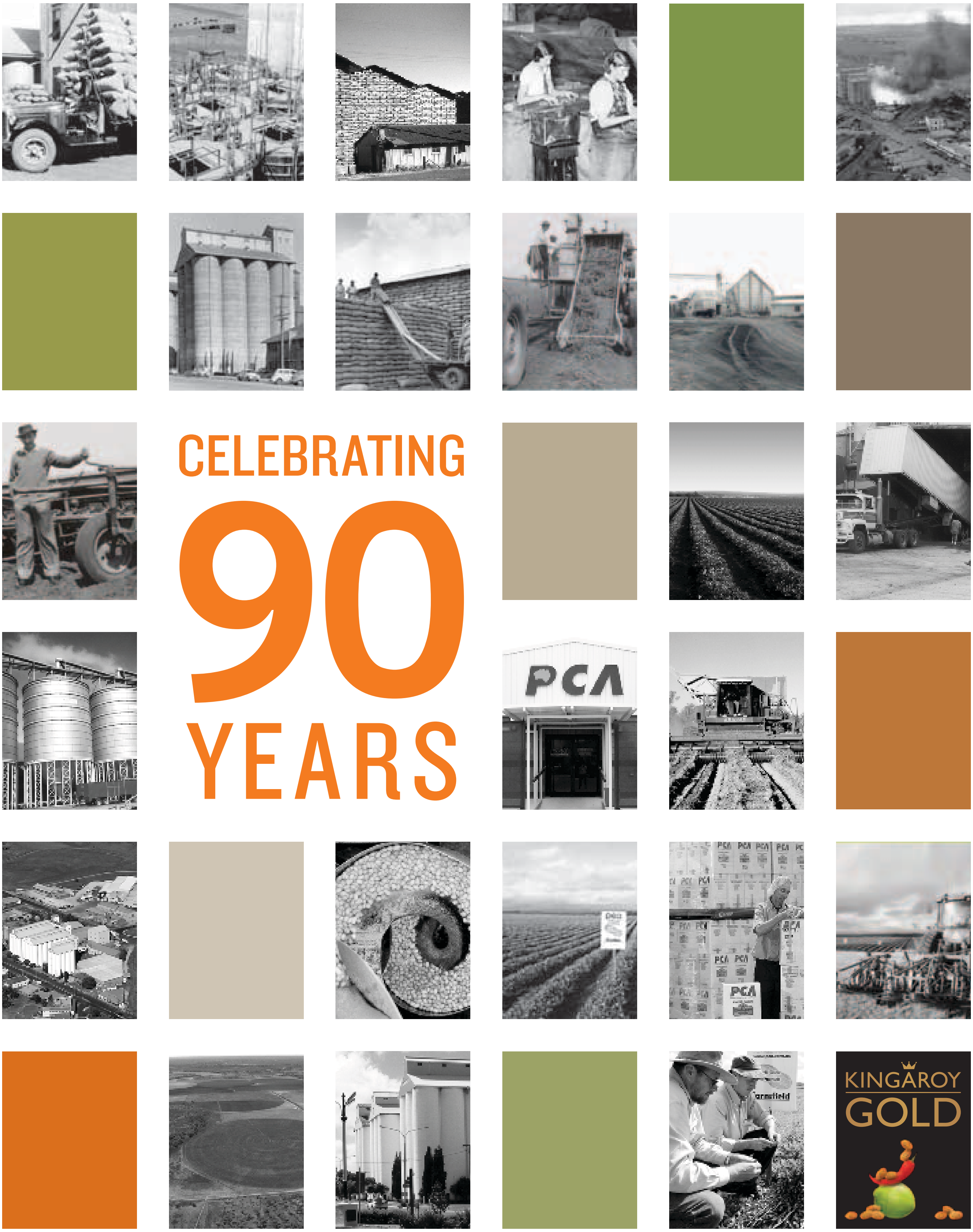

CELEBRATING 90 YEARS

2014 Annual Report

Peanut Company of Australia

PEANUT COMPANY OF AUSTRALIA LIMITED

ACN 057 251 091

REGISTERED OFFICE, CORPORATE OFFICE AND PROCESSING PLANT

133 Haly Street
Kingaroy QLD 4610

Tel. 61 7 4162 6311
Fax 61 7 4162 4402

Email peanuts@pca.com.au
Web www.pca.com.au

OTHER PROCESSING PLANTS

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PO Box 40
Gayndah QLD 4625

Tolga Nth QLD
PO Box 671
Tolga QLD 4882

Tel. 61 7 4095 4223
Fax 61 7 4095 4500

DIRECTORS

Ian Langdon, Chairman
Niven Hancock
Brett Heading

COMPANY SECRETARY

Don Mackenzie

AUDITOR

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000

SHARE REGISTRY

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000

Tel. 1300 554 474 (Call Centre)
Web www.linkmarketservices.com.au

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CHAIRMAN'S FOREWORD

In respect of the year ended 31 March 2014

Chairman's Foreword

The Peanut Company of Australia Ltd (PCA) has a rich history of coping with change since the formation of the Peanut Marketing Board in 1924. In the ninety (90) years to 2014 PCA transitioned from a Marketing Board to a Co-operative with an eventual transformation to an unlisted public company in 1992 and a name change in 1995. Throughout its history PCA has maintained a focus on its growers and quality of product, this is evidenced in PCA's unwavering commitment to investment in its plant breeding and pure seed programmes, which has resulted in the introduction of a range of varieties that ensures ongoing productivity improvements at farm level and an ability to supply the market with high quality Hi Oleic peanuts.

Recent years have been especially challenging for reasons previously well documented, however 2013/2014 delivered three very significant "turn-around" achievements.

1. A $31.2 million debt for equity swap by the National Australia Bank (NAB) that restored the strength of the Balance Sheet thereby providing security for the business going forward and security for the peanut growers of Australia.
2. The commencement of a value add investment programme that will provide "Kingaroy Gold" consumer packs to Australian and international markets from June 2014. This signals the activation of a brand focussed value add strategy as PCA progressively reduces its reliance on being a commodity player in an increasingly competitive international market. Not only will this provide PCA access to higher margins but will importantly provide a stimulus to the peanut consumer market which has lacked flair and innovation for far too long.
3. For the first time in many years PCA achieved, indeed exceeded its operating budget expectations with a solid recovery of Earnings before Interest, Depreciation and Taxes (EBITDA) although further growth in EBITDA is required in future years.

Additionally PCA was able to negotiate a release from its contractual obligation to continue the purchase of water rights from Sun Water in the Bundaberg region thus reducing the cash burden in future years. PCA has also re-assessed its water requirements rights (principally utilised to assist its farmers in future years in this region) and has now activated a part sell down of those rights and as at year end water rights were valued at $3.875 million compared to $4.427 million at 2013 year end.

In reviewing performance in 2013/14 it is important to look beneath the statutory accounts that have been heavily impacted by the accounting treatment of the $31.2 million debt for equity swap. Consolidated EBITDA was $25.014 million, Profit before Income Tax $20.138 million, with Profit after Tax of $13.147 million. Without the impact of the debt for equity swap the underlying operating EBITDA was $3.097 million which was sufficient to cover finance costs but not sufficient to cover depreciation and amortisation but this was a significant improvement from $0.081 million the previous year.

The improved operating EBITDA reflects not only a continuing recovery in the volume of peanut supply but also the impact of internal cost reduction programmes and productivity improvements.

The reduction in sales revenues during 2013/14 was planned and was consistent with the gradual exit of PCA in recent years from sections of low margin commodity transactions which have been sourced in the past by imports subject to unpredictable pricing. This strategy is in line with PCA's branded value add strategy being implemented with the launch of Kingaroy Gold consumer packs in June 2014.

The Board is most appreciative for the support of PCA's growers who continued to supply the Company during a number of years where there was uncertainty regarding the security of the business. This support was reflected in the recovery of peanut supply which was as low as 13,824 tonnes in 2011 recovering to 23,125 tonnes in 2013/14. PCA's grower base is of the utmost importance as it underpins the value add strategy of supplying Kingaroy Gold, a premium Australian branded peanut range. All regions contributed to the recovery of supply with significant growth in the Atherton tablelands, Texas and Bundaberg areas. Dry-land farming continues to be a challenge for growers however excellent volumes were achieved in 2013/14.

An important outcome of the financial pressures throughout the past five years has been a significant reduction in PCA's overhead costs, especially administrative costs, as well as impressive improvements in productivity. The executive team is smaller in size and they have been assisted by a dedicated workforce which has introduced changes in our processing with minimal capital expenditure support. Key Performance Indicators such as DIFOT (Despatched in Full and On Time), unplanned machine downtime, rework statistics, customer complaints etc have all continued to show consistent improvement. The Board wishes to congratulate John Howard as our Chief Executive Officer, his executive team and all of the staff for their untiring efforts. In large part it was the demonstrable achievements of management that provided the confidence to the NAB for their continued support.

I also wish to express my personal gratitude to my fellow Directors, Brett Heading and Niven Hancock, and Company Secretary Don Mackenzie for their support during a period which has been at times very stressful but ultimately very rewarding as we have re-positioned PCA for the future.

Ian Langdon
Chairman

27 May 2014

CHIEF EXECUTIVE OFFICER'S REPORT

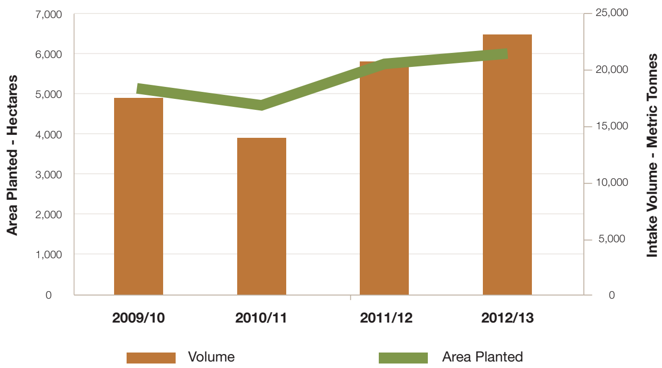
In respect of the year ended 31 March 2014

Review of Operations

SUPPLY AND OPERATIONS

Operationally, 2013/14 saw PCA deliver on the strategies that have been implemented over the last few years. Increased intake, improved manufacturing performance and customer service were all highlights for the 2013/14 year. Building on a clear focus to address the needs of individual growers combined with generally favourable growing conditions, resulted in the area planted and intake for the 2012/13 season being the highest for over five years. This year was also the first since the 2004/05 season that PCA had not grown a peanut crop in its own right. Despite the improved intake volume it was still short of the desired requirement and the quality of this crop was down resulting in a lower edible kernel yield. The end result was a need to supplement supply with imported material (albeit at lower margins) to ensure that we met our customers' demands. Whilst lower than the preceding year, international prices remained high despite the higher Australian dollar and therefore our costs increased.

PCA AREA PLANTED AND INTAKE



PCA has continued to invest significant time and effort into improving our customer satisfaction levels. After a difficult two years, 2013/14 saw a step change in our key measure DIFOT (Despatched in Full on Time) which measures the number of customer orders despatched from PCA at the time promised. Through the improved intake, higher opening inventories and improved efficiencies within our Sales and Operations Planning process our DIFOT performance in 2013/14 averaged over 98%. This was a substantial improvement over previous years. The delivery of this performance level is a critical achievement as we strive for PCA to become "a trusted food company" as targeted in our corporate strategy.

Improving our operational performance through the implementation of LEAN manufacturing principles is a priority for PCA. To assist with the delivery of this priority, PCA has initiated the introduction of the dedicated Planning and Scheduling software program – EVRIS. This system will enable all elements of our Sales and Operations Planning processes to be electonically linked together driving the optimised planning and scheduling of our manufacturing facilities. EVRIS will be the enabler that will allow PCA to deliver higher customer service levels, improved manufacturing efficiencies, lower inventory costs and greater certainty of outcomes.

EMPLOYEES, TRAINING, WORK HEALTH AND SAFETY

PCA prides itself on its number of long serving employees and in 2013 again held a dinner to recognise their contribution to the business. At this dinner presentations were made to 11 employees who had reached a 10, 15, 20, 25 or 30 year milestone.

Of paramount importance within PCA is the provision of a safe workplace based on the use of a systematic risk control process, facilitated and supported by system procedures and policies. Employee engagement and ownership by all within PCA are the foundation of this system and our results are showing the benefits of this clear focus. Significant improvements have again been evident in 2013/14 especially in regards to our Severity Rate, Total Recorded Injury Frequency Ratio and Medically Treated Injury Frequency Ratio.

Injuries	Measure	FY12	FY13	FY14
Lost Time Injuries	# Incurred	2	2	2
Lost Time Injury Frequency Ratio	(No. of LTI's/ No. of hours worked in period) X 1,000,000	6.1	6	7
Severity Rate	(No. of Days Lost / No. of hours worked in period) X 1,000,000	24.6	114	14
Total Recorded Injury Frequency Ratio	(Total No. of all injuries reported / No. of hours worked in period) X 1,000,000	191	246	171
Medically Treated Injury Frequency Ratio	(No. of all injuries requiring external medical treatment / No. of hours worked in period) X 1,000,000	52	33	25

A major imperative within PCA is the rigorous implementation of the Workplace Health and Safety (WH&S), Hazard Analysis Critical Control Point (HACCP) and Food Safety training programs we have in place. These programs continue to be delivered to new and existing employee's to ensure that we create a safe environment for both our employee's (WH&S) and the production of our products (HACCP, Food Safety).

PCA's ongoing good safety performance continues to result in PCA experiencing a reduction in premium rates for Work Cover in contrast to comparable industries. For 2013/14 the differential between our rate and the Industry Rate increased to 1.993, a rewarding result providing further value to PCA from the efforts of all our people.

	09/10	10/11	11/12	12/13	13/14
PCA Premium	1.005	1.164	1.492	1.845	1.742
Industry rate	2.333	2.796	3.431	3.612	3.735
Differential	1.328	1.632	1.939	1.767	1.993

CROPPING INTAKE

The 2013 intake was an improvement over recent years with 23,125 metric tonnes payment weight of farmers stock delivered into our Kingaroy and Tolga facilities.

During the 2012/13 growing season there was above average rainfall in most production regions that, whilst providing good yields, again created the perfect environment for soil borne diseases.

CHIEF EXECUTIVE OFFICER'S REPORT

In respect of the year ended 31 March 2014

District	Yields (Metric Tonnes / Hectare)				
	2013	2012	2011	2010	2009
North Qld (Dryland & Irrigated)	4.07	4.6	3.6	3.25	4.1
Irrigated (Central / Southern QLD)	4.98	3.3	3.75	4.3	4.7
Dryland (Southern QLD)	2.54	2.5	2.0	2.1	2.8

Despite some areas being affected by water-logging and flooding, most areas had very favourable growing conditions. The finish of the crop was delayed with the last of our intake not being received until August, however yields in the later crops held up very well although lower day time temperatures and radiation levels again resulted in below average kernel gradings.

Irrigated regions in Southern Qld and NSW achieved very satisfactory results with some growers recording average yields in excess of 6.5mt/ha.

The recently released Virginia type variety, Fisher, was a standout this season in the dryland regions showing good tolerance to disease and yielded very well in a high rainfall year.

The season in general did not deliver the results that growers and PCA would have hoped for, as the potential to reach the target intake volume was dashed by weather extremes and subsequent disease issues in most districts.

GROWER RELATIONSHIPS

PCA again acknowledges and recognises the continued support of our growers. In a year that promised so much with increased plantings and good early conditions, disease in some areas contributed to a lower than expected result.

Through our work with government research departments, chemical companies and universities to help improve the productivity of peanut growing PCA continues to support our growers, and the broader peanut industry, not just directly but also through other third party initiatives. These programs and projects are all aimed at providing the knowledge and tools to achieve PCA's objectives to increase the intake volume, quality and value for all concerned.

SALES & MARKETING

PCA's sales and marketing performance has been very pleasing. Driven by a clear strategy to improve our margins, Gross Sales were lower in 2013/14 compared to 2012/13 however margins were significantly improved due to a more favourable sales mix, an increased Australian crop and improved manufacturing costs.

Continued high US stock on hand drove the pricing of peanuts down internationally resulting in prices significantly lower than PCA's contract prices in the latter half of the year and achieving sales in this period became challenging.

The potential impact of the international market dynamics is far greater within PCA's export customer base. However PCA continues to leverage the clean, green image of Australia and the benefits of Hi Oleic peanuts that resulted in an expansion of our customer base in 2013/14 to now include India.

Customer service in 2013/14 improved considerably over prior years with all months having a DIFOT level in excess of 96%, averaging over 98% for the supply year. Significant resources were used to manage customer expectations and the effective adoption of PCA's Sales and Operations Planning (S&OP) strategy remains integral to supply continuity on a longer term basis to minimise the risk to our customers and our business. The implementation of the new EVRIS production planning and scheduling system will further enhance this performance.

PCA's marketing team have continued to work with our current customers on new product development and cost improvement initiatives. These value adding activities are integral to our customer service ethos. In addition to working with our current customers PCA has also been seeking opportunities to further enhance our value added products to drive higher margins. Significant work has been done in this area that will see new products being offered through FY15.

Despite the supply challenges presented this year and PCA being significantly more expensive than the alternatives, PCA's superior product quality, locality and service positioning remain critical drivers for the continued support of our customer base.

TECHNICAL HIGHLIGHTS

PCA invests significant resources, including our own National Association of Testing Authorities (NATA) accredited laboratory, into delivering against our customer, legislative and company expectations. This investment allows PCA to effectively manage the cost of quality by improving both effectiveness and efficiency, without compromising on the quality of our superior product offering. In recognition of the continuous improvement efforts in place, PCA achieved a 47% reduction in costs associated with quality during FY13, compared to the results achieved in FY12.

The cornerstone of PCA's Food Safety and Quality Programme is the certified HACCP system that is complemented by having NATA, Halal and Kosher certification. Within PCA the yardstick sought is the accreditation of our systems, processes and procedures which is audited by the British Retail Consortium (BRC). Their expectations are seen as the benchmark by many domestic and international customers. This year PCA was able to maintain the highest rating granted by BRC and this recognition continues to be a significant benchmark by which PCA is measured, and which are required to be maintained.

PEANUT BREEDING

PCA's peanut breeding program is the cornerstone of our service offering developing new varieties that service the market needs whilst providing improved productivity benefits for our grower stakeholders through improved yields and lower costs of production. This program is gaining world recognition, especially in regard to our work with Hi Oleic purity and ultra early maturing varieties.

CHIEF EXECUTIVE OFFICER'S REPORT

In respect of the year ended 31 March 2014

The peanut breeding program (funded by PCA, the Grains Research and Development Corporation (GRDC) and Queensland Department of Fisheries and Forestry (DAFF)) continues to develop new improved cultivars for Australian growers, processors and customers. In addition to this, the breeding program has commenced working with international partners to provide access to our germplasm with the longer term view of commercialising our unique genetics in a number of major peanut producing countries. These partners are attracted by our varieties which possess a unique combination of traits, including Hi Oleic oil chemistry, foliar disease tolerance and ultra early maturity.

Whilst PCA breeds varieties for the Australian market and conditions we are starting to see trial results that our varieties are very well adapted in South Africa. Through a relationship we have developed in South Africa, our Ultra Early varieties have performed very well in recent trials and in some cases been the best performers when compared with local and international varieties within the trial and this is encouraging for the future.

The breeding program continues to target two different maturity groups; full season types (20 to 22 weeks) and ultra early types (approximately. 16 to 18 weeks). Varieties are selected within these groups based on their ability to meet a market need, their Hi Oleic oil composition, are high yielding, possess low shell and high blanchability traits and have enhanced resistance to a range of foliar and soil borne diseases.

PEANUT BREEDING PROGRAM OBJECTIVES

HIGH KERNAL YIELD	**Exceeding current check varieties**	
REDUCE COST OF FS PRODUCTION	**Foliar disease resistance** (leaf spot, leaf rust, net blotch)	**Soil borne disease resistance** (CBR, Neocosmospora, Fusarium)
SUSTAINABILITY	**Dryland and irrigated environments**	**Maturity** (Full Season - 145+ days) (Ultra Early - 110–120 days)
PROCESSING EFFICIENCY	**Low shelling** (aim <20%)	**High blanchability** (aim <90%)
MARKET ACCEPTANCE	**Acceptable flavour** **Runner and Virginia** (with emphasis on larger Virginia grade in UE and FS types.)	**Hi Oleic Chemistry** **In longer term** Functional Food/Nutritional Traits (next Hi Oleic trait? - Calcium, Antioxidants...)

Emerging varieties within the ultra early maturing types are demonstrating improved pod and kernel yields (up to 50% higher than Walter, the first ultra early variety release), lower shell content and greater than 20% increase in the larger kernel sizes. Just as exciting are the emerging full season types currently under review that offer much improved foliar disease resistance with similar or slightly better kernel yield performance compared to currently grown commercial varieties. The genetic improvements in both maturity groups represent a more attractive value proposition for the Australian Peanut Industry and the competition it faces locally and internationally.

A major aim of the breeding program is to combine foliar disease tolerance of Sutherland with high yield potential of Introductions

SEED

As a key support to our breeding program, PCA operates a pure seed program and processing facility that enables the provision of pure seed to growers. With this dedicated seed program PCA is able to multiply current and new varieties for growers to access, without any risk of Hi Oleic or variety contamination. The purity of seed provided by PCA assists growers in achieving their required output margins.

FARMING – NORTHERN TERRITORY & BUNDABERG

In line with PCA's strategy to cease the farming and leasing of properties, the last of PCA's cropping activities were completed in the Northern Territory in 2012/13 and PCA undertook no farming activities in its own right in 2013/14.

PCA AND THE COMMUNITY

The Company recognises the important role it plays in the South Burnett and North Queensland as a major agribusiness, local employer and the figurehead of the peanut industry. Despite the recent financial constraints, PCA has continued to provide support to as many local events and organisations as possible within these regional communities.

John Howard
Chief Executive Officer
27 May 2014

FINANCIAL REPORT

In respect of the year ended 31 March 2014

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DIRECTORS' REPORT

Peanut Company of Australia Limited and Controlled Entities

The directors of Peanut Company of Australia Limited present their report on the consolidated entity (Group) consisting of Peanut Company of Australia Limited ("PCA or the Company") and the entities it controlled at the end of, and during, the financial year ended 31 March 2014.

1. DIRECTORS

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

Name, qualifications and independent status	**Experience, special responsibilities and other directorships**
Ian Langdon B Com, MBA, Dip Ed, CPA, CA, FAICD *Independent* *Non-Executive Chairman*	Ian was appointed as Chairman in March 2008 having joined the Board in March 2005. Ian is also chairman of the Audit and Risk Management Committee. He is currently Chairman of the Gold Coast Hospital and Health Board. His previous appointments include Chairman of Australian Co-operative Foods Ltd (the Dairy Farmers Group), and board positions included Rabo Bank Australia Limited, Delta Electricity and Pivot Limited. Ian has held various positions in tertiary education including Associate Professor and Dean of Business Faculty at Griffith University (Gold Coast Campus), Dean of Business at The Darling Downs Institute of Technology (now University of Southern Queensland) and Senior Lecturer in finance at Deakin University.
Niven Hancock Independent *Non-Executive Director*	Niven was appointed as non-executive director on 24 August 1992. Until February 2009 he conducted farming operations at Kumbia in the South Burnett in Queensland. He is also a member of the Audit and Risk Management Committee.
Brett Heading Non-Executive Director	Brett was appointed as non-executive director on 30 November 2012. He is the Senior Partner at McCullough Robertson and specialises in mergers and acquisitions and capital raisings. He is an experienced director and currently is a director of three ASX listed companies, Trinity Limited (appointed August 2009), Invion Limited (appointed February 2012), ERM Power Limited (resigned December 2013) and Empire Oil & Gas NL (appointed November 2013). Brett's family has been involved in the South Burnett for over a century and he currently has beef, wine and olive interests in this region.
John Howard MBA *Chief Executive Officer*	John is responsible for all supply and processing operations within PCA, including grower regions North Queensland, Bundaberg and Emerald and site operations at Kingaroy, Tolga and Gayndah. He commenced his association with PCA on 21 September 2009 and was appointed as Chief Executive Officer on 30 November 2012. John is the former General Manager Commercial / Procurement at Golden Circle and Commercial Director at Mars.

2. COMPANY SECRETARY

Don Mackenzie

Don was appointed Company Secretary in November 2004, and provides his services on a part time basis. After working in Chartered Accounting firms and becoming a Chartered Accountant, he held senior positions with public companies in the rural and manufacturing industries. In 1993 he began providing corporate services to companies in a wide range of industries and currently holds positions as a Director and or Company Secretary of ASX listed and unlisted companies.

3. DIRECTORS' MEETINGS

The number of meetings and attendance details by each director of the Company during the financial year were:

	Directors' Meetings		Audit and Risk Management Committee Meetings	
Director	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**
Ian Langdon	14	14	3	3
Niven Hancock	13	14	3	3
Brett Heading	14	14	3	3

4. CORPORATE GOVERNANCE

PCA adopts a code of corporate governance and where practical, observes the ASX Corporate Governance Council guidelines.

5. REMUNERATION REPORT - AUDITED

Remuneration is referred to as compensation throughout this report.

Key management personnel include the directors of the Company and senior executives who have authority and responsibility for planning, directing and controlling the activities of the Group.

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives and the Board obtains independent advice when required on the appropriateness of compensation packages for the Group given trends with comparative companies locally, and the objectives of the Company's compensation strategy.

Compensation packages include a mix of fixed and variable compensation, and short and long term performance - based incentives.

5.1 FIXED COMPENSATION

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually through a process that considers individual and overall performance of the Group A senior executive's compensation is also reviewed on promotion.

5.2 PERFORMANCE LINKED COMPENSATION

Performance linked compensation includes short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding the Board approved objectives.

These incentives are "at risk" performance based bonus provided in the form of cash. The Board did not exercise any discretion on the payment of bonuses in the period.

5.3 SHORT-TERM INCENTIVE BONUS

The Board has approved individual Key Measures to be used in the assessment of performance related incentives which are payable in cash on achieving satisfactory completion of predetermined tasks which in all cases require that the Group firstly reaches satisfactory financial performance, which is the achievement of the budgeted EBITDA set at the beginning of the financial year.

The quantum for this period is based on a percentage of the senior executive's package and is payable after the signing of the annual financial statements. The method of assessment was chosen as it provides the Board with an objective assessment of the individual's performance. The Board did not pay any bonus in the period related to prior year performance but reserves the right to pay bonuses relating to the current year's performance.

An amount has been provided for in the current year for this short-term incentive bonus

5. REMUNERATION REPORT – AUDITED (cont'd)

5.4 LONG-TERM INCENTIVE BONUS

The Board has approved a three year measure to be used in the assessment of performance related incentives which are payable on achieving satisfactory growth in market value of PCA shares commencing in FY10. The first assessment of the incentive occurred subsequent to 31 March 2013 and the criteria were not met so therefore no bonus would be paid.

5.5 OTHER BENEFITS

Non-cash benefits typically include motor vehicles.

5.6 SERVICE CONTRACTS

Name:	John Howard
Title:	Chief Executive Officer
Agreement commenced:	30 November 2012
Term of agreement:	No fixed term
Details:	Base salary determined on 1 October 2013 of $295,738 plus superannuation and fully maintained company car. In addition, six months termination notice by either party or payment in lieu of notice, bonus of 25% - 40% subject to meeting or exceeding budgeted EBITDA target. Long term incentive of 1.25% of growth in the market capitalisation of the Company beyond a base valuation of $1.00 per share.

5.7 NON-EXECUTIVE DIRECTORS

Non-executive directors are paid a fixed remuneration for their services and Ian Langdon received fees of $12,000 for his Chairmanship of the Audit and Risk Management Committee.

Non-executive directors are also compensated, at commercial rates, where they undertake additional duties over and above their normal Board duties, and such additional payments must be approved by the Board. Ian Langdon, who abstained from voting in respect of the amount, was in receipt of additional fees totalling $30,000 in respect of the successful completion of the protracted negotiations which took place in relation to the debt for equity transaction during the year. Non-executive directors do not receive profit performance related compensation.

5. REMUNERATION REPORT – AUDITED (cont'd)

5.8 DIRECTORS AND EXECUTIVE OFFICERS REMUNERATION (COMPANY AND CONSOLIDATED)

Details of the nature and amount of each major element of remuneration of each key management:

Expressed in whole Dollars		Short-term						Long-term	Post Employment	Termination Benefits	Total	Performance Related Remuneration %
Non-executive Directors	**Year**	**Salary & fees**	**Non Monetary benefits**	**Retention Incentive**	**Bonus (7)**	**Other (6)**	**Total**	**Leave Provisions**	**Super Benefits**			
Ian Langdon (1)	2014	95,600	-	-	-	30,000	125,600	-	8,790	-	134,390	-
	2013	95,600	-	-	-	-	95,600	-	8,604	-	104,204	-
Niven Hancock	2014	41,800	-	-	-	-	41,800	-	3,842	-	45,642	-
	2013	41,800	-	-	-	-	41,800	-	3,762	-	45,562	-
Brett Heading (2)	2014	45,562	-	-	-	-	45,562	-	-	-	45,562	-
	2013	15,187	-	-	-	-	15,187	-	-	-	15,187	-
Executive Directors												
Craig Mills (3)	2014	-	-	-	-	-	-	-	-	-	-	-
	2013	81,438	-	-	-	-	81,438	-	2,604	-	84,042	-
Geoff Sawyer (4)	2014	-	-	-	-	-	-	-	-	-	-	-
	2013	19,840	-	62,604	-	-	82,444	-	1,652	-	84,096	-
Senior Executives												
John Howard	2014	292,425	22,000	-	91,679	30,000	436,104	1,524	25,798	-	463,426	19.8%
Appointed 21/9/09	2013	282,943	22,000	67,661	-	-	372,604	417	25,465	-	398,486	-
Geoff Boynton (5)	2014	-	-	-	-	-	-	-	-	-	-	-
	2013	207,730	-	55,046	-	-	262,776	-	18,696	71,025	352,497	-
Company Secretary												
Donald Mackenzie	2014	22,937	-	-	-	-	22,937	-	-	-	22,937	-
	2013	18,050	-	-	-	-	18,050	-	-	-	18,050	-

Notes.

(1) This amount includes audit committee remuneration of $12,000 per year.

(2) Fees for both these years are paid to McCullough Robertson, a firm of which Brett is a partner.

(3) Fees for services provided by Craig Mills were paid to a related entity in which he has a beneficial interest.Craig Mills' consultancy agreement for the period from 1 April 2011 until 31 March 2013 was for two days per week. Resigned as a director 30 November 2012.

(4) Includes remuneration paid to Director - Sales and Marketing – appointed 21 September 2009 and an executive director on 4 May 2010, resigned as an executive director on 24 April 2012.

(5) Geoff Boynton includes remuneration paid as senior executive who resigned on 15 February 2013.

(6) Payments to Ian Langdon and John Howard represent fees for extra duties associated with the debt for equity swap.

(7) Bonus to John Howard from a Short Term Incentive scheme.

5.9 DETAILS OF PERFORMANCE RELATED REMUNERATION

Due to reduction of the size of the executive team John Howard was the only executive eligible for the short term incentive scheme (STI) in 2013-2014. In appointing John Howard as Chief Executive Officer with a reduced executive team and associated costs, the board recognised the need to adjust his salary, however decided that the increase should be subject to performance, i.e. at risk. Consequently the salary adjustment was limited to 3.4% with a STI of 15% if EBITDA target was achieved with a 40% STI cap if EBITDA (post incentive payments) reached a "stretch" target. Results in 2013-14 significantly exceeded target and this is reflected in the STI bonus payment.

5.10 OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION

There were no options issued in the year ended 31 March 2014, or since the end of the financial year.

5.11 MODIFICATION OF TERMS OF EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

There were no modifications to the terms of equity-settled share based payment transactions (including options and rights granted as compensation to a key management person) during the reporting period or the prior period.

5.12 SHARE TRANSACTIONS BY DIRECTORS AND EXECUTIVES

Any dealing in shares of the Company by directors or executives is required to be vetted by the Chairman.

End of remuneration report – audited.

6. PRINCIPAL ACTIVITIES

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

7. RESULT OF OPERATIONS

In the year ended 31 March 2014, the Group incurred profits after interest and tax of $13.147 million (2013: losses after interest and tax of $8.165 million).

		2014	2013	2012	2011	2010
Revenues	$'000	52,323	56,052	53,293	54,946	64,578
Earnings (loss) before interest, tax, depreciation and amortisation (EBITDA) (see note 1)	$'000	25,014	81	(1,758)	1,112	(23,965)
Earnings (loss) before interest and tax (EBIT)	$'000	23,035	(6,579)	(4,223)	(2,005)	(26,701)
Net operating profit (loss) before tax (NPBT)	$'000	20,138	(10,267)	(9,679)	(6,711)	(28,575)
Net operating profit (loss) after tax (NPAT)	$'000	13,147	(8,165)	(6,402)	(6,385)	(20,011)
Total assets	$'000	50,804	58,743	58,926	73,309	78,974
Net assets per share		$1.81	$0.26	$1.39	$2.28	$3.16
Basic earnings per share		$1.61	($1.12)	($0.88)	($0.88)	($2.76)
Diluted earnings per share		$1.36	($1.12)	($0.88)	($0.88)	($2.76)
Dividends per share		-	-	-	-	-
Issued shares		9,086,382	7,269,106	7,269,106	7,269,106	7,269,106
Weighted average number of shares		8,190,191	7,269,106	7,269,106	7,269,106	7,269,106
Weighted average number of shares and warrants		9,725,334	7,269,106	7,269,106	7,269,106	7,262,809

Note 1 The performance was significantly impacted by the debt for equity swap with National Australia Bank which contributed $21.917 million in earnings before interest, tax, depreciation and amortisation.

7.1 OBJECTIVES

The Group's objectives for the business are:

- Focus on our core products
- Increase product value
- Strategic investment opportunity
- Stakeholder engagement

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 27 September 2013 the Company held an Extraordinary General Meeting where shareholders approved, the acquisition of PCA shares by Equity Management Unit Holdings Pty Ltd ACN 142 746 281 (National Australia Bank) by:

(a) the issue of 1,817,276 PCA shares;
(b) the grant of a warrant giving NAB Nominee the right to subscribe for such number of unissued PCA shares that will, when aggregated with the subscriber Shares, result in the NAB nominee holding 40% of the then issued share capital of the Company at the relevant time on a fully diluted basis (assuming that the NAB warrant had been exercised) reduced proportionately for any subscriber shares or NAB warrant shares or rights to subscribe for NAB warrant shares that the NAB Nominee has sold or transferred at the relevant time ; and
(c) if the NAB Nominee warrant is exercised, the issue of such number of unissued PCA shares to the NAB Nominee that will, in total and when aggregated with the subscriber shares, result in the NAB Nominee holding the NAB investment interest (reduced proportionately for any disposed interest) (NAB warrant shares).

In summary, under the warrant the holder has a right to be granted 3,028,795 ordinary shares in the Company for $1 in aggregate.

These shares have been recognised as equity given there is no substantive exercise price to be paid on exercise of the warrant as well as other relevant terms and conditions relating to the warrant. In addition to the fixed number of ordinary shares to be issued (the 3,028,795 ordinary shares), the warrant holder has a right to obtain further shares in certain circumstances. Further, the holder has the right to be issued additional ordinary shares for no consideration if there is a capital raising by the Company subject to a $5 million cap.

This embedded feature of the warrant has been recognised as a derivative liability measured at fair value (described as the warrant equity kicker).

9. DIVIDENDS

Year ended 31 March 2014

There has been no dividend declared in respect of the results for the year ended 31 March 2014, nor proposed since balance date.

10. EVENTS SUBSEQUENT TO REPORTING DATE

Rural Climate Change Pty Ltd has been deregistered with effect as at 4 May 2014.

Due to a lack of rainfall events in the dryland growing area and resulting in loss of farmers' crops, the Directors have agreed to carry any residual seed debt forward into the following financial year and season. The maximum amount of this debt approximates $300,000

No other event has occurred after reporting date that has significantly or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the period subsequent to 31 March 2014.

11. LIKELY DEVELOPMENTS

The Group will continue to implement its Strategic Intent as outlined in the Chairman's and Chief Executive Officer's Report. Further likely developments include increasing the domestic peanut crop reducing the reliance on imported peanuts enabling more development of marketing opportunities.

12. DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options over such instruments issued by the Company, at the date of this report is as follows:

	Ordinary shares
Ian Langdon	73,561
Niven Hancock	44,174
Brett Heading	1,323,880

13. OPTIONS GRANTED TO DIRECTORS AND OFFICERS OF THE COMPANY

No options were granted to any directors or officers of the Company during the year ended 31 March 2014.

14. UNISSUED SHARES UNDER OPTION

In the year ended 31 March 2014, there were unissued 3,028,795 options (2013: 104,000).

Under the warrant the holder has a right to be granted 3,028,795 ordinary shares in the Company for $1 in aggregate. These shares have been recognised as equity given there is no substantive exercise price to be paid on exercise of the warrant as well as other relevant terms and conditions relating to the warrant. In addition to the fixed number of ordinary shares to be issued (the 3,028,795 ordinary shares), the warrant holder has a right to obtain further shares in certain circumstances. Further, the holder has the right to be issued additional ordinary shares for no consideration if there is a capital raising by the Company subject to a $5 million cap. This embedded feature of the warrant has been recognised as a derivative liability measured at fair value (described as the warrant equity kicker).

15. INDEMNIFICATION

The Company, as at the date of this report, has agreed to indemnify the following current directors and officers of the Company:

Directors: Ian Langdon, Niven Hancock and Brett Heading.

Officers: John Howard and Don Mackenzie.

Former directors and officers are also indemnified for a period of five years from the date of cessation of them acting in their respective capacities.

During the year ended 31 March 2014, the Company paid insurance premiums of $14,937 in respect of Directors' and Officers' liability and legal expenses' insurance contracts, for current and former directors and officers, including company secretaries of the Company and of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving breach of duty or improper use of information or position to gain a personal advantage.

The company has not indemnified or insured its auditor.

16. NON-AUDIT SERVICES

The Board has considered the non-audit services provided during the year by the auditor and its related practices and was satisfied that:

- all non-audit services were subject to the corporate governance procedures adopted by the Company to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants,* as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing rewards.

Details of the amounts paid to the auditor of the Company and its related practices for audit and non-audit services are provided in Note 30 to the financial statements.

17. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached on Page 10.

18. ENVIRONMENTAL REGULATION COMPLIANCE

The Group is subject to environmental regulation in respect of the operations at all peanut processing facilities and monitors other operations in accordance with our Department of Environment and Resource Management Permit.

To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

19. DETAILS OF 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 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.

20. ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to the “rounding-off” of amounts in the directors’ report. Amounts in the directors’ report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Directors.

Ian Langdon
Chairman

Brisbane
27 May 2014

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Australia

DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF PEANUT COMPANY OF AUSTRALIA LIMITED

As lead auditor of Peanut Company of Australia Limited for the year ended 31 March 2014, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect Peanut Company of Australia Limited and the entities it controlled during the period.

Tim Kendall

T J Kendall

Director

BDO Audit Pty Ltd

Brisbane, 27 May 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Peanut Company of Australia Limited and Controlled Entities
For the year ended 31 March 2014

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue from continuing operations	6	53,607	57,337
Cost of sales		(47,036)	(54,764)
Gross profit		6,571	2,573
Other income	7	22,652	1,519
Finance income		233	5
Distribution expenses		(1,790)	(1,789)
Marketing expenses		(1,194)	(1,285)
Administrative expenses		(3,306)	(3,142)
Research and development expenses		(66)	(128)
Impairment		-	(4,247)
Other expenses		(66)	(56)
Finance costs		(2,896)	(3,717)
Profit (loss) before income tax		20,138	(10,267)
Income tax expense	10	(6,991)	2,102
Profit (loss) from continuing operations		13,147	(8,165)
Profit (loss) from discontinuing operations		-	-
Profit (loss) for the year		13,147	(8,165)
Other comprehensive income			
Items that may be re-classified subsequently to profit or loss			
Change in fair value of cash flow hedges taken to equity, net of tax		20	36
Other comprehensive income (loss)for the year, net of tax		20	36
Total comprehensive income (loss) for the year		13,167	(8,129)
Profit (loss) is attributable to:			
Owners of Peanut Company of Australia Limited		13,147	(8,165)
Total comprehensive income for the year is attributable to:			
Owners of Peanut Company of Australia Limited		13,167	(8,129)
Earnings per share for profit (loss) from continuing operations			
Basic earnings per share		1.61	($1.12)
Diluted earnings per share		1.36	($1.12)
Earnings per share for profit (loss) for the year			
Basic earnings per share	22	1.61	($1.12)
Diluted earnings per share	22	1.36	($1.12)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Peanut Company of Australia Limited and Controlled Entities
For the year ended 31 March 2014

Consolidated 2014	Issued capital $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2013	16,674	9,457	(20)	(24,193)	1,918
Total comprehensive income for the period					
Profit for the period	-	-	-	13,147	13,147
Other comprehensive income					
Change in fair value of cash flow hedges, net of tax	-	-	20	-	20
Total other comprehensive income (loss)	-	-	20	-	20
Total comprehensive income (loss) for the period	-	-	20	13,147	13,167
Transactions with owners, recorded directly in equity					
Share-based payment transactions	-	-	-	-	-
Shares and warrants issued	6,881	-	-	-	6,881
	6,881	-	-	-	6,881
Balance at 31 March 2014	23,555	9,457	-	(11,046)	21,966

Consolidated 2013	Issued capital $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2012	16,703	9,457	(56)	(16,028)	10,076
Total comprehensive income for the period					
Loss for the period	-	-	-	(8,165)	(8,165)
Other comprehensive income					
Change in fair value of cash flow hedges, net of tax	-	-	36	-	36
Total other comprehensive income (loss)	-	-	36	-	36
Total comprehensive income (loss) for the period	-	-	36	(8,165)	(8,129)
Transactions with owners, recorded directly in equity					
Share-based payment transactions	(29)	-	-	-	(29)
Shares and warrants issued	-	-	-	-	-
	(29)	-	-	-	(29)
Balance at 31 March 2013	16,674	9,457	(20)	(24,193)	1,918

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Peanut Company of Australia Limited and Controlled Entities
As at 31 March 2014

		Consolidated	
		2014	2013
	Note	$'000	$'000
Assets			
Current assets			
Cash and cash equivalents	11	362	324
Trade and other receivables	12	5,603	9,683
Inventories	13	9,563	5,274
Prepayments	14	763	723
Total current assets		16,291	16,004
Non-current assets			
Deferred tax assets	15	937	7,929
Property, plant and equipment	16	26,831	27,777
Intangible assets	17	6,744	7,053
Total non-current assets		34,512	42,759
Total assets		50,803	58,763
Liabilities			
Current liabilities			
Trade and other payables	18	4,624	7,467
Financial liabilities	19	2,424	46,949
Derivative financial instruments	20	-	20
Provisions	21	1,685	1,724
Total current liabilities		8,733	56,160
Non-current liabilities			
Financial liabilities	19	16,790	513
Derivatives	20	3,103	-
Provisions	21	211	172
Total non-current liabilities		20,104	685
Total liabilities		28,837	56,845
Net assets		21,966	1,918
Equity			
Issued capital	22	23,555	16,674
Reserves	22	9,457	9,437
Retained earnings		(11,046)	(24,193)
Total equity		21,966	1,918

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

Peanut Company of Australia Limited and Controlled Entities
For the year ended 31 March 2014

		Consolidated	
	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Cash receipts from customers		62,459	55,603
Cash paid to suppliers and employees		(59,250)	(60,224)
Interest received		2	5
Interest paid		(1,617)	(1,658)
Net cash inflow/(outflow) from operating activities	11(b)	1,594	(6,274)
Cash flows from investing activities			
Purchase of property, plant and equipment	11(c)	(428)	(687)
Purchase of intangibles		(1,140)	(939)
Proceeds from sale of property, plant and equipment		21	134
Proceeds from assets held for sale (discontinued operations)		-	45
Net cash inflow/(outflow) from investing activities		(1,547)	(1,447)
Cash flows from financing activities			
Proceeds from borrowings		10,500	11,000
Proceeds from lease borrowings		-	449
Payment of borrowings		(10,300)	(2,000)
Payment of finance lease liabilities		(209)	(337)
Net cash inflow/(outflow) from financing activities		(9)	9,112
Net decrease in cash and cash equivalents		38	1,391
Cash and cash equivalents at beginning of period		324	(1,067)
Cash and cash equivalents at the end of period	11(a)	362	324

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Reporting entity

Peanut Company of Australia Limited (the “Company”) is a public company incorporated and domiciled in Australia. The address of the Company’s registered office is 133 Haly Street, Kingaroy, Queensland. The consolidated financial statements of the Company as at and for the year ended 31 March 2014 comprise the Company and controlled entities (together referred to as the “Group” and individually as “Group Entities”). The Group is primarily involved in the purchasing, shelling, grading, processing and marketing of peanuts but prior to 31 March 2014 was also involved in growing peanuts.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit-entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 27 May 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position;

- assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell
- land and buildings are measured using the revaluation model
- derivative financial instruments are measured at fair value

The financial report has been prepared on the going concern basis which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has reported a profit after tax of $13.147 million for the year ended 31 March 2014 (2013: loss after tax of $8.165 million). The 2014 results have been impacted by the following significant items:

- Continued lower than average intake of Australian peanuts resulting in increased importing of peanuts, higher costs of production and reduced volume of sales;
- Debt for equity deal.

As at 31 March 2014, the Group’s total assets exceed its total liabilities by $21.966 million (2013: $1.918 million).
The Group has an excess of current assets over its current liabilities of $7.558 million (2013: excess of current liabilities over current assets of $40.156 million).

2. Basis of preparation (cont'd)

New finance facilities have been entered into with NAB which included

(a) $16.5 million NAB Business Markets Facility – Flexible Loan Rate;
(b) $19 million Multi Option Facility covering an Overdraft Facility, Letter of Credit and Market Rate Facility;
(c) $35,000 Business Card Facility;
(d) $2 million Master Asset Finance Agreement; and
(e) Foreign Exchange and/or Hedge Contracts.

The Directors' have determined that the Consolidated Entity is a going concern based on the following:

- cashflow and budget forecasts demonstrate a capacity to meet ongoing financial covenants and pay debts as and when they fall due;
- the Group has continued to meet its financial obligations in a timely manner subsequent to balance date; and has
- the continued financial support of its principal financier.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/100 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars, unless otherwise stated.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with the Australian Accounting Standard Board requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management have discussed with the Board the development, selection and disclosure of the Group's critical accounting policies and basis of estimates, and have reviewed the application of these policies and estimates. The matters that have the most significant effect on the amounts recognised in the financial statements are detailed:

Intangible assets – capitalised development costs (refer Note 17)

The carrying amount of the Group's intangible asset representing the development value of the peanut breeding gene pool at 31 March 2014 is $2.869 million (2013: $2.626 million). The carrying amounts for the water right are $3.875 million (2013: $4.427 million). An impairment review was undertaken in 2014 with no further impairment to that made in 2013 which resulted in water rights being impaired by $3.082 million and gene pool impaired by $1.165 million.

Valuation of property plant and equipment (refer Note 16)

The Group's land and buildings are carried at fair value at $21.699 million (2013: $22.295 million).

Inventory (refer Note 13)

As at 31 March 2014, and as part of the review to determine the carrying value of inventory, totalling $9.563 million (2013: $5.274 million), the judgements, estimates and assumptions by management took account of current circumstances relating to raw materials and finished goods on hand in light of the prevailing market conditions.

Recognition of deferred tax asset relating to tax losses (refer Note 15)

The Group has carry forward revenue tax losses in respect of which $5.190 million has been recognised as a deferred tax asset on the basis that it is probable they will be utilised from future taxable profits in excess of the profits arising that will reverse existing temporary differences.

2. Basis of preparation (cont'd)

(f) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations
The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 April 2013:

AASB 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to AASB 7*
- AASB 10 *Consolidated Financial Statements,* AASB 127 *Separate Financial Statements*
- AASB 11 *Joint Arrangements, AASB 128 Investments in Associates and Joint Ventures*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 19 *Employee Benefits (Revised 2011)*
- *Improvements to AASBs 2009-2011 Cycle*

The adoption of the standards or interpretations is described below:
The Group applied, for the first time, certain standards and amendments that may require restatement of previous financial statements. These include AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 119 Employee Benefits (Revised 2011) and AASB 13 Fair Value Measurement. In addition, the application of AASB 12 Disclosure of Interests in Other Entities resulted in additional disclosures in the consolidated financial statements.
Several other amendments apply for the first time in 2014. However, they do not impact the annual consolidated financial statements of the Group.

The nature and the impact of each new standards and amendments is described below:

AASB 10 *Consolidated Financial Statements* and AASB 127 *Separate Financial Statements*
The Group adopted AASB 10 in the current year. The application of AASB 10 required re-consideration of the investments held by the group as to whether the conclusion to consolidate would be different under this standard. No differences were found and therefore no adjustments have been made to the financial statements as a result of AASB 10.

AASB 11 *Joint Arrangements* and AASB 128 *Investment in Associates and Joint Ventures*
The Group adopted AASB 11 in the current year. The application of AASB 11 has had no quantitative impact on the financial statements.

AASB 13 *Fair Value Measurement*
AASB 13 establishes a single source of guidance under Australian Accounting Standards for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards. AASB 13 defines fair value as an exit price. As a result of the guidance in AASB 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. AASB 13 also requires additional disclosures.
Application of AASB 13 has not materially impacted the fair value measurements of the Group.
Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 26.

AASB 119 *Employee Benefits* (Revised 2011)
The Group applied AASB 119 (Revised 2011) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard.
No changes to the opening statement of financial position of the earliest comparative period presented (1 April 2012) and the comparative figures were required to be made due to the changes in AASB 119.
The revised standard has also changed the accounting for the group's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits in their entirety. This did change the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and long-term portion. However, the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period.

3. Significant accounting policies

The accounting policies set out below, in addition to the changes as detailed in note 2(f), have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Controlled Entities

The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of controlled entities have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the rates of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the rates of exchange ruling at that date.

Foreign currency differences arising on retranslation are recognised in the profit or loss, except for differences arising from qualifying cash flow hedges, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit and loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provision of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables include trade and other receivables. Grower debtors are a component of trade and other receivables and represent monies receivable for the supply of peanut seed, chemicals and equipment. Individual contracts are entered into with growers on varying terms and conditions. Grower debtors are stated at amortised cost less impairment losses and collected either on 30 day payment terms or by set-off against payment due for the delivery of peanuts.

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

The Group's financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: Loans and borrowings; bank overdrafts and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

Grower creditors are a component of trade and other payables and represent those monies payable to 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.

(iii) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposure.

On the initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within 80-125% of effectiveness

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss.

In accordance with its foreign exchange policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Other derivatives

When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(e) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(f) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs.

They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

3. Significant accounting policies (cont'd)

(g) Property plant and equipment

(i) Recognition and measurement

Freehold land, and buildings on freehold land

Freehold land, and buildings on freehold land, are measured using the revaluation model. Where necessary, the asset is revalued to reflect its fair value as assessed by directors in conjunction with independent valuations.

Where adjustments are required, any increment or decrement will be accounted for as follows –

- A revaluation increment will be credited to other comprehensive income and accumulated in the asset revaluation reserve except that, to the extent that, the increment reverses a revaluation decrement previously recognised as an expense in respect of the same asset, it will be recognised as revenue in the profit and loss.
- A revaluation decrement will be recognised immediately as an expense, except that, to the extent that, a credit balance exists in the asset revaluation reserve for that same asset, the revaluation decrement will be debited to other comprehensive income.

Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gains or loss on qualifying cash flow hedges of foreign currency purchase of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property plant and equipment and are recognised within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation, with the exception of freehold land, is calculated over the depreciable amount, which is the cost of an asset, or the amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The Group also uses the straight line and reducing balance method of depreciation for certain items of property which better reflects the consumption of their economic benefit. The significant depreciation rates used for each class of asset in both the current and prior year are:

	Straight line	**Reducing balance**
	%	**%**
Buildings	2.5 – 4.0	-
Plant and equipment	2.5 – 40.0	2.5 – 50.0
Leased plant and equipment	2.5 – 40.0	-

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3. Significant accounting policies (cont'd)

(h) Intangible assets

Peanut breeding gene pool

(i) Research and development program

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Impairment is assessed in accordance with Note 3(h). In 2013, an impairment charge of $1.165 million was made against these assets.

(ii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of capitalised development costs. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if necessary.

Water rights

Water rights represent perpetual water allocation rights and no amortisation is recognised. These rights are assessed annually for impairment in accordance with Note 3(h). An impairment of $3.082 million was made against these assets in 2013. During the year 1,500ML of water allocation was sold. No further impairment has been recognised against these assets. Net impairment after the sale was $2.311 million.

Fixed costs associated with water rights are payable quarterly in advance and are recognised in profit or loss as an expense as incurred. In addition, variable costs determined by usage, are also recognised in profit or loss as an expense.

(i) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and are not recognised in the Group's statement of financial position (refer to note 3(n)).

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and present 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.

The cost of peanuts transferred from biological assets is their fair value less costs to sell at the date of harvest.

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

(k) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

3. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

(i) Financial assets (including receivables) (cont'd)

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise and indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for receivables at a specific level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease of the impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units reduce the carrying amounts of assets in the unit, on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(l) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated on a pro rata basis, except that no loss is allocated on inventories, financial assets, deferred tax assets and biological assets.

Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(m) Employee benefits

(i) Contribution to superannuation funds

Obligations under the Superannuation Guarantee Charge for employee's contributions and paid to superannuation funds are recognised as an expense in the profit or loss when they are due.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date of recognised securities that have maturity dates approximating the terms of the Group's obligations.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3. Significant accounting policies (cont'd)

(m) Employee benefits (cont'd)

(iv) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Revenue – goods sold

Revenue from the sale of goods in the ordinary course of activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(p) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(q) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(r) Finance income and finance costs

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(s) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Significant accounting policies (cont'd)

(s) Income tax (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Peanut Company of Australia Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(ii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities will be payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(t) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part 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 Australian Taxation Office (ATO) is included as a current asset or liability in the statement of financial position.

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.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

3. Significant accounting policies (cont'd)

(v) New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

- **AASB 9 Financial Instruments (effective from 1 January 2017).** The AASB aims to replace AASB 139 *Financial Instruments: Recognition and Measurement* in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2017. Chapters dealing with hedge accounting will align the accounting to group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. .

  Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

(w) Biological Assets

Cropping operations

The carrying value of peanut crops (which when harvested are used by the Group as part of the manufacturing process) is measured at fair value less costs to sell. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get assets to market. Harvested peanut crops are transferred to inventory at their fair value less costs to sell at the date of harvest.

Other crops are measured at their fair value less estimated costs to sell. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get assets to market.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of freehold land and buildings recognised, under the revaluation model, is the price that would be received to sell the asset in an orderly transaction between market participants at measurement date.

Trade and other receivables/payables

For trade and other receivables/payables with a remaining life of less than one year, the notional amount is assumed to reflect the fair value.

Non-derivative financial liabilities

Fair value is calculated based on the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Share-based payment transactions

The fair value of employee share options is measured using binomial lattice and Black-Scholes models. Measurement inputs include the share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

4. Determination of fair values (cont.)

Derivative financial liabilities

The fair value of derivatives, not traded in the open market, have been determined based on the present value and the discount rates used was adjusted for counterparty or own credit risk.
Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income and later reclassified to profit or loss when the hedge item affects profit or loss.

5. Financial risk management

Overview

The Group has exposure to risks from use of financial instruments and to manage these risks, the Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is responsible for developing and monitoring risk management policies.

The risk management policies identify and analyse the risks faced by the Group; set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and growers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 40 percent (2013: 40 percent) of the Group's revenue is attributable to sales transactions with a single customer.

The Group has established procedures in which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of specific trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash resources to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group has included in its arranged funding facilities appropriate seasonal finance to specifically cater for purchase of peanuts, and also has overdraft facilities. Refer to Note 26.

Details of the finance facilities are disclosed in Note 2(b).

5. Financial risk management (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Group's income.

In order to manage market risk, the Group follows guidelines set by the Board which permit the Group to enter into derivatives to manage volatility in the profit or loss arising from buying and selling peanuts on international markets.

Currency risk

The Group is exposed to currency risk, primarily the United States dollar (US$), on sales and purchases that are denominated in a currency other than the functional currency of the Group.

At any point in time the Group hedges approximately 70 percent of its estimated foreign currency exposure in respect of forecast sales and purchases over the following six months. The Group also hedges approximately 70 percent of all trade receivables and trade payables denominated in a foreign currency. The Group uses forward exchange contracts or options to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Interest rate risk

The Group monitors its exposure to changes in interest rates on borrowings having regard to its working capital requirements and debt funding for property acquisition and development and determines the mix of fixed and variable interest rates based on its funding needs.

Capital management

The Board's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity and regularly reviews its dividend policy.

		2014	2013	2012	2011	2010
Revenues	$'000	52,323	56,052	53,293	54,946	64,578
Earnings (loss) before interest, tax, depreciation and amortisation (EBITDA)	$'000	25,014	81	(1,758)	1,112	(23,965)
Earnings (loss) before interest and tax (EBIT)	$'000	23,035	(6,579)	(4,223)	(2,005)	(26,701)
Net operating profit (loss) before tax (NPBT)	$'000	20,138	(10,267)	(9,679)	(6,711)	(28,575)
Net operating profit (loss) after tax (NPAT)	$'000	13,147	(8,165)	(6,402)	(6,385)	(20,011)
Total assets	$'000	50,803	58,743	58,926	73,309	78,974
Net assets per share		$1.81	$0.26	$1.39	$2.28	$3.16
Basic earnings per share		$1.61	($1.12)	($0.88)	($0.89)	($2.76)
Diluted earnings per share		$1.36	($1.12)	($0.88)	($0.89)	($2.76)
Dividends per share		-	-	-	-	-
Issued shares		9,086,382	7,269,106	7,269,106	7,269,106	7,269,106
Weighted average number of shares		8,190,191	7,269,106	7,269,106	7,269,106	7,269,106
Weighted average number of shares and warrants		9,725,334	7,269,106	7,269,106	7,269,106	7,262,809

A significant change to the Group's capital management plan took place during the year, with the issue of shares and warrants, and details are set out in note 22. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements other than its obligations to its bankers. These obligations include a wide range of covenants including the provision of monthly management accounts compliance with covenants and loan amortisation.

6. Revenue

	Consolidated 2014 $'000	Consolidated 2013 $'000
From continuing operations		
Sale of goods	53,607	57,337

	Consolidated 2014 $'000	2013 $'000
7. Other income		
GRDC funding	329	412
Insurance claims	3	257
Government grants	15	131
Sundry income	85	133
Sub licence income	248	-
Gain on debt forgiveness	21,917	-
Revaluation of warranty derivative	37	-
Gain on non recognition of grower revolving levy liability (see note1)	-	506
Net gain on disposal of property, plant and equipment	18	80
	22,652	1,519

(1) The obligation to repay the grower revolving levy was at the discretion of the Board and the Directors, effective 31 March 2013, resolved this amount will no longer be paid and accordingly the Company has de-recognised the liability.

8. Expenses

Profit(loss) before income tax includes the following specific expenses:

	2014	2013
Amortisation expense		
Plant and equipment under finance lease	113	87
Gene Pool	637	919
	750	1,006
Depreciation expense		
Buildings	597	600
Plant and equipment	633	807
	1,230	1,407
Impairment		
Intangible assets	-	4,247
	-	4,247
Employee benefits	10,643	11,555
Research and development	66	128
Finance Costs		
Interest paid/payable	2,842	3,338
Fee expense on financial liabilities	-	314
Finance charges under finance leases and hire purchase contracts	54	37
Total finance costs expensed	2,896	3,689
Operating lease expense	530	540
Share based payments expense	-	(29)
Write-down of inventories to net realisable value	66	491
Net (gain)/loss on disposal of property, plant and equipment	11	(69)
Foreign Exchange		
Net foreign exchange (gain)/loss	(231)	29
Disposal of Water		
Sale of water	(525)	-
Book value of water	552	-
Net (gain)/loss on disposal of water	27	-

9. Personnel expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000
Wages, salaries and related on costs	10,643	11,555

During the year ended 31 March 2014, the Group made contributions to defined contribution superannuation funds. The amount recognised as an expense was $0.801 million (2013: $0.859 million).

10. Income tax expense (benefit)

(a) The components of tax expense comprise:

	2014	2013
Current tax expense	(5,190)	(12,330)
Deferred tax expense on debt forgiveness	7,517	-
Deferred tax expense	4,664	10,470
Under provision from prior periods	-	(242)
Income tax expense/(benefit) attributable to continuing operations	6,991	(2,102)

(b) The prima facie tax on profit (loss) before income tax is reconciled to the income tax expense as follows:

	2014	2013
Total profit(loss)	20,139	(10,267)
Income tax thereon at 30% (2013: 30%)	6,042	(3,080)
Under (over) provided prior year	-	(242)
Permanent differences		
Warranty option	931	-
Impairment of assets	-	1,274
Non-deductible legal expenses	-	1
Non-deductible other expenses	6	5
Other	12	(51)
Share based payment expense	-	(9)
Aggregate income tax expense (benefit) on pre-tax profit	6,991	(2,102)

11(a) Cash and cash equivalents

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash at bank and in hand	362	324

Reconciliation of Cash

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

	2014	2013
Balances as above	362	324
Bank overdrafts	-	-
Balances per statement of cash flows	362	324

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 25.

11(b) Reconciliation of loss after income tax to net cash flow from operating activities

	2014	2013
Profit (loss) for the year	13,167	(8,129)
Net loss/(gain) on debt for equity swap	(21,917)	-
Depreciation and impairment	1,979	2,414
Impairment on intangibles	-	4,247
Net loss/(gain) on sale of property, plant and equipment and intangibles	11	(69)
Net loss on discontinuing operations assets held for sale	-	45
Net loss/(gain) on warranty kicker	(37)	
Share based payments	-	(29)
Change in operating assets (net of impact from purchase of controlled entity)		
- (Increase)/decrease in trade debtors	4,174	(2,716)
- (Increase)/decrease in prepayments	(41)	(57)
- (Increase)/decrease in inventories	(4,289)	(499)
- (Increase)/decrease in biological assets	-	295
- (increase)/decrease in intangible assets	552	-
- (Increase)/decrease in deferred tax assets	6,992	(2,102)
- Increase/(decrease) in trade creditors	1,135	612
- Increase/(decrease) in other provisions	(132)	(286)
Net cash flow from operating activities	1,594	(6,274)

11(c) Non-cash investing and financing activities

During the year the Group purchased property, plant and equipment for $428,000 (2013: $687,000) of which $nil (2013: $448,000) was funded by finance lease.

12. Trade and other receivables

	Consolidated 2014 $'000	Consolidated 2013 $'000
Current		
Trade receivables	3,170	8,102
Allowance for doubtful debts	(32)	(145)
Grower receivables	1,604	1,549
	4,742	9,506
Other receivables	861	177
Trade and other receivables	5,603	9,683

The aging of the Group's receivables at reporting date was:

	Gross 2014 $'000	Impairment 2014 $'000	Gross 2013 $'000	Impairment 2013 $'000
Not past due (1)	4,392	-	8,171	-
Past due 0-30 days	344	-	1,282	-
Past due 31-120 days	-	-	13	-
Past due 121 days to one year (2)	4	4	53	24
More than one year	34	28	132	121
	4,774	32	9,651	145
Net trade receivables	4,742		9,506	

Notes

(1) Due to a lack of rainfall events in the dryland growing area resulting in loss of crop, the Directors have agreed to carry any residual seed debt forward into the following season. The maximum amount of this debt approximates $300,000.

(2) Based on historic default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables not past due, or past due by up to 30 days. Assessment has made of all receivables past due by more than 30 days to determine if impairment is necessary. An impairment charge of $32,000 has been made against receivables where there is doubt over their collection.

Payment terms on receivables past due but not considered impaired have not been re-negotiated. The Group has been in direct contact with the relevant customers and are reasonably satisfied that payment will be received in full.

	Consolidated 2014 $'000	Consolidated 2013 $'000
Analysis of allowance account		
Opening balance	145	426
Provisions for doubtful receivables	62	75
Receivables written off during the period	(54)	(115)
Reversal of amounts provided	(121)	(241)
Closing balance	32	145

13. Inventories

	Consolidated 2014 $'000	Consolidated 2013 $'000
Raw materials	2,675	953
Work in progress	3,510	995
Finished goods – at net realisable value	3,378	3,326
	9,563	5,274

At 31 March 2014, the adjustment to reduce inventory to net realisable value amounted to $66,118 (2013: $490,894) with such adjustments being included in cost of goods sold in the profit and loss.

14. Prepayments

	Consolidated 2014 $'000	Consolidated 2013 $'000
Insurance	298	345
Advances to growers	294	150
Workcover	60	87
Rates and land tax	23	17
Other expenses	88	124
	763	723

15. Deferred tax assets and liabilities

Consolidated	Assets 2014 $'000	Assets 2013 $'000	Liabilities 2014 $'000	Liabilities 2013 $'000	Net 2014 $'000	Net 2013 $'000
Property, plant and equipment	929	988	(4,774)	(4,897)	(3,845)	(3,909)
Intangible assets	-	-	(1,210)	(1,137)	(1,210)	(1,137)
Other	296	99	(21)	(29)	275	70
Leases	-	-	(71)	(39)	(71)	(39)
Provisions	598	614	-	-	598	614
Tax losses carry forward recognised	5,190	12,330	-	-	5,190	12,330
Net tax assets/(liabilities)	7,013	14,031	(6,076)	(6,102)	937	7,929

Movement in temporary differences during the year

Consolidated 2014

	1 April 2013 $'000	Recognised in Income $'000	31 March 2014 $'000
Property, plant and equipment	(3,909)	64	(3,845)
Intangible assets	(1,137)	(73)	(1,210)
Other	70	205	275
Leases	(39)	(32)	(71)
Provisions	614	(16)	598
Tax losses	12,330	(7,140)	5,190
	7,929	(6,991)	937

Consolidated 2013

	1 April 2012 $'000	Recognised in Income $'000	31 March 2013 $'000
Property, plant and equipment	(3,936)	27	(3,909)
Intangible assets	(1,131)	(6)	(1,137)
Other	56	14	70
Leases	(60)	21	(39)
Provisions	774	(160)	614
Tax losses	10,124	2,206	12,330
	5,827	2,102	7,929

16. Property plant and equipment

	Consolidated 2014 $'000	Consolidated 2013 $'000
Land		
At valuation	6,065	6,065
Total land	6,065	6,065
Buildings		
At cost	75	75
At valuation	17,958	17,958
Accumulated depreciation	(2,399)	(1,803)
Total buildings	15,634	16,230
Total land and buildings	21,699	22,295
Plant and equipment		
At cost	29,432	30,360
Accumulated depreciation	(25,490)	(25,979)
	3,942	4,381
Leased plant and equipment		
At cost	1,111	1,136
Accumulated amortisation	(361)	(256)
	750	880
Plant and equipment under construction		
At cost	440	221
	440	221
Total plant and equipment	5,132	5,482
Total non-current property, plant and equipment	26,831	27,777

16. Property plant and equipment (cont'd)

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant & equipment at the beginning and end of the current and previous financial year are set out below:

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Land		
Carrying amount at beginning of financial year	6,065	6,065
Additions	-	-
Disposals	-	-
Transfers	-	-
Depreciation	-	-
Carrying amount at end of financial year	6,065	6,065
Buildings		
Carrying amount at beginning of financial year	16,230	16,824
Additions	-	6
Disposals	-	-
Transfers	-	-
Depreciation	(596)	(600)
Carrying amount at end of financial year	15,634	16,230
Plant & Equipment		
Carrying amount at beginning of financial year	4,381	4,494
Additions	210	469
Disposals	(33)	(65)
Transfers	17	290
Depreciation	(633)	(807)
Carrying amount at end of financial year	3,942	4,381
Leased Plant & Equipment		
Carrying amount at beginning of financial year	880	809
Additions	-	448
Disposals	-	-
Transfers	(17)	(290)
Depreciation	(113)	(87)
Carrying amount at end of financial year	750	880
Capital Works in Progress		
Carrying amount at beginning of financial year	221	458
Additions	219	-
Transfers	-	(237)
Carrying amount at end of financial year	440	221

16. Property plant and equipment (cont'd)

(a) Valuation of land and buildings

As disclosed in Note 3(d), the Group's land and buildings are measured on the revaluation model.

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. Formal revaluations ranging from 25 January 2013 to 20 February 2013 were performed by Taylor Byrne Pty Ltd, an accredited independent valuer.

At each reporting period, the Directors verify the major inputs to the external valuers model with reference to current observable market data and analyse the movement in the value of the assets.

(b) Leased plant and equipment

The Group leases production equipment under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the equipment. At 31 March 2014, the net carrying amount of the Group's leased plant and machinery was \$0.750 million (2013: \$0.880 million). The leased equipment secures lease obligations (see Note 21).

(c) Security

At 31 March 2014, land and buildings with a carrying value of \$21.699 million (2013: \$22.295 million) are subject to a registered mortgage to secure bank loans, however it should be note that the bank has an equitable charge over all assets of the Group (see Note 19).

(d) Historical cost depreciation

Had land and buildings been stated at historical cost amounts they would be recognised at follows:

	2014	**2013**
	$'000	**$'000**
Cost	12,813	12,813
Accumulated depreciation	(2,399)	(1,803)
Carrying amount at end of financial year	10,414	11,010

17. Intangible assets

	Consolidated 2014 $'000	Consolidated 2013 $'000
Peanut breeding gene pool		
At cost	14,334	13,454
Accumulated amortisation and impairment	(11,465)	(10,828)
	2,869	2,626
Water rights		
At cost	6,186	7,509
Accumulated impairment	(2,311)	(3,082)
	3,875	4,427
Total intangible assets	6,744	7,053

Reconciliations

	2014	2013
Gene pool		
Carrying amount at beginning of year	2,626	3,772
Additions – internal development	880	938
Amortisation recognised	(637)	(919)
Impairment recognised	-	(1,165)
Carrying amount at end of year	2,869	2,626
Water rights		
Carrying amount at beginning of year	4,427	7,508
Additions	-	1
Disposals (1)	(1,322)	-
Impairment recognised (1)	770	(3,082)
Carrying amount at end of year	3,875	4,427

(1) Details on sale of 1,500 megalitres of medium priority water.

	Quantity (megalitre)	$ per megalitre	Total $ value
Sale price	1,500	$350.00	$525,000
Cost of water			
Purchase price	1,500	($881.33)	($1,322,010)
Less impairment	1,500	$513.67	$770,505
Loss on sale	1,500	($17.66)	($26,505)

Amortisation and Impairment Charge

The amortisation and impairment charge is recognised in the following line items in the statement of comprehensive income:

	2014	2013
Cost of sales	637	919
Impairment	-	4,427
	637	5,346

17. Intangible assets (cont'd)

Other Disclosures

Intangible assets include peanut breeding gene pool with a carrying value of $2.869 million (2013: $2.626 million). The amortisation period relating to the gene pool is 5 years.

Peanut cultivars

The Group has undertaken an assessment of its peanut cultivar development in accordance with the requirements of AASB 138: Intangible Assets and the directors have agreed that the value of $2.869 million (2013: $2.626 million) fairly reflects their worth to the Group as suppliers of peanut seed and runners to the industry.

Peanut cultivars are carried at cost less amortisation, and impairment if applicable. During the course of the year an assessment of the average life of a peanut cultivar was made and it was recognised that the average life was just over five years.

Water rights

Water rights are carried at cost less impairment if applicable and comprise perpetual water allocations with an indefinite life supported by their legal entitlements arising out of contractual obligations of the issuer. The Company has the capacity to assign its water entitlements to third parties at no cost as part of it strategic plan to encourage growers to supply peanuts to the Company.

The recoverable amount of the Group's water rights is considered as part of the overall assessment of the value in use calculation for all assets of the Group that comprise the cash generating unit.

Impairment testing

An assessment was made of both the peanut cultivars and the water rights and it was determined that they are not stand alone cash generating units (CGU) but rather form part of the main CGU being the peanut processing and marketing operations. This assessment was made having regard to the interdependence of the peanut cultivar programme with the rest of the business. Likewise the water rights have been purchased with the aim of enabling farmers to grow more peanuts for the business and therefore are linked in with the main CGU. This treatment is consistent with previous years.

In determining the value in use, cash flows were projected over a five year period based on best estimate assumptions taking into account known plans and circumstances, a perpetual growth rate beyond the forecast period of 2.5%and a pre-tax adjusted discount rate of 9.9%, which equates to a weighted average cost of capital (WACC) of 6.9%.

The value in use was calculated to be 4% greater than the current value of operating assets. A reduction of cash flows in the years 2016 – 2019 of $150,000 p.a. would not give rise to an impairment however an increase in the pre-tax risk adjusted discount rate of 0.5% would result in an impairment of $1.073 million.

	Consolidated	
	2014	**2013**
	$'000	**$'000**
18. Trade and other payables		
Current		
Trade payables	2,513	3,431
Other payables	2,111	4,036
	4,624	7,467

	Consolidated	
	2014	**2013**
	$'000	**$'000**
19. Financial Liabilities		
Current		
Secured		
Bank loans	2,200	46,740
Lease liabilities	224	209
Total current financial liabilities	2,424	46,949
Non-Current		
Secured		
Bank loans	16,500	-
Lease liabilities	290	513
Total secured non-current financial liabilities	16,790	513
Total non-current financial liabilities	16,790	513

Fair value

The carrying amounts these financial liabilities at the end of the reporting period approximate their fair value.

Secured bank loan

The bank has security over all assets of the Group.

All bills are denominated in Australian dollars.

The weighted average interest rate on the bills at 31 March 2014 is 6.96% pa (2013: 7.53% pa).

Finance lease liabilities

The Group's lease liabilities are secured by the leased assets. In the event of default the assets revert to the lessor. The effective interest rate for the leased assets as at 31 March 2014 is 8.92% pa (2013: 8.92% pa) and is fixed for five years.

Bank overdraft

The bank overdrafts are repayable on demand and are secured by a registered first mortgage over certain of the Group's land and buildings and an equitable charge over the assets of the Group. At 31 March 2014, the bank overdraft interest rate was 9.87% pa (2013: 11.22% pa) and is subject to periodic review.

Details of security

The carrying value of property plant and equipment pledged as security over the Group's financing facilities is $26.831 million as at 31 March 2014 (2013: $27.777 million). The carrying value of water rights also pledged as security of the Group's financing facilities was $3.875 million (2013: $4.427 million). Refer to Note 16 and 17.

20. Derivatives

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Forward foreign currency contracts	-	20
Warrant equity kicker (1)	3,103	-
Total derivatives	3,103	20

(1) In addition to the fixed number of shares to be issued under the warrant (accounted for as equity) there are a variable number of shares to be issued under the warrant. The variable number of shares to be issued (the equity kicker) has been accounted for as a derivative.

21. Provisions

	Consolidated 2014 $'000	Consolidated 2013 $'000
Current		
Employee benefits	1,535	1,439
Warranties/Claims	150	285
	1,685	1,724
Non-current		
Employee benefits	211	172
	211	172

	Warranties /Claims $'000
Balance at beginning of the year	285
Provisions made during the year	-
Provisions used during the year	(135)
Provisions reversed during the year	-
Balance at end of year	150
Current	150
Non-current	-
	150

In the financial year ending 31 March 2012, an additional claim was made by another contractor who provided farming services including sowing, mowing and baling following the decision not to continue farming operations in the Northern Territory. An amount of $150,000 has been provided in relation to this claim.

22. Capital and reserves

(i) Share capital

	2014 Number	2013 Number
Number of ordinary shares on issue at 1 April	7,269,106	7,269,106
Shares issued	1,817,276	-
Warrants issued (1)	3,028,795	-
Number of ordinary shares on issue at 31 March	12,115,177	7,269,106

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any surplus proceeds on liquidation.

(1) These warrants were issued as part of the debt forgiveness transaction entered into during the period. They entitle the holder to convert these to shares for $1 in aggregate anytime over a period of 10 years or earlier if specific events occur. In addition to the fixed number of shares to be issued under the warrant (accounted for as equity) there is a variable number of shares to be issued under the warrant. The variable number of shares to be issued (the equity kicker) has been accounted for as a derivative in note 20.

Asset revaluation reserve

The asset revaluation reserve records the net balance of increments and decrements (up to the extent of the reserves) resulting from the revaluation of land and buildings.

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net changes in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(ii) Dividends

2014

No dividends were declared or paid during or since the year ended 31 March 2014. There has been no dividend declared in respect of the results for the year ended 31 March 2014.

2013

No dividends were declared or paid during or since the year ended 31 March 2013. There has been no dividend declared in respect of the results for the year ended 31 March 2013.

(iii) Dividend franking account

	Consolidated	
	2014 $'000	2013 $'000
30% franking credits available to shareholders of Peanut Company of Australia Limited for subsequent financial years	3,820	3,820

The above available amounts are based on the balance of the dividend franking account at year adjusted for:

(a) franking credits that will arise from the payment of current tax liabilities;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the year end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end; and
(d) franking credits that the entity may be prevented from distributing in subsequent years.

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

22. Capital and reserves (cont'd)

(iv) Earnings per share

The calculation of basic earnings per share at 31 March 2014 was based on the profit attributable to ordinary shareholders of $13.147 million (2013: loss of $8.165 million). The weighted average number of ordinary shares at 31 March 2014 was 8,190,191 (2013: 7,269,106).

The calculation of diluted earnings per share at 31 March 2014 was based on the profit attributable to ordinary shareholders of $13.147 million (2013: $8.165 million loss). The weighted average number of ordinary shares after adjusting for the effects of all dilutive potential ordinary shares at 31 March 2014 was 9,725,334 (2013: 7,269,106).

Ordinary shares

	2014	**2013**
Number issued at 31 March	9,086,382	7,269,106
Weighted average number issued at 31 March	8,190,191	7,269,106
Potentially dilutive instruments on issue at 31 March (options – note 22)	3,028,795	-
Basic earnings per share	$1.61	($1.12)
Diluted earnings per share	$1.36	($1.12)

In September 2013, the Company granted an option to NAB Nominee, the right to subscribe for such number of unissued PCA shares that will, when aggregated with the Subscriber Shares, result in NAB Nominee holding 40% of the then issued share capital of the Company.

23. Biological assets

	Consolidated 2014 $'000	**Consolidated 2013 $'000**
Biological Asset Peanuts		
Balance at beginning of the year	-	295
Change in fair value less costs to sell	-	-
Increase due to purchases	-	-
Decreases due to harvest	-	(295)
Balance at end of the year	-	-

	Peanuts
Areas planted as at:	**Ha**
Year ended 31 March 2014	-
Year ended 31 March 2013	-
Production for:	**Tonnes**
Year ended 31 March 2014	-
Year ended 31 March 2013	263

24. Controlled entities in the Group

The consolidated financial statements at 31 March 2014 include the Company and the following controlled entities. The financial years of all controlled entities are the same as the parent entity.

Name of controlled entity	**Place of incorporation**	**Ownership interest 2014 %**	**Ownership interest 2013 %**
Rural Climate Change Investments Trust	Australia	100	100
Rural Climate Change Pty Ltd	Australia	100	100
PMB Australia Pty Ltd	Australia	100	100

Note: At 31 March 2014 the above were non-operating**.** Rural Climate Change Pty Ltd was deregistered with effect as at 4 May 2014 including the Rural Climate Change Investments Trust.

25. Share based payments

(i) Options

In March 2002, the Company approved the Senior Staff Option Plan and at this time four senior staff received a maximum of 6,000 options over ordinary shares.

In May 2008, the Company agreed to issue options to the then Managing Director over unissued ordinary shares in the Company as part of his remuneration package for no consideration.

Further, in July 2008, the Company established an Employee Share Option Plan for the benefit of key management personnel to purchase unissued ordinary shares in the Company as part of their remuneration package for no consideration.

The terms and conditions of all grants were as follows with all options to be settled by physical delivery of shares at time of exercising.

2014

Grant date	Final Exercise date	Exercise price	Balance at beginning of year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of year	Exercisable at end of year
			-	-	-	-	-	-	-
			-	-	-	-	-	-	-
			-	-	-	-	-	-	-
			-	-	-	-	-	-	-

2013

Grant date	Final Exercise date	Exercise price	Balance at beginning of year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of year	Exercisable at end of year
18/12/2002	18/12/2012	3.40	24,000	-	-	-	(24,000)	-	-
01/07/2008	30/06/2012	4.45	80,000	-	-	-	(80,000)	-	-
			104,000	-	-	-	(104,000)	-	-
			$4.21	-	-	-	$4.21	-	-

The conditions of the Employee Share Plan include

(a) The exercise period is 12 months from the exercise date;

(b) If the option is not exercised prior to its expiry date, it shall automatically and immediately lapse; and

(c) The options immediately lapse if the employee ceases their employment with PCA, unless the employment ends due to one of the following, in which case there is no effect on the options:

- Redundancy;
- Retirement through ill health; or
- Retirement after reaching pension age and providing 12 months written notice.

(d) The options vest three years from the grant date.

All options are exercisable in cash for one share per option.

25. Share based payments (cont'd)

(ii) **Employee expenses**

	Consolidated 2014 $'000	Consolidated 2013 $'000
Share options	-	(29)

26. Financial instruments

(a) Credit risk

The maximum exposure to credit risk of financial assets of the Group which have been recognised on the Statement of Financial Position is generally the carrying amount, net of any allowance for impairment losses.

With respect to receivables, the majority of the Group's credit risk is in Australia and generally concentrated to the peanut growing and processing industry. The group manages this risk by maintaining strong relationships with a limited number of quality customers. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

Refer to Note 5 for more details.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit risk exposure. The Group's maximum exposure to credit risk at reporting date was:

	Note	2014 $'000	2013 $'000
Cash and cash equivalents	11(a)	362	324
Trade and other receivables	18	5,603	9,683
		5,965	10,007

The group has a credit risk exposure with three Australian customers who as at 31 March 2014 owed the group $1.12 million (20% of trade receivables) (2013: $5.64 million (58% of trade receivables)). In addition we have seed credit for our growers as at 31 March 2014 which will be recovered from the new season crop $1.6 million (29% of trade receivables) (2013: $1.55 million (16% of trade receivables)) This balance was within terms excluding $6,000 classified as past due but not impaired. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with the customers to mitigate risk.

26. Financial instruments (cont'd)

(b) Liquidity risk

Consolidated	**Year ended 31 March 2014 ($'000)**				
	Carrying amount	**Contractual cash flow**	**Within 12 months**	**1 – 5 years**	**More than 5 years**
Non derivative financial instruments					
Secured bank loans	18,700	20,576	3,502	17,074	-
Finance lease liabilities	514	581	254	327	-
	19,214	21,157	3,756	17,401	-
Overdraft	-	-	-	-	-
Total	19,214	21,157	3,756	17,401	-
Other financial liabilities					
Trade and other payables	4,624	4,624	4,624	-	-
Revolving levy	-	-	-	-	-
	4,624	4,624	4,624	-	-

Consolidated	**Year ended 31 March 2013 ($'000)**				
	Carrying amount	**Contractual cash flow**	**Within 12 months**	**1 – 5 years**	**More than 5 years**
Non derivative financial instruments					
Secured bank loans	46,740	48,265	48,265		-
Finance lease liabilities	722	845	264	581	-
	47,462	49,110	48,529	581	-
Overdraft	-	-	-	-	-
Total	47,462	49,110	48,529	581	-
Continuing operations	47,462	49,110	48,529	581	-
Discontinuing operations	-	-	-	-	-
	47,462	49,110	48,529	581	-
Other financial liabilities					
Trade and other payables	7,467	7,467	7,467	-	-
Revolving levy	-	-	-	-	-
	7,467	7,467	7,467	-	-
Trade and other payables	6,392	6,392	6,392	-	-
Revolving levy	506	506	-	-	506
	6,898	6,898	6,392	-	506

Refer to Note 2 (b) for details of renegotiation of the secured bank facilities subsequent to 31 March 2014.

26. Financial instruments (cont'd)

(c) Currency risk

Exposure to currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the Australian dollar. The currencies giving rise to this risk are primarily to US dollars.

The Group hedges at least 70% of all trade receivables and trade payables denominated in a foreign currency. Further, due to international market conditions and particularly due to seasonal factors of the peanut growing industry, the Group determines on a rolling forecast its raw material requirements for 12 to 18 months ahead to balance raw material supply to its productive capacity and market estimates. In either situation, as a net importer or net exporter of Farmers Stock peanuts, the Group uses forward exchange contracts to hedge its foreign currency risk. The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts.

	2014 USD '000	2013 USD '000
Trade receivables	143	154
Trade payables	(329)	(2,009)
Total balance sheet exposure	(186)	(1,855)
Estimated forecast sales	2,274	1,844
Estimated forecast purchases	(1,765)	(2,289)
Total forecast	509	(445)
Gross exposure	323	(2,300)
Forward exchange contracts	500	3,000
Net exposure	(823)	(700)

The Group had net liabilities of $186,000 in foreign currency as at 31 March 2014 (2013: net liabilities $1,855,000). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% against these foreign currencies with all other variables held constant, the consolidated Group's profit before tax for the year would have been $41,150 lower/$41,150 higher (2013 $35,000 lower/$35,000 higher). The percentage change is the expected overall volatility of the significant currency, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 31 March 2014 was a gain of $231,000 (2013: loss of $29,000).

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell Australian dollars		Average exchange rates	
	2014 $'000	2013 $'000	2014	2013
Buy US dollars				
Maturity:				
0 - 6 months	500	3,000	0.901	1.032
6 – 12 months	-	-	-	-

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot	
	2014	2013	2014	2013
USD	0.934	1.033	0.925	1.042

26. Financial instruments (cont'd)

(d) Interest rate risk

Profile

The Group regularly monitors its interest rate risk within the confines of the Bank Facilities Agreement and currently hold some fixed rate and some floating rate debt. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Consolidated Carrying amount	
	2014 $'000	2013 $'000
Fixed rate instruments		
Bank loans	-	(18,740)
Finance leases	(514)	(722)
	(514)	(19,462)
Variable rate instruments		
Cash and cash equivalents	362	324
Bank overdraft	-	-
Bank loans	(18,700)	(28,000)
	(18,338)	(27,676)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through the profit and loss. Therefore a change in interest rates at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit and Loss			
	2014		2013	
Consolidated	100bsp Increase $'000	100bsp Decrease $'000	100bsp Increase $'000	100bsp Decrease $'000
Variable rate instrument	(183)	183	(277)	277

(e) Fair values

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 March 2014 and 31 March 2013 on a recurring basis are as follows:

31 March 2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets	-	-	-	-
Liabilities				
- Warrant equity kicker	-	-	(3,103)	(3,103)
Total Liabilities	-	-	(3,103)	(3,103)
Net fair value	-	-	(3,103)	(3,103)

31 March 2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets	-	-	-	-
Liabilities				
- Forward foreign currency contracts	-	(20)	-	(20)
Total Liabilities	-	(20)	-	(20)
Net fair value	-	(20)	-	(20)

The methods and valuation techniques used for the purpose of measuring fair value for material financial assets and liabilities measured and recognised at fair value are as follows:

Warrant equity kicker: The Group's derivative position in relation to the warrant equity kicker is based on management's best estimate about the underlying assumptions that market participants would make in determining the fair value.

The fair value has been determined using a calculation based on the following significant assumptions:
- Estimation of the company share price at the time the warrants would be exercised
- Estimation of the probability of the warrants being exercised
- Estimation of additional capital raisings

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would significantly change the amounts recognised.

The assumptions used have taken into account the dilutive impact of the warrants on the expected value of the company on a per share basis. This dilutive impact has been calculated based on a $5 million capital raising reducing the company's per share value to $1.04. This value has then been used to determine the anticipated value of the equity kicker and the 100% probability of the warrants being exercised factored in to calculate the value of the equity kicker. If the probability of the warrants being exercised was 90%, this would have the impact of decreasing the warrant equity kicker liability by $310,381.

The following table presents the changes in financial instruments classified within Level 3:

	31 Mar 2014 $'000	31 Mar 2013 $'000
Opening balance	**-**	**-**
Amount recognised on initial recognition	3,103	-
Gains or losses recognised in:		
- Profit or loss	-	-
- Other comprehensive income	-	-
Closing balance	**3,103**	**-**

There have been no transfers between levels of the fair value hierarchy during the year.

The carrying amounts of the remaining financial instruments which are not measured at fair value are considered to be a reasonable approximation of their fair value.

(f) Unused Facilities

As at 31 March 2014, the Group had unused bank overdraft facilities of $100,000 (2013: $2 million) and unused bank bills of $1,300,000 (2013: Nil).

27. Capital and other commitments

	Consolidated 2014 $'000	Consolidated 2013 $'000
Capital commitments		
Property, plant and equipment		
Payable:		
Within one year	119	55
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	119	55
Intangible assets		
Payable:		
Within one year	-	300
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	-	300
Other commitments		
Import payments – already contracted		
Within one year	1,218	2,197
Lease commitments		
Non-cancellable operating leases – future minimum lease payments		
Payable:		
Within one year	496	473
Later than one year but not later than 5 years	990	685
Later than 5 years	-	-
	1,486	1,158

Finance leases include:
Helius Colour Sorter to 22/04/14
LMC Shellers & Grates 27/05/16
BP SSM5001 Satake Sorter to 28/02/18
Seed Scanmaster Colour Sorter to 28/02/18
Packing GS11761 Sorter to 28/02/18

	2014 $'000	2013 $'000
Finance lease – non-cancellable		
Payable:		
Within one year	254	264
Later than one year but not later than 5 years	327	581
Later than 5 years	-	-
Total future minimum lease payments	581	845
Total future finance charges	(67)	(123)
Lease liabilities	514	722
Lease liabilities are represented in the financial statements as follows:		
Current (note 19)	224	209
Non-current (note 19)	290	513
	514	722

28. Related parties

(a) Key management personnel compensation

The individual key management personnel compensation is included in the Directors' Report in Section 5.

	Consolidated 2014 $	Consolidated 2013 $
Short-term employee benefits	696,135	969,899
Post-employment benefits	38,430	60,783
Termination benefits	-	71,025
	734,565	1,101,707

(b) Movements in options over equity instruments in the year ended 31 March 2014

During the reporting period, no options over ordinary shares in Peanut Company of Australia Limited were held by key management persons (2013: Nil).

(c) Movements in shares held by key management persons in the year ended 31 March 2014

The movement during the reporting period in the number of ordinary shares in Peanut Company of Australia Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, are as follows:

	Held at 31 March 2013	Held at 31 March 2014
Directors		
Ian Langdon	73,561	73,561
Niven Hancock	44,174	44,174
Brett Heading (1)	1,323,880	1,323,880

Notes

1. These shares are held in the name of Technology Farmers Pty Ltd, a company which Brett Heading has a beneficial interest.

(d) Other key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

(e) Other key management personnel and director transactions (cont'd)

The aggregate amounts recognised during the year relating to key management personnel and their related parties were:

Transactions	Notes	Transaction value 2014 $	Transaction value 2013 $	Net balance owing 2014 $	Net balance owing 2013 $
Niven Hancock	(1)				
Contract services		-	25,725	-	-
Net balance owing				-	-

Notes

1. Niven Hancock provided contract harvesting services to the Company at its Northern Territory farms on commercial terms and conditions and as part of these activities, he purchased from the Company consumable supplies on similar terms. There were no transactions in the year ending 31 March 2014.

From time to time, key management personnel of the Group may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by the Group employees or customers and are trivial or domestic in nature.

29. Subsequent events

Rural Climate Change Pty Ltd has been deregistered as at 4 May 2014.

Due to a lack of rainfall events in the dryland growing area resulting in loss of crop, the Directors have agreed to carry any residual seed debt forward into the following season. The maximum amount of this debt would approximate $300,000.

No other event has occurred after reporting date that has significantly or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the period subsequent to 31 March 2014.

30. Auditors' remuneration

	Consolidated	
	2014	**2013**
	$	**$**
Audit services		
Amounts paid / payable to BDO Audit Pty Ltd for audit or review of the financial statements for the entity or any entity in the group relating to the year ending 31 March 2014	169,000	158,000
	169,000	158,000
Taxation services		
Amounts paid / payable to BDO for non-audit taxation services performed for the entity or any entity in the group relating to the year ending 31 March 2014	33,000	24,000
	33,000	24,000

32. Parent Company Information

The following information relates to the parent entity, Peanut Company of Australia Limited. The information presented has been prepared using the accounting policies that are consistent with those presented in Note 1.

	Parent	
	2014	**2013**
	$'000	**$'000**
Current assets	16,291	15,984
Non-current assets	34,512	52,596
Total assets	50,803	68,580
Current liabilities	8,733	56,140
Non-current liabilities	20,104	685
Total liabilities	28,837	56,825
Net assets	21,966	11,755
Contributed equity	23,555	16,674
Retained earnings	(11,046)	(14,356)
Revaluation surplus	9,457	9,437
Total equity	21,966	11,755
Profit/loss for the year	13,147	(8,120)
Other comprehensive income/loss for the year	-	36
Total comprehensive income for the year	13,147	(8,084)

Capital commitments

Peanut Company of Australia Limited has contractual commitments, which are included in the group's capital commitments as detailed in Note 27 for property, plant and equipment for $119,000 (2013: $55,000) and water intangible asset for $nil (2013: $0.3 million).

DIRECTORS' DECLARATION

Peanut Company of Australia Limited and Controlled Entities
For the year ended 31 March 2014

In the opinion of the directors of Peanut Company of Australia Limited (the Company):

(a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the Group's financial position as at 31 March 2014 and its performance for the financial year ended on that date; and

 (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);

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

(d) the remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors:

Ian Langdon
Chairman

Brisbane

27 May 2014

BDO

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INDEPENDENT AUDITOR'S REPORT

To the members of Peanut Company of Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of Peanut Company of Australia Limited, which comprises the consolidated statement of financial position as at 31 March 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Peanut Company of Australia Limited, would be in the same terms if given to the directors as at the time of this auditor’s report.

Opinion

In our opinion:

(a) the financial report of Peanut Company of Australia Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity’s financial position as at 31 March 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in page 3 to 5 of the directors’ report for the year ended 31 March 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Peanut Company of Australia Limited for the year ended 31 March 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO
Tim Kendall

T J Kendall
Director

Brisbane, 27 May 2014

ADDITIONAL INFORMATION

Peanut Company of Australia Limited and Controlled Entities
For the year ended 31 March 2014

Shareholder information

Twenty largest shareholders as at 20 May 2014

Name	No. of ordinary shares held	Percentage of capital held
Equity Management Unit Holdings Pty Ltd	1,817,276	20.00
Queen Street Nominees Pty Ltd	1,441,039	15.86
Technology Farmers Pty Ltd	1,323,880	14.57
Ross & Skye Burney (Grantully A/c)	360,000	3.96
Brixia Investments Pty Ltd	233,919	2.57
Robert Bruce Hansen	190,692	2.10
Hansen Pastoral Investments Pty Ltd (RB Hansen Super Fund)	142,104	1.56
Jalco Pty Ltd (Rex Williams Super Fund A/c)	116,959	1.29
Howe Farming Co Pty Ltd	108,602	1.20
GCL, EJ & LJ Masasso (Masasso Super Fund A/c)	104,082	1.15
Anthony John Trimarchi	98,354	1.08
Ian Alan Langdon & Cherelyn Gay Langdon (Langdon Super Fund A/C)	73,561	0.81
Domenic Ferraro and Lynee Mary Ferraro	72,208	0.79
Pompey E Pezzelato & Tanya M Pezzelato	62,995	0.69
Kerry Patrick Prior	61,940	0.68
Ian Wayne Hunsley & Susanne Maria Hunsley	55,808	0.61
Robert Bruce Hansen & Julie Hansen (R&J Hansen Unit Account)	47,031	0.52
Robert Bruce Hansen	45,736	0.50
Candowie Farming	44,174	0.49
Weller Brothers	43,052	0.47
	6,443.412	70.91
Total shares	9,086,382	

Substantial shareholders	No. of ordinary shares held	Percentage of capital held
Equity Management Unit Holdings Pty Ltd	1,817,276	19.99
Queen Street Nominees Pty Ltd	1,441,039	15.86
Technology Farmers Pty Ltd	1,323,880	14.57
Total shares	4,582,195	50.43

Warrants

Equity Management Unit Holdings Pty Ltd has a right to subscribe to 3,028,795 shares.

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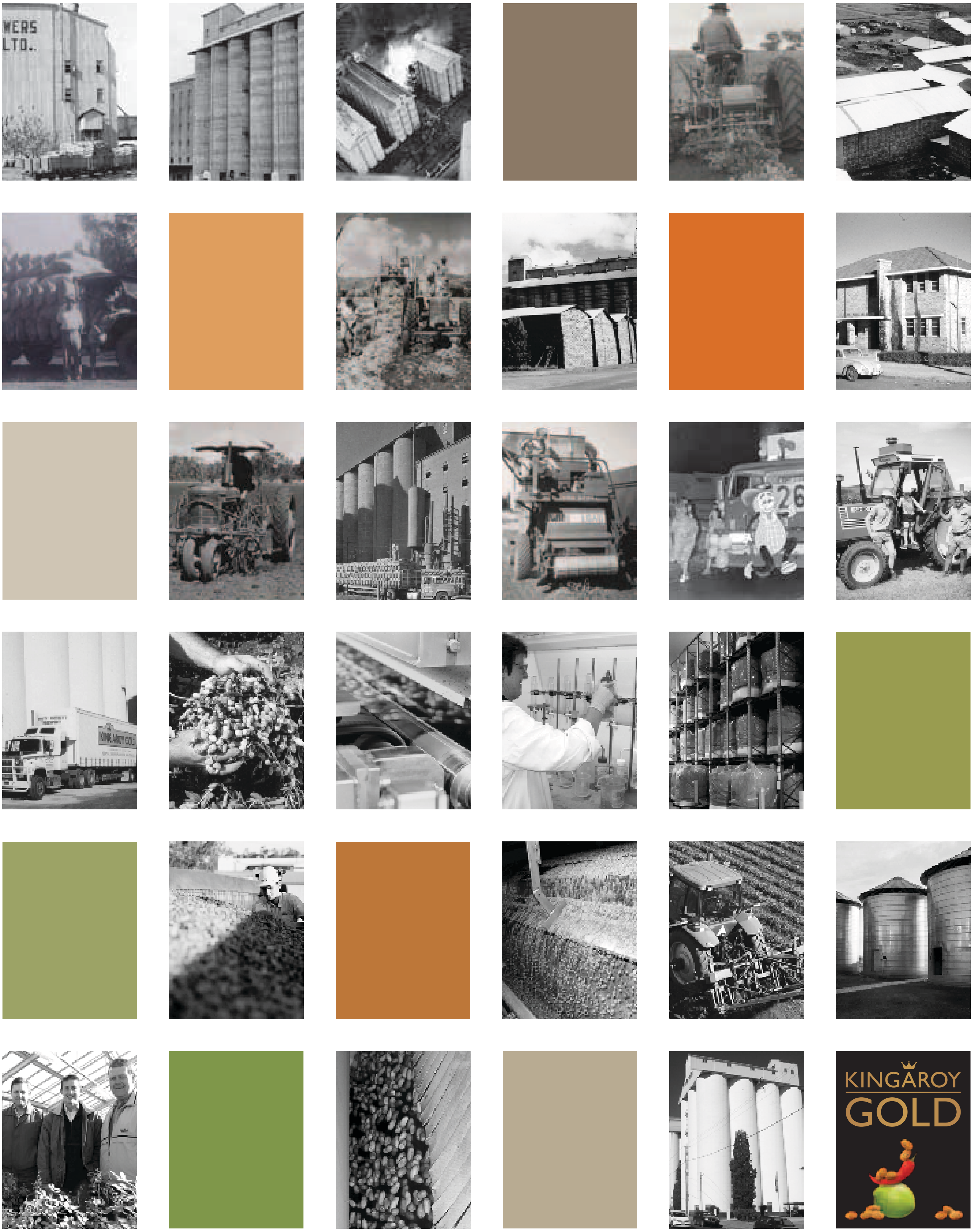

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