



SELECT HARVESTS



sustainable growth

annual report 2005



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Highlights & achievements

Australia is currently one of the **top three** almond growers in the world and **Select Harvests** manages over **60%** of Australia's almond orchards.



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Our business at a glance



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Our brands

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Review of Operations

Shareholder Information

Annual General Meeting

The Annual General Meeting will be held on Monday 24 October 2005 at the ASX Theatre, 530 Collins Street Melbourne Victoria, commencing at 2pm. A separate notice of meeting has been posted to all shareholders.

2005/06 Calendar

Feb	Announcement of interim results
Apr	Payment of interim dividend
Aug	Announcement of preliminary full year results
Sept	Annual Report to shareholders
Oct	Payment of final dividend
Oct	Annual General Meeting



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Environmental Sustainability



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Social & Community

Our mission

To continue to develop and expand our business model to generate sustainable earnings growth into the future thereby delivering increased value to shareholders.

Our strategy

Through an ongoing process of diversification and expansion of our income stream by leveraging our core strengths of almond growing and knowledge of edible nuts and their markets, we will continue to develop a fully integrated food company with sustained earnings growth and reduced volatility from agricultural risk.

Our activities

From origins as a commodity-based almond grower, Select Harvests has successfully transformed itself into a significant integrated agri-food business with a diversified income stream.

Our activities now include managing orchards for investors, marketing almonds in the domestic and export markets, and processing and marketing an extensive range of nut and fruit based products to retailers, distributors and food manufacturers.

Our outlook

We are one of the largest growers of almonds in Australia and globally, and our food products division has a significant footprint in the Australian market. Increasing nut consumption domestically and internationally, the existence of strong fundamentals in the international almond market, and increasing investor interest in almonds as a mainstream horticultural investment, are expected to contribute to a positive future outlook for the company. As a result of these key drivers, we are planning a further 6,000 acres of new almond projects in 2006, and scaling up our nursery and development resources to facilitate further projects into the future. We are targeting sales, market, and distribution growth from our food products division with a focus on our branded products, which are well positioned to continue to capitalise on the growing trend towards healthier diets and an increasing awareness of the health benefits associated with the regular consumption of nuts.

Highlights

- Increased acres of new almond developments by **15%**
- Expanded the total acres under management by **29%**
- Increased production from investor owned orchards by **124%**
- Increased yields from company owned orchards by **24%**
- Almond price achieved per kilogram increased by **11%**
- Acquisition of the Nibbles business and branded product sales growth increased food products sales by **48%**

Our year in brief



Summary of our achievements for the 2004/2005 financial year

Almond Operations

Our strategic objectives

Maintain our position as a low cost almond producer and develop additional investor owned orchards operated by Select on a fee basis to deliver long term stable income streams, economies of scale, and guaranteed supply to meet increasing market demand.

Our achievements during 2004/05

- Crop from company owned orchards up 24% to a record 2,350 metric tonnes in 2005
- Investor owned crop increased from 1,643 tonnes in 2004 to 3,686 tonnes in 2005

- Total production up to 6,036 metric tonnes from 3,538 in 2004
- Expansion of processing capacity to cater for increased crop levels.
- Costs per kilogram decreased by 6% on the previous year from our owned orchards
- These efficiency gains consolidate the cost savings achieved in previous years and make us one of the most efficient producers in the world
- Planted 4,108 acres of new orchards in 2005, totalling 15,773 acres of investor owned orchards representing 87% of total acreage under management.

Our objectives for 2005/06

- Continue to extract efficiency gains from additional acres under management and the processing of increasing crop levels
- Plan the further expansion of processing capacity
- Anticipate further plantings totalling 6,000 acres of investor owned orchards for 2006
- Scale up nursery and development resources to support future developments.

Food Products

Our strategic objectives

Grow distribution and market share to enhance our position as the leading processor, marketer, and distributor of almonds, other nuts, and dried fruits, and add value to the marketing and distribution of almonds harvested from our almond operations division.

Our achievements during 2004/05

- Increased sales revenue by 48% over the prior year to \$131 million.
- Acquired the Chiquita Nibbles business, contributing to revenue and EBIT together with improved distribution in the fresh produce category
- Increased market share in the branded cooking and muesli categories of Australian supermarkets.

Our objectives for 2005/06

- Continue to build our branded products in the cooking, health, and muesli categories
- Expand domestic distribution for our products outside the grocery channel
- Continue to develop and expand our export business in Asia and Europe
- Utilise our competencies in product sourcing, processing, marketing and distribution to maximise our retail and industrial business.

Earnings

Our strategic objectives

Earnings growth, improved quality of earnings, diversification of earnings streams, with less dependency on almond pricing.

Our achievements during 2004/05

- Total sales revenue increased by 40% to \$178 million
- EBIT contribution from activities other than company owned orchards increased during 2004/05 further reducing exposure to agricultural risk

- Total EBIT increased by 39% to \$33.3 million
- Net profit after tax increased by 43% to \$21.7 million.

Our objectives for 2005/06

- Continue to deliver earnings growth.

Shareholders Equity

Our strategic objectives

Enhance shareholder value.

Our achievements during 2004/05

- Total dividends increased by 62% to 42 cents per share
- Earnings per share increased by 40% to 55.9 cents per share

- Total shareholders' equity increased by 15% to \$91.5 million
- Return on shareholders' equity increased to 23.7% p.a.
- Share price increased by 45% to \$9.70 at 30 June 2005.

Our objectives for 2005/06

- Continue to increase shareholder value through investment in the existing business
- Identification and evaluation of appropriate expansion opportunities.



Sustained growth during 2005 saw the expansion of total acres under management by 29% and increased acres of new almond developments by 15%.

Our Business at a glance

Select Harvests Limited, Australia's largest almond grower, manages in excess of 60% of Australia's almond orchards, and is one of the largest almond growers globally.

It is Australia's leading manufacturer, processor and marketer of a range of nuts, fruit based, and associated products to the Australian retail and industrial markets, and exports almonds to several countries in Asia, Europe and the Middle East.

Through a focused diversification and growth strategy, Select Harvests has delivered an increase in profit after tax of 314% over the last six years.

Select Harvests' business streams are as follows:

Almond Operations

- Owns/leases 2,375 acres of almond orchards in the Robinvale area of north-west Victoria.
- Manages on a fee for service basis, 15,773 acres of almond orchards on behalf of a number of external investors. These services include orchard establishment, tree supply, farm management, harvesting, processing, and marketing.
- Currently processes approximately 6,000 metric tonnes of almonds representing approximately 40% of Australia's crop. Future tonnage will exceed 20,000 metric tonnes as new orchards come into full production.
- Exports approximately 40% of its almond production to a range of countries including India, Japan, China, Indonesia, Germany, Spain, United Kingdom, Russia, France, Holland and Belgium.

Food Products

- Produces an extensive range of packaged nuts and associated products (snacks, cooking ingredients, mueslis, natural health foods, dried fruits, etc).
- Australia's leading supplier of processed and packaged nuts to Australian supermarkets. The Company markets product through the Lucky, Sunsol, Nu-Vit, Meriram, and Soland brands.
- Manufactures a range of nut-based ingredients for food manufacturers and distributors.

Pesticide Products

- This business will be divested in the first half of the 2006 financial year. Please refer to The Chairman and Managing Director's Report for further details on page 6.

John Bird, Managing Director



“Our strategic initiatives have expanded our business and future growth prospects, and we are targeting further growth in the current year.”

Milestones

1 July 95 – 30 June 96

- Defender Limited changed its name to Select Harvests Limited
- Stage 1 of hulling and shelling plant upgrade commenced
- Sorting and packing plant moved to Euston - NSW
- Max Fremder joined the Board
- Acquired 3,950 acres of land.

1 July 96 – 30 June 97

- Sold 'DEFENDER' Brand name (but retained manufacturing agreement)
- Development of own tree nursery
- Max Fremder became Chairman of Select Harvests Limited
- 236 acres planted at Carina (first major plantings since 1988)
- Stage 2 of hulling and shelling plant upgrade commissioned.

1 July 97 – 30 June 98

- Installed an inshell processing line for export markets
- 168 new acres planted at Carina
- John Bird joined the Company as CEO
- Sandy Clark joined the Board
- Stage 3 of hulling and shelling plant upgrade commissioned.

1 July 98 – 30 June 99

- Acquired Lucky Candy Company in October 1998, the leading marketer of nuts, dried fruits and seeds in the cooking section of supermarkets
- First major plantings of investor owned orchards (510 acres).

1 July 99 – 30 June 00

- Planted an additional 727 acres of investor owned orchards
- Entered into Strategic Alliance with Timbercorp Limited to develop 10,000 acres of almond orchards over the next 5 years
- Acquired Munch Nuts Pty Ltd in December 1999, a leading snack nut producer
- All food processing plants accredited under ISO 9002 and HACCP.

1 July 00 – 30 June 01

- Planted over 3,000 acres of new investor owned orchards
- Acquired Renshaw Foods in October 2000, a leading ingredient supplier to food manufacturers
- Orchards earned ISO 9002 and HACCP accreditations.

1 July 01 – 30 June 02

- Replaced 160 acres of 30 year old trees at Boundary Bend
- Planted an additional 518 acres of investor owned orchards.

1 July 02 – 30 June 03

- Achieved the position of “One of the top 5 almond growers in the world”
- Relocated and consolidated our manufacturing operations to Thomastown facility from Northcote and Scoresby.

1 July 03 – 30 June 04

- MILLIONTH TREE PLANTED!!!
- Acquired the Meriram business in July 2003
- Dan O'Brien joined the Board
- Curt Leonard joined the Board.

1 July 04 – 30 June 05

- Acquired Chiquita Nibbles business from Chiquita Brands South Pacific in October 2004
- New Strategic Alliance with Timbercorp finalised to develop a further 10,000 acres over the next five years
- Expanded and upgraded hulling and shelling plant to 10,000 metric tonne capacity
- Ross Herron joined the Board
- New Laser sorter installed in the Thomastown processing plant
- Internal microbiological laboratory established in the Thomastown processing plant
- Almond price hits record highs.

Max Fremder: Chairman
John Bird: Managing Director

“We continue to deliver value in the form of profit growth, increased dividend payments and share price appreciation.”



From the Chairman and Managing Director

Delivering Shareholder Value

We are pleased to report to shareholders that our business model continues to deliver value in the form of profit growth, increased dividend payments and share price appreciation. At the same time we have made further progress in expanding our core activities providing a larger base to underpin future shareholder returns.

The sixth consecutive year of earnings growth in excess of 25% delivered a profit after tax of \$21.7 million, up 43% on the previous year. Directors declared a final dividend of 26 cents per share, bringing the total dividend for the year to 42 cents (fully franked), an increase of 62% on the previous year.

Over the financial year our share price increased by 45% from \$6.67 to \$9.70, and has since increased further. Our key performance indicators were all positive showing an increased area under management, larger crops from both company owned and investor owned orchards, higher almond prices, and increased sales and market expansion in our food products division.

Over recent years Select Harvests has established and now operates an integrated agri-food business.

Our activities include owning almond orchards, managing almond orchards for investors, marketing almonds in domestic and international markets, and processing and marketing an

extensive range of nut and fruit based products to retailers, distributors and food manufacturers.

Our chosen markets continue to be kind to us with almond prices at record highs driven by a sustained period of global consumption growth and more recently by a reduced 2005 USA crop, and consumption of our product range growing in the Australian market place. While appreciative of being in the right place at the right time, we continue to do the right thing to ensure we maximise the opportunities provided by our competitive position.

In the last year we have expanded both our orchard management services and food products division which are the cornerstone of our expansion and diversification strategy.

We have recently completed the establishment of a further 4,108 acres of almond orchards increasing our total area under management by 29% to 18,148 acres providing an increased base for generating orchard management services income. As a result, we estimate that we are managing over 60% of the total Australian almond acreage and are one of the three largest growers in the world.

The acquisition of the Nibbles business completed in October 2004 contributed to an increase in food product sales for the year from \$88 million to \$131 million, and at the same time significantly increased our share of the important and growing fresh produce area. We

now have an expanded business with a leadership position servicing all categories of supermarkets in which our products are ranged.

These initiatives have expanded our business model and future growth prospects and we are targeting further growth in the current year.

Our markets

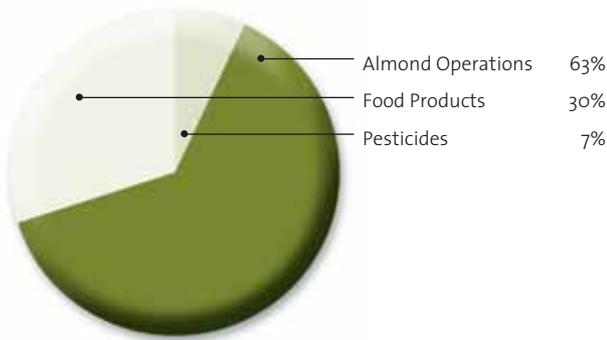
We have spoken before about the key drivers of our business; the strong fundamentals of the international almond market, and the increasing consumption of our products in both the domestic and international markets. These conditions continued through the financial year and present indications are that they will continue into the future.

A sustained period of consumption growth over the last 5 years coupled with a plateauing of supply out of the USA due to low levels of plantings in recent years pushed almond prices to seven year highs. More recently, an anticipated 15% drop in the 2005 USA almond crop will see global almond supply drop below the previous year's consumption levels, driving prices to new record highs.

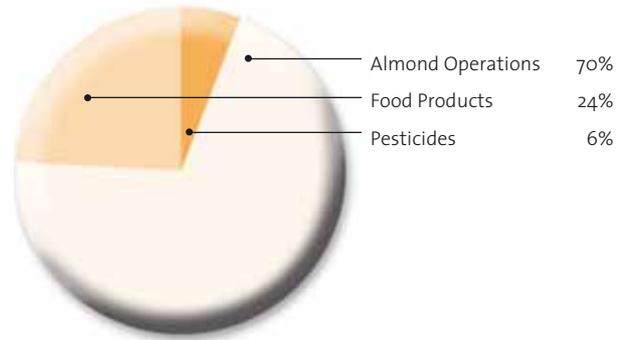
USA growers accelerated new plantings this year and we expect to see this continue, however it will take a number of years to deliver the increased supply necessary to match potential consumption growth.

The health message continues to gain momentum with increased awareness

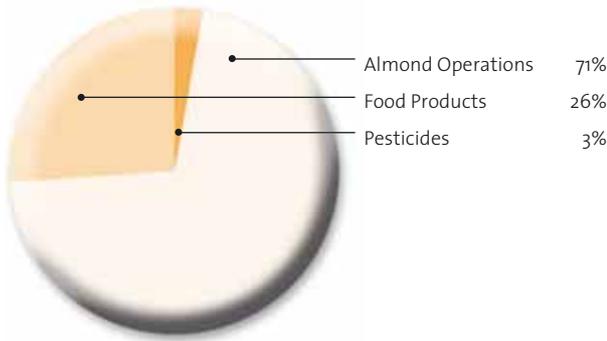
2002 EBIT \$14.7 million



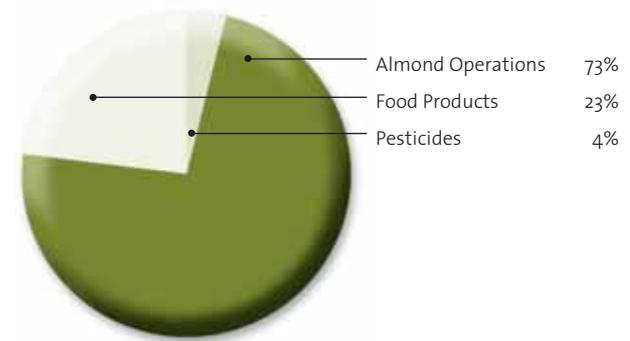
2003 EBIT \$17.4 million



2004 EBIT \$23.8 million



2005 EBIT \$33.3 million



amongst health professionals and other food and diet influencers. Nut based products continue to grow in popularity showing strong consumption growth both domestically and in international markets. There is continuing evidence of a move towards natural snacks with a greater focus by retailers and increased marketing activity from retailers, suppliers and industry groups.

The strong almond market improves returns for both Select Harvests and our investor growers and underpins the attractiveness of almond orchards as an investment in Australia.

The consumption trends towards healthy eating matches the branding position of our food products division and the market growth provides the base for revenue growth and an expanded market for our future almond crops.

Future Prospects

Global almond prices continue to be buoyant and will continue to impact positively on our business.

We are planning to establish a further 6,000 acres of investor owned orchards in 2006 with potential to

increase this further. The larger area under management and increased production from maturing orchards will increase orchard management services revenue for the year.

The strong fundamentals of the international almond market and Australia's competitiveness as an almond grower and marketer, has increased the demand to own almond orchards. To match this demand we are planning, with our alliance partners, to expand our orchard establishment activities over the next few years. To facilitate this expansion, we have upgraded our tree nursery capacity and development infrastructure and resources, and are focussing on identifying suitable land reserves to support this growth.

Our food products division continues to operate in a growth market and we are looking for further sales and distribution growth in 2006, particularly from our branded business.

We continue to look for further expansion opportunities by acquisition which would complement and add value to our existing business.

Divestment of Pesticides Business

We have entered an agreement to sell Riverina Pelletising Services Pty Ltd (Pesticides Business) for a total consideration of \$5.7 million. Settlement is expected to occur on 14th October and we estimate a net profit before tax of approximately \$4 million from the transaction.

The business has been a good contributor to our earnings over a number of years. However given it is today a non core activity operating in a market in which we have minimal influence, it is appropriate we take this opportunity to divest the business and concentrate on the further development of our core activities. The Directors thank Vince Cavanagh and his team for their efforts and dedicated service and wish them well under the new ownership.

Our People

We have in the last year significantly grown our business in terms of sales, acreage, processing capacity, and people. Our ability to successfully manage this ongoing expansion and at the same time deliver improved results is in no small part due to the skill, effort and dedication of our staff at all of our locations and to the continued support of our customers and suppliers.

We thank board members, management and staff for their efforts over the last year and their contribution to the ongoing development of the company.

We take the opportunity to welcome Mr Ross Herron to the board. His skill base and wealth of experience will serve the company well in the future.

We are pleased with the progress the company has made in recent years; our business model has served us well and will continue to do so in the coming years. We are operating in a marketplace that continues to provide opportunities for further growth and once again we can say that we approach the future with confidence. We remain committed to profitably growing the company and delivering shareholder value in the future.



Max Fremder
Chairman



John Bird
Managing Director

The Almond Harvest Cycle

Winter activity

The months following harvest are used for orchard maintenance where trees are pruned and prepared for the next season. Cold weather during the winter months helps the trees to rest before the next growing season begins. Winter is also a time for planting new trees and rootstock seeds for the following year. Nursery trees that have reached heights over 90 cm are wrenched from the nursery and planted in prepared orchards. In the processing plants, the hulling and shelling of the crop concludes but grading, packing and dispatching continues in earnest.

Spring activity

Spring on the almond orchards is beautiful. As the warmer temperature returns, the bud swells and flowering commences. The potential size of the new crop depends upon the pollination by bees placed in the orchard. Insects and fungus must be controlled to protect the emerging flower so foliar spraying plays a key role. Post bloom the flowers drop from the trees and the pollinated almonds begin to grow. The 'nutlets' are susceptible to wind and frost damage so for optimum growth, fair, warm and calm conditions are needed during this period.



Autumn activity

Almonds are shaken, picked up and transported to the hulling and shelling plant where the processing and grading of almonds commences. Following this they are transported to the sorting and packing facility where they are further sorted and packed after which dispatching commences. Some almonds are packed with the hull removed but the inner shell intact. This type of presentation is called 'inshell' and is preferred by certain export markets.

Summer activity

As the nuts grow the tree drops those that exceed its ability to nourish leaving the remaining nuts to mature, increasing in size until early summer. During this period irrigation and fertigation is critical to sustaining the size and quality of the almond crop. As the nut reaches maturity growth stops and the nut begins to dry. The 'orchard floor' is prepared for harvest by removing weeds and smoothing the surface. Harvest commences at the end of this season. At the same time tree grafting takes place in the nursery where the almond tree begins its growth from the grafted bud.

Our Brands



Lucky

Lucky branded products include healthy nut based snacks and cooking ingredients. The brand was developed in 1957 and its distinctive brown and gold packaging has become synonymous with home cooking. Lucky products are located in the dried fruit and nut section of supermarkets nationally.



Meriram

Meriram branded products include a quality range of breakfast mueslis, cooking nuts, seeds, dried fruits, and wholefoods. The brand was developed in 1982. With a distinctive design and unique packaging artwork on the muesli range, the Meriram range is distributed throughout supermarkets nationally.



Sunsol

Sunsol branded products include the top selling Sunsol 'Natural Fruity Muesli' and 'Sunsol Natural Muesli'. Sunsol wholefoods include a range of nuts, seeds and dried fruits packaged in the bright yellow, blue and red pack. Sunsol products also include a range of portion controlled lunch box packs with blends of natural fruits, nuts and yoghurt coatings. The brand was developed in 1984.



Soland

Soland supplies health food stores in Australia with a range of branded health foods, muesli, dried fruits, nuts and seeds. The Soland brand was developed in 1984 and includes a range of organic foods in the distinctive Soland packaging.



Nu-Vit

The Nu-Vit brand was developed in 1984. Nu-Vit premium health food products include a range of specially formulated wholefoods, organics, gluten free muesli and nutritional snack products, natural food supplements, and food blends. The Nu-Vit health food range also includes the distinctive Funpack/Multipack range with the fun character N.E.D. Nibbles (Nuts Every Day). Nu-Vit branded products are distributed through major supermarket chains in Australia and in Asia.



Review of Operations

Our Almond Operations have undertaken a shift in direction over recent years with a focus on establishing and managing investor owned orchards.



The Australian almond crop is harvested from late February to April which is counter seasonal to the northern hemisphere where harvest commences in late August.

Almond Operations

Result for the year

The division increased EBIT for the year by 44% to \$26.3 million.

The increased earnings were driven by the further expansion of our orchard management services business and improved returns from our company owned orchards in both yield and price.

- Area of new investor owned orchards developed up 15% to 4,108 acres
- Expansion of total acres under management up 29% to 18,148 acres
- Total 2005 crop production up 71% to 6,036 tonnes
- 2005 crop production from investor owned orchards up 124% to 3,686 tonnes
- 2005 crop production from company owned orchards up 24% to 2,350 tonnes
- Almond price received per kilogram up 11% on previous financial year
- Revenue from almond sales pool up 90% to \$40 million on previous financial year

Strategic Development

– a shift to investor owned orchards

Our almond operations have undertaken a shift in direction over recent years with a focus on establishing and managing investor owned orchards.

The company's origins were as an almond grower around the township of Robinvale in North West Victoria. Our initial orchards were planted at Boundary Bend in the mid-1970's with

Wayne Turner: General Manager Almond Operations

“Almond prices are currently at record highs. Australia, although a small player, is able to compete effectively in terms of cost, quality and market access.”



Almond Operations at a glance

	2005	2004
EBIT	\$26,297	\$18,264
% of Group EBIT	74%	71%
No of Employees	126	121

further expansion from 1980 to 1988 making the company Australia's largest grower, farming approximately 1,870 acres. Today we remain a significant grower with a total of 2,375 acres.

By the mid-1990's the company was operating at world's best practice in crop yields and an investment in new processing capacity positioned us to expand our growing and processing activities.

In 1998 the company embarked on a strategy to expand the acreage under management and the tonnage produced and sold by developing new almond orchards on behalf of external investors. This changed the income stream of the business from the revenue from our almond crop to a fee based recurring income stream from orchard development, farm management, harvesting, processing and marketing.

This second phase of the company's development started with plantings of around five hundred acres per annum. This has accelerated in recent years and we now manage over 15,000 acres of investor owned orchards, with this year's plantings exceeding 4,000 acres.

Almonds are now established as a main stream horticultural investment in Australia and, together with our strategic alliance partner Timbercorp Limited, we are planning to further expand into the foreseeable future.

Almond acres under management today

INVESTOR OWNED ORCHARDS		COMPANY OWNED/LEASED ORCHARDS	
YEAR PLANTED	ACRES	YEAR PLANTED	ACRES
1997	236	1980	243
1998	168	1982	200
1999	510	1984	200
2000	727	1987	590
2001	3,133	1988	470
2002	518	2002	160
2003	2,800	2004	512
2004	3,573		
2005	4,108		
Total	15,773	Total	2,375

Total area under management 18,148 Acres

2005 Crop

The Australian almond crop is harvested from late February to April, which is counter seasonal to the northern hemisphere where harvest commences in late August.

Almond production commences in the third year after tree planting with a yield of approximately 15% of full production, which is typically reached in the seventh or eighth year after planting. Mature trees continue to crop for a further twenty years.

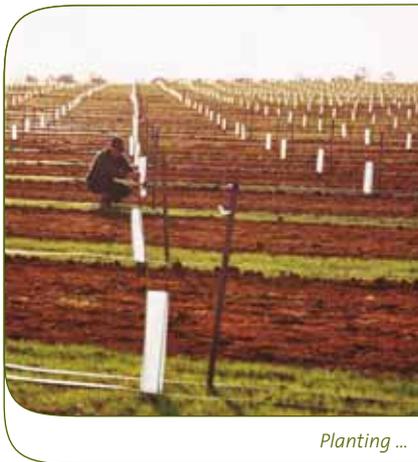
Our 2005 crop yielded 6,036 tonnes, up from 3,538 tonnes in 2004.

Crop yields from company owned orchards increased by 24% to a record 2,350 tonnes, and investor owned orchards increased to 3,686 tonnes from 1,643 tonnes in 2004, as new orchards came into production. Our investor owned orchards have a young profile with only 66% in production and only 3% fully mature. We anticipate that the future almond crop from almond trees currently planted will exceed 20,000 tonnes when all orchards reach maturity.

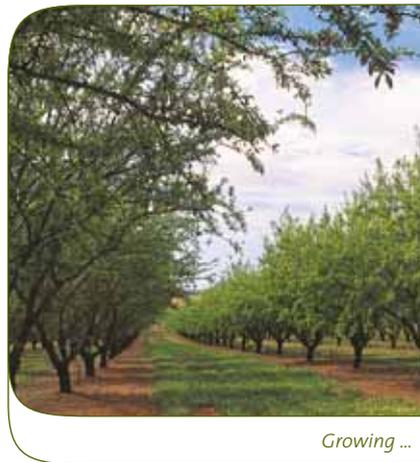
Approximately 40% of our 2005 crop was shipped to export markets from March to July 2005. Destinations included India, China, Japan, Indonesia, Spain, UK, Russia, France, Holland, Belgium and Germany. The balance of the crop is contracted to domestic customers and will be delivered progressively through to January 2006 when we commence preparation for the intake of the 2006 crop.

Processing Capacity

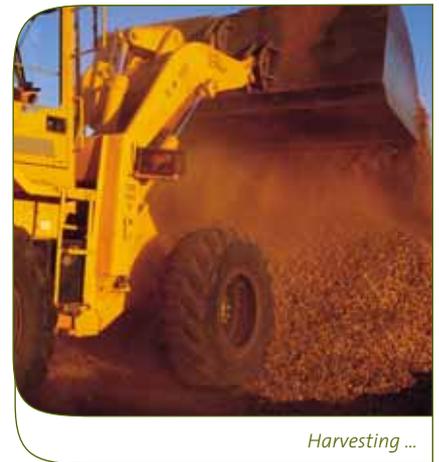
The company operates a hulling and shelling facility to extract the almond kernel from the outer hull and shell and a separate facility to sort, grade, and pack almonds as required by the market. To accommodate the increase in our 2005 crop and beyond, the existing hulling and shelling facility was substantially upgraded (\$2.2 million) prior to the harvest of the 2005 crop. This upgrade increased capacity to approximately 10,000 tonnes, which is sufficient to process the 2006 and 2007 crops. To accommodate future increases in production a new processing facility will be established and commissioned prior



Planting ...



Growing ...



Harvesting ...

to the 2008 harvest. We will also upgrade our sorting, grading and packing capacity. The need to further expand processing capacity will be assessed as additional orchard developments are undertaken. The relatively predictable crop increases allow for the detailed planning of processing capacity expansion and for a smoothing of the required investment.

Why Almonds – Australia well placed

Almond prices are currently at record highs and the current market fundamentals indicate a positive outlook going forward. Australia, although a small player, is able to compete effectively in terms of cost, quality and market access. We are operating in a growth market in which we can compete effectively and we have an opportunity to substantially expand production without a major impact on world supply.

Our market

Global consumption of almonds has grown strongly over the last five years. Current consumption levels are now matched with a flat supply from the USA as a result of low planting activity in the mid to late 1990's. This has resulted in upward pressure on prices over the last 12 months. Expectations for a lower 2005 USA almond crop (expected to be down by 15%) has exerted further pressure on prices, which are currently trading at record highs. These conditions, together with increasing demand, provide strong support for the almond market

in the short to medium term. The USA almond industry accelerated its planting programs in 2005, but this will take a number of years to significantly impact on almond supply. The increased supply from these new plantings will be required to meet anticipated consumption growth in the coming years.

Australia's competitive position

Australia has an established competitive position as an almond grower on the global stage. Production is currently around 15,000 tonnes contributing 3% of world supply, contrasted to the USA, which provides over 80% of world supply. However, from this small base we can effectively compete with the major player due to following advantages:

- Comparable growing cost with higher average yields per acre, lowering the cost per kilogram of almonds produced
- USA almond crop is susceptible to insect damage, lowering the quality of their almonds and restricting their access to higher quality customers
- Australia's crop is counter-seasonal to the northern hemisphere providing a source of fresh almonds to our export markets. We are able to supply these markets at competitive freight costs to USA growers.

Ongoing development activity in Australia is likely to see us pass Spain as the second largest almond producer in the next 10 years. Select currently manages around 60% of Australia's almond orchards and will move from

40% to 60% of total almond production as our orchards mature.

On a world scale, Select is in the top three almond growers and will move into the top ten suppliers as our crops mature. Therefore, as an almond grower, we have scale both domestically and internationally and operate at a competitive advantage to USA growers.

Outlook

The almond price is expected to remain firm in the short-term on the back of a reduced USA crop, and the fundamentals appear favourable in the medium-term.

Australia's competitiveness as a grower and marketer of almonds and the scale and industry exposure achieved in recent years has increased the attractiveness and demand for almond orchard investments.

We plan to expand the area of investor owned orchards over the next few years. A further 6,000 acres will be planted in 2006.

We are scaling up our tree nursery facilities and development resources and infrastructure to support increased developments in 2007 and beyond.

Strategic Acquisitions

Acquisition	Details
Lucky Candy (1998)	Cooking needs distributed to major retailers under the leading “Lucky” brand. Category has since expanded to healthy snacking
Munch Nuts (1999)	Major supplier of a range of private label salty snacks to major retailers.
Renshaw Foods (2000)	Manufacturer and processor of nut based ingredients to major and small food manufacturers, and supplier to food service and other distributors and wholesalers.
Meriram (2003)	Manufacturer of branded products to cooking needs, health and muesli categories of major supermarkets. Wider distribution network to smaller retailers and health food stores.
Nibbles (2004)	Category specialist and major supplier to the fresh produce section of major supermarkets.

Food Products

Result for the year

The division increased EBIT for the year by 19% to \$8.1 million.

The increased earnings were driven by increased sales for the year from the acquisition of the Nibbles business, and sales and market share growth from branded product sales.

- Sales revenue for the year increased by 48% to \$131 million
- Continued sales growth of nut based products in supermarkets
- Cooking needs category grew in retail dollar sales by 23%
- Select Harvests branded products increased market share
- Larger quantity of company almond production processed in-house

Food Products Division at a glance

	2005	2004
EBIT	\$8,115	\$6,813
% of Group EBIT	23%	26%
No of Employees	132	117

Strategic Development – establishment of a processing and marketing capability

The second limb of our core strategy was to be more involved in the selling and marketing of our almonds, to participate in added value processing, and to move closer to the consumer.

Our intent was to build more sustainable distribution channels for our almond production and to derive additional income from these activities.

From our origins as a farm gate seller of almonds, the establishment of a processing and marketing business was identified as the strategy to become more involved in the further processing and marketing of our almond crop. We recognised the benefit of a product range that could be marketed to a number of channels rather than a single product with limited channels. The diversification into processing and marketing would also enable the company to lock in distribution channels for the future almond production from new orchards developed on behalf of investors.

Over the last six years a number of strategic acquisitions have been made to give the company a manufacturing base to produce a range of nut based products with a market leadership position in Australia. The consolidated group resulting from this acquisition program is what is now known as our food products division.

Current Position

Today we produce an extensive range of packaged nuts and associated products including snacks, cooking ingredients, mueslis, natural health foods, dried fruits etc. We are Australia’s leading supplier of processed and packaged nuts to Australian

supermarkets with a presence in all categories where nuts are ranged. We market through the Lucky, Sunsol, Nu-Vit, Meriram and Soland brands as well as manufacturing a number of private label and bulk products for retailers. In addition we manufacture a number of nut-based ingredients for food manufacturers, food service distributors and health food stores.

The division operates two manufacturing facilities; Thomastown, Melbourne, and Everton Hills, Brisbane. We currently process in excess of 15,000 tonnes of product per annum of which almonds make up a large percentage.

We service all major supermarkets and smaller independent retailers and run a national merchandising team of 40 staff to service our product ranges in major retailers.

Our market

The increase in consumption of nut based products continues with a growing awareness of the health benefits amongst consumers, health professionals and food influencers. The sales growth is encouraging a greater focus from market participants. This is evident from increased space being allocated by retailers and additional promotional and marketing activity by suppliers and industry groups. The major growth is being seen in the natural snacking and health food area with a move by consumers towards healthy and natural foods.

Ray Tanti: Sales and Marketing Manager (Melbourne)

“We plan to capitalise on current market growth and leverage our strong position to further grow our brands across the supermarket space.”



Our brands are positioned in these categories and we are benefiting from this trend in terms of sales and market share growth. We have over the last 12 months launched a number of new products under the Lucky and Nu-Vit brands aimed at the healthy snacking market, and they are performing well.

It has been widely reported in the press that the supermarket landscape is changing with an increased focus by retailers on developing their own brands. This has a two fold impact; a margin squeeze when supplying house brands, and an impact on the branded products the housebrands compete against. We are fortunate that our categories are growing strongly, providing the opportunity to continue to grow our branded sales and market share in the current environment.

Private label supply remains an important component of our business and we will continue to operate in this area, particularly in arrangements that provide reasonable returns and tenure of supply.

Nibbles Acquisition

During the year we acquired the Nibbles business from Chiquita Brands South Pacific Limited. Nibbles is a major supplier to the fresh produce category of Australian supermarkets. This category now has the largest share of nut product sales in the supermarket and the largest share of almond sales.

This acquisition positioned Select Harvests as the major supplier to this

important sector and increased our almond distribution at supermarket level.

We have incorporated the Nibbles operations into our Thomastown facility bringing in-house the processing and raw material sourcing activities.

Operations

We currently operate in two locations, Melbourne and Brisbane. The Melbourne operation is a consolidation of four Melbourne based acquisitions, and the Brisbane operation houses the Meriram acquisition. We have to date operated these facilities independently, but in the future will operate the division as a national business.

We have recently appointed a Group Operations Manager – Derek Jones, who has national responsibility for purchasing, manufacturing and logistics. In this role, Derek has responsibility for both sites and for the delivery of operational efficiencies and synergies across the division.

Food Safety

Food safety and quality management is a key component of our management systems. Our major raw materials are natural agricultural products which can be subject to foreign material and microbacterial contamination.

We have enhanced our foreign material management by the addition of electronic sorting machines at both our almond processing facilities and Thomastown facility.

During the year we established an in-house micro testing laboratory at Thomastown. This enables a more timely and extensive testing of our products for microbacterial contamination. This laboratory is now fully operational and services both the Thomastown facility and our almond processing facilities.

Outlook

We expect the market for nuts to continue to grow, supported by the increased marketing activity. Our plan is to capitalise on the market growth and leverage our strong position to further grow our brands across the supermarket space.

Our product development focus will be in the “healthy snacking” area and we will continue to maximise ranging and sales of almond based products.

Our business in non-supermarket channels is today underdeveloped and we are looking to expand our distribution in this area.

We have had some success in ranging our products in Asia and we will continue to develop this market, as well as more broadly looking for opportunities to export processed almond products.

From an operational perspective we will adopt a national management approach to our business. This will improve operating efficiencies, enhance customer service, and facilitate further market development and sales growth.

Max Ciobo: General Manager
Natalie Hennessy: Executive Manager – Meriram



“The increase in consumption of nut based products continues, with a growing awareness of the health benefits amongst consumers and health professionals.”

Promoting our Products

As part of our marketing plans, we are involved in a range of industry initiatives, and actively participate in a number of national and local programs, all aimed at promoting the great taste and numerous health benefits associated with the regular consumption of nuts.

Almond Board of Australia (ABA)

Select Harvests and our almond orchard investors contribute to ABA marketing programs aimed at:

- 1) Increasing the consumption of almonds in Australia, and
- 2) Differentiating Australian almonds from Californian almonds in the international market place.

ABA activities include magazine promotions, exhibition participation, Heart Foundation sponsorship and alignments with key sporting and dietician associations. For more information visit www.aussiealmonds.com.au

Nuts for Life Campaign

Select Harvests is an active participant in the 'Nuts for life' campaign which is an educational initiative of the Australian Tree Nut Industry of which we are a strong supporter and contributor. The goal of 'Nuts for Life' is to raise the awareness of the health benefits of tree nuts, particularly amongst health professionals. A number of promotional and research based activities including promotions through health clubs, seminars, printed matter, recipe competitions and media releases are conducted on a regular basis. Recent surveys have shown strong acceptance amongst health professionals and further promotion is planned to focus on consumer education.

For more information on 'Nuts for Life' visit www.nutsforlife.com.au

Promoting health and fitness

On a national level we are involved in numerous programs including the Cardiology Specialist Conference, Coeliac Society Promotions, National Health Foundation, Diabetes Australia, AMA Events, and special education and the Special Olympics. We also participate in health and lifestyle expos, community expos, youth expositions and royal shows around Australia. On a smaller scale we also participate in promotion through product donation – look out for baskets of our products at your local charity functions or children's school events.



In addition to investments made in the past, the 2005 financial year saw the implementation of further initiatives to build on our existing food safety and quality practices across the group.

Maintaining Quality

The products processed by the company are agricultural products that, through the growing and harvesting process, are subject to possible contamination as well as inherent unwanted material, for example, shell and hull. Being natural products, there is also some risk of contamination from microorganisms.

Laser Sorting

As was highlighted last year, a fully automated sorting technology for our Thomastown processing plant was installed to improve the quality of our products. Sourced from Belgium, the new sorter uses a full spectrum of lasers

to identify different types of foreign materials that may be present in raw materials used, and through timed, high speed air guns, remove foreign material.

Our Laboratories

In early 2005 a microbiological laboratory was commissioned at our Thomastown site. The new laboratory is equipped with technology to provide testing and monitoring services to our processing plants and orchards, thereby helping to further enhance our quality control systems. The microbiological laboratory employs qualified staff and uses industry recognised and globally accepted methods of analysis.

Our existing physical testing laboratory, established at the Thomastown site in July 2003, is where we analyse and evaluate our raw and finished products. Raw product particulars such as size, grade and colour are checked and finished goods are analysed for a number of factors that can affect shelf life including peroxide value, free fatty acids, moisture, and oxygen levels.

The combination of our internal microbiological and physical laboratories, in conjunction with our overall quality systems, enables Select Harvests to maintain a high level of quality across all products.



The laboratory team from left, Alex Harrison, Robert Angeleski, Helen Lazarus and Winnie Saputra. The laboratory is equipped to provide testing and monitoring services.

We are committed to maintaining a healthy environment and the natural biodiversity of the region.



The Regent Parrot has now become a protected species.

Environmental Sustainability

Water

Water is a scarce but valuable resource to residential and commercial users, and is vital for the healthy growth of our almonds. Our management practices promote awareness of the need to use water effectively. This is achieved through:

- The use of soil moisture monitoring equipment to ensure that water is fed to our orchards when required
- The staging of water distribution to our orchards to ensure a smooth demand on the Murray River throughout the day
- Working closely with the authorities and our orchard managers to monitor the water table
- Working in partnership with the authorities to develop strategies to meter water drawn from the Murray River and used on orchards to enable more accurate forecasting of water demand.
- The revegetation of areas that have been cleared through previous farming practices
- The eradication of pest weeds from native vegetation plots
- Fulfilling the role of Managing Secretary of the Narcooyia Creek, a 15 km waterway off the Murray River that supplies several major horticultural developments in the Tol Tol area (Robinvale)
- Working in partnership with various environmental and government authorities in the development of a long term environmental management plan for the Narcooyia Creek. The plan focuses on long-term environmental enhancement and development of the creek and its surrounding habitats.

Native Vegetation

A number of steps have been taken to ensure the development and management of land for almond production does not adversely impact the natural vegetation that exists in the Robinvale district. These include:

- The establishment of fenced native vegetation buffer zones, protecting and enhancing existing native vegetation
- The establishment of native vegetation corridors on known flight paths for native birds in the area, creating protected flight corridors

Energy

Over the last few years, increased demands have been placed on the local power supply due to the increased level of horticultural developments within the Robinvale and surrounding areas. As a major user of electricity during various parts of the year, we work with the authorities to better utilise the current power infrastructure and to reduce the sudden draw on power. This is being achieved through the strategic staging of pump start-ups and pumping time frames and we are investigating other initiatives to further support the existing system and increase efficiencies through appropriate upgrades.

The Regent Parrot

Over the years, changes to the landscape and native habitat as a result of human activity has seen the Regent Parrot's population reduced to critical levels, and it is now listed as an endangered species.

The habitat is being preserved through the establishment of native vegetation corridors on known flight paths, and developing and implementing long term sustainable environmental management plans.

Narcooyia Creek

A comprehensive Environmental Impact Assessment was undertaken in relation to Narcooyia Creek by the Narcooyia Creek Pumping Syndicate, of which Select Harvests is a member.

The Narcooyia Creek is a natural branch of the Murray River, which is used as a source of irrigation water for a number of farms and orchards. The environmental factors assessed included water seepage, water evaporation and salinity, and the impact on the fish community, geomorphology, and native vegetation.

The assessment concluded that any likely negative impacts arising from the increase in water flow were insignificant compared with the benefits that may arise. Overall the findings were very positive.

Regent Parrot photo courtesy of Peter Rogers, Bird Observers Club of Australia.

Annabel Galea: Group OH&S Manager



“With a sound framework in place, the company’s health and safety programs are in good shape to meet the challenges of the future.”

Our People

We continue to experience significant change and new challenges as we rapidly expand our business. Our ability to manage these changes and at the same time deliver improved results is due to the skill, efforts and dedication of our staff at all locations.



Feedback from staff is an important part of health and safety development.

Health and Safety Program

As a result of improvements in safety initiatives and risk management undertaken progressively over the last few years, our health and safety program has evolved into an integral part of the business.

Starting with our Occupational Health, Safety and Environment Policy and the ongoing review and contributions made at Board level, an annual plan is developed with each business unit containing clear targets. These are reviewed on a regular basis throughout the year.

Health and safety performance is measured by performance indicators and monitored by health and safety committees, involving both management and staff representatives, that meet regularly to review and discuss a range of health and safety matters including hazards and risks, results of audits, procedures, training requirements, special projects, and accidents and their prevention.

Staff Training and Development

Training programs covering specific health and safety matters are conducted periodically throughout the year to educate staff and reinforce previously learned concepts. Feedback from staff is an important part of health and safety development, and opportunities to voice opinions are provided through training sessions, health and safety meetings, risk assessments, and health and safety representatives.

Our Future

The last twelve months have demonstrated continued progress in our health and safety management program. This has been achieved through the dedication and commitment of management and staff alike. With a sound framework in place, the company’s health and safety programs are in good shape to meet the challenges of the future.

Orchard visits: A regular event

“Due to the size and the scale of our operations in the Robinvale area, we are involved in supporting the local and surrounding communities.”



Our Social and Community Involvement

We directly or indirectly employ the services of a large number of people and businesses in and around the Robinvale area of North Western Victoria.

We are the largest employer of full time and casual staff in the district, with a full time staff of approximately 130, and casual employees who assist us with planting, pruning, and harvesting varying seasonally at approximately 150 workers .

Due to the size and scale of our operations in this area, we are involved in the support and development of the local and surrounding communities.

With a view to ensuring that community development, welfare and social activities are maintained throughout the district, Select Harvests supports a number of different community and sporting groups and programs. These include: The Robinvale Football Club, Euston Football Club, Robinvale Netball Association, Robinvale Tennis Club, Robinvale Rowing Club, Robinvale/Euston Cricket Association, Robinvale Swimming and Diving Association, and Robinvale and District Harness Racing Association.

Our people are also on the boards of local committees such as Robinvale Pre-School, Robinvale Kinder-Gym, and Robinvale Play Group, helping to build the community through their involvement.

In 2005 Select Harvests sponsored the Robinvale and District Harness Racing Association's final meeting held at Robinvale, and assisted the Mildura Show Society by sponsoring the vests used by officials at the district's largest community based event as a way to help the Society meet its OH&S obligations.

Chaplaincy Program

Select Harvests continues its commitment to the Robinvale Secondary School Chaplaincy program, which was established after a need was identified to provide counselling, guidance and support to young people attending the local secondary school. The program provides guidance services to the students of the Robinvale community with a 'spiritual' focus on student welfare.

Contributing to the Melbourne Community

Select Harvests is also proud to be an annual contributor to:

- The Rotary Club of Preston, which promotes 'CIRCUS QUIRKUS' – an event for special needs and disadvantaged children. Select Harvests has been a proud sponsor of this event since 1998.
- The Lions Club of Melbourne, which hosts the 'WORLD FESTIVAL OF MAGIC' a family magic show held at the Melbourne Convention Centre for disabled, terminally ill and handicapped children. Select Harvests has been a proud sponsor of the World Festival of Magic since 2000.



Left-right: Max Fremder, Chairman; Dan O'Brien, Non-Executive Director; Ross Herron, Non-Executive Director; John Bird, Managing Director; Sandy Clark, Non-Executive Director; Curt Leonard, Non-Executive Director, and Marcello Mattia, Company Secretary.

Our Board

Directors

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.

J Bird (Managing Director)

Joined the board in September 2001. Has had many years experience in the food industry and international trade. Formerly Managing Director of Jorgenson Waring Foods and has been the Managing Director of Select Harvests Limited since January 1998. Member of the Nomination Committee.

C G (Sandy) Clark, B.Comm, Dip.Ag.Econ (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. Member of the Audit and Risk Committee, and the Nomination Committee, and Chairman of the Remuneration Committee.

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

Joined the Board on 29 March 2004. Currently principal of Dromoland Capital, a private equity group, and a director of Coates Hire Limited, and 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.

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.

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

Joined the Board on 27 January 2005. A Chartered Accountant, Mr Herron retired as Senior Partner of Price Waterhouse Coopers in December 2002. He was a member of the Coopers & Lybrand (now Price Waterhouse Coopers) Board of Partners where he was 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 and a major industry superannuation fund. He is also a Director of Variety Club Inc. He was a non-Executive Director of National Telecoms Group Ltd from 6 July 2001 to 30 June 2003. Chairman of the Audit and Risk Committee, and member of the Nomination Committee.

Company Secretary

M Mattia, B.Bus (Acc), ACA (Company Secretary)

Appointed to the position of Company Secretary and Chief Financial Officer on 1 May 2003. He is qualified as a Chartered Accountant having had several years consulting experience with a leading international professional services firm. He has also held general management and senior finance roles in private and international organisations.

Our Management

Corporate

Managing Director
John Bird

Chief Financial Officer
and Company Secretary
Marcello Mattia B.Bus(Acc), ACA

Group OH&S Manager
Annabel Galea M.App.Sc(Tox), B.Ag.Sc,
MSIA,RSP(Aust)

Almond Operations

General Manager
Wayne Turner

Horticultural Manager
Tim Millen Dip.Hort Distinct

Commercial Manager
Garry Watkins B.Comm

Food Products

Sales and Marketing Manager
(Melbourne)
Ray Tanti

Sales Manager – Trading
Laurence Van Driel

Group Operations Manager
Derek Jones

Financial Controller
Rob Anstey

General Manager – Meriram
Max Ciobo

Executive Manager – Meriram
Natalie Hennessy

Commercial Manager – Meriram
Ian Allen

Statistical Summary

\$000 (except where indicated)

SELECT HARVESTS CONSOLIDATED RESULTS FOR YEARS ENDED 30 JUNE	2005	2004	2003	2002	2001	2000
Total sales	178,029	127,380	80,994	78,327	64,996	43,002
Earnings before interest and tax	33,263	23,836	17,421	14,749	12,196	8,389
Operating profit before tax	31,995	22,587	16,110	12,803	10,260	7,586
Net profit after tax	21,716	15,225	10,962	8,554	6,564	5,239
Earnings per share (Basic) (cents)	55.9	40.0	31.3	25.4	20.0	16.0
Return on shareholders' equity (% pa)	23.7	19.2	18.3	17.3	15.5	15.9
Dividend per ordinary share (cents)	42.0	26.0	18.5	13.5	10.0	8.0
Dividend franking (% pa)	100	100	100	100	100	100
Dividend payout ratio (%)	75.7	65.7	62.8	54.5	50.0	50.0
Financial ratios						
Net tangible assets per share (\$)	1.64	1.35	1.08	0.77	0.56	0.43
Net interest cover (times)	26.2	19.1	13.3	7.6	6.3	10.4
Debt/equity ratio (%)	0.9	10.2	15.4	38.9	70.2	54.9
Current asset ratio (times)	1.45	1.70	1.61	1.30	1.31	0.87
Balance sheet data as at 30 June						
Current assets	55,022	32,591	25,077	22,599	23,584	17,981
Non-current assets	77,290	74,364	60,672	63,090	66,405	53,556
Total assets	132,312	106,955	85,749	85,689	89,989	71,537
Current liabilities	37,908	19,077	15,581	17,381	18,048	20,705
Non-current liabilities	2,859	8,610	10,162	18,971	29,568	17,967
Total liabilities	40,767	27,687	25,743	36,352	47,616	38,672
Net assets	91,545	79,268	60,006	49,337	42,373	32,865
Shareholders' equity						
Share capital	46,925	43,940	36,206	34,199	31,124	31,108
Reserves	14,191	14,191	9,458	9,458	9,458	4,386
Retained profits (accumulated losses)	30,429	21,137	14,342	5,680	1,791	(2,629)
Total shareholders' equity	91,545	79,268	60,006	49,337	42,373	32,865
Other data as at 30 June						
Fully paid shares (000)	39,069	38,525	35,455	34,585	32,841	32,824
Number of shareholders	2,999	2,413	2,054	1,610	1,286	1,167
Select Harvests' share price:						
– year's high (\$)	10.20	7.00	4.95	3.25	1.70	1.20
– year's low (\$)	6.47	4.44	2.60	1.49	1.18	0.90
– close (\$)	9.70	6.67	4.80	3.10	1.68	1.19
Market capitalisation	378,970	256,965	170,184	107,214	55,173	39,061

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directors' report

The Directors present their report together with the financial report of Select Harvests Limited and controlled entities for the year ended 30 June 2005 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: 5,598,352 fully paid shares.

J Bird (*Managing Director*)

Joined the Board in September 2001. Has had many years' experience in the food industry and international trade. Formerly Managing Director of Jorgenson Waring Foods and has been the Managing Director of Select Harvests Limited since January 1998. Member of the Nomination Committee.

Interest in Shares and Options: 271,122 fully paid shares, 103,600 options expiring 28 October 2005 exercisable at \$3.31, and 29,200 options expiring 1 November 2006 exercisable at \$5.60 each.

C G (Sandy) Clark, B.Comm, Dip.Ag.Econ (*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. Member of the Audit and Risk Committee, and the Nomination Committee, and Chairman of the Remuneration Committee.

Interest in Shares and Options: 22,927 fully paid shares.

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

Joined the Board on 29 March 2004. Currently principal of Dromoland Capital, a private equity group, and a Director of Coates Hire Limited, and 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: 50,000 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: 414,258 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 Senior Partner of Price Waterhouse Coopers in December 2002. He was a member of the Coopers & Lybrand (now Price Waterhouse Coopers) Board of Partners where he was 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 and a major industry superannuation fund. He is also a Director of Variety Club Inc. He was a Non-Executive Director of National Telecoms Group Ltd from 6 July 2001 to 30 June 2003. Chairman of the Audit and Risk Committee, and member of the Nomination Committee.

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

M Mattia, B.Bus (Acc), ACA (Company Secretary)

Appointed to the position of Company Secretary and Chief Financial Officer on 1 May 2003. He is qualified as a Chartered Accountant having had several years consulting experience with a leading international professional services firm. He has also held general management and senior finance roles in private and international organisations.

Interest in Shares and Options: 2,000 fully paid shares, 8,800 options expiring 1 November 2006 exercisable at \$5.60.

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;
- The growing, processing and sale of almonds to the food industry, from company owned almond orchards, and the provision of management services to external owners of almond orchards, including consultancy, orchard development, tree supply, farm management, land rental, and irrigation infrastructure; and the marketing and selling of almonds on behalf of external investors; and,
- The production of pelletised snail, slug and rodent baits for other marketers.

There have been no significant changes in the nature of those activities during the year.

Employees

The consolidated entity employed 276 full time employees as at 30 June 2005 (2004: 252 employees).

Review and Results of Operations

Refer to Chairman and Managing Director's report in the front section of the Annual Report.

Significant Changes in the State of Affairs

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

Significant Events after the Balance Date

On 23 August 2005, the Board 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. Subject to certain conditions precedent being satisfied, the sale is scheduled to be completed on Friday 14 October 2005, with an effective date of 1 October 2005.

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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results

Refer to Chairman and Managing Director's report in the front section of the Annual Report.

directors' report

Environmental Regulation and Performance

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

The economic entity holds licences issued by the Environmental Protection Authority which specify limits for discharges to the environment which are the result of the economic 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 economic entity's licence conditions.

Directors' and Senior Executives' Remuneration Report

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 economic entity level, divisional level, or functional level, as applicable, for the financial year. In addition, the economic 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. The contracts for service between the economic entity and specified Directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future.

Non-Executive Directors receive fees and do not receive options or bonus payments, and further details regarding components of Directors' and executive remuneration are provided in the notes to the financial statements.

The names and positions of each person who held the position of Director at any time during the financial year have been provided on pages 22-23. The nature and amount of each major element of the remuneration of each Director of the Company and each of the five named executive officers of the Company and the consolidated entity, receiving the highest remuneration, for the financial year is detailed below. The percentage value of each person's total fixed remuneration that consists of options is shown in brackets.

Remuneration of Directors of Select Harvests Limited

	BASE FEE \$	ANNUAL REMUNERATION			LONG TERM REMUNERATION		TOTAL \$
		SHORT TERM INCENTIVES \$	NON CASH BENEFITS \$	SUPERANNUATION CONTRIBUTIONS \$	OPTIONS GRANTED NUMBER	VALUE \$	
2005							
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 (<i>appointed 21/07/04</i>)	39,773	-	-	3,580	-	-	43,353
R M Herron (<i>appointed 27/01/05</i>)	18,025	-	-	1,622	-	-	19,647
Executive							
J Bird	332,823	155,041	32,766	29,478	136,400	77,089 (25%)	627,197

Remuneration of Directors of Select Harvests Limited

	BASE FEE \$	ANNUAL REMUNERATION			LONG TERM REMUNERATION OPTIONS GRANTED		TOTAL \$
		SHORT TERM INCENTIVES \$	NON CASH BENEFITS \$	SUPERANNUATION CONTRIBUTIONS \$	NUMBER	VALUE \$	
2004							
Non Executive							
M A Fremder	70,370	-	-	6,333	-	-	76,703
B P Burns (retired 30/06/04)	35,185	-	-	3,167	-	-	38,352
C G Clark	35,185	-	-	3,167	-	-	38,352
D J Williams (resigned 16/02/04)	23,457	-	-	2,111	-	-	25,568
G F Dan O'Brien (appointed 29/03/04)	9,179	-	-	826	-	-	10,005
Executive							
J Bird	286,470	119,093	39,576	25,633	176,000	70,593 (25%)	541,365

Remuneration of the Five Most Highly Paid Executive Officers of the Company and the Consolidated Entity

	BASE FEE \$	ANNUAL REMUNERATION			LONG TERM REMUNERATION OPTIONS GRANTED		TOTAL \$
		SHORT TERM INCENTIVES \$	NON CASH BENEFITS \$	SUPERANNUATION CONTRIBUTIONS \$	NUMBER	VALUE \$	
2005							
M Mattia	159,332	57,168	37,984	14,149	8,800	8,800 (15%)	277,433
M Ciobo	210,000	-	30,530	18,900	-	-	259,430
W Turner	115,705	27,067	19,000	12,759	7,000	7,000 (15%)	181,531
L Van Driel	99,163	17,487	14,821	9,625	19,800	10,974 (10%)	152,070
T Millen	96,195	13,930	5,000	9,826	9,300	5,156 (5%)	130,107
2004							
M Ciobo	210,000	-	15,989	18,900	-	-	244,889
M Mattia	139,635	4,366	40,900	12,462	-	-	197,363
W Turner	111,046	10,237	19,000	10,196	-	-	150,479
C Lukauskas	93,615	10,000	26,000	9,236	12,400	6,026 (15%)	144,877
L Van Driel	107,939	18,594	-	9,625	15,900	7,074 (10%)	143,232

In accordance with the remuneration policy described above, options granted as remuneration are subject to continuing service with the economic 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.

directors' report

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.

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

The category 'other' includes the value of any non-cash benefits provided and includes FBT where applicable.

Share Options

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.

The options are valued using the Black-Scholes valuation method and individual parcels are based on a percentage of fixed remuneration. The options are granted annually in three tranches on achievement of performance hurdles.

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

	PARTICIPATING EMPLOYEES	OPTION VALUATION \$	EXERCISE PRICE \$	NUMBER OF OPTIONS OFFERED	EXPIRY DATE	GRANTED SEPTEMBER 03	GRANTED AUGUST 04	BALANCE
2002 Offer	7	0.486	3.31	277,500	28 October 2005	92,500	85,200	85,200
2003 Offer	9	1.00	5.60	193,200	1 November 2006	-	64,400	128,800
2004 Offer	9	0.98	7.78	234,300	20 October 2007	-	-	234,300
Total				705,000		92,500	149,600	448,300

Options Issued

During or since the end of the financial year, the Company granted options over unissued ordinary shares to the following Executive Director and the following five most highly remunerated officers of the Company as part of their remuneration.

	NUMBER OF OPTIONS GRANTED	EXERCISE PRICE \$	EXPIRY DATE
Director			
J Bird	55,400	1.66	20 October 2004
J Bird	51,800	3.31	28 October 2005
J Bird	29,200	5.60	1 November 2006
Officers			
M Mattia	8,800	5.60	1 November 2006
W Turner	7,000	5.60	1 November 2006
L Van Driel	8,600	1.66	20 October 2004
L Van Driel	7,300	3.31	28 October 2005
L Van Driel	3,900	5.60	1 November 2006
T Millen	3,800	1.66	20 October 2004
T Millen	3,700	3.31	28 October 2005
T Millen	1,800	5.60	1 November 2006

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
2002	131,900	3.31	28 October 2005
2003	56,300	5.60	1 November 2006

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.

Shares Issued on Exercise of Options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows:

NUMBER OF SHARES	AMOUNT PAID ON EACH SHARE \$
212,900	1.66
35,200	3.31
8,100	5.60

There were no amounts unpaid on the shares issued.

Options granted as remuneration that have been exercised or lapsed during the financial year

DIRECTORS AND EXECUTIVES	VALUE AT 1 JULY 2004 \$	VALUE GRANTED \$	VALUE EXERCISED \$	VALUE LAPSED \$	VALUE AT 30 JUNE 2005 \$
Directors					
J Bird	70,603	77,089	68,142	-	79,550
Executives					
M Mattia	-	8,800	-	-	8,800
W Turner	-	7,000	-	-	7,000
L Van Driel	3,548	10,974	7,074	-	7,448
T Millen	4,914	5,156	4,674	-	5,396

Dividends

	CENTS	\$
Final dividends proposed and not recognised as a liability:		
• on ordinary shares	26.0	10,157,971
Fully Franked Dividends paid in the year:		
<i>Interim for the year</i>		
• on ordinary shares	16.0	6,224,599
		<u>16,382,570</u>
Final for 2004 shown as recommended in the 2004 report		
• on ordinary shares	16.0	6,200,728

directors' report

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 REMUNERATION		NOMINATION	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
M A Fremder	12	12	–	–	1	1	1	1
J Bird	12	12	–	–	–	–	1	1
C G Clark	12	11	4	4	1	1	1	1
G F Dan O'Brien	12	12	4	4	1	1	1	1
J C Leonard (appointed 21/07/04)	12	12	4	4	–	–	1	1
R M Herron (appointed 27/01/05)	6	6	2	2	–	–	–	–

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

R M Herron (Chairman)
(appointed 31/01/05)
(appointed Chairman 22/06/05)
C G Clark
G F Dan O'Brien
J C Leonard
(appointed 21/07/04)

Remuneration

C G Clark (Chairman)
M A Fremder
G F Dan O'Brien

Nomination

M A Fremder (Chairman)
J Bird
C G Clark
G F Dan O'Brien
J C Leonard
(appointed 21/07/04)
R M Herron
(appointed 27/01/05)

Directors' Interests in Contracts

Directors' interest in contracts are disclosed in Note 28 to the financial statements.

Auditors Independence Declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

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, Pitcher Partners, are detailed in note 27. 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.

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.



M A Fremder
Chairman
Melbourne, 23rd August 2005

auditor's declaration

Auditor's Independence Declaration

To the Directors of Select Harvests Limited

In relation to the independent review for the financial year ended 30 June 2005, to the best of my knowledge and belief there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001; and
- b) No contravention of any applicable code of professional conduct.



Pitcher Partners



T J BENFOLD
Partner
Melbourne
23 August 2005

governance

Corporate Governance Statement

This statement outlines the key corporate governance practices of the economic 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 economic 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 is 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 economic 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 economic entity has a process to educate new Directors about the nature of the business, current issues, the corporate strategy, and the expectations of the economic entity concerning performance of Directors. Directors also have the opportunity to visit the facilities of the economic 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 economic entity's expense.

governance

Composition of the Board

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

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

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

The Board assesses the independence of each Director in light of interests known to the Board, as well as those disclosed by each Director. 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 14.3% shareholding at 30 June 2005.
- The Chairman of the Company, Mr M A Fremder, owns (directly or indirectly) almond orchards totalling 300 acres in respect to which the economic entity provides Orchard Management Services under contract at market rates.

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 economic 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 is available on the Company's website.

Remuneration Policies

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

Executive Directors and senior executives may receive short term incentives based on achievement of specific business plans and performance indicators, which include financial and operational targets relevant to performance at the economic entity level, divisional level, or functional level, as applicable, for the financial year. In addition, the economic 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 and Risk 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 economic entity's financial reports for the year ended 30 June 2005 present a true and fair view, in all material respects, of the economic 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 be made to shareholders and/or the public prior to their release;
- Evaluating systems of internal control;

governance

- Monitoring the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;
- Requiring reports from management and the external auditors on any significant regulatory, accounting or reporting development to assess potential financial reporting interest;
- Reviewing and approving all significant company accounting policy changes;
- Reviewing the Company's taxation position;
- Reviewing the annual financial statements with the Chief Financial Officer and the external auditors, and recommending acceptance to the Board;
- Evaluating the adequacy and effectiveness of the Company's risk management policies and procedures including insurance; and
- Directing any special projects or investigations deemed necessary by the Board or by the Committee.

The Audit and Risk Committee is committed to ensuring that it carries out its functions in an effective manner. Accordingly, it has undertaken a review of its charter during the financial year and will review 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 economic entity. The economic 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 economic 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 economic 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 economic 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 economic 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 economic entity. The economic 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 economic 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 economic 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 economic entity's state of affairs. Information is communicated to shareholders as follows:

- The Annual Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document), including relevant information about the operations of the economic 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 economic 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 economic entity has nominated the Company Secretary to ensure compliance with the economic entity's continuous disclosure requirements, and overseeing and co-ordinating disclosure of information to the ASX;
- Information is posted on the economic 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 economic 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 economic entity's strategy and goals. It is the policy of the economic 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.

performance

Statement of Financial Performance

Year ended 30 June 2005

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Sales revenue	2	178,029	127,380	-	-
Cost of sales	3(a)	(131,605)	(91,242)	-	-
Gross profit		46,424	36,138	-	-
Other revenues from ordinary activities	2	870	446	18,829	16,304
Other revenues from SGARA stock adjustment	2	787	561	-	-
Distribution expenses		(3,334)	(2,467)	-	-
Marketing expenses		(659)	(522)	-	-
Occupancy expenses		(1,608)	(1,314)	-	-
Administrative expenses		(2,724)	(2,500)	(1,980)	(1,333)
Borrowing costs expensed	3	(1,361)	(1,369)	(1,219)	(1,182)
Other expenses from ordinary activities		(6,171)	(6,044)	(561)	(661)
Other expenses from SGARA tree adjustment		(229)	(342)	-	-
Profit from ordinary activities before income tax expense		31,995	22,587	15,069	13,128
Income tax expense relating to ordinary activities	4	(10,279)	(7,362)	(366)	(618)
Profit from ordinary activities after income tax expense		21,716	15,225	14,703	12,510
Net profit		21,716	15,225	14,703	12,510
Net profit attributable to members of Select Harvests Limited	21(b)	21,716	15,225	14,703	12,510
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Select Harvests Limited		21,716	15,225	14,703	12,510
Basic earnings per share (cents per share)	25	55.9	40.0		
Diluted earnings per share (cents per share)	25	55.7	39.7		

The Statement of Financial Performance is to be read in conjunction with the Notes to the Financial Statements.

position

Statement of Financial Position

At 30 June 2005

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Current assets					
Cash assets		4,539	489	4,231	-
Receivables	6	24,862	15,702	10	19
Inventories	7	24,796	15,444	-	-
Other	8	825	956	770	784
Total current assets		55,022	32,591	5,011	803
Non-current assets					
Receivables	9	-	-	41,205	41,673
Other financial assets	10	21	19	12,195	12,195
Property, plant and equipment	11	43,991	41,792	523	747
Deferred tax assets	4	395	322	83	124
Self-generating and regenerating assets	12	5,516	4,986	-	-
Intangible assets	13	27,367	27,245	-	-
Total non-current assets		77,290	74,364	54,006	54,739
Total assets		132,312	106,955	59,017	55,542
Current liabilities					
Payables	14	32,044	14,344	1,370	587
Interest-bearing liabilities	15	486	957	-	205
Current tax liabilities	4	3,239	2,229	318	378
Provisions	16	2,139	1,547	191	150
Total current liabilities		37,908	19,077	1,879	1,320
Non-current liabilities					
Payables	17	-	-	13,490	9,150
Interest-bearing liabilities	18	376	7,123	-	6,700
Deferred tax liabilities	4	2,123	1,263	-	-
Provisions	19	360	224	48	36
Total non-current liabilities		2,859	8,610	13,538	15,886
Total liabilities		40,767	27,687	15,417	17,206
Net assets		91,545	79,268	43,600	38,336
Equity					
Contributed equity	20	46,925	43,940	46,925	43,940
Reserves	21	14,191	14,191	3,270	3,270
Retained profits (accumulated losses)	21	30,429	21,137	(6,595)	(8,874)
Total equity		91,545	79,268	43,600	38,336

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

cash flows

Statement of Cash Flows

Year ended 30 June 2005

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash flows from operating activities					
Receipts from customers		180,687	125,862	-	-
Payments to suppliers and employees		(137,414)	(102,405)	(1,328)	(1,682)
Interest received		94	120	69	101
Borrowing costs		(1,361)	(1,369)	(1,219)	(1,182)
Income tax paid		(8,478)	(7,281)	(382)	(499)
Net cash flows from/(used in) operating activities	22(a)	33,528	14,927	(2,860)	(3,262)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		774	359	134	-
Purchase of property, plant and equipment		(6,155)	(4,329)	(133)	(545)
Purchase of other non-current assets	22(d)	(6,933)	(9,145)	-	-
Net cash flows from/(used in) financing activities		(12,314)	(13,115)	1	(545)
Cash flows from financing activities					
Proceeds from issues of ordinary shares		515	6,318	515	6,318
Proceeds from borrowings – other		-	-	-	-
Repayments of borrowings – other		(7,597)	(1,286)	16,657	3,848
Payment of dividends on ordinary shares		(9,955)	(7,012)	(9,955)	(7,012)
Net cash flows from/(used in) financing activities		(17,037)	(1,980)	7,217	3,154
Net increase/(decrease) in cash held		4,177	(168)	4,358	(653)
Add opening cash brought forward		362	530	(127)	526
Closing cash carried forward	22(b)	4,539	362	4,231	(127)

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements

notes to the financial statements as at 30 June 2005

1. Summary of significant accounting policies

(a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views) have also been complied with.

The financial report covers Select Harvests Limited as an individual parent entity and Select Harvests Limited and controlled entities as an economic entity. Select Harvests Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs, except where AASB 1037: 'Self Generating and Regenerating Assets' has been applied, and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of consideration that would be given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(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 from time to time during the year and at balance date.

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.

(c) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

Except for certain specific hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year. Any gains or costs on entering a hedge are deferred and amortised over the life of the contract.

Specific hedges

Where a purchase or sale is hedged specifically, exchange gains or losses on the hedging transaction arising up to the date of purchase or sale and costs, premiums and discounts relative to the hedging transaction are deferred and included in the measurement of the purchase or sale. Exchange gains and losses arising on the hedge transaction after that date are taken to the Statement of Financial Performance.

This accounting policy will be impacted on first-time adoption of AIFRS (refer to Note 34).

notes to the financial statements as at 30 June 2005

1. Summary of significant accounting policies (continued)

(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 Statement of Cash Flows, 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 net market value in accordance with AASB 1037: 'Self Generating and Regenerating Assets' – 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 1037: 'Self Generating and Regenerating Assets' 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) Self-generating and regenerating assets

Almond trees

Almond trees are classified as a self generating and regenerating asset and valued in accordance with AASB 1037: 'Self Generating and Regenerating Assets'.

Developing almond trees are valued at their growing cost until the year they achieve economic maturity. The values of economically mature almond trees are 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
- Asset values 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.

Growing almond crop

The growing almond crop is valued in accordance with AASB 1037: 'Self Generating and Regenerating Assets'. 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 and the almond trees are valued as described above.

(g) Property, plant and equipment

Cost and valuation

Plantation land, water rights and buildings on freehold land are measured on a fair value basis. Carrying amounts are regularly reviewed by Directors to ensure that they do not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

All other classes of property, plant and equipment are measured at cost.

The carrying amount of 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 not 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:

	2005	2004
Buildings	25 to 40 years	25 to 40 years
Leasehold improvements	5 to 40 years	5 to 40 years
Plant and equipment	5 to 20 years	5 to 20 years
Leased plant and equipment	5 to 10 years	5 to 10 years
Plantation land and irrigation systems	10 to 40 years	10 to 40 years

Capital works in progress

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

(h) 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.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group 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 Statement of Financial Performance.

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

notes to the financial statements as at 30 June 2005

1. Summary of significant accounting policies (continued)

(i) Intangibles

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.

This accounting policy will be impacted on first-time adoption of AIFRS (refer to Note 34).

Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity.

Goodwill is amortised on a straight line basis over the period during which benefits are expected to be received. This is taken as being 20 years.

This accounting policy will be impacted on first-time adoption of AIFRS (refer to Note 34).

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. 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

Control of the right to receive a dividend is evidenced by the approval of the dividend at a meeting of the Board of Directors in accordance with the Company's constitution.

Almond stocks

Increments or decrements in the net market value of almond stocks are recognised as revenues or expenses in the Statement of Financial Performance 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.

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 2 and are not recognised as revenue.

As at 30 June 2005 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).

(k) Taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Where assets are revalued no provision for potential capital gains tax has been made.

This accounting policy will be impacted on first-time adoption of AIFRS (refer to Note 34).

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 subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. All entities in the tax-consolidated group have adopted UIG 52 to account for the effects of the tax funding agreement under the tax consolidation system. This means that:

- The parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- The subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances only;
- All expenses and revenues arising under the tax funding agreement are recognised as a component of income tax expense or income tax revenue by each individual entity; and
- All assets and liabilities arising under the tax funding agreement are recognised as tax-related amounts receivable from or payable to other entities in the group, rather than as tax assets or tax liabilities.

Deferred tax balances relating to the subsidiaries have been remeasured by reference to the carrying amounts of the subsidiaries' assets based on the reset tax value under tax consolidation.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system in the event of default by the parent entity to meet its payment obligations.

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 Statement of Financial Position.

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

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

notes to the financial statements as at 30 June 2005

1. Summary of significant accounting policies (continued)

(l) 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 economic entity to an employee superannuation fund and are charged as expenses when incurred.

(m) Financial instruments

Terms and Conditions

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 30.

Financial Liabilities

The bank overdraft is carried at the principal amount. Interest is charged as an expense as it accrues. The bank overdraft is secured by a floating charge over the Company's assets.

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity. Trade liabilities are normally settled on 30 days from month end.

Finance lease liability is accounted for in accordance with AASB 1008: 'Leases'. As at balance date, the Company had finance leases with an average lease term of four years. The average discount rate implicit in the leases is 7%. The lease liability is secured by a charge over the leased asset.

(n) Comparatives

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

(o) Rounding amounts

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

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
2. Revenue from Ordinary Activities					
Revenues from operating activities					
Total revenues from operating activities		178,029	127,380	-	-
Revenues from non-operating activities					
Management fees		-	-	3,011	2,608
Dividends and distributions					
- Controlled entities		-	-	13,907	11,300
- Other corporations		2	-	-	-
Total dividends and distributions		2	-	13,907	11,300
Interest					
- Wholly owned entities		-	-	1,708	2,295
- Other persons/corporations		94	120	69	101
Total interest		94	120	1,777	2,396
Other Income			2	-	-
Proceeds from disposal of property, plant and equipment		774	324	134	-
Total revenues from non-operating activities		870	446	18,829	16,304
SGARA Revenue – Stock increment		787	561	-	-
Total revenues from ordinary activities		179,686	128,387	18,829	16,304
Revenue/Cost of goods sold from almond pool					
Revenue from almond pool sales		12,632	5,163	-	-
Cost of goods sold from almond pool sales		(12,632)	(5,163)	-	-
		-	-	-	-
3. Expenses and Losses/(Gains)					
(a) Expenses					
Cost of goods and services sold		131,605	91,242	-	-
Depreciation of non-current assets					
- Freehold land and buildings		5	5	1	1
- Buildings		55	75	-	-
- Plantation land and irrigation systems		342	303	-	-
- Plant and equipment		2,453	2,173	166	107
Total depreciation of non-current assets		2,855	2,556	167	108

notes to the financial statements as at 30 June 2005

3. Expenses and Losses/(Gains) (continued)

NOTES	ECONOMIC ENTITY		PARENT ENTITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(a) Expenses (continued)				
Amortisation of non-current assets				
– Goodwill	1,514	1,413	–	–
– Leased plant and equipment	323	380	8	25
Total amortisation of non-current assets	1,837	1,793	8	25
Total depreciation and amortisation expenses	4,692	4,349	175	133
Borrowing costs expensed				
– Wholly owned entities	–	–	–	–
– Other persons	1,361	1,369	1,219	1,182
Total borrowing costs	1,361	1,369	1,219	1,182
Movement in provisions for doubtful debts	24	27	–	–
Net expense (revenue) for movement in provision for employee entitlements	1,166	589	117	54
Net expense (revenue) for movement in provision for stock diminution	(105)	67		
Operating lease rental				
– Minimum lease payments	3,713	2,189	–	–
Total operating lease rental	3,713	2,189	–	–
(b) Losses/(gains)				
Net loss on disposal of property, plant and equipment	78	17	44	–

4. Income Tax

The prima facie tax, using tax rates applicable in the country of operation, on profit and extraordinary items differs from the income tax provided in the financial statements as follows:

Prima facie tax on profit from ordinary activities	9,599	6,776	4,520	3,939
Tax effect of permanent differences				
– Rebateable dividends	–	–	(4,172)	(3,390)
– Amortisation of intangible assets	454	424	–	–
– Other non allowable items	237	130	8	6
Under/(over) provision of previous year	(11)	32	10	63
Income tax expense attributable to ordinary activities	10,279	7,362	366	618
Deferred tax assets and liabilities				
Provision for income tax – current	3,239	2,229	318	378
Provision for deferred income tax – non-current	2,123	1,263	–	–
Future income tax benefit – non-current	395	322	83	124

This future income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

NOTES	ECONOMIC ENTITY		PARENT ENTITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
5. Dividends Paid or Provided for on Ordinary Shares				
(a) Dividends paid during the year				
(i) Current year interim				
Franked dividends (16.0c per share) (2004:10.0c)	6,225	3,840	6,225	3,840
	6,225	3,840	6,225	3,840
(ii) Previous year final (paid 1st October 2004)				
Franked dividends (16.0c per share)	6,199	4,590	6,199	4,590
	12,424	8,430	12,424	8,430
(b) Dividends proposed and not recognised as a liability				
Franked dividends (26.0c per share, \$10,157,971)				
(c) Franking credit balance				
Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.	28,229	25,894		

The dividend franking account has been measured at the after tax profits basis not the income tax paid basis in accordance with the New Business Tax System (Imputation) Act 2002.

The tax rate at which paid dividends have been franked is 30% (2004: 30%).

6. Receivables (Current)

Trade debtors	24,829	15,710	-	-
Provision for doubtful debts	(24)	(27)	-	-
	24,805	15,683	-	-
Other receivables	57	19	10	19
	24,862	15,702	10	19

notes to the financial statements as at 30 June 2005

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
7. Inventories (Current)					
Raw materials					
Raw materials at cost		7,234	3,248	-	-
Provision for diminution in value	7(a)	(51)	(31)	-	-
		7,183	3,217	-	-
Finished goods					
Finished goods at cost		7,649	6,061	-	-
Provision for diminution in value	7(a)	(466)	(381)	-	-
		7,183	5,680	-	-
Other inventory					
Other inventory at cost		5,318	2,569	-	-
		5,318	2,569	-	-
Almond stocks					
At net market value		5,112	3,978	-	-
		5,112	3,978	-	-
Total inventories		24,796	15,444	-	-
(a) Movements in provision for diminution in value					
Beginning of the financial year		(412)	(479)	-	-
Movement during the year		(105)	67	-	-
End of the financial year		(517)	(412)	-	-
8. Other Current Assets					
Prepayments		825	956	770	784
9. Receivables (Non-current)					
Related party receivables					
Wholly-owned group					
- Controlled entities	28	-	-	42,304	42,772
- Provision for diminution	28	-	-	(1,099)	(1,099)
		-	-	41,205	41,673
10. Other Financial Assets (Non-current)					
Investments at cost comprise:					
Shares					
Other corporations		21	19	-	-
Controlled entities – unlisted		-	-	12,195	12,195
		21	19	12,195	12,195

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
11. Property, Plant and Equipment					
Freehold land and buildings					
At cost		315	465	–	150
Accumulated depreciation		(83)	(81)	–	(1)
	11(b)	232	384	–	149
Buildings					
At fair value	11(a)	2,792	2,792	–	–
Accumulated depreciation		(261)	(206)	–	–
	11(b)	2,531	2,586	–	–
Plantation land and irrigation systems					
At fair value	11(a)	24,147	23,822	–	–
Accumulated depreciation		(1,162)	(819)	–	–
	11(b)	22,985	23,003	–	–
Total land and buildings		25,748	25,973	–	149
Plant and equipment under lease					
At cost		2,771	3,368	–	144
Accumulated amortisation		(1,457)	(1,664)	–	(69)
	11(b)	1,314	1,704	–	75
Plant & equipment					
At cost		31,165	25,762	1,198	1,049
Accumulated depreciation		(15,424)	(13,084)	(689)	(526)
	11(b)	15,741	12,678	509	523
Capital works in progress					
At cost		1,188	1,437	14	–
	11(b)	1,188	1,437	14	–
Total plant and equipment		18,243	15,819	523	598
Total property, plant and equipment					
Fair value		26,939	26,614	–	–
Cost		35,439	31,032	1,212	1,343
		62,378	57,646	1,212	1,343
Accumulated depreciation and amortisation		(18,387)	(15,854)	(689)	(596)
Total written down amount		43,991	41,792	523	747

(a) Valuations

The fair values of freehold land, and buildings on freehold land have been determined by the Directors, based upon information and advice received during the previous financial year. Such valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

notes to the financial statements as at 30 June 2005

11. Property, Plant and Equipment (continued)

NOTES	ECONOMIC ENTITY		PARENT ENTITY	
	2005 \$'000		2005 \$'000	
(b) Reconciliations				
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.				
Freehold land and buildings				
Carrying amount at beginning	384		149	
Additions	25		24	
Depreciation expense	(5)		(1)	
Disposals	(172)		(172)	
	232		-	
Buildings				
Carrying amount at beginning	2,586		-	
Depreciation expense	(55)		-	
	2,531		-	
Plantation land and irrigation systems				
Carrying amount at beginning	23,003		-	
Additions	434		-	
Disposals	(382)		-	
Transfer between classes	272		-	
Depreciation expense	(342)		-	
	22,985		-	
Plant and equipment under lease				
Carrying amount at beginning	1,704		75	
Additions through acquisition of entities/operations	505		(67)	
Transfers between classes	(572)		-	
Depreciation expense	(323)		(8)	
	1,314		-	
Plant and equipment				
Carrying amount at beginning	12,678		523	
Additions	4,648		95	
Disposals	(113)		(6)	
Additions through acquisition of entities/operations	142		-	
Transfers between classes	839		63	
Depreciation expense	(2,453)		(166)	
	15,741		509	
Capital works in progress				
Carrying amount at beginning	1,437		-	
Additions	1,048		14	
Transfers	(1,297)		-	
	1,188		14	
Total written down value	43,991		523	

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
12. Self-Generating and Regenerating Assets					
SGARA Almond Trees – at net market value		5,516	4,986	-	-
(a) Physical quantity of trees					
		2005	2004		
Almond Trees (acres)		2,375	2,375		
(b) Movement in carrying amounts					
2005					
Balance at the beginning of the year		4,986			
– Additions		759			
– SGARA tree adjustment		(229)			
		5,516			
13. Intangibles					
Goodwill – at cost		31,032	29,396	-	-
Accumulated amortisation		(6,565)	(5,051)	-	-
		24,467	24,345	-	-
Brand names – at cost		2,900	2,900	-	-
		27,367	27,245	-	-
14. Payables (Current)					
Trade creditors		7,042	5,275	97	124
Other creditors		25,002	9,069	1,273	463
		32,044	14,344	1,370	587
15. Interest-Bearing Liabilities (Current)					
Lease liability	15(a),(b),23	486	830		78
Borrowings secured by floating charge					
– Bank overdraft	15(b)	-	127		127
		486	957		205
(a) Secured lease liability – finance lease		486	830		78
(b) Terms and conditions relating to the above financial instruments:					
(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.					

notes to the financial statements as at 30 June 2005

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
16. Provisions (Current)					
Employee benefits	19 (a)	2,059	1,547	191	150
Other		80	-	-	-
		2,139	1,547	191	150

17. Payables (Non-Current)

Aggregate amounts payable to related parties

– Wholly owned companies

	-	-	13,490	9,150
	-	-	13,490	9,150

18. Interest-Bearing Liabilities (Non-Current)

Lease liability

18(a),(b),23

Borrowings secured by floating charge

– Bills of exchange and promissory notes

18(b)

	376	423	-	-
	-	6,700	-	6,700
	376	7,123	-	6,700
	376	423	-	-

(a) Secured lease liability – finance lease

(b) Terms and conditions relating to the above financial instruments:

- (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.

19. Provisions (Non-Current)

Employee entitlements

19 (a)

(a) Aggregate employee entitlements liability

(b) Number of full time employees at year end

	360	224	48	36
	2,419	1,771	239	186
	276	252	11	7

20. Contributed Equity

(a) Issued and paid up capital

Ordinary shares fully paid

	46,925	43,940	46,925	43,940
	46,925	43,940	46,925	43,940

(b) Movements in shares on issue

	2005		2004	
	NUMBER OF SHARES	\$'000	NUMBER OF SHARES	\$'000
Beginning of the financial year	38,525,552	43,940	35,455,341	36,206
Issued during the year				
– Dividend reinvestment scheme	287,268	2,470	234,311	1,416
– Employee share scheme	256,300	515	302,400	491
– Other shares issued	-	-	2,533,500	5,827
End of Financial year	39,069,120	46,925	38,525,552	43,940

20. Contributed Equity (continued)

(c) Share options

Options over ordinary shares:

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, 228,700 options (2004: 502,000 options) have been granted under this scheme (refer note 26 and Directors' Report for further details). The market value of ordinary Select Harvests Limited shares closed at \$9.70 on 30 June 2005 (\$6.67 on 30 June 2004).

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
21. Reserves and Retained Profits					
Capital reserve	21(a)	3,271	3,271	3,270	3,270
Asset revaluation	21(b)	10,920	10,920	-	-
		14,191	14,191	3,270	3,270
Retained profits	21(c)	30,429	21,137	(6,595)	(8,874)
(a) Capital					
(i) Nature and purpose of reserve					
The capital reserve is used to isolate realised capital profits from disposal of non-current assets.					
(b) Asset revaluation					
(i) Nature and purpose of 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.					
(ii) Movements in reserve					
Balance at beginning of year		10,920	6,187	-	-
Surplus on revaluation		-	4,733	-	-
Balance at end of year		10,920	10,920	-	-
(c) Retained profits					
Balance at the beginning of year		21,137	14,342	(8,874)	(12,954)
Net profit attributable to members of Select Harvests Limited		21,716	15,225	14,703	12,510
Total available for appropriation		42,853	29,567	5,829	(444)
Dividends paid		(12,424)	(8,430)	(12,424)	(8,430)
Balance at end of year		30,429	21,137	(6,595)	(8,874)

notes to the financial statements as at 30 June 2005

	ECONOMIC ENTITY		PARENT ENTITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
22. Statement of Cash Flows				
(a) Reconciliation of the net profit after tax to the net cash flows from operations				
Net profit	21,716	15,225	14,703	12,510
Non-cash Items				
Depreciation and amortisation	3,178	2,936	175	133
Amortisation of goodwill	1,514	1,413	-	-
SGARA revenue – stock	787	561	-	-
SGARA expense – trees	(229)	(342)	-	-
Net (profit)/loss on disposal of property, plant and equipment	(106)	(11)	44	-
Dividends received from controlled entities	-	-	(13,907)	(11,300)
Interest received	-	-	(1,708)	(2,295)
Management fees received	-	-	(3,011)	(2,608)
Management fees paid	-	-	-	-
Changes in assets and liabilities				
(Increase)/decrease in trade receivables	(9,122)	(3,330)	-	-
(Increase)/decrease in inventory	(5,685)	(4,733)	-	-
(Increase)/decrease in receivables and other assets	341	234	23	58
Increase in trade and other creditors	18,793	2,194	787	74
(Decrease)/increase in income tax payable	1,010	137	(60)	170
(Decrease)/increase in deferred income tax liability	833	(56)	42	(57)
(Decrease)/increase in employee entitlements	498	699	52	53
Net cash flow from operating activities	33,528	14,927	(2,860)	(3,262)
(b) Reconciliation of cash				
Cash balance comprises:				
Cash at bank	4,539	489	4,231	-
Bank overdraft	-	(127)	-	(127)
Closing cash balance	4,539	362	4,231	(127)

(c) Credit stand-by arrangements and loan facilities

The economic entity and the Company have a bank overdraft facility available to the extent of \$2,000,000 (2004: \$2,000,000).

As at 30 June 2005 the economic entity and the Company have used \$Nil (2004: \$Nil) of the facility.

The economic entity and the Company have a commercial bill facility available to the extent of \$28,000,000 (2004: \$22,900,000).

As at 30 June 2005 the economic entity and Company have used \$Nil (2004: \$6,700,000).

(d) Acquisition of entities and businesses

There were no acquisitions of entities during the year. In the 2004 year Select Harvests Marketing Pty Ltd, a wholly owned subsidiary of Select Harvests Limited, acquired 100% of the share capital of Meriram Pty Ltd and Kibley Pty Ltd at an initial cost of \$9.145 million.

During the year the economic entity paid \$1.5 million 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 2004.

During the year the economic entity acquired the Chiquita Nibbles business from Chiquita Brands South Pacific Limited for a total consideration of \$5.4 million.

	ECONOMIC ENTITY		PARENT ENTITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Details of this transaction are:				
Purchase consideration	6,933	9,145	-	-
Cash consideration	6,933	9,145	-	-
	-	-	-	-
Assets and liabilities held at acquisition date:				
Receivables	-	2,278	-	-
Inventories	4,225	3,046	-	-
Property, plant and equipment	647	2,544	-	-
Intangible assets	-	1,168	-	-
Other assets	81	406	-	-
Creditors	-	(2,909)	-	-
Interest liabilities	(505)	(691)	-	-
Provisions	(150)	(668)	-	-
Other liabilities	-	(314)	-	-
	4,298	4,860	-	-
Goodwill on consolidation	2,635	4,285	-	-
	6,933	9,145	-	-

At 30 June 2005 an additional amount of \$500,000, as noted in Note 33, became due and payable and was recognised as a liability as at 30 June 2005. This amount has been added to the goodwill on consolidation.

	ECONOMIC ENTITY		PARENT ENTITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
23. Expenditure Commitments				
Lease expenditure commitments				
(i) Operating leases (non-cancellable)				
Minimum lease payments				
- Not later than one year	3,860	2,659	-	-
- Later than one year and not later than five years	13,599	10,815	-	-
- Later than five years	13,442	14,413	-	-
- Aggregate lease expenditure contracted for at reporting date	30,901	27,887	-	-
Aggregate expenditure commitments comprise:				
Aggregate lease expenditure contracted for at reporting date	30,901	27,887	-	-

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

notes to the financial statements as at 30 June 2005

	ECONOMIC ENTITY		PARENT ENTITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
(ii) Finance leases				
– Not later than one year	536	882	–	78
– Later than one year and not later than five years	426	441	–	–
– Total minimum lease payments	962	1,323	–	78
– Future finance charges	(100)	(70)	–	–
– Lease liability	862	1,253	–	78
– Current liability	486	830	–	–
– Non-current liability	376	423	–	–
	862	1,253	–	78

24. Subsequent Events

On 23 August 2005, the Board 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. Subject to certain conditions precedent being satisfied, the sale is scheduled to be completed on Friday 14 October 2005, with an effective date of 1 October 2005.

There has been no other matter or circumstance, which has arisen since 30 June 2005 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2005, of the economic entity, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 30 June 2005, of the economic entity.

25. Earnings Per Share

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

Net profit	21,716	15,225
Earnings used in calculating basic and diluted earnings per share	21,734	15,264
	NUMBER OF SHARES	
	2005	2004
Weighted average number of ordinary shares used in calculating basic earnings per share	38,864,450	38,041,423
Effect of dilutive securities		
Share options	153,518	439,622
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	39,017,968	38,481,045

26. Remuneration of Directors and Executives

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 economic entity level, divisional level, or functional level, as applicable, for the financial year. In addition, the economic 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 each receive a base fee of \$45,780 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.

The following table provides the details of all Directors of the economic entity ('specified Directors') and the five or more executives of the economic entity with the greatest authority ('specified executives') and the nature and amount of the elements of their remuneration for the year ended 30 June 2005.

Remuneration of Directors of Select Harvests Limited

	BASE FEE \$	ANNUAL REMUNERATION			LONG TERM REMUNERATION		TOTAL \$
		SHORT TERM INCENTIVES \$	NON CASH BENEFITS \$	SUPERANNUATION CONTRIBUTIONS \$	OPTIONS GRANTED NUMBER	VALUE \$	
2005							
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 (appointed 21/07/04)	39,773	-	-	3,580	-	-	43,353
R M Herron (appointed 27/01/05)	18,025	-	-	1,622	-	-	19,647
Executive							
J Bird	332,823	155,041	32,766	29,478	136,400	77,089	627,197
Total Specified Officers	558,621	155,041	32,766	49,800	136,400	77,089	873,317
2004							
Non Executive							
M A Fremder	70,370	-	-	6,333	-	-	76,703
B P Burns (retired 30/06/04)	35,185	-	-	3,167	-	-	38,352
C G Clark	35,185	-	-	3,167	-	-	38,352
D J Williams (resigned 16/02/04)	23,457	-	-	2,111	-	-	25,568
G F Dan O'Brien (appointed 29/03/04)	9,179	-	-	826	-	-	10,005
Executive							
J Bird	286,470	119,093	39,576	25,633	176,000	70,593	541,365
Total Specified Officers	459,846	119,093	39,576	41,237	176,000	70,593	730,345

notes to the financial statements as at 30 June 2005

26. Remuneration of Directors and Executives (continued)

Remuneration of the five or more executives of the economic entity with the greatest authority.

	BASE FEE \$	ANNUAL REMUNERATION			LONG TERM REMUNERATION		TOTAL \$
		SHORT TERM INCENTIVES \$	NON CASH BENEFITS \$	SUPERANNUATION CONTRIBUTIONS \$	OPTIONS GRANTED NUMBER	VALUE \$	
2005							
M Mattia (Chief Financial Officer and Company Secretary)	159,332	57,168	37,984	14,149	8,800	8,800	277,433
M Ciobo (General Manager – Meriram)	210,000	-	30,530	18,900	-	-	259,430
R Tanti (General Manager – Food Products, Melbourne) (commenced 29/09/04)	91,477	-	-	6,060	-	-	97,537
V Cavanagh (General Manager – Pesticides)	80,665	9,984	16,800	8,109	18,200	10,162	125,720
T Millen (Horticultural Manager)	96,195	13,930	5,000	9,826	9,300	5,156	130,107
W Turner (General Manager – Almond Division)	115,705	27,067	19,000	12,759	7,000	7,000	181,531
L Van Driel (Trading Manager)	99,163	17,487	14,821	9,625	19,800	10,974	152,070
Total Specified Officers	852,537	125,636	124,135	79,428	63,100	42,092	1,223,828
2004							
M Ciobo (General Manager – Meriram)	210,000	-	15,989	18,900	-	-	244,889
M Mattia (Chief Financial Officer and Company Secretary)	139,635	4,366	40,900	12,462	-	-	197,363
V Cavanagh (General Manager – Pesticides)	74,980	11,063	16,800	7,681	24,100	9,630	120,154
T Millen (Horticultural Manager)	85,854	9,317	5,000	8,510	7,500	3,356	112,037
P Petropolous (Operations Manager)	75,753	3,660	19,000	6,804	-	-	105,217
W Turner (General Manager – Almond Division)	111,046	10,237	19,000	10,196	-	-	150,479
L Van Driel (Trading Manager)	107,939	18,594	-	9,625	15,900	7,074	143,232
Total Specified Officers	805,207	57,237	116,689	74,178	47,500	20,060	1,073,371

Options and rights over equity instruments granted as remuneration

During the reporting period, the following options over ordinary shares were granted and vested during the current year under the executive share option scheme:

Remuneration Options

	GRANT DATE	GRANTED & VESTED NUMBER	VALUE PER OPTION AT GRANT DATE \$	EXERCISE PRICE \$	FIRST EXERCISE DATE	LAST EXERCISE DATE
Specified Directors						
J Bird	27/08/04	55,400	0.410	1.66	27/08/04	20/10/04
	27/08/04	51,800	0.486	3.31	27/08/04	28/10/05
	27/08/04	29,200	1.000	5.60	27/08/04	01/11/06
Specified Executives						
M Mattia	27/08/04	8,800	1.000	5.60	27/08/04	01/11/06
V Cavanagh	27/08/04	7,700	0.410	1.66	27/08/04	20/10/04
	27/08/04	6,800	0.486	3.31	27/08/04	28/10/05
	27/08/04	3,700	1.000	5.60	27/08/04	01/11/06
T Millen	27/08/04	3,800	0.410	1.66	27/08/04	20/10/04
	27/08/04	3,700	0.486	3.31	27/08/04	28/10/05
	27/08/04	1,800	1.000	5.60	27/08/04	01/11/06
W Turner	27/08/04	7,000	1.000	5.60	27/08/04	01/11/06
L Van Driel	27/08/04	8,600	0.410	1.66	27/08/04	20/10/04
	27/08/04	7,300	0.486	3.31	27/08/04	28/10/05
	27/08/04	3,900	1.000	5.60	27/08/04	01/11/06

All options vest immediately upon granting. Options expire up to three years after vesting. Exercise price equals the market price at date of offer. The service and performance criteria, together with other details are described above. All options expire on the earlier of their expiry date or termination of the individual's employment. The options are exercisable at any time after they have been granted.

Shares issued on exercise of remuneration options

During the financial year, the following shares were issued on the exercise of options previously granted as remuneration:

	NUMBER OF SHARES	AMOUNT PAID PER SHARE \$
Specified Directors		
J Bird	166,200	1.66
Specified Executives		
V Cavanagh (General Manager – Pesticides)	23,100	1.66
T Millen (Horticultural Manager)	11,400	1.66
L Van Driel (Trading Manager)	8,600	1.66
	7,300	3.31

There are no amounts unpaid on the shares issued as a result of the exercise of the options.

notes to the financial statements as at 30 June 2005

26. Remuneration of Directors and Executives (continued)

Number of options held by Directors and specified executives

The movement during the financial year in the number of options over ordinary shares in the Company held, directly or indirectly, by each specified Director and specified executive is as follows:

	HELD AT 1 JULY 2004	GRANTED AS REMUNERATION	EXERCISED	HELD AT 30 JUNE 2005	VESTED AND EXERCISABLE AT 30 JUNE 2005
Specified Directors					
J Bird	162,600	136,400	(166,200)	132,800	132,800
Specified Executives					
M Mattia (Chief Financial Officer & Company Secretary)	-	8,800	-	8,800	8,800
V Cavanagh (General Manager – Pesticides)	22,200	18,200	(23,100)	17,300	17,300
T Millen (Horticultural Manager)	11,300	9,300	(11,400)	9,200	9,200
W Turner (General Manager – Almond Division)	-	7,000	-	7,000	7,000
L Van Driel (Trading Manager)	7,300	19,800	(15,900)	11,200	11,200

No options held by specified Directors or specified executives are vested but not exercisable.

Number of shares held by Directors and specified executives

The movement during the financial year in the number of ordinary shares of the Company held, directly or indirectly, by each specified Director and specified executive, including their personally related entities is as follows:

	HELD AT 1 JULY 2004	RECEIVED AS REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	OTHER – DRP, SALES & PURCHASES	TOTAL
2005					
Specified Directors					
Non-Executive					
M A Fremder	5,548,911	-	-	49,441	5,598,352
J C Leonard (appointed 21/07/2004)	-	-	-	413,091	413,091
C G Clark	22,079	-	-	848	22,927
R M Herron (appointed 27/01/05)	-	-	-	5,000	5,000
G F Dan O'Brien	20,000	-	-	30,000	50,000
Executive					
J Bird	266,107	-	166,200	(161,185)	271,122
Specified Executives					
M Mattia (Chief Financial Officer & Company Secretary)	-	-	-	2,000	2,000
M Ciobo (General Manager – Meriram)	35,728	-	-	-	35,728
L Van Driel (Trading Manager)	8,600	-	15,900	(4,000)	20,500
V Cavanagh (General Manager – Pesticides)	141,365	-	23,100	(52,000)	112,465
T Millen (Horticultural Manager)	11,514	-	11,400	-	22,914

Other transactions with specified Directors and specified executives

There were no other transactions with specified Directors and specified executives that require disclosure in accordance with AASB 1046 for the year ended 30 June 2005.

NOTES	ECONOMIC ENTITY		PARENT ENTITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
27. Auditors' Remuneration				
Amounts received or due and receivable by Pitcher Partners for:				
• An audit or review of the financial report of the entity and any other entity in the consolidated entity	118,800	126,380	118,800	126,380
• Other financial services (a)	80,987	29,765	80,987	29,765
	199,787	156,145	199,787	156,145

(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:

	2005	2004
Taxation compliance and advice	17,858	12,000
Tax consolidation advice	24,892	3,100
IFRS advice	29,505	-
Other	8,732	14,665
	80,987	29,765

28. Related Party Disclosures

Directors

The Directors of Select Harvests Limited during the financial year were:

M A Fremder	J Bird
J C Leonard (appointed 27/07/05)	C G Clark
R M Herron (appointed 27/01/05)	G F Dan O'Brien

Wholly-owned group transactions

Loans

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

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

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

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 the entire 25-year life of the orchard. The economic entity received an amount of \$951,906 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.

notes

to the financial statements as at 30 June 2005

29. Segment Information

Segment products and locations

During the financial year, a review was conducted and substantially similar segments in the almond operations of the economic entity combined to reflect the continuing shift in strategic direction and growth of the almond business from owned orchards to orchards managed on behalf of third parties. The economic 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 consultancy, orchard development, tree supply, farm management, land rental, and irrigation infrastructure; and the sale of almonds on behalf of external investors.
- The pesticide products operation comprises the production of pelletised snail, slug and rodent baits for other marketers.

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

BUSINESS SEGMENTS	FOOD PRODUCTS \$'000	ALMOND OPERATIONS \$'000	PESTICIDE PRODUCTS \$'000	ELIMINATIONS & CORPORATE \$'000	ECONOMIC ENTITY \$'000
2005					
Revenue					
Sales to customers outside the consolidated entity	131,381	42,483	4,165	-	178,029
Intersegment revenues	721	19,075	509	(20,305)	-
Sale of Almonds to customers outside the economic entity on behalf of managed orchard owners*	-	12,632	-	-	12,632
Less Cost of Almonds sold by the economic entity on behalf of managed orchard owners*	-	(23,508)	-	10,876	(12,632)
Other revenue	89	1,364	1	134	1,588
Total segment revenue	132,191	52,046	4,675	(9,295)	179,617
Unallocated revenue					69
Total consolidated revenue					179,686
Results					
Segment result	8,115	26,297	1,259	(2,408)	33,263
Unallocated expenses					(1,268)
Consolidated entity profit from ordinary activities before income tax expense					31,995
Income tax expense					(10,279)
Consolidated entity profit from ordinary activities after income tax expense					21,716
Net profit					21,716
Assets					
Segment assets	70,938	58,316	2,349	709	132,312
Liabilities					
Segment liabilities	7,829	30,381	631	1,926	40,767
Other segment information					
Acquisition of non-current segment assets	1,548	4,457	17	133	6,155
Depreciation and amortisation of segment assets	2,971	1,446	100	175	4,692

notes to the financial statements as at 30 June 2005

29. Segment Information (continued)

BUSINESS SEGMENTS	FOOD PRODUCTS \$'000	ALMOND OPERATIONS \$'000	PESTICIDE PRODUCTS \$'000	ELIMINATIONS & CORPORATE \$'000	ECONOMIC ENTITY \$'000
2004					
Revenue					
Sales to customers outside the consolidated entity	88,442	35,164	3,775	(1)	127,380
Intersegment revenues	18	7,205	443	(7,666)	-
Sale of Almonds to customers outside the economic entity on behalf of managed orchard owners*	-	5,163	-	-	5,163
Less Cost of Almonds sold by the economic entity on behalf of managed orchard owners*	-	(8,117)	-	2,954	(5,163)
Other revenue	321	584	-	-	905
Total segment revenue	88,781	39,999	4,218	(4,713)	128,285
Unallocated revenue					102
Total consolidated revenue					128,387
Results					
Segment result	6,813	18,264	752	(1,993)	23,836
Unallocated expenses					(1,249)
Consolidated entity profit from ordinary activities before income tax expense					22,587
Income tax expense					(7,362)
Consolidated entity profit from ordinary activities after income tax expense					15,225
Net profit					15,225
Assets					
Segment assets	61,729	46,889	2,279	(3,942)	106,955
Liabilities					
Segment liabilities	9,493	10,326	265	7,603	27,687
Other segment information					
Acquisition of non-current segment assets	1,225	2,637	15	557	4,434
Depreciation and amortisation of segment assets	2,510	1,377	114	348	4,349

* The economic entity provides a range of management and other services to externally owned or third party orchards. The income and expenses associated with the provision of orchard establishment, orchard management, harvesting, maintenance services and processing and marketing are included in the 'Almond Operations' segment of the above summary. In addition to these services, the economic entity sells the crop of almonds harvested from the orchards of the external owners. Almond pool sales are sales of almonds for externally owned almond orchards, which are sold by the economic entity on a pooled basis, the proceeds from which are distributed to the pool participants.

30. Financial Instruments

(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	FLOATING	FIXED INTEREST RATE MATURING IN:			NON	TOTAL	WEIGHTED
	INTEREST	1 YEAR	OVER 1 TO	MORE THAN			
	RATE	OR LESS	5 YEARS	5 YEARS	BEARING	AMOUNT	EFFECTIVE
						AS PER THE	INTEREST
						STATEMENT	RATE
						OF FINANCIAL	
						POSITION	
						\$'000	%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2005							
(i) Financial assets							
Cash	537	4,000	-	-	2	4,539	3.0
Trade and other receivables	-	-	-	-	24,862	24,862	-
Total financial assets	537	4,000	-	-	24,864	29,401	-
(ii) Financial liabilities							
Bank overdraft	-	-	-	-	-	-	-
Trade creditors	-	-	-	-	7,042	7,042	-
Other creditors	-	-	-	-	25,002	25,002	-
Finance lease liability	-	486	376	-	-	862	7.0
Bills of exchange and promissory notes	-	-	-	-	-	-	-
Foreign exchange contracts	10,295	-	-	-	-	-	-
Total financial liabilities	10,295	486	376	-	32,044	32,906	-
2004							
(i) Financial assets							
Cash	487	-	-	-	2	489	2.5
Trade and other receivables	-	-	-	-	15,597	15,597	-
Total financial assets	487	-	-	-	15,599	16,086	-
(ii) Financial liabilities							
Bank overdraft	127	-	-	-	-	127	9.1
Trade creditors	-	-	-	-	5,275	5,275	-
Other creditors	-	-	-	-	9,069	9,069	-
Finance lease liability	-	830	423	-	-	1,253	7.0
Bills of exchange and promissory notes	-	6,700	-	-	-	6,700	6.0*
Foreign exchange contracts	17,504	-	-	-	-	-	-
Total financial liabilities	17,631	7,530	423	-	14,344	22,424	-

* There is one facility for fixed borrowings at an interest rate of 6.18%. The average interest rate is included in the table.

notes to the financial statements as at 30 June 2005

(b) 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 Statement of Financial Position 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. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

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

Concentrations of credit risk

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 group operates. Refer also to Note 29 – Segment Information.

(c) Net fair values

For other assets and other liabilities the net fair value approximates their carrying value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

(d) Forward exchange contracts

The economic 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 economic entity against unfavourable exchange rate movements for both the contracted and anticipated future sales and purchases undertaken in foreign currencies.

The full amount of the foreign currency the economic 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 the net amount was \$10,295,000 (2004: \$17,503,960).

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	
	2005 \$'000	2004 \$'000	2005 \$	2004 \$
SETTLEMENT				
Less than 6 months	10,994	3,654	0.76	0.71
6 months to 1 year	1,080	–	0.76	–
Greater than 1 year	248	–	0.77	–
	12,322	3,654		
BUY AUSTRALIAN DOLLARS	SELL UNITED STATES DOLLARS		AVERAGE EXCHANGE RATE	
	2005 \$'000	2004 \$'000	2005 \$	2004 \$
SETTLEMENT				
Less than 6 months	15,796	7,850	0.64	0.54
6 months to 1 year	1,770	–	0.49	–
1 year to 2 years	5,051	8,257	0.59	0.57
2 years to 3 years	–	5,051	–	0.59
	22,617	21,158		

31. Controlled Entities

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2005	2004
(a) Parent Entity			
Select Harvests Limited	Australia	100	100
Subsidiaries of Select Harvests Limited			
– Allinga Farms Pty Ltd	Australia	100	100
– Kyndalyn Park Pty Ltd	Australia	100	100
– Riverina Pelletising Services Pty Ltd	Australia	100	100
– Select Home Garden Pty Ltd	Australia	100	100
– Select Harvests Marketing Pty Ltd	Australia	100	100
Subsidiaries of Select Harvests Marketing Pty Ltd			
– Meriram Pty Ltd	Australia	100	100
– Kibley Pty Ltd	Australia	100	100

(b) Controlled entities acquired

No controlled entities were acquired during the financial year ended 30 June 2005.

32. Employee Benefits

Executive share option scheme

The economic entity has in place an executive share 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 economic entity achieving growth of at least 10% in Earnings Per Share 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.

notes to the financial statements as at 30 June 2005

32. Employee Benefits (continued)

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:

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				
2004													
30/08/01	30/08/01	20/10/03	1.55	82,900	-	-	82,900	-	-	128,495	82,900	1.77	146,733
28/08/02	28/08/02	20/10/03	1.55	82,900	-	-	82,900	-	-	128,495	82,900	3.15	261,135
01/09/03	01/09/03	20/10/03	1.55	-	93,300	-	93,300	-	-	144,615	93,300	5.60	522,480
28/08/02	28/08/02	20/10/04	1.66	79,100	-	-	12,200	66,900	66,900	20,252	12,200	3.15	38,430
01/09/03	01/09/03	20/10/04	1.66	-	87,500	-	20,600	66,900	66,900	34,196	20,600	5.60	115,360
01/09/03	01/09/03	20/10/05	3.31	-	92,500	-	10,500	82,000	82,000	34,755	10,500	5.60	58,800
2005													
28/08/02	28/08/02	20/10/04	1.66	66,900	-	-	66,900	-	-	111,054	66,900	3.15	210,735
01/09/03	01/09/03	20/10/04	1.66	66,900	-	-	66,900	-	-	111,054	66,900	5.60	374,640
27/08/04	27/08/04	20/10/04	1.66	-	79,100	-	79,100	-	-	131,306	79,100	7.82	618,562
01/09/03	01/09/03	20/10/05	3.31	82,000	-	-	19,700	62,300	62,300	65,207	19,700	5.60	110,320
27/08/04	27/08/04	20/10/05	3.31	-	85,200	-	15,600	69,600	69,600	51,636	15,600	7.82	121,992
27/08/04	27/08/04	01/11/06	5.60	-	64,400	-	8,100	56,300	56,300	45,360	8,100	7.82	63,342

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.

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

	2005 \$'000	2004 \$'000
Issued and Paid up Capital	515	491

33. Contingent Liabilities

Upon achieving an EBIT target of \$2.5 million in each of the financial years ending 30 June 2004 and 30 June 2005, further payments to a maximum of \$2 million are to be made in respect of the acquisition of Meriram Pty Ltd and Kibley Pty Ltd.

During the year the economic entity paid \$1.5 million 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 2004.

As at 30 June 2005 \$500,000 became payable in accordance with the share purchase agreement and this amount has been recognised as a liability as at 30 June 2005.

34. Impact of Adopting Australian Equivalents to International Financial Reporting Standards (AIFRS)

The economic entity has evaluated the key differences in accounting policies that are expected to arise from adopting AIFRS and the key differences in accounting policies that are expected to arise from adopting AIFRS are detailed below. The transition date for first-time adoption of AIFRS is 1 July 2004. A reconciliation of estimated adjustments to opening balances at 1 July 2004, together with restated results under AIFRS for the financial year to 30 June 2005, is provided below.

Share-based payments

Under AASB 2: 'Share-based Payments', the economic entity will be required to determine the fair value of equity settled transactions and recognise an expense in the Statement of Financial Performance. Share-based payments to Directors and other employees (such as the grant of options under the Employee Option Plan) will also be expensed under AIFRS.

On first-time adoption of AIFRS, retained earnings at 1 July 2004 and reported results for the financial year to 30 June 2005 will be adjusted for all share-based payments granted after 7 November 2002, which do not vest prior to 1 January 2005. An estimate of the financial impact is provided in the reconciliation note below.

Goodwill and brand names

Goodwill on consolidation will be recalculated to derecognise intangible assets acquired in business combinations that do not meet the identifiability criteria under AIFRS, and to recognise deferred tax liabilities at the acquisition date under the balance-sheet method.

Amortisation of goodwill will cease on first-time adoption of AIFRS. Therefore on adoption of AIFRS, reported results for the financial year to 30 June 2005 will be adjusted for amortisation charges from 1 July 2004. However, amortisation charges prior to 30 June 2004 may not be reversed under the first-time adoption provisions.

Under AIFRS, goodwill and brand names will be subject to annual impairment testing. The economic entity does not anticipate any write-downs for impairment of goodwill on first-time adoption of AIFRS.

Impairment of assets

The recoverable amount test under Australian GAAP will be replaced by impairment testing whereby the recoverable amount is determined as the higher of fair value less costs to sell and value in use. Value in use incorporates the use of discounted cash flows.

The economic entity does not anticipate any write-downs for impairment of non-current assets on first-time adoption of AIFRS.

Income taxes

Under AIFRS a balance sheet approach will be adopted under which temporary differences are identified for each asset and liability rather than accounting for the effect of timing and permanent differences between taxable and accounting profit. In addition, a future income tax benefit must be recognised for tax losses where their realisation is considered probable. Under Australian accounting standards tax losses may only be recognised where realisation is considered to be virtually certain.

On first-time adoption of AIFRS, adjustments to the provision for deferred tax will be required for initial asset revaluations, foreign currency exchange provisions, and tax losses.

Derivative financial instruments

The entity uses derivative financial instruments for hedging purposes. These instruments have not previously been recognised in the financial statements. Hedging instruments will be recognised in the financial statements on first-time adoption of AIFRS. An estimate of the financial impact is provided in the reconciliation overleaf.

notes to the financial statements as at 30 June 2005

34. Impact of Adopting Australian Equivalents to International Financial Reporting Standards (continued)

1. Reconciliation of Total Equity at 1 July 2004

	\$'000
Total equity at 1 July 2004 as reported under Australian Accounting Standards	79,268
Share-based payments/options reserve:	
DR Retained Earnings	54
CR Options Granted Reserve	(54)
Adjustments relating to the recalculation of deferred income tax using the balance sheet method at 30 June 2004	(5,739)
Deferred gains/losses on cash flow hedges not previously recognised at 30 June 2004	3,820
Total equity at 1 July 2004 as restated under AIFRS	77,349

2. Reconciliation of Operating Profit after Tax for the year ended 30 June 2005

	\$'000
Operating profit after tax for the financial year to 30 June 2005 as reported under Australian Accounting Standards	21,716
Share-based payments earned during the year	(219)
Goodwill on consolidation adjustments:	
– Reversal of amortisation for the year	1,514
Operating profit after tax as restated under AIFRS for the year ended 30 June 2005	23,011

3. Reconciliation of Total Equity at 30 June 2005

	\$'000
Total equity at 30 June 2005 as reported under Australian Accounting Standards	91,545
Share-based payments/options reserve:	
DR Retained Earnings	219
CR Options Granted Reserve	(219)
Adjustments to operating profit for the year as described above – Goodwill	1,514
Increase/decrease in fair value of financial instruments designated as cash flow hedging instruments for the year	59
Adjustments to equity for the year as described above	(1,919)
Total equity at 30 June 2005 as restated under AIFRS	91,199

declaration

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 36 to 70 in accordance with the Corporations Act 2001:

- (a) Comply with accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements;
- (b) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2005 and of its performance as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (c) That the Directors have been given the declaration required under section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2005.

In the Directors' opinion there are reasonable grounds to believe that Select Harvests Limited will be able to pay its debts as and when they become due and payable.

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

M A Fremder



Chairman
Melbourne, 23 August 2005

audit report

Independent Audit Report

To the members of Select Harvests Limited

Scope

We have audited the financial report of Select Harvests Limited and controlled entities for the financial year ended 30 June 2005 comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements.

The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and Corporations Act 2001 so as to present a view which is consistent with our understanding of the Company's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Select Harvests Limited and controlled entities is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entities financial position as at 30 June 2005 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional requirements in Australia.



Pitcher Partners



T J Benfold
Partner
Melbourne

Date: 23 August 2005

ASX information

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 29 July 2005.

(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	1,089	The number of Shareholders holding less than a marketable parcel of shares are:		
1,001 to 5,000	1,260			
5,001 to 10,000	308			
10,001 to 100,000	301			
100,001 and over	41			
			59	1,029

(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	5,598,352	14.3
2	Almonds Australia Pty Ltd	4,500,000	11.5
3	M F Custodians Ltd	1,906,334	4.9
4	Westpac Custodian Nominees Limited	1,721,174	4.4
5	Invia Custodian Pty Limited	1,302,339	3.3
6	Thurston Investments Pty Ltd	950,000	2.4
7	National Nominees Limited	901,035	2.3
8	J P Morgan Nominees Australia Limited	832,679	2.1
9	Frank Hadley Pty Ltd	645,000	1.7
10	Mr Peter Charles Nicholas Middendorp	436,767	1.1
11	AMP Life Limited	421,567	1.1
12	Ellise Investments Pty Ltd	409,497	1.0
13	Longo Pty Ltd	400,947	1.0
14	Mr Rodney Milton Fitzroy	331,347	0.8
15	Est Mr James Ronald Mackinnon c/o Mr Bourne and Mr Macauley	322,003	0.8
16	Mid Manhattan Pty Ltd	319,161	0.8
17	Mirrabooka Investments Limited	314,687	0.8
18	Mutual Trust Pty Ltd	300,000	0.8
19	John Bird	271,122	0.7
20	Dr John Carey	225,556	0.6

ASX information

ASX Additional Information (continued)

(c) Substantial shareholders

The names of substantial shareholders are:

Maxdy Nominees Pty Ltd

Almonds Australia Pty Ltd

NUMBER OF SHARES

5,598,352

4,500,000

(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.

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

M Mattia

Registered Office Select Harvests Limited

360 Settlement Road
Thomastown VIC 3074

Postal address

PO Box 5
Thomastown VIC 3074
Telephone (03) 9474 3544
Facsimile (03) 9474 3588
Email info@selectharvests.com.au

Solicitors

Gadens Lawyers

Bankers

Australia and New Zealand Banking Group Limited

Share Register

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Telephone 61 3 9415 5040
Facsimile 61 3 9473 2562

Auditors

Pitcher Partners

Internet Address

www.selectharvests.com.au

*At Narcooyia Creek,
Select Harvests has found a
balance which conserves the
environmental values of the
area – see page 17 for full story.*



SELECT HARVESTS

Select Harvests Limited

ABN 87 000 721 380

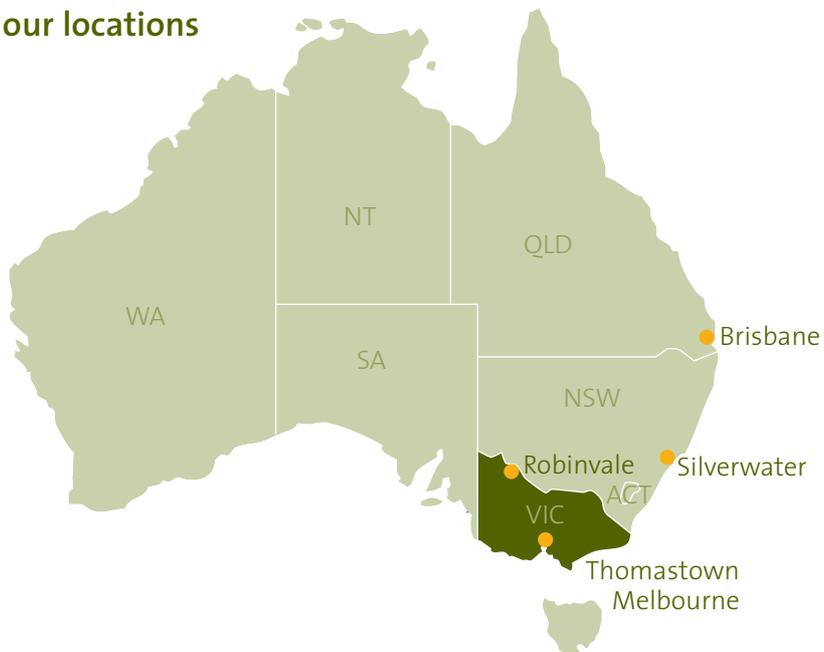
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our locations



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