



## SELECT HARVESTS

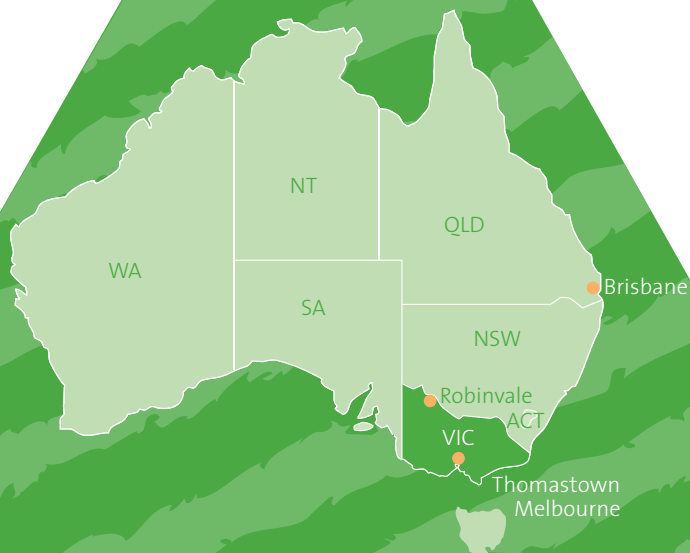
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# Statistical Summary

## SELECT HARVESTS CONSOLIDATED RESULTS FOR YEARS ENDED 30 JUNE

	2007	2006	2005	2004	2003	2002
Total sales	229,498	217,866	173,864	127,381	80,994	78,327
Earnings before interest and tax	40,549	38,369	33,069	23,836	17,421	14,749
Operating profit before tax	40,014	37,903	31,802	22,587	16,110	12,803
Net profit after tax	28,098	26,492	22,104	15,225	10,962	8,554
Earnings per share (Basic) (cents)	71.0	67.1	56.9	40.0	31.3	25.4
Return on shareholders' equity (% pa)	29.4	26.1	25.1	19.2	18.3	17.3
Dividend per ordinary share (cents)	57.0	53.0	42.0	26.0	18.5	13.5
Special dividend per ordinary share (cents)	–	10.0	–	–	–	–
Dividend franking (% pa)	100	100	100	100	100	100
Dividend payout ratio (%)	80.0	80.0	75.4	65.7	62.8	54.5

## Financial ratios

Net tangible assets per share (\$)	1.72	1.83	1.52	1.35	1.08	0.77
Net interest cover (times)	75.8	82.3	26.2	19.1	13.3	7.6
Debt/equity ratio (%)	1.7	1.3	1.0	10.2	15.4	38.9
Current asset ratio (times)	1.32	1.82	1.52	1.70	1.61	1.30

## Balance sheet data as at 30 June

Current assets	70,983	72,455	58,832	32,486	25,077	22,599
Non-current assets	89,170	79,421	78,676	74,469	60,672	63,090
Total assets	160,153	151,876	137,508	106,955	85,749	85,689
Current liabilities	53,680	39,905	38,757	19,077	15,581	17,381
Non-current liabilities	10,969	10,490	10,656	8,610	10,162	18,971
Total liabilities	64,649	50,395	49,413	27,687	25,743	36,352
Net assets	95,504	101,481	88,095	79,268	60,006	49,337

## Shareholders' equity

Share capital	41,953	52,665	46,925	43,940	36,206	34,199
Reserves	11,273	12,691	13,766	14,191	9,458	9,458
Retained profits (accumulated losses)	42,278	36,125	27,404	21,137	14,342	5,680
Total shareholders' equity	95,504	101,481	88,095	79,268	60,006	49,337

## Other data as at 30 June

Fully paid shares (ooo)	38,739	39,708	39,069	38,525	35,455	34,585
Number of shareholders	2,953	3,369	2,999	2,413	2,054	1,610

## Select Harvests' share price

– close (\$)	11.60	13.02	9.70	6.67	4.80	3.10
Market capitalisation	449,372	516,998	378,970	256,965	170,184	107,214

\$'ooo (except where indicated)

# Directors' Report

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

## Directors

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

## Names, qualifications, experience and special responsibilities

### M A Fremder (Chairman)

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

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

### J Bird (Managing Director)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interest in shares and options: 0 fully paid shares.

## Corporate information

### Nature of operations and principal activities

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

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

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

### Employees

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

### Review and results of operations

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

### Significant changes in the state of affairs

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

### Significant events after the balance date

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

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

### Likely developments and expected results

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

## Environmental regulation and performance

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

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

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

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

## Remuneration report

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

Remuneration levels are set to attract and retain appropriately qualified and experienced directors and senior executives.

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

#### (i) Short-term incentives

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

#### (ii) Long-term incentives

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

### Details of remuneration (audited)

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Select Harvests Limited and the consolidated entity are set out in the following tables. The key management personnel of the consolidated entity includes the directors as listed above and the following executive officers, which also includes the 5 highest paid executives of the consolidated entity:

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

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

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

#### Remuneration of Directors of Select Harvests Limited

2007	ANNUAL REMUNERATION				LONG SERVICE LEAVE ACCRUED	LONG TERM REMUNERATION		
	BASE FEE \$	SHORT TERM INCENTIVES \$	NON CASH BENEFITS \$	SUPERANNUATION CONTRIBUTIONS \$		OPTIONS NUMBER	GRANTED VALUE \$	TOTAL \$
NON EXECUTIVE								
M A Fremder	103,000	-	-	6,000	-	-	-	109,000
C G Clark	50,000	-	-	4,500	-	-	-	54,500
G F Dan O'Brien	50,000	-	-	4,500	-	-	-	54,500
J C Leonard	50,000	-	-	4,500	-	-	-	54,500
R M Herron	50,000	-	-	4,500	-	-	-	54,500
EXECUTIVE					-			
J Bird	474,319	267,462	36,737	42,792	18,000	86,067	101,999	941,309

2006	ANNUAL REMUNERATION				LONG SERVICE LEAVE ACCRUED	LONG TERM REMUNERATION		
	BASE FEE \$	SHORT TERM INCENTIVES \$	NON CASH BENEFITS \$	SUPERANNUATION CONTRIBUTIONS \$		OPTIONS NUMBER	GRANTED VALUE \$	TOTAL \$
M A Fremder	84,000	-	-	7,560	-	-	-	91,560
C G Clark	42,000	-	-	3,780	-	-	-	45,780
G F Dan O'Brien	42,000	-	-	3,780	-	-	-	45,780
J C Leonard	42,000	-	-	3,780	-	-	-	45,780
R M Herron	42,000	-	-	3,780	-	-	-	45,780
<b>EXECUTIVE</b>								
J Bird	422,614	177,512	34,484	37,049	16,000	114,800	87,499	775,158



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

2007	ANNUAL REMUNERATION				LONG SERVICE LEAVE ACCRUED	LONG TERM REMUNERATION		
	BASE FEE \$	SHORT TERM INCENTIVES \$	NON CASH BENEFITS \$	SUPERANNUATION CONTRIBUTIONS \$		OPTIONS NUMBER	GRANTED VALUE \$	TOTAL \$
K Bush (Commenced 25/09/06)	173,538	-	-	27,000	-	-	-	200,538
K Martin (Commenced 16/01/07)	104,893	-	-	9,440	-	-	-	114,333
L Van Driel	148,095	50,000	20,689	13,154	5,000	12,667	15,945	252,883
T Millen	130,117	20,000	44,712	11,896	5,000	7,333	9,837	221,562
R Palmaricciotti (Commenced 14/12/06)	107,986	-	2,806	9,719	-	-	-	120,511
M Mattia (Resigned 31/12/06)	134,908	55,337	18,830	8,563	-	26,200	30,810	248,448

2007	ANNUAL REMUNERATION				LONG SERVICE LEAVE ACCRUED	LONG TERM REMUNERATION		
	BASE FEE \$	SHORT TERM INCENTIVES \$	NON CASH BENEFITS \$	SUPERANNUATION CONTRIBUTIONS \$		OPTIONS NUMBER	GRANTED VALUE \$	TOTAL \$
M Mattia	176,664	71,661	38,238	15,857	-	19,500	19,286	321,706
M Ciobo	210,000	-	30,251	39,670	3,000	-	-	282,921
R Tanti (Commenced 29/9/04)	187,388	21,500	23,816	11,002	-	7,400	7,252	250,958
L Van Driel	128,624	25,000	20,923	11,920	5,000	15,300	11,466	202,933
W Turner	116,307	30,246	18,519	17,512	-	14,400	14,252	196,836
T Millen	105,256	15,026	24,187	11,896	4,000	7,500	5,558	164,270

### Notes

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

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

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

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

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

### Service arrangements (audited)

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



#### J Bird, Managing Director

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

#### K Bush, Group Manager Sales and Marketing

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

#### K Martin, Group Operations Manager

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

#### T Millen, Group Horticultural and Farm Operations Manager

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

#### R Palmaricciotti, Chief Financial Officer & Company Secretary

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

#### L Van Driel, Group Trading Manager

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

## Share based compensation (audited)

### (i) Executive Share Option Scheme

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

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

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

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

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

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

	PARTICIPATING EMPLOYEES	OPTION VALUATION	EXERCISE PRICE	NO. OF OPTIONS OFFERED	EXPIRY DATE	GRANTED AUGUST 05	GRANTED AUGUST 06	FORFEITED DURING YEAR	BALANCE
2004 Offer	4	\$0.98	\$7.78	234,300	20 October 2007	86,100	67,400	38,900	41,900
2005 Offer	4	\$1.72	\$11.05	153,300	31 October 2008	-	51,101	34,736	67,465
2006 Offer	4	\$3.57	\$13.13	68,095	31 October 2009	-	-	10,297	57,798
Total				455,695		86,100	118,501	83,933	167,163

*(ii) Options Granted*

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

	NUMBER OF OPTIONS GRANTED 2007	NUMBER OF OPTIONS GRANTED 2006
<b>DIRECTOR</b>		
J Bird	86,067	114,800
<b>KEY MANAGEMENT PERSONNEL</b>		
M Mattia	26,200	19,500
W Turner	18,600	14,400
L Van Driel	12,667	15,300
T Millen	7,333	7,500
R Tanti	13,867	7,400

*(iii) Shares Issued on Exercise of Options*

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

	NUMBER OF SHARES ISSUED ON EXERCISE OF OPTIONS 2007	NUMBER OF SHARES ISSUED ON EXERCISE OF OPTIONS 2006
<b>DIRECTOR</b>		
J Bird	87,600	155,400
<b>KEY MANAGEMENT PERSONNEL</b>		
M Mattia	26,200	28,300
W Turner	18,600	21,400
L Van Driel	3,900	22,400
T Millen	5,400	11,100
R Tanti	21,267	-

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

NUMBER OF SHARES	AMOUNT PAID ON EACH SHARE
114,600	\$5.60
32,900	\$7.78
17,367	\$11.05

*There were no amounts unpaid on the shares issued.*

## **Additional Information (unaudited)**

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

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

(ii) Details of remuneration: cash bonuses and options

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

NAME	CASH BONUS		YEAR GRANTED	VESTED %	FORFEITED %	OPTIONS			MINIMUM TOTAL VALUE OF GRANT YET TO VEST (\$)	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST (\$)
	PAID %	FORFEITED %				FINANCIAL YEARS IN WHICH OPTIONS MAY VEST				
J Bird	100		2004	66	-	2008		-		33,124
			2005	33	-	2008		-		
						2009		-		79,350
			2006	-	-	2007		-		
						2008		-		
						2009		-		131,251
L Van Driel	100		2004	66	-	2008		-		4,018
			2005	33	-	2008		-		
						2009		-		16,053
			2006	-	-	2007		-		
						2008		-		
						2009		-		27,000
T Millen	100		2004	66	-	2008		-		1,960
			2005	33	-	2008		-		
						2009		-		12,155
			2006	-	-	2007		-		
						2008		-		
						2009		-		27,838

(iii) Share based compensation: options

	REMUNERATION CONSISTING OF OPTIONS A	VALUE GRANTED B	VALUE EXERCISED C	VALUE LAPSED D	TOTAL VALUE
<b>DIRECTORS</b>					
J Bird	25%	\$101,999	\$87,600	-	\$105,923
<b>KEY MANAGEMENT PERSONNEL</b>					
T Millen	15%	\$9,837	\$5,400	-	\$9,997
L Van Driel	15%	\$15,945	\$3,900	-	\$16,063
W Turner	15%	\$21,476	\$21,476	-	-
M Mattia	15%	\$30,810	\$33,810	-	-
R Tanti	15%	\$18,375	\$25,627	-	-

A The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B

B The value at grant date calculated in accordance with AASB2 Share-based payments of options granted during the year as part of remuneration.

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

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

(iv) Loans to directors and executives

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

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

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

NAME	OPTIONS GRANTED & NOT EXERCISED
J Bird	90,667
T Millen	7,533
L Van Driel	12,867
M Mattia	-
M Ciobo	-

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

(vi) *Unissued Ordinary shares Under Option*

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

OFFER	NUMBER OF SHARES	EXERCISE PRICE	EXPIRY DATE
2004	81,800	\$7.78	20 October 2007
2005	33,734	\$11.05	31 October 2008

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

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

## Dividends – Select Harvests Limited

DIVIDENDS	CENTS	\$
Final dividends proposed and not recognised as a liability:		
• on ordinary shares	35.0	13,558,666
Fully Franked Dividends paid in the year:		
<i>Interim for the year</i>		
• on ordinary shares	22.0	8,801,538
		<u>22,360,204</u>
Final for 2006 shown as recommended in the 2006 report		
• on ordinary shares	33.0	<u>13,103,560</u>

## 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:

	MEETINGS OF COMMITTEES							
	DIRECTORS' MEETINGS		AUDIT AND RISK		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	11	11	-	-	1	1	1	1
J Bird	11	11	-	-	-	-	1	1
C G Clark	11	11	4	4	1	1	1	1
G F Dan O'Brien	11	10	4	3	1	1	1	1
J C Leonard	11	11	4	4	-	-	1	1
R M Herron	11	11	4	4	-	-	1	1

## Committee membership

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

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

AUDIT AND RISK	REMUNERATION	NOMINATION
R M Herron (Chairman)	C G Clark (Chairman)	M A Fremder (Chairman)
C G Clark	M A Fremder	J Bird
G F Dan O'Brien	G F Dan O'Brien	C G Clark
J C Leonard		G F Dan O'Brien
		J C Leonard
		R M Herron

## Directors' interests in contracts

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

## Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is set out on page 31.

## Non-audit services

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

## Rounding

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

## Proceedings on behalf of the company

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

## Corporate governance

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

Signed in accordance with a resolution of the directors.



M A Fremder

Chairman

Melbourne, 27 August 2007

PricewaterhouseCoopers  
ABN 52 780 433 757

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

### Auditor's independence declaration

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

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

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



Andrew Mill  
Partner  
PricewaterhouseCoopers

Melbourne  
27 August 2007

Liability limited by a scheme approved under Professional Standards Legislation.



# Corporate Governance Statement

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

## Board of Directors and its Committees

### Role of the Board

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

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

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

### Director Education

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

### Independent Professional Advice and Access to Company Information

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

## Composition of the Board

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

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

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

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

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

## Nomination Committee

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

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

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

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

The Nomination Committee meets annually unless otherwise required. The Committee met once during the financial year and the Committee members' attendance record is disclosed in the table of Directors' meetings. The members of the Nomination Committee are disclosed in the Directors' Report. Further details of the Nomination Committee's charter are available on the Company's website.

## Remuneration

### Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and the Directors themselves. It evaluates the performance of the Managing Director and is also responsible for share option schemes, incentive performance packages, superannuation

entitlements and fringe benefits policies. Remuneration levels are reviewed annually and the Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given trends in the marketplace.

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

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

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

Further details of the Remuneration Committee's charter 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 consolidated entity level, divisional level, or functional level, as applicable, for the financial year. In addition, the consolidated entity offers executive Directors and senior executives participation in the long-term incentive scheme involving the issue of options to the employee under the executive share option scheme. The executive share option scheme provides for the offer of a parcel of options to participating employees on an annual basis, with a three-year expiry period, exercisable at the market price set at the time the offer was made. The options are granted annually in three tranches on achievement of the performance hurdles.

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

### Audit and Risk Committee

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

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

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

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

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

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

- Recommending to the Board the appointment of the external auditors;
- Recommending to the Board the fee payable to the external auditors;
- Reviewing the audit plan and performance of the external auditors;
- Determining that no management restrictions are being placed upon the external auditors;
- Evaluating the adequacy and effectiveness of the reporting and accounting controls of the company through active communication with operating management and the external auditors;

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

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

## Risk Management

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

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

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

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

## Ethical Standards

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

### Conflict of Interest

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

### Dealings in Company Shares

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

### Communication with Shareholders

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

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

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

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

Select Harvests Limited  
360 Settlement Road  
Thomastown Vic 3074

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

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

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

**[www.selectharvests.com.au](http://www.selectharvests.com.au)**

# Income Statements

FOR THE YEAR ENDED 30 JUNE 2007

NOTES

CONSOLIDATED

PARENT ENTITY

		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
Sales of goods and services	4	229,498	217,866	-	-
Other revenue	4	265	162	27,801	29,694
Total revenue		229,763	218,028	27,801	29,694
<b>Other income (expenses)</b>					
Almond stock fair value adjustment		1,071	467	-	-
Almond tree fair value adjustment		92	85	-	-
Total other income (expenses)		1,163	552	-	-
<b>Expenses</b>					
Cost of sales	5	(175,790)	(165,546)	-	-
Distribution expenses		(4,258)	(4,021)	-	-
Marketing expenses		(706)	(622)	-	-
Occupancy expenses		(2,048)	(2,052)	-	-
Administrative expenses		(2,850)	(3,094)	(2,742)	(2,665)
Finance costs	5	(800)	(628)	(2,043)	(903)
Other expenses		(4,460)	(4,714)	(968)	(494)
<b>Profit before income tax</b>		40,014	37,903	22,048	25,632
<b>Income tax expense</b>	6	(11,916)	(11,411)	34	(201)
<b>Profit from continuing operations</b>		28,098	26,492	22,082	25,431
Profit from discontinued operations	7	-	4,309	-	4,033
<b>Profit for the year</b>		28,098	30,801	22,082	29,464
<b>Profit attributable to members of Select Harvests Limited</b>	27(c)	28,098	30,801	22,082	29,464
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:</b>					
Basic earnings per share (cents per share)	31	71.0	67.1		
Diluted earnings per share (cents per share)	31	70.8	67.0		
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>					
Basic earnings per share (cents per share)	31	71.0	78.1		
Diluted earnings per share (cents per share)	31	70.8	77.9		

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



## Balance Sheets

FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2007	2006	2007	2006
		\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>					
Cash and cash equivalents	9	6,924	22,557	6,529	21,775
Trade and other receivables	10	33,459	24,442	705	728
Inventories	11	30,169	24,682	-	-
Derivative financial instruments	12	431	774	431	774
<b>Total current assets</b>		<b>70,983</b>	<b>72,455</b>	<b>7,665</b>	<b>23,277</b>
<b>Non-current assets</b>					
Receivables	13	-	-	51,063	36,256
Other financial assets	14	-	-	9,607	9,607
Property, plant and equipment	15	53,580	44,382	276	464
Deferred tax assets	16	692	345	555	223
Biological assets – almond trees	17	5,998	5,799	-	-
Intangible assets	18	28,900	28,895	-	-
<b>Total non-current assets</b>		<b>89,170</b>	<b>79,421</b>	<b>61,501</b>	<b>46,550</b>
<b>Total assets</b>		<b>160,153</b>	<b>151,876</b>	<b>69,166</b>	<b>69,827</b>
<b>Current liabilities</b>					
Payables	19	46,406	34,407	437	408
Interest-bearing liabilities	20	1,399	953	1,302	852
Derivative financial instruments	12	627	44	627	44
Current tax liabilities		2,766	2,294	2,766	2,294
Provisions	21	2,482	2,207	306	199
<b>Total current liabilities</b>		<b>53,680</b>	<b>39,905</b>	<b>5,438</b>	<b>3,797</b>
<b>Non-current liabilities</b>					
Payables	22	-	-	16,904	7,964
Interest-bearing liabilities	23	237	350	58	75
Deferred tax liabilities	24	10,178	9,718	-	-
Provisions	25	554	422	93	71
<b>Total non-current liabilities</b>		<b>10,969</b>	<b>10,490</b>	<b>17,055</b>	<b>8,110</b>
<b>Total liabilities</b>		<b>64,649</b>	<b>50,395</b>	<b>22,493</b>	<b>11,907</b>
<b>Net assets</b>		<b>95,504</b>	<b>101,481</b>	<b>46,673</b>	<b>57,920</b>
<b>Equity</b>					
Contributed equity	26	41,593	52,665	41,953	52,665
Reserves	27	11,273	12,691	3,628	4,300
Retained profits (accumulated losses)	27	42,278	36,125	1,092	955
<b>Total equity</b>		<b>95,504</b>	<b>101,481</b>	<b>46,673</b>	<b>57,920</b>

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

# Statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2007

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

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

# Cash flow statements

FOR THE YEAR ENDED 30 JUNE 2007

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

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



Select Harvests Limited

ABN 87 000 721 380

**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](mailto:info@selectharvests.com.au)

**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**

P Chambers

**Solicitors**

Gadens Lawyers

**Bankers**

Australia and New Zealand Banking Group Limited

**Auditors**

PricewaterhouseCoopers

**Share Register**

Computershare Investor Services Pty Limited

Yarra Falls

452 Johnston Street  
Abbotsford VIC 3067

Telephone (03) 9415 5040

Facsimile (03) 9473 2562

[www.selectharvests.com.au](http://www.selectharvests.com.au)



## SELECT HARVESTS

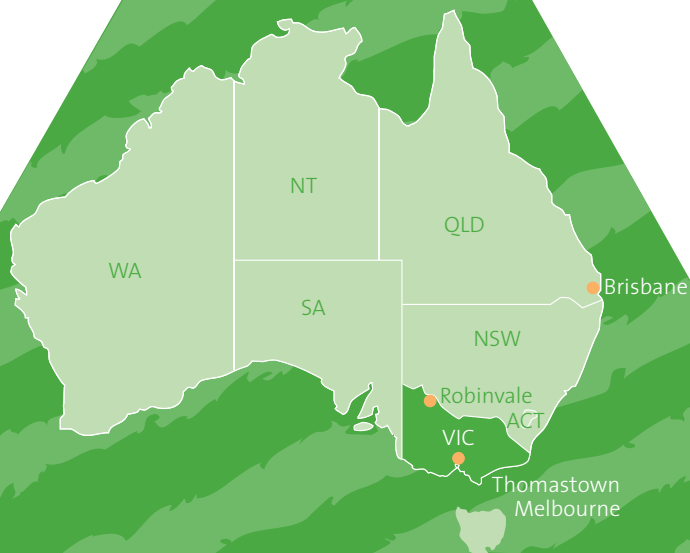
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