Chair 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 Chair 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 member of the Audit and Risk Committee.

Interest in shares: 92,699 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, Prostate Cancer Foundation 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.

Interest in shares: 8,653 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 Chair of the Victorian Legal Services Board. Ms Bennett has previously served on the board of Beach Energy Limited (2012-2017). 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: 9,175 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 as the Chair of the Audit Committee at Tasmanian Irrigation. Guy has previously served as Managing Director of Tandou Limited, and as a non-executive director of Lower Murray Water Urban and Rural Water Corporation. He is a member of the Audit and Risk Committee.

Interest in shares: 6,212 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 15 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: 4,000 fully paid shares.

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, muesli and a range of natural health foods.

EMPLOYEES

The Company employed 533 full time equivalent employees as at 30 September 2020 (30 September 2019: 570 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

Another strong yielding performance from Select Harvests almond asset base delivered a record crop in FY2020.

This performance was offset by a 12.8% reduction in the achieved almond price as a record 2020 U.S. crop and the impact of COVID-19 on global market access negatively impacted prices for almond kernel and processed product. Additionally, increasingly dry conditions led to the cost of temporary water licences increasing substantially leading to an overall increase in cost of production per kilogram by 13.3%.

Despite the adverse movement in the global almond price and cost of water, Select Harvests delivered a solid profit result for FY2020. This performance reflects the prior years' investment in greenfield developments continuing to increase their production as they mature. Additionally, consistent improved yields achieved through the ongoing investment in technology, supported by a targeted horticultural management approach, has led to an increase in the forecasted production volume. This reflects the current strategic focus on consolidating the almond asset base to maximise returns.

The water market was challenging in FY2020. 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).

Improved recent seasonal conditions have meant catchment levels have increased, leading to improved allocations and a significant drop in the temporary water licence market.

The Food Division continued to be impacted by increasing private label competition in the consumer domestic cooking nuts category, however significant growth was again achieved with the Sunsol Brand. The lower global almond price has a material impact on margins in the B2B Industrial segment.

COVID-19 and its impact on global market access has extended the length of Select Harvests' shipping schedule. This has led to delays in the delivery of the 2020 crop and related cash receipts. As growing and processing costs for the 2020 crop have already occurred this shipment delay has led to lower operational cashflows. As a result, Select Harvests' net bank debt position at the end of FY2020 is $57.5 million (FY2019: net cash position $7.9 million). There has been no major project expenditure or greenfield development during the year.

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 $25.0 million. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is $57.8 million and Earnings Before Interest and Taxes (EBIT) is $38.7 million.

Results Summary and Reconciliation

($'000)	REPORTED RESULT (AIFRS)	
	FY2020	FY2019
Almond Division	41,807	82,235
Food Division	3,348	5,011
Corporate Costs	(6,429)	(7,181)
Operating EBIT	**38,726**	**80,065**
Interest Expense	(2,064)	(3,957)
Net Profit Before Tax	**36,662**	**76,108**
Tax (Expense)	(11,661)	(23,086)
Net Profit After Tax	**25,001**	**53,022**
Earnings Per Share (cents)	26.0	55.5

Almond Division Profitability

Revenue of $102.5 million was generated for FY2020. This was 33% lower than last year due to the reduction in the global almond price and a slower shipping program as a result of COVID-19 impacts on global market access. 88% of the crop had been processed by the end of the year. This was less than FY2019 due to a wet finish to the FY2020 harvest. 82% of the FY2020 crop is either shipped or committed for sale with the majority of the remaining tonnage allocated for internal use in the Food Division and Parboil value adding facility until product from the 2021 crop becomes available.

An EBIT of $41.8 million was achieved in FY2020 as a result of the valuation of the 2020 crop based on a yield achieved of 23,250Mt (560Mt or 2.5% higher than the 2019 crop).

Whilst mature orchard yield percentages were down slightly following a very large 2019 crop, 2020 still produced a record tonnage result as immature orchards progressed another year at above business case performance and mature orchards delivered yields above industry standard. Another good year for growing conditions, protection from frost fan investments and a well executed, comprehensive and targeted horticultural program led to this consistent high volume production.

The FY2020 result was adversely impacted by a reduction in the achieved almond price to $7.50/kg (12.8% lower than the 2019 crop) and a 13.3% increase in the cost per kilogram due to the cost per kilogram of temporary water increasing by 63.4% from FY2019.

Food Division Profitability

FY2020 revenue generated was stable at $145.4 million delivering an EBIT of $3.3 million (33.2% lower than FY2019). While volumes processed and packed were higher than FY2019, the mix of product sold was more weighted towards lower margin private label product. The domestic consumer branded market remains challenging with both major domestic retailers aggressively pursuing their private label strategy in the cooking nuts category.

Demand in the Industrial market continued to be strong however lower almond prices led to margins decreasing across domestic and international sales.

Interest Expense

Interest expense of $2.1 million reflects the lower interest rates applicable to current finance facilities and the ongoing close management of operating cashflows and resultant debt levels.

Balance Sheet

Net assets at 30 September 2020 are $405.0 million, compared to $416.0 million at 30 September 2019. An increase in trade receivables and inventory has been offset by an increase in net borrowings (as a result of delayed cashflows from a slower shipping program and lower almond price). Property, plant and equipment also declined with limited capital expenditure, no current greenfield developments and no permanent water rights acquired during the FY2020 period.

Net working capital has increased by 30.8%. This increase is due to higher trade receivables and inventory due to a slower shipping schedule as a result of COVID-19 related market access delays.

Cash flow and Net Bank Debt

Total net bank debt at 30 September 2020 was $57.5 million (30 September 2019: Net cash position $7.9 million), with a gearing ratio (total net bank debt (excluding lease liabilities)/equity) of 14.2% (30 September 2019: N/A). The increase in borrowings is a result of a delayed shipping schedule due to COVID-19 related market access issues and lower global almond prices.

Operating cash inflow generated for FY2020 amounted to $13.2 million. This reduced result was due to COVID-19 related delayed shipments, a lower almond price and resuming a tax payable position (a refund was received in FY2019 as a result of the change in financial periods). Investing cash outflows of $35.3 million was $1.3 million higher than FY2019 due to investments in processing capital to improve efficiencies and quality levels. Dividend payments for the year were higher due to the final dividend payment relating to the FY2019 result (paid in FY2020). Net cash outflow for FY2020 was $65.4 million which was funded through a decrease in cash on hand and an increase in bank debt.

Dividends

A 4 cents final dividend has been declared, resulting in a total dividend of 13 cents per share for the financial year. This compares to a total dividend of 32 cents per share declared for the financial year ended 30 September 2019.

Balance Sheet

$'000	FY2020	FY2019
Trade and other receivables	69,154	50,223
Inventories	100,549	77,687
Biological asset	42,432	34,144
Trade and other payables	(42,517)	(32,345)
Net working capital	**169,618**	**129,709**

CORPORATE SOCIAL RESPONSIBILITY

Health, Safety and Wellbeing

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

The key focus for the year has predominantly been to ensure the safety and wellbeing of our employees, during the COVID-19 pandemic, whilst not diverting our attention from key risk areas in the business.

The key strategic priorities for the year were:

1. COVID-19 Management & Response Plan
2. Process improvement and System Implementation
3. Building on the Safety Culture and Safety Leadership
4. Targeted Employee health and wellbeing activities

The key activities implemented included:

- Activating and continually updating the COVID-19 Management & Response Plan
- Implementing technology to support compliance management and real time incident and hazard reporting
- Actioning process improvements in incident investigation reporting and risk assessment
- Reinforcing the strong safety culture, through the revised Company Values and Behaviours, visible safety leadership, including safety walks and frequent toolbox training sessions and discussions
- Supporting employee wellbeing through a holistic wellness program (Global Challenge), mental health first aid training for leaders and increased counselling support through our Employee Assistance Program (EAP) and pulse check surveys for employees working from home

Overall, total recordable incidents reduced by 23%. Due to the focus on managing risk of COVID-19, proactive hazard identification reduced slightly compared to FY2018/19 by 0.6%. Medical Treatment Injuries improved by a reduction of 32% and a decrease of 35% in frequency rate. There were decreases in both days lost (8%) and the Lost Time severity rate (20%), due to early intervention and effective injury management, including early return to work programs. Whilst the severity rate has improved, unfortunately there was an increase in Lost Time Injuries of 50% and the resulting increase in frequency rate of 60%, mostly incurred in our high risk agricultural operations. An in-depth analysis of Lost Time Injuries has been conducted and a plan to action further preventative activities.

Occupational Health and Safety (OH&S)

		FY2019	FY2020	VARIANCE FY2019 VS FY2020
Total Recordable Incidents	#	88	68	-23%
	Frequency Rate	58.2	53	-9%
Hazards	#	631	627	-0.6%
Medical Treatment Injuries	#	19	13	-32%
	Frequency Rate	20.9	14	-35%
Lost Time Injuries Severity	Days Lost	404	374	-8%
	Severity Rate	11.2	9	-20%
Lost Time Injuries	#	7	14	+50%
	Frequency Rate	7.7	16	+60%

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 Carina West, in North West Victoria. The Company is actively involved in all our local communities. Many 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. This year the company focussed on supporting regional areas impacted by bush fires. A significant donation of $100,000 is being made to fire services in the communities we support. In addition, the company matched employee donations to various agencies supporting bushfire appeals.

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 reviews to ensure compliance with focus on the payment of wages and eligibility to work in Australia.

Select Harvests has an Ethical Sourcing Policy in place, with the objectives of upholding human rights, protecting the environment and operating in a sustainable manner, whilst being a respected leader in the industry and communicating the same expectations of our suppliers and their supply chains.

The Company is committed to managing the economic, environmental and social challenges across our 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:
www.selectharvests.com.au/governance

Directors' Report

Continued

Sustainability

This year, Select Harvests has reviewed its sustainability strategy and as part of that process aligned reporting with the Global Reporting Initiative Standards as well as the United Nations Sustainable Development Goals (SDGs). Both provide a global framework that helps guide our goals and objectives as a business.

There is a shortage of healthy food globally and as a grower and marketer of nutrient dense food products, we are well positioned to help meet this growing demand. To capitalise on this demand, we need to set our goals and targets with a long-term lens as we operate in an industry that requires commitment and up to 25 years of foresight when expanding almond operations. Therefore, it is imperative that sustainability be embedded into everything we do, which is why we recognise it as a core value supporting the delivery of our business strategy. This sustainable approach to running our business is essential to delivering on our key strategic objectives;

- Optimise the almond base
- Grow our brands
- Expand strategically.

We are motivated to meet increasing expectations by doing our fair share to address complex global social and environmental challenges, such as managing our resources efficiently, creating a safe working environment that ensures inclusiveness and diversity and compliance to laws within our operations and supply chain, whilst reducing our impact on the environment. To achieve this, we need to execute on the business fundamentals, along with receiving the social and environmental mandate from the communities within which we operate.

The Company is committed to minimising the impact its operations have on the environment, with several projects activated over the past two years, including reduction of our carbon footprint. Our key focus areas in 2020 were:

- Ensuring the safety of our people, by preventing injuries before they occur. The aim of 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
- Securing future water supply whilst being a leader in the market for water efficiency. We aim to manage our water efficiency through best practice water delivery systems, water optimisation technology such as soil water monitoring, plant based monitoring and high-resolution imagery
- Reducing our impact on the environment across all aspects of the business. This is achievable through the further investment in sustainable projects (i.e. H2E co-generation facility), bee stewardship, promoting a 'recycle first' culture and transitioning to greener inputs used throughout the value chain.

In looking ahead, we will continue to improve the monitoring and reporting systems we have in place as a business, to ensure that we are pinpointing the right sustainability measures that address the key focus areas of our stakeholders. We are cognisant of the potential impact we have on our environment and the impact that climate change has on our business.

We seek to mitigate the risks and capitalise on the opportunities that occur across the business through sensible and responsible management. To achieve this, we are exploring the following:

- Further steps to address our climate change related risks and opportunities
- Participating and supporting the Murray Darling Basin Plan to bring the Basin back to a healthier and sustainable level.
- In January 2019, Australia's Modern Slavery Act came into effect. We look forward to releasing our first report in FY2021, which will outline how we plan to address this important global issue.

The 2019/20 Sustainability Report is available on the company website :
www.selectharvests.com.au/sustainability

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:
www.selectharvests.com.au/governance

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

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.

For FY2020, there were no environmental breaches nor breaches 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 H2E co-generation facility was commissioned in June 2018 and it uses biomass such as hulls, shells and orchard prunings to generate electricity. Enough electricity can be generated to power the Carina West Processing Facility (CWPF) 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 was completed at the end of 2019, with further increases in energy generation from the installation of the bag filter.

Increased purchases through the Virtual Generation Agreements (VGA) have occurred over the last 12 months, resulting in increase from last year from 39% to 51% of net electricity consumption from renewables (excluding grid mix renewables) through self-generation and targeted Wind Power Purchase Agreements (PPA). A breakdown is provided in the following table:

	(MWH)
Total Power Consumed	55,523.46
Total Grid Power Consumed	40,587.78
Total Power Generated	20,882.88
Total Power Exported	5,947.20
Power Purchased through VGA	3,201.42

This highlights the company's commitment to sourcing sustainable energy and Select Harvests continues to be on track for increasing use of renewable power. We continue to pursue projects to reduce our energy footprint and efficiency. Projects include site energy efficient consumption reviews and portfolio reviews to understand potential contracting options moving forward.

Recycling

The composting of the cogeneration facility's ash with organic matter, soil ameliorants and essential plant nutrients resulted in approximately 30,000 tonnes of compost being produced and applied to the orchards in readiness for the 2020/21 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 almond 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 Harvests' 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 are 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 biannual 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, market pricing)

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

www.selectharvests.com.au/governance

Outlook

The global macro for almonds continues to remain positive moving forward. While COVID-19 has no doubt logistically impacted the global supply of almonds the export shipping data in recent months from the U.S. has shown record breaking levels of shipments.

This ongoing demand continues to be 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. Select Harvests continues to successfully deliver in both the Almond and Food Divisions to leverage this macro increase in global demand.

The horticultural program for the 2021 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 limited number of frost events and the previous 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 2021 theoretical crop would be approximately 23,500Mt (excluding Piangil Orchard).

Increased rainfall to date this season has led to a significant drop in the price of temporary water. Select Harvests will not see the full cost benefit of this flow through into FY2021 due to the level of acquired FY2020 water carried over. 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 annual fluctuations in water prices.

USD almond pricing decreased to 10 year lows in mid-2020 due to the confirmation of an estimated 3.0 Billion pound 2020 U.S. crop, the high levels of carry-over stock from the U.S. 2019 crop and the increasing spread and impacts of COVID-19. While levels of demand have increased in response to the price drop, current pricing levels remain subdued and are not expected to materially rise for the next twelve months. After a slow start, 2020 almond exports (kernel and processed product) have increased and are expected to remain strong, particularly into the India and China market.

The Almond Division continues to pursue opportunities to further maximise returns from its core almond asset base. This occurs through increased production (yields), improved quality and greater efficiency. This is achieved through the following:

- Increasing the use of technology to provide a more targeted horticultural management approach delivering improvements to yield, quality and lower water usage
- Further investment in advanced equipment in our Carina West processing facility to deliver additional scale, quality and productivity improvements
- Additional capabilities and operating efficiency from our Parboil value adding facility through targeted investment and new product manufacturing processes
- 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, domestic greenfield developments and mature orchard acquisitions continue to be assessed.

On 1 October 2020 Select Harvests announced it had entered into an Implementation Deed and Sale Agreements to acquire the 1,566ha Piangil Almond Orchard, along with a $120m capital raising to assist in funding the acquisition. Anticipated to complete by the 3rd week of December 2020, this exciting development will add significant scale to our orchard portfolio.

The Food Division is undergoing a detailed strategic review to determine the best option for the division to deliver maximum returns. Options being considered are:

- Development of a new highly efficient processing facility to build on the current Thomastown plant's (lease expires in June 2022) capabilities through a targeted growth program
- Optimise the use of the capability of the Carina West processing facility
- Grow the consumer retail branded presence through marketing support and targeted new product development
- Develop strong strategic partnerships with key domestic customers delivering a variety of products and services
- Access new sales channels in the China and South East Asian markets for both the Sunsol and Lucky 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.
- Divest activities that generate below hurdle rate returns.

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

- 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 and consistent 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 1st October 2020, the Company announced to the ASX its proposed acquisition of the Piangil Almond Orchard for a consideration of $129 million in cash plus a reimbursement of 2020/2021 growing costs. In addition, the company undertook an equity raising of $120 million at an offer price of $5.20 per share to both institutional and retail investors. The combined share raising was successfully completed by 27 October with a total of 23.08 million shares issued. The expected date for completion of the Piangil Orchard acquisition will be in the 3rd week of December 2020. For further details, please refer to the relevant announcements made to the ASX.

On 30 November 2020, the Directors of the Company declared a final fully franked dividend of 4 cents per share payable on 5 February 2021 to shareholders on the register on 11 December 2020.

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	2020 ($'000)
Final fully franked dividend declared for 30 September 2020*	4	4,794

* 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

F Bennett (Chair)

F Grimwade

G Kingwill (appointed 16 December 2019)

N Anderson (resigned 16 December 2019)

Remuneration and Nomination

M Carroll (Chair)

M Iwaniw

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	13	13	-	-	5	5
P Thompson	13	13	6	6	5	5
M Carroll	13	13	-	-	5	4
F Bennett	13	13	6	6	-	-
F Grimwade	13	13	6	6	-	-
N Anderson	13	13	1	1	5	5
G Kingwill*	12	12	5	5	-	-

* Appointed 25 November 2019

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts are disclosed in Note 27(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.

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 26.

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:

www.selectharvests.com.au/governance

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

M Iwaniw

Chair

Melbourne, 30 November 2020

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 2020 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 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 board assessed the safety environment to be sound.

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. KMP STI vesting levels ranged from 27% to 39% of the maximum opportunity. The higher vesting levels were primarily driven by strong orchard yields, innovation, improved culture and strong cost control in the orchards, processing, manufacturing and head office.

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.

TSR over the three year performance period was 24.5% which came out at the 61.5th percentile of the peer group and resulted in 73% vesting. EPS growth was 25%, admittedly off a low base three years prior and therefore fully vested. No adjustments were made to the reported statutory EPS in determining this outcome. The Company was not a recipient of the government JobKeeper scheme. Overall LTI vesting was at 86.5%.

The remuneration outcomes resulting from the FY2020 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?

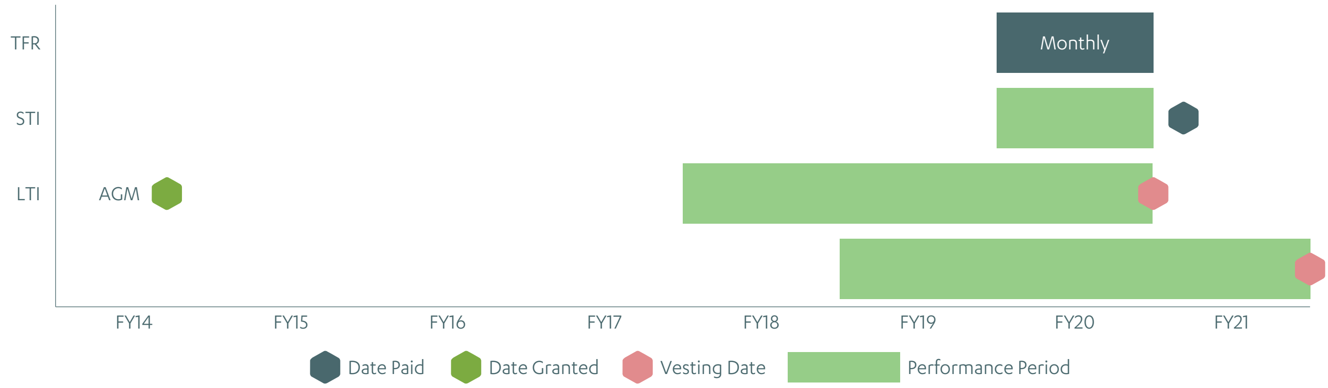
The table below provides an overview of the different remuneration components within the framework.

OBJECTIVE	REMUNERATION COMPONENT	PURPOSE	DELIVERY	FY20 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 (40%) • Capital management (20%) • Culture/ Executive Development (10%) • Personal & Operational performance (10%) • Board discretion (20%) With a tollgate for safety and values
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 MD'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 FY20 remuneration is delivered and when the awards vest.



Directors' Report

Continued

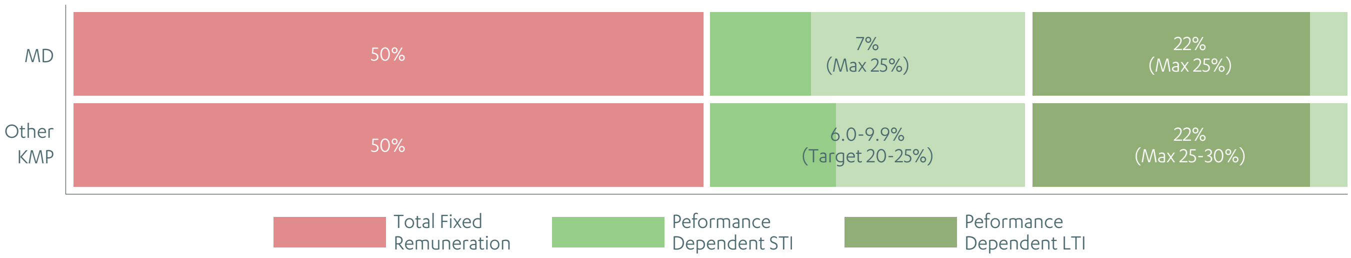
REMUNERATION REPORT (CONTINUED)

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.

- MD: 50% of remuneration is performance-based pay and 25% of remuneration is delivered as performance rights to shares.
- Other KMP: 50% of their remuneration is performance-based pay and 25% of their remuneration is delivered as performance rights to shares.



STI payments are based on 50% of the fixed remuneration, with maximum payment on achievement of a stretching but achievable target, with regard to past and otherwise expected achievements.

LTI grants are at face value, where face value represents the share pricing at 30 September 2020. 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 2020.

$	TOTAL FIXED REMUNERATION	STI ACHIEVED[1]	VESTED PERFORMANCE RIGHTS[2]	TOTAL
Paul Thompson - MD	641,073	87,807	361,354	1,090,234
Brad Crump – CFO & Company Secretary	404,616	59,660	86,725	551,001
Peter Ross – GM Almond Operations	345,953	56,417	72,271	474,641
Laurence Van Driel – GM Trading & Industrial Sales	355,523	47,532	72,271	475,326
Ben Brown – GM Horticulture	338,781	65,560	72,271	476,612
Suzanne Douglas – GM Consumer	325,381	56,632	-	382,013
Urania Di Cecco – GM People, Safety & Sustainability	281,365	42,189	-	323,554

1 Cash STI will be paid after the 30 September 2020 financial statements have been finalized.
2 The vested performance rights value in this table has been determined using the closing share price on the last trading day of FY20. Vesting occurs after the finalisation of the 30 September 2020 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 KMP to accumulate and hold a value equivalent to their annual TFR.

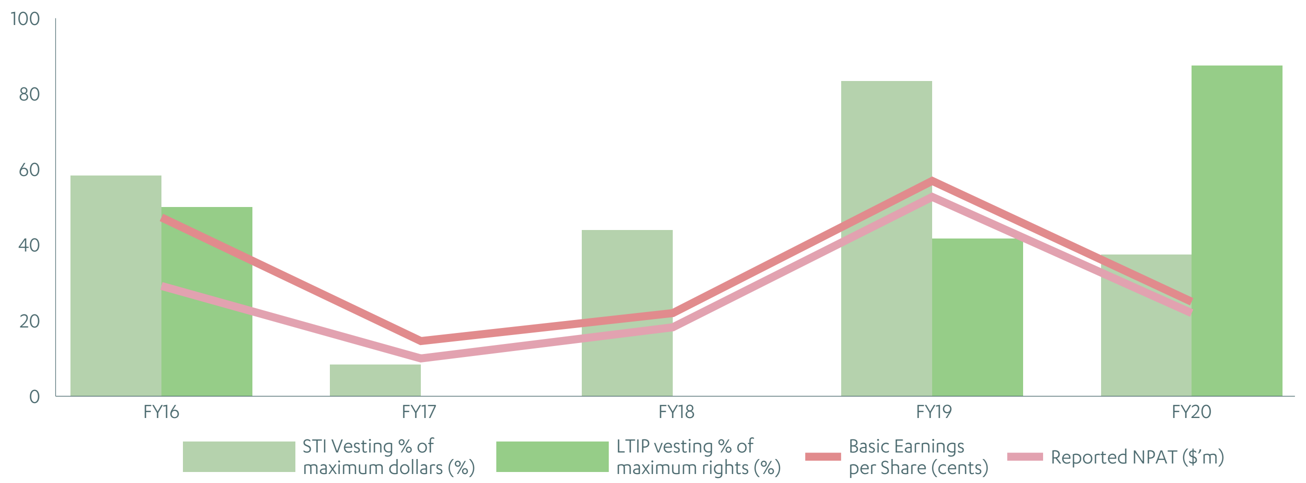
What equity was granted for year ended 30 September 2020?

Equity was granted to KMP in 2020, as detailed in the table below. 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 21 February 2020 Annual General Meeting.

	NUMBER OF PERFORMANCE RIGHTS GRANTED	FACE VALUE Based on VWAP price ($9.03) over 10 days preceding AGM (21 February 2020)	COMMENCEMENT OF PERFORMANCE PERIOD FACE VALUE Based on share price ($7.69) on 1 October 2019
Paul Thompson - MD	46,845	$423,010	$360,238
Brad Crump – CFO & Company Secretary	11,243	$101,524	$86,459
Peter Ross – GM Almond Operations	9,369	$84,602	$72,048
Laurence Van Driel – GM Trading & Industrial Sales	9,369	$84,602	$72,048
Ben Brown – GM Horticulture	9,369	$84,602	$72,048
Suzanne Douglas – GM Consumer	9,369	$84,602	$72,048
Urania Di Cecco – GM People, Safety & Sustainability	7,729	$69,793	$59,436

Is there alignment between management and shareholder interests?

The following chart shows the alignment between shareholder's 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. EPS growth was 25% off a low base three years prior and therefore fully vested. No adjustments were made to the reported statutory EPS in determining this outcome. 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 How STI outcomes are linked to performance

At the commencement of each annual operating cycle the Board sets KPIs for the MD and the MD 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 these rate 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	1%	0.5%
		96% - 99.9%	Score > 2 & < 3	Pro-rata from 1% to 49.9%	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%
		100.1% - 119.9%	Score > 3 & < 5	Pro-rata from 50.1% to 99.9%	Pro-rata from 26% to 49%
Outstanding	A clearly outstanding level of performance and evident to all as an exceptional level of achievement	120% +	Score of 5	100% (double on target reward)	50%

For FY2020 the KMP score cards range from 27% to 39% as a percentage of the potential maximum score and resulted in STI rewards as a percentage of TFR of 15%. This level of performance is reflective of the delivery of a solid result through a challenging year.

2.2 Overview of FY20 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		**MD**	**Other KMP**
		Unsatisfactory – 0% Threshold – up to 12.5% Target – up to 25% Maximum - up to 50%	Unsatisfactory – 0% Threshold – up to 7.5-12.5% Target – up to 15-25% Maximum – up to 40-50%
Purpose	To provide incentive to exceed the annual business objectives.		
Term	1 year		
Instrument	Cash		
Performance measures	**KPI Score Card**	**MD**	**Other KMP**
	Company NPAT	40%	30-40%
	Culture/Executive Development	10%	0-15%
	Capital management	20%	0-20%
	Personal & Operational performance / Project delivery	10%	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.		

FIXED REMUNERATION			
Long Term Incentive (LTI)		**% of Fixed Remuneration**	
Opportunity		**MD**	**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 50^{th} percentile	Nil	
	• 50^{th} percentile	25%	
	• 51^{st} – 74^{th} percentile	Pro rata vesting	
	• At or above 75^{th} 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.

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

The individual KMP actual STI payments and potential maximum payments are set out in the following table in section 2.3.

Directors' Report

Continued

REMUNERATION REPORT (CONTINUED)

2. EXECUTIVE KMP REMUNERATION (CONTINUED)

2.3 What we paid executive KMP in FY2020 – Further detail

The following pages compare the maximum potential and actual remuneration for the period ended 30 September 2020 and for the period ended 30 September 2019 for current KMP. The statutory remuneration shows benefits before they are actually received by the 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 (which are presented in accordance with the accounting standards) as the performance rights value is based on the closing share price on the day the tranche of performance rights were approved.

The directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration expensed is based on historic costs and does not reflect the value of the equity instruments when they are actually received by the KMP.
- The statutory remuneration shows benefits before they are actually received by the KMP.

$'000			TOTAL FIXED REMUNERATION	SHORT TERM INCENTIVE*	PERFORMANCE RIGHTS†	TOTAL
P Thompson	Actual Remuneration	2020	641	88	421	1,150
Managing Director & CEO	Maximum Potential	2020	641	321	487	1,449
	Actual Remuneration	2019	629	329	178	1,136
	Maximum Potential	2019	629	393	487	1,509
B Crump	Actual Remuneration	2020	405	60	101	566
Chief Financial Officer & Company Secretary	Maximum Potential	2020	405	202	117	724
	Actual Remuneration	2019	394	222	-	616
	Maximum Potential	2019	394	246	-	640
P Ross	Actual Remuneration	2020	346	56	84	486
General Manager Almond Operations	Maximum Potential	2020	346	173	97	616
	Actual Remuneration	2019	341	176	36	553
	Maximum Potential	2019	341	213	97	651
L Van Driel	Actual Remuneration	2020	356	48	84	488
General Manager Trading	Maximum Potential	2020	356	178	97	631
	Actual Remuneration	2019	349	175	36	560
	Maximum Potential	2019	349	218	97	664
B Brown	Actual Remuneration	2020	339	66	84	489
General Manager Horticulture	Maximum Potential	2020	339	167	97	603
	Actual Remuneration	2019	314	186	18	518
	Maximum Potential	2019	314	196	49	559
S Douglas‡	Actual Remuneration	2020	325	57	-	382
General Manager Consumer	Maximum Potential	2020	325	163	-	488
	Actual Remuneration	2019	140	31	-	171
	Maximum Potential	2019	140	70	-	210
U Di Cecco¦	Actual Remuneration	2020	281	42	-	323
General Manager People, Safety & Sustainability	Maximum Potential	2020	281	141	-	422
	Actual Remuneration	2019	59	8	-	67
	Maximum Potential	2019	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.
† 2020 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
¦ Commenced 29 April 2019

2.4 FY2021 Outlook

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

- Our LTIP performance rights are allocated annually, ensuring closer alignment to current strategic plans.
- The 2021 STIP KPIs continue to evolve, maintaining the focus on financial metrics, whilst continuing the focus on culture and controllable costs.
- 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.

	2020 YEAR ENDED 30 SEPT	2019 YEAR 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
Net profit / (loss) after tax ($'000)	25,001	53,022	(1,536)	20,371	9,249	33,796
Basic EPS (cents)	26.0	55.5	(1.6)	23.2	12.6	46.7
Basic EPS Growth	(53%)	3,552%	(107%)	84%	(73%)	(44%)
Dividend per share (cents)	13.0	32.0	Nil	12.0	10.0	46.0
Opening share price 1 Oct / 1 July ($)	7.69	5.32	6.90	4.90	6.74	11.00
Change in share price ($)	(2.12)	2.37	(1.58)	2.00	(1.84)	(4.26)
Closing share price 30 September / 30 June ($)	5.57	7.69	5.32	6.90	4.90	6.74
TSR % p.a.*	(26%)	51%	(23%)	(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	2020 YEAR ENDED 30 SEPT	2019 YEAR ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT	2018 YEAR ENDED 30 JUNE	2017 YEAR ENDED 30 JUNE
Basic EPS (cents)	26.0	55.5	(1.6)	23.2	12.6
Underlying EPS (cents)	26.0	55.5	(1.6)	23.2	12.6
3 Year EPS CAGR	24.9%	11.9%	N/A	(36%)	(37%)
3 Year EPS CAGR target 5% - 20%					
Percentage vested	100%	73%	N/A	0%	0%

RELATIVE TSR PERFORMANCE†	2020 YEAR ENDED 30 SEPT	2019 YEAR ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT	2018 YEAR ENDED 30 JUNE	2017 YEAR ENDED 30 JUNE
SHV 3 Year TSR %	24.5%	22.8%	N/A	(22.5%)	1%
SHV 3 Year TSR Ranking	62nd percentile	29th percentile	N/A	0th percentile	13th percentile
Peer group 3 Year Median TSR	20%	50%	N/A	27%	18%
SHV Rank against peer group	6th out of 14	11th out of 15	N/A	15th out of 15	14th out of 16
Percentage vested	73%	0%	N/A	0%	0%

† 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 MD 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 $950,000 was approved by shareholders at the 21 February 2020 Annual General Meeting. For the reporting year the total amount paid to Non-Executive Directors was $767,106.

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	$223,788
Other Non-Executive Directors	$106,132
Additional Fees (including superannuation)	
Chair of the Audit and Risk Committee	$14,153
Chair of the Remuneration and Nominations Committee	$14,153

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 2020.

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 2020 and 2019 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**	**Total**
Non Executive Directors								
M Iwaniw	2020	223,788	-	-	-	-	-	223,788
	2019	218,362	-	-	-	-	-	218,362
M Carroll	2020	109,849	-	-	10,436	-	-	120,285
	2019	100,866	-	-	9,582	-	-	110,448
F Grimwade	2020	96,924	-	-	9,208	-	-	106,132
	2019	88,998	-	-	8,455	-	-	97,453
N Anderson	2020	96,924	-	-	9,208	-	-	106,132
	2019	88,998	-	-	8,455	-	-	97,453
F Bennett	2020	112,458	-	-	7,827	-	-	120,285
	2019	100,866	-	-	9,582	-	-	110,448
G Kingwill*	2020	82,634	-	-	7,850	-	-	90,484
Executive Director								
P Thompson	2020	574,553	87,807	45,517	21,003	11,993	250,893	991,766
	2019	564,051	328,718	44,425	20,649	12,544	358,833	1,329,220
Other key management personnel								
B Crump	2020	383,614	59,660	-	21,003	-	77,354	541,631
	2019	375,872	221,847	-	18,522	-	42,595	658,836
P Ross	2020	321,063	56,417	3,888	21,003	5,986	51,411	459,768
	2019	314,938	175,590	4,951	20,649	6,594	60,446	583,168
L Van Driel	2020	334,521	47,532	-	21,003	6,465	51,411	460,932
	2019	326,081	175,093	-	22,797	10,730	60,446	595,147
B Brown	2020	312,782	65,560	4,997	21,003	53,751	51,411	509,504
	2019	293,222	185,869	-	20,813	-	51,668	551,572
S Douglas†	2020	304,378	56,632	-	21,003	-	4,417	386,430
	2019	129,204	31,041	-	10,305	-	-	170,550
U Di Cecco‡	2020	260,362	42,189	-	21,003	-	3,644	327,198
	2019	55,002	7,730	-	4,460	-	-	67,192

* Commenced 25 November 2019 † Commenced 29 April 2019 ‡ Commenced 15 July 2019
‖ 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.

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 KMP during the year.

	NUMBER				
	Opening balance 1 Oct 2019	**Granted during the year**	**Vested during the year**	**Forfeited during the year**	**Closing balance 30 Sept 2020**
Executive Director					
P Thompson	157,815	46,845	64,875	10,125	129,660
Other key management personnel					
B Crump	40,095	11,243	15,570	2,430	33,338
P Ross	31,571	9,369	12,975	2,025	25,940
L Van Driel	31,571	9,369	12,975	2,025	25,940
B Brown	31,571	9,369	12,975	2,025	25,940
S Douglas	-	9,369	-	-	9,369
U Di Cecco	-	7,729	-	-	7,729

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 FY2020 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		30 September 2020 rights achieved 100% of EPS condition rights and 73% of TSR condition rights	87% of 30 September 2020 rights
20 Nov 2017	• EPS Compound Annual Growth • Relative TSR performance to peer group • Continuous service • Holding Lock	30 September 2020	B Crump	30 September 2020 rights achieved 100% of EPS condition rights and 73% of TSR condition rights	87% of 30 September 2020 rights
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
27 March 2020	• EPS Compound Annual Growth • Relative TSR performance to peer group • Continuous service • Holding Lock	30 September 2020	P Thompson B Crump P Ross L Van Driel B Brown S Douglas U Di Cecco	2022 period to be determined.	N/A

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

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	$4.07	87%	64,875	10,125	30-Sep-20	-
	2019	82,815	$5.18	-	-	-	30-Sep-21	$428,982
	2020	46,845	$2.83	-	-	-	30-Sep-22	$132,571
B Crump	2018	18,000	$3.65	87%	15,570	2,430	30-Sep-20	-
	2019	22,095	$5.18	-	-	-	30-Sep-21	$114,452
	2020	11,243	$2.83	-	-	-	30-Sep-22	$31,812
P Ross	2017	15,000	$3.38	87%	12,975	2,025	30-Sep-20	-
	2019	16,571	$5.18	-	-	-	30-Sep-21	$85,838
	2020	9,369	$2.83	-	-	-	30-Sep-22	$26,514
L Van Driel	2017	15,000	$3.38	87%	12,975	2,025	30-Sep-20	-
	2019	16,571	$5.18	-	-	-	30-Sep-21	$85,838
	2020	9,369	$2.83	-	-	-	30-Sep-22	$26,514
B Brown	2017	15,000	$3.38	87%	12,975	2,025	30-Sep-20	-
	2019	16,571	$5.18	-	-	-	30-Sep-21	$85,838
	2020	9,369	$2.83	-	-	-	30-Sep-22	$26,514
S Douglas	2020	9,369	$2.83	-	-	-	30-Sep-22	$26,514
U Di Cecco	2020	7,729	$2.83	-	-	-	30-Sep-22	$21,873

* 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 2019	RECEIVED ON EXERCISE OF PERFORMANCE RIGHTS	OTHER – DRP, SALES AND PURCHASES	HELD AT 30 SEPTEMBER 2020
Non-executive directors				
M Iwaniw	205,681	-	175	205,856
M Carroll	21,634	-	823	22,457
F Grimwade	80,000	-	-	80,000
N Anderson	7,193	-	274	7,467
F Bennett	7,630	-	289	7,919
G Kingwill	5,361	-	-	5,361
Executive director				
P Thompson	483,800	27,375	250	511,425
Other key management personnel				
B Crump	-	-	-	-
P Ross	130,392	5,475	-	135,867
L Van Driel	-	5,475	-	5,475
B Brown	580	2,738	127	3,445
S Douglas	-	-	-	-
U Di Cecco	-	-	-	-

Auditor’s Independence Declaration

pwc

Auditor’s Independence Declaration

As lead auditor for the audit of Select Harvests Limited for the year ended 30 September 2020, 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
30 November 2020

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

ABOVE: Daniel Wilson, H2E Operations Manager, overseeing installation of the H2E bag filter

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 30 November 2020.
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 2020	NOTE	CONSOLIDATED ($'000) 2020	2019
Revenue			
Sales of goods and services	5	247,876	298,204
Other revenue	5	386	270
Total revenue		**248,262**	**298,474**
Other income			
Fair value adjustment of biological assets	6	13,988	9,212
Gain on sale of assets		291	519
Total other income		14,279	9,731
Expenses			
Cost of sales	6	(199,951)	(201,636)
Distribution expenses		(4,684)	(4,344)
Marketing expenses		(4,940)	(6,652)
Occupancy expenses		(1,003)	(1,232)
Administrative expenses	6	(14,844)	(14,827)
Finance costs		(2,068)	(3,957)
Others	6	1,611	551
PROFIT / (LOSS) BEFORE INCOME TAX		**36,662**	**76,108**
Income tax (expense)	7	(11,661)	(23,086)
PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED		***25,001***	***53,022***
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges, net of tax		4,383	23
Other comprehensive income for the year		**4,383**	**23**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED		***29,384***	***53,045***
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	25	26.0	55.5
Diluted earnings per share (cents per share)	25	25.9	55.3

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

Balance Sheet

		CONSOLIDATED ($'000)	
AS AT 30 SEPTEMBER 2020	NOTE	2020	2019
CURRENT ASSETS			
Cash and cash equivalents		1,451	11,588
Trade and other receivables	9	69,154	50,223
Inventories	10	100,549	77,687
Biological assets	11	42,432	34,144
Derivative financial instruments	12	3,811	24
TOTAL CURRENT ASSETS		**217,397**	**173,666**
NON-CURRENT ASSETS			
Other receivables		1,891	-
Property, plant and equipment	13	298,715	307,923
Right-of-use assets	14	236,444	-
Intangible assets	15	70,447	71,267
TOTAL NON-CURRENT ASSETS		**607,497**	**379,190**
TOTAL ASSETS		***824,894***	***552,856***
CURRENT LIABILITIES			
Trade and other payables	16	42,517	32,345
Borrowings	17	6,235	8,111
Lease liabilities	18	31,264	-
Derivative financial instruments	12	-	965
Current tax liabilities		5,398	16,989
Deferred gain on sale	19	175	175
Provisions	20	5,473	4,870
TOTAL CURRENT LIABILITIES		***91,062***	***63,455***
NON-CURRENT LIABILITIES			
Other payables	16	3,525	-
Borrowings	17	52,750	30,903
Lease liabilities	18	233,513	-
Deferred tax liabilities	7(c)	36,312	39,629
Deferred gain on sale	19	2,452	2,627
Provisions	20	270	239
TOTAL NON-CURRENT LIABILITIES		**328,822**	**73,398**
TOTAL LIABILITIES		**419,884**	**136,853**
NET ASSETS		***405,010***	***416,003***
EQUITY			
Contributed equity	21	279,096	271,750
Reserves		14,280	10,417
Retained profits		111,634	133,836
TOTAL EQUITY		***405,010***	***416,003***

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 2020	NOTE	CONSOLIDATED ($'000) CONTRIBUTED EQUITY	RESERVES*	RETAINED EARNINGS	TOTAL
Balance at 30 September 2018		***268,567***	***9,802***	***92,270***	***370,639***
Profit for the year		**-**	**-**	**53,022**	**53,022**
Other comprehensive income	12	-	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	21	3,183	-	-	3,183
Dividends paid or provided	8	-	-	(11,456)	(11,456)
Employee performance rights	28	-	592	-	592
Balance at 30 September 2019		***271,750***	***10,417***	***133,836***	***416,003***
Adjustment on adoption of AASB 16- net of tax	1	-	-	(19,391)	(19,391)
Balance at 1 October 2019		***271,750***	***10,417***	***114,445***	***396,612***
Profit for the year		**-**	**-**	**25,001**	**25,001**
Other comprehensive income	12	-	3,326	-	3,326
Total comprehensive income for the year		***-***	***3,326***	***25,001***	***28,327***
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	21	6,289	-	-	6,289
Deferred tax credit on transaction costs	21	1,057	-	-	1,057
Dividends paid or provided	8	-	-	(27,812)	(27,812)
Employee performance rights	28	-	537	-	537
Balance at 30 September 2020		***279,096***	***14,280***	***111,634***	***405,010***

* 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. A balance of $7.6 million (2019: $7.6 million) remains in the account.

(ii) Options reserve
The options reserve amounting to $4.2 million (2019: $3.7 million) 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. Balance at 30 September 2020 amounted to $2.4 million (2019: $0.9 million).

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

Statement of Cash Flows

		CONSOLIDATED ($'000)	
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020	NOTE	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		236,617	310,929
Payments to suppliers and employees		(189,755)	(229,779)
		46,862	**81,150**
Interest received		5	13
Interest and finance costs paid		(15,440)	(3,959)
Income tax received / (paid)		(18,274)	3,133
Net cash inflow from operating activities	**22**	**13,153**	**80,337**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Government grants related to assets		-	2,275
Proceeds from sale of property, plant and equipment		1,058	1,307
Payment for water rights		-	(1,185)
Payment for property, plant and equipment		(26,103)	(20,361)
Tree development costs		(10,216)	(15,940)
Net cash outflow from investing activities		**(35,261)**	**(33,904)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		246,519	282,667
Repayments of borrowings		(193,769)	(313,067)
Proceeds from leases		-	5,837
Principal elements of lease payments		(21,848)	(5,596)
Dividends on ordinary shares, net of Dividend Reinvestment Plan		(21,523)	(14,939)
Net cash inflow / (outflow) from financing activities		**9,379**	**(45,098)**
Net increase / (decrease) in cash and cash equivalents		**(12,729)**	**1,335**
Cash and cash equivalents at the beginning of the year		7,945	6,610
Cash and cash equivalents at the end of the year		**(4,784)**	**7,945**
Reconciliation to cash at the end of the year:			
Cash and cash equivalents		1,451	11,588
Bank overdrafts		(6,235)	(3,643)
		(4,784)	**7,945**

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

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. Where appropriate, comparatives have been reclassified to enhance comparability with current year disclosures.

(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 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 and biological assets.

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 standards adopted during the financial year

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year as follows:

- AASB 16 Leases
- 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)

The following Accounting Standard, AASB 16 Leases is most relevant to the consolidated entity.

AASB 16 Leases

The Group has adopted AASB 16 from 1 October 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings on that date. Accordingly, the group has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The standard replaces AASB 117 'Leases'.

Lessee accounting

AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for a consideration. This is in contrast to the concept of 'risks and rewards' in AASB 117.

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019. The Group recognised right-of-use assets to represent its right to use the underlying assets which will be depreciated over the estimated lease term.

Where the Group acts as lessee, judgement has been applied to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

Short term leases (lease term of 12 months or less) and leases of low-value items are recognised as lease expense on a straight-line basis as permitted by the standard.

For leases previously classified as finance leases applying AASB 117, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date.

Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16.

Notes to the Financial Statements

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

New standards adopted during the financial year (continued)

Impact on transition

On transition to AASB 16, the Group recognised right-of-use assets and lease liabilities. The impact upon transition is summarised below.

	1 OCTOBER 2019 ($'000)
Recognition of right of use asset	210,081
Recognition of lease liabilities	237,77
Decrease to retained earnings (pre-tax)	19, 391
Increase to deferred tax asset	8,300

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted the present value of the remaining lease payments using the Group's incremental borrowing rate at 1 October 2019. The incremental borrowing rate applied depended on the type of lease and remaining lease term. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2019 was 4.99%.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The exclusion of initial direct costs for the measurement of the right-to-use asset at the date of initial application;
- Relying on previous assessments as to whether a lease is onerous;
- The use of hindsight in determining the lease term where the contract contains renewal options;
- Not separating the non-lease components from lease components thereby treating the lease as a single lease component.

Reconciliation of operating lease commitments to lease liability

	1 OCTOBER 2019 ($'000)
Operating lease commitments disclosed as at 30 September 2019	***339,551***
Less: Leases of intangible assets out of AASB 16* scope	(7,989)
Discounted using the group's incremental borrowing rate	(93,790)
Lease liability impact on transition	***237,772***
Add: Finance lease liabilities recognised as at 30 September 2019	35,371
Lease liability recognised as at 1 October 2019	***273,143***
Of which are:	
Current lease liabilities	31,460
Non-current lease liabilities	241,683
	273,143

* This relates to leases on water rights. Water rights are classified as intangibles and therefore excluded from AASB 16 scope.

Impact for the financial year on segment disclosures and earnings per share

EBITDA, segment assets and segment liabilities for 30 September 2020 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

($'000)	ADJUSTED EBITDA	SEGMENT ASSETS	SEGMENT LIABILITIES
Almond division	1,223	234,440	(261,527)
Food division	1,678	1,985	(3,230)
Corporate	23	19	(20)
	2,924	***236,444***	***(264,777)***

As a result of the adoption of AASB 16, net profit after tax increased by $0.33 million while earnings per share increased by 0.03 cents per share for the financial year ended 30 September 2020.

Please refer to note 14 and 18 for further information.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 September 2020 reporting periods and have not been early adopted by the Company. The group's assessment of these new standards and interpretations concluded that it will not have a material impact on the financial statements of the Group in future periods. The new standards and interpretations are as follows:

- AASB 2018-6 Amendments to Australian Accounting Standards definition of a business- AASB 3 Business Combinations (effective 1 January 2020)
- AASB 2018-7 Amendments to Australian Accounting Standards definition of material- AASB 101and AASB 108 (effective 1 January 2020)
- AASB 2019-1 Revised conceptual framework for financial reporting (effective date 1 January 2020)
- AASB 2019-3 Interest rate benchmark reform on hedge accounting- AASB 7, AASB 9 and AASB 139 (effective 1 January 2020)
- AASB 2019-5 Disclosure of the effect of new IFRS standards not yet issued in Australia (effective 1 January 2020)

(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 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and associates

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

Notes to the Financial Statements

Continued

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 2020 almond crop is classified as inventory once the crop is harvested in accordance with AASB 102 Inventories. The Company's estimated average almond selling price at the point of harvest was $8.20. This was based on various assumptions including future almond price, long term yield and foreign exchange rates. Due to movements in almond prices between harvest and balance dates, the estimated average almond selling price at 30 September 2020 was $7.50, determined with reference to the Company's committed sales contracts and current market values for uncommitted inventory. An adjustment was made to inventory to reflect the net realisable value of the FY20 almond crop following the reduction in almond prices (see Note 10).

At balance date, the company had completed hulling and shelling of all its almonds with a yield of 23,250MT and 82% of this crop had been sold or committed to be sold.

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

Key assumptions and sensitivities are disclosed in Note 15.

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, options and formulating various strategies.

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

GROUP	2020 (USD $'000)	2020 (EUR €'000)	2019 (USD $'000)	2019 (EUR €'000)
Trade receivables net of payables	13,347	(10)	6,396	23
Overdraft	(4,432)	-	(2,458)	-
Foreign Exchange Contracts (FEC)				
• buy foreign currency (cash flow hedges)	1,954	-	1,120	192
• sell foreign currency (cash flow hedges)	41,195	-	27,085	-
Sell foreign currency option contracts*	14,500	-	7,000	-

* 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$14.5 million (2019: USD$7 million) or USD$29 million (2019: USD$14 million).

Group sensitivity analysis

Based on financial instruments held at 30 September 2020, had the Australian dollar strengthened/weakened by 5% against the U.S. dollar and the EUR, with all other variables held constant, the Group's results for the period would have been $2,520,000 lower/$2,785,000 higher (2019: $1,618,000 lower/$1,788,000 higher), mainly as a result of the U.S. dollar denominated financial instruments as detailed in the above table. Equity would have been $2,938,000 lower/ $3,247,000 higher (2019: $1,812,000 lower/ $2,003,000 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:

	2020		2019	
	INTEREST RATE (%)	BALANCE ($'000)	INTEREST RATE (%)	BALANCE ($'000)
Debt facilities (AUD)	0.94%	52,750	Nil	Nil
Overdraft (USD)	1.68%	4,432	1.93%	2,458

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. With the current low interest rate environment and the future expectation that interest rates will be at low levels, management had not entered into any interest rate swap agreement during the year.

Group sensitivity

At 30 September 2020, if interest rates had changed by +/- 25 basis points from the weighted average interest rate with all other variables held constant, the result for the period would have been $100,000 lower/higher (30 September 2019: $4,000 lower/higher).

Interest rate risk

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

FINANCIAL INSTRUMENTS	Floating Interest Rate		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
$('000)	2020	2019	2020	2019	2020	2019	2020 (%)	2019 (%)
(i) Financial assets								
Cash	-	-	1,451	11,588	1,451	11,588	-	1.00
Trade and other receivables	-	-	69,154	30,163	69,154	30,163	-	-
Forward foreign currency contracts	-	-	3,811	24	3,811	24	-	-
Interest Rate Swap	-	-	-	-	-	-	-	-
Total financial assets	**-**	**-**	**74,416**	**41,775**	**74,416**	**41,775**		
(ii) Financial liabilities								
Bank overdraft – USD @ AUD	6,235	3,643	-	-	6,235	3,643	1.80	1.93
Commercial Bills	52,750	-	-	-	52,750	-	1.25	-
Lease liabilities	264,777	35,371	-	-	264,777	35,371	4.99	-
Trade creditors	-	-	23,290	18,621	23,290	18,621	-	-
Other creditors	-	-	19,227	13,724	19,227	13,724	-	-
Forward foreign currency contracts	-	-	-	965	-	965	-	-
Total financial liabilities	**323,762**	**39,014**	**42,517**	**33,310**	**366,279**	**72,324**		

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.

Notes to the Financial Statements

Continued

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 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.

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 Poor's).

(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	HELD WITH	EXPIRY DATE	FACILITY LIMIT	AMOUNT DRAWN 30 SEPT 2020
1. Term	RABO	30/09/2023	$30,000,000	$4,000,000
	NAB	28/02/2023	$50,000,000	$48,750,000
2. Seasonal*	RABO	30/06/2021	$20,000,000	Nil
			$100,000,000	**AUD $52,750,000**
3. Overdraft†	NAB	28/02/2021	USD $5,000,000	USD $4,431,618

* 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	2020 ($'000)	2019 ($'000)
Term / Seasonal‡	AUD $47,250	AUD $100,000
Bank Overdraft Facility USD	USD $568	USD $2,542

‡ 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 of the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

($'000)		LESS THAN 6 MONTHS	6-12 MONTHS	1-5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT (ASSETS) / LIABILITIES
Group at 30 September 2020							
Non-derivatives							
Variable Rate	Debt facilities	-	-	53,609		53,609	52,750
	Trade and other payables	42,517	-	-		42,517	42,517
	Lease liabilities	17,633	17,065	123,217	173,209	331,124	264,777
	Bank Overdraft	6,278	-	-		6,278	6,235
Derivatives	FEC USD buy – outflow	1,954	-	-		1,954	(42)
	FEC USD sell – (inflow)	(20,195)	(21,000)	-		(41,195)	(3,905)
	USD Sell option	(7,500)	(7,000)	-		(14,500)	136
	Net USD	**(25,741)**	**(28,000)**	**-**		**(53,741)**	**(3,811)**
Group at 30 September 2019							
Non-derivatives							
Variable Rate	Debt facilities	-	-	-		-	-
	Trade and other payables	32,345	-	-		32,345	32,345
	Lease liabilities	3,795	3,548	17,334	25,666	50,343	35,371
	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**

(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, such as interest rate swaps, foreign currency forwards and foreign currency options, are valued using specific valuation techniques as follows:

- for interest rate swaps - the present value of the estimated future cash flows based on observable yield curves
- for foreign currency forwards - the present value of future cash flows based on the forward exchange rates at the balance sheet date
- for foreign currency options - option pricing models

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).

At 30 September 2020 the group's assets and liabilities measured and recognised at fair value comprised the forward foreign currency contracts and foreign currency options. These are level 2 measurements under the hierarchy.

Notes to the Financial Statements

Continued

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 - grows, processes and sale of almonds to the food industry from company owned and leased almond orchards; and
- Food Division - processes, markets, and distributes 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenue								
Total revenue from external customers	102,483	153,866	145,393	144,338	-	-	247,876	298,204
Intersegment revenue	73,607	51,771	2,957	3,775	(76,564)	(55,546)	-	-
Total segment revenue	**176,090**	**205,637**	**148,350**	**148,113**	**(76,564)**	**(55,546)**	**247,876**	**298,204**
Other revenue	375	255	6	15	5	-	386	270
Total revenue	***176,465***	***205,892***	***148,356***	***148,128***	***(76,559)***	***(55,546)***	***248,262***	***298,474***
EBIT	41,807	82,235	3,348	5,011	(6,429)	(7,181)	38,726	80,065
Interest received	-	-	-	-	5	55	5	55
Finance costs expensed	(848)	(2,177)	(14)	-	(1,207)	(1,835)	(2,069)	(4,012)
Profit / (Loss) before income tax	**40,959**	**80,058**	**3,334**	**5,011**	**(7,631)**	**(8,961)**	**36,662**	**76,108**
Segment assets (excluding intercompany debts)	744,786	469,491	73,584	73,197	6,524	10,170	824,894	552,858
Segment liabilities (excluding intercompany debts)	(336,772)	(101,992)	(11,638)	(8,190)	(71,474)	(26,671)	(419,884)	(136,853)
Acquisition of non-current segment assets	57,072	34,375	2,634	675	432	1,520	60,138	36,570
Depreciation and amortisation of segment assets	16,792	13,939	1,325	320	940	847	19,057	15,106

Sales to major customers include Coles 19% and Woolworths 17% 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	2020	2019
Revenue from continuing operations			
Sale of goods		241,899	293,811
Management services		5,977	4,393
Government grant and other revenue		386	270
Total revenue		**248,262**	**298,474**

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 and Services

Control for the goods and services has been transferred to the buyer when the goods have been shipped to the customer or when services have been provided.

Management services

Management services revenue relates to services provided for the management and development of farms as well as acting sales agent for external growers by selling almonds on their behalf. Sales for external growers are not included in the Group's revenue. However, the Group receives a marketing fee for providing this service. Revenue from providing services is recognised in the accounting period in which the services are rendered, on the basis of quantity of almonds sold by Select Harvest on behalf of the external grower.

The above services are recognised as revenue when services are provided. All revenue is stated net of the amount of Goods and Services Tax (GST).

As at 30 September 2020 the group held almond inventory on behalf of external growers which was not recorded as inventory to the Group.

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.

6. OTHER INCOME AND EXPENSES

CONSOLIDATED ($'000)	NOTE	2020	2019
Profit before tax includes the following specific expenses:			
Fair value adjustment at harvest of 2020/2019 almond crop	(a)	(64,611)	(88,620)
Release of margin on sales - 2020 and 2019 crop (2019: 2019 and 2018 crop)	(b)	50,623	79,408
Inventory write off	(c)	16,275	-
Depreciation of non-current assets:			
• Buildings		537	411
• Plantation land and irrigation systems		2,185	2,107
• Plant and equipment		10,293	11,155
• Bearer plants	(d)	-	657
Total depreciation of non-current assets		**13,015**	**14,330**
Depreciation charge of right-of-use assets:			
• Property		803	-
• Plant and equipment		3,762	-
• Orchard		657	-
	(e)	**5,222**	**-**
Interest on leases	(f)	1,237	2,177
Amortisation of software		820	798
Employee benefits		48,057	42,483
Short term and low-value lease rental payments	(g)	527	-
Net (gain) / loss on disposal of property, plant and equipment		(291)	(519)

(a) Fair value adjustment relates to the recognition of 2020 and 2019 crop profits at the time of harvest.

(b) Fair value adjustment relates to the unwinding of 2020 and 2019 crop profits at the point of sale.

(c) Included in Cost of Sales are write down of inventories to net realisable value for 2020 almond crop (due to the market almond price reducing from $8.20/kg to $7.50/kg) amounting to $16.28 million (2019: Nil).

(d) Depreciation on almond trees relating to Property, Plant and Equipment amounting to $5.98 million (2019: $5.23 million) was capitalised as part of growing crop which will then unwind as part of cost of sales when the almonds are sold.

(e) Depreciation relating to Right-of-Use assets amounting to $11.89 million and $5.64 million was capitalised as part of growing crop and capital work in progress respectively. This amount relates to orchard leases.

(f) Lease interest amounting to $7.63 million and $4.50 million was capitalised as part of growing crop and leasehold improvement respectively. This amount relates to orchard leases.

(g) The expense represents lease rentals that are short-term leases (terms of 12 months or less) and leases of low-value assets charged directly to the Statement of Comprehensive Income.

Notes to the Financial Statements

Continued

7. INCOME TAX

CONSOLIDATED ($'000)	NOTE	2020	2019
(a) Income tax expense			
Current tax		(7,222)	(20,717)
Deferred tax		(4,162)	(2,265)
Over provided in prior years		(277)	(104)
		(11,661)	**(23,086)**
Income tax expense is attributable to:			
(Profit) from continuing operations		(11,661)	(23,086)
Aggregate income tax (expense)		(11,661)	(23,086)
Deferred income tax benefit included in income tax expense comprises:			
Increase / (Decrease) in deferred tax assets	7(c)	1,219	1,899
(Increase) / Decrease in deferred tax liabilities	7(c)	(5,381)	(4,164)
		(4,162)	**(2,265)**
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit from continuing operations before income tax expense		36,662	76,108
Tax at the Australian tax rate of 30% (2019 – 30%)		(10,999)	(22,832)
Tax effect of amounts that are not deductible/ (taxable) in calculating taxable income			
Other non-deductible items		(386)	(150)
(Under) / Over provided in prior years		(276)	(104)
Income tax (expense)		**(11,661)**	**(23,086)**
(c) Deferred tax liabilities (Non-current)			
The balance comprises temporary differences attributable to:			
Amounts recognised in profit and loss			
Receivables		11	28
Inventory		5,974	5,810
Biological assets		9,194	10,243
Property, plant and equipment (includes bearer plants)		33,626	35,881
Right-of-use assets		67,883	-
Intangibles		749	871
Accruals and provisions		(3,704)	(4,923)
Lease liabilities		(78,141)	(7,990)
		35,592	**39,920**
Amounts recognised directly in other comprehensive income			
Cash flow hedges		1,143	(282)
Amounts recognised directly in equity			
Equity raising costs		(423)	(9)
Net deferred tax liabilities		**36,312**	**39,629**
Movements:			
Opening balance 1 Oct		39,629	37,197
Prior period under provision		30	203
Charged / (Credited) to income statement		4,162	2,239
Debited / (Credited) to other comprehensive income		1,425	(10)
Debited / (Credited) to equity		(8,934)	-
Closing balance at 30 September		**36,312**	**39,629**

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.

8. DIVIDENDS PAID OR PROPOSED FOR ON ORDINARY SHARES

CONSOLIDATED ($'000)	NOTE	2020	2019
(a) Dividends paid during the year			
(i) Interim *– paid 3 August 2020*			
Fully franked dividend 9c per share (30 September 2019: 12c paid on 5 July 2019)		8,656	11,456
(ii) Final *– paid 6 January 2020*			
Fully franked dividend 20c per share (30 June 2018: 7c paid on 5 October 2018)		19,156	6,666
		27,812	**18,122**
(b) Dividends proposed and not recognised as a liability.			
A final fully franked dividend of 4 cents per share has been declared by the directors ($4,793,810) (2019: 20 cents).			
(c) Franking credit balance			
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019: 30%)		**23,901**	**34,531**

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.

Notes to the Financial Statements

Continued

9. TRADE AND OTHER RECEIVABLES

CONSOLIDATED ($'000)	NOTE	2020	2019
Trade receivables		39,941	29,350
Loss allowance		-	(15)
		39,941	**29,335**
Other receivables		5,666	828
Prepayments		23,547	20,060
		69,154	**50,223**

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 2020 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 ageing analysis for the financial year ended 2020 was determined as follows:

GROSS CARRYING AMOUNT ($'000)	NOTE	30 SEPT 2020	30 SEPT 2019
Current		37,908	28,037
Up to 3 months past due		2,033	1,206
More than 3 months past due		-	107
		39,941	**29,350**

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

The closing loss allowances for trade receivables as at 30 September 2020 reconcile to the opening loss allowances as follows:

CONSOLIDATED ($'000)	NOTE	2020	2019
Opening loss allowances		15	158
Increase in loan loss allowance recognised in profit or loss during the year		-	11
Unused amount reversed		-	(154)
Receivables written off during the year		(15)	-
At 30 September		**-**	**15**

(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 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	2020	2019*
Raw materials		75,001	35,231
Finished goods and work in progress		20,175	39,943
Other inventories		5,373	2,513
		100,549	**77,687**

* 2019 Inventory amounting to $34.1million has been reclassed to biological assets in accordance with AASB141 Agriculture.

Inventories are valued at the lower of cost and net realisable value. Write-downs of inventories to net realisable value for 2020 almond crop (due to the market almond price reducing from $8.20/kg to $7.50/kg) amounted to $16.28 million (2019- Nil). These were recognised as an expense during the year and included in 'Cost of Sales' in the Statement of Comprehensive Income.

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;
- Biological assets reclassified as inventory (included within raw materials in the table above): the initial cost assigned to agricultural produce is the fair value less costs to sell at the point of harvesting in accordance with AASB 141 Agriculture;
- Finished goods and work in progress: cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity; and
- Other inventories comprise consumable stocks of chemicals, fertilisers and packaging materials recorded at cost on a first in first out basis.

11. BIOLOGICAL ASSETS

CONSOLIDATED ($'000)	NOTE	2020	2019
Growing almond crop		**42,432**	**34,144**
Reconciliation of changes in carrying amount of biological assets			
Opening balance		34,144	31,432
Increases due to purchases / growing costs		134,327	106,957
Decreases due to harvest	(i)	(190,650)	(192,865)
Gain arising from changes in fair value	(ii)	64,611	88,620
Closing balance		**42,432**	**34,144**

(i) Includes biological assets reclassified as inventory at the point of harvest

(ii) Includes physical changes as a result of biological transformation such as growth. Net increments in the fair value of the growing assets are recognised as income in the statement of Comprehensive Income.

Recognition and Measurement

Almond trees are bearer plants and are therefore presented and accounted for as property, plant and equipment (see note 13). However, almonds growing on the trees are accounted for as biological assets until the point of harvest. Almonds are transferred to inventory at fair value less costs to sell when harvested (see note 10). Biological assets relate to the almond crop and are measured at fair value less costs to sell in accordance with AASB141 Agriculture. Where fair value cannot be reliably measured or little or no biological transformation has taken place, biological assets are measured at cost.

At 30 September 2020, the biological asset balance relates to 2021 almond crop, which is recorded at cost and has little or no biological transformation. The 2020 almond crop has been transferred to inventory when fully harvested.

The change in estimated fair value of the biological assets are recognised in the Statement of Comprehensive Income. Fair value measurements have been categorised as Level 3 fair values based on the inputs to the valuation techniques used, which are not based on observable market data. It is measured taking into account the following:

- Estimated future selling prices and estimated cash inflows based on forecasted sales;
- Estimated yields; and
- Estimated remaining growing, harvests, processing and selling costs.

Notes to the Financial Statements

Continued

12. DERIVATIVE FINANCIAL INSTRUMENTS

CONSOLIDATED ($'000)	NOTE	2020	2019
Current Assets			
Forward exchange and option contracts – cash flow hedges		3,811	24
Total current derivative financial instrument assets		**3,811**	**24**
Current Liabilities			
Forward exchange and option contracts – cash flow hedges		-	965
Total current derivative financial instrument liabilities		**-**	**965**

(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 Other Expenses in the Statement of Comprehensive Income.

When option contracts are used to hedge forecast transactions, the Company designates intrinsic value 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 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 Cost of Sales 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 Other Expenses in 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 forecasted 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 ($'000)		AVERAGE EXCHANGE RATE ($)	
	2020	2019	2020	2019
FEC Buy USD Settlement	USD1,954	USD1,120	0.73	0.69
FEC Buy Euro Settlement	-	EUR192	-	0.62

LESS THAN 6 MONTHS	BUY AUSTRALIAN DOLLARS ($'000)		AVERAGE EXCHANGE RATE ($)	
	2020	2019	2020	2019
FEC Sell USD Settlement	USD20,195	USD15,626	0.65	0.68
Option Sell USD Settlement	USD7,500	-	0.68	-

MORE THAN 6 MONTHS	BUY AUSTRALIAN DOLLARS ($'000)		AVERAGE EXCHANGE RATE ($)	
	2020	2019	2020	2019
FEC Sell USD Settlement	USD21,000	USD11,459	0.69	0.69
Option Sell USD Settlement	USD7,000	USD7,000	0.65	0.67

(iv) Credit risk exposures

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 $53,740,749 (2019: USD $32,966,036 and EUR $191,872).

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 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)**
Add: Change in fair value of hedging instrument recognised in OCI	(137)	3,948	3,811
Less: Reclassified from OCI to profit or loss	178	762	940
Less: Deferred tax	(13)	(1,413)	(1,426)
Closing balance 30 September 2020	**(158)**	**2,579**	**2,421**

Notes to the Financial Statements

Continued

12. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(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)	2020 BUY USD	2019 BUY USD	2019 BUY EUR
Foreign currency forwards			
Carrying amount asset	42	23	1
Notional amount	1,954	1,120	192
Maturity date	Oct - Nov 2020	Oct - Nov 2019	Nov 2019
Hedge ratio	1:1	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 October	42	23	1
Change in value of hedged item used to determine hedge effectiveness	(42)	(23)	(1)
Weighted average hedged rate for the year (including forward points)	0.7269	0.6874	0.6209

CONSOLIDATED ($'000)	2020 SELL USD	2019 SELL USD
Foreign currency forwards		
Carrying amount asset / (liability)	3,905	(786)
Notional amount	41,195	27,085
Maturity date	Oct 2020 - Sep 2021	Oct 2019 -July 2020
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 October	3,905	(786)
Change in value of hedged item used to determine hedge effectiveness	(3,905)	786
Weighted average hedged rate for the year (including forward points)	USD$0.6678: AUD$1	USD$0.6876: AUD$1
Foreign currency options		
Carrying amount asset / (liability)	(136)	(179)
Notional amount	14,500	7,000
Maturity date	Nov 2020-Aug 2021	May-Aug 2020
Hedge ratio	1:1	1:1
Change in intrinsic value of outstanding hedging instruments since 1 October	(136)	(179)
Change in value of hedged item used to determine hedge effectiveness	136	179
Weighted average strike rate for the year	USD$0.6627: AUD$1	USD$0.6745: AUD$1

13. 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 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**
Year ended 30 September 2020						
Opening net book amount	18,025	76,161	67,425	121,296	25,016	307,923
Finance lease assets reclassified to right-of-use assets, see (b) below and note 14	-	-	(13,309)	(22,776)	-	(36,085)
Restated opening net book amount	18,025	76,161	54,116	98,520	25,016	271,838
Additions	-	-	7,049	10,216	29,391	46,656
Disposals	-	-	(782)	-	-	(782)
Depreciation expense	(537)	(2,186)	(10,294)	(5,980)	-	(18,997)
Transfers between classes	303	2,075	20,968	1,392	(24,738)	-
Closing net book amount	**17,791**	**76,050**	**71,057**	**104,148**	**29,669**	**298,715**
At 30 September 2020						
Cost	21,892	115,570	146,245	139,146	29,669	452,521
Accumulated depreciation	(4,101)	(39,520)	(75,188)	(34,998)	-	(153,806)
Net book amount	**17,791**	**76,050**	**71,057**	**104,148**	**29,669**	**298,715**

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 2020 was $169.8 million against the September 2019 market valuation of $249.7 million.

Notes to the Financial Statements

Continued

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations (continued)

An independent valuation was performed by CBRE in September 2019 for specific assets of our Almond Division (seven owned orchards and the Carina West Processing Facility). The orchards were valued using a direct comparison summation and a discounted cashflow to determine their market value. This was performed on the basis of 'highest and best use' being the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and results in the highest value of the property being valued. The valuation approach used for the processing facility was capitalisation of EBITDA and a productive unit basis to determine its market value. The book value of the assets at 30 September 2020 was $169.8 million against the September 2019 market valuation of $249.7 million. As the inputs to determine the fair value are unobservable, the valuation is considered Level 3 in the fair value hierarchy.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land 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 $5.98 million (30 September 2019: $5.23 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
Plant and equipment:	5 to 20 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) Reclassification of Leased assets - 2019

As at 30 September 2019, plant and equipment and bearer plants included the following amounts where the group was a lessee under finance leases.

CONSOLIDATED ($'000)	NOTE	2019 RESTATED
Leasehold plant and equipment and bearer plants		
At cost		47,643
Accumulated depreciation and impairment		(13,652)
		33,991
Adjustment to 2019 finance lease recorded at 30 September 2019		2,094
Net book amount transferred to right-of-use assets on 1 October		**36,085**

14. RIGHT-OF-USE ASSETS

($'000)	NOTE	PROPERTY	PLANT AND EQUIPMENT	ORCHARD [(a)]	TOTAL
At 1 October 2019					
Transition from operating lease*		2,071	1,299	206,711	210,081
Finance leases reclassified to right-of-use assets†		-	13,309	22,776	36,085
At 1 October 2019*		**2,071**	**14,608**	**229,487**	**246,166**
Additions to right-of-use assets		87	1,920	11,475	13,482
Depreciation charge for the year	(b)	(803)	(3,995)	(18,406)	(23,204)
At 30 September 2020		**1,355**	**12,533**	**222,556**	**236,444**

* Please refer to note 1 on adoption of new accounting standard.

† In the previous year, the group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings. These have now been transferred to Right-of-use assets and lease liabilities respectively. For adjustments recognised on adoption of AASB 16 on 1 October 2019, please refer to note 1.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is expensed over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to the income statement as incurred.

(a) Orchard

The orchards comprise leases with Arrow Funds Management, Rural Funds Management and Aware Super (formerly known as First State Super). A total of 11,729 acres of land are leased over a 20 year term (with extension options) in which the Company has the right to harvest almonds and citrus from the trees for the term of the agreement. The Company also has first right of refusal to purchase the properties in the event that the lessor wishes to sell.

(b) Orchard depreciation

Depreciation relating to the orchards have either been capitalised as part of growing crop and leasehold improvements or expensed directly to the Statement of Comprehensive Income.

15. INTANGIBLES

CONSOLIDATED ($'000)	GOODWILL	BRAND NAMES*	PERMANENT WATER RIGHTS	SOFTWARE	TOTAL
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**	**4,508**	**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**
Year ended 30 September 2020					
Opening net book amount	25,995	2,905	37,859	4,508	71,267
Acquisition	-	-	-	-	-
Amortisation of software	-	-	-	(820)	(820)
Closing net book amount	**25,995**	**2,905**	**37,859**	**3,688**	**70,447**
At 30 September 2020					
Cost	25,995	2,905	37,859	5,586	72,345
Accumulated amortisation	-	-	-	(1,898)	(1,898)
Net book amount	**25,995**	**2,905**	**37,859**	**3,688**	**70,447**

* 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.

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's portfolio of water rights is currently recorded at a historical cost value of $37.9 million (2019: $37.9 million). A market value assessment was performed at the end of the financial year. This was completed by accessing the State Water Registers and determining the median price for the applicable class of water rights. This value is then applied on a like basis to the company's water portfolio. As water prices fluctuate due to seasonal factors current market rates has been valued internally at $97.7 million (2019: $85.8 million). As the inputs to determine the fair value are observable, the valuation is considered Level 2 in the fair value hierarchy.

Notes to the Financial Statements

Continued

15. INTANGIBLES (CONTINUED)

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 Division 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 current domestic and export contracts for branded products are maintained at current rates with a 2% volume growth rate applied from FY22-FY25 (FY21 growth rate used was 27%). Industrial grade sales and crop marketing fees grow in line with the company's forecasted almond production growth rate and operating costs remain flat. Working capital movements are considered to fluctuate in line with sales forecasts. 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 10.0% (2019: 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 Cash Generating Unit (CGU) exceeds its carrying amount based on impairment testing performed at 30 September 2020. A decrease of 10% in the projected annual cash flows, or an increase of 1% in the pre-tax discount rate of 10% 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 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.

16. TRADE AND OTHER PAYABLES

CONSOLIDATED ($'000)	NOTE	2020	2019
Current			
Trade creditors		22,997	18,621
Other creditors and accruals		19,520	13,724
		42,517	**32,345**
Non-Current			
Other creditors and accruals		**3,525**	**-**

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

17. BORROWINGS

CONSOLIDATED ($'000)	NOTE	2020	2019
Current - Secured			
Bank overdraft		6,235	3,643
Finance lease*		-	4,468
		6,235	**8,111**
Non-current - Secured			
Debt facilities		52,750	-
Finance lease*		-	30,903
		52,750	**30,903**

* Finance lease liabilities were included in borrowings until 30 September 2019, but were reclassified to lease liabilities on 1 October 2019 in the process of adopting the new leasing standard. Please refer to note 18 Leases for more information.

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) Interest rate risk exposures

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

(b) 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	2020	2019
Current			
Floating charge			
Cash and cash equivalents		1,451	11,588
Receivables		69,154	50,223
Inventories		100,549	77,687
Biological assets		42,432	34,144
Derivative financial instruments		3,811	24
Total current assets pledged as security		**217,397**	**173,666**
Non-current			
Floating charge			
Other receivables		1,891	-
Property, plant and equipment		298,715	273,932
Permanent water rights		37,859	37,859
Total non-current assets pledged as security		**338,465**	**311,791**
Total assets pledged as security		***555,862***	***485,457***

Notes to the Financial Statements

Continued

17. BORROWINGS (CONTINUED)

Financing arrangements

The Company has a debt facility available to the extent of $100,000,000 as at 30 September 2020 (30 September 2019: $100,000,000). The Company has bank overdraft facilities available to the extent of USD$5,000,000 (2019: USD$5,000,000). The current interest rates at balance date are 1.44% (2019: 2.30%) on the debt facility, and 1.675% (2019: 1.925%) on the United States dollar bank overdraft facility.

As part of the planned acquisition announced to the ASX on 1st October 2020, the company had received Commitment Letters from NAB and Rabobank, subject to certain terms and conditions. This will increase the current facilities from $100 million to $160 million over a 3 year term plus a short term facility of $53 million for working capital purposes of the new farm.

18. LEASE LIABILITIES

CONSOLIDATED ($'000)	NOTE	2020
Current		31,264
Non-current		233,513
		264,777

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments after the reporting date.

CONSOLIDATED ($'000)	NOTE	2020
Within one year		34,698
Later than one year but not later than 5 years		123,217
Later than 5 years		173,209
		331,124

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Leases are secured with the orchards, property and plant and equipment.

19. DEFERRED GAIN ON SALE

CONSOLIDATED ($'000)	NOTE	2020	2019
Current			
Sale and leaseback		175	175
Non-Current			
Sale and leaseback		2,452	2,627

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.

20. PROVISIONS

CONSOLIDATED ($'000)	NOTE	2020	2019
Current			
Employee benefits		5,218	4,670
Others		255	200
		5,473	**4,870**
Non-Current			
Employee benefits		**270**	**239**

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

This covers the leave obligations for long service leave and annual leave which are classified as either short-term benefits or other long-term benefits explained below. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees who are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations.

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

(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.

21. CONTRIBUTED EQUITY

CONSOLIDATED ($'000)	NOTE	2020	2019
(a) Issued and paid up capital			
Ordinary shares fully paid		279,096	271,750

Contributed equity

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

(b) Movements in shares on issue

	2020		2019	
	NUMBER OF SHARES	$'000	NUMBER OF SHARES	$'000
Beginning of the year	**95,736,628**	**271,750**	**95,226,349**	**268,567**
Issued during the year				
• Dividend reinvestment plan	856,584	6,289	510,279	3,183
• Long term incentive plan – tranche vested	43,801	-	-	-
• Deferred tax credit on transaction costs	-	1,057	-	-
End of the year	**96,637,013**	**279,096**	**95,736,628**	**271,750**

(c) Performance Rights

Long Term Incentive Plan

The Company offers 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 $5.57 on 30 September 2020 ($7.69 on 30 September 2019).

(d) Ordinary shares

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

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

(e) Capital risk management

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

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

Notes to the Financial Statements

Continued

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

CONSOLIDATED ($'000)	NOTE	2020	2019
Net profit / (loss) after tax		25,001	53,022
Non-cash items			
Depreciation and amortisation		19,817	20,358
Depreciation right-of-use assets		23,026	-
Inventory fair value adjustment		(13,988)	(9,212)
Net (gain) / loss on sale of assets		(291)	(519)
Options expense		537	592
Deferred gain on sale		(175)	(175)
Lease interest		4,500	-
Changes in assets and liabilities			
(Increase) / Decrease in trade and other receivables		(20,822)	(4,067)
(Increase) / Decrease in inventory		(6,587)	4,732
(Increase) / Decrease in biological assets		(8,288)	(2,711)
Increase / (Decrease) in trade payables		13,697	(7,840)
(Decrease) / Increase in income tax payable		(11,591)	23,393
(Decrease) / Increase in deferred tax liability		(3,317)	2,432
Increase in employee entitlements		634	332
Net cash flow from operating activities		**13,153**	**80,337**

Non cash financing activities

During the current financial year ended 30 September 2020, the company issued 856,584 of new equity (30 September 2019: 510,279) as part of the Dividend Reinvestment Plan.

(a) Net debt reconciliation

Net debt movement during the year/period as follows:

CONSOLIDATED ($'000)	NOTE	2020	2019
Cash and cash equivalents	(b)	(4,784)	7,945
Borrowings- repayable after one year		(52,750)	-
Lease liabilities- repayable within one year		(31,264)	(4,468)
Lease liabilities- repayable after one year		(233,513)	(30,903)
Net debt		**(322,311)**	**(27,426)**

($'000)	CASH/ BANK OVERDRAFT	LIABILITIES FROM FINANCING ACTIVITIES				TOTAL
		LEASES DUE WITHIN 1 YEAR	LEASES DUE AFTER 1 YEAR	BORROWINGS DUE WITHIN 1 YEAR	BORROWINGS DUE AFTER 1 YEAR	
Net debt as at 30 September 2018	**6,610**	**(4,572)**	**(30,558)**	**-**	**(30,400)**	**(58,920)**
Cash flows - Principle	4,605	7,845	-	-	30,400	42,850
Cash flows - Interest	-	(2,249)	-	-	-	(2,249)
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)**
Adjustment on adoption of AASB16	-	(26,992)	(210,780)	-	-	(237,772)
Cash flows - Principle	(15,820)	35,215	-	-	(52,750)	(33,355)
Cash flows - Interest	-	(13,367)	-	-	-	(13,367)
Additions to leases	-	(13,482)	-	-	-	(13,482)
Foreign exchange adjustments	3,091	-	-	-	-	3,091
Other non-cash movements	-	(8,170)	8,170	-	-	-
Net debt as at 30 September 2020	**(4,784)**	**(31,264)**	**(233,513)**	**-**	**(52,750)**	**(322,311)**

23. EXPENDITURE COMMITMENTS

Upon adoption of AASB 16 on 1st October 2019, the operating and finance lease commitments have been disclosed as lease liabilities, except for leases on water rights which are classified as intangibles and therefore excluded from AASB16 scope.

(a) Operating lease commitments

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

CONSOLIDATED ($'000)	NOTE	2020	2019
Minimum lease payments			
• Within one year		11,022	30,260
• Later than one year and not later than five years		10,831	112,180
• Later than five years		-	197,111
Aggregate lease expenditure contracted for at reporting date		**21,853**	**339,551**

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	2020	2019
(i) Property and equipment leases (non-cancellable):			
Minimum lease payments			
• Within one year		-	5,078
• Later than one year and not later than five years		-	8,683
• Later than five years		-	-
Aggregate lease expenditure contracted for at reporting date		**-**	**13,761**

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

CONSOLIDATED ($'000)	NOTE	2020	2019
(ii) Almond orchard leases:			
Minimum lease payments			
• Within one year		-	25,182
• Later than one year and not later than five years		-	103,497
• Later than five years		-	197,111
Aggregate lease expenditure contracted for at reporting date		**-**	**325,790**

The almond orchard leases comprises:

(i) 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.

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

(iii) 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 Aware Super (formerly known as 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	2020	2019
Within one year		-	7,240
Later than one year but not later than five years		-	14,765
Later than five years		-	28,233
Minimum lease payments		**-**	**50,238**
Future finance charges		-	(14,867)
Total lease liabilities		**-**	**35,371**
The present value of finance lease liabilities is as follows:			
Within one year		-	5,258
Later than one year but not later than five years		-	8,717
Later than 5 years		-	21,396
Minimum lease payments		**-**	**35,371**

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 and $22,652,930 respectively.

Notes to the Financial Statements

Continued

23. EXPENDITURE COMMITMENTS (CONTINUED)

(c) Capital commitments

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

CONSOLIDATED ($'000)	NOTE	2020	2019
Property, plant and equipment		4,366	9,667

24. EVENTS OCCURRING AFTER BALANCE DATE

On 1st October 2020, the Company announced to the ASX its proposed acquisition of the Piangil Almond Orchard for a consideration of $129 million in cash plus a reimbursement of 2020/2021 growing costs. In addition, the company undertook an equity raising of $120 million at an offer price of $5.20 per share to both institutional and retail investors. The combined share raising was successfully completed by 27 October with a total of 23.08 million shares issued. The expected date for completion of the Piangil Orchard acquisition will be in the 3rd week of December 2020. For further details, please refer to the relevant announcements made to the ASX.

On 30 November 2020, the Directors declared a final fully franked dividend of 4 cents per share in relation to the financial year ended 30 September 2020 to be paid on 5 February 2021.

25. EARNINGS PER SHARE

CENTS	NOTE	2020	2019
Basic earnings per share attributable to equity holders of the company		26.0	55.5
Diluted earnings per share attributable to equity holders of the company		25.9	55.3

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

CONSOLIDATED ($'000)	NOTE	2020	2019
Basic earnings per share: Profit attributable to equity holders of the company used in calculating basic earnings per share		25,001	53,022
Diluted earnings per share: Profit attributable to equity holders of the company used in calculating diluted earnings per share		25,001	53,022

NUMBER OF SHARES	NOTE	2020	2019
Weighted average number of ordinary shares used in calculating basic earnings per share		96,137,435	95,530,334
Effect of dilutive securities: Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share		96,517,979	95,873,271

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.

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.

26. REMUNERATION OF AUDITORS

CONSOLIDATED ($)	NOTE	2020	2019
Audit and other assurance services			
Audit and review of financial statements		337,600	273,000
Other services		-	-
Total remuneration of PricewaterhouseCoopers		**337,600**	**273,000**

27. RELATED PARTY DISCLOSURES

(a) Parent entity

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

(b) Subsidiaries

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2020	2019
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	2020	2019
Short term employment benefits		3,684,049	4,070,611
Post-employment benefits		191,550	174,611
Long service leave		78,195	29,868
Share based payments		490,541	554,994
		4,444,335	**4,830,084**

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.

(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 was a director of Elders Limited until 2 July 2020, 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.

28. 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. Rights vest each year, with half of the rights vesting upon achievement of underlying earnings per share (EPS) and the other half vesting upon achievement of total shareholder return (TSR) targets. The underlying EPS growth targets are based on the Cumulative Annual Growth Rate (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 & ending of the reporting date and movements during the year are set out below:

30 September 2020

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		PROCEEDS RECEIVED ($)	SHARES ISSUED (NUMBER)	FAIR VALUE PER SHARE ($)	FAIR VALUE AGGREGATE ($)
							ON ISSUE	VESTED				
20/10/2014	30/09/2020	-	75,000	-	(10,125)	(64,875)	-	-	-	-	4.21	-
29/09/2016	30/09/2020	-	30,000	-	(4,050)	(25,950)	-	-	-	-	3.23	-
02/12/2016	30/09/2020	-	22,500	-	(3,037)	(19,463)	-	-	-	-	3.23	-
20/11/2017	30/09/2020	-	18,000	-	(2,430)	(15,570)	-	-	-	-	3.65	-
29/04/2019	30/09/2021	-	169,557	-	-	-	169,557	-	-	-	5.18	878,305
27/03/2020	30/09/2022	-	-	122,578	-	-	122,578	-	-	-	2.83	346,896

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		PROCEEDS RECEIVED ($)	SHARES ISSUED (NUMBER)	FAIR VALUE PER SHARE ($)	FAIR VALUE AGGREGATE ($)
							ON ISSUE	VESTED				
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

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 opposite included:

PERFORMANCE RIGHTS ISSUE	27 MARCH 2020	29 APRIL 2019	20 NOVEMBER 2017	2 DECEMBER 2016	29 SEPTEMBER 2016	20 OCTOBER 2014
Share price at grant date	$7.05	$6.49	$4.64	$6.23	$5.62	$5.95
Expected volatility*	40%	40%	45%	45%	45%	45%
Expected dividends	4.95%	1.83%	2.13%	7.87%	7.87%	3.31%
Risk free interest rate	0.35%	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	2020	2019
Performance rights granted under employee long term incentive plan		536,897	592,102

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.

29. CONTINGENT LIABILITIES

(i) Guarantees

Cross guarantees are given by the entities comprising the Group. Group entities are set out in Note 27(b).

(ii) Bank Guarantees

As at 30 September 2020, the company had provided $6.16 million (2019: $6.16 million) of bank guarantees as security for the almond orchard lease.

30. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

Balance Sheet

($'000)	2020	2019
Current Assets	7,318	12,407
Total Assets	**360,704**	**302,523**
Current Liabilities	14,429	2,869
Total Liabilities	**72,211**	**7,283**
Shareholders' Equity		
Issued capital	278,039	271,750
Reserves		
• Cash flow hedge reserve	3,479	(940)
• Options reserve	4,216	3,679
Retained profits	2,759	20,751
Total Shareholders' Equity	**288,493**	**295,240**
Profit / (loss) for the year	**32,707**	**30,840**
Total comprehensive income / (expense)	***37,090***	***30,863***

30. 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 76 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 2020 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 27 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 30.

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
Chair

Melbourne, 30 November 2020

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 2020 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 2020
- 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 & 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 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

- For the purpose of our audit we used overall Group materiality of $2.30 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 fluctuations in the almond price and yield between years.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Independent Auditor's Report

Continued

pwc

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. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	***How our audit addressed the key audit matter***
Inventory valuation – current year almond crop *(Refer to notes 2, 10 and 11)* The FY20 almond crop is classified by the Group as inventory, given it has been fully harvested at the year end. 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 the fair value at the point of harvest of this agriculture produce, the Group applies various assumptions including estimated yield, estimated future selling price and estimated remaining growing, harvest, processing and selling costs. As outlined in Notes 2 and 11, the assumptions applied include the estimated average almond selling price at the point of harvest of $8.20 per kg, the crop estimate for the Group's orchards of 23,250MT based on estimated harvest yield, and the estimated remaining processing and selling costs. Australian Accounting Standards require inventory to be recognised at the lower of cost and net realisable value. As outlined in Note 10, an adjustment of $16.3m has been recognised in the period to write down inventory to net realisable value. We consider this to be a key audit matter because of the financial significance of the almond crop to the Group's assets and profit for the year ended 30 September 2020 and the judgement involved in the assumptions.	Our audit procedures included, amongst others: • Developing an understanding of the Group's processes and controls over determining the field weights of almonds produced and testing the operating effectiveness of a sample of related controls. • Comparing the actual yield for each orchard in the current year to prior year levels, forecast yields and discussing significant variances with management. • Attending the Group's stocktakes in September 2020, where we observed the Group's count procedures and tested a sample of inventory on hand to verify its existence. • Obtaining external confirmations for a sample of third party inventory storage locations and agreeing quantities per the confirmations to the Group's inventory listing. • Reconciling opening inventory to closing inventory and testing a sample of inflows of almonds from harvest, almonds processed and sales outflows during the year. • Evaluating the Group's ability to make estimates of the fair value of the almond crop and its net realisable value by comparing prior estimates to actual selling prices achieved since harvest, agreeing a sample of committed sales to contracts and considering external spot price information and the quality and ageing of inventory on hand. • Assessing sources of estimation uncertainty in uncommitted sales relating to global almond price movements by comparing to external industry information and market data.

	• Agreeing a sample of costs of harvesting and processing the almond crop during the period to supporting documentation and agreeing the allocation of these costs to inventory at 30 September 2020. • Testing the mathematical accuracy of the Group's almond crop valuation. • Evaluating the adequacy of the disclosures made in note 2, 10 and 11 in light of the requirements of Australian Accounting Standards.
Carrying value of goodwill and brand names in the Food Division CGU *(Refer to notes 2 and 15)* Under Australian Accounting Standards, the Group is required to assess goodwill and indefinite life intangibles for impairment at least annually. An 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 $28.9m at 30 September 2020. The Group performed an impairment assessment for the Food Division cash generating unit (CGU), calculating the value-in-use using a discounted cash flow model (the model). The model is based on the FY21 Board approved budget. Assumptions applicable to the model are described in note 15. We consider this to be a key audit matter due to the financial significance of the goodwill and brand names in the Food Division and the significant judgements and assumptions applied in estimating future cash flows and the discount rate.	Our audit procedures included, amongst others: • Assessing whether the Group's determination of CGUs was consistent with our knowledge of the Group's operations and its internal reporting, as required by Australian Accounting Standards. • Testing the mathematical accuracy of the calculations in the model. • Evaluating 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. • Assessing that the forecast earnings were consistent with the Board approved budget, and that forecast growth rates are reasonable with reference to our understanding of the key drivers, including forecast harvest volumes and the almond price. • Comparing the previous three years' forecast to actual results to assess the accuracy and reliability of the Group's forecasting. • With the assistance of PwC valuation experts, assessing whether the discount rate applied in the model is reasonable by comparing it to market data and comparable companies. • Considering the sensitivity of the model by varying key assumptions such as volume growth rates and discount rates and assessing under which assumptions an impairment

Independent Auditor's Report

Continued

pwc

Key audit matter	How our audit addressed the key audit matter
	would occur and whether this was reasonably possible. • Evaluating the adequacy of the disclosures in notes 2 and 15 in light of the requirements of Australian Accounting Standards.
Financing arrangements *(Refer to note 17)* At 30 September 2020, the Group has borrowings of \$59.0m outstanding. During the year, the Group entered into an Implementation Deed and Sale Agreement to acquire the Piangil orchard, which will be partially funded by new debt facilities and for which the lenders have provided conditional commitments to extend existing facilities. We consider this to be a key audit matter given the financial significance of the Group's borrowings, commitments received from its lenders for new facilities to partly fund the Piangil orchard acquisition, and the importance of the capital structure for the Group's growth.	Our audit procedures included, amongst others: • Obtaining confirmations from the Group's lenders to confirm borrowings outstanding at the balance date. • Reading the signed agreements and other correspondence between the Group and its lenders to develop an understanding of the terms associated with its facilities, the amounts available for drawdown, and the terms of the conditional commitments offered in connection with the Piangil acquisition. • Where debt was classified as non-current, evaluating the Group's assessment that it had an unconditional right to defer payment such that there were no repayments required within 12 months from the balance date. • Evaluating the debt maturity profile and funding plan in light of our understanding of the debt agreements in place. • Evaluating the adequacy of disclosures made in note 17 in light of the requirements of Australian Accounting Standards.
Accounting for bearer plants *(Refer to note 13)* The Group accounts for its almond trees as property, plant and equipment recorded at cost less accumulated depreciation. Under Australian 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. Depreciation of the tree begins at this point on a units of production method, reflecting the commencement of revenue generation by the trees. Depreciation is charged over 10 to 30 years depending on the maturity of the bearer plant.	Our audit procedures included, amongst others: • Testing the amount and nature of a sample of growing costs capitalised during the period to supporting documentation for trees with a maturity of up to 7 years old. • Evaluating 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.

At 30 September 2020 the Group had bearer plants with a carrying value of $104.1m, against which depreciation of $6.0m was charged during the year.

This was a key audit matter due to the significance of:

- the net book value of bearer plants to the Group's balance sheet.
- estimates and judgements regarding capitalisation of growing costs and the useful life and depreciation profile of trees.

- Evaluating the adequacy of disclosures made in note 13 in light of the requirements of Australian Accounting Standards.

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 2020, 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 accordingly we do not express 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.

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

Independent Auditor's Report

Continued

pwc

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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2020.

In our opinion, the remuneration report of Select Harvests Limited for the year ended 30 September 2020 complies with section 300A of the *Corporations Act 2001*.

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
30 November 2020

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 30 October 2020. 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	5,150
1,001 to 5,000	4,381
5,001 to 10,000	1,013
10,001 to 100,000	719
100,001 and over	41

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

NUMBER OF ORDINARY SHARES	NUMBER OF SHAREHOLDERS
14,024	623

(b) Twenty largest shareholders

The following information is current as at 30 October 2020. The names of the twenty largest registered holders of quoted shares are:

	NUMBER OF SHARES	PERCENTAGE OF SHARES
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,097,801	18.46%
2. J P MORGAN NOMINEES AUSTRALIA LIMITED	21,222,958	17.73%
3. CITICORP NOMINEES PTY LIMITED	15,267,570	12.75%
4. NATIONAL NOMINEES LIMITED	5,803,557	4.85%
5. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT- COMNWLTH SUPER CORP A/C>	5,194,065	4.34%
6. UBS NOMINEES PTY LTD	4,527,864	3.78%
7. BNP PARIBAS NOMS PTY LTD <DRP>	2,195,994	1.83%
8. BNP PARIBAS NOMS PTY LTD <AGENCY LENDING DRP A/C>	1,042,076	0.87%
9. SMARTEQUITY EIS PTY LTD	620,342	0.52%
10. MR JOHN PATERSON	557,142	0.47%
11. RATHVALE PTY LIMITED	400,315	0.33%
12. MIRRABOOKA INVESTMENTS LIMITED	374,531	0.31%
13. ETIAM PTY LIMITED	364,967	0.30%
14. INVIA CUSTODIAN PTY LIMITED <A/M Unit A/C>	350,000	0.29%
15. REZANN PTY LTD <RIPKA FAMILY A/C>	312,777	0.26%
16. COSTA ASSET MANAGEMENT PTY LTD <COSTA ASSET MNGMT UNIT A/C>	238,029	0.20%
17. INVIA CUSTODIAN PTY LIMITED <IWANIW SUPER FUND A/C>	215,000	0.18%
18. PAKA NOMINEES PTY LTD	210,165	0.18%
19. BRAZIL FARMING PTY LTD	209,842	0.18%
20. BRANKA NOMINEES PTY LTD <EXECUTIVE SUPER FUND A/C>	202,516	0.17%
Total securities of Top 20 holdings	**81,407,511**	**68.00%**
Remaining holders balance	38,311,885	32.00%
Total	***119,719,396***	***100%***

(c) Substantial shareholders

The substantial shareholders as disclosed by notices received by the Company as at 30 October 2020 are:

	NUMBER OF SHARES	% HOLDING
Paradice Investment Management Pty Ltd	9,041,243	9.40%
Perpetual Limited	6,648,533	6.91%
Yarra Funds Management Limited	6,460285	6.69%

(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.

NOTES

Corporate Information

ABN 87 000 721 380

DIRECTORS

M Iwaniw (Chair)
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)

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

Market leader in the cooking nut category

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

Snacking product range
portion control packs and Lucky Smart Snax

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

Product range
muesli, cereal and oats

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

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

LinkedIn
Select Harvests Limited

www.selectharvests.com.au