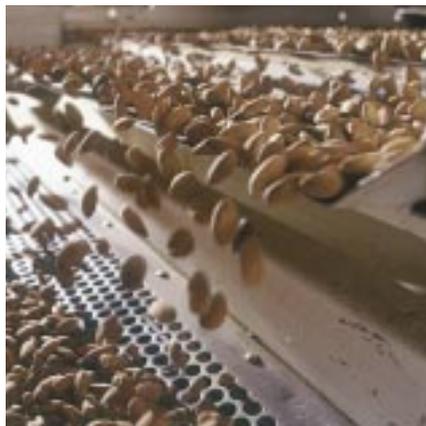


Select Harvests Limited



Annual Report 2002

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Shareholder Information

Annual General Meeting

The Annual General Meeting will be held on Wednesday 30th October 2002 at the ASX Theatre, 530 Collins Street, Melbourne, Victoria commencing at 3.30pm. A separate notice of meeting has been posted to all shareholders with a copy of this report.

2002/03 Calendar

December	Shareholder newsletter posted to all shareholders
February	Announcement of interim results
March	Shareholder newsletter posted to all shareholders
April	Payment of interim dividend
June	Shareholder newsletter posted to all shareholders
August	Announcement of preliminary full year results
September	Annual report mailed to shareholders
October	Payment of final dividend
October	Annual General Meeting



In 1998, we set ourselves a goal.

The goal was to transform what was essentially a commodity based single revenue stream company into one of Australia's best performing agri-food businesses.

Strategically the decision was to diversify our income streams, to focus on our core strengths and to find ways of leveraging those strengths into businesses with a more stable income stream.

Our approach had two parts; the first was the concept of developing and managing orchards for investors. Without doubt, this has been very successful. The second was to look at ways of adding value to our almonds and expanding our product range. Through three acquisitions Select Harvests has become a major processor and marketer of nuts and dried fruits to both retail and industrial markets.

To date we have developed 5300 acres of managed orchards and our Processed and Marketing division has annual revenue of close to \$50 million supplying a range of nuts, seeds, dried fruits, and rice snacks to retail and industrial markets throughout Australia. We are actively looking for ways to expand our distribution channels as well as the uses of our products.

By focusing on the diversification of our revenue base, we aim to provide superior returns for our investors.

Chairman's Report

To the Shareholders of Select Harvests Limited

Creating shareholder value is the underlying principle that drives the decision making process at Select Harvests. To create true sustainable value and wealth for shareholders means attention to strategy, and active management of the risks associated with managing a vertically integrated business. However, the real litmus test is in being able to make the earnings line improve year on year, and to extend with greater certainty into the future. By diversifying our income streams and making strategic acquisitions over the past three years, we have built a company with sustainable and recurring revenues.

“...create true sustainable value and wealth for shareholders...”

The Results

In a year where sales grew 24% to \$80.5m, earnings before interest and tax (EBIT) rose 21% to \$14.7m, and net profit after tax grew 30%, we can say that it was a good result. The results did not just happen, they were the result of planning and doing. The results also mark the fifth consecutive year of earnings growth. While we do not always expect to achieve such strong growth, we are confident that the objective of creating one of Australia's leading agri-food companies is well underway. As a result of such strong earnings growth, Earnings Per Share (fully diluted) increased 25% to 24.7 cents from 19.8 cents in 2001.

As foreshadowed in last year's annual report, our debt levels reduced during the year due to strong cash generation. Consequently our debt to equity ratio fell over the period from 70% to 39%. This gives the Balance Sheet the flexibility to fund further expansion.

“...net profit after tax grew 30%...”

Dividend

The Directors have declared a fully franked final dividend of 8.0 cents per share, bringing the total dividend paid this year to 13.5 cents. This represents a 35% increase on the total dividend of 10 cents declared last year.

Our Businesses

Almond Orchards division - owns and manages 1,900 acres of mature almond orchards. Our almonds are pooled with the crops from our managed orchards and sold to domestic and international markets.

Management Services division - establishes orchards and grows, harvests, processes and sells almonds for external investors. These services are provided under long-term fee arrangements.

Processed and Marketing division - sources, processes and markets an extensive range of nuts and dried fruits to retail and industrial food markets.

Pesticide Products division - manufactures a range of wheat-based pelletised snail, slug and rodent baits for the Australian and New Zealand markets.



The Year in Brief

In essence, this was a year of both consolidation and further development. At the end of the year we commenced the commissioning of a state-of-the-art processing facility in Thomastown, designed to world's best practice food processing and hygiene standards. For the first time, we have all of our food manufacturing operations under one roof with the capacity and operational efficiencies to facilitate our future growth. The facility was fully operational at the end of August 2002.

Our Management Services division harvested its first crop of almonds and planted an additional 520 acres of investor-owned orchards. This brings the total number of acres under management to 5,300 acres out of a total of 7,200. We are planning to plant an additional 3,000 acres in the coming season, subject to land availability. Our own orchards continue to maintain the high yields of previous years. Likewise, our cost management and efficiency programs have ensured cost reductions have been maintained.

Risk Management

Risk Management is fundamental to the way we do business. Our Health and Safety Manager looks after the well-being of our staff. Our Management team has the skills and experience necessary to manage the risks associated with our various divisions. The Farm Management team operates at world's best practice standards protecting our trees and crops, while the Trading Department manages commodity and currency exposures as well as developing our almond export markets. On the processing side, we have moved to a superior level of food hygiene and safety with the advent of the new manufacturing facility. All facilities from orchards to retail packing have third party accreditation for quality management systems (ISO9001:2000) and food safety programme (HACCP).

“...state-of-the-art processing facility in Thomastown...”

Our Markets

World consumption of almonds continues to grow and is currently absorbing production increases out of the USA. As a result, prices have improved over the last year. A continuation of this growth will add upward pressure to prices as USA production levels out over the next few years.

Nuts, and in particular almonds, are enjoying an increase in popularity. Regularly we are reminded of the benefits of eating nuts, and this has translated into an increase in the consumption of nuts both locally and internationally. Food manufacturers continue to develop new product lines which use our products as ingredients, and nuts and dried fruits continue to increase their presence on supermarket shelves.

There is an increased awareness and interest in managed almond orchards as a long-term agricultural investment. This provides confidence for further development of our management services business.

“...Farm Management team operates at world's best practice...”



The Board

I would like to acknowledge the contribution of my fellow Directors to the Company's success, and the contribution of Brian Hanley who left the Board during the year.

It was with great pleasure we welcomed John Bird to the Board in September 2001. His role in guiding Select Harvests over the last few years has been invaluable. His knowledge and understanding of the almond and food processing markets both locally and globally makes his appointment to the Board a natural progression.

“...creating one of Australia's leading agri-food companies...”

Our people

With the relocation of our factories to Thomastown, we unfortunately lost some good staff along the way. For most, the additional travelling time was the deciding factor although we actively sought ways to minimise the issues involved. To those who chose to leave, we thank them for their support, for those who stayed with us we look forward to many good years ahead.

The almond growing business is very much dependent on numerous contractors and seasonal staff. Yet again, Management and Board are indebted to all those who have contributed to another successful year.

On behalf of the Board, I would like to acknowledge the commitment of John Bird, his Management team and all members of staff who have contributed to the continued success of Select Harvests.

Going forward

As I noted in my opening, our driving principle is the creation of shareholder value, which we have achieved this year. Even with the strong growth that your Management team has delivered, there are still many opportunities to expand our business. We have confidence in our ability to do so in the future.

Max Fremder
Chairman

Dated this 17th day of September 2002

Managing Director's Report

The Development of Select Harvests

In 1998 Select Harvests was a company with limited growth prospects and an earnings stream exposed to the price volatility of the international almond market. Since that time, by moving into the provision of orchard management services and upstream into food processing and marketing, we have been able to deliver a solid base of sustainable and reliable earnings.

We recognised that Select Harvests must find ways of diversifying its earnings base if it was to grow earnings and dilute its exposure to commodity pricing. The reality was that while our orchard skills were world's best practice, they did not provide the Company with stable earnings or a platform for growth.

Since then our strategy has been to create a vertically integrated company that manages its own orchards, receives fees and income from establishing orchards and growing and selling of almonds for third parties, through to retail and industrial sales. This has allowed the Company to substantially diversify its earnings by building on its core strengths – almond growing and a detailed knowledge of edible nuts and their markets.

“...to deliver a solid base of sustainable and reliable earnings...”

As a result we have increased our almond tonnages, providing operating efficiencies, better utilisation of production capacity and an improved competitive position as an international almond seller. At the same time we have diversified our product range, become a major supplier of nuts and dried fruits to Australian supermarkets and food manufacturers, and created greater certainty for the sale of our almonds.

Review of Operations

The Chairman gave a brief overview of our businesses. Let me give you a more detailed understanding of them.

“...manages 7,200 acres of almond orchards...”

Almond Operations

The Company manages 7,200 acres of almond orchards, of which 5,300 acres (74%) are owned by external parties. Our total intake from the 2002 crop increased 13% on the previous year to 2,860 metric tonnes, as we harvested the first crops from some of our managed orchards. The 2002 crop selling program has been very successful with 60% of the crop despatched by the end of June. With over 90% of the crop now processed and sold, we will have an empty store prior to the 2003 intake. Approximately 40% of the crop has been sold to export markets including India, Japan, Taiwan, Germany, Italy, Spain and the United Kingdom.

Select Harvests is Australia's largest grower producing 30% of Australia's almond crop and managing over 50% of the orchards. The difference arises because at this stage the new orchards are not yet fully producing. Based on current plantings we expect to process over 8,000 metric tonnes by 2008.

Owned Orchards

In 1998, our owned orchards contributed 88% of our total EBIT of \$5.9m. In the year ended 30 June 2002 the EBIT contribution was \$6.3m or 39% of a total EBIT of \$14.7m. After deducting non-recurring income of \$629,000 generated from the sale of orchards into an investor-owned arrangement, EBIT increased 19% over the previous year.

“...low cost structure and world class standards in yields...”

The important drivers of the result were a 12% rise in the average almond price achieved, and our ability to maintain the cost reductions and almond yield improvements that had been achieved in previous years. A low cost structure and world class standards in yields, together with expectations that recent almond price improvements will be maintained, indicate that we will continue to generate good returns.

In June 2002 we replaced 160 acres of 30-year-old trees at our Boundary Bend property. Our remaining orchards are aged between 13 and 21 years, and as they are not showing any signs of declining tree health or yield reduction, we are not planning to replant any further acres in the foreseeable future.

“...Select Harvests is Australia's largest grower...”

Management Services

A further 520 acres of investor owned orchards were established during the year increasing the area under management to 5300 acres. The continued expansion of our Management Services division has created the right sort of challenges. From a zero base in 1998 this division now contributes 24% of total EBIT, and in the 2002 financial year achieved an EBIT of \$3.96m, an increase of 50% over the previous year. The profit contribution from this division will continue to grow as existing orchards increase production and new orchards are established.

Our objective has been to develop a long-term fee based income stream, which utilises our processing and marketing capacity and horticultural expertise. Our fees are generated initially as one-off establishment fees for the development of orchards. Recurring fees are derived from the work we do in managing the orchard, and commencing in year 3 from the processing and marketing of annual almond crops.

We now have projects in place with private investors, companies, a superannuation fund, and a number of managed investment schemes. As a result of the work done over the last 4 years, managed almond orchards are now firmly established as an investment product.

A major orchard development is to be undertaken in 2003 on behalf of Timbercorp Limited, with the plan to plant up to 3,000 acres, subject to the availability of suitable land.

Global Scene

Australia contributes around 2% of world production with USA growing 80% of world production. Australia has ideal growing conditions for almonds providing a clear competitive advantage in terms of yield and quality. Over the last 4 years we have produced consistent yields in excess of 50% above those achieved in USA. The quality of our almonds in terms of size, colour and appearance has allowed us to compete in export markets as an alternative to USA almonds. Therefore, Australia has a unique opportunity to substantially increase production of a product in which we are world competitive without adversely impacting on global supply.

The outlook for almond prices looks buoyant over the next few years if current trends continue. World consumption continues to grow driven by an increased awareness of the health benefits, and emerging markets, particularly India and China. As a result, demand is keeping pace with production increases in USA. With lower new plantings and the ongoing retirement of older orchards, further production increases will be limited over the next few years.

The international almond price increased by around 15% over the last year as increased world demand exhausted supplies from the USA 2001 crop, reducing world stock levels to a minimum. The USA 2002 crop currently being harvested will be a record, but given the low world supply position should not result in an unmanageable stock position.



Processed and Marketing

The Processed & Marketing division's EBIT of \$5 million, representing 30% of total group EBIT, was impacted by non-recurring relocation costs of \$260,000, and an increase in goodwill expense of \$288,000. Operating profit excluding these items rose by 4% from \$6.15 million to \$6.39 million. Trading was impacted by lost sales from Franklins store closures, which were offset by gains in other areas, and a contribution from the Renshaw business above initial expectations.

At the end of the year under review, we relocated our processing and packaging operations to one site. The new facility provides increased capacity and efficiency and meets the highest level of food hygiene standards, improving our competitiveness and positioning the division for future growth.

We continue to develop our relationships with the supermarket chains seeking ways to improve sales and share of shelf, and at the same time increase our distribution outside the major retailers. As the supermarket landscape stabilises following the Franklins store closures, we aim to regain lost market share through the coming year. Overall, our products benefited from the increased publicity about the health benefits of their regular consumption, and the supermarket categories which we service generally experienced growth over the year. We aim to participate in this growth from both our existing product range, and by product and category expansion.

Renshaw has continued to improve its contribution to the profitability of the division, and provides direct access to a growing industrial customer base. Our clients are food manufacturers, food service distributors, packers and other distributors. They in turn either sell to other companies or direct to the retail consumer. This means that our products will almost surely end up in every Australian home sooner or later.

The key to our success to date has been the identification of appropriate acquisitions, which provide a market position and a fit with our core business, and the integration of these businesses to deliver operating efficiencies and competitiveness. We continue to pursue acquisitions, which fit the above criteria.

Pesticide Products

This division is the quiet earner, a remnant of our early days. In 2002, this division earned \$1.2m EBIT and contributed 7% to group EBIT. This was a similar EBIT contribution to previous years, reflecting the steadiness of demand.

Based in Yenda, NSW we supply an estimated 50% of all pelletised snail, slug and rodent baits in the Australian and New Zealand market. It is a division that requires little capital investment and we have a good Management team in place.

The Year Ahead

We approach the year ahead with confidence as our strategies are further developed. We expect an increase in almond tonnages as new orchards increase production, and are forecasting the maintenance of recent almond price increases. We are planning a major orchard project in 2003 of up to 3,000 acres, which will take our total area under Management to over 10,000 acres.

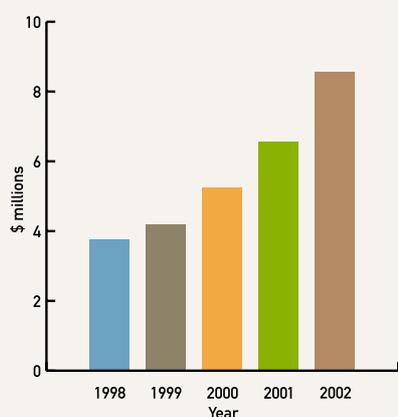
We are also pursuing further growth of our processing and marketing business, both from our existing products and markets, and from further acquisition. We have bedded down our new production facility, and can commence capturing the available operating efficiencies. We anticipate another solid performance from our pesticide business.

John Bird
Managing Director
September 2002

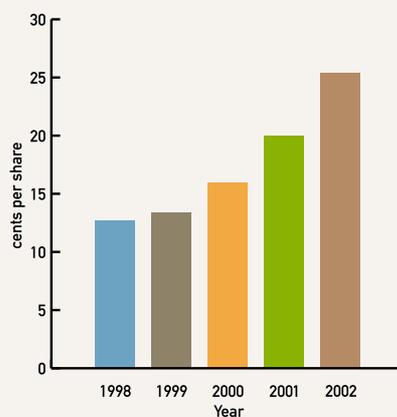
Financial Highlights

Highlights

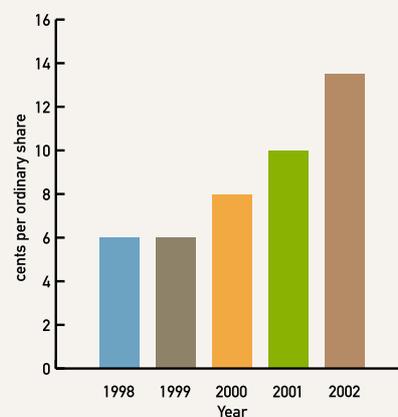
- Net Profit After Tax increase of 30.3% to \$8.6m
- Sales increase of 23.9% to \$80.5m
- 520 acres of investor owned orchards planted
- Total Dividend paid 13.5 cents up 35%
- Earnings Per Share (fully diluted) 24.7 cents up 25%
- Consolidation of operations in new factory at Thomastown
- Return on Equity increased from 15.5% to 17.3%
- Earnings Before Interest and Tax up 21% to \$14.7m
- 2002 total almond crop intake up 13% to 2,860 metric tonnes



Net Profit After Tax



Earnings Per Share



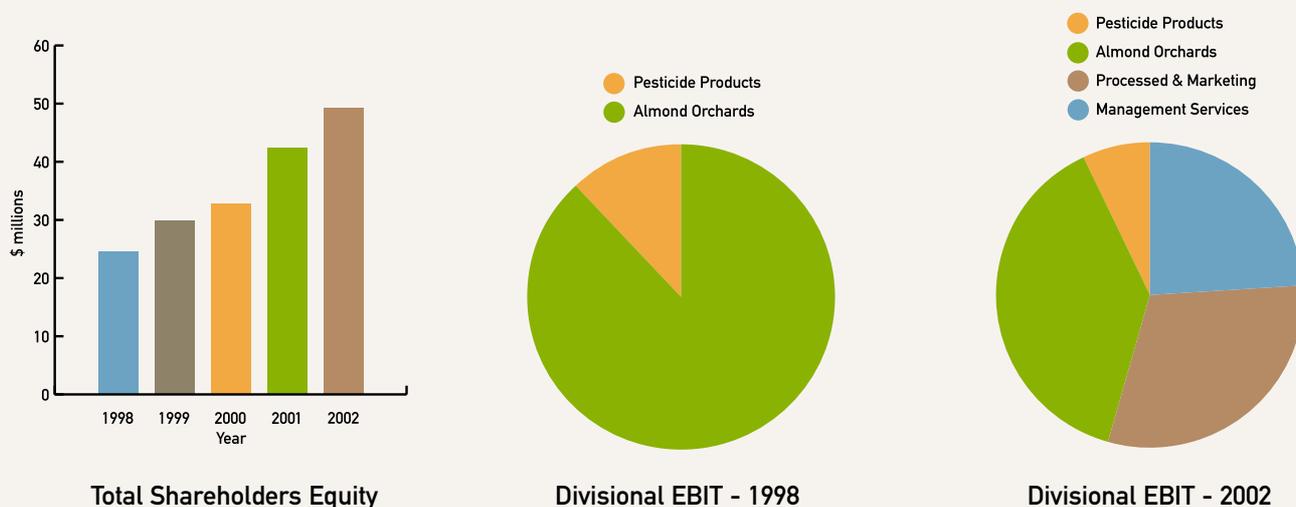
Dividend Per Ordinary Share

Ratios and Statistics

	June 2002 \$'000s	June 2001 \$'000s	June 2000 \$'000s	June 1999 \$'000s	June 1998 \$'000s	
Profitability						
Total sales	80,530	64,996	43,002	29,412	15,751	
Earnings before interest and tax	14,739	12,196	8,389	7,096	5,922	
Net profit after tax	8,554	6,564	5,239	4,198	3,763*	
Balance Sheet Summary						
Total assets	85,689	89,989	71,537	45,371	33,618	
Total debt	19,233	29,765	18,039	8,971	5,093	
Total shareholders equity	49,337	42,373	32,865	29,961	24,620	
Financial Ratios						
Earnings per share	(cents)	25.4	20.0	16.0	13.4	12.7*
Return on shareholders' equity	(% pa)	17.3	15.5	15.9	14.0	15.3*
Net tangible assets per share	(\$)	0.77	0.56	0.43	0.81	0.83
Net interest cover	(times)	7.6	6.3	10.4	12.0	18.1
Debt/equity ratio	(%)	38.9	70.2	54.9	29.9	20.7
Current asset ratio	(times)	1.30	1.31	0.87	1.88	1.13
Dividends						
Dividend per ordinary share	(cents)	13.5	10.0	8.0	6.0	6.0
Dividend franking	(%)	100	100	100	100	67
Dividend payout ratio	(%)	53.1	50.0	50.0	47.3	37.4
Almond Production Statistics						
Total annual production	(tonnes)	2,630	2,380	2,250	2,280	1,970
Yield per (mature) acre	(tonnes)	1.30	1.30	1.29	1.30	1.12

Note:

* As Select Harvests was subject to full taxation only from financial year 1998/99, for comparative purposes some data from the prior year has been adjusted to reflect a full tax rate.





Board of Directors

M A Fremder
Experience Chairman, 72
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.

B P Burns
Qualifications Experience Non-Executive Director, 64
AM, FCPA, FCIS, FAICD
Joined the Board in July 1999. Has had many years' experience in the food and beverage industry. He is currently a Director of National Foods Limited and Codan Limited, and various other private companies.

C G Clark
Qualifications Experience Non-Executive Director, 58
B.Comm, Dip.Ag.Econ
Joined the Board in January 1998. Is currently a Director of Southern Cross Broadcasting (Australia) Limited, and CGU Insurance Australia Limited. He is deputy Chairman, Legal Practice Board of Victoria; Director, Myer Foundation; Trustee for the Buckland Foundation; and a Director of a number of other private companies.

J Bird
Experience Managing Director, 45
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 Chief Executive Officer of Select Harvests Limited since January 1998.

D J Williams
Qualifications Experience Non-Executive Director, 48
B. Ec (Hons), M. Ec, FAICS
Joined the Board in July 1997. Has had extensive experience in advising agri-food companies. He is the Head of Corporate Finance at Challenger International and Chairman of Austin Group Limited.

B J Hanley
Qualifications Experience Non-Executive Director, 48
B. Comm (Mktg)
Joined the Board in November 1998. Following a career in food industry management, he is currently Managing Director of Gresham Rabo Management Limited, managing diversified investments in food related industries. Resigned in August 2001.



Top row:
M A Fremder, B P Burns, C G Clark

Bottom row:
J Bird, D J Williams

Financial Report

For the year ended 30 June 2002

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Directors' Report

The Directors present their report together with the financial report of Select Harvests Limited for the year ended 30 June 2002 and the auditors report there on.

The names of Directors in office at any time during or since the end of the financial year are:

M A Fremder
B P Burns
C G Clark
D J Williams
J Bird (Appointed 28 September 2001)
B J Hanley (Resigned 30 August 2001)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Results

The consolidated profit of the economic entity for the financial year after providing for income tax and eliminating outside equity interests amounted to \$8,553,246.

Review of Operations

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

Significant Changes in Affairs

No significant changes in the economic entity's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the economic entity during the financial year were the processing, packaging and marketing of edible nuts, dried fruit and seeds; the growing, processing, packaging and distributing of almonds; the provision of management services and the manufacture of chemically-based pelletised products.

No significant change in the nature of these activities occurred during the year.

After Balance Date Events

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years are as follows:

In accordance with the strategic alliance with Timbercorp Limited, Almonds Australia Pty Ltd, a 75% owned subsidiary of Timbercorp Limited, became entitled to the issue of 466,500 options from 31 July 2002, each option relating to one ordinary share in Select Harvests Limited. The options have an exercise price of \$2.10 per share, and an expiry date of 31 December 2002.

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

Likely Developments

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

Environmental Issues

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

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

There have been no significant known breaches of the economic entity's license conditions.

Dividends Paid or Recommended

The dividends paid or declared since the start of the financial year are as follows:

- (a) The Directors on 28 August 2002 declared a fully franked dividend of \$0.08 per ordinary share to be paid on 30 September 2002 to members in the books of the Company as at close of business on 11 September 2002.
(2001: \$0.06 cents) \$2,767,000
- (b) A fully franked interim dividend of \$0.055 per ordinary share was paid to members on 10 April 2002.
(2001: \$0.04 cents) \$1,898,000
- (c) The Directors on 1 October 2001 paid a fully franked dividend of \$0.06 per ordinary share to members in the books of the Company as at the close of business on 12 September 2001. \$1,970,477

Share Options

Employee Share Option Scheme

The employee share option scheme implemented in November 1996 was valid for three years, and ceased to issue options in 1999. As at the date of this report, under this scheme there were 82,726 options to take up one ordinary share per option in Select Harvests Limited at an issue price of \$1.00. The options expire on 30 September 2002.

Executive Share Option Scheme

At the 2000 annual general meeting, the current executive share option scheme was approved. The scheme provides for the offer of a parcel of options to participating employees on an annual basis, with a three-year expiry period, exercisable at the market price at the time the offer was made.

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

	Participating Employees	Option Valuation	Exercise Price	No. of Options Offered	Expiry Date	Granted August 01	Granted August 02	Balance
2000 Offer	5	\$0.33	\$1.55	336,900	20-Oct-03	112,300	112,300	112,300
2001 Offer	8	\$0.41	\$1.66	361,500	20-Oct-04	-	120,500	241,000
Total				698,400		112,300	232,800	353,300

Options Issued

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

	Number of Options Granted	Date Granted	Exercise Price	Expiry Date
Director				
J Bird	68,800	Aug-01	\$1.55	20-Oct-03
J Bird	68,800	Aug-02	\$1.55	20-Oct-03
J Bird	55,400	Aug-02	\$1.66	20-Oct-04
Officers				
D Sakkas	17,700	Aug-02	\$1.66	20-Oct-04
C H Holland	19,000	Aug-01	\$1.55	20-Oct-03
C H Holland	19,000	Aug-02	\$1.55	20-Oct-03
C H Holland	15,300	Aug-02	\$1.66	20-Oct-04
P A James	10,400	Aug-01	\$1.55	20-Oct-03
P A James	10,400	Aug-02	\$1.55	20-Oct-03
P A James	8,400	Aug-02	\$1.66	20-Oct-04
L W Van Driel	8,600	Aug-02	\$1.66	20-Oct-04

Unissued Ordinary Shares Under Option

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

Number of Shares	Date Granted	Exercise Price	Expiry Date
82,726	Sept-99	\$1.00	30-Sept-02
466,500	Jul-02	\$2.10	31-Dec-02
101,900	Aug-01	\$1.55	20-Oct-03
101,900	Aug-02	\$1.55	20-Oct-03
112,100	Aug-02	\$1.66	20-Oct-04

The market value of Select Harvests Limited shares closed at \$3.10 on 28 June 2002.

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

Shares Issued as a Result of the Exercise of Options

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

Number of Shares	Amount Paid on Each Share	Expiry Date
167,500	\$1.05	14-Oct-01
1,500,000	\$1.80	31-Dec-01
58,500	\$1.00	30-Sept-02
20,800	\$1.55	20-Oct-03
8,400	\$1.66	20-Oct-04

There were no amounts unpaid on the shares issued.

Directors' and other Officers' Emoluments

Remuneration Policy

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis, by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Executives are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating any incremental cost for the Company.

Two years ago an independent consultant was recruited to determine the market value of the executives of Select Harvests Limited. Since that time remuneration packages for the senior executives have been aligned relative to the median remuneration package for the particular roles, adjusted for factors such as individual performance and the experience and knowledge of the employee.

During the year, the Remuneration Committee implemented greater employee participation in the market-related Short-Term and Long-Term Incentive schemes as part of the remuneration packages for the employees of the Company, based on advice received from the independent consultant. Both the Short-Term and Long-Term schemes involve payments up to an agreed proportion of the total fixed remuneration of the employee, with the relevant proportions based on the 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 Incentive scheme involves the issue of options to the employee, under the Executive Share Option scheme.

Details of the nature and amount of each element of the emolument of each Director of the Company and each of the five executive officers of the Company and the consolidated entity, receiving the highest emolument, for the financial year are as follows:

Emoluments¹ of Directors of Select Harvests Limited

	Annual Emoluments			Long Term Emoluments			Super-annuation	Total
	Base Fee	Bonus	Other ⁴	Termination & Similar Payments	Options Granted ²			
	\$	\$	\$	\$	Number	\$		
M A Fremder	65,432	-	-	-	-	-	5,235	70,667
B P Burns	32,716	-	-	-	-	-	2,617	35,333
C G Clark	32,716	-	-	-	-	-	2,617	35,333
D J Williams	32,716	-	-	-	-	-	2,617	35,333
J Bird	213,198	50,048	38,032	-	68,800	22,704	21,558	345,540
B J Hanley	5,000	-	-	-	-	-	-	5,000

Emoluments¹ of the five most highly paid executive officers³ of the Company and the consolidated entity

	Annual Emoluments			Long Term Emoluments			Super-annuation	Total
	Base Fee	Bonus	Other ⁴	Termination & Similar Payments	Options Granted ²			
	\$	\$	\$	\$	Number	\$		
D Sakkas	117,699	3,401	19,400	-	-	-	9,000	149,500
C W Greig	104,094	7,705	21,500	18,042	-	-	11,089	162,430
C H Holland	97,760	8,730	19,488	-	19,000	6,270	8,514	140,762
P A James	80,278	9,569	16,800	-	10,400	3,432	7,087	117,166
L W Van Driel	97,590	-	-	-	-	-	7,778	105,368

Notes

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

- 1 The elements of emoluments have been determined on the basis of the cost to the Company and the consolidated entity.
- 2 Options granted to the five most highly paid officers were under the Long-Term Incentive scheme, see "Share Options" note above. The options are valued using the Black-Scholes valuation method and individual parcels are based on a percentage of fixed remuneration.
- 3 Executives are those directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.
- 4 The category 'Other' includes the value of any non-cash benefits provided and includes FBT where applicable.

Meetings of Directors

Directors	Directors' Meetings		Committee Meetings			
	Number Eligible to Attend	Number Attended	Audit Committee		Remuneration Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
M A Fremder	12	11	-	-	2	2
B P Burns	12	12	5	5	-	-
C G Clark	12	11	5	5	-	-
D J Williams	12	12	-	-	2	2
J Bird (Appointed 28 September 2001)	8	12	-	-	-	-
B J Hanley (Resigned 30 August 2001)	3	2	-	-	-	-

Director's Interests in Securities

Directors' interests in securities of the Company are disclosed at Note 28.

Rounding of Amounts

The parent entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly amounts in the financial statements and the Directors' report have been rounded off in accordance with the prescribed amounts as set out in the Class Order.

Indemnification of Directors and Officers

During the year the Company has paid a premium in respect of 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 all 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.

Corporate Governance

The Company's corporate governance statement is contained in detail in the corporate governance section of this annual report.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors:



M A Fremder
Chairman

Dated 17th day of September 2002

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenues from ordinary activities	2				
Sales revenue	2	80,530	64,996	-	-
Other revenues from ordinary activities		4,787	325	12,070	9,103
		85,317	65,321	12,070	9,103
Expenses from ordinary activities, excluding borrowing costs expense					
Cost of Sales		(60,014)	(47,942)	-	-
Distribution expenses		(1,584)	(674)	-	(5)
Marketing expenses		(134)	(51)	-	-
Occupancy expenses		(630)	(594)	(5)	(5)
Administrative expenses		(1,606)	(1,016)	(811)	(881)
Other expenses from ordinary activities		(6,519)	(2,788)	(960)	(899)
		(70,487)	(53,065)	(1,776)	(1,790)
Borrowing costs expense		(2,027)	(1,996)	(2,412)	(2,528)
Profit from ordinary activities before income tax expense		12,803	10,260	7,882	4,785
Income tax expense relating to ordinary activities	21	(4,249)	(3,696)	(422)	(261)
Net profit from ordinary activities after income tax	3	8,554	6,564	7,460	4,524
Net profit from ordinary activities after income tax expense attributable to the members of the parent entity		8,554	6,564	7,460	4,524
Increase in asset revaluation reserve	26	-	5,072	-	-
Increase in retained profits on adoption of a new Standard	17	-	1,140	-	-
Total revenues, expenses and valuation adjustments attributable to members of the entity and recognised directly in equity		-	6,212	-	-
Total changes in equity other than those resulting from transactions with owners as owners	19	8,554	12,776	7,460	4,524
Basic earnings per share:	32				
- Ordinary shares		0.25	0.20	-	-
Diluted earnings per share:					
- Ordinary shares		0.25	0.20	-	-

The accompanying notes form part of these Financial Statements

Statement of Financial Position

AS AT 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Current Assets					
Cash assets	4	78	5	75	3
Receivables	5	10,740	10,309	155	226
Inventories	6	11,667	11,461	-	-
Other	7	114	1,809	-	266
Total Current Assets		22,599	23,584	230	495
Non-Current Assets					
Receivables	5	-	-	35,887	42,362
Other financial assets	8	4	4	12,199	12,199
Property, plant and equipment	9	34,286	33,494	385	332
Self-generating and regenerating assets	10	5,718	8,843	-	-
Intangible assets	11	22,835	23,966	-	-
Deferred tax assets	25	247	98	93	368
Total Non-Current Assets		63,090	66,405	48,564	55,261
Total Assets		85,689	89,989	48,794	55,756
Current Liabilities					
Payables	12	9,441	11,120	407	1,046
Interest-bearing liabilities	13	1,494	2,136	683	1,394
Current tax liabilities	14	2,848	2,107	179	289
Provisions	15	3,598	2,685	2,874	2,105
Total Current Liabilities		17,381	18,048	4,143	4,834
Non-Current Liabilities					
Payables	12	-	-	6,946	9,692
Interest-bearing liabilities	13	17,739	27,629	16,604	26,000
Deferred tax liabilities	14	1,167	1,939	-	-
Provisions	15	65	-	-	-
Total Non-Current Liabilities		18,971	29,568	23,550	35,692
Total Liabilities		36,352	47,616	27,693	40,526
Net Assets		49,337	42,373	21,101	15,230
Equity					
Contributed equity	16	34,199	31,124	34,199	31,124
Reserves	26	9,458	9,458	3,270	3,270
Retained profits/(accumulated losses)	17	5,680	1,791	(16,368)	(19,164)
Total Equity	19	49,337	42,373	21,101	15,230

The accompanying notes form part of these Financial Statements

Statement of Cashflows

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Cashflow from Operating Activities					
Receipts from customers		90,792	68,141	-	-
Payments to suppliers and employees		(68,926)	(53,908)	(1,160)	(692)
Dividends received		1	-	1	-
Interest received		81	60	81	35
Borrowing costs paid		(2,027)	(1,996)	(1,796)	(1,796)
Income tax paid		(4,429)	(2,675)	(258)	(68)
Net cash provided by operating activities	18(b)	15,492	9,622	(3,132)	(2,521)
Cashflow from Investing Activities					
Proceeds from sale of property, plant and equipment		4,696	233	24	23
Proceeds from repayment of other debtors		-	329	-	329
Payment for property, plant and equipment		(3,865)	(4,014)	(206)	(36)
Payment for other non-current assets		(4,000)	(14,722)	-	-
Net cash used in investing activities		(3,169)	(18,174)	(182)	316
Cashflow from Financing Activities					
Proceeds from share issue		3,075	16	3,075	16
Proceeds from borrowings		71	10,600	15,138	10,600
Repayment of borrowings		(10,485)	(1,039)	(10,241)	(7,338)
Dividends paid		(3,868)	(3,119)	(3,868)	(3,119)
Net cash provided by/(used in) financing activities		(11,207)	6,458	4,104	159
Net increase/(decrease) in cash held		1,116	(2,094)	790	(2,046)
Cash at beginning of year		(1,724)	370	(1,373)	673
Cash at end of year	18(a)	(608)	(1,724)	(583)	(1,373)

The accompanying notes form part of these Financial Statements

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

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

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

(a) Principles of Consolidations

A controlled entity is any entity controlled by Select Harvests Limited. Control exists where Select Harvests Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Select Harvests Limited to achieve the objectives of Select Harvests Limited. Details of the controlled entities are contained in Note 24.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has entered or left the economic entity during the year its operating results have been included from the date control was obtained or until the date control ceased.

(b) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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

(c) Inventories

Inventories are measured at the lower of cost and net realisable value except for almond stocks which are valued at net market value in accordance with AASB 1037: "Self Generating and Regenerating Assets" - refer to (d) 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 – The cost of finished goods comprises direct manufacturing costs and an appropriate proportion of factory overheads based on normal operating capacity.
- Almond stocks – Almond stocks are valued in accordance with AASB 1037 "Self Generating and Regenerating Assets" whereby the cost of the non-living (harvested) produce is deemed to be its net market value immediately after it becomes non-living. This valuation takes into account current almond selling prices and current processing and selling costs.

(d) Self Generating and Regenerating Assets

Almond Trees

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

Developing almond trees are valued at their growing cost until the year they achieve economic maturity. The values of economically mature almond trees are calculated using a discounted cashflow methodology. The discounted cashflow 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.
- Cashflows are discounted at a rate that takes into account the cost of capital plus a suitable risk factor.
- Asset values to be deducted from the cumulative cashflow, to determine the tree value, are based on current valuation and then adjusted annually to account for capital expenditure, depreciation and utilised acreage.

Growing Almond Crop

The growing almond crop is valued in accordance with AASB 1037 "Self Generating and Regenerating Assets". This valuation takes into account current almond selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity.

New Orchards - Growing Costs

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

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Freehold Plantation Land, Water Rights, Irrigation Systems, Almond Trees and Buildings on Freehold Plantation Land

Freehold plantation land, water rights, irrigation systems, and buildings on freehold plantation land are measured at fair value. Carrying amounts are regularly reviewed by the Directors and if considered necessary, write-downs or increments are made for any permanent changes in the recoverable amount determined on an existing use basis.

The almond trees are valued in accordance with AASB: 1037: "Self Generating and Regenerating Assets".

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. 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 used for each class of assets are:

Class of Fixed Asset	Useful Lives	Depreciation Basis
Buildings	25 to 40 years	Straight Line
Leasehold improvements	5 to 20 years	Straight Line
Plant and equipment	5 to 20 years	Straight Line
Irrigation systems	10 to 40 years	Straight Line
Leased plant and equipment	5 to 10 years	Straight Line

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

(f) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Intangibles

Brand Names

Brand names are measured at deemed cost on adoption of AASB 1041: "Revaluation of Non-current Assets". Directors are of the view that brand names have an indefinite life and that the depreciable amounts of the Company's brand names are either zero or a negligible amount. Brand names are therefore not depreciated.

Goodwill

Goodwill is measured at cost, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity or net assets of a business, is amortised over the period during which benefits are expected to arise. Goodwill is amortised on a straightline method over 20 years.

(h) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

Exchange differences arising on hedged transactions undertaken to hedge foreign currency exposures, other than those for the purchase and sale of goods and services, are brought to account in the profit from ordinary activities when the exchange rates change. Any material gain or loss arising at the time of entering into hedge transactions is deferred and brought to account in the profit from ordinary activities over the lives of the hedges.

Costs or gains arising at the time of entering hedged transactions for the purchase and sale of goods and services, and exchange differences that occur up to the date of purchase or sale are deferred and included in the measurement of the purchase or sale.

(i) Employee Entitlements

Provision is made for the economic entity's liability (including on costs) for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

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

(j) Cash

For the purposes of the Statement of Cashflows, cash includes cash on hand and with banks or financial institutions, readily convertible to cash within two working days, net of outstanding bank overdraft amounts.

(k) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(l) Revenue

Revenue Recognition

Revenue is measured at fair value of consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Control of the goods has passed to the buyer.

Rendering of Services

Revenue is brought to account where the contract outcome can be reliably measured and control of a right to be compensated for the services has been attained and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured revenue is recognised only to the extent that costs have been incurred.

Interest

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

Dividends

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

Almond Stock

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

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

(m) Financial Instruments

Terms and Conditions

Financial Assets

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

Amounts receivable from other debtors are carried at full amounts due. Other debtors are normally settled on 30 days from month end unless there is a specific contract which specifies an alternative date.

Amounts receivable from related parties are carried at full amounts due. Details of the terms and conditions are set out in Note 28(b).

Financial Liabilities

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

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

Dividends payable are recognised when declared by the Company.

Finance lease liability is accounted for in accordance with AASB 1008: "Leases". As at balance date, the Company had finance leases with an average lease term of 4 years. The average discount rate implicit in the leases is 7%. The lease liability is secured by a charge over the leased asset.

Equity

Ordinary share capital is recognised at the issue price. Details of shares issued and the terms and conditions of options outstanding over ordinary shares at balance date are set out in Note 16.

(n) Rounding of Amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 2: Revenue					
Operating activities					
- sale of goods		67,117	58,064	-	-
- sale of management services		13,413	6,932	-	-
		80,530	64,996	-	-
- dividends		1	-	7,251	4,250
- interest		81	60	2,657	2,617
- management fees		-	-	2,130	2,213
- other revenue		9	32	8	-
		80,621	65,088	12,046	9,080
Non-operating activities					
- proceeds on disposal of property, plant and equipment		4,696	233	24	23
		4,696	233	24	23
Total revenue		85,317	65,321	12,070	9,103
(a) Dividends from:					
- wholly owned entities		-	-	7,250	4,250
- other dividend income		1	-	1	-
		1	-	7,251	4,250
(b) Interest from:					
- wholly owned entities		-	-	2,576	2,581
- other interest income		81	60	81	36
		81	60	2,657	2,617
(c) Management fees from:					
- wholly owned entities		-	-	2,130	2,196
- other management fees		-	-	-	17
		-	-	2,130	2,213

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 3: Profit from Ordinary Activities					
Profit from ordinary activities before income tax expense has been determined after:					
(a) Expenses					
Borrowing costs					
- wholly owned entities		-	-	616	732
- other persons		2,027	1,996	1,796	1,796
Total of borrowing costs		2,027	1,996	2,412	2,528
Depreciation of non-current assets					
- buildings		330	386	-	2
- plant and equipment		2,099	1,577	47	36
Amortisation of non-current assets					
- capitalised leased assets		284	497	22	9
- goodwill		1,130	842	-	-
Bad and doubtful debts					
- bad debts written off - trade debtors		-	204	-	204
- movement in provisions for doubtful debts					
- trade debtors		9	(19)	-	-
- wholly owned subsidiary		-	-	3	-
Net expense of bad and doubtful debts		9	185	3	204
Write downs					
- inventory		120	255	-	-
Remuneration of the auditors of the parent and subsidiary entities					
- auditing services		114	91	79	91
- other services		-	49	-	49
Rental expense on operating leases					
- minimum lease payments		1,404	906	-	-
Foreign currency translation losses (gains)		-	(26)	(7)	-
Net loss on disposal of non-current assets					
- property, plant and equipment		17	-	17	-
Net expense (revenue) for movement in provision for employee entitlements		629	144	3	(17)
(b) Revenue and Net Gains					
- property, plant and equipment		557	-	1	-

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 4: Cash Assets					
Cash on hand		1	2	-	1
Cash at bank		77	3	75	2
Total cash assets		78	5	75	3

Note 5: Receivables

Current					
Trade debtors		10,511	9,895	-	-
Less provision for doubtful debts		(9)	-	-	-
		10,502	9,895	-	-
Other debtors		238	414	155	226
		10,740	10,309	155	226
Non-Current					
Amounts receivable from:					
- controlled entities					
- other controlled entities		-	-	36,986	43,458
Less provision for doubtful debts		-	-	(1,099)	(1,096)
		-	-	35,887	42,362

Note 6: Inventories

Current					
Raw materials at cost		1,115	5,663	-	-
Less provision for obsolescence		(30)	(31)	-	-
		1,085	5,632	-	-
Finished goods at cost		7,667	1,314	-	-
Less provision for obsolescence		(342)	(532)	-	-
		7,325	782	-	-
Other current inventory		194	112	-	-
Almond stocks					
- at net market value		3,063	4,935	-	-
		11,667	11,461	-	-

Note 7: Other Assets

Current					
Prepayments		-	76	-	192
Other current assets		114	1,733	-	74
		114	1,809	-	266

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 8: Other Financial Assets					
Non-Current					
Shares in other listed corporations at cost		4	4	4	4
Shares in controlled entities at cost	24	-	-	12,995	12,995
Less provision for write-down to recoverable amount		-	-	(800)	(800)
		-	-	12,195	12,195
Total other financial assets		4	4	12,199	12,199
Note 9: Property, Plant and Equipment					
Land					
Plantation land:					
At fair value		17,920	16,921	-	-
Buildings					
At fair value		2,439	2,292	-	-
Less accumulated depreciation		(76)	-	-	-
		2,363	2,292	-	-
Freehold land and buildings - at fair value		321	531	150	216
Less accumulated depreciation		-	(86)	-	(20)
		321	445	150	196
Leasehold Improvements					
At fair value		124	-	-	-
Total property		20,728	19,658	150	196
Plant and Equipment					
Plant and equipment					
At cost		19,929	17,854	486	454
Less accumulated depreciation		(8,923)	(7,097)	(378)	(335)
		11,006	10,757	108	119
Capital works in progress - at cost		148	-	-	-
Leased plant and equipment		3,136	4,114	144	32
Less accumulated depreciation		(732)	(1,035)	(17)	(15)
		2,404	3,079	127	17
Total plant and equipment		13,558	13,836	235	136
Total property, plant and equipment		34,286	33,494	385	332

	Economic Entity \$'000	Land Parent Entity \$'000	Economic Entity \$'000	Buildings Parent Entity \$'000
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Note 9: Property, Plant and Equipment (continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year.

2002

Balance at the beginning of the year	16,921	-	2,292	-
Additions	1,962	-	147	-
Disposals	(711)	-	-	-
Depreciation expense	(252)	-	(76)	-
Carrying amount at end of year	17,920	-	2,363	-

	Freehold Land and Buildings Economic Entity \$'000	Parent Entity \$'000	Leasehold Improvements Economic Entity \$'000	Parent Entity \$'000
2002				
Balance at the beginning of the year	445	196	-	-
Additions	13	14	124	-
Disposals	(77)	-	-	-
Revaluations	(58)	(58)	-	-
Depreciation expense	(2)	(2)	-	-
Carrying amount at the end of the year	321	150	124	-

	Plant and Equipment Economic Entity \$'000	Parent Entity \$'000	Leased Plant and Equipment Economic Entity \$'000	Parent Entity \$'000
2002				
Balance at the beginning of the year	10,757	119	3,079	17
Additions	2,640	23	1,207	144
Disposals	(292)	(3)	(1,598)	(20)
Depreciation expense	(2,099)	(31)	(284)	(14)
Carrying amount at the end of the year	11,006	108	2,404	127

	Capital Works in Progress Economic Entity \$'000	Parent Entity \$'000
2002		
Balance at the beginning of the year	-	-
Additions	148	-
Carrying amount at the end of the year	148	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

Note 10: Self-Generating and Regenerating Assets

At net market value

SGARA Almond Trees		5,718	8,843	-	-
		5,718	8,843	-	-

	2002	Acres	2001	Net change \$	
				2002 \$'000	2001 \$'000
SGARA assets					
Almond Trees	1,832		2,250	(3,125)	377

	SGARA Plantation \$'000
2002	
Balance at the beginning of the year	8,843
Additions	244
- sale of SGARA assets	(3,109)
- current year movement	(260)
Carrying amount at the end of the year	5,718

	Economic Entity		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

Note 11: Intangible Assets

Goodwill at cost	22,314	22,314	-	-
Less accumulated amortisation	(2,379)	(1,248)	-	-
	19,935	21,066	-	-
Brand names, at cost	2,900	2,900	-	-
	22,835	23,966	-	-

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 12: Payables					
Current					
Unsecured liabilities					
- Trade creditors		3,041	3,498	115	101
- Sundry creditors and accruals		6,400	6,771	292	94
		9,441	10,269	407	195
Secured liabilities					
- Trade finance loan		-	851	-	851
		9,441	11,120	407	1,046
Non-Current					
Unsecured liabilities					
Amounts payable to:					
- wholly owned entities		-	-	6,946	9,692
		-	-	6,946	9,692

Note 13: Interest Bearing Liabilities

Current					
Secured liabilities					
- Finance lease liability	27	808	407	25	18
Bank overdrafts					
		686	1,729	658	1,376
		1,494	2,136	683	1,394
Non-Current					
Secured liabilities					
- Bills of exchange and promissory notes		16,500	26,000	16,500	26,000
- Finance Lease liability	27	1,239	1,629	104	-
		17,739	27,629	16,604	26,000

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.

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

Note 14: Tax Liabilities

Current					
Income tax		2,848	2,107	179	289
Non-Current					
Deferred income tax		1,167	1,939	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 15: Provisions					
Current					
Dividends		2,767	1,970	2,767	1,970
Employee entitlements	15(a)	831	715	107	135
		3,598	2,685	2,874	2,105
Non-Current					
Employee entitlements	15(a)	65	-	-	-
(a) Aggregate employee entitlements liability		896	715	107	135
(b) Number of employees at year end		174	202	10	7

Employee Incentive Scheme

During the year the Remuneration Committee implemented greater employee participation in the market related Short-Term and Long-Term Incentive schemes as part of the remuneration packages for the employees of the Companies, based on advice received from an independent consultant. 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. This year, 112,300 options have been issued under this scheme (refer Directors' Report for further details). The market value of ordinary Select Harvests Limited shares closed at \$3.10 on 28 June 2002 (\$1.68, 30 June 2001).

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

Note 16: Contributed Equity

Paid up Capital					
34,584,891 (2001: 32,841,279) ordinary shares fully paid		34,199	31,124	34,199	31,124

(a) Ordinary Shares

At the beginning of the reporting period		31,124	31,108	31,124	31,108
Shares issued during the year					
3,000 on 4-Sept-01		4	-	4	-
6,000 on 7-Sept-01		6	-	6	-
155,000 on 11-Sept-01		163	-	163	-
1,000 on 12-Sept-01		1	-	1	-
6,000 on 31-Dec-01		6	-	6	-
1,500,000 on 31-Dec-01		2,700	-	2,700	-
72,612 on 10-Apr-02		195	-	195	-
Shares issued in prior year		-	16	-	16
At reporting date		34,199	31,124	34,199	31,124

Movements in ordinary share capital:	Number of shares	Number of shares
At the beginning of reporting period	32,841,279	32,841,279
Shares issued during year		
4-Sept-01	3,000	3,000
7-Sept-01	6,000	6,000
11-Sept-01	155,000	155,000
12-Sept-01	1,000	1,000
31-Dec-01	6,000	6,000
31-Dec-01	1,500,000	1,500,000
10-Apr-02	72,612	72,612
At reporting date	34,584,891	34,584,891

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

Note 17: Retained Profits

Retained profits/(accumulated losses)					
at the beginning of the financial year		1,791	(2,629)	(19,163)	(20,404)
Net profit attributable to members of the entity		8,554	6,564	7,460	4,524
Net effect of adoption on new Standards		-	1,140	-	-
Dividends provided for or paid	23	(4,665)	(3,284)	(4,665)	(3,284)
Retained profits at reporting date		5,680	1,791	(16,368)	(19,164)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

Note 18: Cashflow Information

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statements of cashflows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	1	2	-	1
Cash at bank	77	3	75	2
Bank overdrafts	(686)	(1,729)	(658)	(1,376)
	(608)	(1,724)	(583)	(1,373)

(b) Reconciliation of Cashflow from Operations with Profit from Ordinary Activities

Profit from ordinary activities after Income Tax	8,554	6,564	7,460	4,524
Non-cashflows in profit from ordinary activities				
Amortisation of goodwill	1,130	842	-	-
Depreciation and amortisation	2,713	2,375	69	47
Charges to provisions	182	380	(28)	(17)
Finance charges on leases	146	163	-	2
SGARA	-	36	-	-
Profit on sale of property, plant and equipment	(525)	-	16	-
Controlled entities				
Dividends not received in cash	-	-	(7,250)	(4,250)
Interest paid	-	-	616	732
Interest received	-	-	(2,576)	(2,581)
Management fees received	-	-	(2,130)	(2,196)
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries				
Increase in receivables	(607)	(3,885)	-	-
Increase/(decrease) in other assets	1,871	(396)	18	306
Increase/(decrease) in inventories	(207)	1,429	-	-
Increase in payables	2,415	1,144	508	720
Increase in income tax payable	741	642	(108)	182
(Increase)/decrease in deferred taxes	(921)	328	273	10
Net Cash provided by operations	15,492	9,622	(3,132)	(2,521)

(c) Credit stand-by arrangement and loan facilities

The economic entity and the Company have a bank overdraft facility available to the extent of \$1,000,000 (2001: 2,000,000).

As at 30 June 2002 the economic entity and the Company had used \$686,000 (2001: \$1,729,000).

The economic entity and the Company have a commercial bill facility available to the extent of \$27,700,000 (2001: \$29,500,000).

As at 30 June 2002 the economic entity and the Company had used \$16,500,000 (2001: \$26,000,000).

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 19: Equity					
Total equity at the beginning of the financial year		42,373	32,865	15,230	13,974
Total changes in equity recognised in the Statement of Financial Performance		8,554	12,776	7,460	4,524
Transactions with owners as owners					
- contributions of equity		3,075	16	3,075	16
- dividends	23	(4,665)	(3,284)	(4,665)	(3,284)
Total equity at the reporting date		49,337	42,373	21,101	15,230

Note 20: Company Details

The registered office of the Company is:
Select Harvests Limited
360 Settlement Road
THOMASTOWN VIC 3074

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 21: Income Tax Expense					
The prima facie income tax payable on profit from ordinary activities is reconciled to the income tax expense as follows:					
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2001 - 34%)		3,841	3,488	2,365	1,627
Add:					
Tax effect of:					
- amortisation of goodwill		339	286	-	-
- write-downs to recoverable amount		17	-	17	-
- timing differences not previously brought to account		-	-	213	-
- restatement of timing differences		-	211	-	-
- other non-allowable items		92	-	2	80
Under provision for income tax in prior year		-	8	-	-
		4,289	3,993	2,597	1,707
Less:					
Tax effect of:					
- rebateable dividends		-	-	2,175	1,445
- timing differences which have arisen on adoption of new Accounting Standard		-	173	-	-
- restatement of timing differences		-	-	-	1
- other non-assessable items		17	124	-	-
Overprovision for income tax in prior year		23	-	-	-
Income tax expense attributable to profit from ordinary activities		4,249	3,696	422	261

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

Note 22: Remuneration and Retirement Benefits

(a) Directors' Remuneration

Income paid or payable to all Directors of each entity in the economic entity by the entities of which they are Directors

527,206	505,896	-	-
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Income paid or payable to all Directors of the parent entity by the parent entity and any related parties

-	-	527,206	180,000
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Number of parent entity Directors whose income from the parent entity or any related parties was within the following bands:

	Number 2002	Number 2001
\$0 - \$9,999	1	-
\$30,000 - \$39,999	3	4
\$60,000 - \$69,999	-	1
\$70,000 - \$79,999	1	-
\$320,000 - \$329,999	1	-

The names of Directors of the parent entity who have held office during the financial year are:

M A Fremder

B P Burns

C G Clark

D J Williams

J Bird (Appointed 28 September 2001)

B J Hanley (Resigned 30 August 2001)

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

(b) Executives' Remuneration

Amounts received or due and receivable by executive officers of the economic entity and the Company whose remuneration is \$100,000 or more from the entities in the economic group, or a related party, in connection with the management of the affairs of the economic entity whether as an executive or otherwise.

1,418,707	993,655	505,606	682,111
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The number of executives of the economic entity and the company whose remuneration falls within the following bands:

\$100,000 - \$109,999	4	3	1	-
\$110,000 - \$119,999	2	2	-	2
\$120,000 - \$129,999	-	2	-	2
\$130,000 - \$139,999	1	-	1	-
\$140,000 - \$149,999	1	-	-	-
\$160,000 - \$169,999	1	-	-	-
\$320,000 - \$329,999	1	1	1	1
	10	8	3	5

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 23: Dividends					
The Directors on 28 August 2002 declared a fully franked dividend of \$0.08 per ordinary share to be paid on 30 September 2002 to members in the books of the Company as at close of business on 11 September 2002. (2001: \$0.06 cents)		2,767	1,970	2,767	1,970
A fully franked interim dividend of \$0.055 per ordinary share was paid to members on 10 April 2002. (2001: \$0.04 cents)		1,898	1,314	1,898	1,970
Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years		15,156	7,760	5,194	2,056

	Country of Incorporation	Percentage Owned (%)	
		2002	2001

Note 24: Controlled Entities

(a) Controlled entities

Parent Entity:

Select Harvests Ltd	Australia	-	-
Subsidiaries of Select Harvests Ltd:			
Riverina Pelletising Services Pty Ltd	Australia	100	100
Kyndalyn Park Pty Ltd	Australia	100	100
Select Harvests Marketing Pty Ltd	Australia	100	100
Select Home Garden Pty Ltd	Australia	100	100
Allinga Farms Pty Ltd	Australia	100	100

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

Note 25: Deferred Tax Assets

The future income tax benefits comprise

Timing differences		247	98	93	368
		247	98	93	368

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	Note	Economic Entity		Parent Entity	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Note 26: Reserves					
Asset revaluation		6,187	6,187	-	-
Capital reserve		3,271	3,271	3,270	3,270
		9,458	9,458	3,270	3,270

(a) Asset Revaluation Reserve

Movements during the year:

Opening balance	6,187	1,115	-	-
Revaluation of freehold plantation land	-	5,072	-	-
Closing balance	6,187	6,187	-	-

The asset revaluation reserve records the revaluations of non-current assets.

(b) Capital Reserve

Movement during the year:

Opening balance	3,271	3,271	3,270	3,270
Closing balance	3,271	3,271	3,270	3,270

Note 27: Capital and Leasing Commitments

(a) Finance Leasing Commitments

Payable

- not later than one year	1,311	1,246	32	19
- later than one year and not later than five years	939	997	32	-
- later than five years	79	-	79	-

Minimum lease payments	2,329	2,243	143	19
Less future finance charges	(282)	(207)	(14)	(1)
Total lease and hire purchase liability	2,047	2,036	129	18

Represented by:

Current liability	13	808	407	25	18
Non-current liability	13	1,239	1,629	104	-
		2,047	2,036	129	18

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts:

Payable

- not later than one year	1,302	982	-	-
- later than one year and not later than five years	4,370	2,562	-	-
- later than five years	16,566	2,100	-	-

	22,238	5,644	-	-
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Note 28: Related Party Transactions

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

M A Fremder
B P Burns
C G Clark
D J Williams
J Bird
B J Hanley

(b) The following related party transactions occurred during the financial year:

Transactions with related parties in the wholly owned group which eliminate on consolidation:

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

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

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

Transactions with Director related entities:

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 120 hectares of almond orchard, on a fee basis, for Maxdy Nominees Pty Ltd. In addition Select Harvests Limited will process and sell the entire production of the orchard for the 25-year life of the orchard. An amount of \$857,436 was received during the year by Select Harvests Limited 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.

Advisory Services were provided by Challenger International Ltd on matters of strategy and acquisition advice. D J Williams is an employee of Challenger International Ltd. An amount of \$44,625 was paid during the year by Select Harvests Limited, 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.

(c) Select Harvests Limited is the ultimate controlling entity.

(d) Equity instruments of Directors:

- (i) Interests in the equity instruments of entities in the consolidated entity held by Directors of the reporting entity and their Director-related entities at balance date, being the number of instruments held:

	2002	2001
M A Fremder	5,529,458	5,872,091
C G Clark	20,408	10,000
B P Burns	102,044	100,000
J Bird	180,277	30,277
5,832,187	6,012,368	

- (ii) Movements in Directors' equity holdings:

During the year the aggregate number of fully paid ordinary shares purchased by Directors or their Director-related entities was 319,819 shares (2001: 110,000).

During the year the aggregate number of fully paid ordinary shares sold by Directors or their Director-related entities was 500,000 shares (2001: nil).

(e) Share options of Directors:

The interests of Directors of the reporting entity and their Director-related entities in share options of entities within the consolidated entity at year-end are set out below:

Note	Economic Entity		Parent Entity	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Options over ordinary shares	243,000	-	-	-
	243,000	-	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

Note 29: Segment Reporting

Primary Reporting - Business Segments

The economic entity has the following four business segments:

- The processing and marketing operation packs and markets edible nuts, dried fruits and seeds.
- The almond orchards operation comprises the growing, processing and sale of almonds to the food industry, from company owned almond orchards.

- The management services operation involves the sale of a range of management services to external owners of almond orchards, including consultancy, orchard development, tree supply, farm management, land rental, irrigation infrastructure and processing and marketing.
- The pesticide products operation comprises the production of pelletised snail, slug and rodent baits for other marketers.

Geographical Segments

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

2002	Processed and Marketing \$'000	Almond Orchards \$'000	Management Services \$'000	Pesticide Products \$'000	Eliminations and Corporate \$'000	Total \$'000
Revenue						
External Sales	48,712	14,192	13,413	4,213	-	80,530
Other Segments	99	7,882	-	617	(3,925)	4,673
Total Segment Revenue	48,811	22,074	13,413	4,830	(3,925)	85,203
Unallocated revenue						114
Total revenue from ordinary activities						85,317
Result						
Segment result	5,003	6,350	3,959	1,175	(1,738)	14,749
Unallocated expenses net of unallocated revenue						(1,946)
Profit from ordinary activities before income tax expense						12,803
Income tax expense						(4,249)
Profit from ordinary activities after income tax expense						8,554
Net Profit						8,554
Segment assets	42,481	31,051	9,205	2,219	733	85,689
Total assets						85,689
Segment liabilities	2,591	6,710	1,993	406	24,652	36,352
Total liabilities						36,352
Acquisition of non-current segment assets	740	2,177	646	96	206	3,865
Depreciation and amortisation of segment assets	2,006	1,264	375	130	68	3,843

2001	Processed and Marketing \$'000	Almond Orchards \$'000	Management Services \$'000	Pesticide Products \$'000	Eliminations and Corporate \$'000	Total \$'000
Revenue						
External Sales	46,189	8,191	6,932	3,684	-	64,996
Other Segments	5	3,796	-	732	(4,308)	225
Total Segment Revenue	46,194	11,987	6,932	4,416	(4,308)	65,221
Unallocated revenue						100
Total revenue from ordinary activities						65,321
Result						
Segment result	2,770	2,412	2,641	1,778	123	9,724
Unallocated expenses net of unallocated revenue						536
Profit from ordinary activities before income tax expense						10,260
Income tax expense						(3,696)
Profit from ordinary activities after income tax expense						6,564
Net Profit						6,564
Segment assets	41,130	37,164	8,906	2,284	(50)	89,434
Unallocated assets						555
Total assets						89,989
Segment liabilities	3,756	4,083	983	454	38,340	47,616
Total liabilities						47,616
Acquisition of non-current segment assets	473	2,699	647	159	36	4,014
Depreciation and amortisation of segment assets	1,541	1,278	307	130	46	3,302

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

Note 30: Financial Instruments

Forward Exchange Contracts

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

The full amount of the foreign currency the economic entity will be required to pay or purchase when settling the brought forward exchange contracts should the counterparty not pay the currency it is committed to deliver to the Company. At balance date the net amount was \$18,828,949 (2001: \$1,227,000).

The accounting policy in regard to forward exchange contracts is detailed in Note 1(h).

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

Buy United States Dollars	Sell Australian Dollars		Average Exchange Rate	
	2002 \$'000	2001 \$'000	2002 \$	2001 \$
Settlement				
Less than 6 months	2,543	849	0.56	0.52

Buy Australian Dollars	Sell United States Dollars		Average Exchange Rate	
	2002 \$'000	2001 \$'000	2002 \$	2001 \$
Settlement				
Less than 6 months	3,612	3,503	0.50	0.59
6 months to 1 year	-	900	-	0.64
1 years to 2 years	9,960	-	0.50	-
2 years to 3 years	7,719	-	0.52	-

(a) Interest rate risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2002 Financial Instruments	Floating Interest Rate \$'000	Fixed Interest Rate 1 Year or Less \$'000	Over 1 to 5 Years \$'000	Maturing in: More than 5 Years \$'000	Non-Interest Bearing \$'000	Total Carrying Amount as per the Balance Sheet \$'000	Weighted Average Effective Interest Rate %
(i) Financial Assets							
Cash	77	-	-	-	1	78	2.0
Trade and other receivables	-	-	-	-	10,740	10,740	-
Listed shares	-	-	-	-	4	4	-
Total financial assets	77	-	-	-	10,745	10,822	
(ii) Financial Liabilities							
Bank overdraft	686	-	-	-	-	686	9.0
Trade creditors	-	-	-	-	3,041	3,041	-
Other creditors	-	-	-	-	6,400	6,400	-
Finance lease liability	-	807	1,239	-	1	2,047	7.0
Bills of exchange and promissory notes	16,500	-	-	-	-	16,500	7.0
Foreign exchange contracts	18,829	-	-	-	-	-	-
Total financial liabilities	36,015	807	1,239	-	9,442	28,674	
2001							
2001 Financial Instruments	Floating Interest Rate \$'000	Fixed Interest Rate 1 Year or Less \$'000	Over 1 to 5 Years \$'000	Maturing in: More than 5 Years \$'000	Non-Interest Bearing \$'000	Total Carrying Amount as per the Balance Sheet \$'000	Weighted Average Effective Interest Rate %
(iii) Financial Assets							
Cash	-	-	-	-	5	5	-
Trade and other receivables	-	-	-	-	9,895	9,895	-
Other debtors	-	-	-	-	414	414	-
Listed shares	-	-	-	-	4	4	-
Total financial assets	-	-	-	-	10,318	10,318	
(iv) Financial Liabilities							
Bank overdraft	1,729	-	-	-	-	1,729	9.0
Trade creditors, accruals and Trade Finance loan	-	851	-	-	10,269	11,120	7.0
Finance lease liability	-	407	1,629	-	-	2,036	7.0
Bills of exchange and promissory notes	26,000	-	-	-	-	26,000	7.0
Forward exchange contracts	1,227	-	-	-	-	-	-
Total financial liabilities	28,956	1,258	1,629	-	10,269	40,885	

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

(b) Credit Risk

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

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

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

(c) Net Fair Values

For unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cashflows of the investment.

Bills of exchange and promissory notes which are traded on organised financial markets, the net fair value is based on the quoted market offer price at balance date adjusted for transaction costs expected to be incurred.

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

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments and forward exchange contracts.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes the financial statements.

Note 31: After Balance Date Events

In accordance with the strategic alliance with Timbercorp Limited, Almonds Australia Pty Ltd, a 75% owned subsidiary of Timbercorp Limited, became entitled to the issue of 466,500 options from 31 July 2002, each option relating to one ordinary share in Select Harvests Limited. The options have an exercise price of \$2.10 per share, and an expiry date of 31 December 2002.

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

	Economic Entity	
	2002	2001

Note 32: Earnings Per Share

Basic earnings per share	0.25	0.20
Diluted earnings per share	0.25	0.20
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share	33,737,590	32,838,077

Directors' Declaration

The Directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 16 to 42 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2002 and performance for the year ended on that date of the Company and economic entity.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



M A Fremder

Chairman

Melbourne, 17th September 2002

Independent Audit Report

TO THE MEMBERS OF SELECT HARVESTS LIMITED

Scope

We have audited the financial report of Select Harvests Limited for the financial year ended 30 June 2002 as set out on pages 16 to 43 including the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

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

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

Audit Opinion

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

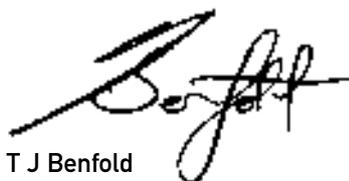
(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Company and the consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Pitcher Partners



T J Benfold

Partner

Melbourne, 17th September 2002

Additional ASX information

In accordance with the listing requirements of the Australian Stock Exchange Ltd, the Directors state that as at 26 August 2002:

(i) The number of holders of each class of quoted security and the voting rights attaching to each class is as follows:

Ordinary Shares	1,627 holders
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Voting Rights:

On a show of hands every member present in person or by proxy shall have one vote. On a poll every member present in person or by proxy shall have one vote for each share held by him in the Company.

(ii) A distribution schedule of the Ordinary Shares, setting out the number of holders by category, is as follows:

(a)		
1	- 1,000	331
1,001	- 5,000	652
5,001	- 10,000	284
10,001	- 100,000	319
100,001	and over	41
Number of Holders		1,627

(b) Holding of less than a marketable parcel of 500 shares

	70
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(iii) The names of substantial shareholders are:

Names	Ordinary Shares	% Held of Issued Capital
1. Maxdy Nominees Pty Ltd	5,382,022	15.56
2. MF Custodians Pty Ltd	3,321,968	9.60

(iv) The names of the 20 largest shareholders, the number of shares held and the % held of issued capital are:

Names	Ordinary Shares	% Held of Issued Capital
1. Maxdy Nominees Pty Ltd	5,382,022	15.56
2. MF Custodians Ltd	3,321,968	9.60
3. National Nominees Limited	1,542,687	4.46
4. Almonds Australia Pty Ltd	1,500,000	4.34
5. Thurston Investments Pty Ltd	1,189,788	3.44
6. Frank Hadley Pty Ltd	805,000	2.33
7. Commonwealth Custodial Services Limited	749,900	2.17
8. Invia Custodian Pty Limited (WAM Equity Fund A/C)	435,000	1.26
9. Mr P.C.N. Middendorp	408,076	1.18
10. Mr J. R. Mackinnon	402,003	1.16
11. Longo Pty Ltd	356,893	1.03
12. Mirrabooka Investments Limited (Investment Portfolio A/C)	320,000	0.93
13. Mutual Trust Pty Ltd (Charles Baillieu A/C)	300,000	0.93
14. Mid Manhattan Pty Ltd (Super Fund A/C)	283,694	0.82
15. Invia Custodian Pty Limited (WAM Capital Limited A/C)	265,000	0.77
16. Fitzwood Pty Ltd	250,000	0.72
17. Demidu Pty Ltd	220,000	0.64
18. B. A. Conway	203,980	0.59
19. Dr John Carey	200,773	0.58
20. Amsamac Pty Ltd (Armstrong Superfund A/C)	199,786	0.58

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

Corporate Governance

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

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

Composition of the Board

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

- The Board should comprise at least four Directors and should maintain a majority of Non-Executive Directors.
- The Chairperson must be a Non-Executive Director.
- The Board should comprise Directors with an appropriate range of qualifications and experience.
- The Board shall meet at least monthly and follow meeting guidelines set down to ensure all Directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are:

M A Fremder, Chairman, Non-Executive Director
B P Burns, Non-Executive Director
C G Clark, Non-Executive Director
D J Williams, Non-Executive Director
J Bird, Managing Director (appointed 28-Sep-01)
B J Hanley, Non-Executive Director (resigned 30-Aug-01)

Remuneration Committee

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the Managing Director and the executive team. The Board has established a remuneration committee comprising three Non-Executive Directors. Members of the remuneration committee throughout the year were:

D J Williams, (Chairman of remuneration committee)
M A Fremder

Audit Committee

The Board has established an audit committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The primary objective of the committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Company and each of its subsidiaries.

The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements. The members of the audit committee during the year were:

Charles G Clark, (Chairman of audit committee)
Brian P Burns

The audit committee is also responsible for:

- directing and monitoring the internal audit function; and
- nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half-yearly statutory audit or review.

Board Responsibilities

As the Board acts on behalf of the shareholders and is accountable to the shareholders, 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 identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the economic entity is delegated by the Board to the Managing Director and the executive team. The Board ensures that this team is appropriately qualified and experienced to discharge its responsibilities and has in place procedures to assess the performance of the Managing Director and the executive team.

The Board is responsible for ensuring that Management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. In addition to the establishment of the committees referred to above, these mechanisms include the following:

- Board approval of a strategic plan, which encompasses the entity's strategy, designed to meet 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 entity;

- implementation of operating plans and budgets by Management and Board monitoring of progress against budget. This includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes;
- establishment of committees to report on quality concerns, and occupational health and safety; and
- procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairman.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of Directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report which is distributed to all shareholders;
- the annual general meeting and other meetings so called to obtain approval for Board action as appropriate;
- the Company's website; and
- the Company's shareholder newsletter, *Select Now!*

Directory

Select Harvests Limited

ACN 000 721 380

Registered and principal office

Select Harvests Limited

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Facsimile (03) 9474 3588

Email info@selectharvests.com.au

Website www.selectharvests.com.au

Board of Directors

M A Fremder (Chairman)

B P Burns

C G Clark

J Bird

D J Williams

Managing Director

J Bird

Company Secretary

C Holland

Auditors

Pitcher Partners

Level 6

161 Collins Street

Melbourne VIC 3000

Telephone (03) 9289 9999

Facsimile (03) 9289 9977

Bankers

Australia and New Zealand Banking Group Limited

Share registry

Computershare Investor Services Pty Limited

Level 12

565 Bourke Street

Melbourne VIC 3000

Telephone (03) 9611 5711

Facsimile (03) 9611 5710

Investor Relations

Enquiries concerning this annual report may be directed to the Company Secretary in writing, by telephone or facsimile to the registered office, or by email to cholland@selectharvests.com.au

This report, along with other information on Select Harvests, is available on our internet website at www.selectharvests.com.au

Shareholder enquiries

Matters relating to shares held, change of address and tax file numbers should be directed to the Share registry:

Computershare Investor Services Pty Limited

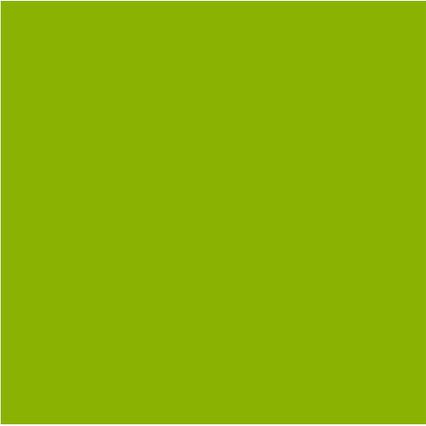
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