SELECT HARVESTS LIMITED
RESULTS FOR THE YEAR ENDED 30 JUNE 2006
EARNINGS UP 20%   DIVIDEND UP 50%

RESULTS

Select Harvests Limited today announced a net profit after tax of $30.8 million for the year ended 30 June 2006. Net profit after tax from continuing operations, excluding the Pesticides Division was $26.5 million, an increase of 20% on the previous year.

This is the sixth consecutive year the company has achieved earnings growth of 20% or more as we continue to develop and expand our business model. This continued earnings growth, a strong balance sheet and cash flow, and our confidence in the future, have facilitated a lift in dividend payout ratio and an increase in the dividend for the year.

The Directors declared a fully franked final dividend of 33 cents per share, bringing the total dividend for the year to 63 cents fully franked, including a special dividend paid on 3 April 2006 of 10 cents per share (total dividend 42 cents per share in 2005).

(A$'000)	**Year ended 30/06/06**	**Year ended 30/06/05***	**% Increase**
Sales revenue	**217,866**	**173,864**	**+25%**
EBIT			
- Almond Division	32,075	26,270	+22%
- Food Products Division	9,212	9,341	-1%
- Corporate	-2,918	-2,540	
Operating EBIT	**38,369**	**33,071**	**+16%**
Interest expense	-466	-1,268	
Profit from Pesticides Division	4,356	1,260	
Net profit before tax	**42,259**	**33,063**	
Tax expense	-11,458	-10,158	
Net profit after tax	**30,801**	**22,905**	**+34%**
Net profit after tax from continuing operations	26,492	22,104	+20%
Net profit after tax from discontinued operations	4,309	801	

*** Note - Prior year comparative results have been adjusted for AIFRS**

THE YEAR IN REVIEW

We have recently completed the development of three new almond projects for external investors totalling 8,300 acres (2005: 4,100 acres). This is our largest annual planting to date increasing the total area of almond orchards either owned or under our management by 46% to 26,800 acres.

Our plan for 2007 is to develop 11,000 acres of new orchards; further expanding our long-term earnings base. Our investor partners have secured the land to facilitate this program and we have invested significant effort to ensure tree supply and sufficient resources to achieve this plan.

Following the record 2005 almond crop, the tonnage harvested from our owned orchards was significantly down in 2006. This was primarily due to climatic conditions and similar results were reported across the industry. The impact of the reduced volume on the result was offset by the price achieved on the balance of the 2005 crop sold during the 2006 financial year.

The climatic conditions for the development of the 2007 crop have been favourable and the recent blossom period enjoyed good weather. A large nut set is developing and, barring an unfavourable event, a good crop is expected. The global almond outlook remains positive and prices, while lower than the record highs this time last year, remain at historically high levels and favourable from a return perspective.

The Food Products Division increased revenue for the year by 16% to $152 million as we continued to develop our sales base. However, because of lower margins and a number of cost increases, this did not translate into earnings growth for the year. Consumer demand for nuts continues to increase and we are looking to expand our branded business and widen our sales distribution. The recent consolidation of the division under a national management team will assist this sales effort and also focus on cost management.

FUTURE PROSPECTS

In addition to the planned 11,000 acres of new orchards in 2007, we are planning further developments in 2008 and beyond and are putting the necessary resources and inputs in place to deliver this expansion.

To date, 2007 almond crop conditions have been favourable for a good crop and international almond pricing is currently at reasonable levels.

The Food Products Division is well positioned to capitalise on the market growth and the trend towards healthy snacking through our brands and existing and new distribution channels.

We continue to look for business expansion opportunities, which will add value to our business.

Given no unforseen circumstances, the outlook for the 2007 financial year remains positive.

Monday, 28 August 2006

For further information please contact:

Mr John Bird – Managing Director Mr Marcello Mattia – Chief Financial Officer

(03) 9474 3544

About Select Harvests Limited

Select Harvests Limited, Australia's largest almond grower, manages in excess of 50% of Australia's almond orchards, and is firmly placed in the top 3 almond growers globally. It is also 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.

Select Harvests' business streams are as follows:

Almond Operations

• Owns/leases and manages almond orchards in the Robinvale area of north-west Victoria.
• Manages on a fee for service basis, almond orchards on behalf of a number of external investors. These services include orchard establishment, farm management, harvesting, processing, and marketing.
• Currently handles approximately 40% of Australia's almond crop from owned and managed orchards.
• Exports approximately 40% of its almond production to a range of countries including India, Japan, China, Thailand, Germany, Spain, United Kingdom, United Arab Emirates and Italy.

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.

Rule 4.3A

Appendix 4E **Preliminary final report**

Name of entity

Select Harvests Limited

ABN or equivalent company reference:	87 000 721 380

1. Reporting period

Report for the financial year ended	30 June 2006
Previous corresponding period is the financial year ended	30 June 2005

2. Results for announcement to the market

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

Revenues from ordinary activities *(item 2.1)*	Up	25%	to	$217,866
Profit (loss) from continuing ordinary activities after tax attributable to members (*item 2.2*)	Up	20%	to	$26,492
Net profit (loss) for the period attributable to members *(item 2.3)*	Up	34%	to	$30,801

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Final dividend	0.33 ¢	0.33 ¢
Previous corresponding period	0.26 ¢	0.26 ¢
Record date for determining entitlements to the dividend *(item 2.5)*	Friday, 8 September 2006	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*:

Please refer to the attached announcement to the ASX.

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

Refer to the attached financial report

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

Refer to the attached financial report

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

Refer to the attached financial report

6. Dividends *(item 6)*

	Date of payment	**Total amount of dividend**
Final dividend – year ended 30 June 2006	2 October 2006	$ 0.33

Amount per security

		Amount per security	Franked amount per security at 30 % tax	Amount per security of foreign sourced dividend
Total dividend:	Current year*	63.0 ¢	63.0 ¢	0 ¢
	Previous year	42.0 ¢	42.0 ¢	0 ¢

* Current year total dividend includes special dividend of 10 cents per share paid on 3 April 2006.

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities *(each class separately)*	22,080	12,424
Preference securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Total	**22,080**	**12,424**

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

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

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	Friday, 8 September 2006

8. Statement of retained earnings *(item 8)*

Refer to the attached financial report.

9. Net tangible assets per security *(item 9)*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$1.83	$ 1.52

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

Control gained over entities

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

Loss of control of entities

Name of entities *(item 10.1)*	Riverina Pelletising Services Pty Ltd
Date(s) of loss of control *(item 10.2)*	30 September 2005
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost *(item 10.3).*	$ 170,000

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 10.3)*	$ 801,000

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

Please refer to the attached announcement.

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

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

Please refer to the attached announcement and financial report.

14. Audit of the financial report

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

15. Audit opinion

The audit opinion is unqualified.

16. Annual General Meeting

The annual general meeting will be at the ASX Theatrette, Ground Floor, 530 Collins Street, Melbourne on Monday 30 October 2006 at 2.00pm.

17. Periodic Disclosure Requirements Compliance Statement

1 The financial report and information provided in Appendix 4E uses the same accounting policies as those applied at 30 June 2005.

2 The Appendix 4E information gives a true and fair view of the matters disclosed in the annual financial report.

3. The economic entity has a formally constituted Audit & Risk Committee.

Sign here: Marcello Mattia
(Company Secretary)

Date: 28 August 2006

Print name: Marcello Mattia

Select Harvests Limited

ABN 87 000 721 380

Annual Financial Report

for the year ended 30 June 2006

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

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

Internet Address
www.selectharvests.com.au

Contents

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 2006 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: 5,662,365 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: 426,522 fully paid shares, 58,400 options expiring 1 November 2006 exercisable at $5.60 each, and 33,800 options expiring 20 October 2007 exercisable at $7.78 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: 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: 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: 455,932 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 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: 30,300 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.

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 during the year.

Employees

The consolidated entity employed 297 full time employees as at 30 June 2006 (2005: 276 employees).

REVIEW AND RESULTS OF OPERATIONS

Please refer to the attached announcement lodged with the ASX.

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 28 August 2006, the Directors declared a fully franked final dividend of 33 cents per ordinary share to be paid on Monday 2 October 2006 to shareholders registered at 5.00 pm on Friday 8 September 2006. 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Please refer to the attached announcement lodged with the ASX.

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.

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
M Mattia	Chief Financial Officer & Company Secretary	Select Harvests Limited
M Ciobo	General Manager – Meriram	Kibley Pty Ltd
R Tanti	National Sales Manager	Select Harvests Marketing Pty Ltd
D Jones	General Manager – Operations – Food Products Division (from 25 July 2005 to 31 May 2006)	Select Harvests Limited
W Turner	General Manager – Almond Division	Kyndalyn Park Pty Ltd
T Millen	Horticultural Manager	Kyndalyn Park Pty Ltd
L Van Driel	Trading Manager	Select Harvests Marketing Pty Ltd

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

Remuneration of Directors of Select Harvests Limited

	Annual remuneration				Long Term Remuneration		
2006	**Base Fee $**	**Short Term Incentives $**	**Non Cash Benefits $**	**Superannuation Contributions $**	**Options Number**	**Granted Value $**	**Total $**
Non Executive							
M A Fremder	84,000	-	-	7,560	-	-	91,560
C G Clark	42,000	-	-	3,780	-	-	45,780
G F Dan O'Brien	42,000	-	-	3,780	-	-	45,780
J C Leonard	42,000	-	-	3,780	-	-	45,780
R M Herron	42,000	-	-	3,780	-	-	45,780
Executive							
J Bird	422,614	177,512	34,484	37,049	114,800	87,499	759,157

2005	Base Fee $	Short Term Incentives $	Non Cash Benefits $	Superannuation Contributions $	Options Number	Granted Value $	Total $
	Annual remuneration				Long Term Remuneration		
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	39,773	-	-	3,580	-	-	43,353
R M Herron	18,025	-	-	1,622	-	-	19,647
Executive							
J Bird	332,823	155,041	32,766	29,478	136,400	77,089	627,197

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

	Annual Remuneration				Long Term Remuneration		
					Options Granted		
2006	**Base Fee $**	**Short Term Incentives $**	**Non Cash Benefits $**	**Superannuation Contributions $**	**Number**	**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	-	-	279,921
R Tanti	187,388	21,500	23,816	11,002	7,400	7,252	250,958
D Jones (Commenced 25/7/05 Terminated 31/5/06)	167,495	-	25,381	14,047	-	-	206,923
L Van Driel	128,624	25,000	20,923	11,920	15,300	11,466	197,933
W Turner	116,307	30,246	18,519	17,512	14,400	14,252	196,836
T Millen	105,256	15,026	24,187	10,243	7,500	5,558	160,270

	Annual Remuneration				Long Term Remuneration		
					Options Granted		
2005	**Base Fee $**	**Short Term Incentives $**	**Non Cash Benefits $**	**Superannuation Contributions $**	**Number**	**Value $**	**Total $**
M Mattia	159,332	57,168	37,984	14,149	8,800	8,800	277,433
M Ciobo	210,000	-	30,530	18,900	-	-	259,430
R Tanti (Commenced 29/9/04)	91,477	-	17,862	6,060	-	-	115,399
L Van Driel	99,163	17,487	14,821	9,625	19,800	10,974	152,070
W Turner	115,705	27,067	19,000	12,759	7,000	7,000	181,531
T Millen	96,195	13,930	5,000	9,826	9,300	5,156	130,107

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.

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 2006 included:

a) options are granted for no consideration, have a three year life, and one third of the options offered vest in each year and are exercisable from the date of vesting to the expiry date
b) exercise price: $11.05 (2005 - $7.78)
c) offer date: 22 September 2005 (2005 – 17 September 2004)
d) expiry date: 31 October 2008 (2005 – 20 October 2007)
e) share price at offer date: $11.03 (2005 – $7.53)
f) expected price volatility of the company's shares: 27.10% (2005 – 23.30%)
g) expected dividend yield: 3.81% (2005 – 3.38%)
h) risk free interest rate: 5.10% (2005 – 5.25%)

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 September 04	Granted August 05	Balance
2003 Offer	6	$1.00	$5.60	193,200	1 November 2006	64,400	66,400	52,600
2004 Offer	7	$0.98	$7.78	234,300	20 October 2007	-	86,100	134,800
2005 Offer	7	$1.72	$11.05	153,300	31 October 2008	-	-	153,300
Total				580,800		64,400	152,500	340,700

(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 2006	Number of Options Granted 2005
Director		
J Bird	114,800	136,400
Key management personnel		
M Mattia	19,500	8,800
W Turner	14,400	7,000
L Van Driel	15,300	19,800
T Millen	7,500	9,300
R Tanti	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 2006	Number of shares issued on exercise of options 2005
Director		
J Bird	155,400	166,200
Key management personnel		
M Mattia	28,300	-
W Turner	21,400	-
L Van Driel	22,400	15,900
T Millen	11,100	11,400

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
217,100	$3.31
60,700	$5.60
38,800	$7.78

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 32% per annum, and total shareholder return has grown at an average rate of 58% 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		Options					
	Paid %	Forfeited %	Year granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest ($)	Maximum total value of grant yet to vest ($)
J Bird	100	-	2003	66	-	2007	-	29,200
			2004	33	-	2007 2008	- -	66,248
			2005	-	-	2007 2008 2009	- - -	119,024
M Mattia	100	-	2003	66	-	2007	-	8,800
			2004	33	-	2007 2008	- -	20,972
			2005	-	-	2007 2008 2009	- - -	34,572
R Tanti	-	-	2004	33	-	2007 2008	- -	14,504
			2005	-	-	2007 2008 2009	- - -	33,368
L Van Driel	100	-	2003	66	-	2007	-	3,900
			2004	33	-	2007 2008	- -	8,036
			2005	-	-	2007 2008 2009	- - -	24,080
W Turner	100	-	2003	66	-	2007	-	7,000
			2004	33	-	2007 2008	- -	14,504
			2005	-	-	2007 2008 2009	- - -	21,672
T Millen	100	-	2003	66	-	2007	-	1,800
			2004	33	-	2007 2008	- -	3,920
			2005	-	-	2007 2008 2009	- - -	18,232

M Ciobo did not participate in the short term or long term incentive scheme for the 2005 financial year, hence no incentive earnings were payable during the 2006 financial year. D Jones commenced employment with the consolidated entity on 25 July 2005 and ceased employment on 31 May 2006.

(iii) Share based compensation: options

Name	Remuneration consisting of options A	Value granted B	Value exercised C	Value lapsed D	Total value
Directors					
J Bird	25%	$ 87,499	$75,524	-	$ 91,524
Key Management Personnel					
M Mattia	15%	$19,286	$28,086	-	-
L Van Driel	15%	$11,466	$14,896	-	$4,018
W Turner	15%	$14,252	$21,252	-	-
T Millen	15%	$5,588	$5,395	-	$5,560

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	92,200
M Mattia	-
M Ciobo	-
R Tanti	7,400
L Van Driel	4,100

The options were granted under the consolidated entity's executive share option scheme on 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
2003	62,000	$5.60	1 November 2006
2004	47,300	$7.78	20 October 2007

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	33.0	13,103,560
Fully Franked Dividends paid in the year:		
Interim for the year		
▪ on ordinary shares	20.0	7,912,371
Special for the year		
• on ordinary shares	10.0	3,956,185
		24,972,116
Final for 2005 shown as recommended in the 2005 report		
▪ on ordinary shares	26.0	10,209,752

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	12	12	-	-	1	1	1	1
J Bird	12	12	-	-	-	-	1	1
C G Clark	12	12	4	4	1	1	1	1
G F Dan O'Brien	12	11	4	4	1	1	1	1
J C Leonard	12	11	4	3	-	-	1	1
R M Herron	12	12	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

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, PricewaterhouseCoopers, 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, 28 August 2006

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

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

Auditor's Independence Declaration

As lead auditor for the audit of Select Harvests Limited for the year ended 30 June 2006, 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.

A Mill

Andrew Mill
Partner
PricewaterhouseCoopers

Melbourne
28 August 2006

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.

Corporate Governance Statement continued

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 2006.
- The Chairman of the Company, Mr M A Fremder, owns (directly or indirectly) almond orchards totalling 1,341 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 1,041acres in respect to which the consolidated 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 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.

Corporate Governance Statement continued

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 2006 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.

Corporate Governance Statement continued

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.

Corporate Governance Statement continued

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;
- 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 28 August 2006. The company has the power to amend and reissue the financial report.

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

Income Statements

For the year ended 30 June 2006	Notes	Consolidated		Parent Entity	
		2006	2005	2006	2005
		$'000	$'000	$'000	$'000
Revenue					
Sales of goods and services	4	**217,866**	173,864	**-**	**-**
Other revenue	4	**162**	95	**29,694**	19,549
Total revenue		**218,028**	173,959	**29,694**	19,549
Other income (expenses)					
Almond stock fair value adjustment		**467**	787	**-**	-
Almond tree fair value adjustment		**85**	(229)	**-**	-
Total other income (expenses)		**552**	558	**-**	**-**
Expenses					
Cost of sales	5(a)	**(165,546)**	(127,973)	**-**	**-**
Distribution expenses		**(4,021)**	(3,286)	**-**	-
Marketing expenses		**(622)**	(659)	**-**	-
Occupancy expenses		**(2,052)**	(1,863)	**-**	-
Administrative expenses		**(3,094)**	(2,916)	**(2,665)**	(2,115)
Finance costs	5	**(628)**	(1,361)	**(903)**	(2,074)
Other expenses		**(4,714)**	(4,657)	**(494)**	(426)
PROFIT BEFORE INCOME TAX		**37,903**	31,802	**25,632**	14,934
INCOME TAX EXPENSE	6	**(11,411)**	(9,698)	**(201)**	(359)
PROFIT FROM CONTINUING OPERATIONS		**26,492**	22,104	**25,431**	14,575
Profit from discontinued operations	7	**4,309**	801	**4,033**	-
PROFIT FOR THE YEAR		**30,801**	22,905	**29,464**	14,575
PROFIT ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED	27(c)	**30,801**	22,905	**29,464**	14,575
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:					
Basic earnings per share (cents per share)	31	**67.1**	56.9		
Diluted earnings per share (cents per share)	31	**67.0**	56.7		
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share (cents per share)	31	**78.1**	58.9		
Diluted earnings per share (cents per share)	31	**77.9**	58.8		

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

Balance Sheets

As at 30 June 2006	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
CURRENT ASSETS					
Cash and cash equivalents	9	**22,557**	4,588	**21,775**	4,280
Trade and other receivables	10	**24,442**	25,687	**728**	780
Inventories	11	**24,682**	24,796	**-**	-
Derivative financial instruments	12	**774**	3,761	**774**	3,761
TOTAL CURRENT ASSETS		**72,455**	58,832	**23,277**	8,821
NON-CURRENT ASSETS					
Receivables	13	**-**	-	**36,256**	44,126
Other financial assets	14	**-**	21	**9,607**	12,195
Property, plant and equipment	15	**44,382**	43,991	**464**	523
Deferred tax assets	16	**345**	267	**223**	-
Biological assets – Almond Trees	17	**5,799**	5,516	**-**	-
Intangible assets	18	**28,895**	28,881	**-**	-
TOTAL NON-CURRENT ASSETS		**79,421**	78,676	**46,550**	56,844
TOTAL ASSETS		**151,876**	137,508	**69,827**	65,665
CURRENT LIABILITIES					
Payables	19	**34,407**	32,822	**408**	1,370
Interest-bearing liabilities	20	**953**	535	**852**	49
Derivative financial instruments	12	**44**	22	**44**	22
Current tax liabilities		**2,294**	3,239	**2,294**	3,239
Provisions	21	**2,207**	2,139	**199**	191
TOTAL CURRENT LIABILITIES		**39,905**	38,757	**3,797**	4,871
NON-CURRENT LIABILITIES					
Payables	22	**-**	-	**7,964**	13,423
Interest-bearing liabilities	23	**350**	376	**75**	-
Deferred tax liabilities	24	**9,718**	9,920	**-**	709
Provisions	25	**422**	360	**71**	48
TOTAL NON-CURRENT LIABILITIES		**10,490**	10,656	**8,110**	14,180
TOTAL LIABILITIES		**50,395**	49,413	**11,907**	19,051
NET ASSETS		**101,481**	88,095	**57,920**	46,614
EQUITY					
Contributed equity	26	**52,665**	46,925	**52,665**	46,925
Reserves	27	**12,691**	13,766	**4,300**	6,121
Retained profits (accumulated losses)	27	**36,125**	27,404	**955**	(6,432)
TOTAL EQUITY		**101,481**	88,095	**57,920**	46,614

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

Statements of changes in equity

For the year ended 30 June 2006	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Total equity at the beginning of financial year		**88,095**	74,451	**46,614**	41,301
Changes in fair value of cash flow hedges and interest rate swaps, net of tax	27(a)	**(1,360)**	(15)	**(2,105)**	(15)
Net income (expense) recognised directly in equity		**(1,360)**	(15)	**(2,105)**	(15)
Profit for the year	27(c)	**30,801**	22,905	**29,464**	14,575
Total recognised income and expense for the year		**29,441**	22,890	**27,359**	14,560
Transactions with equity holders in their capacity as equity holders:					
- Contributions of equity, net of transaction costs	26(a)	**5,740**	2,985	**5,740**	2,985
- Employee share options	27(a)	**285**	193	**287**	192
- Dividends provided for or paid	8	**(22,080)**	(12,424)	**(22,080)**	(12,424)
		(16,055)	(9,246)	**(16,053)**	(9,247)
Total equity at the end of financial year		**101,481**	88,095	**57,920**	46,614

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 2006	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**236,975**	180,687	**-**	-
Payments to suppliers and employees		**(189,982)**	(137,414)	**(3,636)**	(1,328)
		46,993	43,273	**(3,636)**	(1,328)
Interest received		**162**	94	**128**	69
Interest paid		**(628)**	(1,361)	**(462)**	(1,219)
Income tax paid		**(12,145)**	(8,478)	**(12,145)**	(382)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	28(a)	**34,382**	33,528	**(16,115)**	(2,860)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**208**	774	**43**	134
Proceeds from sale of pesticide products division	7	**5,645**	-	**5,646**	-
Payment for property, plant and equipment		**(5,646)**	(6,155)	**(90)**	(133)
Payment for other non-current assets	28(d)	**(500)**	(6,933)	**-**	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**(293)**	(12,314)	**5,599**	1
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of ordinary shares		**1,360**	515	**1,362**	515
Repayments of borrowings		**(494)**	(7,597)	**43,635**	16,657
Payment of dividends on ordinary shares		**(17,773)**	(9,955)	**(17,773)**	(9,955)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**(16,907)**	(17,037)	**27,224**	7,217
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**17,182**	4,177	**16,708**	4,358
Cash and cash equivalents at the beginning of the financial year		**4,539**	362	**4,231**	(127)
Cash and cash equivalents at the end of the financial year	28(b)	**21,721**	4,539	**20,939**	4,231

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

Notes continued

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Notes to the Financial Statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

Compliance with IFRSs

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

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Select Harvests Limited financial statements to be prepared in accordance with AIFRSs. AASB 1 *First time Adoption of Australian Equivalents* to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of Select Harvests Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Select Harvests Limited 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. The comparative figures in respect of 2005 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the consolidated and parent entity's equity and its net income are given in note 40.

Historical cost convention

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

(b) Principles of consolidation

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

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

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

Notes continued

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

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

(c) Foreign currency translation

(i)Functional and presentation currency

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

(ii) Transactions and balances

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

(d) Cash and cash equivalents

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

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

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

(e) Inventories

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

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

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

Notes continued

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(f) Biological Assets

Almond Trees

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

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

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

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

Growing Almond Crop

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

New Orchards Growing Costs

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

(g) Derivatives

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

Notes continued

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

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

(h) Property, plant and equipment

Cost and valuation

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

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

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

Depreciation

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

The useful lives for each class of assets are:

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

Capital works in progress

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

(i) Leases

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

Operating leases

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

Notes continued

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Finance leases

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

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

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

(j) Intangibles

Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Brand names

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

(k) Revenue Recognition

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

Sale of Goods

Control of the goods has passed to the buyer.

Rendering of Services

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

Interest

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

Dividends

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

Notes continued

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

As at 30 June 2006 the Company held almond inventory on behalf of external growers which was not recorded as inventory of the Company.

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

(l) Other income

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

(m) Income Tax

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

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

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

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

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

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

The parent entity and its wholly owned Australian subsidiaries in the tax-consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details of tax funding agreements are outlined in note 6. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Notes continued

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Goods and Services Tax (GST)

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

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

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

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

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

(n) Impairment of assets

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

(o) Employee benefits

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

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

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

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

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

Share-based payments

Share-based compensation benefits are provided to employees via the Select Harvests Limited Executive Share Option Scheme.

Share options granted before 7 November 2002 and/or vested before 1 January 2005:

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Notes continued

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Share options granted after 7 November 2002 and vested after 1 January 2005:

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

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

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and proceeds received are credited to share capital.

(p) Financial Instruments

Financial Assets

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

Amounts receivable from other debtors are carried at full amounts due. Other debtors are normally settled on 30 days from month end unless there is a specific contract which specifies an alternative date.
Amounts receivable from related parties are carried at full amounts due. Details of the terms and conditions are set out in Note 34.

Financial Liabilities

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

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

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

Notes continued

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(q) Fair value estimation

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

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

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

(r) Borrowing costs

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

(s) Earnings per share

(i)Basic Earnings per share

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

(ii) Diluted earnings per share

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

(t) Discontinued operations

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

(u) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. These are as follows:

(a) AASB 119 Employee Benefits: Accounting for actuarial gains and losses and group plans

(b) AASB 2005-1 Amendments to Australian Accounting Standard [AASB 139]: Cash flow hedge accounting of forecast intra-group transactions

(c) AASB 2005-4 Amendments to Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]: Fair value option

(d) UIG 4 Determining whether an Asset Contains a Lease

(e) UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

(f) AASB 2005-6 Amendments to Australian Accounting Standards [AASB 3]: Business combinations involving entities under common control

(g) AASB 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132: Financial guarantee contracts

(h) AASB 7 Financial instruments: Disclosures

(i) AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]:consequential amendments arising from the issue of AASB 7

(j) UIG 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

(k) AASB 2006-1 Amendments to Australian Accounting Standards [AASB 121]: Clarification regarding monetary items forming part of the net investment in a foreign operation

(l) UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies

Notes continued

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(m) UIG 8 Scope of AASB 2

(n) UIG 9 Reassessment of Embedded Derivatives

The consolidated entity has commenced but has not completed its review of the impact (if any) of the new accounting standards and UIG interpretations.

(v) Provisions

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

(w) Contributed equity

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

(x) Comparatives

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

(y) Rounding amounts

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

2. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

(ii) Price risk

The consolidated entity is exposed to commodity price risk. The consolidated entity sells almonds harvested from owned orchards domestically and overseas throughout the year based on an almond price which will fluctuate from time to time due to changes in international market conditions. The consolidated entity has an active and ongoing almond marketing and selling program in place which is continually monitored and adapted for changes in almond prices.

The consolidated entity also purchases raw materials and other inputs to the manufacturing and almond growing process domestically and overseas. The price of such inputs will also fluctuate from time to time based on market forces. Where practical, the consolidated entity, through its procurement programs, contracts from time to time to acquire such quantity of inputs as is projected to be required at fixed prices.

(b) Credit risk

The consolidated entity has no significant concentrations of credit risk. The consolidated entity has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

(c) Liquidity risk

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

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(d) Cash flow interest rate risk
As the consolidated entity has no significant interest-bearing assets, income and operating cash flows are not materially exposed to changes in market interest rates.
The consolidated entity's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors.
Critical accounting estimates and assumptions
The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Almond Trees
Almond trees are classified as a biological asset and valued in accordance with AASB 141 "Agriculture". The consolidated entity's accounting policies in relation to almond trees are detailed in note 1(f).
In applying this policy, the consolidated entity has made various assumptions. These are detailed in note 17 of the financial statements. As at 30 June 2006, the value of almond trees carried in the financial statements of the consolidated entity is $5.8 million (2005:$5.5 million)

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
4. REVENUE				
Revenue from continuing operations				
Total revenue from operating activities	**217,866**	173,864	**-**	-
Other revenue from continuing operations				
Management fees	**-**	-	**3,398**	3,010
Dividends and distributions				
- Controlled entities	**-**	-	**25,212**	13,907
- Other corporations	**-**	1	**-**	-
Total dividends and distributions	**-**	1	**28,610**	13,907
Interest				
- Wholly owned entities	**-**	-	**956**	2,563
- Other persons/corporations	**162**	94	**128**	69
Total interest	**162**	94	**1,084**	2,632
Total other revenue from continuing operations	**162**	95	**29,694**	19,549
Total revenue	**218,028**	173,959	**29,694**	19,549
Revenue from discontinued operations	**6,637**	4,166	**5,700**	-
Revenue/Cost of goods sold from Almond Pool				
Revenue from almond pool sales	**33,843**	12,632	**-**	-
Cost of goods sold from almond pool sales	**(33,843)**	(12,632)	**-**	-
	-	-	**-**	-

Revenue from almond pool sales includes sales of almonds for externally owned almond orchards, which are sold by the consolidated entity on a pooled basis, the proceeds from which are distributed to the pool participants.

Notes continued

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	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
5. EXPENSES AND LOSSES/(GAINS)					
(a) Expenses					
Cost of goods & services sold		**165,546**	127,973	**-**	-
Depreciation of non-current assets					
Freehold land and buildings		**1**	5	**-**	1
Buildings		**68**	55	**-**	-
Plantation Land and irrigation systems		**336**	342	-	-
Leased plant and equipment		**217**	323	**12**	8
Plant and equipment		**2,927**	2,453	**208**	166
Total depreciation of non-current assets		**3,549**	3,178	**220**	175
Finance costs					
wholly owned entities		**-**	-	**440**	855
other persons		**628**	1,361	**463**	1,219
Total finance costs		**628**	1,361	**903**	2,074
Movement in provisions for doubtful debts		**(14)**	24	**-**	-
Movement in provision for employee entitlements		**1,143**	1,166	**31**	117
Movement in provision for stock diminution		**(199)**	(105)		
Operating lease rental					
minimum lease payments		**5,403**	3,713	**-**	-
Total operating lease rental		**5,403**	3,713	**-**	-
(b) Losses/(gains)					
Net loss on disposal of property, plant and equipment		**6**	78	**10**	44
6. INCOME TAX					
(a) Income tax expense					
Current Tax		**11,287**	9,458	**222**	315
Deferred tax		**258**	667	**(29)**	34
Under (over) provided in prior years		**(87)**	32	**8**	10
		11,458	10,157	**201**	359
Income tax expense is attributable to:					
Profit from continuing operations		**11,411**	9,698	**201**	359
Profit from discontinued operations		**47**	459	**-**	-
Aggregate income tax expense		**11,458**	10,157	**201**	359
Deferred income tax (revenue) expense included in income tax expense comprises:					
Decrease (increase) in deferred tax assets	16	**(341)**	(1)	**(442)**	-
(Decrease) increase in deferred tax liabilities	24	**599**	668	**413**	34
		258	667	**(29)**	34

Notes continued

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(b) Numerical reconciliation of income tax expense to prima facie tax payable	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Profit from continuing operations before income tax expense	**37,903**	31,802	**25,632**	14,934
Profit from discontinued operations before income tax expense	**4,356**	1,260	**4,033**	-
	42,259	33,062	**29,665**	14,934
Tax at the Australian tax rate of 30% (2005 – 30%)	**12,678**	9,919	**8,899**	4,480
Tax effect of amounts that are not deductible (taxable) in calculating taxable income				
Rebateable dividends	**-**	-	**(7,564)**	(4,172)
Amortisation of intangible assets	**-**	-	**-**	-
Other non allowable items	**109**	206	**68**	41
Other non assessable items	**(1,242)**	-	**(1,210)**	-
Under/(over) provision of previous year	**(87)**	32	**8**	10
Income tax expense	**11,458**	10,157	**201**	359

(c) Tax consolidation legislation

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

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

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

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

7. DISCONTINUED OPERATION

(a) Description

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

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

(b) Financial performance and cash flow information

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

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	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Revenue	**937**	4,166	**-**	-
Expenses	**(720)**	(2,906)	**-**	-
Profit before income tax	**217**	1,260	**-**	-
Income tax expense	**(47)**	(459)	**-**	-
Profit after income tax of discontinued operations	**170**	801	**-**	-
Gain on sale of the division before income tax	**4,139**	-	**4,033**	-
Income tax expense	**-**	-	**-**	-
Gain on sale of the division after income tax	**4,139**	-	**4,033**	-
Profit from discontinued operations	**4,309**	801	**4,033**	-
Net cash inflow/(outflow)from operating activities	**(595)**	1,096	**-**	-
Net cash inflow (outflow) from investing activities (2005 includes an inflow of $5,644,650 from the sale of the division)	**5,645**	-	**5,645**	-
Net cash inflow/(outflow) from financing activities	**595**	(1,096)	**-**	-
Net increase in cash generated by the division	**5,645**	-	**5,645**	-

(c) Carrying amounts of assets and liabilities

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

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Cash	**1**	1	**-**	-
Property, plant and equipment	**685**	707	**-**	-
Investments	**20**	20	**1,612**	2,588
Trade receivables	**600**	1,021	**-**	-
Inventories	**485**	600	**-**	-
Other	**4**	56	**-**	-
Total assets	**1,795**	2,405	**1,612**	2,588
Trade creditors	**(179)**	(269)	**-**	(764)
Provision for Tax	**43**	(275)	**-**	-
Provision for employee benefits	**(153)**	(142)	**-**	-
Total liabilities	**(289)**	(686)	**-**	(764)
Net Assets	**1,506**	1,719	**1,612**	1,824

(d) Details of the sale of the division

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Consideration received or receivable:				
Cash	**5,645**	**-**	**5,645**	**-**
Total disposal consideration	**5,645**	**-**	**5,645**	**-**
Carrying amount of net assets sold	**(1,506)**	**-**	**(1,612)**	**-**
Gain on sale before income tax	**4,139**	**-**	**4,033**	**-**
Income tax expense	**-**	**-**	**-**	**-**
Gain on sale after income tax	**4,139**	**-**	**4,033**	**-**

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	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
8. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES				
(a) DIVIDENDS PAID DURING THE YEAR				
(i)Interim - paid 3 April 2006 (2005: 1 April 2005)				
Fully franked dividend (20.0c per share) (2005:16.0c per share)	**7,913**	6,225	**7,913**	6,225
(ii) *Special dividend - paid 3 April 2006 (2005: Nil)*				
Fully franked dividend (10.0c per share) (2005: Nil)	**3,956**	-	**3,956**	-
	11,869	6,225	**11,869**	6,225
(iii) Final - paid 3rd October 2005(2005:1 October 2004)				
Fully franked dividend (26.0c per share) (2005:16.0c per share)	**10,211**	6,199	**10,211**	6,199
	22,080	12,424	**22,080**	12,424
(b) DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY				
Fully franked dividend payable on 2 October 2006 (33.0c per share, $13,103,560)				
(c) Franking credit balance				
Franking credits available for the subsequent financial year arising from:				
Franking account balance as at the beginning of the financial year	**16,733**	20,872		
Current year tax payment instalments and adjustments	**29,526**	19,782		
Interim Dividends paid	**(11,869)**	(12,425)		
Franking account balance at end of financial year	**34,390**	28,229		
Current year income tax payable	**5,353**	(1,286)		
Dividend declared	**(13,104)**	(10,210)		
Franking account balance after payment of current year tax and dividends	**26,639**	16,733		
9. CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	**16,057**	588	**15,275**	280
Deposits at call	**6,500**	4,000	**6,500**	4,000
	22,557	4,588	**21,775**	4,280
(a) Reconciliation to cash at the end of the year				
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flow as follows:				
Balances as above	**22,557**	4,588	**21,775**	4,280
Bank overdrafts (note 20)	**(836)**	(49)	**(836)**	(49)
Balances per statement of cash flows	**21,721**	4,539	**20,939**	4,231

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(b) Cash at bank and on hand

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

(c) Deposits at call

The deposits are bearing a floating interest rate at 30 June 2006. Details of the interest rates applicable to deposits at call are detailed in note 36.

	Notes	Consolidated		Parent entity	
		2006	2005	2006	2005
10. RECEIVABLES (CURRENT)		$'000	$'000	$'000	$'000
Trade debtors		**23,602**	24,829	**-**	-
Provision for doubtful debts		**(10)**	(24)	**-**	-
		23,592	24,805	**-**	-
Prepayments		**825**	825	**703**	770
Other receivables		**25**	57	**25**	10
		24,442	25,687	**728**	780

(a) Bad and doubtful trade receivables

The consolidated entity has recognised a profit/(loss) of $14,332 (2005: ($24,000) in respect of bad and doubtful trade receivables during the year ended 30 June 2006. This loss has been included in "other expenses" in the income statement.

(b) Other receivables

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

(c) Effective interest rates and credit risk

All receivables are non-interest bearing.

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

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

11. INVENTORIES (CURRENT)

	Notes	Consolidated 2006	Consolidated 2005	Parent entity 2006	Parent entity 2005
Raw materials					
Raw materials at cost		**6,793**	7,234	**-**	-
Provision for diminution in value	11(a)	**-**	(51)	**-**	-
		6,793	7,183	**-**	-
Finished goods					
Finished goods at cost		**6,060**	7,649	**-**	-
Provision for diminution in value	11(a)	**(267)**	(466)	**-**	-
		5,793	7,183	**-**	-
Other inventory					
Other inventory at cost		**5,763**	5,318	**-**	-
		5,763	5,318	**-**	-
Almond stocks					
Almond stocks at cost (refer to note 1 (f))		**6,333**	5,112	**-**	-
		6,333	5,112	**-**	-
Total inventories		**24,682**	24,796	**-**	-
(a) Movements in provision for diminution in value					
Beginning of the financial year		**(517)**	(412)	**-**	-
Movement during the year		**250**	(105)	**-**	-
End of the financial year		**(267)**	(517)	**-**	-

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	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
12. DERIVATIVE FINANCIAL INSTRUMENTS (CURRENT)				
Current assets				
Forward exchange contracts – cash flow hedges	**774**	3,761	**774**	3,761
Total current derivative financial instrument assets	**774**	3,761	**774**	3,761
Current liabilities				
Forward exchange contracts – cash flow hedges	**44**	-	**44**	-
Interest rate swap contracts – cash flow hedge	**-**	22	**-**	22
Total current derivative financial instrument liabilities	**44**	22	**44**	22

(i) Forward exchange contracts – cash flow hedges

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

The net amount of the foreign currency the consolidated entity will be required to pay or purchase when settling the brought forward exchange contracts should the counterparty not pay the currency it is committed to deliver to the Company at balance date was $777,000 (2005: $10,295,000).

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

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

Buy United States Dollars	**Sell Australian Dollars** 2006	2005	**Average Exchange Rate** 2006	2005
Settlement				
	$'000	$'000	**$**	$
Less than 6 months	**5,304**	10,994	**0.74**	0.76
6 months to 1 year	**-**	1,080	**-**	0.76
Greater than 1 year	**-**	248	**-**	0.77
	5,304	12,322		

Buy United States Dollars	**Sell Australian Dollars** 2006	2005	**Average Exchange Rate** 2006	2005
Settlement				
	$'000	$'000	**$**	$
Less than 6 months	**4,457**	15,796	**0.61**	0.64
6 months to 1 year	**70**	1,770	**0.76**	0.49
1 year to 2 years	**-**	5,051	**-**	0.59
	4,527	22,617		

(ii) Credit risk exposures

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

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

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

(iii) Interest rate risk exposures

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

	Notes	Consolidated		Parent entity	
		2006	2005	2006	2005
13. RECEIVABLES (NON-CURRENT)		$'000	$'000	$'000	$'000
Related party receivables					
Wholly-owned group					
▪ controlled entities	34	**-**	**-**	**37,355**	45,225
▪ provision for impairment	34	**-**	**-**	**(1,099)**	(1,099)
		-	**-**	**36,256**	44,126
14. OTHER FINANCIAL ASSETS (NON-CURRENT)					
Investments at cost comprise:					
Shares					
Other Corporations		**-**	21	**-**	-
Controlled entities – unlisted		**-**	-	**9,607**	12,195
		-	21	**9,607**	12,195
15. PROPERTY, PLANT AND EQUIPMENT					
Freehold land and buildings					
At cost		**-**	315	**-**	-
Accumulated depreciation		**-**	(83)	**-**	-
	15(b)	**-**	232	**-**	-
Buildings					
At cost	15(a)	**2,840**	2,792	**-**	-
Accumulated depreciation		**(329)**	(261)	**-**	-
	15(b)	**2,511**	2,531	**-**	-
Plantation land and irrigation systems					
At cost	15(a)	**24,934**	24,147	**-**	-
Accumulated depreciation		**(1,497)**	(1,162)	**-**	-
	15(b)	**23,437**	22,985	**-**	-
Total land and buildings		**25,948**	25,748	**-**	-
Plant and equipment under lease					
At cost		**1,657**	2,771	**103**	**-**
Accumulated amortisation		**(956)**	(1,457)	**(12)**	**-**
	15(b)	**701**	1,314	**91**	**-**
Plant & equipment					
At cost		**33,242**	31,165	**869**	1,198
Accumulated depreciation		**(16,977)**	(15,424)	**(496)**	(689)
	15(b)	**16,265**	15,741	**373**	509

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	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Capital works in progress					
At cost		**1,468**	1,188	**-**	14
	15(b)	**1,468**	1,188	**-**	14
Total plant and equipment		**18,434**	18,243	**464**	523
Total property, plant and equipment					
Cost		**64,141**	62,378	**972**	1,212
Accumulated depreciation and amortisation		**(19,759)**	(18,387)	**(508)**	(689)
Total written down amount		**44,382**	43,991	**464**	523

(a) Valuations

The consolidated entity has elected to measure items of property, plant & equipment at the date of transition to Australian equivalents to IFRSs at fair value and to use fair value as the deemed cost at that date. The consolidated entity has chosen to apply this transitional provision adopting the directors valuation on 30 June 2004 as deemed cost.

(b) Reconciliations

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

	Consolidated 2006	Consolidated 2005	Parent entity 2006	Parent entity 2005
Freehold land and buildings				
Carrying amount at beginning	**232**	384	**-**	149
Additions	**-**	25	**-**	24
Depreciation expense	**(1)**	(5)	**-**	(1)
Disposal through sale of entity	**(231)**	-	**-**	-
Disposals	**-**	(172)	**-**	(172)
	-	232	**-**	-
Buildings				
Carrying amount at beginning	**2,531**	2,586	**-**	-
Additions	**48**	-	**-**	-
Depreciation expense	**(68)**	(55)	**-**	-
	2,511	2,531	**-**	-
Plantation Land and irrigation systems				
Carrying amount at beginning	**22,985**	23,003	**-**	-
Additions	**787**	434	**-**	-
Disposals	**-**	(382)	**-**	-
Transfer between classes	**-**	272	**-**	-
Depreciation expense	**(335)**	(342)	**-**	-
	23,437	22,985	**-**	-
Plant and equipment under lease				
Carrying amount at beginning	**1,314**	1,704	**-**	75
Additions	**103**	-	**103**	-
Additions through acquisition of entities / operations	**-**	505	**-**	-
Transfers between classes	**(467)**	(572)	**-**	(67)
Depreciation expense	**(249)**	(323)	**(12)**	(8)
	701	1,314	**91**	-

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	Consolidated		Parent entity	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Plant and Equipment				
Carrying amount at beginning	**15,741**	12,678	**509**	523
Additions	**3,400**	4,648	**90**	95
Disposals	**(214)**	(113)	**(53)**	(6)
Additions through acquisition of entities / operations	**-**	142	**-**	-
Disposal through sale of entity	**(453)**	-	**-**	-
Transfers between classes	**724**	839	**14**	67
Transfers between entities	**-**	-	**22**	(4)
Depreciation expense	**(2,933)**	(2,453)	**(209)**	(166)
	16,265	15,741	**373**	509
Capital works in progress				
Carrying amount at beginning	**1,188**	1,437	**14**	-
Additions	**951**	1,048	**-**	14
Transfers between classes	**(257)**	(539)	**(14)**	-
Reclassification to other accounts	**(414)**	(758)		
	1,468	1,188	**-**	14
Total written down value	**44,382**	43,991	**464**	523

16. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Amounts recognised in profit and loss				
Inventories	**-**	30	**-**	-
Assets at cost	**(180)**	(209)	**-**	-
Employee benefits	**312**	241	**81**	-
Accruals	**100**	198	**32**	-
Provisions	**329**	-	**329**	-
Doubtful debts	**3**	7	**-**	-
	564	267	**442**	-

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	Consolidated		Parent entity	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Amounts recognised directly in equity				
Cash flow hedges	**(219)**	-	**(219)**	-
	345	267	**223**	-
Movements:				
Opening balance 1 July	**267**	266	**-**	-
Credited / (charged) to income statement	**341**	1	**442**	-
Credited / (charged) to equity	**(219)**	-	**(219)**	-
Transfer on sale of discontinued operation	**(44)**			
Closing balance at 30 June	**345**	267	**223**	-
Deferred tax assets to be recovered after more than 12 months	**(69)**	(209)	**111**	-
Deferred tax assets to be recovered within 12 months	**414**	476	**112**	-
	345	267	**223**	-

17. BIOLOGICAL ASSETS – ALMOND TREES

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

As at 30 June 2006 the consolidated entity owned and managed a total of 1,863 acres of almond orchards (2005: 1,863 acres) and leased and managed a total of 505 acres of almond orchards (2005: 505 acres).

During the year ended 30 June 2006, 1,624 metric tonnes of almonds were harvested from these orchards (2005: 2,419 metric tonnes). These almonds had a fair value less estimated point of sale costs of $12.5 million (2005: $17.1 million).

	Consolidated	
	2006	2005
	$ '000	$ '000
Carrying amount at 1 July	**5,516**	4,986
Additions	**198**	759
Almond Tree fair value adjustment	**85**	(229)
Carrying amount at 30 June	**5,799**	5,516

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

- Almond trees have an estimated 30-year economic life, with crop yields consistent with long-term yield rates;
- Selling prices are based on long-term average trend prices;
- Growing, processing and selling costs are based on long-term average levels;
- Cash flows are discounted at a rate that takes into account the cost of capital plus a suitable risk factor; and
- 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. Asset values include growing costs capitalised proportionately between the year of planting and the year in which the almond trees achieve full maturation.

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

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

18. INTANGIBLES

	CONSOLIDATED		
	Goodwill $’000	Brand Names* $’000	Total $’000
At 1 July 2004			
Cost	**29,396**	**2,900**	**32,296**
Accumulated amortisation	**(5,051)**	**-**	**(5,051)**
Net book amount	**24,345**	**2,900**	**27,245**
Year ended 30 June 2005			
Opening net book amount	**24,345**	**2,900**	**27,245**
Additions/acquisition of business	**1,636**	**-**	**1,636**
Closing net book amount	**25,981**	**2,900**	**28,881**
Year ended 30 June 2006			
Opening net book amount	**25,981**	**2,900**	**28,881**
Additions	**14**	**-**	**14**
Closing net book amount	**25,995**	**2,900**	**28,895**

* Brand name assets relate to the “Lucky” brand, which has been assessed as having an indefinite useful life.

(a) Impairment tests for goodwill
Goodwill is allocated to the consolidated entity’s cash-generating units (CGU) identified according to business segment. The total value of goodwill relates to the Food Products CGU. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial projections covering a five-year period assuming a growth rate of 2% per annum. Cash flows beyond the five-year period are extrapolated using estimated growth rates that do not exceed the long-term average growth rate for the business in which the CGU operates. A weighted average cost of capital (11.8%) has been used to discount the cash flow projections.

		Consolidated		Parent entity	
		2006	2005	2006	2005
19. PAYABLES (CURRENT)		$'000	$'000	$'000	$'000
Trade creditors		**8,668**	7,042	**2**	97
Other creditors		**25,739**	25,780	**406**	1,273
		34,407	32,822	**408**	1,370
20. INTEREST-BEARING LIABILITIES (CURRENT)					
Secured					
Bank overdraft	20(a)	**836**	49	**836**	49
Lease liability	29	**117**	486	**16**	-
Total secured current borrowings		**953**	535	**852**	49

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(a) Security

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

(b) Interest rate risk exposures

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

(c) Fair value disclosures

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

	Notes	Consolidated		Parent entity	
		2006	2005	2006	2005
21. PROVISIONS (CURRENT)		$'000	$'000	$'000	$'000
Employee benefits	25 (a)	**2,207**	2,059	**199**	191
Other		**-**	80	**-**	-
		2,207	2,139	**199**	191
22. PAYABLES (NON-CURRENT)					
Aggregate amounts payable to related parties					
- wholly owned companies		**-**	-	**7,964**	13,423
		-	-	**7,964**	13,423
23. INTEREST-BEARING LIABILITIES (NON-CURRENT)					
Secured					
Lease liability	29	**350**	376	**75**	-
Total secured non-current borrowings		**350**	376	**75**	-

(a) Total secured liabilities

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

Bank overdraft	**836**	49	**836**	49
Lease liability	**467**	862	**91**	-
Total secured liabilities	**1,303**	911	**927**	49

(b) Assets pledged as security:

The bank overdraft and bills of exchange of the parent entity and subsidiaries are secured by the following:

(i) A registered mortgage debenture is held as security over all the assets and undertakings of Select Harvests Limited and the entities of the wholly owned group.

(ii) A deed of cross guarantee exists between the entities of the wholly owned group.

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

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

Current				
Floating charge				
Cash and cash equivalents	**22,557**	4,588	**21,775**	4,280
Receivables	**24,442**	25,687	**728**	780
Inventories	**24,682**	24,796	**-**	-
Derivative financial instruments	**774**	3,761	**774**	3,761
Total current assets pledged as security	**72,455**	58,832	**23,277**	8,821

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	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Non-current				
Floating charge				
Receivables	**-**	-	**36,256**	41,205
Other financial assets	**-**	21	**9,607**	12,195
Property, plant and equipment	**44,382**	43,991	**464**	523
Biological assets – almond trees	**5,799**	5,516	**-**	-
Total non-current assets pledged as security	**50,181**	49,528	**46,327**	53,923
Total assets pledged as security	**122,636**	108,360	**69,604**	62,744

(c) Financing arrangements

The consolidated entity and the Company have bank overdraft facilities available to the extent of 2,000,000 Australian dollars and 3,000,000 United States dollars (2005: AUD2,000,000 & USD Nil).

As at 30 June 2006 the consolidated entity and company have used AUD Nil and USD 578,503 (2005: AUD Nil & USD Nil) of the facility.

The consolidated entity and the Company have a commercial bill facility available to the extent of $28,000,000 (2005: $28,000,000).

As at 30 June 2006 the consolidated entity and Company have used $Nil (2005: $Nil).

The current interest rates are 5.78% on the commercial bill facility, 9.60% on the Australian dollar bank overdraft facility, and 6.72% on the United States dollar bank overdraft facility.

(d) Interest rate risk exposures

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

(e) Fair value

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

24. DEFERRED TAX LIABILITIES (NON-CURRENT)

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit and loss				
Inventory	**1,233**	940	**-**	-
Assets at cost	**8,487**	8,147	**-**	-
Employee benefits	**(508)**	(525)	**-**	(76)
Accruals	**(396)**	(70)	**-**	(7)
Provisions	**-**	(330)	**-**	(329)
Intangibles	**870**	870	**-**	-
Operating leases	**(289)**	(233)	**-**	-
	9,397	8,799	**-**	(412)
Amounts recognised directly in equity				
Cash flow hedges	**321**	1,121	**-**	1,121
	9,718	9,920	**-**	709

Notes continued

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		Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Movements:					
Opening balance 1 July		**9,920**	9,260	**709**	681
Credited / (charged) to income statement		**599**	668	**413**	34
Credited / (charged) to equity		**(801)**	(8)	**(1,122)**	(6)
Closing balance at 30 June		**9,718**	9,920	**-**	709
Deferred tax liabilities to be settled after more than 12 months		**9,068**	9,575	**-**	791
Deferred tax liabilities to be settled within 12 months		**650**	345	**-**	(82)
		9,718	9,920	**-**	709

25. PROVISIONS (NON-CURRENT)

Employee entitlements	25 (a)	**422**	360	**71**	48
(a) Aggregate employee entitlements liability		**2,629**	2,419	**270**	239
(b) Number of full time employees at year end		**297**	276	**11**	11

26. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	**52,665**	**46,925**	**52,665**	**46,925**
	52,665	**46,925**	**52,665**	46,925

(b) Movements in shares on issue

	2006 Number of shares	2006 $'000	2005 Number of shares	2005 $'000
Beginning of the financial year	**39,069,120**	**46,925**	38,525,552	43,940
Issued during the year				
▪ Dividend reinvestment scheme	**322,037**	**4,305**	287,268	2,470
▪ Employee share scheme	**316,600**	**1,435**	256,300	515
End of Financial year	**39,707,757**	**52,665**	39,069,120	46,925

(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, 237,700 options (2005: 228,700 options) have been granted under this scheme (refer note 38 and Directors' Report for further details). The market value of ordinary Select Harvests Limited shares closed at $13.02 on 30 June 2006 ($9.70 on 30 June 2005).

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(d) Ordinary shares

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

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

	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
27. RESERVES AND RETAINED PROFITS					
Capital reserve	27(a)	**3,270**	3,270	**3,270**	3,270
Cash flow hedge reserve	27(a)	**1,258**	2,633	**512**	2,633
Interest rate swap reserve	27(a)	**-**	(15)	**-**	(15)
Asset revaluation reserve	27(a)	**7,645**	7,645	**-**	-
Options reserve	27(a)	**518**	233	**518**	233
		12,691	13,766	**4,300**	6,121
Retained profits	27(c)	**36,125**	27,404	**955**	(6,432)
(a) Movements					
Capital reserve					
Balance at beginning of year		**3,270**	3,270	**3,270**	3,270
Surplus on Revaluation		**-**	-	**-**	-
Balance at end of year		**3,270**	3,270	**3,270**	3,270
Cash flow hedge reserve					
Balance at beginning of year		**2,633**	-	**2,633**	-
Adjustment on adoption of AASB 132 and AASB 139 net of tax		**-**	2,674	**-**	2,674
Currency translation differences arising during the year		**(1,375)**	(41)	**(2,121)**	(41)
Balance at end of year		**1,258**	2,633	**512**	2,633
Interest rate swap reserve					
Balance at beginning of year		**(15)**	-	**(15)**	-
Adjustment on adoption of AASB 132 and AASB 139 net of tax		**-**	(42)	**-**	(42)
Swap translation differences arising during the year		**15**	27	**15**	27
Balance at end of year		**-**	(15)	**-**	(15)
Asset revaluation reserve					
Balance at beginning of year		**7,645**	10,920	**-**	-
Adjustment on adoption of AASB 132 and AASB 139 net of tax		**-**	(3,275)	**-**	-
Surplus on Revaluation		**-**	-	**-**	-
Balance at end of year		**7,645**	7,645	**-**	-

Notes continued

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Options reserve				
Balance at beginning of year	**233**	-	**233**	-
Adjustment on adoption of AASB 132 and AASB 139 net of tax		41		41
Option expense	**358**	192	**358**	192
Transfer to share capital (options exercised)	**(73)**	-	**(73)**	-
Balance at end of year	**518**	233	**518**	233

(b) Nature and purpose of reserves

(i) Capital reserve

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

(ii) Asset revaluation reserve

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

(iii) Share based payments reserve

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

(iv) Cash flow hedge reserve

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

	Consolidated		Parent entity	
	2006	2005	2006	2005
(c) Retained profits	$'000	$'000	$'000	$'000
Balance at the beginning of year	**27,404**	21,137	**(6,432)**	(8,874)
Adjustment on adoption of AASB 132 and AASB 139, net of tax	**-**	(4,213)	**3**	292
Profit attributable to members of Select Harvests Limited	**30,801**	22,905	**29,464**	14,575
Total available for appropriation	**58,205**	39,829	**23,035**	5,993
Dividends paid	**(22,080)**	(12,425)	**(22,080)**	(12,425)
Balance at end of year	**36,125**	27,404	**955**	(6,432)

28. CASH FLOW STATEMENT

(a) Reconciliation of the net profit after tax to the net cash flows from operations				
Net profit	**30,801**	22,905	**29,464**	14,575
Non-Cash Items				
Depreciation and amortisation	**3,571**	3,178	**230**	175
Almond stock fair value adjustment	**467**	787	**-**	-
Almond trees fair value adjustment	**85**	(229)	**-**	-
Net (profit)/loss on disposal of property, plant and equipment	**6**	(78)	**10**	44
Net (profit) on disposal of discontinuing operation	**(4,139)**	-	**(4,033)**	-
Dividends received from controlled entities	**-**	-	**(25,212)**	(13,907)
Interest received	**-**	-	**(516)**	(1,708)
Management fees received	**-**	-	**(3,398)**	(3,011)

Notes continued

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	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Changes in assets and liabilities				
(Increase)/decrease in trade receivables	**1,244**	(9,143)	**-**	-
(Increase)/decrease in inventory	**114**	(5,685)	**-**	-
(Increase)/decrease in receivables and other assets	**2,150**	341	**(4,831)**	23
(Decrease)/increase in trade and other creditors	**1,420**	19,111	**(5,983)**	915
(Decrease)/increase in income tax payable	**(945)**	1,010	**(945)**	(60)
(Decrease)/increase in deferred income tax liability	**(601)**	833	**(932)**	42
(Decrease)/increase in employee entitlements	**209**	498	**31**	52
Net cash flow from operating activities	**34,382**	33,528	**(16,115)**	(2,860)
(b) Reconciliation of cash				
Cash balance comprises:				
Cash at bank	**22,557**	4,588	**21,775**	4,280
Bank overdraft	**(836)**	(49)	**(836)**	(49)
Closing cash balance	**21,721**	4,539	**20,939**	4,231

(d) Acquisition of Entities and Businesses

There were no acquisitions of entities during the year.

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

During the 2005 year the consolidated entity paid $1,500,000 to the shareholders of Meriram Pty Ltd and Kibley Pty Ltd in relation to the achievement of the EBIT target for the financial year ended 30 June 2004.

In the 2005 financial year the consolidated entity acquired the Chiquita Nibbles business from Chiquita Brands South Pacific Limited for a total consideration of $5.4 million.

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Details of these transactions are:				
Purchase consideration	**500**	6,933	**-**	**-**
Cash consideration	**500**	6,933	**-**	**-**
	-	-	**-**	**-**
Assets and liabilities held at acquisition date:				
Receivables	**-**	-	**-**	**-**
Inventories	**-**	4,225	**-**	**-**
Property, plant and equipment	**-**	647	**-**	**-**
Intangible assets	**-**	-	**-**	**-**
Other assets	**-**	81	**-**	**-**
Creditors	**-**	-	**-**	**-**
Interest liabilities	**-**	(505)	**-**	**-**
Provisions	**-**	(150)	**-**	**-**
Other liabilities	**-**	-	**-**	**-**
	-	4,298	**-**	**-**
Goodwill on consolidation	**500**	2,635	**-**	**-**
	500	6,933	**-**	**-**

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29. EXPENDITURE COMMITMENTS

Lease commitments – Group company as lessee		Consolidated 2006 $'000	Consolidated 2005 $'000	Parent entity 2006 $'000	Parent entity 2005 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:					
Within one year		**6,202**	4,304	**-**	-
Later than one year but not later than five years		**23,130**	16,602	**-**	-
Later than five years		**14,917**	17,126	**-**	-
		44,249	38,032	**-**	-
(i) Operating leases (non-cancellable):					
Minimum lease payments					
▪ Not later than one year		**5,577**	3,860	**-**	-
▪ Later than one year and not later than five years		**19,857**	13,599	**-**	-
▪ Later than five years		**12,129**	13,442	**-**	-
▪ Aggregate lease expenditure contracted for at reporting date		**37,563**	30,901	**-**	-
Aggregate expenditure commitments comprise:					
Aggregate lease expenditure contracted for at reporting date		**37,563**	30,901	**-**	-

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

(ii) Finance leases:					
▪ Not later than one year		**149**	536	**24**	-
▪ Later than one year and not later than five years		**384**	426	**83**	-
▪ Total minimum lease payments		**533**	962	**107**	-
▪ Future finance charges		**(66)**	(100)	**(15)**	-
▪ Lease liability		**467**	862	**92**	-
- Current liability	20	**117**	486	**16**	
- Non-current liability	23	**350**	376	**76**	-
		467	862	**92**	-

Finance leases are for various items of plant & equipment

(iii) Almond orchard lease:					
Minimum lease payments					
▪ Not later than one year		**625**	444	**-**	-
▪ Later than one year and not later than five years		**3,273**	3,003	**-**	-
▪ Later than five years		**2,788**	3,684	**-**	-
▪ Aggregate lease expenditure contracted for at reporting date		**6,686**	7,131	**-**	-
Aggregate expenditure commitments comprise:					
Aggregate lease expenditure contracted for at reporting date		**6,686**	7,131	**-**	-

The almond orchard lease comprise the lease of a 505 acre almond orchard from Sandhurst Trustees Limited in which the consolidated entity has the right to harvest the almonds from the trees owned by the lessor for the term of the agreement.

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30. SUBSEQUENT EVENTS

On 28 August 2006, the Directors declared a fully franked final dividend of 33 cents per ordinary share to be paid on Monday 2 October 2006 to shareholders registered at 5.00 pm on Friday 8 September 2006.

There has been no other matter or circumstance, which has arisen since 30 June 2006 that has significantly affected or may significantly affect:

a) the operations, in financial years subsequent to 30 June 2006, of the consolidated entity, or

b) the results of those operations, or

c) the state of affairs, in financial years subsequent to 30 June 2006, of the consolidated entity.

31. EARNINGS PER SHARE

	Consolidated	
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:	2006 $'000	2005 $'000
Profit from continuing operations	**26,492**	22,104
Profit from discontinued operation	**4,309**	801
Profit attributable to equity holders of the company used in calculating basic earnings per share	**30,801**	22,905
Diluted earnings per share:		
Profit from continuing operations	**26,520**	22,122
Profit from discontinued operation	**4,309**	801
Profit attributable to equity holders of the company used in calculating diluted earnings per share	**30,829**	22,923

	Number of shares	
	2006	2005
Weighted average number of ordinary shares used in calculating basic earnings per share	**39,458,133**	38,864,450
Effect of dilutive securities:		
Share options	**126,363**	153,518
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**39,584,496**	39,017,968

32. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Principles used to determine the nature and amount of remuneration

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

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

Non-executive directors each receive a base fee of $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.

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Directors

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

(i) Chairman – non-executive

M A Fremder

(ii) Executive director

J Bird, Managing Director

(iii) Non-executive directors

C G Clark

G F Dan O'Brien

J C Leonard

R M Herron

(b) Other key management personnel

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

Name	Position	Employer
M Mattia	Chief Financial Officer & Company Secretary	Select Harvests Limited
M Ciobo	General Manager – Meriram	Kibley Pty Ltd
R Tanti	National Sales Manager	Select Harvests Marketing Pty Ltd
D Jones	General Manager – Operations – Food Products Division (from 25 July 2005 to 31 May 2006)	Select Harvests Limited
L Van Driel	Trading Manager	Select Harvests Marketing Pty Ltd
W Turner	General Manager – Almond Division	Kyndalyn Park Pty Ltd
T Millen	Horticultural Manager	Kyndalyn Park Pty Ltd

All of the above persons were also key management persons during the year ended 30 June 2005, except for D Jones who commenced employment with the consolidated entity on 25 July 2005. V Cavanagh (General Manager – Pesticide Products Division) was a key management person in the year ended 30 June 2005 and ceased employment with the consolidated entity pursuant to the sale of the Pesticide Products business on 1 October 2005.

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$	$	**$**	$
Short term employment benefits	**2,323,092**	1,759,149	**1,366,049**	1,000,912
Post employment benefits	**179,980**	121,119	**89,633**	63,949
Share based payments	**145,313**	109,019	**106,785**	85,889
	2,648,385	1,989,287	**1,562,467**	1,150,750

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32. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

Number of options held by directors and key management personnel

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

2006	Held at 1 July 2005	Granted as Remuneration	Exercised	Held at 30 June 2006	Vested and exercisable at 30 June 2006
Directors					
J Bird	132,800	114,800	(155,400)	92,200	92,200
Key Management Personnel					
M Mattia (Chief financial officer & Company secretary)	8,800	19,500	(28,300)	-	-
R. Tanti (Sales manager – Food Products)	-	7,400	-	7,400	7,400
T Millen (Horticultural manager)	9,200	7,500	(11,100)	5,600	5,600
W Turner (General manager – almond division)	7,000	14,400	(21,400)	-	-
L Van Driel (Trading manager)	11,200	15,300	(22,400)	4,100	4,100

2005	Held at 1 July 2004	Granted as Remuneration	Exercised	Held at 30 June 2005	Vested and exercisable at 30 June 2005
Directors					
J Bird	162,600	136,400	(166,200)	132,800	132,800
Key Management Personnel					
M Mattia (Chief financial officer & Company secretary)	-	8,800	-	8,800	8,800
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 directors or key management personnel are vested but not exercisable

Number of shares held by directors and key management personnel

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

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2006	**Held at 1 July 2005**	**Received as remuneration**	**Received on exercise of options**	**Other – DRP, sales & purchases**	**Total**
Directors - Non Executive					
M A Fremder	5,598,352	-	-	64,013	5,662,365
J C Leonard	413,091	-	-	42,841	455,932
C G Clark	22,927	-	-	965	23,892
R M Herron	5,000	-	-	-	5,000
G F Dan O'Brien	50,000	-	-	-	50,000
Directors – Executive					
J Bird	271,122	-	155,400	-	426,522
Key Management Personnel					
M Mattia (Chief financial officer & Company secretary)	2,000	-	28,300	-	30,300
M Ciobo (General manager - Meriram)	35,728	-	-	-	35,728
W Turner (General manager – almond division)	-	-	21,400	-	21,400
L Van Driel (Trading manager)	20,500	-	22,400	(4,200)	38,700
T Millen (Horticultural manager)	22,944	-	11,100	-	34,044

2005	**Held at 1 July 2004**	**Received as remuneration**	**Received on exercise of options**	**Other – DRP, sales & purchases**	**Total**
Directors - Non Executive					
M A Fremder	5,548,911	-	-	49,441	5,598,352
J C Leonard (appointed 21/7/2004)	-	-	-	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
Directors – Executive					
J Bird	266,107	-	166,200	(161,185)	271,122
Key Management Personnel					
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
T Millen (Horticultural manager)	11,544	-	11,400	-	22,944

Other transactions with directors and key management personnel

Transactions with directors and key management personnel that require disclosure in accordance with AASB 124 for the year ended 30 June 2005 are detailed in note 34

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	Notes	CONSOLIDATED ENTITY 2006 $	CONSOLIDATED ENTITY 2005 $	PARENT ENTITY 2006 $	PARENT ENTITY 2005 $
33. Remuneration of auditors					
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	**-**	118,800
▪ Other financial services	(a)	**35,500**	80,987	**35,500**	80,987
		35,500	199,787	**35,500**	199,787
Amounts received or due and receivable by PricewaterhouseCoopers for:					
▪ An audit or review of the financial report of the entity and any other entity in the consolidated entity		**110,000**	-	**110,000**	-
▪ Other financial services	(a)	**29,225**	-	**29,225**	-
		139,225	-	**139,225**	-

(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:

Pitcher Partners:		
Taxation compliance and advice	**15,160**	17,858
Tax consolidation advice	**-**	24,892
IFRS advice	**2,936**	29,505
Sale of Pesticide products	**12,828**	-
Other	**4,576**	8,732
	35,500	80,987

PricewaterhouseCoopers:		
Taxation compliance and advice	**6,855**	-
Tax consolidation advice	**-**	-
IFRS advice	**10,000**	-
Sale of Pesticide products	**12,370**	-
	29,225	-

34. RELATED PARTY DISCLOSURES

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 37.

(c) Key management personnel

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

Notes continued

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(d) Transactions with related parties

(i) Wholly-owned group transactions

	Consolidated		Parent entity	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Dividend revenue				
Subsidiaries	-	-	**25,212**	13,908
Interest income				
Subsidiaries	-	-	**956**	2,563
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	**2,090**	3,021
Other transactions				
Management fees	-	-	**3,398**	3,011

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

There have been no transactions with Riverina Pelletising Services Pty Ltd subsequent to the disposal of Select Harvests Limited's shares in this entity on 1 October 2005.

(ii) Director-related entity transactions

Services

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

In addition, Select Harvests Limited will process and sell the entire production of the orchard for a 25 year period. The consolidated entity received an amount of $996,691 (2005: $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.

Select Harvests Limited also has an Almond Orchard Management Agreement with Almas Almonds Pty Ltd, a company which manages the Almas Almonds Partnership in which both Mr M A Fremder and Mr J C Leonard have an indirect interest. Under the terms of the agreement, Select Harvests Limited is developing and shall manage 1,041 acres of almond orchard on a fee basis for Almas Almonds Pty Ltd.

In addition, Select Harvests Limited will process and sell the entire production of the orchard for the entire 30-year life of the orchard. The consolidated entity received an amount of $187,380 (2005: Nil) 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 continued

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(e) Outstanding balances

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

	Consolidated		Parent entity	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Non current receivables				
Subsidiaries	-	-	**36,256**	44,126
Non current payables				
Subsidiaries	-	-	**7,964**	13,423

(f) Loans to/from related parties

	Consolidated		Parent entity	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Loans to/from subsidiaries				
Beginning of the year	-	-	**30,703**	32,533
Loans advanced	-	-	**253,223**	381,917
Loan repayments received	-	-	**(256,590)**	(386,310)
Interest charged	-	-	**956**	2,563
Interest received	-	-	**-**	-
End of year	-	-	**28,292**	30,703

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

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

35. SEGMENT INFORMATION

Segment products and locations

The consolidated entity has the following business segments:

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

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

Notes continued

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35. SEGMENT INFORMATION (cont'd)

Business segments	Food Products		Almond Operations		Total Continuing Operations		Discontinued Operations		Eliminations and Corporate		Consolidated entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Revenue and other income												
Sales to customers outside the consolidated entity	**152,549**	131,381	**65,317**	42,483	**217,866**	173,864	**936**	4,165	**-**	**-**	**218,802**	178,029
Intersegment revenues	**1,145**	721	**24,605**	19,075	**25,750**	19,796	**16**	509	**(25,766)**	(20,305)	**-**	-
Sale of Almonds to customers outside the consolidated entity on behalf of managed orchard owners (Note 1)	**-**	-	**17,444**	12,632	**17,444**	12,632	**-**	-	**-**	-	**17,444**	12,632
Less Cost of Almonds sold by the consolidated entity on behalf of managed orchard owners (Note 1)	**-**	-	**(33,843)**	(23,508)	**(33,843)**	(23,508)	**-**	-	**16,399**	10,876	**(17,444)**	(12,632)
Other revenue and other income	**32**	24	**552**	787	**584**	812	**1**	1	**-**	-	**585**	812
Total segment revenue and other income	**153,726**	132,126	**74,075**	51,469	**227,801**	183,596	**953**	4,676	**(9,367)**	(9,429)	**219,387**	178,842
Unallocated revenue											**129**	69
Total consolidated revenue and other income											**219,516**	178,911
Results												
Segment result	**9,212**	9,341	**32,075**	26,270	**41,287**	35,611	**4,356**	1,260	**(2,918)**	(2,540)	**42,725**	34,331
Unallocated expenses											**(466)**	(1,268)
Consolidated entity profit before income tax expense											**42,259**	33,063
Income tax expense											**(11,458)**	(10,158)
Consolidated entity profit after income tax expense											**30,801**	22,905
Net profit											**30,801**	22,905

Notes continued

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35. SEGMENT INFORMATION (cont'd)

Business segments	Food Products		Almond Operations		Total Continuing Operations		Discontinued Operations		Eliminations and Corporate		Consolidated entity	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets												
Segment assets	**71,324**	72,352	**64,230**	60,877	**135,554**	133,229	**-**	2,404	**16,322**	1,825	**151,876**	137,458
Liabilities												
Segment liabilities	**13,478**	12,091	**35,385**	36,490	**48,863**	48,581	**-**	686	**1,211**	97	**50,074**	49,364
Other segment information:												
Acquisition of non-current segment assets	**923**	1,548	**4,633**	4,457	**5,556**	6,005	**-**	17	**90**	133	**5,646**	6,155
Depreciation and amortisation of segment assets	**1,586**	1,457	**1,743**	1,446	**3,329**	2,903	**22**	100	**220**	175	**3,571**	3,178
Profit on sale of discontinued operations before tax	**-**	**-**	**-**	-	**-**	-	**4,139**	-	**-**	**-**	**4,139**	-

Note 1 - The consolidated entity provides a range of management and other services to externally owned or third party orchards. In addition to these services, the consolidated entity sells the crop of almonds harvested from the orchards of the external owners. These almonds are sold by the consolidated entity on a pooled basis, the proceeds from which are distributed to the pool participants. The consolidated entity earns a marketing fee for providing this service.

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

Notes continued

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36. INTEREST RATE RISK

(a) Interest rate risk

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

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the Statement of Financial Position		Weighted average effective interest rate	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%	%
(i) Financial assets														
Cash	**16,055**	586	**6,500**	4,000	**-**	**-**	**-**	-	**2**	2	**22,557**	4,588	**4.0**	3.0
Trade and other receivables	**-**	-	**-**	-	**-**	**-**	**-**	-	**24,442**	25,687	**24,442**	25,687	**-**	-
Total financial assets	**16,057**	586	**6,500**	4,000	**-**	-	**-**	-	**24,444**	25,689	**46,999**	30,275		
(ii) Financial liabilities														
Bank overdraft – USD	**784**	-	**-**	-	**-**	-	**-**	-	**-**	-	**784**	-	**6.7**	6.2
Bank overdraft - AUD	**52**	49	**-**	-	**-**	-	**-**	-	**-**	-	**52**	49	**9.6**	9.1
Trade creditors	**-**	-	**-**	-	**-**	-	**-**	-	**8,668**	7,042	**8,668**	7,042	**-**	-
Other creditors	**-**	-	**-**	-	**-**	-	**-**	-	**25,739**	25,780	**25,739**	25,782	**-**	-
Finance lease liability	**-**	-	**117**	486	**350**	376	**-**	-	**-**	-	**467**	862	**7.0**	7.0
Bills of exchange and promissory notes	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Foreign exchange contracts	**(777)**	10,295	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total financial liabilities	**59**	10,344	**117**	486	**350**	376	**-**	-	**34,407**	32,822	**35,710**	33,735		

Notes continued
30 JUNE 2006

37. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%) 2006	2005
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	0	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 2006.

38.EMPLOYEE BENEFITS

Executive share option scheme

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

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

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

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

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

The model inputs for options offered during the year ended 30 June 2006 included:

i) 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
j) exercise price: $11.05 (2005 - $7.78)
k) offer date: 22 September 2005 (2005 – 17 September 2004)
l) expiry date: 31 October 2008 (2005 – 20 October 2007)
m) share price at offer date: $11.03 (2005 – $7.53)
n) expected price volatility of the company's shares: 27.10% (2005 – 23.30%)
o) expected dividend yield: 3.81% (2005 – 3.38%)
p) risk free interest rate: 5.10% (2005 – 5.25%)

Notes continued

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38. EMPLOYEE BENEFITS (cont'd)

Summary of options over unissued ordinary shares

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

2006

Grant date	Exercise date on or after	Expiry date	Exercise Price	Number of options at beginning of year	Options granted	Options lapsed	Options exercised	Number of options at end of year On Issue	Number of options at end of year Vested	Proceeds received	Number of shares issued	Fair value per share	Fair value aggregate
01/09/2003	01/09/2003	20/10/2005	$3.31	62,300	-	-	62,300	-	-	$206,213	62,300	$5.60	$348,880
27/08/2004	27/08/2004	20/10/2005	$3.31	69,600	-	-	69,600	-	-	$230,376	69,600	$7.82	$544,272
24/08/2005	24/08/2005	20/10/2005	$3.31	-	85,200	-	85,200	-	-	$282,012	85,200	$11.70	$996,840
27/08/2004	27/08/2004	01/11/2006	$5.60	56,300	-	-	25,300	31,000	31,000	$141,680	25,300	$7.82	$197,846
24/08/2005	24/08/2005	01/11/2006	$5.60	-	66,400	-	35,400	31,000	31,000	$198,240	35,400	$11.70	$414,180
24/08/2005	24/08/2005	20/10/2007	$7.78	-	86,100	-	38,800	47,300	47,300	$301,864	38,8001	$11.70	$453,960

2005

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 On Issue	Number of options at end of year Vested	Proceeds received	Number of shares issued	Fair value per share	Fair value aggregate
28/08/2002	28/08/2002	20/10/2004	$1.66	66,900	-	-	66,900	-	-	$111,054	66,900	$3.15	$210,735
01/09/2003	01/09/2003	20/10/2004	$1.66	66,900	-	-	66,900	-	-	$111,054	66,900	$5.60	$374,640
27/08/2004	27/08/2004	20/10/2004	$1.66	-	79,100	-	79,100	-	-	$131,306	79,100	$7.82	$618,562
01/09/2003	01/09/2003	20/10/2005	$3.31	82,000	-	-	19,700	62,300	62,300	$65,207	19,700	$5.60	$110,320
27/08/2004	27/08/2004	20/10/2005	$3.31	-	85,200	-	15,600	69,600	69,600	$51,636	15,600	$7.82	$121,992
27/08/2004	27/08/2004	01/11/2006	$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.*

Notes continued
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38. EMPLOYEE BENEFITS (cont'd)

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

	2006 $'000	2005 $'000
Issued and Paid up Capital	**1,360**	515

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

	Consolidated		Parent entity	
	2006 **$'000**	2005 $'000	**2006** **$'000**	2005 $'000
Options issued under employee option plan	**358**	192	**109**	132
	358	192	**109**	132

39. CONTINGENT LIABILITIES

Upon achieving an EBIT target of $2.5 million in the financial year ending 30 June 2005, a further payment to a maximum of $500,000 was to be made in respect of the acquisition of Meriram Pty Ltd and Kibley Pty Ltd.

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

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

Notes continued

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40 Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 July 2004

		Consolidated			Parent entity		
		Previous AGAAP	Effect of transition to AIFRS	AIFRS	Previous AGAAP	Effect of transition to AIFRS	AIFRS
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Current assets							
Cash and cash equivalents		489	-	489	-	-	-
Receivables		15,702	-	15,702	19	-	19
Inventories		15,444	-	15,444	-	-	-
Prepayments		956		956	784	-	784
Derivative financial instruments	(a)	-	3,820	3,820	-	3,820	3,820
Total current assets		32,591	3,820	36,411	803	3,820	4,623
Non-current assets							
Other financial assets		19	-	19	12,195	-	12,195
Property, plant and equipment		41,792	-	41,792	747	-	747
Deferred tax assets	(b)	322	(56)	266	124	(124)	-
Receivables					41,673	-	41,673
Biological assets – almond trees		4,986	-	4,986	-	-	-
Intangible assets	(c)	27,245	-	27,245	-	-	-
Total non-current assets		74,364	(56)	74,308	54,739	(124)	54,615
Total assets		106,955	3,764	110,719	55,542	3,696	59,238
LIABILITIES							
Current liabilities							
Payables	(e)	14,344	523	14,867	587	-	587
Interest bearing liabilities		957	-	957	205	-	205
Derivative financial instruments	(d)	-	60	60	-	60	60
Current tax liabilities		2,229	-	1,547	378	-	378
Provisions		1,547	-	2,229	150	-	150
Total current liabilities		19,077	583	19,660	1,320	60	1,380
Non-current liabilities							
Interest bearing liabilities		7,123	-	7,123	6,700	-	6,700
Deferred tax liabilities	(b)	1,263	7,998	9,261	-	681	681
Payables					9,150	(10)	9,140
Provisions		224	-	224	36		36
Total non-current liabilities		8,610	7,998	16,608	15,886	671	16,557
Total liabilities		27,687	8,581	36,268	17,206	731	17,937
Net assets		79,268	(4,817)	74,451	38,336	2,965	41,301
EQUITY							
Contributed equity		43,940	-	43,940	43,940	-	43,940
Reserves	(h)	14,191	(603)	13,588	3,270	2,673	5,943

Notes continued

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Retained earnings	(i)	21,137	(4,214)	16,923	(8,874)	292	(8,582)
Total equity		79,268	(4,817)	74,451	38,336	2,965	41,301

(b) At the end of the last reporting period under previous AGAAP: 30 June 2005

		Consolidated			Parent entity		
		Previous AGAAP	Effect of transition to AIFRS	AIFRS	Previous AGAAP	Effect of transition to AIFRS	AIFRS
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Current assets							
Cash and cash equivalents		4,539	-	4,539	4,231	-	4,231
Receivables		24,862	-	24,862	10	-	10
Inventories		24,796	-	24,796	-	-	-
Prepayments		825	-	825	770	-	770
Derivative financial instruments	(a)	-	3,761	3,761	-	3,761	3,761
Total current assets		55,022	3,761	58,783	5,011	3,761	8,772
Non-current assets							
Other financial assets		21	-	21	12,195	-	12,195
Property, plant and equipment		43,991	-	43,991	523	-	523
Deferred tax assets	(b)	395	(128)	267	83	(83)	-
Receivables					41,205	-	41,205
Biological assets – almond trees		5,516	-	5,516	-	-	-
Intangible assets	(c)	27,367	1,514	28,881	-	-	-
Total non-current assets		77,290	1,386	78,676	54,006	(83)	53,923
Total assets		132,312	5,147	137,459	59,017	3,678	62,695
LIABILITIES							
Current liabilities							
Payables	(e)	32,044	778	32,822	1,370	-	1,370
Interest bearing liabilities		486	-	486	-	-	-
Derivative financial instruments	(d)	-	22	22	-	22	22
Current tax liabilities		3,239	-	3,239	318	-	318
Provisions		2,139	-	2,139	191	-	191
Total current liabilities		37,908	800	38,708	1,879	22	1,901
Non-current liabilities							
Interest bearing liabilities		376	-	376	-	-	-
Deferred tax liabilities	(b)	2,123	7,797	9,920	-	709	709
Payables					13,490	(67)	13,423
Provisions		360	-	360	48	-	48
Total non-current liabilities		2,859	7,797	10,656	13,538	642	14,180
Total liabilities		40,767	8,597	49,364	15,417	664	16,081
Net assets		91,545	(3,450)	88,095	43,600	3,014	46,614
EQUITY							
Contributed equity		46,925	-	46,925	46,925	-	46,925
Reserves	(h)	14,191	(425)	13,766	3,270	2,851	6,121
Retained earnings	(i)	30,429	(3,025)	27,404	(6,595)	163	(6,432)

Notes continued

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Total equity	91,545	(3,450)	88,095	43,600	3,014	46,614

(2) Reconciliation of profit for the year ended 30 June 2005

		Consolidated			Parent entity		
		Previous AGAAP	Effect of transition to AIFRS	AIFRS	Previous AGAAP	Effect of transition to AIFRS	AIFRS
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Sales revenue		173,864	-	173,864	-	-	-
Cost of sales		(127,973)	-	(127,973)	-	-	-
GROSS PROFIT		45,891	-	45,891	-	-	-
Other revenues from ordinary activities	(f)	870	(775)	95	18,829	(135)	18,694
Other revenues from almond stock fair value adjustment		787	-	787	-	-	-
Distribution expenses		(3,286)	-	(3,286)	-	-	--
Marketing expenses		(659)	-	(659)	-	-	-
Occupancy expenses	(e)	(1,608)	(255)	(1,863)	-	-	-
Administrative expenses	(g)	(2,724)	(192)	(2,916)	(1,980)	(135)	(2,115)
Borrowing costs expensed		(1,361)	-	(1,361)	(1,219)	-	(1,219)
Other expenses from ordinary activities	(f),(c)	(6,946)	2,289	(4,657)	(561)	135	(426)
Other expenses from almond tree fair value adjustment		(229)	-	(229)	-	-	-
PROFIT BEFORE INCOME TAX		30,735	1,067	31,802	15,069	(135)	14,934
INCOME TAX EXPENSE	(b)	(9,820)	122	(9,698)	(366)	7	(359)
PROFIT FROM CONTINUING OPERATIONS		20,915	1,189	22,104	14,703	(128)	14,575
Profit from discontinued operations		801	-	801	-	-	-
PROFIT FOR THE YEAR		21,716	1,189	22,905	14,703	(128)	14,575

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

(a) Foreign currency transactions

The impact of applying AASB 132 and AASB 139 and recognising qualifying forward exchange contracts as cash flow hedges is as follows:

(i) At 1 July 2004

For the Consolidated entity and Parent entity a derivative financial instrument receivable of $3,819,852 is recognised. A foreign exchange reserve is recognised for $2,673,896 and deferred tax liability is increased by $1,145,956.

(ii) At 30 June 2005

Notes continued

30 JUNE 2005

For the Consolidated entity and parent entity the balance of the derivative financial instrument receivable is increased by $3,760,623. The foreign exchange reserve is increased by $2,632,436 and deferred tax liability is increased by $1,128,187.

(iii) For the year ended 30 June 2005

There was no effect for the consolidated and parent entity.

(b) Deferred tax liability

Under previous AGAAP income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognised in relation to amounts recognised directly in equity. The adoption of AIFRS has resulted in a change in accounting policy. The application of AASB 112 Income Taxes has resulted in the recognition of deferred tax liabilities on revaluations of non-current assets. The effects are as follows:

(i) At 1 July 2004 and at 30 June 2005

The effects on the deferred tax liability of the adoption of AIFRS are as follows (tax rate of 30%):

	1 July 2004		30 June 2005	
	Consolidated	Parent entity	Consolidated	Parent entity
	$'000	$'000	$'000	$'000
Adjustments arising from adoption of AASB 112	8,054	805	7,925	792
Increase (decrease) in deferred tax liability	8,054	805	7,925	792

Upon transition, $3,276,004 was allocated to the asset revaluation reserve, $1,145,956 was allocated to foreign exchange reserve, ($18,113) to interest rate swap reserve and the balance allocated to retained earnings for the consolidated entity.

(ii) For the year ended 30 June 2005

For the Consolidated entity this has decreased income tax expense by $121,845. For the parent entity this has decreased income tax expense by $7,233

(c) Goodwill

Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

(i) At 1 July 2004

There is no effect on the consolidated entity or parent entity.

(ii) At 30 June 2005

For the Consolidated entity the balance of intangible assets is increased by $1,513,782. Retained earnings is increased by this amount. There was no effect on the parent entity.

(iii) For the year ended 30 June 2005

For the Consolidated entity amortisation expense is decreased by $1,513,782. There was no effect on the parent entity

(d) Interest Rate Swaps

The impact of applying AASB 132 and AASB 139 and recognising a derivative financial instrument payable in relation to interest rate swap contracts which qualify as cash flow hedges is as follows:

(i) At 1 July 2004

For the Consolidated entity and parent entity a derivative financial instrument payable of $60,375 is recognised. The interest rate swap reserve is decreased by $42,263 and deferred tax liability is decreased by $18,113.

(ii) At 30 June 2005

For the Consolidated entity and parent entity the balance of the derivative financial instrument payable is increased by $22,458. The interest rate swap reserve is decreased by $15,721 and deferred tax liability is decreased by $6,738.

(iii) For the year ended 30 June 2005

There was no effect for the consolidated and parent entity.

Notes continued

30 JUNE 2005

(e) Operating Leases

Lease payments in respect of operating leases are recognised as an expense on a straight line basis over the term of the lease. The impact of adjustments made to recognise operating lease payments pursuant to AASB 117 is as follows:

(i) At 1 July 2004

For the Consolidated entity the balance of payables is increased by $523,018. Retained Earnings are decreased by this amount. There was no effect on the parent entity.

(ii) At 30 June 2005

For the Consolidated entity the balance of payables is increased by $777,880. Retained earnings are decreased by this amount. There was no effect on the parent entity.

(iii) For the year ended 30 June 2005

For the Consolidated entity rental expense is increased by $254,862. There was no effect on the parent entity.

(f) Revenue

The impact of adjustments made to eliminate proceeds from the sale of fixed assets from revenue is as follows:

(i) At 1 July 2004

There is no effect on the consolidated entity or the parent entity.

(ii) At 30 June 2005

There is no effect on the consolidated entity or the parent entity.

(iii) For the year ended 30 June 2005

For the consolidated entity revenue is decreased by $774,665 and expenses are decreased by $774,665. For the parent entity revenue is decreased by $133,618 and expenses are decreased by $133,618

(g) Share-based payments

Under AASB 2 Share-based Payment, from 1 July 2004, the Consolidated entity is required to recognise an expense for those options that were issued to employees under the Select Harvests Limited Executive Share Option Scheme after 7 November 2002 but that had not vested by 1 January 2005. The effect of this is:

(i) At July 2004

For the Consolidated entity there has been a decrease in retained earnings of $40,886 and a corresponding increase in the options reserve. For the parent entity there has been a decrease in retained earnings of $31,245, an increase in the options reserve of $40,886 and a decrease in non-current payables of $9,641.

(ii) At 30 June 2005

For the Consolidated entity there has been a decrease in retained earnings of $232,597 and a corresponding increase in reserves. For the parent entity there has been a decrease in retained earnings of $163,644, an increase in the options reserve of $232,597 and a decrease in non-current payables of $68,953.

(iii) For the year ended 30 June 2005

For the Consolidated entity there has been an increase in employee benefits expense of $191,711. For the parent entity there has been an increase in employee benefits expense of $161,201.

(h) Reserves

The effect on reserves of the changes set out above are as follows:

		1 July 2004		30 June 2005	
		Consolidated	Parent entity	Consolidated	Parent entity
	Notes	$'000	$'000	$'000	$'000
Foreign exchange reserve	(a)	2,674	2,674	2,632	2,632
Interest rate swap reserve	(d)	(42)	(42)	(16)	(16)
Option reserve	(g)	41	41	233	233
Asset revaluation reserve	(b)	(3,276)	-	(3,276)	-
Total adjustment		(603)	2,673	(427)	2,849

Notes continued
30 JUNE 2005

(i) Retained earnings

The effect on retained earnings of the changes set out above are as follows:

		1 July 2004		30 June 2005	
		Consolidated	Parent entity	Consolidated	Parent entity
	Notes	$'000	$'000	$'000	$'000
Deferred Tax Liability	(b)	(3,650)	323	(3,528)	327
Operating Leases	(e)	(523)	-	(778)	-
Share-based payments	(g)	(41)	(31)	(233)	(164)
Goodwill	(c)	-	-	1,514	-
Total adjustment		(4,214)	292	(3,025)	163

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 20 to 72 are in accordance with the Corporations Act 2001, including:

(i) complying with accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of its performance, as represented by the results of their operations, changes in equity, and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out in the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001; and

The directors have been given the declarations required under section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer.

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

M A Fremder
Chairman

Melbourne, 28 August 2006

PRICEWATERHOUSECOOPERS

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Independent audit report to the members of Select Harvests Limited

Audit opinion

In our opinion:

1. the financial report of Select Harvests Limited:
   - gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Select Harvests Limited and the Select Harvests Group (defined below) as at 30 June 2006, and of their performance for the year ended on that date, and
   - is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*, and
2. the remuneration disclosures that are contained on pages 4 to 8 of the directors' report comply with Accounting Standard *AASB 124 Related Party Disclosures* (AASB 124) and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report, remunerations disclosures and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statements, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for both Select Harvests Limited] (the company) and the Select Harvests Group (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives (remuneration disclosures) as required by AASB 124, under the heading "remuneration report" on pages 4 to 8 of the directors' report, as permitted by the *Corporations Regulations 2001*.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 124 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

PRICEWATERHOUSECOOPERS

Independent audit report to the members of

Select Harvests Limited

(continued)

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001,* Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 124 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

A J Mill

Andrew Mill
Partner

Melbourne
28 August 2006

ASX additional information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 July 2006.

(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
1 to 1,000	1,359
1,001 to 5,000	1,342
5,001 to 10,000	329
10,001 to 100,000	296
100,001 and over	43

	NUMBER OF SHAREHOLDERS	NUMBER OF ORDINARY SHARES
The number of shareholders holding less than a marketable parcel of shares are:	59	771

(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	5,662,365	14.3
2	Almonds Australia Pty Ltd	4,500,000	11.3
3	Westpac Custodian Nominees Limited	2,142,934	5.4
4	M F Custodians Ltd	1,906,334	4.8
5	Invia Custodian Pty Limited	1,389,288	3.5
6	Thurston Investments Pty Ltd	938,000	2.4
7	Le Grand Pty Ltd	745,000	1.9
8	National Nominees Limited	614,943	1.5
9	AMP Life Limited	515,614	1.3
10	Ellise Investments Pty Ltd	455,932	1.1
11	Mr Peter Charles Nicholas Middendorp	436,767	1.1
12	John Bird	426,522	1.1
13	Longo Pty Ltd	410,575	1.0
14	Mr Rodney Milton Fitzroy	345,295	0.9
15	Mid Manhattan Pty Ltd	322,596	0.8
16	Est Mr James Ronald Mackinnon c/o Mr Bourne and Mr Macauley	317,003	0.8
17	Mirrabooka Investments Limited	300,000	0.8
18	Mutual Trust Pty Ltd	300,000	0.8
19	J P Morgan Nominees Australia Limited	241,280	0.6
20	Dr John Carey	230,181	0.6

(c) Substantial shareholders

The names of substantial shareholders are:

	Number of Shares
Maxdy Nominees Pty Ltd	5,662,365
Almonds Australia Pty Ltd	4,500,000
Westpac Custodian Nominees Limited	2,142,934

(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.