PCA
PEANUT COMPANY OF AUSTRALIA

Annual Report 2001

Peanut Company of Australia Limited ACN 057 251 091

PCA
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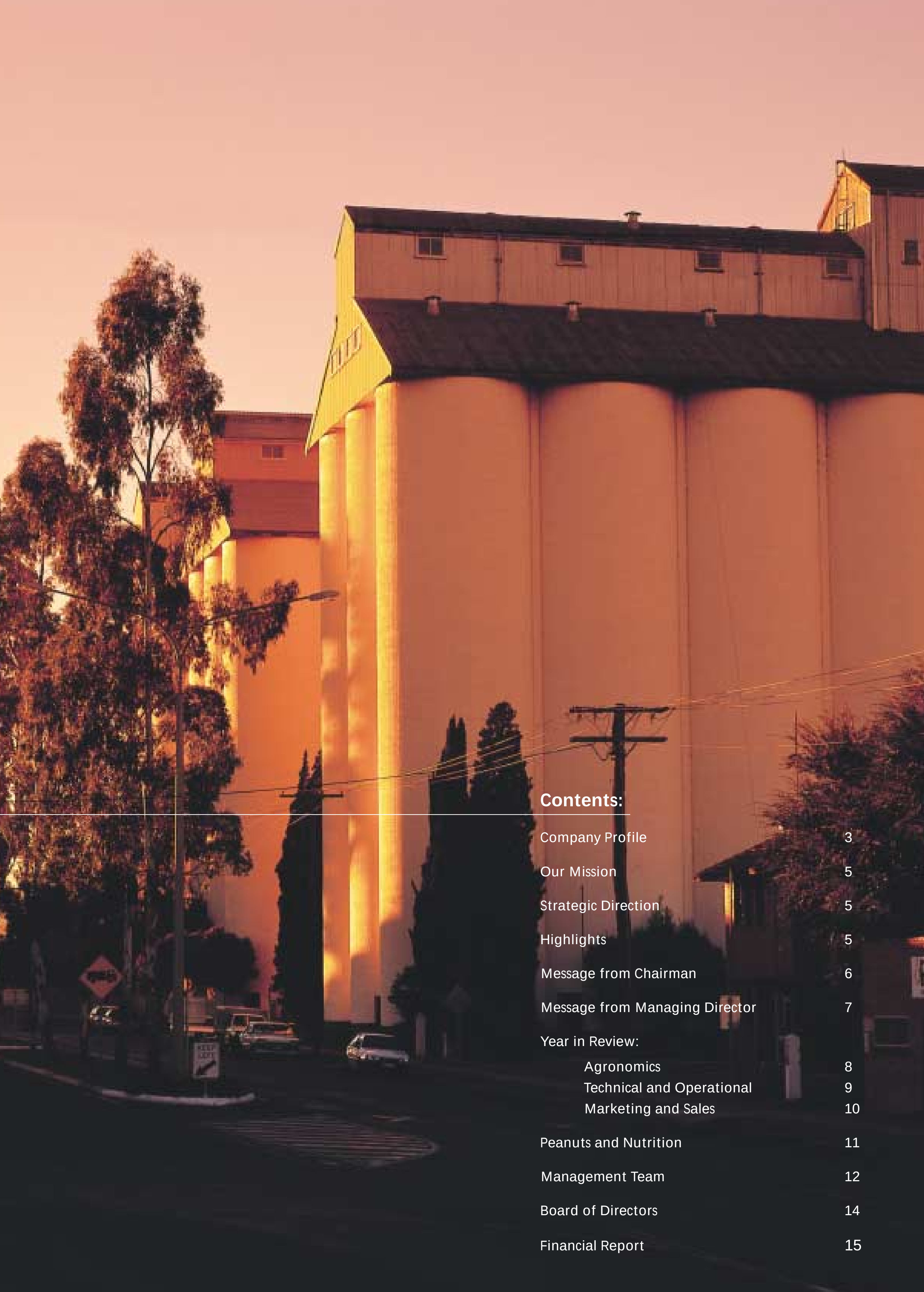

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PCA

PEANUT COMPANY OF AUSTRALIA

COMPANY PROFILE

Peanut Company of Australia (PCA) has earned a leading position in the nation's peanut industry by reliably supplying fresh, high quality, tasty Australian peanuts to customers in Australia and overseas.

PCA is the major peanut supplier to the nation's peanut butter, snack-food, food ingredient and confectionary industries.

Peanut Production

Peanuts are currently grown in Queensland, Northern New South Wales and the Northern Territory. PCA is striving to further develop and expand the production of peanuts in Australia. The Company has field and technical staff working with growers in all production areas, and has taken a leading role in assisting farmers with the minimisation of aflatoxin during the growing and harvesting process.

PCA's production areas have increased over the past few years with both irrigated and dryland peanuts grown by more than 450 farmers throughout the country. The Australian growing environment is low in pesticide residues and heavy metals, placing Australian peanuts in an attractive position when compared with alternative supply regions around the world.

Research and Development

PCA keeps abreast of international industry developments. It actively participates in research and development activities relating to farming techniques, food safety and quality. The Company conducts seed development and new variety evaluation programs.

PCA also has a keen focus on the health and nutritional benefits of peanuts and seeks to support and increase awareness of peanut research relating to cardiovascular disease, cancer, weight control, allergens and vitamins.

Quality Products

Products supplied by PCA include nut-in-shell, raw, blanched, roasted, granulated, dry roasted, oil-glazed and salted peanuts. It also supplies crude, cold-pressed, and refined and deodorised peanut oil. The peanut flavour profile is continually monitored to ensure that PCA's customers' products are of the highest standard.

PCA also seeks to extend and support its trading links with customers by tailoring products to their needs and remaining responsive to their requirements.

The Company has a very strong commitment to quality and continuous improvement. Products provided by PCA conform to Australian and New Zealand Food Authority Standards and International Food Regulations.

Approximately 250 employees work in PCA's facilities and in the field throughout Australia. Employees work within an environment where high-level health and safety standards are stringently practiced and innovation is encouraged.

PCA has a documented and audited Quality System and HACCP (Hazard Analysis Critical Control Point) accreditation.

Latest Technology

The Company's major processing plant is located in Kingaroy, in Queensland's South Burnett district. It features modern intake, sorting, grading, processing, packaging and storage facilities, including drying, shelling, raw processing, blanching, roasting and value-adding plant. The PCA silos, which are a landmark in Kingaroy, hold some 13,000 tonnes of farmers' stock.

PCA also has a NATA (National Association of Testing Authorities) accredited laboratory based in Kingaroy. This laboratory allows the company to conduct chemical, pesticide and microbiological analyses and has rated very strongly in international proficiency programs over the last decade.

PCA's sorting equipment includes some of the best technology available in the world. The Company has installed Panatronic and Huetronic colour sorters that can identify some 16 million different colours by making approximately 20,000 decisions per second.

The company also has an intake, shelling and grading plant at Tolga on the Atherton Tablelands, and intake and storage facilities at Gayndah in the Central Burnett.

OUR MISSION

Our business is to process and market great tasting, healthy peanut products.

In doing this we will serve the best interests of:

- Our customers - by guaranteeing the best possible standards of quality, taste and service.
- Our growers - by constantly striving to improve quality, security of supply and efficiency, in addition to providing long term competitive contractual arrangements.
- Our employees - by providing safe, rewarding and secure employment in an environment of equal opportunity for promotion, innovation and success.
- The community - by ensuring a responsible attitude to the environment and the people who use our products.

Through continuous improvement and innovation, we will produce superior business results, giving our shareholders the best sustainable return whilst providing a strong cash flow for the development and expansion of the business.

STRATEGIC DIRECTION

PCA continues to review its Strategic Plan annually to reflect changes in markets, varieties and technology.

PCA's current goals are to:

- continue to develop and enhance the Australian market
- extend the capabilities of our value adding range
- grow overseas markets on the back of our excellent quality and shelf life
- continue to introduce new technology to reduce costs and improve processing yields
- expand our production base in the Northern Territory coastal region and southern central Queensland, and
- look to partner with other organisations where we envisage a strategic fit.

HIGHLIGHTS

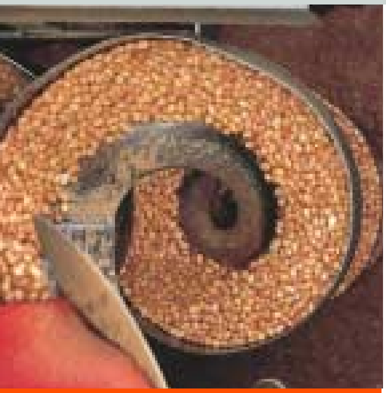
highlights

	2001	2000	1999	1998	1997
Revenue ($,000)	56,197	54,142	53,314	50,904	48,753
Operating Profit Before Tax ($,000)	2,031	3,518	1,693	1,574	(3,975)
Operating Profit After Tax ($,000)	1,279	2,198	1,757	1,574	(3,870)
Total Assets ($,000)	32,544	29,679	30,619	34,498	26,938
Earnings per Share (cents)	29	50	40	36	(89)
Dividends per Share (cents)	10	7	-	-	2
Issued Shares	4,354.928	4,354,928	4,354,928	4,354,928	4,354,928
Gearing Debt Equity (%)	70.55	48.54	85.65	112.81	110.83
Return on Equity (%)	7.54	13.64	13.22	13.64	(38.85)

farmer's stock

	2000* season	1999 season	1998 season	1997 season	1996 season
Tonnes	34,000	40,500	35,900	38,600	34,200

* The 2000 season relates to the year ended 31 March 2001.



MESSAGE FROM THE CHAIRMAN

On behalf of the Directors of the Peanut Company of Australia Limited (PCA), I am delighted to present our Annual Report for the year ended 31 March 2001 to our shareholders.

Despite a difficult season, I am pleased to announce that the Company has recorded a reasonable profit of $1.28 million after tax for the period.

The reduction from the previous record year was due largely to two issues. Firstly, our inability to recover in the marketplace the increased cost of the crop, and secondly, the Company imported product to cover an anticipated short fall in supply. The low value of the Australian dollar resulted in higher import prices.

During the year, PCA purchased the processing plant at Beil's Road, near Kingaroy, from Australian Peanut Industries (API). This facility has been integrated into the business and future options for the facility are currently being considered.

The Directors have made a commitment to ensuring shareholders are informed on the activities and progress of the Company. We are dedicated to achieving good returns for our shareholders and maximising shareholder value. To this end, we will endeavour to keep shareholders updated on the progression of all relevant corporate negotiations and achievements.

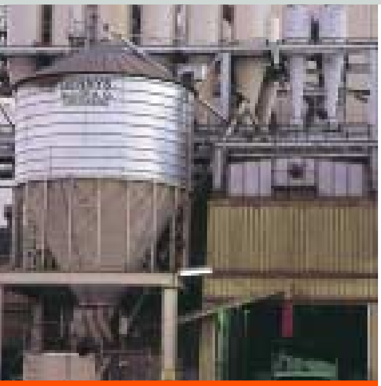
The company has elected to pay an early dividend of five cents per share (to be paid in June 2001). This dividend is in lieu of a September dividend payment. This early dividend allows shareholders to take advantage of changing tax legislation which will reduce the benefit of imputations credits.

The restrictions in the Company's articles on who may own shares continue to depress the value of the shares. However, I am encouraged to see that activity on the secondary share-trading scheme has improved. It is the Board's view that the more shares that are traded, the more valuable they become. Therefore, we strongly support increased trading of shares and hope to see this continue to improve.

I would like to take this opportunity to thank my fellow directors for the dedication and experience they have applied in representing the interests of the shareholders. I would also like thank our employees who continue to do an excellent job in an increasingly demanding marketplace.

While ours is an industry that is reliant on uncontrollable elements, like weather, I believe our strategic direction and our relationship with farmer-suppliers and customers places PCA in a strong position for the future.

Ray Magill
Chairman



MESSAGE FROM THE MANAGING DIRECTOR

The past financial year has been both challenging and rewarding for PCA.

We have had some major achievements at our Kingaroy and Tolga plants. In particular, I am proud to announce the completion of our new cold store facility located on the southern side of PCA's Kingaroy site. This cold store is a fine example of the advances we are making in terms of adopting the latest technology and quality processes.

It was unfortunate that PCA's suppliers had a lower yield and quality in the 2000 season than in the previous year (when we experienced a bumper crop). Therefore, PCA had to seek out imported peanuts in order to meet our customer's needs.

We are continuing to work very hard at increasing peanut production in this country to avoid having to import peanuts. Australian peanuts are the freshest, best quality peanuts and it is our aim to achieve a position where we are only supplying Australian peanuts to our customers. To this end, we have been working in new regions, particularly in the Northern Territory, to attract more growers.

We have also continued our close work with the Queensland Department of Primary Industries (QDPI). In particular, we have worked with QDPI to help farmers minimise the incidence of aflatoxin in their crops. This year, PCA launched the Aflatoxin Minimisation Declaration Program. We hope to see the benefits of this program in the harvest of the 2001 crop and our 2001-2002 results.

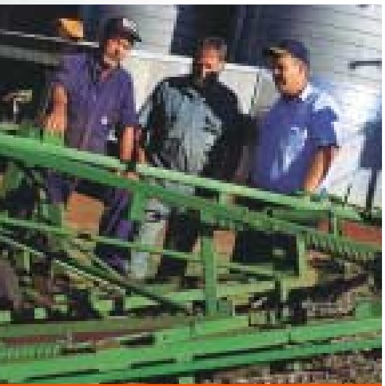
This year, we have made progress in the promotion of the health and nutritional value of peanuts. PCA invited Dr Tim Sanders, a leading expert in the field, to Australia to host a series of workshops for dieticians, nutritionists, health professionals, our customers and suppliers. In his short time in Australia, Dr Sanders featured on many radio and television stations throughout the country, promoting the nutritional benefits of peanuts. We intend to continue this promotion to raise awareness of peanut nutrition, with the ultimate aim to increase consumption of peanuts in Australia. (We have included some information on the nutritional value of peanuts on page 11 of this report.) We also take very seriously our role in supporting research into allergens and providing relevant information to the community.

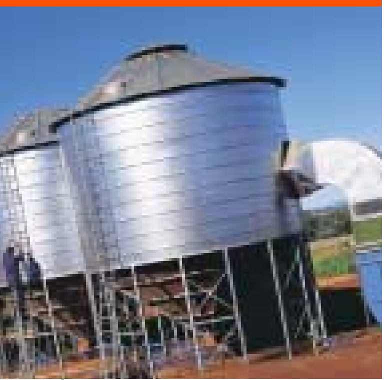
The Business Interruption claim against our insurers relating to the 1996 salmonella incident was before the Queensland Supreme Court during May and June 2000 with additional hearings early in 2001. We expect a decision to be handed down later this calendar year.

I wish to extend my sincere gratitude to all PCA employees who have worked very hard this year. In particular, I would like to recognise those employees who played a significant role in working towards HACCP (Hazard Analysis Critical Control Point) Accreditation.

It is through the dedication of our staff, applying the latest technology in the plant, working with farmers to achieve the best possible yield and quality, and maintaining a leading role in promoting peanuts, that PCA will continue to be the foremost supplier of quality peanuts in this country.

Bob Hansen
Managing Director





Above
The use of inverted pullers and new drying bins installed by farmers helps to minimise aflatoxin

2000 Crop

The 2000 crop was planted between October and December 1999 and harvested between March and June 2000.

South Queensland Dryland

Region includes South Burnett, Bourke and Moree.

The South Queensland Dryland region experienced lower yields than the previous season. Overall, there was a low incidence of aflatoxin compared to the previous five years. In general, farmers achieved above average kernel quality. There were some quality difficulties with the new variety Condor, due to wet conditions late in the season. The average yield was 2.5 tonnes per hectare.

North Queensland Dryland

Region includes Atherton Tablelands, Burdekin, Charters Towers and Lakeland Downs near Cooktown and the Northern Territory.

In North Queensland, farmers experienced a mild growing season. Despite the relatively unfavourable growing conditions, North Queensland farmers produced an average yield for the season of 3.26 tonnes per hectare which was above the long term average yield. NC7 was the best yielding variety with an average yield of 3.5 tonnes per hectare.

Irrigated

Irrigated crop is grown in the Chinchilla, Inglewood, St George, Texas, Bourke, Brisbane Valley, Theodore, Emerald and Rockhampton regions.

The 2000 irrigated crop varied, yielding between 3 and 6 tonnes per hectare. As usual, irrigated peanuts were of good quality and recorded low aflatoxin levels.

TOPCROP

The TOPCROP award, which has been running for five years, is presented by PCA to farmers who achieve the highest quality peanuts in the three major growing regions. The TOPCROP award winners receive a farm study tour to the United States.

The successful farmers were:

- North Queensland – Michael Tomerini, Mareeba
- South Queensland Dryland – John & Tom Champney, Wooroolin
- Irrigated – Simon and Kylie Drury, Condamine

Seed Development

PCA has a multi-level seed scheme that runs in conjunction with its varietal development strategy (see "Technical and Operational" page 9). During the 2000-2001 year, PCA worked with selected growers to develop enough seed of the new variety SO95R for a commercial plantings for the 2001 season.

PCA runs very stringent tests to ensure that the seed developed by growers has high germination and purity before accepting the product as seed.

Grower Communications

PCA maintains regular communication with farmers through face-to-face meetings with grower groups in South and North Queensland, the services of four agronomists, industry conferences, Aflatoxin and drying workshops, participation in the 2000 Peanut Update and newsletters.

Aflaxtoxin Minimisation Program

In late 2000, PCA launched the Aflatoxin Minimisation Declaration Program. Farmers who sign on to the program agree to conduct maturity tests to determine digging date, use inverting pullers, thresh within five days of digging, pre-clean peanuts before delivery and carry-out specific dry storage practices. Growers who implement the practices, will be compensated by having any Segregation 4 loads paid by PCA as though they are Segregation 3 loads. The impact of this program will be assessed by the quality of the 2001 harvest intake.

Working with the industry

PCA works closely with other players in the agricultural industry to obtain benefits for peanut production. During the year, PCA worked with chemical companies, QDPI and other industry players to achieve registration of the herbicide "Flame" with the National Registration Authority.

TECHNICAL & OPERATIONAL

Top
Near infra-red machine is saving time and money

Bottom
PCA's laboratory in Kingaroy is NATA accredited

Purchase of Beil's Road Facility

In late 2000, PCA purchased a processing facility near Kingaroy from Australian Peanut Industries (API). This plant has been integrated into the current business operations of PCA. Future uses for the facility are being considered.

International Standard of Quality

PCA has adopted a very stringent approach to quality, product and service improvement. The PCA Kingaroy facility has had in place a recognised food and safety system for five years and recently achieved internationally-recognised HACCP (Hazard Analysis Critical Control Point) accreditation. PCA will continue to use its HACCP Plan as a mechanism for continuous improvement.

International benchmarking of PCA product continues to reveal that PCA's products were of an extremely high standard with the lowest levels of cadmium and pesticides worldwide. This in conjunction with good shelf life strengthens marketability.

Laboratory Improvements

PCA's microbiological laboratory continued to play an integral role in PCA's Quality program during the period, completing both environmental and finished-product analysis. PCA successfully continued its NATA accreditation for sampling and testing of peanuts for the presence of aflatoxin.

A new high tech NIR (Near Infra-Red) machine was installed to provide rapid feedback on moisture, oil and protein content in a cost effective and efficient manner. The machine, which produces highly accurate results in just a few minutes replaced long methods which could take up to eight hours to complete. Considerable research, calibration and efficiency trials were conducted for three months prior to the purchase of the machine.

Research and Development

PCA has a strong focus on Research and Development. The Company continued to sponsor and support national and international research in the following areas:

- Aflatoxin minimisation
- Nutrition and Health benefits
- Allergens (shock prevention, vaccines and enzymes)
- Flavour profiles
- Product and service enhancement
- Yield Gap Program
- Cadmium minimisation
- Varietal development, particularly high oleic varieties

Varietal Development

PCA's aim is to commercialise one new variety every season. PCA has a strong relationship with leading peanut breeding universities in the United States of America and works closely with the QDPI peanut breeding and introduction program in Kingaroy. All new varieties go through a strenuous evaluation program that analyses the agronomic criteria, processing responses and flavour. PCA works with its major customers prior to release to ensure the new variety enhances their products.

The first commercial planting of SO95R occurred in late 2000 for the 2001 crop. SO95R is a high oleic variety that has greater stability, a longer shelf life and added health benefits. Trial plantings between 1995 and 1999 proved very promising with the variety achieving high yields and quality.

Facility Upgrades

PCA is committed to providing its suppliers and customers with highly efficient, cost effective, first-class facilities. Further upgrades in Kingaroy and Tolga were carried-out during the financial year.

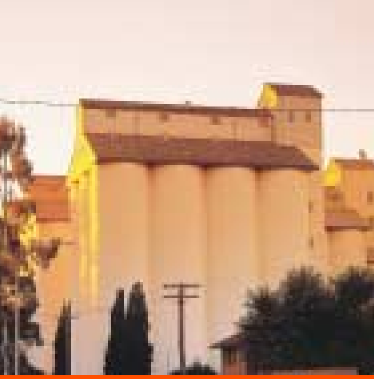
The primary facility upgrade for the 2000-2001 year is the new cold store facility in Kingaroy. With a capacity of 3,000 tonnes, this storage facility provides PCA with the ability to better service its customers.

The new Panatronic and Huetronic colour sorters, with powerful optical cameras, were installed during 1999-2000 and continue to provide high speed, high quality sorting.

In the Kingaroy blanching plant, new blanchers were installed and new infra-red sorters are planned for installation during June 2001. During the financial year, modifications were made to the grading facilities at Tolga resulting in further operating efficiencies.

Top
New cold store facility at Kingaroy

Bottom
Powerful optical cameras can identify 16 million different colours



Top
PCA Silos at Kingaroy

Bottom
New PCA cold store has a 3,000 tonne capacity

the year in review

MARKETING & SALES

Domestic and Export Sales

Generally, sales during 2000-2001 were comparable to the previous year.

Export sales were not as high as originally planned due to the higher than expected incidence of aflatoxin and problem with late payments by one customer. However, domestic sales increased. In particular, there was an increase in the sale of blanched peanuts and value-added lines. Snackfood and peanut butter continue to be the primary end-use of PCA product (see graph below).

New Zealand has been a key focus for the Company. Sales to this region improved during the year, and are expected to continue to grow over the next 12 months. The company is also progressing its efforts to increase export markets in United Kingdom, Europe and Asia.

New Products

PCA commenced negotiations with customers to develop a market for high oleic varieties, in particular the new variety SO95R which will have its first commercial season in 2001.

Customer Relations

Regular communication with customers via PCA staff and agents has resulted in positive working relationships.

Several customer groups visited PCA facilities during the year to view PCA's new processes and equipment.

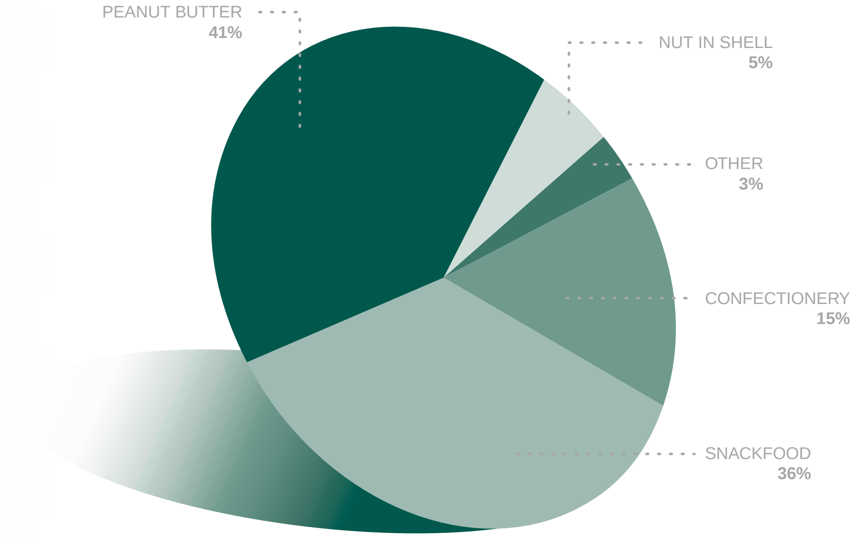
PCA technical and sales staff visited customers on a regular basis to provide technical updates. Client visits were conducted in Australia and New Zealand during October, in conjunction with the nutritional seminars with Dr Tim Sanders, and also in November and February.

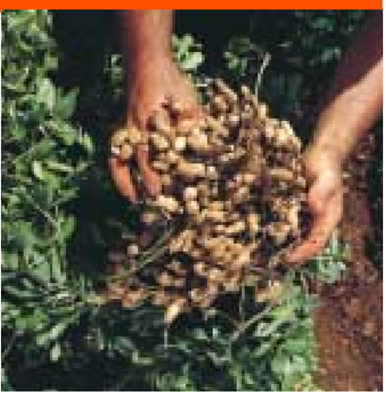
Customer Service Agents in New South Wales, Victoria, South Australia, Western Australia, New Zealand and United Kingdom continued to provide a face for PCA in key areas by assessing customer requirements, taking orders and negotiating contracts.

During the year, Carroll Partners was appointed as PCA's Victorian agent following the retirement of Arnold Webb. Mr Webb had served the peanut industry for more than 20 years.

PCA's New Zealand Agent Roben Menz closed operation in early 2001 and PCA appointed Premium Nut Brokers as its new NZ agent.

END USE OF PCA PRODUCT





Nutrition Roadshow

As part of its commitment to promoting the nutritional benefits of peanuts, PCA invited a leading international expert to Australia for a nutrition roadshow entitled "There's a NUT in NUTrition".

Dr Timothy Sanders, a Research Leader in the Agricultural Research Service, United States Department of Agriculture and a Professor of Food Science at North Carolina State University, hosted seminars in Sydney, Melbourne, Brisbane and Kingaroy in late 2000.

Almost 200 nutritionists, peanut processors, growers and media attended the seminars, which focused on the health and nutritional benefits of peanuts.

Peanuts: The Facts

Studies have demonstrated that frequent peanut consumption reduces risk of cardiovascular disease.

Beta-sitosterol, the most abundant sterol in peanuts, has been shown to inhibit cancer growth, as well as protect against heart disease.

Clinical trials clearly demonstrate a clear reduction in total and LDL-cholesterol when peanuts are added to the diet.

Subjects in clinical trials with peanuts experienced weight loss or maintenance, not weight gain.

Peanuts contain phytochemicals such as isoflavones and saponins which have anticancer and antioxidant properties associated with coronary heart disease risk factor reduction.

Peanuts contain low levels of resveratrol, the compound in red wine associated with reduced heart disease and anticancer properties.

Peanuts contain important vitamins (B6, E) and folic acid.

Minerals such as magnesium, copper, zinc, and selenium are present in peanuts.

MANAGEMENT TEAM

Chris Seng
Raw Plant Manager

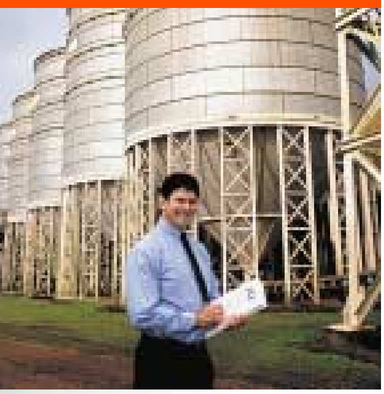
Chris Seng has been employed with PCA and its predecessors for almost 30 years. After leaving school and spending some time dairy farming and fencing, Chris commenced employment in the peanut industry as a Bag Boy on the Destacking Gang. He advanced to Sheller Operator and was later promoted to Shift Foreman (Shelling Plant) and finally to his current role as Raw Plant Manager. Chris is a respected member of the PCA management team and is one of the company's longest serving employees.

Tricia Freeman
Sales and Customer Service Manager

Tricia Freeman has been with PCA for more than 17 years. After working in accountancy and telecommunications, Tricia commenced employment with PCA working in administration and sales. In 1993, she was appointed Sales and Customer Service Manager and currently coordinates domestic and international sales, develops customer specifications to meet requirements and has close contact with customers, agents, and processing staff. Tricia has qualifications in information processing and desktop publishing.

Steven Lee
Manufacturing Manager - Blanching Plant and Value-adding

Steven Lee has worked in the peanut industry for nine years, commencing as a research officer focusing on biocontrol of aflatoxin and progressing to position of Micro Laboratory Manager. Steven played a pivotal role in the development of the PCA's Quality control process and was appointed Manufacturing Manager in 1999. He holds a Bachelor of Applied Science and is currently studying a graduate certificate in management. In his current role, Steven manages the Blanching and Value-adding plant with a focus on continuous improvement of processing capabilities and standards.



Top
From left – Chris Seng, Tricia Freeman, Steven lee, Mike Posener, Mark Belts, Bob Hansen, Juli Robertson, Lionel Wieck and Brian Vernon

Bottom
Kevin Norman (North Queensland)

Mike Posener
Engineering Manager

Mike Posener started with PCA in late 1999 after some 12 years as an engineering manager in the food industry in New Zealand and South Africa. He has a strong background in engineering, design, construction and project management of packaging plant. Prior to this, Mike worked as a contracts manager in the building industry and was a design engineering consultant. He is a certified mechanical engineer and holds a higher national diploma in Mechanical Engineering and an executive Master of Business Administration (MBA). Most recently, Mike designed and project-managed the new cold store facility.

Mark Betts
Commercial Manager

Mark Betts joined PCA in 1996 after 15 years in the agricultural industry, covering agricultural equipment manufacture, stockfood and grain trading. He holds a Bachelor of Business and is a Certified Practicing Accountant. In his role as Commercial Manager, Mark oversees all financial management for PCA including accounts and payroll and plays a significant role in PCA's Corporate Governance activities as Company Secretary.

Robert (Bob) Hansen

Managing Director

See profile outlined in section "Board of Directors" on following page.

Juli Robertson

Technical Manager

Juli Robertson has a strong background with more than 13 years experience in the food industry. She joined PCA in 1997 taking on the role of Technical Manager. Her diverse background includes technical, production and human resource areas. At PCA, Juli oversees the laboratory and quality programs, keeps customers abreast of latest research outcomes, and introduces new varieties and systems development. She holds Bachelor of Applied Science in Food Technology (BApplSc), Graduate Certificate Manufacturing Management, Graduate Diploma Operations Management, and an MBA in Operations Management.

Lionel Wieck

Farming Services Manager

Lionel Wieck commenced at PCA in 1986 as Management Accountant and later Finance Manager. He holds a Bachelor of Business (Accounting), is a Certified Practicing Accountant, and has previous experience in agribusiness, retailing, transport and manufacturing industries. Displaying an interest and natural aptitude in agronomics and grower communication, Lionel was appointed Farming Services Manager in 1995. In this role, Lionel is responsible for crop purchase and grower feedback, grower liaison and managing contract harvesting.

Brian Vernon

General Manager - Operations

Brian Vernon has been General Manager of Operations since joining the company in 1998. He has more than 30 years experience in food and farming, previously holding senior management positions in the poultry and seafood industries in Papua New Guinea, England and Africa. Brian has an honours degree in Agricultural Science and a MBA. He currently oversees the processing operations in the plants at Kingaroy and Tolga. Brian's main emphasis is on improving efficiency, technical development, planning and coordination.

Kevin Norman

Principal Agronomist (based in North Queensland)

Kevin Norman first started working with peanuts in 1984 when he was employed with the Department of Primary Industries (DPI) in Atherton.

In 1991, Kevin won a scholarship from the Queen Elizabeth II Jubilee Trust enabling him to conduct a study tour to the USA, Egypt and to Israel. He joined PCA in 1992 and currently provides agronomic advice and information to all growers to maximise peanut yields and quality. Kevin has a Bachelor of Agricultural Science with Honours, and is a Certified Practicing Agriculturalist.

BOARD OF DIRECTORS

Ray Magill

Ray Magill

Commerce Accounting Procedures Certificate, Bachelor of Legal Studies, FFAIDChairman (Non-Executive Director). Age 55.

He was appointed Director on 14 November 1996 and Chairman on 27 February 1997.
Mr Magill is Chairman of Investment Bank InterFinancial Limited, Carrington Cotton Corporation Limited, and Harvest Freshcuts Pty Ltd. He holds directorships on a number of other companies and has tertiary qualifications in accounting and law. Member of Audit and Renumeration Committees.

Niven Hancock

Niven Vaughan Hancock

Non-Executive Director. Age 54.

He was appointed on 24 August 1992.
Mr Hancock is a Director of PMB Australia Co-Operative Association Limited. He was formerly a Director of Navy Bean Marketing Board and Bean Growers' Co-Operative for 13 years and conducts family farming operations at Kumbia, Queensland.

Robert Hansen

Robert Bruce Hansen

B.App.Sc, Grad.Dip.Man., Managing Director (Executive Director). Age 48.

He was appointed on 1 November 1993.
Mr Hansen was formerly General Manager (Victoria) Inghams Enterprises Pty Ltd for five years. He has had extensive experience in the poultry industry within Australia, New Zealand and Papua New Guinea. Member of Audit and Renumeration Committees.

Dennis Howe

Dennis Michael Howe

B.Eng. (Hons), Non-Executive Director. Age 46.

He was appointed on 24 August 1992.
He was formerly a Director of The Peanut Marketing Board and The Queensland Peanut Growers' Co-Operative Association Limited (appointed on 6 February 1985) and he became a Director of the Company upon registration.

He is also a Director of PMB Australia Co-Operative Association Limited, and conducts family farming operations based at Walkamin, North Queensland.

Neil Lister

Neil C Lister

B.Ec., Non-Executive Director. Age 54.

He was appointed on 25 August 1994 and resigned on 13 November 1996. He was subsequently reappointed on 25 March 1997.
Mr Lister has had extensive experience in marketing of consumer products in Australia, Asia and Europe, has held senior management positions with the Quaker Oats Company in Australia, UK, Asia and with the ICM Australia Group including Chief Executive of The Uncle Toby's Company. He is currently a Director of Goodman Fielder Limited and Peter Lehmann Wines Ltd. Member of Audit Committee.

Jeffrey Rackemann

Jeffrey George Rackemann

Non Executive Director. Age 61.

He was appointed on 24 August 1992.
He was formerly Chairman of The Peanut Marketing Board and former Chairman of The Queensland Peanut Growers' Co-Operative Association Limited, having been appointed a Director of those organisations on 3 August 1983. He became a Director of the Company upon registration.
He is currently Chairman of PMB Australia Co-Operative Association Limited, and is a partner in family farming operations based in South East Qld, involved in peanut, grain and cattle production. Member of Audit Committee.

Lindsay Hunt

Lindsay Barry Hunt

M.Mgt, Non Executive Director. Age 54.

He was appointed on 29 June 1999.
Mr Hunt has had extensive experience in human resources and general management. He has held positions with Mars Inc. including Regional Personnel Director Asia Pacific, General Manager Asia and Managing Director.
He is currently a Business Consultant in the Food Industry. Member of Renumeration Committee.

PEANUT COMPANY OF AUSTRALIA

PEANUT COMPANY OF AUSTRALIA LIMITED

ACN 057 251 091

AND ITS CONTROLLED ENTITY

ANNUAL FINANCIAL REPORT

31 March 2001

The directors present their report together with the financial report of Peanut Company of Australia Limited ("the Company") and the consolidated report of the consolidated entity being the Company and its controlled entity for the year ended 31 March 2001 and the auditor's report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Ray Magill, Niven Vaughan Hancock, Robert Bruce Hansen, Dennis Michael Howe, Neil C Lister, Jeffrey George Rackemann, and Lindsay Barry Hunt. Full details of the directors are found on page 14 of this report under the title "Board of Directors".

DIRECTORS' MEETINGS

The number of directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

DIRECTOR	MEETING OF DIRECTORS OF PEANUT COMPANY OF AUSTRALIA LIMITED					
	Meeting of Directors		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
D M Howe	10	11	-	-	-	-
J G Rackemann	9	11	3	3	-	-
L B Hunt	11	11	-	-	1	1
N C Lister	11	11	3	3	-	-
N V Hancock	10	11	-	-	-	-
R B Hansen	10	11	3	3	1	1
R Magill	11	11	3	3	1	1

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the course of the financial year were the shelling, grading, processing and marketing of peanuts.

REVIEW OF OPERATIONS 2000/2001

The 2001 Financial Year saw a profit after tax of $1.28 million down from the record of $2.20 million of the previous year. The two main contributors to this were:

i) Price increases paid for farmers' stock were not able to be fully recovered from PCA's customers due to price competition from other processors and imported product.

ii) In anticipation of product shortfall during the year, the Company imported product which, due the low Australian dollar, resulted in higher import prices, adversely impacting margins.

The Company also wrote back an overaccural of annual leave provisions for the period of $500,000.

Difficult weather conditions during the growing and harvesting periods resulted in a diminished crop size of lower than normal quality. This put pressure on the processing of the product for period.

The Company continued investment in its operating facilities completing a major cold store adjacent to the value-adding plant at Kingaroy. This will enhance PCA's capability to respond to customer needs and eliminate significant double-handling.

To further balance the climatic risk to PCA's supplier base, the Company continued to encourage peanut production in the Northern Territory and views this region as an important source of peanuts in the future.

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were:

Type	Cents per share	Total amount $000	Date of payment	Tax rate for franking credit
• In respect of the current financial year				
- Interim - Ordinary Shares	5.0	218	20/10/00	34%
- Final - Ordinary Shares	5.0	218	08/05/01	30%

STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occured during the financial year under review.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Indemnification of officers

The Company has agreed to indemnify the following current directors of the Company, Mr R Magill, Mr NV Hancock, Mr RB Hansen, Mr DM Howe, Mr NC Lister, Mr LB Hunt and Mr JG Rackemann, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current directors of its controlled entitiy for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

Since the end of the previous financial year the Company has paid insurance premiums in respect of directors' and officers' liability insurance contracts, for current and former officers of the Company (including Directors and Secretary), and the directors and secretary of PMB Australia Co-Operative Association Limited.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' Liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

CORPORATE GOVERNANCE STATEMENT

The directors have adopted a policy on Corporate Governance that is in accordance with Corporations Law and in the best interests of shareholders.

ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to environmental regulations under both Commonwealth and State legislation in relation to its manufacturing.

The consolidated entity has established a Management Committee which monitors compliance with environmental regulations. The directors are not aware of any significant breaches during the period covered by this report.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

LIKELY DEVELOPMENTS

The operations of the consolidated entity continue to be affected by the seasonal nature of the products produced.

DIRECTORS' INTEREST AND BENEFITS

The relevant interest of each director in the share capital of the Company as shown in the Register of Directors' Shareholdings as at the date of this report is:

	Ordinary Shares
Jeffrey George Rackemann	
- Held in own name	10,650
- Held jointly with Violet E Rackemann and Mark S Rackemann	800
- Held jointly with Violet E Rackemann	9,402
Dennis Michael Howe	
- Held in name of family company - Howe Farming Co Pty Ltd	53,852
Niven Vaughan Hancock	
- Held jointly with Toni Hancock and trading as Candowie Farming Co	26,504
Robert Bruce Hansen	
- Held in own name	178,648
- Held in name of family superannuation company - Hansen Pastoral Investments Pty Ltd	142,104

Since the end of the previous financial year no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration paid or payable to directors shown in the consolidated financial report) because of a contract made by the Company or its controlled entity, with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial interest, other than contracts in the normal course of business as stated in note 21 (Related Parties) of the financial statements.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Dated at Brisbane this 18th day of June, 2001.

Signed in accordance with a resolution of the directors:

Director

Director

PEANUT COMPANY OF AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITY

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2001

		COMPANY & CONSOLIDATED	
		2001	**2000**
	Note	**$000**	**$000**
Operating profit after abnormal items and before income tax	2,3	2,031	3,518
Operating profit before income tax		**2,031**	**3,518**
Income tax expense attributable to operating profit	5	(752)	(1,320)
Operating profit after income tax		**1,279**	**2,198**
Retained profits at the beginning of the financial year		3,439	1,459
Total available for appropriation		**4,718**	**3,657**
Dividends provided for or paid	24	436	218
Retained profits at the end of the financial year		**4,282**	**3,439**

The Profit and Loss Statement is to be read in conjunction with the notes to the financial statements set out on pages 22 to 34.

financial report

PEANUT COMPANY OF AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITY

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2001

		COMPANY & CONSOLIDATED	
		2001	2000
	Note	$000	$000
Current assets			
Cash		2	3
Receivables	6	4,006	3,830
Inventories	7	8,497	7,148
Other	8	730	536
Total current assets		13,235	11,517
Non-current assets			
Property, plant and equipment	9(a)	18,753	17,448
Investments	9(b)	7	7
Other	9(c)	549	707
Total non-current assets		19,309	18,162
Total assets		32,544	29,679
Current liabilities			
Accounts payable	10	409	950
Borrowings	11	9,629	5,476
Provisions	12	1,940	3,061
Total current liabilities		11,978	9,487
Non-current liabilities			
Borrowings	11	3,293	3,744
Provisions	12	314	332
Total non-current liabilities		3,607	4,076
Total liabilities		15,585	13,563
Net assets		16,959	16,116
Shareholders' equity			
Share capital	13	4,355	4,355
Reserves	14	8,322	8,322
Retained profits		4,282	3,439
Total shareholders' equity		16,959	16,116

The Balance Sheet is to be read in conjunction with the notes to the financial statements set out on pages 22 to 34.

PEANUT COMPANY OF AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2001

		COMPANY & CONSOLIDATED	
		2001	**2000**
	Note	**$000**	**$000**
Cash flows from operating activities			
Cash receipts in the course of operations		59,495	58,671
Cash payments in the course of operations		(56,380)	(51,278)
Insurance proceeds received		0	160
Income taxes paid		(1,580)	(50)
Net cash provided by operating activities	23	1,535	7,503
Cash flows from investing activities			
Interest received	2	75	31
Payments for property, plant and equipment		(5,374)	(1,605)
Proceeds from sale of non-current assets	2	2,458	35
Net cash used in investing activities		(2,841)	(1,539)
Cash flows from financing activities			
Interest paid	3(a)	(985)	(1,012)
Net proceeds from/(repayments of) borrowings		2,940	(3,300)
Lease payments		(555)	(485)
Dividends paid		(218)	(305)
Net cash provided by/(used in) financing activities		1,182	(5,102)
Net increase/(decrease) in cash held		**(124)**	**862**
Cash at the beginning of the financial year	**23**	**89**	**(773)**
Cash at the end of the financial year	23	(35)	89

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 22 to34.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2001

1. *Statement of significant accounting policies*

The significant policies which have been adopted in the preparation of this financial report are:

(a) BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. It has been prepared on the basis of historical costs and except where stated, does not take into account the changing money values or current valuations of non-current assets. These accounting policies have been consistently applied by the entities in the consolidated entity, and are consistent with those of the previous year.

(b) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the economic entity include the financial statements of the Company, being the parent entity, and its controlled entity ("the consolidated entity").

Where an entity began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of the transactions, between the controlled entity included in the consolidated financial statements have been eliminated.

(c) OPERATING REVENUE

Sale of goods

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the control of goods passes to the customer.

Interest income

Interest income is recognised as it accrues.

Asset sales

The gross proceeds of asset sales not originally purchased for the intention of resale are included as revenue at the date an unconditional contract of sale is signed.

(d) FOREIGN CURRENCY

Transactions

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

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the profit and loss statement in the financial year in which the exchange rates change.

(e) TAXATION

Income tax

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

(f) INVENTORIES

Inventories are carried at the lower of cost and net realisable value.

Manufacturing activities

Cost is based on the average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of both variable and fixed costs. Fixed costs have been allocated on the basis of normal operating capacity.

Net realisable value

Net realisable value is determined on the basis of each entity's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

(g) PROPERTY, PLANT AND EQUIPMENT

Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

The cost of property, plant and equipment constructed by the consolidated entity includes the cost of materials and direct labour. The proportion of overheads and other incidental costs directly attributable to its construction are also capitalised to the cost of property, plant and equipment.

Revaluations

Land and buildings are independently valued every three years on the basis of existing use and included in the financial statements at the revalued amounts.

This is in addition to the annual review for recoverable amounts referred to in note 1(l).

Capital Gains Tax has not been taken into account on the grounds that it would not have a material effect on the financial statements as the majority of assets were purchased prior to the introduction of the Capital Gains Tax legislation.

All other items of property, plant and equipment are carried at the lower of cost, less accumulated depreciation, and recoverable amount.

Disposal of revalued assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal, and is included in the results in the year of disposal.

Any related revaluation increment standing in the asset revaluation reserve at the time of disposal is transferred to the capital profits reserve.

Depreciation and amortisation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated/amortised over their estimated useful lives.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. The consolidated entity uses both the straight line and reducing balance methods of depreciation.

The significant depreciation rates used for each class/sub class of assets are as follows:

		Straight line	**Reducing balance**
Buildings		-	2.5%
Plant and equipment (owned and leased)	- Motor vehicles	-	15 - 22.5%
	- Computer software and hardware	20 - 33.3%	20 - 33.3%
	- Office plant and equipment	10 - 20%	10 - 20%
	- Operating plant and equipment	10 - 20%	10 - 20%
	- Leased plant and equipment	10 - 20%	10 - 20%

Leased plant and equipment

Leases of plant and equipment under which the Company or its controlled entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are amortised over the term of the relevant lease, or where it is likely the economic entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the profit and loss statement.

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the term of the lease.

(h) PROVISIONS

Employee entitlements

Wages, salaries and annual leave

The provisions for employee entitlements to wages, salaries and annual leave represents the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to balance date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates and include related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

In determining the provision for employee entitlements consideration has been given to future increases in wage and salary rates, and the consolidated entity's experience with staff departures. Related on-costs have also been included in the liability.

Doubtful debts

The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(i) SUPERANNUATION FUND

The consolidated entity contributes to employee superannuation funds to comply with awards and Superannuation Guarantee requirements. Contributions are charged against income. Refer also Note 15(a).

(j) DERIVATIVES

The consolidated entity is exposed to changes in interest rates and foreign exchange rates from its activities. The consolidated entity uses derivative financial instruments to hedge foreign exchange risks. Consolidated entity policy is to not enter, hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments that are designated as hedges and are effective as hedges of underlying exposures are accounted for on the same basis as the underlying exposure. Gains/losses relating to hedges of specific purchase/sale commitments are deferred and recognised as adjustments to the carrying amount of the hedged transactions.

(k) INVESTMENTS

Investments in other companies are carried at the lower of cost and recoverable amount being a Directors' valuation based on market value at the time of valuation. Dividends are brought to account as they are received.

(l) NON-CURRENT ASSETS

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value.

(m) COMPARATIVES

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(n) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognized net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

	COMPANY & CONSOLIDATED	
	2001	2000
	$000	$000

2. Revenue

	2001 $000	2000 $000
Revenue from operating activities		
Sales of goods	53,637	54,055
Revenue from outside operating activities		
Gross proceeds from sale of non-current assets	2,458	35
Interest - other parties	75	31
Other	27	21
	56,197	54,142

3. Operating profit

(a) OPERATING REVENUE & EXPENSES

Operating profit before income tax has been arrived at after charging/(crediting) the following items:

	2001 $000	2000 $000
Borrowing costs:		
Other parties	851	916
Finance charges on capitalised leases	134	96
Amortisation of leased plant and equipment	567	449
Depreciation of - plant and equipment	1,195	1,491
- buildings	219	217
Operating lease rental expense	125	112
Net expense from movements in provision for employee entitlements	(178)	154
Net expense including movements in provision for bad and doubtful trade debts	28	25
Net foreign exchange loss	113	26
Net gain on sales of property, plant and equipment	(349)	(18)

(b) ABNORMAL ITEMS

	2001 $000	2000 $000
Write back of employee leave provisions	(500)	0
Income tax effect	170	0
	(330)	0

	COMPANY & CONSOLIDATED 2001 $	2000 $
4. Auditors' remuneration		
Audit services:		
Auditors of the Company	42,000	36,000
Other services:		
Auditors of the Company	26,455	45,524
Other auditors	2,708	2,060

	$000	$000
5. Taxation		
Income tax expense		
Prima facie income tax expense calculated at 34% (2000: 36%) on the operating profit	691	1,266
Increase/(decrease) in income tax expense due to Depreciation of buildings & non-tax depreciable plant	19	78
Sundry items (including entertainment)	(9)	(31)
Total income tax expense on operating profit	701	1,313
Add: Income tax over provided in prior year	(17)	7
Restatement of deferred tax balances due to change in company tax rate	68	0
Total income tax expense for year	752	1,320

	COMPANY & CONSOLIDATED 2001 $000	2000 $000
6. Receivables		
Current		
Short term deposits	127	96
Trade debtors - customers	4,179	4,034
Less: Provision for doubtful trade debtors	(300)	(300)
	4,006	3,830

Short term deposits

Short term deposits represent monies held in a $US bank account. These funds are used for the sale and purchase of goods denominated in US currencies. The balance of the account is translated to Australian currency using the spot rate at balance date. Any gain or loss arising on translation is transferred to profit and loss. The short term deposits are on call and pay interest at a rate of 4.68% (2000: 4.44%).

Trade debtors

Customer debtors relate to goods sold on 30 day payment terms. Customer debtors are non-interest bearing. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

	COMPANY & CONSOLIDATED	
	2001	**2000**
	$000	**$000**

7. Inventories

	2001 $000	2000 $000
Current		
Raw materials and stores - at cost	1,639	1,725
Work in progress - at cost	4,195	3,365
Finished goods - at cost	2,663	2,058
Total current	8,497	7,148

8. Other current assets

	2001 $000	2000 $000
Deferred costs under hedging contracts unrealised	319	136
Prepayments	411	400
	730	536

Deferred unrealised losses

Unrealised losses arising at year end in respect of hedging contracts related to future sales are deferred. These will be recognised in future periods and offset against the increased sales proceeds received when the sales being hedged are recognised.

	COMPANY & CONSOLIDATED	
	2001	**2000**
	$000	**$000**

9. Non-current assets

a) *Property, plant and equipment*

	2001 $000	2000 $000
Freehold land		
Independent valuation 31 March 2000*	522	522
Land at cost	8	0
	530	522
Buildings at cost	566	0
Accumulated depreciation	(6)	0
	560	0
Buildings at independent valuation 31 March 2000*	9,379	9,379
Accumulated depreciation	(212)	0
	9,167	9,379
Plant at cost	16,266	15,140
Accumulated depreciation	(11,580)	(10,666)
	4,686	4,474
Plant at directors' valuation 30 June 1980	1,909	1,909
Accumulated depreciation	(1,689)	(1,650)
	220	259
Leased plant and equipment at capitalised cost	4,458	2,952
Accumulated amortisation	(1,302)	(1,142)
	3,156	1,810
Capital works in progress at cost	434	1,004
Total property, plant and equipment net book value	**18,753**	**17,448**

*These amounts relate to an independent valuation carried out by a registered valuer of Australia Pacific Valuers Pty Ltd in March 2000 on the basis of existing use resulting in a revaluation increment of $842,000. This valuation is in accordance with the consolidated entity's policy of obtaining an independent valuation of land and buildings every three years.

	COMPANY & CONSOLIDATED	
	2001	**2000**
	$000	**$000**
9. Non-current assets (continued)		
b) ***Investments***		
Listed shares at cost	7	7
c) ***Other non-current assets***		
Future income tax benefit	549	707
10. Accounts payable		
Trade creditors	90	814
Hedge payable	319	136
	409	950

Trade Creditors

Trade creditors consist of grower and supplier creditors. Grower creditors represent those monies payable to peanut growers for the supply of peanuts. Individual contracts are entered into with growers based on varying terms and conditions. All payments are made progressively over a period not exceeding one year. Grower debtor balances have been set-off against grower creditor balances, with the net grower creditor amount disclosed. Liabilities for supplier creditors are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the company or consolidated entity. Amounts are normally settled within 45 days.

Deferred unrealised gains

Unrealised gains arising at year end in respect of hedging contracts related to future purchases are deferred. These will be recognised in future periods and offset against the increased purchase cost when the purchases being hedged are recognised.

	COMPANY & CONSOLIDATED	
	2001	**2000**
	$000	**$000**
11. Borrowings		
Current		
Bank overdraft - secured	164	10
Bank loans - secured	1,000	1,000
Bills payable - secured	7,500	4,000
Lease liabilities	965	466
	9,629	5,476
Non-current		
Bank loans - secured	0	1,000
Revolving levy - unsecured	958	1,398
Lease liabilities	2,335	1,346
	3,293	3,744

11. Borrowings (continued)

Bank overdrafts

The bank overdraft of the company is secured by a registered first mortgage over certain of the Company's land and buildings and an equitable charge over the assets of the Company. The bank overdraft is payable on demand and is subject to annual review.

Interest on the bank overdraft is charged at prevailing market rates. The effective interest rate for the overdraft as at 31 March 2001 is 8.35% (2000: 8.45%).

Bank loans and bills payable

All bank loans and bills payable are denominated in $A. Bank loans and bills payable are carried on the balance sheet at their principal amount. The bank loan amount in current liabilities comprises the portion of the consolidated entity's bank loan payable within one year. The bank loans non-current balance represents the portion of the consolidated entity's bank loans not due within one year. The bank loans are secured by registered first mortgages over certain properties of the Company. The non-current bank loans and bills payable are payable after 31 March 2002 and are subject to annual review. The weighted average interest rate on the bills is 5.61% (2000: 5.54%) and 5.19% (2000: 5.32%) on bank loans.

Revolving levy

The revolving levy is an unsecured, non interest bearing loan.

	COMPANY & CONSOLIDATED	
	2001	**2000**
	$000	**$000**
12. Provisions		
Current		
Dividends	218	-
Employee entitlements	830	1,386
Income tax	892	1,675
	1,940	3,061
Non-current		
Employee entitlements	279	94
Deferred income tax	35	238
	314	332
13. Share capital		
Issued and paid up capital		
4,354,928 ordinary shares of $1 each fully paid	4,355	4,355
	4,355	4,355
14. Reserves		
Asset revaluation	8,099	8,099
Capital profits	94	94
General	129	129
Total reserves	8,322	8,322
Movements during the year		
Asset revaluation:		
Balance at the beginning of the year	8,099	7,257
Add: Revaluation increment	0	842
Balance at the end of the year	8,099	8,099

15. Commitments

(a) Superannuation

The consolidated entity contributes to various defined contribution employee superannuation funds, at the minimum rates to comply with the Superannuation Guarantee Requirements. Employees have the option of contributing from their earnings. The consolidated entity has no commitments for superannuation other than as recorded in the accounts.

	COMPANY & CONSOLIDATED	
	2001	**2000**
	$000	**$000**
(b) Finance lease rental committments		
Finance lease rentals are payable as follows:		
Not later than one year	965	465
Later than one year but not later than five years	2,336	1,107
Later than five years	0	239
	3,301	1,811
Less: Lease liabilities provided for in financial statements:		
Current	965	465
Non-current	2,336	1,346
Total lease liability	3,301	1,811

The consolidated entity leases production plant and equipment under finance leases expiring from one to five years.

(c) Operating lease committments

Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	119	118
Later than one year but not later than five years	123	209
Later than five years	0	0
	242	327

16. Directors' remuneration

Directors' income

The number of directors of the Company whose income from the Company or any related party falls within the following bands:

$ 0 - $9,999	0	1
$20,000 - $29,999	2	1
$30,000 - $39,999	3	4
$50,000 - $59,999	1	1
$270,000 - $279,999	0	1
$280,000 - $289,999	1	0
Total income paid or payable or otherwise made available, to all directors of the Company and controlled entities from the company or any related party.	$487,898	$490,245

Directors' income does not include insurance premiums paid by the Company or related parties in respect of directors' and officers' liability insurance contracts, as the insurance policies contain a prohibition on the disclosure of the premiums paid and details of the cover provided.

	COMPANY & CONSOLIDATED	
	2001	**2000**
	$000	**$000**

17. Financing arrangements

The financing facilities are secured by registered first mortgages over all the company's assets. Financing facilities are subject to annual review.

The consolidated entity has access to the following lines of credit:

	2001 $000	2000 $000
Bank overdraft facility		
Approved limit	150	150
Amount drawn	0	0
Bill acceptance facility		
Approved limit	14,000	19,000
Amount drawn	7,500	4,000
Bank loan facility		
Approved limit	1,000	2,000
Amount drawn	1,000	2,000
Lease finance facility		
Approved limit	3,270	3,270
Amount drawn	2,765	1,768
Contingent liability limit		
Approved limit	100	100
Amount drawn	0	0
Lease operating facility		
Approved limit	230	230
Amount drawn	60	60

18. Foreign exchange

(a) Foreign exchange risk

The consolidated entity enters into forward foreign exchange contracts to hedge certain anticipated purchase and sale commitments denominated in foreign currencies (principally US dollars). The terms of these commitments are rarely more than nine months.

The consolidated entity's policy is to enter into forward foreign exchange contracts to hedge a proportion of foreign currency purchases and sales expected in each month. The amount of anticipated future purchases and sales is forecast in light of current conditions in foreign markets, commitments from customers and experience.

The following table sets out the gross value to be received under foreign currency contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the consolidated entity.

	2001	**2000**	**2001**	**2000**
	Weighted average rate		**$000**	**$000**
Buy US dollars				
Not later than one year	0	0.79	0	5
Sell US dollars				
Not later than one year	0.559	0.64	2,216	1,805
Sell GDP				
Not later than one year	0.3543	0	522	0

As these contracts are hedging anticipated sales and purchases, any unrealised gains and losses on the contracts, together with the costs of the contracts, will be recognised in the financial statements at the time the underlying transaction occurs. The net unrealised gain/ (loss) on hedges of anticipated foreign currency purchases and sales at 31 March 2001 was ($319,112) (2000: ($136,000)).

19. Additional financial instrument disclosures

(a) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

On-balance sheet financial instruments

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties throughout Australia.

The consolidated entity is not materially exposed to any individual overseas country or individual customer.

Exposure to any particular customer at balance date does not exceed 15% (2000: 15%) of the total receivables balance.

(b) Net fair values of financial assets and liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following bases:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amount of financial assets and liabilities which have been recognised on the balance sheet approximate their net fair values.

20. Controlled entities

PMB Australia Pty Ltd is a wholly owned controlled entity, (2000: 100%) which was dormant during the year to 31 March 2001. The investment of $2 being 2, $1 ordinary shares was eliminated when rounded to the nearest thousand dollars. Accordingly only one set of figures has been incorporated in these accounts in respect of the Company and the consolidated entity. As the Company was dormant throughout the year there is no contribution to consolidated profit, and no dividends were paid.

21. Related parties

The names of each person holding the position of Director of Peanut Company of Australia Limited during the financial year are:

N V Hancock, R B Hansen, D M Howe, N C Lister, R Magill, J G Rackemann and L B Hunt.

Details of Directors' remuneration is set out in Note 16.

Apart from the details disclosed in this note no Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

There were no loans to Directors during the year.

Three Directors, Messrs N V Hancock, D M Howe, and J G Rackemann are members and Directors of PMB Australia Co-Operative Association Limited ("the Association") and have declared their interest to the Company in any contracts that were entered into with the Association.

Directors Messrs N V Hancock, D M Howe, and J G Rackemann are peanut farmers and separately have interests in firms, partnerships and companies. In the normal course of business the Company has granted credit for seed and purchased crop from these Directors, the firms, partnerships or companies in which they have an interest and with members of their families. The total amount of purchases in respect of the year is $1,126,026 (2000: $1,428,973). These dealings were on normal commercial terms and conditions.

The amount payable by the company to Messrs N V Hancock, D M Howe and J G Rackemann at balance date is $127.937 (2000: $133,823).

A Director, Mr N Hancock has an interest in the firm Kiama Harvesting Company. Contracts were entered into with Kiama Harvesting Company for contract harvesting, digging and drying. The total amount paid in respect of contract harvest was $183,386 (2000: $177,886). These transactions were no more favourable than transactions with other harvesters.

The interest of Directors of the reporting entity in shares within the consolidated entity at year end are set out below:

	2001 number held	**2000** number held
Ordinary shares	421,960	369,950

The following share acquisitions by a Director occured during the year:

	Number of shares
NV Hancock	901
RB Hansen	51,960

22. Segments of operations

The consolidated entity operates predominantly in Australia within the peanut industry. More than 90% of revenue, operating profit, and assets relates to operations within Australia.

23. Notes to the statement of cash flows

(i) *Reconciliation of cash*

For the purpose of the Statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the balance sheet as follows:

		COMPANY & CONSOLIDATED	
	Note	2001 $000	2000 $000
Cash		2	3
Short term deposits	6	127	96
Bank overdraft	11	(164)	(10)
		(35)	89

(ii) *Reconciliation of operating profit after income taxed to net cash provided by operating activities*

	2001 $000	2000 $000
Operating profit after income tax	1,279	2,198
Add/(less) items classified as investing/financing activities:		
(Profit)/loss on sale of non-current assets	(349)	(18)
Interest paid	985	1,012
Interest received	(75)	(31)
Add/(less) non-cash items:		
Amortisation	567	449
Write down in value of inventory spare parts	0	0
Depreciation	1,414	1,708
Write-off of bad trade debts	28	25
Unrealised foreign exchange (gain) / losses	113	26
Net cash provided by operating activities before change in assets and liabilities	3,962	5,369
Change in assets and liabilities during the financial year:		
(Increase)/decrease in inventories	(1,349)	1,496
(Increase)/decrease in prepayments and other current asset	(11)	356
(Increase)/decrease in trade debtors	(145)	426
(Increase)/decrease in future income tax benefit	158	36
(Decrease)/increase in accounts payable	(724)	(1,081)
(Decrease)/increase in provisions	(356)	901
Net cash provided by operating activities	1,535	7,503

(iii) *Financing facilities*

Refer note 17.

24. Dividends

	COMPANY & CONSOLIDATED	
	2001	2000
	$000	$000
Dividends proposed or paid by the Company are:		
19/08/99 Interim Dividend of 2 cents per share fully franked	0	87
20/03/00 Interim Dividend of 5 cents per share fully franked	0	218
20/10/00 Interim Dividend of 5 cents per share fully franked	218	0
08/05/01 Final Dividend of 5 cents per share fully franked	218	0
Dividend franking account		
Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of the above dividends :		
Class C (30%) (2000: 34%) franking credits	4,191	1,429

The ability to utilise the franking account credits is dependent upon there being sufficient available profits to declare dividends.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Peanut Company of Australia Limited:

    a) the financial statements and notes set out on pages 19 to 34, are in accordance with the Corporations Law, including:

        (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31 March 2001 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

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

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

Dated at ***Brisbane*** this 18th day of ***June, 2001***.

Signed in accordance with a resolution of the directors:

Director

Director

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF PEANUT COMPANY OF AUSTRALIA LIMITED

Scope

We have audited the financial report of Peanut Company of Australia Limited for the financial year ended 31 March 2001, consisting of the profit and loss statement, balance sheet, statement of cash flows, accompanying notes, and the Directors' declaration set out on pages 19 to 34. 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 and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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

Audit opinion

In our opinion, the financial report of Peanut Company of Australia Limited is in accordance with:

a) the Corporations Law, including:

   i) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 March 2001 and of their performance for the year ended on that date; and

   ii) complying with Accounting Standards and the Corporations Regulations; and

b) other mandatory professional reporting requirements.

KPMG

S Crane
Partner

Brisbane
18 June 2001

20 LARGEST SHAREHOLDERS

(as at 31 March 2001)

Name	No. of ordinary shares held	Percentage of capital held
Robert Bruce Hansen	178,648	4.10
Hansen Pastoral Investments Pty Ltd	142,104	3.26
GCL,EJ,LJ Masasso ATR Masasso Superannuation Fund	59,197	1.36
Anthony John Trimarchi	57,260	1.31
Howe Farming Co Pty Ltd	53,852	1.24
Pompey E & Tanya M Pezzelato	52,995	1.22
James Heading Pastoral Pty Ltd	47,377	1.09
Ian W & Susanne M Hunsley	44,304	1.02
Weller Brothers	37,352	0.86
Murat Enterprises Pty Ltd	36,352	0.83
Steffensen & Sons Pty Ltd	35,952	0.83
Roger M & Lindy A Lewis	35,152	0.81
Tabdisk Pty Ltd	34,852	0.80
Salvetti Farming Company	33,202	0.79
Fransfarm Pty Ltd ATF Fransfarm Superannuation Fund	33,402	0.77
Domenic & Lynette Ferraro	32,904	0.76
R & G Anderson & Co	29,252	0.67
Candowie Farming	26,504	0.61
DR(Jnr) & JR Meredith	25,902	0.59
Isabella Farming	25,652	0.59
Total	**1,023,215**	**23.50**

PEANUT COMPANY OF AUSTRALIA

Offices and Officers

Managing Director

Robert B Hansen B.App.Sc, Grad.Dip.Man

Company Secretary

Mark J Betts, CPA, B.Bus

Principal Registered Office

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