

SELECT HARVESTS LIMITED

RESULTS FOR THE YEAR ENDED 30 JUNE 2007

RESULTS

Select Harvests Limited today announced a net profit after tax of \$28.1 million for the year ended 30 June 2007 an increase of 6% on net profit from continuing operations for the previous year. The company's balance sheet, cash flow and future prospects remain strong enabling the company to pursue further growth as well as increasing the dividend. The Directors declared a fully franked final dividend of 35 cents per share, bringing the total dividend for the year to 57 cents fully franked (total ordinary dividend 53 cents per share in 2006).

(A\$'000)	Year ended 30/06/07	Year ended 30/06/06	% Increase
Sales revenue	229,498	217,866	+5.3%
EBIT			
- Owned Orchards	11,567	14,147	-18.2%
- Managed Orchards	25,260	17,928	+40.9%
- Almond Division	36,827	32,075	+14.8%
- Food Products Division	7,422	9,212	-19.4%
- Corporate	-3,700	-2,918	
Operating EBIT	40,549	38,369	+5.7%
Interest expense	-535	-466	
Profit from Pesticides Division	0	4,356	
Net profit before tax	40,014	42,259	
Tax expense	-11,916	-11,458	
Net profit after tax	28,098	30,801	
Net profit after tax from continuing operations	28,098	26,492	+6.1%
Ordinary Dividend	57.0	53.0	+7.5%

THE YEAR IN REVIEW

We are currently completing the development of a further 11,800 acres of new almond projects (2005: 8,300 acres) including 1,000 acres to be leased by the company. This is our largest annual planting to date increasing the total area of almond orchards either owned or under our management by 44% to 38,600 acres, further increasing the base for management services revenue.

The 2007 crop enjoyed favourable growing conditions and together with the increased maturity of young orchards doubled last year's tonnage reaching 12,000 mt. The increased tonnage from investor orchards has increased processing and marketing fees for the period. World almond prices have eased from the highs of last year on the back of the expected large 2007 USA crop and together with the high Australian dollar has reduced the returns from our owned orchards.

The food division continues to experience difficult trading conditions in the retail sector applying pressure to both revenue and margin. We continue to protect our key brands requiring increased investment in trade spend and marketing activity.

ACTIVITIES

The changes to MIS arrangements announced in February 2007, if not reversed, will curtail MIS activity in almond projects past the 2008 transition year, and new developments will require alternative investors and project structures. Almonds remain in our view a good long-term investment due to the strong fundamentals of the international almond market and Australia's competitiveness. We intend to continue developing orchards in the future and are assessing a number of alternatives to facilitate this:

- Support existing customers to develop new almond orchards. Timbercorp Limited will run a test case against the ATO's altered position on MIS projects, and they plan to develop 4,200 acres of new orchards in 2008 under the transition arrangements. At the same time they are assessing alternative project structures for 2009 onwards.
- Develop alternative structures and channels for new almond projects.
- Diversify to alternative locations/water sources. We are progressing our project to develop almond orchards in Western Australia and have recently lodged a water license application for stage 1 (approximately 3,000 acres). If our application is successful we expect to commence planting in 2009.
- Diversify into other nut crops.

The company is targeting new orchard developments of 5,000 acres annually.

The 2007 crop has pushed our existing processing facilities to capacity and we are currently constructing a new state of the art facility to accommodate increased tonnages next year and beyond, taking total capacity to 40,000 mt.

During the year we have undertaken a review of the food business. As a result we have realigned its core activities with the initial strategy of providing the channels to sell and the opportunity to add value to our increasing almond crop. We have enhanced the management team and are in the process of consolidating the management and operations to deliver lowest cost. We are concentrating our investment in our key brands and our key product almonds.

IMPACT OF DROUGHT

Despite increased rainfall and inflows, storage levels for the River Murray system remain low and in the absence of above average rainfall for the remainder of the year water restrictions appear likely. For our owned orchards we started the season with approximately 120% of annual requirements, and could operate normally at 80% water allocations. Allocations below this level will require the purchase of temporary water, which we would undertake if available and economically viable to maximise crop and future productive capacity. At the same time we have developed contingency plans for tree and crop management at reduced water usage. We are assisting our orchard investors in developing appropriate strategies for water supply to their orchards. Lower water allocations will increase costs and reduce yields.

At the same time the future uncertainty of short term supply may delay investment decisions to develop new orchards.

FUTURE PROSPECTS

The company while facing some uncertainty in the short term has a sound business model which will continue to deliver growth opportunities in the future. Key growth areas are:

- Increased fees from existing managed orchards as trees mature and crops increase
- Increased tonnages from company owned and leased orchards as recent new plantings come into production over the next seven years
- Increased added value sales as our total almond tonnage grows
- Development of new orchards

27th August 2007

For further details contact:

Managing Director, John Bird
03 9474 3544

Appendix 4E Preliminary final report

Name of entity

Select Harvests Limited

 ABN or equivalent company
 reference: 87 000 721 380

1. Reporting period

Report for the financial year ended	30 June 2007
Previous corresponding period is the financial year ended	30 June 2006

2. Results for announcement to the market

(All amounts in this report are expressed in AS'000 unless otherwise stated)

(All amounts in this report are expressed in A\$ 000 unless otherwise stated)				
Revenues from ordinary activities (<i>item 2.1</i>)	Up	5%	to	\$229,498
Profit (loss) from continuing ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up	6%	to	\$28,098
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	Down	9%	to	\$28,098
<i>A profit of \$4,309 was realised on the sale of discontinued business in the year ended 30 June 2006.</i>				
Dividends (<i>item 2.4</i>)	Amount per security		Franked amount per security	
Final dividend	0.35 ¢		0.35 ¢	
Previous corresponding period	0.33 ¢		0.33 ¢	
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	Friday, 7 September 2007			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):				
Please refer to the attached announcement to the ASX.				

SELECT HARVESTS LIMITED
ABN: 87 000 721 380

3. Statement of Financial Performance *(item 3)*

Refer to the attached financial report

4. Statement of Financial Position *(item 4)*

Refer to the attached financial report

5. Statement of Cash Flows *(item 5)*

Refer to the attached financial report

6. Dividends *(item 6)*

	Date of payment	Total amount of dividend
Final dividend – year ended 30 June 2007	1 October 2007	\$ 0.35

Amount per security

	Amount per security	Franked amount per security at 30 % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	57.0 ¢	57.0 ¢	0 ¢
Previous year*	63.0 ¢	63.0 ¢	0 ¢

* Total dividend for the previous year includes special dividend of 10 cents per share paid on 3 April 2006 arising out of the sale of a discontinued business.

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities <i>(each class separately)</i>	21,945	22,080
Preference securities <i>(each class separately)</i>	-	-
Other equity instruments <i>(each class separately)</i>	-	-
Total	21,945	22,080

SELECT HARVESTS LIMITED
ABN: 87 000 721 380

7. Details of dividend or distribution reinvestment plans in operation are described below (item 7):

Dividends payable may be reinvested in ordinary shares under the company's Dividend Reinvestment Plan

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

Friday, 7 September 2007

8. Statement of retained earnings (item 8)

Refer to the attached financial report.

9. Net tangible assets per security (item 9)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$1.72	\$ 1.83

10. Details of entities over which control has been gained or lost during the period: (item 10)

Control gained over entities

Name of entities (item 10.1)	-
Date(s) of gain of control (item 10.2)	-
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 10.3)	\$ -
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)	\$ -

Loss of control of entities

Name of entities (item 10.1)	
Date(s) of loss of control (item 10.2)	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 10.3).	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)	

11. Significant information relating to the entity's financial performance and financial position. (item 12)

Please refer to the attached announcement.

12. The financial information provided in the Appendix 4E is based on the annual financial report (attached), which has been prepared in accordance with Australian accounting standards (item 13).

13. Commentary on the results for the period. (item 14)

Please refer to the attached announcement and financial report.

14. Audit of the financial report

The financial report has been audited and the audit opinion is attached.

15. Audit opinion

The audit opinion is unqualified.

16. Annual General Meeting

The Annual General Meeting will at the Arthur Streeton Auditorium, Sofitel Melbourne, First Floor, 25 Collins Street, Melbourne on Friday 26 October 2007 at 2.00pm.

SELECT HARVESTS LIMITED
ABN: 87 000 721 380

17. Periodic Disclosure Requirements Compliance Statement

- 1 The financial report and information provided in Appendix 4E uses the same accounting policies as those applied at 30 June 2006.
- 2 The Appendix 4E information gives a true and fair view of the matters disclosed in the annual financial report.
3. The economic entity has a formally constituted Audit & Risk Committee.

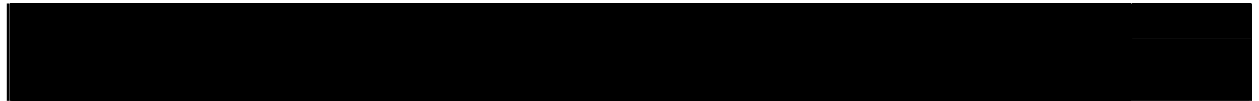
Sign here: Robert Palmaricciotti
(Company Secretary)

Date: 27 August 2007

Print name: Robert Palmaricciotti

Select Harvests Limited

ABN 87 000 721 380



Annual Financial Report

for the year ended 30 June 2007

Corporate Information

ABN 87 000 721 380

Directors

M A Fremder (Chairman)
J Bird (Managing Director)
C G Clark (Non-Executive Director)
G F Dan O'Brien (Non-Executive Director)
J C Leonard (Non-Executive Director)
R M Herron (Non-Executive Director)

Company Secretary

R Palmaricciotti

Registered Office - Select Harvests Limited

360 Settlement Road
THOMASTOWN VIC 3074

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THOMASTOWN VIC 3074

Telephone (03) 9474 3544

Facsimile (03) 9474 3588

Email info@selectharvests.com.au

Solicitors

Gadens Lawyers

Bankers

Australia and New Zealand Banking Group Limited

Auditor

PricewaterhouseCoopers

Share Register

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

Internet Address

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Directors' Report

The directors present their report together with the financial report of Select Harvests Limited and controlled entities (referred to hereafter as the “consolidated entity”) for the year ended 30 June 2007 and the independent auditor’s report thereon.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

M A Fremder (Chairman)

Joined the board in March 1996. Formerly a director of IAMA Limited, and founder of Nufarm, one of Australia's largest chemical manufacturers for the rural industry. Mr Fremder also was Non-Executive Director of Tassal Limited between 3 October 2003 and 18 March 2005. Member of the Remuneration Committee and the Nomination Committee.

Interest in Shares and Options: 5,777,234 fully paid shares.

J Bird (Managing Director)

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

Interest in Shares and Options: 518,122 fully paid shares, 67,600 options expiring 20 October 2007 exercisable at \$7.78 each and 23,067 options expiring 31 October 2008 exercisable at \$11.05 each.

C G (Sandy) Clark, B.Comm, Dip.Ag.Econ, FAICD (Non-Executive Director)

Joined the board in January 1998. Is currently Chairman, Aviva Australia Holdings Limited; Chairman, The Myer Family Office Limited; Director, Southern Cross Broadcasting Australia Ltd; Director, The Myer Foundation; Trustee, The William Buckland Foundation; Chairman of Council, Melbourne Grammar School; and a director of a number of private companies. Appointed Chairman of Brown Brothers Holdings from 14 June 2007. Former Deputy Chairman of Legal Practice Board of Victoria and former Director of CGNU Australia Holdings Limited. Member of the Audit and Risk Committee and the Nomination Committee, and Chairman of the Remuneration Committee.

Interest in Shares and Options: 23,892 fully paid shares.

G F Dan O'Brien, B Sc, B VMS, MBA (Non-Executive Director)

Joined the Board on 29 March 2004. Dan is the principal of Dromoland Capital, a private equity group, non-executive director of Thomas & Coffey Limited, and Coates Hire Limited, and is also an executive director of Hexima Limited. Mr O'Brien has significant commercial experience having held CEO positions for BIL Australia Limited, Mattel Asia Pacific, and The King Island Company. He holds an MBA, having graduated with distinction from Harvard Business School and is a qualified veterinary surgeon. Member of the Audit and Risk Committee, Remuneration Committee, and Nomination Committee. Mr O'Brien was a director of SPC Ardmona Limited between 9 January 2002 and 4 March 2005.

Interest in Shares and Options: 51,090 fully paid shares.

J C Leonard, B.Mktng & Bus. Admin, MBA (Non-Executive Director)

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

Interest in Shares and Options: 484,797 fully paid shares.

R M Herron, FCA & FAICD (Non-Executive Director)

Joined the Board on 27 January 2005. A Chartered Accountant, Mr Herron retired as a Senior Partner of PricewaterhouseCoopers in December 2002. He was a member of the Coopers & Lybrand (now PricewaterhouseCoopers) Board of Partners where he was National Deputy Chairman and was the Melbourne office Managing Partner for six years. He also served on several international committees within Coopers & Lybrand. He is a Non-Executive Director of GUD Holdings Ltd, Heemskirk Consolidated Ltd, Royal Automobile Club Of Victoria (RACV) Ltd and a major industry superannuation fund. Chairman of the Audit and Risk Committee, and member of the Nomination Committee.

Interest in Shares and Options: 5,000 fully paid shares.

R Palmaricciotti, B Comm, ACA, MBA (Company Secretary)

Appointed to the position of Company Secretary and Chief Financial Officer in December 2006. He has many years experience in financial, project and general management roles gained within Australian and international organisations. Most recently he was General Manager Finance at PMP Print, and prior to that he was at Graincorp Ltd in various finance and project management roles. He is qualified as a Chartered Accountant and MBA.

Interest in shares and options: 0 fully paid shares.

CORPORATE INFORMATION

Nature of operations and principal activities

The principal activities during the year of entities within the consolidated entity were:

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

There were no other significant changes in the nature of the activities of the consolidated entity in the financial year. In the previous financial year, effective 1 October 2005, Select Harvests Limited sold all of its shares in Riverina Pelletising Services Pty Ltd and ceased its involvement in the production of pelletised snail, slug and rodent baits for third party brand owners. There were no other significant changes in the nature of the activities of the consolidated entity in the previous financial year.

Employees

The consolidated entity employed 340 full time employees as at 30 June 2007 (2006: 297 employees).

REVIEW AND RESULTS OF OPERATIONS

Refer to the announcement lodged with the ASX and the report before the Appendix 4E.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 27 August 2007, the Directors declared a fully franked final dividend of 35 cents per ordinary share to be paid on Monday 1 October 2007 to shareholders registered at 5.00 pm on Friday 7 September 2007. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

On 1 July 2007 a lease agreement was entered into for the lease of a 1,002 acre almond orchard from Sandhurst Trustees Limited in which the consolidated entity has the right to harvest the almonds from the trees owned by the lessor for the term of the agreement. This lease has been disclosed as a lease commitment in note 29.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Refer to the announcement lodged with the ASX and the report before the Appendix 4E.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

The consolidated entity holds licences issued by the Environmental Protection Authority which specify limits for discharges to the environment which are the result of the consolidated entity's operations. These licences regulate the management of discharge to the air and stormwater run-off associated with the operations.

There have been no significant known breaches of the consolidated entity's licence conditions.

During the year the company the company was charged with offences under the Wildlife Act 1975 in relation to taking protected wildlife. The company was fined \$16,000 for the offence. The company regretted that this incident occurred. The company takes its environmental responsibilities seriously, has a good record in environmental management to date, and adheres to environmental plans that preserve the habitat of native species. Almond developments have had a positive environmental impact. The change in land use and the increase in food source have seen a rejuvenation of remnant native vegetation and an increase in the wildlife population, in particular bird species. The company has committed funding to the monitoring of Regent parrot populations around our orchards and the effectiveness of protecting native vegetation corridors in preserving wildlife.

REMUNERATION REPORT

A. Principles used to determine the nature and amount of remuneration (audited)

Remuneration levels are set to attract and retain appropriately qualified and experienced directors and senior executives. The Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given trends in the marketplace. Remuneration packages include a mix of fixed remuneration, performance based remuneration, and equity based remuneration. Non-executive directors receive fees and do not receive options or bonus payments. Further details regarding components of directors' and executive remuneration are provided in the notes to the financial statements.

(i) Short-term incentives

Executive directors and senior executives may receive short term incentives based on achievement of specific business plans and performance indicators, which include financial and operational targets relevant to performance at the consolidated entity level, divisional level, or functional level, as applicable, for the financial year. The Remuneration Committee is responsible for assessing whether the KPIs are met based on detailed reports on performance prepared by management.

(ii) Long-term incentives

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

B. Details of remuneration (audited)

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

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

Name	Position	Employer
K Bush	Group Manager Sales & Marketing (from 25 September 2006)	Select Harvests Food Products Pty Ltd*
K Martin	Group Operations Manager (from 16 January 2007)	Select Harvests Limited
T Millen	Group Horticultural & Farm Operations Manager	Kyndalyn Park Pty Ltd
R Palmaricciotti	Chief Financial Officer & Company Secretary (appointed to the role 22 December 2006)	Select Harvests Limited
L Van Driel	Group Trading Manager	Select Harvests Food Products Pty Ltd*
M Mattia	Chief Financial Officer & Company Secretary (resigned from the role 21 December 2006)	Select Harvests Limited
R Tanti	National Sales Manager (to 21 July 2006)	Select Harvests Food Products Pty Ltd*
W Turner	General Manager Almond Division (to 13 July 2006)	Kyndalyn Park Pty Ltd

*Select Harvests Food Products Pty Ltd - formerly Select Harvests Marketing Pty Ltd

The nature and amount of each major element of the remuneration of each director of the Company and each of the key management personnel of the company and the consolidated entity for the financial year is detailed below.

Remuneration of Directors of Select Harvests Limited

	Annual remuneration				Long Term Remuneration			
2007	Base Fee \$	Short Term Incentives \$	Non Cash Benefits \$	Super Con- tributions \$	Long Service Leave Accrued	Options Granted Number	Value \$	Total \$
Non Executive								
M A Fremder	103,000	-	-	6,000	-	-	-	109,000
C G Clark	50,000	-	-	4,500	-	-	-	54,500
G F Dan O’Brien	50,000	-	-	4,500	-	-	-	54,500
J C Leonard	50,000	-	-	4,500	-	-	-	54,500
R M Herron	50,000	-	-	4,500	-	-	-	54,500
Executive								
J Bird	474,319	267,462	36,737	42,792	18,000	86,067	101,999	941,309

	Annual remuneration				Long Term Remuneration			
2006	Base Fee \$	Short Term Incentives \$	Non Cash Benefits \$	Super Con- tributions \$	Long Service Leave Accrued	Options Granted Number	Value \$	Total \$
Non Executive								
M A Fremder	84,000	-	-	7,560	-	-	-	91,560
C G Clark	42,000	-	-	3,780	-	-	-	45,780
G F Dan O’Brien	42,000	-	-	3,780	-	-	-	45,780
J C Leonard	42,000	-	-	3,780	-	-	-	45,780
R M Herron	42,000	-	-	3,780	-	-	-	45,780
Executive								
J Bird	422,614	177,512	34,484	37,049	16,000	114,800	87,499	775,158

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Remuneration of the key management personnel of the Company and the Consolidated Entity

2007	Annual Remuneration				Long Term Remuneration			Total
	Base Fee	Short Term	Non Cash	Super	Long	Options Granted	Value	
	\$	Incentives	Benefits	Contributions	Service	Number	\$	\$
		\$	\$	\$	Leave			
					Accrued			
K Bush (Commenced 25/09/06)	173,538	-	-	27,000	-	-	-	200,538
K Martin (Commenced 16/01/07)	104,893	-	-	9,440	-	-	-	114,333
L Van Driel	148,095	50,000	20,689	13,154	5,000	12,667	15,945	247,883
T Millen	130,117	20,000	44,712	11,896	5,000	7,333	9,837	216,562
R Palmaricciotti (Commenced 14/12/06)	107,986	-	2,806	9,719	-	-	-	120,511
M Mattia (Resigned 31/12/06)	134,908	55,337	18,830	8,563	-	26,200	30,810	248,448

2006	Annual Remuneration				Long Term Remuneration			Total
	Base Fee	Short Term	Non Cash	Super	Long	Options Granted	Value	
	\$	Incentives	Benefits	Contributions	Service	Number	\$	\$
		\$	\$	\$	Leave			
					Accrued			
M Mattia	176,664	71,661	38,238	15,857	-	19,500	19,286	321,706
M Ciobo	210,000	-	30,251	39,670	3,000	-	-	282,921
R Tanti (Commenced 29/9/04)	187,388	21,500	23,816	11,002	-	7,400	7,252	250,958
L Van Driel	128,624	25,000	20,923	11,920	5,000	15,300	11,466	202,933
W Turner	116,307	30,246	18,519	17,512	-	14,400	14,252	196,836
T Millen	105,256	15,026	24,187	10,243	4,000	7,500	5,558	164,270

Notes

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure.

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

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

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

C. Service arrangements (audited)

Service arrangements between the consolidated entity and executive directors and key management personnel are on a continuing basis and include, in certain cases, relevant notice periods. There are no specific termination benefits applicable to the service arrangements.

J Bird, Managing Director

- Term of Agreement – on-going agreement
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of \$555,000.

K Bush, Group Manager Sales and Marketing

- Term of Agreement – on-going agreement
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of \$261,600.

K Martin, Group Operations Manager

- Term of Agreement – on-going agreement
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of \$245,000.

T Millen, Group Horticultural and Farm Operations Manager

- Term of Agreement – on-going agreement
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of \$185,591.

R Palmaricciotti, Chief Financial Officer & Company Secretary

- Term of Agreement – Contract role until September 2007
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of \$220,000.

L Van Driel, Group Trading Manager

- Term of Agreement – on-going agreement
- Base salary, inclusive of superannuation for the year ended 30 June 2007 of \$180,000.

D. Share-based compensation (audited)

(i) Executive Share Option Scheme

The current executive share option scheme provides for the offer of a parcel of options to participating employees on an annual basis, with a three-year expiry period, exercisable at the market price at the time the offer was made.

Individual parcels of options offered to participating employees are based on a percentage of fixed remuneration. The options are granted annually in three tranches on achievement of a 10% increase in EPS. Options granted as remuneration are subject to continuing service with the consolidated entity. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments. No options previously granted as remuneration have lapsed during the year.

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

The model inputs for options offered during the year ended 30 June 2007 included:

- a) options are granted for no consideration, have a three year life, and one third of the options offered vest in each year and are exercisable from the date of vesting to the expiry date
- b) exercise price: \$13.13 (2006- \$11.05)
- c) offer date: 22 September 2006 (2006 – 22 September 2005)
- d) expiry date: 31 October 2009 (2006 – 31 October 2008)
- e) Volume weighted average share price at offer date: \$13.09 (2006 – \$11.03)
- f) expected price volatility of the company's shares: 49.44% (2006 – 27.10%)
- g) expected dividend yield: 4.05% (2006 – 3.81%)
- h) risk free interest rate: 5.89% (2006 – 5.10%)

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The following table is a summary of the Executive Share Option Schemes currently in place.

	Participating Employees	Option Valuation	Exercise Price	No. of Options Offered	Expiry Date	Granted August 05	Granted August 06	Forfeited During Year	Balance
2004 Offer	7	\$0.98	\$7.78	234,300	20 October 2007	86,100	67,400	38,900	41,900
2005 Offer	7	\$1.72	\$11.05	153,300	31 October 2008	-	51,101	34,736	67,465
2006 Offer	5	\$3.57	\$13.13	68,095	31 October 2009	-	-	10,297	57,798
Total				455,695		86,100	118,501	83,933	167,163

(ii) Options Granted

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

	Number of Options Granted 2007	Number of Options Granted 2006
Director		
J Bird	86,067	114,800
Key management personnel		
M Mattia	26,200	19,500
W Turner	18,600	14,400
L Van Driel	12,667	15,300
T Millen	7,333	7,500
R Tanti	13,867	7,400

(iii) Shares Issued on Exercise of Options

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

	Number of shares issued on exercise of options 2007	Number of shares issued on exercise of options 2006
Director		
J Bird	87,600	155,400
Key management personnel		
M Mattia	26,200	28,300
W Turner	18,600	21,400
L Van Driel	3,900	22,400
T Millen	5,400	11,100
R Tanti	21,267	-

The amounts paid per ordinary share by each director and other key management personnel on the exercise of options at the date of exercise were as follows.

Number of Shares	Amount paid on each share
114,600	\$5.60
32,900	\$7.78
17,367	\$11.05

There were no amounts unpaid on the shares issued.

E. Additional Information (unaudited)

(i) Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the consolidated entity over a number of years, with greater emphasis given to the current year. Over the past 5 years, the consolidated entity's profit from ordinary activities after income tax has grown at an average rate of 28% per annum and shareholder return has grown at an average rate of 38%.

Select Harvests Limited - Annual Financial Report

(ii) Details of remuneration: cash bonuses and options

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

Name	Cash bonus		Options					
	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest (\$)	Maximum total value of grant yet to vest (\$)
J Bird	100		2004	66	-	2008	-	33,124
			2005	33	-	2008 2009	- -	79,350
			2006	-	-	2007 2008 2009	- - -	131,251
L Van Driel	100		2004	66	-	2008	-	4,018
			2005	33	-	2008 2009	- -	16,053
			2006	-	-	2007 2008 2009	- - -	27,000
T Millen	100		2004	66	-	2008	-	1,960
			2005	33	-	2008 2009	- -	12,155
			2006	-	-	2007 2008 2009	- - -	27,838

(iii) Share based compensation: options

Name	Remuneration consisting of options	Value granted	Value exercised	Value lapsed	Total value
	A	B	C	D	
Directors					
J Bird	25%	\$101,999	\$87,600	-	\$105,923
Key Management Personnel					
T Millen	15%	\$9,837	\$5,400	-	\$9,997
L Van Driel	15%	\$15,945	\$3,900	-	\$16,063
W Turner	15%	\$21,476	\$21,476	-	-
M Mattia	15%	\$30,810	\$33,810	-	-
R Tanti	15%	\$18,375	\$25,627	-	-

A - The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B
B – The value at grant date calculated in accordance with AASB2 Share-based payments of options granted during the year as part of remuneration.

C – The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D – The value at lapsed date of options that were granted as part of remuneration and that lapsed during the year.

(iv) Loans to directors and executives

Information on loans to directors and executives (if any), are set out in note 34.

(v) Share options granted to directors and the most highly remunerated officers

Options over unissued ordinary shares of Select Harvests Limited granted and not exercised during or since the end of the financial year to the five most highly remunerated officers of the company as part of their remuneration were as follows:

Name	Options granted & not exercised
J Bird	90,667
T Millen	7,533
L Van Driel	12,867
M Mattia	-
M Ciobo	-

The options were granted under the consolidated entity's executive share option scheme on 28 August 2006 and 24 August 2005. Details of options granted to the directors and the five most highly remunerated officers of the consolidated entity can be found above. No options have been granted since the end of the financial year.

(vi) Unissued Ordinary shares Under Option

At the date of this report unissued ordinary shares of the company under option are:

Offer	Number of Shares	Exercise Price	Expiry Date
2004	81,800	\$7.78	20 October 2007
2005	33,734	\$11.05	31 October 2008

All options expire on the earlier of their expiry date or termination of the employee's employment.

Current option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

DIVIDENDS – SELECT HARVESTS LIMITED

DIVIDENDS

Cents

\$

Final dividends proposed and not recognised as a liability:

- on ordinary shares 35.0 13,558,666

Fully Franked Dividends paid in the year:

Interim for the year

- on ordinary shares 22.0 8,801,538

22,360,204

Final for 2006 shown as recommended in the 2006 report

- on ordinary shares 33.0 13,103,560

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year the Company has paid a premium in respect to an insurance contract to indemnify directors and officers against liabilities that may arise from their position as directors and officers of the Company and its controlled entities.

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

Further disclosure required under section 300 (9) of the Corporations Act 2001 is prohibited under the terms of the contract.

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 were as follows:

	Directors' Meetings		Audit and Risk		Meetings of Committees		Nomination	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Remuneration Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
M A Fremder	11	11	-	-	1	1	1	1
J Bird	11	11	-	-	-	-	1	1
C G Clark	11	11	4	4	1	1	1	1
G F Dan O'Brien	11	10	4	3	1	1	1	1
J C Leonard	11	11	4	4	-	-	1	1
R M Herron	11	11	4	4	-	-	1	1

Committee membership

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

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

Audit and Risk	Remuneration	Nomination
R M Herron (Chairman)	C G Clark (Chairman)	M A Fremder (Chairman)
C G Clark	M A Fremder	J Bird
G F Dan O'Brien	G F Dan O'Brien	C G Clark
J C Leonard		G F Dan O'Brien
		J C Leonard
		R M Herron

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interest in contracts are disclosed in note 34 to the financial statements

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration in relation to the audit for the financial year is set out on page 14.

NON-AUDIT SERVICES

Non-Audit services are approved by resolution of the Audit and Risk Committee and approval is provided in writing to the board of directors. Non-audit services provided by the auditors of the consolidated entity during the year are detailed in note 33. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by Corporations Act 2001 as non-audit services are reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.

ROUNDING

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

CORPORATE GOVERNANCE

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

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'M A Fremder', is positioned above the printed name and title.

M A Fremder
Chairman

Melbourne, 27 August 2007

PricewaterhouseCoopers
ABN 52 780 433 757

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

Auditor's Independence Declaration

As lead auditor for the audit of Select Harvests Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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


Andrew Mill
Partner
PricewaterhouseCoopers

Melbourne
27 August 2007

Corporate Governance Statement

This statement outlines the key corporate governance practices of the consolidated entity which considers the ASX Corporate Governance Council recommendations.

Board of Directors and its Committees

Role of the Board

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

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

To ensure that the Board is well equipped to carry out its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board.

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

Board Processes

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

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

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

Director Education

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

Independent Professional Advice and Access to Company Information

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

Composition of the Board

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

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

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

Corporate Governance Statement continued

The Board assesses the independence of each Director in light of interests known to the Board, as well as those disclosed by each Director. In accordance with the ASX Corporate Governance Council's recommendations, the Board wishes to outline the following:

- The Chairman of the Company, Mr M A Fremder, is a substantial shareholder, having a 14.9% shareholding at 30 June 2007.
- The Chairman of the Company, Mr M A Fremder, owns (directly or indirectly) almond orchards totalling 2,053 acres in respect to which the consolidated entity provides orchard management services under contract at market rates.
- A non-executive Director of the Company, Mr J C Leonard, owns (directly or indirectly) almond orchards totalling 1,753 acres in respect to which the consolidated entity provides orchard management services under contract at market rates
- A non-executive Director of the Company, Mr Dan O'Brien, acquired from Select Harvests, via an associated entity, \$64,945 worth of Almond Hull suitable for livestock feed. This was purchased at market prices.

Nomination Committee

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

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

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

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

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

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

Remuneration

Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and the Directors themselves. It evaluates the performance of the Managing Director and is also responsible for share option schemes, incentive performance packages, superannuation entitlements and fringe benefits policies. Remuneration levels are reviewed annually and the Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given trends in the marketplace.

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

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

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

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

Corporate Governance Statement continued

Remuneration Policies

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

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

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

Audit and Risk Committee

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

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

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

The Managing Director and the Chief Financial Officer have provided a statement in writing to the Board that the consolidated entity's financial reports for the year ended 30 June 2007 present a true and fair view, in all material respects, of the consolidated entity's financial condition and operational results and are in accordance with the relevant accounting standards. This statement is required annually.

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

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

- Recommending to the Board the appointment of the external auditors;
- Recommending to the Board the fee payable to the external auditors;
- Reviewing the audit plan and performance of the external auditors;
- Determining that no management restrictions are being placed upon the external auditors;
- Evaluating the adequacy and effectiveness of the reporting and accounting controls of the company through active communication with operating management and the external auditors;
- Reviewing all financial reports to shareholders and/or the public prior to their release;
- Evaluating systems of internal control;
- Monitoring the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;
- Requiring reports from management and the external auditors on any significant regulatory, accounting or reporting development to assess potential financial reporting interest;
- Reviewing and approving all significant company accounting policy changes;
- Reviewing the company's taxation position;
- Reviewing the annual financial statements with the Chief Financial Officer and the external auditors, and recommending acceptance to the Board;
- Evaluating the adequacy and effectiveness of the company's risk management policies and procedures including insurance; and
- Directing any special projects or investigations deemed necessary by the Board or by the Committee.

Corporate Governance Statement continued

The Audit and Risk Committee is committed to ensuring that it carries out its functions in an effective manner. Accordingly, it reviews its charter at least once in each financial year.

Risk Management

The Board oversees the establishment, implementation, and review of a system of risk management within the consolidated entity. The consolidated entity's areas of focus in respect of risk management practices include, but are not limited to, environment, occupational health and safety, property, financial reporting and internal control.

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

- Strategic Planning - The Board reviews and approves the strategic plan that encompasses the consolidated entity's strategy, designed to meet the stakeholders' needs and manage business risk. The strategic plan is dynamic and the Board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the consolidated entity;
- Financial reporting - Monthly actual results are reported against budgets approved by the Directors and revised forecasts prepared during the year;
- Functional Reporting – Key areas subject to regular or periodical reporting to the Board include, but are not limited to, operational, treasury (including foreign exchange), environmental, occupational health & safety, insurance, and legal matters;
- Continuous disclosure - A process is in place to identify matters that may have a material effect on the price of the Company's securities and to notify them to the ASX; and
- Investment appraisal - Guidelines for capital expenditure include annual budgets, appraisal and review procedures, due diligence requirements where businesses are being acquired or divested.

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

Ethical Standards

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

Conflict of Interest

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

Dealings in Company Shares

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

Communication with Shareholders

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

Corporate Governance Statement continued

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

This financial report covers both Select Harvests Limited as an individual entity and the consolidated entity consisting of Select Harvests Limited and its subsidiaries. The financial report is presented in the Australian currency.

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

Select Harvests Limited

360 Settlement Road

Thomastown Vic 3074

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

The financial report was authorised for issue by the directors on 27 August 2007. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All financial reports and other information are available on our website: www.selectharvests.com.au.

Income Statements

For the year ended 30 June 2007

	Notes	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
Revenue					
Sales of goods and services	4	229,498	217,866	-	-
Other revenue	4	265	162	27,801	29,694
Total revenue		229,763	218,028	27,801	29,694
Other income (expenses)					
Almond stock fair value adjustment		1,071	467	-	-
Almond tree fair value adjustment		92	85	-	-
Total other income (expenses)		1,163	552	-	-
Expenses					
Cost of sales	5	(175,790)	(165,546)	-	-
Distribution expenses		(4,258)	(4,021)	-	-
Marketing expenses		(706)	(622)	-	-
Occupancy expenses		(2,048)	(2,052)	-	-
Administrative expenses		(2,850)	(3,094)	(2,742)	(2,665)
Finance costs	5	(800)	(628)	(2,043)	(903)
Other expenses		(4,460)	(4,714)	(968)	(494)
PROFIT BEFORE INCOME TAX		40,014	37,903	22,048	25,632
INCOME TAX EXPENSE	6	(11,916)	(11,411)	34	(201)
PROFIT FROM CONTINUING OPERATIONS		28,098	26,492	22,082	25,431
Profit from discontinued operations	7	-	4,309	-	4,033
PROFIT FOR THE YEAR		28,098	30,801	22,082	29,464
PROFIT ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED	27(c)	28,098	30,801	22,082	29,464
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:					
Basic earnings per share (cents per share)	31	71.0	67.1		
Diluted earnings per share (cents per share)	31	70.8	67.0		
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share (cents per share)	31	71.0	78.1		
Diluted earnings per share (cents per share)	31	70.8	77.9		

The above income statements should be read in conjunction with the accompanying notes.

Balance Sheets

As at 30 June 2007	Notes	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	9	6,924	22,557	6,529	21,775
Trade and other receivables	10	33,459	24,442	705	728
Inventories	11	30,169	24,682	-	-
Derivative financial instruments	12	431	774	431	774
TOTAL CURRENT ASSETS		70,983	72,455	7,665	23,277
NON-CURRENT ASSETS					
Receivables	13	-	-	51,063	36,256
Other financial assets	14	-	-	9,607	9,607
Property, plant and equipment	15	53,580	44,382	276	464
Deferred tax assets	16	692	345	555	223
Biological assets – Almond Trees	17	5,998	5,799	-	-
Intangible assets	18	28,900	28,895	-	-
TOTAL NON-CURRENT ASSETS		89,170	79,421	61,501	46,550
TOTAL ASSETS		160,153	151,876	69,166	69,827
CURRENT LIABILITIES					
Payables	19	46,406	34,407	437	408
Interest-bearing liabilities	20	1,399	953	1,302	852
Derivative financial instruments	12	627	44	627	44
Current tax liabilities		2,766	2,294	2,766	2,294
Provisions	21	2,482	2,207	306	199
TOTAL CURRENT LIABILITIES		53,680	39,905	5,438	3,797
NON-CURRENT LIABILITIES					
Payables	22	-	-	16,904	7,964
Interest-bearing liabilities	23	237	350	58	75
Deferred tax liabilities	24	10,178	9,718	-	-
Provisions	25	554	422	93	71
TOTAL NON-CURRENT LIABILITIES		10,969	10,490	17,055	8,110
TOTAL LIABILITIES		64,649	50,395	22,493	11,907
NET ASSETS		95,504	101,481	46,673	57,920
EQUITY					
Contributed equity	26	41,953	52,665	41,953	52,665
Reserves	27	11,273	12,691	3,628	4,300
Retained profits (accumulated losses)	27	42,278	36,125	1,092	955
TOTAL EQUITY		95,504	101,481	46,673	57,920

The above balance sheets should be read in conjunction with accompanying notes.

Statements of changes in equity

For the year ended 30 June 2007	Notes	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of financial year		101,481	88,095	57,920	46,614
Changes in fair value of cash flow hedges net of tax	27(a)	(1,395)	(1,360)	(649)	(2,105)
Net income (expense) recognised directly in equity		(1,395)	(1,360)	(649)	(2,105)
Profit for the year	27(c)	28,098	30,801	22,082	29,464
Total recognised income and expense for the year		26,703	29,441	21,433	27,359
Transactions with equity holders in their capacity as equity holders:					
- Contributions of equity, net of transaction costs	26(b)	3,531	5,740	3,531	5,740
- Employee share options	26(b)	1,265	285	1,265	287
- Dividends provided for or paid	8 (a)	(21,945)	(22,080)	(21,945)	(22,080)
- Share buy back	26 (b)	(15,531)	-	(15,531)	-
		(32,681)	(16,055)	(32,657)	(16,053)
Total equity at the end of financial year		95,504	101,481	46,673	57,920

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statements

For the year ended 30 June 2007	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of goods and services tax)		251,512	236,975	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(210,519)	(189,982)	28,196	(3,636)
		40,993	46,993	28,196	(3,636)
Interest received		265	162	218	128
Interest paid		(800)	(628)	(682)	(462)
Income tax paid		(10,667)	(12,145)	(10,667)	(12,145)
Net Cash Inflow/(Outflow) From Operating Activities	28	29,791	34,382	17,065	(16,115)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		135	208	-	43
Proceeds from sale of pesticide products division	7	-	5,645	-	5,646
Payment for property, plant and equipment		(10,787)	(5,646)	(121)	(90)
Payment for other non-current assets		(2,460)	(500)	-	-
Net Cash Inflow/(Outflow) From Investing Activities		(13,112)	(293)	(121)	5,599
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of ordinary shares		1,100	1,360	1,100	1,362
Share Buy Back		(15,531)	-	(15,531)	-
Repayments of borrowings		(117)	(494)	5	43,635
Dividends payment on ordinary shares, net of DRP		(18,213)	(17,773)	(18,213)	(17,773)
Net Cash Inflow/(outflow) from financing activities		(32,761)	(16,907)	(32,639)	27,224
Net increase/(decrease) in cash and cash equivalents		(16,082)	17,182	(15,695)	16,708
Cash and cash equivalents at the beginning of the financial year		21,721	4,539	20,939	4,231
Cash and cash equivalents at the end of the financial year	28(a)	5,639	21,721	5,244	20,939

The above cash flow statements should be read in conjunction with the accompanying notes.

Notes continued

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Notes to the Financial Statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of Select Harvests Limited comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 Financial Instruments: Presentation and Disclosure.

Historical cost convention

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

Critical Accounting Estimates

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

(b) Principles of consolidation

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

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

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

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

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

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

Notes continued

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(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(d) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(e) Inventories

Inventories are valued at the lower of cost and net realisable value except for almond stocks which are measured at fair value less estimated point of sale costs in accordance with AASB 141: "Agriculture" - refer to (f) below.

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

- Raw materials and consumables - purchase cost on a first-in-first-out basis;
- Finished goods and work-in-progress - cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity; and
- Almond stocks are valued in accordance with AASB 141 "Agriculture" whereby the cost of the non-living (harvested) produce is deemed to be its net market value immediately after it becomes non-living. This valuation takes into account current almond selling prices and current processing and selling costs.

f) Biological Assets

Almond Trees

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

Developing almond trees are valued at their growing cost until the year they bear their first commercial crop. The value of crop bearing almond trees is measured at fair value using a discounted cash flow methodology. The discounted cash flow incorporates the following factors:

- Almond trees have an estimated 30-year economic life, with crop yields consistent with long-term yield rates;
- Selling prices are based on long-term average trend prices;
- Growing, processing and selling costs are based on long-term average levels;
- Cash flows are discounted at a rate that takes into account the cost of capital plus a suitable risk factor; and
- Asset values (eg: land, buildings, water licenses, etc) to be deducted from the cumulative cash flow, to determine the tree value, are based on current valuation and then adjusted annually to account for capital expenditure, depreciation and utilised acreage.

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

Notes continued

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Growing Almond Crop

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

New Orchards Growing Costs

All costs associated with the establishment, planting and growing of almond trees for a new orchard are accumulated for the first three years of that orchard. Once immature trees commence bearing a commercial crop a proportion of the annual growing costs are expensed on the basis of yield achieved as a proportion of anticipated yield of a mature tree. At the end of the eighth year full maturation is deemed to occur, after which the tree is considered to be mature in terms of revenue generation and the annual growing costs are then expensed in full. Almond trees are valued as described above once they commence bearing a commercial crop.

(g) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

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

Notes continued

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(h) Property, plant and equipment

Cost and valuation

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

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

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

Depreciation

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

The useful lives for each class of assets are:

Buildings:	25 to 40 years
Leasehold improvements:	5 to 40 years
Plant and equipment:	5 to 20 years
Leased plant and equipment:	5 to 10 years
Plantation land, irrigation systems:	10 to 40 years

Capital works in progress

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

(i) Leases

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

Operating leases

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

Finance leases

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

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

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

Notes continued

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(j) Intangibles

Goodwill

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

Brand names

Brand names are measured at cost. Directors are of the view that brand names have an indefinite life. Brand names are therefore not depreciated. Instead, brand names are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less any accumulated impairment losses.

(k) Revenue Recognition

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

Sale of Goods

Control of the goods has passed to the buyer.

Rendering of Services

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

Interest

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividends

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

Almond Pool Revenue

Under the contractual arrangements with external growers the Company simultaneously acquires and sells the almonds and does not make a margin on those sales. These transactions are disclosed in Note 4 and are not recognised as revenue.

As at 30 June 2007 the Company held almond inventory on behalf of external growers which was not recorded as inventory of the Company.

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

(l) Other income

Almond Stocks

Increments or decrements in the net market value of almond stocks are recognised as income or expenses in the income statement in the financial year in which they occur. The net increment or decrement in the total market value of the almond stocks is determined as the difference between the net market value and quantities at the beginning of the year and at year end, less any further costs required to get the almonds stocks to a saleable state.

Notes continued

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(m) Income Tax

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

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

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

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

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

Tax Consolidation

The parent entity of Select Harvests Limited and its subsidiaries have implemented the tax consolidation legislation and formed a tax-consolidated group from 1 July 2003.

The parent entity and its wholly owned Australian subsidiaries in the tax-consolidated group continue to 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 stand alone taxpayer in its own right.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details of tax funding agreements are outlined in note 6. 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.

Goods and Services Tax (GST)

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

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

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

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

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

Notes continued

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(n) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(o) Employee benefits

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

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

Employee benefit expenses and revenues arising in respect of the following categories are charged against profit on a net basis in their respective categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits.
- Other types of employee benefits.

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

Share-based payments

Share-based compensation benefits are provided to employees via the Select Harvests Limited Executive Share Option Scheme. Information relating to this scheme is set out in note 52.

The fair value of options granted under the Select Harvests Limited Executive Share Option Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

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

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

Notes continued

30 JUNE 2007

(p) Financial Instruments

Financial Assets

Trade receivables are carried at full amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable.

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. Details of the terms and conditions are set out in Note 34.

Financial Liabilities

The bank overdraft is carried at the principal amount. Interest is charged as an expense as it accrues.

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

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

(q) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as foreign exchange hedge contracts) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

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

(r) Borrowing costs

Borrowing costs, inclusive of all facility fees, bank charges, and interest, are expensed as incurred.

(s) Earnings per share

(i) Basic Earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares.

(t) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business and is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately on the face of the income statement.

Notes continued

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(u) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

(v) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below:

a) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038] are applicable to annual reporting periods beginning on or after 1 January 2007. The group has not adopted the standards early. Application of the standard will not affect any of the amounts recognised in the financial statements.

b) AASB-1 10 Interim Financial Reporting and Impairment is applicable to reporting periods beginning on or after 1 November 2006. The group has not adopted the standards early. Application of the standard will not affect any of the amounts recognised in the financial statements.

c) AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 is applicable to reporting periods beginning on or after 1 January 2009. The group has not adopted the standards early. Application of the standard will not affect any of the amounts recognised in the financial statements.

d) AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 is applicable to reporting periods beginning on or after 1 January 2009. The group has not adopted the standards early. Application of the standard will not affect any of the amounts recognised in the financial statements.

e) AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 is applicable to reporting periods beginning on or after 1 January 2008. The group has not adopted the standards early. Application of the standard will not affect any of the amounts recognised in the financial statements.

f) AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11 is applicable to reporting periods beginning on or after 1 March 2007. The group has not adopted the standards early. Application of the standard will not affect any of the amounts recognised in the financial statements.

(w) Provisions

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

(x) Trade and other payables

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

(y) Contributed equity

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

(z) Comparatives

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

(aa) Rounding amounts

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

Notes continued

30 JUNE 2007

2. FINANCIAL RISK MANAGEMENT

The Consolidated entity's activities expose it to a variety of financial risks. Risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the consolidated entity.

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

(ii) Price risk

The consolidated entity is exposed to commodity price risk. The consolidated entity sells almonds harvested from owned orchards domestically and overseas throughout the year based on an almond price which will fluctuate from time to time due to changes in international market conditions. The consolidated entity has an active and ongoing almond marketing and selling program in place which is continually monitored and adapted for changes in almond prices. The consolidated entity also purchases raw materials and other inputs to the manufacturing and almond growing process domestically and overseas. The price of such inputs will also fluctuate from time to time based on market forces. Where practical, the consolidated entity, through its procurement programs, contracts from time to time to acquire such quantity of inputs as is projected to be required at fixed prices.

(b) Credit risk

The consolidated entity has no significant concentrations of credit risk. The consolidated entity 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.

(c) Liquidity risk

The consolidated entity maintains committed credit facilities in place with financial institutions for the ongoing funding of its activities.

(d) Cash flow interest rate risk

As the consolidated entity has no significant interest-bearing assets, income and operating cash flows are not materially exposed to changes in market interest rates.

The consolidated entity's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Almond Trees

Almond trees are classified as a biological asset and valued in accordance with AASB 141 "Agriculture". The consolidated entity's accounting policies in relation to almond trees are detailed in note 1(f).

In applying this policy, the consolidated entity has made various assumptions. These are detailed in note 17 of the financial statements. As at 30 June 2007, the value of almond trees carried in the financial statements of the consolidated entity is \$6.0 million (2006:\$5.8 million)

Notes continued

30 JUNE 2007

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
4. REVENUE				
Revenue from continuing operations				
Total revenue from operating activities *	229,498	217,866	-	-
Other revenue from continuing operations				
Management fees	-	-	4,554	3,398
Dividends and distributions				
- Controlled entities	-	-	22,000	25,212
- Other corporations	-	-	-	-
Total dividends and distributions	-	-	26,554	28,610
Interest				
- Wholly owned entities	-	-	1,029	956
- Other persons/corporations	265	162	218	128
Total interest	265	162	1,247	1,084
Total other revenue from continuing operations	265	162	27,801	29,694
Total revenue	229,763	218,028	27,801	29,694
Revenue from discontinued operations	-	6,637	-	5,700
Revenue/Cost of goods sold				
From Almond Pool				
Revenue from almond pool sales	45,767	33,843	-	-
Cost of goods sold from almond pool sales	(45,767)	(33,843)	-	-
	-	-	-	-

* Revenue from almond pool sales includes sales of almonds for externally owned almond orchards, which are sold by the consolidated entity on a pooled basis, the proceeds from which are distributed to the pool participants. This revenue is not included in the revenue as stated above within revenue from continuing operations.

Notes continued

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	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
5. EXPENSES					
Profit before tax includes the following specific expenses:					
Cost of goods & services sold		175,790	165,546	-	-
Depreciation of non-current assets					
Freehold land and buildings		-	1	-	-
Buildings		82	68	-	-
Plantation Land and irrigation systems		411	335	-	-
Leased plant and equipment		115	249	17	12
Plant and equipment		3,194	2,933	276	209
Total depreciation of non-current assets		3,802	3,586	293	221
Finance costs					
wholly owned entities		-	-	1,361	440
other persons		800	628	682	463
Total finance costs		800	628	2,043	903
Movement in provisions for doubtful debts		(8)	(14)	-	-
Movement in provision for employee entitlements		721	1,143	130	31
Movement in provision for stock diminution		(9)	(199)	-	-
Operating lease rental minimum lease payments		7,695	5,403	-	-
Total operating lease rental		7,695	5,403	-	-
Net loss on disposal of property, plant and equipment		9	6	6	10
6. INCOME TAX					
(a) Income tax expense					
Current Tax		11,540	11,287	357	222
Deferred tax		493	258	(274)	(29)
Under (over) provided in prior years		(117)	(87)	(117)	8
		11,916	11,458	(34)	201
Income tax expense is attributable to:					
Profit from continuing operations		11,916	11,411	(34)	201
Profit from discontinued operations		-	47	-	-
Aggregate income tax expense		11,916	11,458	(34)	201
Deferred income tax (revenue) expense included in income tax expense comprises:					
Decrease (increase) in deferred tax assets	16	(288)	(341)	(274)	(442)
(Decrease) increase in deferred tax liabilities	24	781	599	-	413
		493	258	(274)	(29)

Notes continued

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Notes	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	40,014	37,903	22,048	25,632
Profit from discontinued operations before income tax expense	-	4,356	-	4,033
	40,014	42,259	22,048	29,665
Tax at the Australian tax rate of 30% (2006 – 30%)	12,004	12,678	6,614	8,899
Tax effect of amounts that are not deductible (taxable) in calculating taxable income				
Rebateable dividends	-	-	(6,600)	(7,564)
Other non allowable items	65	109	69	68
Other non assessable items	(36)	(1,242)	-	(1,210)
Under/(over) provision of previous year	(117)	(87)	(117)	8
Income tax expense	11,916	11,458	(34)	201

(c) Tax consolidation legislation

Select Harvests Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(m).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Select Harvests Limited.

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

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

7. DISCONTINUED OPERATION

(a) Description

On 23 August 2005 Select Harvests Ltd announced that a contract of sale was signed to sell all of the shares in Riverina Pelletising Services Pty Ltd for a total consideration of \$5.7 million to Australian Businesspoint Pty Ltd. The transaction was completed on 15 October 2005 with effect from 1 October 2005, and the entity disposed of is reported in this financial report as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in the segment information.

Notes continued

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(b) Financial performance and cash flow information

The financial performance and cash flow information presented for the year ended 30 June 2007 and are for the three months ended 30 September 2005 (2006 column).

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Revenue	-	937	-	-
Expenses	-	(720)	-	-
Profit before income tax	-	217	-	-
Income tax expense	-	(47)	-	-
Profit after income tax of discontinued operations	-	170	-	-
Gain on sale of the division before income tax	-	4,139	-	4,033
Income tax expense	-	-	-	-
Gain on sale of the division after income tax	-	4,139	-	4,033
Profit from discontinued operations	-	4,309	-	4,033
Net cash inflow/(outflow) from operating activities	-	(595)	-	-
Net cash inflow (outflow) from investing activities (2006 includes an inflow of \$5,644,650 from the sale of the division)	-	5,645	-	5,645
Net cash inflow/(outflow) from financing activities	-	595	-	-
Net increase in cash generated by the division	-	5,645	-	5,645

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 September 2005 (2006 column).

Cash	-	1	-	1
Property, plant and equipment	-	685	-	707
Investments	-	20	-	20
Trade receivables	-	600	-	1,021
Inventories	-	485	-	600
Other	-	4	-	56
Total assets	-	1,795	-	2,405
Trade creditors	-	(179)	-	(269)
Provision for Tax	-	43	-	(275)
Provision for employee benefits	-	(153)	-	(142)
Total liabilities	-	(289)	-	(686)
Net Assets	-	1,506	-	1,719

(d) Details of the sale of the division

Consideration received or receivable:

Cash	-	5,645	-	5,645
Total disposal consideration	-	5,645	-	5,645
Carrying amount of net assets sold	-	(1,506)	-	(1,612)
Gain on sale before income tax	-	4,139	-	4,033
Income tax expense	-	-	-	-
Gain on sale after income tax	-	4,139	-	4,033

Notes continued

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8. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

(a) Dividends Paid During The Year

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<i>(i) Interim - paid 2 April 2007 (2006: 3 April 2006)</i>				
Fully franked dividend (22c per share)				
(2006: 20c per share)	8,802	7,913	8,802	7,913
<i>(ii) Special dividend</i>				
Fully franked dividend 2007: Nil				
(2006: 10c)	-	3,956	-	3,956
	<u>8,802</u>	<u>11,869</u>	<u>8,802</u>	<u>11,869</u>
<i>(iii) Final - paid 2 October 2006 (2006: 3 October 2005)</i>				
Fully franked dividend (33c per share) (2006: 26c per share)				
	13,143	10,211	13,143	10,211
	<u>21,945</u>	<u>22,080</u>	<u>21,945</u>	<u>22,080</u>

(b) Dividends Proposed And Not Recognised As A Liability

Fully franked dividend payable on 1 October 2007 (35.0c per share, \$13,558,666)

(c) Franking credit balance

Franking credits available for the subsequent financial year arising from:

Franking account balance as at the beginning of the financial year

26,639 16,733

Current year tax payment instalments and adjustments

22,585 29,526

Interim Dividends paid

(8,802) (11,869)

Franking account balance at end of financial year

40,422 34,390

Current year income tax payable

2,766 5,353

Dividend declared

(13,559) (13,104)

Franking account balance after payment of current year tax and dividends

29,629 26,639

9. CASH AND CASH EQUIVALENTS

Cash at bank and in hand

924 16,057 529 15,275

Deposits at call

6,000 6,500 6,000 6,500

6,924 22,557 6,529 21,775

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

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flow as follows:

Balances as above

6,924 22,557 6,529 21,775

Bank overdrafts (note 20)

(1,285) (836) (1,285) (836)

Balances per statement of cash flows

5,639 21,721 5,244 20,939

Notes continued

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Consolidated		Parent entity	
2007	2006	2007	2006
\$'000	\$'000	\$'000	\$'000

(b) Cash at bank and on hand

Details of the interest rates applicable to cash at bank and on hand are detailed in note 36.

(c) Deposits at call

The deposits are bearing a floating interest rate at 30 June 2007. Details of the interest rates applicable to deposits at call are detailed in note 36.

10. RECEIVABLES (CURRENT)

Trade debtors	32,674	23,602	-	-
Provision for doubtful debts	(18)	(10)	-	-
	<u>32,656</u>	<u>23,592</u>	<u>-</u>	<u>-</u>
Prepayments	803	825	705	703
Other receivables	-	25	-	25
	<u>33,459</u>	<u>24,442</u>	<u>705</u>	<u>728</u>

(a) Bad and doubtful trade receivables

The consolidated entity has recognised an expense of \$13,216 (2006: \$14,332) in respect of bad and doubtful trade receivables during the year ended 30 June 2007. This loss has been included in "other expenses" in the income statement.

(b) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group.

(c) Effective interest rates and credit risk

All receivables are non-interest bearing.

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

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in note 36.

11. INVENTORIES (CURRENT)

Raw materials

Raw materials at cost	8,026	6,793	-	-
	<u>8,026</u>	<u>6,793</u>	<u>-</u>	<u>-</u>

Finished goods

Finished goods at cost	5,803	6,060	-	-
Provision for diminution in value	(9)	(267)	-	-
	<u>5,794</u>	<u>5,793</u>	<u>-</u>	<u>-</u>

Other inventory

Other inventory at cost	7,309	5,763	-	-
	<u>7,309</u>	<u>5,763</u>	<u>-</u>	<u>-</u>

Almond stocks

Almond stocks at cost (refer to note 1 (f))	9,040	6,333	-	-
	<u>9,040</u>	<u>6,333</u>	<u>-</u>	<u>-</u>

Total inventories	<u>30,169</u>	<u>24,682</u>	<u>-</u>	<u>-</u>
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Notes continued

30 JUNE 2007

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
(a) Movements in provision for diminution in value				
Beginning of the financial year	(267)	(517)	-	-
Movement during the year	258	250	-	-
End of the financial year	(9)	(267)	-	-

12. DERIVATIVE FINANCIAL INSTRUMENTS (CURRENT)

Current assets

Forward exchange contracts – cash flow hedges	431	774	431	774
Total current derivative financial instrument assets	431	774	431	774

Current liabilities

Forward exchange contracts – cash flow hedges	627	44	627	44
Total current derivative financial instrument liabilities	627	44	627	44

(i) Forward exchange contracts – cash flow hedges

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

The net amount of the foreign currency the consolidated entity will be required to pay or purchase when settling the brought forward exchange contracts should the counterparty not pay the currency it is committed to deliver to the Company at balance date was \$15,003,000 (2006: (\$777,000)).

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

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

Buy United States Dollars	Sell Australian Dollars	Average Exchange Rate	
	2007	2006	
Settlement	\$'000	\$'000	
Less than 6 months	4,960	5,304	0.77
6 months to 1 year	19	-	0.77
Greater than 1 year	-	-	-
	4,979	5,304	
Sell United States Dollars	Buy Australian Dollars	Average Exchange Rate	
	2007	2006	
Settlement	\$'000	\$'000	
Less than 6 months	15,302	4,457	0.81
6 months to 1 year	4,680	70	0.84
1 year to 2 years	-	-	-
	19,982	4,527	

Notes continued

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(ii) Credit risk exposures

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

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations at maturity. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

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

(iii) Interest rate risk exposures

Refer to note 36 for the consolidated entity's exposure to interest rate risk on derivative financial instruments.

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
13. RECEIVABLES (NON-CURRENT)					
Related party receivables					
Wholly-owned group					
▪ controlled entities	34 (f)	-	-	51,063	37,355
▪ provision for impairment		-	-	-	(1,099)
		-	-	51,063	36,256
14. OTHER FINANCIAL ASSETS (NON-CURRENT)					
Investments at cost comprise:					
Shares					
Controlled entities – unlisted		-	-	9,607	9,607
		-	-	9,607	9,607
15. PROPERTY, PLANT AND EQUIPMENT					
Buildings					
At cost		2,809	2,840	-	-
Accumulated depreciation		(411)	(329)	-	-
	15(a)	2,398	2,511	-	-
Plantation land and irrigation systems					
At cost		25,328	24,934	-	-
Accumulated depreciation		(1,908)	(1,497)	-	-
	15(a)	23,420	23,437	-	-
Total land and buildings		25,818	25,948	-	-
Plant and equipment under lease					
At cost		609	1,657	103	103
Accumulated amortisation		(295)	(956)	(29)	(12)
	15(b)	314	701	74	91

Notes continued

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	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
Plant & equipment					
At cost		37,645	33,242	931	869
Accumulated depreciation		(20,170)	(16,977)	(772)	(496)
	15(b)	17,475	16,265	159	373
Capital works in progress					
At cost		9,973	1,468	43	-
	15(b)	9,973	1,468	43	-
Total plant and equipment		27,762	18,434	276	464
Total property, plant and equipment					
Cost		76,364	64,141	1,077	972
Accumulated depreciation and amortisation		(22,784)	(19,759)	(801)	(508)
Total written down amount		53,580	44,382	276	464

(a) Reconciliations

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

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
Freehold land and buildings					
Carrying amount at beginning		-	232	-	-
Additions		-	-	-	-
Depreciation expense		-	(1)	-	-
Disposal through sale of entity		-	(231)	-	-
Disposals		-	-	-	-
		-	-	-	-
Buildings					
Carrying amount at beginning		2,511	2,531	-	-
Additions		-	48	-	-
Depreciation expense		(82)	(68)	-	-
Disposals		(31)	-	-	-
		2,398	2,511	-	-
Plantation Land and irrigation systems					
Carrying amount at beginning		23,437	22,985	-	-
Additions		468	787	-	-
Disposals		-	-	-	-
Transfers between classes		(74)	-	-	-
Depreciation expense		(411)	(335)	-	-
		23,420	23,437	-	-

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	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<i>Plant and equipment under lease</i>				
Carrying amount at beginning	701	1,314	91	-
Additions	-	103	-	103
Additions through acquisition of entities / operations	-	-	-	-
Transfers between classes	(272)	(467)	-	-
Depreciation expense	(115)	(249)	(17)	(12)
	<u>314</u>	<u>701</u>	<u>74</u>	<u>91</u>
<i>Plant and Equipment</i>				
Carrying amount at beginning	16,265	15,741	373	509
Additions	3,787	3,400	62	90
Disposals	(108)	(214)	-	(53)
Disposal through sale of entity	-	(453)	-	-
Transfers between classes	725	724	-	14
Transfers between entities	-	-	-	22
Depreciation expense	(3,194)	(2,933)	(276)	(209)
	<u>17,475</u>	<u>16,265</u>	<u>159</u>	<u>373</u>
<i>Capital works in progress</i>				
Carrying amount at beginning	1,468	1,188	-	14
Additions	8,884	951	43	-
Transfers between classes	(379)	(257)	-	(14)
Reclassification to other accounts	-	(414)	-	-
	<u>9,973</u>	<u>1,468</u>	<u>43</u>	<u>-</u>
Total written down value	<u>53,580</u>	<u>44,382</u>	<u>276</u>	<u>464</u>

16. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Amounts recognised in profit and loss

Assets at cost	(180)	(180)	-	-
Employee benefits	438	384	126	85
Accruals	41	28	41	28
Provisions	329	329	329	329
Doubtful debts	5	3	-	-
	<u>633</u>	<u>564</u>	<u>496</u>	<u>442</u>

Amounts recognised directly in equity

Cash flow hedges	59	(219)	59	(219)
	<u>692</u>	<u>345</u>	<u>555</u>	<u>223</u>

Notes continued

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	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Movements:				
Opening balance 1 July	345	267	223	-
Credited / (charged) to income statement	288	341	274	442
Credited / (charged) to equity	59	(219)	59	(219)
Transfer on sale of discontinued operation	-	(44)	-	
Closing balance at 30 June	692	345	556	223
Deferred tax assets to be recovered after more than 12 months	(61)	(69)	119	111
Deferred tax assets to be recovered within 12 months	753	414	437	112
	692	345	556	223

17. BIOLOGICAL ASSETS – ALMOND TREES

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

As at 30 June 2007 the consolidated entity owned and managed a total of 1,863 acres of almond orchards (2006: 1,863 acres) and leased and managed a total of 505 acres of almond orchards (2006: 505 acres).

During the year ended 30 June 2007, 2,400 metric tonnes of almonds were harvested from these orchards (2006: 1,566 metric tonnes). These almonds had a fair value less estimated point of sale costs of \$15.5 million (2006: \$12.5 million).

	Consolidated	
	2007	2006
	\$ '000	\$ '000
Carrying amount at 1 July	5,799	5,516
Additions	107	198
Almond Tree fair value adjustment	92	85
Carrying amount at 30 June	5,998	5,799

Developing almond trees are valued at their growing cost until the year they bear their first commercial crop. The value of crop bearing almond trees is calculated using a discounted cash flow methodology. The discounted cash flow incorporates the following factors:

- Almond trees have an estimated 30-year economic life, with crop yields consistent with long-term yield rates;
- Selling prices are based on long-term average trend prices;
- Growing, processing and selling costs are based on long-term average levels;
- Cash flows are discounted at a rate that takes into account the cost of capital plus a suitable risk factor; and
- An appropriate rental charge is included to represent the use of the developed land on which the trees are planted.

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(a) Financial risk management strategies

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

(b) Non-current assets pledged as security

Refer to note 23 for information on biological assets whose title is restricted and the carrying amounts of any biological assets pledged as security by the parent entity or its subsidiaries.

18. INTANGIBLES

	Consolidated		
	Goodwill \$'000	Brand Names* \$'000	Total \$'000
Year ended 30 June 2006			
Opening net book amount	25,981	2,900	28,881
Additions	14	-	14
Closing net book amount	25,995	2,900	28,895
Year ended 30 June 2007			
Opening net book amount	25,995	2,900	28,895
Additions	-	5	5
Closing net book amount	25,995	2,905	28,900

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

(a) Impairment tests for goodwill

Goodwill is allocated to the consolidated entity's cash-generating units (CGU) identified according to business segment. The total value of goodwill relates to the Food Products CGU. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial projections by management covering a five-year period assuming a growth rate based on projected crop increases and other growth rates based on past performance and its expectations for the future. These do not exceed the long-term growth rate for the business in which the Food Products Division operates in. A weighted average cost of capital (12.2%) has been used to discount the cash flow projections.

(b) Impact of possible changes to key assumptions

The recoverable amount of the goodwill in the Food Products Division exceeds the carrying amount of goodwill at 30 June 2007. If a pre-tax discount rate of 13.2% was used instead of 12.2% the recoverable amount of the goodwill in the Food Products Division would still exceed the carrying amount of goodwill at 30 June 2007.

Notes	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
19. PAYABLES (CURRENT)				
Trade creditors	7,899	8,668	140	2
Other creditors	38,507	25,739	297	406
	46,406	34,407	437	408

Notes continued

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	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
20. INTEREST-BEARING LIABILITIES (CURRENT)					
Secured					
Bank overdraft	23 (a)	1,285	836	1,285	836
Lease liability	29	114	117	17	16
Total secured current borrowings		1,399	953	1,302	852

(a) Security

Details of the security relating to each of the secured liabilities and further information on the bank overdrafts and bank loans are set out in note 23.

(b) Interest rate risk exposures

Details of the consolidated entity's exposure to interest rate changes on borrowings are set out in note 36.

(c) Fair value disclosures

Details of the fair value of borrowings for the consolidated entity are set out in note 23.

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
21. PROVISIONS (CURRENT)					
Employee benefits	25 (a)	2,482	2,207	306	199
		2,482	2,207	306	199

22. PAYABLES (NON-CURRENT)

Aggregate amounts payable to related parties
- wholly owned companies

-	-	16,904	7,964
-	-	16,904	7,964

23. INTEREST-BEARING LIABILITIES (NON-CURRENT)

Secured

Lease liability	29	237	350	58	75
Total secured non-current borrowings		237	350	58	75

(a) Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

Bank overdraft		1,285	836	1,285	836
Lease liability	29	351	467	75	91
Total secured liabilities		1,636	1,303	1,360	927

Notes continued

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(b) Assets pledged as security:

The bank overdraft and bills of exchange 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.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of a default.

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

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Current				
<i>Floating charge</i>				
Cash and cash equivalents	6,924	22,557	6,529	21,775
Receivables	33,459	24,442	705	728
Inventories	30,169	24,682	-	-
Derivative financial instruments	431	774	431	774
Total current assets pledged as security	70,983	72,455	7,665	23,277
	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Non-current				
<i>Floating charge</i>				
Receivables	-	-	51,063	36,256
Other financial assets	-	-	9,607	9,607
Property, plant and equipment	53,580	44,382	276	464
Biological assets – almond trees	5,998	5,799	-	-
Total non-current assets pledged as security	59,578	50,181	60,946	46,327
Total assets pledged as security	130,561	122,636	68,611	69,604

(c) Financing arrangements

The consolidated entity and the Company have bank overdraft facilities available to the extent of 1,000,000 Australian dollars and 3,000,000 United States dollars (2006: AUD2,000,000 & USD3,000,000).

As at 30 June 2007 the consolidated entity and company have used AUD Nil and USD 703,128 (2006: AUD Nil & USD 578,503) of the facility.

The consolidated entity and the Company have a commercial bill facility available to the extent of \$28,000,000 (2006: \$28,000,000). As at 30 June 2007 the consolidated entity and Company have used \$Nil (2006: \$Nil).

The current interest rates are 6.57% on the commercial bill facility, 10.35% on the Australian dollar bank overdraft facility, and 6.47% on the United States dollar bank overdraft facility.

(d) Interest rate risk exposures

Details of the consolidated entity's exposure to interest rate risk are set out in note 36.

Notes continued

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(e) Fair value

The fair value of borrowings at balance date is equal to the carrying amounts set out in part (a) above.

24. DEFERRED TAX LIABILITIES (NON-CURRENT)

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
The balance comprises temporary differences attributable to:					
<i>Amounts recognised in profit and loss</i>		\$'000	\$'000	\$'000	\$'000
Inventory		1,816	1,233	-	-
Assets at cost		8,538	8,487	-	-
Employee benefits		(648)	(508)	-	-
Accruals		(64)	(396)	-	-
Intangibles		870	870	-	-
Operating leases		(334)	(289)	-	-
		<u>10,178</u>	<u>9,397</u>	<u>-</u>	<u>-</u>
<i>Amounts recognised directly in equity</i>					
Cash flow hedges		-	321	-	-
		<u>10,178</u>	<u>9,718</u>	<u>-</u>	<u>-</u>
Movements:					
Opening balance 1 July		9,718	9,920	-	709
Credited / (charged) to income statement		781	599	-	413
Credited / (charged) to equity		(321)	(801)	-	(1,122)
Closing balance at 30 June		<u>10,178</u>	<u>9,718</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities to be settled after more than 12 months		9,142	9,068	-	-
Deferred tax liabilities to be settled within 12 months		<u>1,036</u>	<u>650</u>	<u>-</u>	<u>-</u>
		<u>10,178</u>	<u>9,718</u>	<u>-</u>	<u>-</u>

25. PROVISIONS (NON-CURRENT)

Employee entitlements	554	422	93	71
(a) Aggregate employee entitlements liability	<u>3,036</u>	<u>2,629</u>	<u>399</u>	<u>270</u>
(b) Number of full time employees at year end	340	297	16	11

26. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	41,953	52,665	41,953	52,665
	<u>41,953</u>	<u>52,665</u>	<u>41,953</u>	<u>52,665</u>

Notes continued

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(b) Movements in shares on issue	2007		2006	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial year	39,707,757	52,665	39,069,120	46,925
Issued during the year				
▪ Dividend reinvestment scheme	299,128	3,531	322,037	4,305
▪ Employee share scheme	164,867	1,288	316,600	1,435
▪ Share buy back	(1,432,705)	(15,531)	-	-
End of Financial year	38,739,047	41,953	39,707,757	52,665

(c) Share Options

Employee share scheme

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

The employee is able to receive payments under the short-term incentive scheme based on the achievement of agreed business plans by the individual. This performance is measured and reported by a balanced scorecard approach.

The long-term scheme involves the issue of options to the employee, under the executive share option scheme. During or since the end of the financial year, 171,101 options (2006: 237,700 options) have been granted under this scheme (refer note 38 and Directors' Report for further details). The market value of ordinary Select Harvests Limited shares closed at \$11.60 on 30 June 2007 (\$13.02 on 30 June 2006).

(d) Ordinary shares

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

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

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
27. RESERVES AND RETAINED PROFITS					
Capital reserve	27(a)	3,270	3,270	3,270	3,270
Cash flow hedge reserve	27(a)	(137)	1,258	(137)	512
Interest rate swap reserve	27(a)	-	-	-	-
Asset revaluation reserve	27(a)	7,645	7,645	-	-
Options reserve	27(a)	495	518	495	518
		11,273	12,691	3,628	4,300
Retained profits	27(c)	42,278	36,125	1,092	955

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	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
(a) Movements		\$'000	\$'000	\$'000	\$'000
<i>Capital reserve</i>					
Balance at beginning of year		3,270	3,270	3,270	3,270
Surplus on Revaluation		-	-	-	-
Balance at end of year		3,270	3,270	3,270	3,270
<i>Cash flow hedge reserve</i>					
Balance at beginning of year		1,258	2,633	512	2,633
Currency translation differences arising during the year		(1,395)	(1,375)	(649)	(2,121)
Balance at end of year		(137)	1,258	(137)	512
<i>Interest rate swap reserve</i>					
Balance at beginning of year		-	(15)	-	(15)
Swap translation differences arising during the year		-	15	-	15
Balance at end of year		-	-	-	-
<i>Asset revaluation reserve</i>					
Balance at beginning of year		7,645	7,645	-	-
Surplus on Revaluation		-	-	-	-
Balance at end of year		7,645	7,645	-	-
<i>Options reserve</i>					
Balance at beginning of year		518	233	518	233
Option expense		174	358	174	358
Transfer to share capital (options exercised)		(197)	(73)	(197)	(73)
Balance at end of year		495	518	495	518

(b) Nature and purpose of reserves

(i) Capital reserve

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

(ii) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

(iii) Share based payments reserve

The share based payments reserve is used to recognise the fair value of options issued but not exercised.

(iv) Cash flow hedge reserve

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

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	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
(c) Retained profits				
Balance at the beginning of year	36,125	27,404	955	(6,432)
Adjustment on adoption of AASB 132 and AASB 139, net of tax	-	-	-	3
Profit attributable to members of Select Harvests Limited	28,098	30,801	22,082	29,464
Total available for appropriation	64,223	58,205	23,037	23,035
Dividends paid	(21,945)	(22,080)	(21,945)	(22,080)
Balance at end of year	42,278	36,125	1,092	955

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

Net profit	28,098	30,801	22,082	29,464
Non-Cash Items				
Depreciation and amortisation	3,802	3,571	291	230
Almond stock fair value adjustment	1,071	467	-	-
Almond trees fair value adjustment	92	85	-	-
Net (profit)/loss on disposal of property, plant and equipment	6	6	-	10
Net (profit) on disposal of discontinuing operation	-	(4,139)	-	(4,033)
Dividends received from controlled entities	-	-	(22,000)	(25,212)
Interest received	-	-	(1,247)	(516)
Management fees received	-	-	(4,554)	(3,398)
Changes in assets and liabilities				
(Increase)/decrease in trade receivables	(9,064)	1,244	-	-
(Increase)/decrease in inventory	(5,487)	114	-	-
(Increase)/decrease in receivables and other assets	(1,712)	2,150	22,195	(4,831)
(Decrease)/increase in trade and other creditors	11,999	1,420	29	(5,983)
(Decrease)/increase in income tax payable	472	(945)	472	(945)
(Decrease)/increase in deferred income tax liability	460	(533)	-	(709)
(Increase)/decrease in deferred tax assets	(347)	(68)	(332)	(223)
(Decrease)/increase in employee entitlements	407	209	129	31
Net cash flow from operating activities	29,791	34,382	17,065	(16,115)

(a) Reconciliation of cash

Cash balance comprises:

Cash at bank	6,924	22,557	6,529	21,775
Bank overdraft	(1,285)	(836)	(1,285)	(836)
Closing cash balance	5,639	21,721	5,244	20,939

Notes continued

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(b) Acquisition of Entities and Businesses

There were no acquisitions of entities during the year.

During the 2006 year the consolidated entity paid \$500,000 to the shareholders of Meriram Pty Ltd and Kibley Pty Ltd in relation to the achievement of the EBIT target for the financial year ended 30 June 2005.

Details of these transactions are:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Purchase consideration	-	500	-	-
Cash consideration	-	500	-	-
Goodwill on consolidation	-	500	-	-

29. EXPENDITURE COMMITMENTS

Lease commitments – Group company as lessee

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

Within one year	8,801	6,202	-	-
Later than one year but not later than five years	33,005	23,130	-	-
Later than five years	36,461	14,917	-	-
	78,267	44,249	-	-

(i) Operating leases (non-cancellable):

Minimum lease payments

▪ Not later than one year	8,076	5,577	-	-
▪ Later than one year and not later than five years	29,544	19,857	-	-
▪ Later than five years	10,935	12,129	-	-
▪ Aggregate lease expenditure contracted for at reporting date	48,555	37,563	-	-

Aggregate expenditure commitments comprise:

Aggregate lease expenditure contracted for at reporting date

	48,555	37,563	-	-
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The orchard leases are able to be renewed for a further 5 years. The company also has first right of refusal to purchase the properties in the event that the lessor wished to sell. Other leases within Select have renewal and first right of refusal clauses.

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

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	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
(ii) Finance leases:					
▪ Not later than one year		133	149	24	24
▪ Later than one year and not later than five years		260	384	60	83
▪ Total minimum lease payments		393	533	84	107
▪ Future finance charges		(42)	(66)	(9)	(15)
▪ Lease liability		351	467	75	92
- Current liability	20	114	117	17	16
- Non-current liability	23	237	350	58	76
		351	467	75	92

Finance leases are for various items of plant & equipment

(iii) Almond orchard leases:

Minimum lease payments

▪ Not later than one year	1,662	625	-	-
▪ Later than one year and not later than five years	9,403	3,273	-	-
▪ Later than five years	55,570	2,788	-	-
▪ Aggregate lease expenditure contracted for at reporting date	66,635	6,686	-	-

Aggregate expenditure commitments comprise:

Aggregate lease expenditure contracted for at reporting date

66,635	6,686	-	-
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The almond orchard leases comprises the lease of a 512 acre almond orchard and a 1,002 acre lease from Sandhurst Trustees Limited in which the consolidated entity has the right to harvest the almonds from the trees owned by the lessor for the term of the agreement. During the year ended 30 June 2007 the company took up the renewal clauses for an additional 10 years on the 512 acre orchard. Although the 1,002 acre lease agreement was entered into on July 1 2007 this has been disclosed as a lease commitment in the disclosure above.

30. EVENTS OCCURRING AFTER BALANCE DATE

On 27 August 2007, the Directors declared a fully franked final dividend of 35 cents per ordinary share to be paid on Monday 1 October 2007 to shareholders registered at 5.00 pm on Friday 7 September 2007.

On 1 July 2007 a lease was entered into for the lease of a 1,002 acre almond orchard from Sandhurst Trustees Limited in which the consolidated entity has the right to harvest the almonds from the trees owned by the lessor for the term of the agreement. This lease has been disclosed as a lease commitment in note 29.

There has been no other matter or circumstance, which has arisen since 30 June 2007 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2007, of the consolidated entity, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 30 June 2007, of the consolidated entity.

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31. EARNINGS PER SHARE

	Consolidated	
	2007	2006
	\$'000	\$'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Profit from continuing operations	28,098	26,492
Profit from discontinued operation	-	4,309
Profit attributable to equity holders of the company used in calculating basic earnings per share	28,098	30,801
Diluted earnings per share:		
Profit from continuing operations	28,098	26,520
Profit from discontinued operation	-	4,309
Profit attributable to equity holders of the company used in calculating diluted earnings per share	28,098	30,829
	Number of shares	
	2007	2006
Weighted average number of ordinary shares used in calculating basic earnings per share	39,556,731	39,458,133
Effect of dilutive securities:		
Share options	121,994	126,363
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	39,678,725	39,584,496

32. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Principles used to determine the nature and amount of remuneration

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

Executive directors and key management personnel may receive short term incentives based on achievement of specific business plans and performance indicators, which include financial and operational targets relevant to performance at the consolidated entity level, divisional level, or functional level, as applicable, for the financial year. In addition, the consolidated entity offers executive directors and key management personnel participation in the long-term incentive scheme involving the issue of options to the employee under the executive share option scheme. The executive share option scheme provides for the offer of a parcel of options to participating employees on an annual basis, with a three-year expiry period, exercisable at the market price set at the time the offer was made. The options are granted annually in three tranches on achievement of the performance hurdles.

Non-executive directors each receive a base fee of \$50,000 per annum. The Chairman receives up to twice the base fee. Non-executive directors do not receive any performance related remuneration nor are they issued options on securities.

a) Directors

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

- (i) *Chairman – non-executive*
M A Fremder
- (ii) *Executive director*
J Bird, Managing Director
- (iii) *Non-executive directors*
C G Clark
G F Dan O'Brien
J C Leonard
R M Herron

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(b) Other key management personnel

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

Name	Position	Employer
K Bush	Group Manager Sales & Marketing	Select Harvests Food Products Pty Ltd
K Martin	Group Operations Manager	Select Harvests Limited
T Millen	Group Horticultural & Farm Operations Manager	Kyndalyn Park Pty Ltd
L Van Driel	Group Trading Manager	Select Harvests Food Products Pty Ltd
R Palmaricciotti	Chief Financial Officer & Company Secretary	Select Harvests Limited

All of the above persons were also key management persons during the year ended 30 June 2006, except for K Bush who commenced employment with the consolidated entity on 25 September 2006; R Palmaricciotti who commenced employment with the consolidated entity on 15 December 2006; and, K Martin who commenced employment with the consolidated entity on 16 January 2007. Marcello Mattia was a key management person in the year ended 30 June 2006 and ceased employment with the consolidated entity on 31 December 2006.

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Short term employment benefits	1,854,293	2,323,092	1,273,792	1,366,049
Post employment benefits	-	179,980	-	89,633
Share based payments	158,591	145,313	132,809	106,785
	<u>2,012,884</u>	<u>2,648,385</u>	<u>1,406,601</u>	<u>1,562,467</u>

The company has taken advantage of the relief provided by Corporations Regulations 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' report. The relevant information can be found in Sections A to C of the remuneration report on pages

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(d) Equity instrument disclosures relating to key management personnel

Number of options held by directors and key management personnel

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

2007	Held at 1 July 2006	Granted as Remuneration	Exercised	Held at 30 June 2007	Vested and exercisable at 30 June 2007
Directors					
J Bird	92,200	86,067	87,600	90,667	90,667
Key Management Personnel					
K Bush (Group Manager Sales & Marketing)	-	-	-	-	-
K Martin (Group Operations Manager)	-	-	-	-	-
T Millen (Group Horticultural & Farm Operations Manager)	5,600	7,333	5,400	7,533	7,533
L Van Driel (Group Trading Manager)	4,100	12,667	3,900	12,867	12,867
R Palmaricciotti (Chief Financial Office and Company Secretary)	-	-	-	-	-
M Mattia (Chief financial officer & Company secretary)		26,200	26,200	-	-
R. Tanti (Sales Manager – Food Products)	7,400	13,867	21,267	-	-
W Turner (General Manager – Almond Division)		18,600	18,600	-	-
2006	Held at 1 July 2005	Granted as Remuneration	Exercised	Held at 30 June 2006	Vested and exercisable at 30 June 2006
Directors					
J Bird	132,800	114,800	(155,400)	92,200	92,200
Key Management Personnel					
T Millen (Group Horticultural Farm Operations Manager)	9,200	7,500	(11,100)	5,600	5,600
L Van Driel (Group Trading Manager)	11,200	15,300	(22,400)	4,100	4,100
M Mattia (Chief Financial Officer & Company Secretary)	8,800	19,500	(28,300)	-	-
R. Tanti (Sales Manager – Food Products)	-	7,400	-	7,400	7,400
W Turner (General Manager – Almond Division)	7,000	14,400	(21,400)	-	-

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

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Number of shares held by directors and key management personnel

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

2007	Held at 1 July 2006	Received as remuneration	Received on exercise of options	Other – DRP, sales & purchases	Total
Directors - Non Executive					
M A Fremder	5,662,365	-	-	114,869	5,777,234
J C Leonard	455,932	-	-	28,865	484,797
C G Clark	23,892	-	-	-	23,892
R M Herron	5,000	-	-	-	5,000
G F Dan O'Brien	50,000	-	-	1,090	51,090
Directors – Executive					
J Bird	426,522		87,600	4,000	518,122
Key Management Personnel					
K Bush (Group Manager Sales & Marketing)	-	-	-	-	-
K Martin (Group Operations Manager)	-	-	-	-	-
T Millen (Group Horticultural & Farm Operations Manager)	34,044		5,400	-	39,444
R Palmaricciotti (Chief Financial Officer and Company Secretary)	-	-	-	-	-
L Van Driel (Group Trading Manager)	38,700		3,900	42,600	-
2006	Held at 1 July 2005	Received as remuneration	Received on exercise of options	Other – DRP, sales & purchases	Total
Directors - Non Executive					
M A Fremder	5,598,352	-	-	64,013	5,662,365
J C Leonard	413,091	-	-	42,841	455,932
C G Clark	22,927	-	-	965	23,892
R M Herron	5,000	-	-	-	5,000
G F Dan O'Brien	50,000	-	-	-	50,000
Directors – Executive					
J Bird	271,122	-	155,400	-	426,522
Key Management Personnel					
M Mattia (Chief Financial Officer & Company Secretary)	2,000	-	28,300	-	30,300
M Ciobo (General Manager - Meriram)	35,728	-	-	-	35,728
W Turner (General manager – Almond Division)	-	-	21,400	-	21,400
L Van Driel (Group Trading manager)	20,500	-	22,400	(4,200)	38,700
T Millen (Group Horticultural & Farm Operations Manager)	22,944	-	11,100	-	34,044

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(e) Other transactions with directors and key management personnel

Transactions with directors and key management personnel that require disclosure in accordance with AASB 124 for the year ended 30 June 2007 are detailed in note 34.

Notes	2007	Consolidated 2006	2007	Parent entity 2006
	\$	\$	\$	\$

33. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Amounts received or due and receivable by PricewaterhouseCoopers for:

▪ An audit or review of the financial report of the entity and any other entity in the consolidated entity	154,632	110,000	154,632	110,000
▪ Other financial services	30,140	29,225	30,140	29,225
(a)	<u>184,772</u>	<u>139,225</u>	<u>184,772</u>	<u>139,225</u>

(a) Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity for:

PricewaterhouseCoopers:

Taxation compliance and advice	18,170	6,855	18,170	6,855
Tax consolidation advice	-	-	-	-
IFRS advice	-	10,000	-	10,000
Sale of Pesticide products	-	12,370	-	12,370
Other	11,970	-	11,970	-
	<u>30,140</u>	<u>29,225</u>	<u>30,140</u>	<u>29,225</u>

34. RELATED PARTY DISCLOSURES

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 37.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 32.

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	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
(d) Wholly-owned group transactions				
Dividend revenue				
Subsidiaries	-	-	22,000	25,212
Interest income				
Subsidiaries	-	-	1,029	956
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	-	2,090
Other transactions				
Management fees	-	-	4,554	3,398

Management fees are received by Select Harvests Limited from controlled entities under normal terms and conditions.

(e) Director-related entity transactions

Services

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

In addition, Select Harvests Limited will process and sell the entire production of the orchard for a 25 year period. The consolidated entity received an amount of \$1,444,439 (2006: \$996,691) during the financial year in relation to the above contract. The agreements are under normal terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arms length in the same circumstances.

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

In addition, Select Harvests Limited will process and sell the entire production of the orchard for the entire 30-year life of the orchard. The consolidated entity received an amount of \$4,119,581 (2006: \$187,380) during the financial year in relation to the above contract. The agreements are under normal terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arms length in the same circumstances.

A non-executive Director of the Company, Mr Dan O'Brien, acquired from Select Harvests, via an associated entity, \$64,945 worth of Almond Hull suitable for livestock feed. This was purchased at market prices.

Notes continued

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(f) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
<i>Non current receivables</i>				
Subsidiaries	-	-	51,063	36,256
<i>Non current payables</i>				
Subsidiaries	-	-	16,094	7,964
(g) Loans to/from related parties				
<i>Loans to/from subsidiaries</i>				
Beginning of the year	-	-	28,292	30,703
Loans advanced	-	-	276,538	253,223
Loan repayments received	-	-	(271,670)	(256,590)
Interest charged	-	-	1,029	956
Interest received	-	-	-	-
End of year	-	-	34,159	28,292

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

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

35. SEGMENT INFORMATION

Segment products and locations

The consolidated entity has the following business segments:

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

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

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Notes continued

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Note 35: Segment Information cont.

	Food Products		Almond Operations		Total Continuing Operations		Discontinued Operations		Eliminations and Corporate		Consolidated Entity	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Operating Revenue												
Sales of goods & services to customers outside the consolidated entity	\$138,298	\$152,549	\$91,200	\$65,317	\$229,498	\$217,866	\$0	\$936	\$0	\$0	\$229,498	\$218,802
Intersegment revenue	\$83	\$1,145	\$25,660	\$24,605	\$25,743	\$25,750	\$0	\$16	(25,743)	(25,766)	\$0	\$0
Sale of Almonds to customers outside the consolidated entity on behalf of managed orchard owners (Note (a))	\$0	\$0	\$27,659	\$17,444	\$27,659	\$17,444	\$0	\$0	\$0	\$0	\$27,659	\$17,444
Less Cost of Almonds sold by the consolidated entity on behalf of managed orchard owners (Note (a))	\$0	\$0	-\$45,767	-\$33,843	-\$45,767	-\$33,843	\$0	\$0	\$18,108	\$16,399	-\$27,659	-\$17,444
Other revenue	\$47	\$32	\$1,164	\$552	\$1,211	\$584	\$0	\$1	\$0	\$0	\$1,211	\$585
Unallocated revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total revenue	\$138,428	\$153,726	\$99,916	\$74,075	\$238,344	\$227,801	\$0	\$953	(7,635)	(9,367)	\$230,709	\$219,387
Operating profit before interest, tax, and internal charges	\$7,422	\$9,212	\$36,827	\$32,075	\$44,249	\$41,287	\$0	\$4,356	-\$3,700	-\$2,918	\$40,549	\$42,725
Segment assets (excluding inter-company debts)	\$70,638	\$71,324	\$85,771	\$64,230	\$156,409	\$135,554	\$0	\$0	3,744	\$16,322	\$160,153	\$151,876
Segment liabilities (excluding inter-company debts)	\$9,022	\$13,478	\$48,555	\$35,385	\$57,577	\$48,863	\$0	\$0	\$7,072	\$1,211	\$64,649	\$50,074
Acquisition of non-current segment assets	\$1,025	\$923	\$12,009	\$4,633	\$13,034	\$5,556	\$0	\$17	\$105	\$90	\$13,139	\$5,663
Depreciation and amortisation of segment assets	\$1,434	\$1,586	\$2,093	\$1,743	\$3,527	\$3,329	\$0	\$37	\$275	\$220	\$3,802	\$3,586
Profit on sale of discontinued operations before tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,139	\$0	\$0	\$0	\$4,139

Note 1 - The consolidated entity provides a range of management and other services to externally owned or third party orchards. In addition to these services, the consolidated entity sells the crop of almonds harvested from the orchards of the external owners. These almonds are sold by the consolidated entity on a pooled basis, the proceeds from which are distributed to the pool participants. The consolidated entity earns a marketing fee for providing this service. Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

Notes continued

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36. INTEREST RATE RISK

(a) Interest rate risk

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

Financial Instruments	Fixed interest rate maturing in:										Total carrying amount as per the Statement of Financial Position		Weighted average effective interest rate	
	Floating interest rate		1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing					
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
<i>(i) Financial assets</i>														
Cash	924	16,057	6,000	6,500	-	-	-	-	-	2	6,924	22,557	6.2	4.0
Trade and other receivables	-	-	-	-	-	-	-	-	33,459	24,442	33,459	24,442	-	-
Total financial assets	924	16,057	6,000	6,500	-	-	-	-	32,715	24,444	39,639	46,999		
<i>(ii) Financial liabilities</i>														
Bank overdraft – USD	1,021	784	-	-	-	-	-	-	-	-	1,021	784	6.5	6.7
Bank overdraft - AUD	262	52	-	-	-	-	-	-	-	-	262	52	10.4	9.6
Trade creditors	-	-	-	-	-	-	-	-	7,899	8,668	7,899	8,668	-	-
Other creditors	-	-	-	-	-	-	-	-	38,507	25,739	38,507	25,739	-	-
Finance lease liability	-	-	114	117	237	350	-	-	-	-	351	467	7.0	7.0
Foreign exchange contracts	15,003	(777)	-	-	-	-	-	-	-	-	-	-	-	-
Total financial liabilities	16,286	59	114	117	237	350	-	-	46,500	34,407	48,134	35,710		

Notes continued

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37. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2007	2006
Parent Entity:			
Select Harvests Limited	Australia	100	100
Subsidiaries of Select Harvests Limited:			
Allinga Farms Pty Ltd (Deregistered)	Australia	-	100
Kyndalyn Park Pty Ltd	Australia	100	100
Select Home Garden Pty Ltd (Deregistered 10 December 2006)	Australia	-	100
Select Harvests Food Products Pty Ltd*	Australia	100	100
Subsidiaries of Select Harvests Food Products Pty Ltd*:			
Meriram Pty Ltd	Australia	100	100
Kibley Pty Ltd	Australia	100	100

*Select Harvests Food Products Pty Ltd (Formerly Select Harvests Marketing Pty Ltd).

(a) Controlled Entities Acquired

No controlled entities were acquired during the financial year ended 30 June 2007.

38.EMPLOYEE BENEFITS

Executive share option scheme

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

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

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

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

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

Notes continued

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38. EMPLOYEE BENEFITS (cont'd)

Summary of options over unissued ordinary shares

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

2007

Grant date	Exercise date on or after	Expiry date	Exercise Price	Number of options at beginning of year	Options granted	Options lapsed	Options exercised	Number of options at end of year		Proceeds received	Number of shares issued	Fair value per share	Fair value aggregate
								On Issue	Vested				
27/08/2004	27/08/2004	01/11/2006	\$5.60	31,000	-	-	31,000	-	-	173,600	31,000	7.82	242,420
24/08/2005	24/08/2005	01/11/2006	\$5.60	31,000	-	-	31,000	-	-	173,600	31,000	11.70	362,700
28/08/2006	28/08/2006	01/11/2006	\$5.60	-	52,600	-	52,600	-	-	294,560	52,600	13.15	691,690
24/08/2005	24/08/2005	20/10/2007	\$7.78	47,300	-	-	7,400	39,900	39,900	57,572	7,400	11.70	86,580
28/08/2006	28/08/2006	20/10/2007	\$7.78	-	67,400	-	25,500	41,900	41,900	198,390	25,500	13.15	335,325
28/08/2006	28/08/2006	31/10/2008	\$11.05	-	51,101	-	17,367	33,734	-	191,905	17,367	13.15	228,376

2006

Grant date	Exercise date on or after	Expiry date	Exercise Price	Number of options at beginning of year	Options granted	Options lapsed	Options exercised	Number of options at end of year		Proceeds received	Number of shares issued	Fair value per share	Fair value aggregate
								On Issue	Vested				
01/09/2003	01/09/2003	20/10/2005	\$3.31	62,300	-	-	62,300	-	-	206,213	62,300	\$5.60	348,880
27/08/2004	27/08/2004	20/10/2005	\$3.31	69,600	-	-	69,600	-	-	230,376	69,600	\$7.82	544,272
24/08/2005	24/08/2005	20/10/2005	\$3.31	-	85,200	-	85,200	-	-	282,012	85,200	\$11.70	996,840
27/08/2004	27/08/2004	01/11/2006	\$5.60	56,300	-	-	25,300	31,000	31,000	141,680	25,300	\$7.82	197,846
24/08/2005	24/08/2005	01/11/2006	\$5.60	-	66,400	-	35,400	31,000	31,000	198,240	35,400	\$11.70	414,180
24/08/2005	24/08/2005	20/10/2007	\$7.78	-	86,100	-	38,800	47,300	47,300	301,864	38,800	\$11.70	453,960

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

Notes continued

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38. EMPLOYEE BENEFITS (cont'd)

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

	2006 \$'000	2006 \$'000
Issued and Paid up Capital	1,090	1,360

(b) Expenses arising from share-based payment transactions

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

	Consolidated		Parent entity	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Options issued under employee option plan	174	358	187	109
	<u>174</u>	<u>358</u>	<u>187</u>	<u>109</u>

39. CONTINGENT LIABILITIES

Cross guarantees given by the entities comprising the consolidated entity are detailed in note 23.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 20 to 65 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 company's and consolidated entity's financial position as at 30 June 2007 and of their 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) the audited remuneration disclosures set out in the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

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 A Fremder
Chairman

Melbourne, 27 August 2007

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Independent audit report to the members of Select Harvests Limited

Report on the financial report and the AASB 124 Remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Select Harvests Limited (the company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Select Harvests Limited and the Select Harvests Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in pages 5 to 9 of the directors' report and not in the financial report.

Directors' responsibility for the financial report and the AASB 124 Remunerations disclosures contained in the directors' report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

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

Independent audit report to the members of Select Harvests Limited

(continued)

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

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

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

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

Independence

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

Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of Select Harvests Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*, and
- (b) the financial statements and financial report also comply with International Financial Reporting Standards as disclosed in Note 1.

Auditor's opinion on the AASB 124 Remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures that are contained in pages 5 to 9 of the directors' report comply with Accounting Standard AASB 124.



PricewaterhouseCoopers


Andrew Mill
Partner

Melbourne
27 August 2007

ASX additional information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 July 2007.

(a) Distribution of equity securities

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

NUMBER OF ORDINARY SHARES	NUMBER OF SHAREHOLDERS		NUMBER OF SHAREHOLDERS	NUMBER OF ORDINARY SHARES
1 to 1,000	1,185	The number of shareholders holding less than a marketable parcel of shares are:		
1,001 to 5,000	1,143			
5,001 to 10,000	275			
10,001 to 100,000	269			
100,001 and over	40		83	1,318

(b) Twenty largest shareholders

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

		LISTED ORDINARY SHARES	
		NUMBER OF SHARES	PERCENTAGE OF ORDINARY
1	Maxdy Nominees Pty Ltd	5,777,234	14.9
2	Almonds Australia Pty Ltd	4,500,000	11.6
3	HSBC Custody Nominees (Australia) Limited	2,506,788	6.4
4	M F Custodians Ltd	1,930,226	4.9
5	AMP Life Limited	1,077,609	2.7
6	Thurston Investments Pty Ltd	692,500	1.7
7	Invia Custodian Pty Ltd (Black A/C)	687,838	1.7
8	National Nominees Limited	675,419	1.7
9	Tom Hadley Enterprises Pty Ltd	600,000	1.5
10	John Bird	518,122	1.3
11	Ellise Investments Pty Ltd	484,797	1.3
12	Mr Petrus Cornelius Nicolaas Middendorp	460,767	1.1
13	Mid Manhattan Pty Ltd	450,442	1.1
14	Longo Pty Ltd	429,913	1.1
15	UBS Nominees Pty Ltd	408,943	1.0
16	UBS Wealth Management Australia Nominees Pty Ltd	363,477	0.9
17	Invia Custodia Pty Ltd (Wilson INVMT Fund Ltd A/C)	343,241	0.8
18	Mirrabooka Investments Limited	300,000	0.7
19	Mutual Trust Pty Ltd (Charles Baillieu A/C)	300,000	0.7
20	Cogent Nominees Pty Ltd (SMP Accounts)	228,010	0.5

(c) Substantial shareholders

The names of substantial shareholders are:

	NUMBER OF SHARES
Maxdy Nominees Pty Ltd	5,777,234
Almonds Australia Pty Ltd	4,500,000
HSBC Custody Nominees (Australia) Limited	2,506,788

(d) Voting rights

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

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