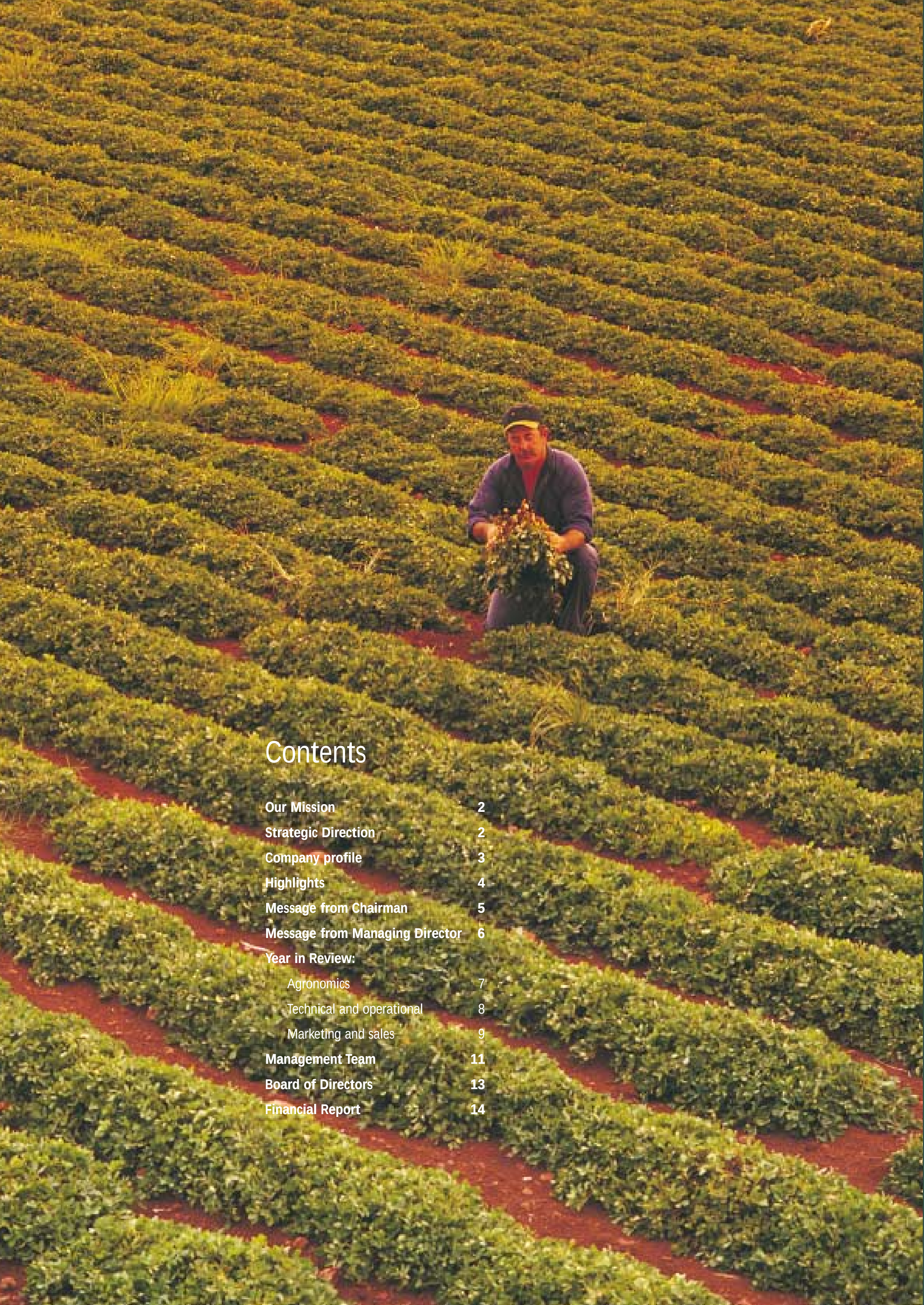
ANNUAL REPORT 2002

Peanut Company of Australia Limited ACN 057 251 091

PEANUT COMPANY OF AUSTRALIA



Contents

Corporate Plan

Mission

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

In doing this we will serve the best interests of:

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

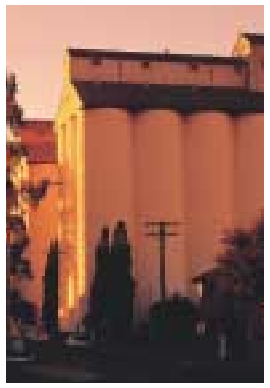
Through continuous improvement and innovation, we will produce superior business results, giving our shareholders the best sustainable return whilst providing a strong cash flow for the development and expansion of the business.

Strategic Direction

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

PCA's current goals are to:

- continue to develop and enhance the Australian market
- extend the capabilities of our value adding range
- look to process other crops where there may be synergies
- grow its overseas markets on the back of our excellent quality and shelf life
- continue to introduce new technology to reduce costs and improve processing yields
- expand our production base to ensure sustainability of supply, and
- work with other organisations where a strategy fit is evident.



Company Profile

PCA's commitment to customer satisfaction and product improvement serves as the foundation of the company.

Peanut Company of Australia (PCA) is Australia's leading supplier of peanuts to domestic and overseas customers, processing more than 40,000 tonnes of produce per annum at a value of more than $60 million.

A dedication to excellence across all aspects of its operation has served to establish the company's position as the major peanut supplier to the nation's peanut butter, snack-food, food ingredient and confectionery industries.

Established in 1924 as the Peanut Marketing Board, PCA today is a public unlisted company supported by over 1000 shareholders and more than 250 peanut growers throughout the country.

PCA's commitment to customer satisfaction and product improvement serves as the foundation of the company. This commitment, together with the generation of fresh opportunities will continue to drive increases in shareholder value in the future.

Peanut Production

Peanuts are currently grown in Queensland, Northern New South Wales and the Northern Territory under three main types of growing conditions: dryland, irrigated and subtropical rain fed. Driven by the rising demand for PCA's high quality products both locally and internationally, the company is striving to further develop and expand the production of peanuts in Australia, particularly in the regions of Wide Bay (Qld) and Katherine (NT).

PCA's major processing plant is located in Kingaroy, in Queensland's South Burnett district. It features modern facilities including intake, drying, shelling, sorting, grading, packaging, blanching, roasting, value adding and storage. The company also has an intake, shelling and grading plant at Tolga on the Atherton Tablelands, and intake and storage facilities at Gayndah in the Central Burnett.

In addition to its processing capabilities, the company is involved in the development of new peanut varieties, provides technical and agronomic support to farmers and has a NATA (National Association of Testing Authorities) accredited laboratory based in Kingaroy.

Quality Products

PCA has a documented and audited quality programme that is supported by an accredited HACCP system. PCA also holds accreditation for its sampling and testing systems for Aflatoxin.

Products supplied by PCA include nut-in-shell, raw, blanched, roasted, granulated, dry roasted, and oil glazed and salted peanuts. It also supplies crude, cold pressed and refined and deodorised peanut oil.

Peanut flavour is one of the many quality criteria continually monitored to ensure that PCA's customers' receive products that are of the highest standard.

PCA has recently introduced S095R, a new high oleic peanut variety which features extended shelf life qualities. This line will provide strong differentiation in performance between S095R and other varieties.

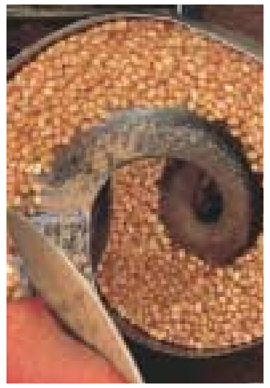
Quality Service

PCA's team of agronomists support farmers in maximising yield potential and communicating the latest field research and industry developments.

PCA actively participates in research and development activities related to farming techniques, food safety and quality. The company conducts seed development and new variety evaluation programs.

PCA's depth of technical expertise is used to extend and support trade links with customers. This support ranges from research and development, innovation in processing, updates on latest research, representation to health authorities, consumer groups and retail chains.

Highlights & Challenges



Financial Highlights

	2002	2001	2000	1999	1998
Revenue ($,000)	60,283	56,197	54,142	53,314	50,904
Operating Profit Before Tax ($,000)	4,882	2,031	3,518	1,693	1,574
Operating Profit AfterTax ($,000)	3,467	1,279	2,198	1,757	1,574
Total Assets ($,000)	33,336	32,544	29,679	30,619	34,398
Earnings per Share (cents)	80	29	50	40	36
Dividends per Share (cents)	10	10	7	-	-
Issued Shares	4,354,928	4,354,928	4,354,928	4,354,928	4,354,928
Gearing Debt Equity (%)	45.68	70.55	48.54	85.65	112.81
Return on Equity (%)	17.16	7.54	13.64	13.22	13.64
Tonnes (farmers' stock)	38,611	34,000	40,500	35,900	38,600

Operational Highlights

- A record after tax profit of $3.467 million.
- Overall revenue for the year ended 31 March 2002 reached $60,283 million.
- Strong domestic performance with sales tonnage up 3% to 37,749 tonnes.
- International sales more than doubled from 2044 tonnes to 4344 tonnes.
- A very high yielding 2000/2001 crop with 38,611 tonnes of farmers' stock supplied.
- Successful commercial release of new peanut variety S095R.
- New 3000 MT cold storage and packaging facility built at the Kingaroy plant.
- Successfully achieved HACCP accreditation and Halal certification.

During the past twelve months, the company improved its operation, and increased sales on the back of escalating demand for its high quality product, particularly from overseas markets.

Chairman's Statement

On behalf of the directors of Peanut Company of Australia Limited (PCA), I present our Annual Report for the year ended 31 March 2002 to our shareholders.

During the year under review, the company achieved a number of financial milestones. After tax profit of $3.47 million was a record result for the company, up from $1.28 million the previous financial year. Total revenue exceeded $60 million and shareholder funds are now in excess of $20 million.

This result can be attributed to an excellent harvest supported by PCA's continued dedication to progressing the Australian peanut industry. During the past twelve months, the company improved its operation, and increased sales on the back of escalating demand for its high quality product, particularly from overseas markets.

The official opening in June 2001 of a new 3000 tonne cold storage and packaging facility allowed significant production efficiencies to be achieved throughout the entire plant. This was the major expenditure in a plan commenced in 1998 to bring our production processes up to world's best practice.

On the financial front, PCA recently completed a share buy back at $3.40 per share which resulted in the purchase of 42,741 shares costing $145,319. This transaction reduced the number of shareholders on the register by 93 to 1,043.

A dividend of five cents per share was paid to shareholders in both June 2001 and again in March 2002 with a further $221,000 paid off the outstanding revolving levy balance in October 2001.

As advised during the year, the company acquired a strategic 11.5% stake in a listed company, Buderim Ginger. An attempt to gain representation on the company's board was unsuccessful at its Annual General Meeting and that investment is now under review by the board. A 3 cents per share dividend was received in April 2002 representing a 6.6% return on our investment.

During the year, PCA was successful in achieving a further payout of $497,000 under its Business Interruption insurance cover relating to the 1996 peanut butter incident. This, after legal expenses, added a net $332,000 to pre-tax profits for the year. However, this payout was considered insufficient compensation and the company has appealed the decision. The appeal is scheduled for late July 2002.

A significant reduction in the current crop yield on the back of a severe drought in South East Queensland poses the greatest challenge for PCA over the next twelve months. I am confident, however, that the dedication of the PCA board and its employees coupled by our strategic direction will offset this problem and ensure our continued profitability.

In closing, I would like to thank my fellow directors and staff for an outstanding result.

Ray Magill
Chairman

Managing Director's Statement

This year the Peanut Company of Australia celebrated its ten year milestone as a public company by announcing a record financial result. For the first time in its history, PCA's turnover peaked $60 million while recording an after tax profit of nearly $3.5 million.

Over the past ten years, PCA has become a trademark for quality peanut products and it is this increasing recognition that has guided our recent performance and overall growth.

The company's reputation for quality was not achieved by chance but rather is the result of hard work and determination demonstrated by PCA's team.

In the field, our Farming Services Group work tirelessly to maximise yields by communicating closely with growers and disseminating the latest agronomic information. Their administration of the Aflatoxin Minimisation Declaration Program launched last year successfully reduced the incidence of aflatoxin. The Farming Services team should also be applauded for their part in promoting the expansion of peanuts by developing existing growers and targeting new ones.

PCA purchased Hickey's farm near Katherine in the Northern Territory as a pivotal investment in the region. This property supports both irrigation and dryland farming. The property will function as both a share farming and educational facility and provide for potential infrastructure as the region expands.

PCA's sales force made the most of a bumper crop by expanding the company's client base, developing existing markets and contributing to the increased consumption of peanuts in Australia. Domestic sales (tonnes) rose by 3% while our export sales (tonnes) jumped an impressive 112%, supported by the increasing market demand for our high oleic peanut, S095R.

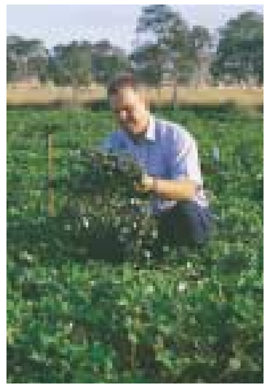
Last year, PCA continued its program of incremental development by constructing a new coldstore and packaging facility as well as a number of other smaller upgrades. These improvements have positively contributed to our ongoing commitment to deliver a high quality product. A new technical centre is planned for construction later this year and will provide facilities to support our world class technical team.

PCA faces a challenging twelve months ahead. On the domestic front, drought conditions in the South Burnett have reduced 2002 crop yields significantly. International competition promises to intensify with the United States' peanut industry enjoying increased subsidies and its best harvest since 1991. Chinese peanuts, while poorer in quality, remain comparatively low priced.

PCA's strategic direction coupled with the programs it has implemented over the past ten years to secure its reputation for quality will soften the impact of these threats. I would like to take the opportunity to extend my thanks to all PCA employees who have helped the company achieve this position of strength. As PCA continues to improve its operation and production of peanuts, the stronger and more capable it will become in delivering increasing shareholder value in the future.

Bob Hansen
Managing Director

Domestic sales (tonnes) rose by 3% while our export sales (tonnes) jumped an impressive 112%, supported by the increasing market demand for our high oleic peanut, S095R.



Many growers reported record results to help the average yield reach an impressive 2.8 tonnes per hectare.

Agronomics

2001 Crop Review

The 2001 crop was planted between October and December 2000 and harvested between March and June 2001.

North Queensland Dryland

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

North Queensland results were mixed due to cooler conditions and a long dry finish to the harvest period. The average yield for the season of 2.6 tonnes per hectare could have been improved had crops been irrigated for longer. The dry spell at harvest was an abnormal climatic event, occurring only once during the past 50 years.

Irrigated

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

The 2001 irrigated crop came in below expectations with abnormally cool conditions prevailing for most of the season. Most growers had sufficient water supplies to finish the crop, which yielded between 2 and 4 tonnes per hectare.

South Queensland Dryland

Region includes South, Central and North Burnett.

Despite some areas suffering unfavourable conditions, the South Queensland Dryland region overall experienced a marked improvement in yields and quality compared to the previous season. Many growers reported record results to help the average yield reach an impressive 2.8 tonnes per hectare.

Grower Communications

PCA's commitment to strong communications with the farmers is met through a number of initiatives including face-to-face meetings with grower groups in South and North Queensland, the services of four agronomists, industry updates, and workshops.

The Company has a team of agronomists and technical staff working with growers in all production areas. PCA's farming services team has taken a leading role in assisting farmers with the minimisation of aflatoxin during the growing and harvesting process.

Varietal Development

PCA's investment in the development and testing of new varieties benefits growers, processors and consumers. A positive outcome of PCA's development program has been the improvement of disease resistant varieties which lowers costs to growers, and promotes yields and quality while reducing chemical inputs.

S095R is the first commercial 'high oleic' variety to be released in Australia. SO95R has a higher ratio of oleic to linoleic acid, exhibits lower levels of saturated and polyunsaturated fats and therefore boasts greater stability, a longer shelf life, good flavour and added health benefits. Customers have shown significant interest in S095R which is bred by conventional means and does not involve any GM technology. Growers have also reported above average yields and returns from this new variety.

Working with the industry

PCA works closely with other players in the agricultural industry to obtain benefits for peanut production. During the year, PCA once again worked closely with the Queensland Department of Primary Industries on a variety of programs including the Peanut Yield Gap Project. The current three year 2000-2002 project aims to address grower issues that impact on productivity and crop quality.

Technical and Operational

International Standard of Quality

PCA has adopted a very stringent approach to quality, product and service improvement. The PCA Kingaroy facility achieved HACCP (Hazard Analysis Critical Control Point) accreditation in 2001 and has since passed two bi-yearly audits. PCA will continue to use its HACCP plan as a framework for systematically reducing or eliminating food safety risks.

PCA participates in a number of international testing proficiency programs and has a NATA (National Association of Testing Authorities) accredited Laboratory based in Kingaroy. The Laboratory provides support to farmers, production staff and PCA customers, covering a wide range of testing parameters including pesticides, chemical and microbial analysis. Backed by growing recognition for its proficiency, the laboratory has experienced rising demand for its services from external horticultural companies, particularly suppliers of organic produce.

2001 saw 10 Production staff awarded Certificate III in Food Processing. PCA recognises, that in a world class peanut processing facility, it is vital our staff are trained in the latest technology and manufacturing techniques. 2002 will see the commencement of a new intake of cross-functional representatives undertake this course. This course will equip a group of highly skilled PCA employees with a greater understanding of their roles and ability to become future supervisors and leaders within the company.

PCA begins construction on a new technical centre in July this year which will subscribe to the highest standards of food analysis and feature several new equipment items. A new laboratory information management system (LIMS) has been purchased for the new centre and will greatly aid in the storage, retrieval and analysis of data.

The past year also witnessed the installation of a new high tech NIR (Near-Infra-Red) analyzer in PCA's Kingaroy laboratory which is used to test for moisture, oil and protein.

Facility Upgrades

PCA's ongoing commitment to providing its suppliers and customers with highly efficient, cost effective, first-class facilities called for a number of upgrades to be undertaken during the past twelve months.

The most significant development was the construction of a 3000 tonne cold storage and packaging facility which has already improved operations significantly.

Improved ventilation in the main concrete storage silos at Kingaroy has enhanced the quality and storage of farmer's stock by providing a controlled storage environment.

Further processing efficiencies were achieved through the following upgrades:

- Upgraded controls on dust filtration system to reduce air pollutants.
- Upgrade of refrigeration for kernel storage to ensure maintenance of product quality.
- Replacement of intake elevators which included a mechanism to further assist with dust control.
- Installation of maturation bins in Blanching Plant.
- Upgrade of foreign material removal equipment.
- Concreting of roadways and truck loading areas.
- Installation of automatically controlled 5 stage cooker which has dramatically improved oil crushing efficiencies in both throughput and yields.
- Installation of new bulk bag and vertical form, fill and seal (VFFS) machine.

Chairman Ray Magill (left) and Managing Director Bob Hansen (right) join Australian Agricultural, Fisheries and Forestry Minister Warren Truss at the official opening of PCA's new cold store facility

PCA recognises that in a world class peanut processing facility, it is vital our staff are trained in the latest technology and manufacturing techniques.

Marketing and Sales

PCA continues to focus on building customer relationships through reliable supply, high quality, on-site visits and research and development partnerships.

Marketing Update

PCA administers a broad based marketing program designed to increase the consumption of our peanuts and peanut products within Australia and overseas by promoting the nutritional benefits, taste flavour profile and innovative ways to introduce peanuts into a healthy diet. The program, which consists of media advertising and various public relations projects, also aims to increase peanut production in Australia to help meet the growing demand for PCA products.

A key initiative of PCA's communication strategy with stakeholders has included PCA News, a quarterly newsletter; the distribution of various nutritional fact sheets, the company's website www.pca.com.au, and ongoing media advertising campaigns in relevant magazines and papers.

Domestic Sales

PCA's growing recognition as a reliable supplier of great tasting and quality peanuts has attracted an increase in the company's domestic customer base. PCA has experienced the return of old and new customers to our sales base during the 2001 season. PCA continues to focus on building customer relationships through reliable supply, high quality, on-site visits and research and development partnerships.

Value Added Products are being utilized in a number of new ways which represent a promising market development opportunity for PCA. These include ready to use sauces such as satays, marinades and dry pre-mixes.

Five Year Total Sales – Tonnes

	Domestic	International	TOTAL
1998	38228	706	38934
1999	37286	2484	39770
2000	38346	2439	40785
2001	36633	2044	38677
2002	37749	4344	42093

International Sales

PCA enjoyed increased sales to the United Kingdom and Europe which continues to represent PCA's greatest overseas market. The past year also witnessed sales growth in New Zealand with increased demand across all product lines.

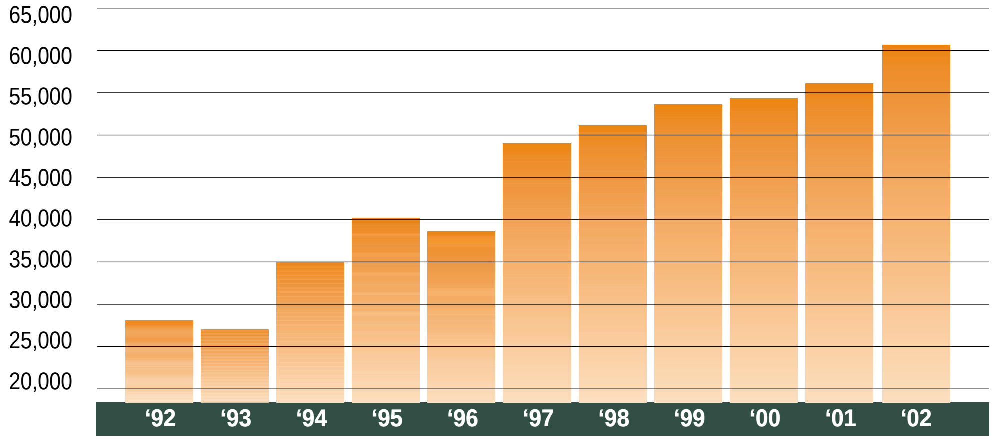
PCA has re-entered the Japanese market with increased tonnages negotiated for 2002. Long term relationships are being developed and have included PCA hosting two visits from Japanese customers over the last twelve months.

PCA has also commenced exporting to Malaysia with further indirect shipments to Fiji, Tonga and Thailand.

PCA's ability to compete in these markets at above average price, is a testimony to PCA's reputation and commitment to supply product that reliably conforms to both Australian and International Food Standards. PCA's product image is one of 'clean, green, great tasting peanuts'.

The delivery of new products along with the improvement of current product lines promises to expand PCA's market over the next year. The new High Oleic lines with extended shelf life characteristics provide strong marketing potential in both raw and roasted forms.

Ten Year Sales Chart – $000



Customer Relations

PCA is proud of the quality relationships established with customers which remain an important part of the company's performance. Several social functions, conducted with the company's customers throughout 2001, were used as forums to communicate information on PCA, the Australian peanut industry and launch PCA's SO95R variety and research outcomes. PCA management, including sales, marketing and technical representatives are supported by a network of agents throughout Australia and overseas.

Community Relations

PCA strongly believes in contributing to the community in which it operates. PCA is developing a corporate citizenship strategy designed to position the company to return benefits and goodwill to the community. A key focus of this strategy for the first two years is supporting youth sporting activities and teams.

The Kingaroy Peanut Festival provides PCA with the opportunity to promote its position within the Kingaroy and surrounding community. The new Peanut Festival Committee, together with the support of PCA promises a successful 2002 festival. The festival will be a celebration to close the Peanut Update that is delivered in conjunction with QDPI, PCA and GRDC. The Kingaroy Peanut Festival will be held over four days from September 5th – 8th. The festival will offer visitors a full program of events including a Peanut Industry Dinner and Award Presentations, Queensland State Duathlon Title, carnival and associated events.

Despatch Team load export containers destined for Japan

Chris Seng and Lionel Wieck

Management Team Profile

Steven Lee

Manufacturing Manager – Blanching Plant and Value-adding

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

Mike Posener

Engineering Manager

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

Mark Betts

Commercial Manager

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

Robert (Bob) Hansen

Managing Director

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

Juli Robertson

Marketing Manager

Juli Robertson was appointed to the new position of PCA's Marketing Manager last year after joining the company as Technical Manager in 1997. While Juli's primary roles are customer partnerships and to increase overall sales of PCA products, she also coordinates a strategic campaign aimed at increasing the consumption of peanuts in Australia. She has 14 years experience in the food industry and holds BApplSc Food Technology, Grad Certificate Manufacturing Management, Grad Diploma Operations Management, and an MBA in Operations Management.

Lionel Wieck

Farming Services Manager

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

Brian Vernon

General Manager - Operations

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

Kevin Norman

Technical Manager

Kevin Norman joined PCA in 1992 and has recently been appointed as PCA's new Technical Manager. His diverse role includes all aspects of technical, such as overseeing the laboratory and quality programs, keeping customers abreast of latest research outcomes, introducing new varieties and systems development. Prior to this role, he worked in North Queensland as Principal Agronomist, providing agronomic advice and information to growers. He first started working with peanuts in 1984 when he was employed with the Department of Primary Industries (DPI) in Atherton. Kevin has a Bachelor of Agricultural Science with Honours.

Chris Seng

Raw Plant Manager

Chris Seng has been employed with PCA and its predecessors for more than 30 years. Chris has extensive practical experience in all aspects of the peanut shelling operations and was promoted to Raw Plant Manager in 1989. He has a key role in the planning of raw product processing and staff management. Chris is a respected member of the PCA Management Team and is one of the company's longest serving employees.

Tricia Freeman

Sales and Customer Service Manager

Tricia Freeman has been with PCA for more than 18 years. After working in accountancy and telecommunications, Tricia commenced employment with PCA working in administration and sales. In 1993, she was appointed Sales and Customer Service Manager and currently coordinates domestic and international sales, has close contact with customers, agents, and processing staff. Tricia has qualifications in information processing and desktop publishing.

Tricia Freeman and Mark Betts

Juli Robertson, Bob Hansen and Kevin Norman

Steven Lee, Brian Vernon and Mike Posener

Board of Directors

Ray Magill
Commerce Accounting Procedures Certificate, Bachelor of Legal Studies, FFAID. Chairman (Non-Executive Director). Age 56

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

Niven Vaughan Hancock
Non-Executive Director. Age 55

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

Robert Bruce Hansen
B.App.Sc (Hons), Grad.Dip.Man. Managing Director (Executive Director). Age 49

He was appointed on 1 November 1993. Mr Hansen was formerly General Manager (Victoria) Inghams Enterprises Pty Ltd for five years. He has had extensive experience in the poultry industry within Australia, New Zealand and Papua New Guinea. He is currently a Director of Nuigini Tablebirds and The South Burnett Community Private Hospital. Member of Audit and Remuneration Committee.

Dennis Michael Howe
B.Eng. (Hons). Non-Executive Director. Age 47

He was appointed on 24 August 1992. He was formerly a Director of The Peanut Marketing Board and The Queensland Peanut Growers' Co-Operative Association Limited (appointed on 6 February 1985) and he became a Director of the Company upon registration. He is also a Director of PMB Australia Co-Operative Association Limited, and conducts family farming operations based at Walkamin, North Queensland.

Neil C Lister
B.Ec. Non-Executive Director. Age 55

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

Jeffrey George Rackemann
Non Executive Director. Age 62

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

Lindsay Barry Hunt
M.Mgt. Non Executive Director. Age 55

He was appointed on 29 June 1999. Mr Hunt has had extensive experience in human resources and general management. He has held positions with Mars Inc. including Regional Personnel Director Asia Pacific, General Manager Asia and Managing Director, confectionery for Australia / NZ. He is currently CEO of Origin Olives Australia Pty Ltd. Member of Remuneration Committee.

Peanut Company of Australia Limited
and its controlled entity
ACN: 057 251 091

ANNUAL FINANCIAL REPORT

For the year ended 31 March 2002

Directors' report

The directors present their report together with the financial report of Peanut Company of Australia Limited ("the Company") and of the consolidated entity, being the Company and its controlled entity, for the year ended 31 March 2002 and the auditor's report thereon.

Directors' meetings

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

Director	Meeting of Directors		Audit Committee meetings		Remuneration Committee meetings	
	A	B	A	B	A	B
D M Howe	8	10				
J G Rackemann	9	10	-	1		
L B Hunt	9	10			1	1
N C Lister	10	10	1	1		
N V Hancock	8	10				
R B Hansen	10	10	1	1	1	1
R Magill	10	10	1	1	1	1

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

Principal activities

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

Review of Operations

The 2002 Financial Year saw a record profit after tax of $3.467 million, up from $1.28 million compared to the previous financial year. The result can chiefly be attributed to a large peanut harvest supported by PCA's ongoing dedication to quality. Domestic sales increased on the back of new customer partnerships while international sales more than doubled, supported by the increasing demand for the companyís high quality product and new commercial high oleic variety, S095R.

The company plans to continue its program of incremental development by constructing a new technical centre later this year which follows the construction of a new 3000 MT coldstore and packaging facility in 2001. These developments significantly improve the company's capability to respond to customer specifications and the overall operational performance.

To further balance the climatic risk to PCA's supplier base, the company continued to encourage peanut production, particularly in the Northern Territory which promises to be an important source of peanuts in the future.

Peanut Company of Australia Limited
and its controlled entity
Financial Report

Directors' report

Dividends

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

Type In respect of the current financial year:	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit
2002 Interim – ordinary shares	.05	218	25 June 01	34%
2001 Final – ordinary shares	.05	218	8 May 01	34%

All dividends paid or declared by the Company since the end of the previous financial year were 100% franked.

State of affairs

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

Directors and officers liability insurance

Indemnification of officers

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

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

Insurance premiums

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

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

Corporate governance statement

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

Environmental regulation

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

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

Directors' report

Events subsequent to balance date

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

Likely developments

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

Directors' interests and benefits

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

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

Since the end of the previous financial year no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration paid or payable to directors shown in note 18 to the consolidated financial report) because of a contract made by the Company or its controlled entity, with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial interest, other than contracts in the normal course of business as stated in note 23 (Related Parties) of the financial statements.

Rounding off

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

Dated at Brisbane this 5th day of June, 2002.

Signed in accordance with a resolution of the directors:

Director
Ray Magill

Statement of financial performance
For the year ended 31 March 2002

	Note	Company & Consolidated 2002 $000	2001 $000
Revenue from the sale of goods		59,551	53,637
Other revenues from ordinary activities		732	451
Total revenue	2	60,283	54,088
Cost of goods sold		(46,286)	(46,100)
Marketing		(1,078)	(813)
Distribution		(3,381)	(2,796)
Administration		(2,699)	(2,581)
Borrowing costs		(1,674)	(1,629)
Other		(165)	(247)
Total expenses		(55,283)	(54,166)
Profit before income tax		5,000	2,031
Income tax expense attributable to ordinary activities	5	(1,533)	(752)
Profit after income tax		3,467	1,279

The Statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 21 to 40.

Statement of financial position
as at 31 March 2002

	Note	Company & Consolidated 2002 $000	2001 $000
Current assets			
Cash assets		290	2
Receivables	6	3,176	4,006
Inventories	7	7,495	8,497
Other	8	1,434	730
Total current assets		12,395	13,235
Non-current assets			
Property, plant and equipment	9	19,003	18,753
Other financial assets	10	1,072	7
Deferred tax assets		896	549
Total non-current assets		20,971	19,309
Total assets		33,366	32,544
Current liabilities			
Payables	11	958	409
Interest bearing liabilities	12	6,519	9,629
Current tax liabilities		1,114	892
Provisions	13	718	1,048
Total current liabilities		9,309	11,978
Non-current liabilities			
Interest bearing liabilities	12	3,449	3,293
Deferred tax liabilities		47	35
Provisions	13	353	279
Total non-current liabilities		3,849	3,607
Total liabilities		13,158	15,585
Net assets		20,208	16,959
Equity			
Contributed equity	14	4,355	4,355
Reserves	15	8,322	8,322
Retained profits	16	7,531	4,282
Total equity		20,208	16,959

The Statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 21 to 40.

Peanut Company of Australia Limited
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Statement of cash flows
For the year ended 31 March 2002

	Note	Company & Consolidated 2002 $000	2001 $000
Cash flows from operating activities			
Cash receipts in the course of operations		60,381	59,495
Cash payments in the course of operations		(51,033)	(56,380)
Insurance proceeds received		500	0
Income taxes paid		(1,647)	(1,580)
Net cash provided by operating activities	25	8,201	1,535
Cash flows from investing activities			
Interest received	2	161	75
Payments for property, plant and equipment		(3,543)	(5,333)
Proceeds from sale of non-current assets	2	1,127	2,417
Net cash used in investing activities		(2,255)	(2,841)
Cash flows from financing activities			
Interest paid	3(a)	(1,073)	(985)
Net proceeds from/(repayments of) borrowings		(3,221)	2,940
Lease payments		(764)	(555)
Dividends paid		(436)	(218)
Net cash provided by/(used in) financing activities		(5,494)	1,182
Net increase/(decrease) in cash held		452	(124)
Cash at the beginning of the financial year	25	(35)	89
Cash at the end of the financial year	25	417	(35)

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 21 to 40.

Notes to the financial statements
For the year ended 31 March 2002

1. Statement of significant accounting policies

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

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It has been prepared on the basis of historical costs and except where stated, does not take into account the changing money values or fair values of non-current assets. These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Principles of consolidation

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

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

The balances, and effects of the transactions, between the controlled entity are eliminated in full on consolidation.

(c) Revenue recognition

Revenues are recognised at the fair value of the consideration received net of the amount of GST payable to the taxation authority.

Sale of goods

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

Interest revenue

Interest revenue is recognised as it accrues.

Sale of non-current assets

The net proceeds of non-current asset sales not originally purchased for the intention of resale are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(d) Foreign currency

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

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

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Notes to the financial statements
For the year ended 31 March 2002

(e) Taxation

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

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

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

(f) Inventories

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

Manufacturing activities

Cost is based on the standard 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.

Net realisable value

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.

(g) Property, plant and equipment

Acquisition

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

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

Expenditure on assets constructed by the consolidated entity, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably.

Depreciation and amortisation

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

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

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

		Straight line	Reducing balance
Buildings		-	2.5%
Plant and equipment	- Motor vehicles	-	15 – 22.5%
(owned and leased)	- Computer software & hardware	20 – 33.3%	20 – 33.3%
	- Office plant and equipment	10 – 20%	10 – 20%
	- Operating plant and equipment	10 – 20%	10 – 20%
	- Leased plant and equipment	10 – 20%	0 – 20%

Depreciation and amortisation rates and methods are reviewed annually for appropriateness.

Notes to the financial statements
For the year ended 31 March 2002

(g) Property, plant and equipment (cont'd)

Leased plant and equipment

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

Finance leases are capitalised. A lease asset and a liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Contingent rentals are expensed as incurred. Finance lease assets are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed.

Payments made under operating leases are expensed on a straight line basis over the term of the lease.

(h) Provisions

Employee entitlements

Wages, salaries and annual leave

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

Long service leave

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

In determining the provision for employee entitlements consideration has been given to future increases in wage and salary rates including related on costs, and the consolidated entity's experience with staff departures.

Doubtful debts

The collectability of debts is assessed at year end and provision is made for any doubtful accounts.

(i) Superannuation fund

The consolidated entity contributes to employee superannuation funds to comply with awards and Superannuation Guarantee requirements. Contributions are charged against income as they are made. Refer also Note 17.

(j) Derivatives

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

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

(k) Investments

Investments in other companies are carried at the lower of cost and recoverable amount being a Directors' valuation based on market value at the time of valuation.

(l) Recoverable amount of non-current assets

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

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Notes to the financial statements
For the year ended 31 March 2002

(m) Bank loans and borrowing costs

Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, including trade creditors and lease finance charges.

Borrowing costs are expensed as incurred.

Bank loans

Bank loans are carried on the statement of financial position at their principal amount.

(n) Goods and services tax

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

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

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

(o) Reclassification of financial information

Some line items and sub-totals reported in the previous financial year have been reclassified and repositioned in the financial statements as a result of the first time application of the revised standards AASB 1018 Statement of Financial Performance, AASB 1034 Financial Report Presentation and Disclosures and the new AASB 1040 Statement of Financial Position.

Adoption of these standards has resulted in the transfer of the reconciliation of opening to closing retained profits from the face of the statements of financial performance to Note 16.

The following assets and liabilities have been removed from previous classifications and are now disclosed as separate line items on the face of the statement of financial position:

- Deferred tax liabilities previously presented within non-current provisions;
- Current tax liabilities, previously presented within current positions;
- Deferred tax assets, previously presented within other non-current assets.

(p) Change in accounting policy - revaluation of non-current assets

The consolidated entity has applied AASB 1041 Revaluation of Non-Current Assets for the first time. The standard requires each class of non-current asset to be measured on either the cost or fair value basis. AASB 1041 does not apply to inventories, investments accounted for using the equity method, deferred tax assets and other assets measured at net market value where the market value movements are recognised in the statement of financial performance. The consolidated entity has applied AASB 1041 as follows:

Property, plant and equipment

The consolidated entity has adopted the cost basis for freehold land, buildings and plant and has deemed the cost of these assets to be equal to their carrying values at 1 April 2001. The change in accounting policy has no financial effect in the current or prior financial years. As a consequence of making this election on the adoption of AASB 1041, the balance in the asset revaluation reserve at 1 April 2001 is no longer available for asset write downs.

Other financial assets

The consolidated entity has continued to apply the cost basis of valuation for shares in other entities.

Notes to the financial statements
For the year ended 31 March 2002

	Company & Consolidated 2002 $000	Company & Consolidated 2001 $000
2. Revenue from ordinary activities		
Revenue from operating activities		
Sales of goods	59,551	53,637
Revenue from outside operating activities		
Net gains from sale of non-current assets	71	349
Interest – other parties	161	75
Insurance proceeds	500	-
Other	-	27
	60,283	54,088
3. Profit from ordinary activities before income tax		
(a) Operating revenue and expenses		
Profit from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:		
Borrowing costs:		
Other parties	832	851
Finance charges on capitalised leases	241	134
Amortisation of leased plant and equipment	750	567
Depreciation of - plant and equipment	1,167	1,195
- buildings	262	218
Operating lease rental expense	139	125
Net expense from movements in provision for Employee entitlements	(38)	(178)
Net expense including movements in provision for bad and doubtful trade debts	11	28
Net foreign exchange loss	177	113
(b) Individually significant items included in profit from ordinary activities before income tax expense		
Write back of employee leave provisions	-	(500)

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Notes to the financial statements
For the year ended 31 March 2002

	Company & Consolidated 2002 $	Company & Consolidated 2001 $
4. Auditors' remuneration		
Audit services:		
Auditors of the company	41,000	42,000
Other services:		
Auditors of the company	16,548	26,455
Other auditors	2,725	2,708
5. Taxation		
Income tax expense	**$'000**	**$'000**
Prima facie income tax expense calculated at 30% (2001: 34%) on the operating profit	1,500	691
Increase/(decrease) in income tax expense due to		
- Depreciation of buildings & non-tax depreciable plant	47	19
- Sundry items (including entertainment)	2	(9)
Total income tax expense on operating profit	1,549	701
Add: Income tax over provided in prior year	(16)	(17)
Restatement of deferred tax balances due to change in company tax rate	-	68
Total income tax expense for year	1,533	752

Notes to the financial statements
For the year ended 31 March 2002

	Company & Consolidated 2002 $000	2001 $000
6. Receivables		
Current		
Short term deposits	127	127
Trade debtors - customers	3,349	4,179
Less: Provision for doubtful trade debtors	(300)	(300)
	3,176	4,006

Short term deposits

Short term deposits represent monies held in a $US bank account. These funds are used for the sale and purchase of goods denominated in US currencies. The balance of the account is translated to Australian currency using the spot rate at balance date. Any gain or loss arising on translation is transferred to profit and loss. The short term deposits are on call and pay interest at a rate of .94% (2001: 4.68%).

Trade debtors

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

	Company & Consolidated 2002 $000	2001 $000
7. Inventories		
Current		
Raw materials and stores - at cost	1,914	1,639
Work in progress - at cost	3,160	4,195
Finished goods - at cost	2,421	2,663
Total current	7,495	8,497
8. Other current assets		
Deferred costs under hedging contracts unrealised	44	319
Prepayments	1,390	411
	1,434	730

Deferred unrealised losses

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

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Notes to the financial statements
For the year ended 31 March 2002

	Company & Consolidated 2002 $000	2001 $000
9. Property, plant and equipment		
Freehold land		
Independent valuation 31 March 2001	-	520
Land at cost	530	10
	530	530
Buildings at cost	10,080	566
Accumulated depreciation	(480)	(6)
	9,600	560
Buildings at independent valuation 31 March 2001	-	9,379
Accumulated depreciation	-	(212)
	-	9,167
Plant at cost	18,779	16,606
Accumulated depreciation	(14,685)	(11,887)
	4,094	4,719
Plant at directors' valuation 30 June 1980	-	1,909
Accumulated depreciation	-	(1,689)
	-	220
Leased plant and equipment at capitalised cost	5,250	4,118
Accumulated amortisation	(1,746)	(995)
	3,504	3,123
Capital works in progress at cost	1,275	434
Total property, plant and equipment net book value	19,003	18,753
Freehold land		
Carrying amount at beginning of year	530	520
Additions	-	10
Disposals	-	-
Depreciation	-	-
Carrying amount at end of year	530	530

Notes to the financial statements
For the year ended 31 March 2002

	Company & Consolidated 2002 $000	Company & Consolidated 2001 $000
9. Property, plant and equipment (cont'd)		
Buildings		
Carrying amount at beginning of year	9,727	9,379
Additions	135	1,644
Disposals	-	(1,078)
Depreciation	(262)	(218)
Carrying amount at end of year	9,600	9,727
Plant & Capital WIP		
Carrying amount at beginning of year	5,373	5,809
Additions	3,851	2,826
Disposals	(1,118)	(1,018)
Transfers In / (Out)	(1,574)	(1,069)
Depreciation	(1,167)	(1,167)
Carrying amount at end of year	5,369	5,373
Leased plant and equipment		
Carrying amount at beginning of year	3,123	1,768
Additions	1,131	1,922
Disposals	-	-
Amortisation	(750)	(567)
Carrying amount at end of year	3,504	3,123

*These amounts relate to an independent valuation carried out by a registered valuer of Australia Pacific Valuers Pty Ltd in March 2000 on the basis of existing use resulting in a revaluation increment of $ 838,755. This valuation is in accordance with the consolidated entity's policy of obtaining an independent valuation of land and buildings every three years.

10. Other financial assets

	2002 $000	2001 $000
Listed shares at cost	1,072	7

Peanut Company of Australia Limited
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Notes to the financial statements
For the year ended 31 March 2002

11. Payables

	Note	Company & Consolidated 2002 $000	Company & Consolidated 2001 $000
Trade creditors		914	90
Hedge payable		44	319
		958	409

Trade creditors

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

Deferred unrealised gains

Unrealised gains arising at year end in respect of hedging contracts related to future purchases are deferred.

These will be recognised in future periods and offset against the increased purchase cost when the purchases being hedged are recognised.

12. Interest bearing liabilities

	Note	2002 $000	2001 $000
Current			
Bank overdraft – secured		-	164
Bank loans – secured		-	1,000
Bills payable – secured		5,500	7,500
Lease liabilities	17	1,019	965
		6,519	9,629
Non-current			
Bank loans – secured		-	-
Revolving levy – unsecured		737	958
Lease liabilities	17	2,712	2,335
		3,449	3,293

Notes to the financial statements
For the year ended 31 March 2002

12. Interest bearing liabilities (cont'd)

Bank overdrafts

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

Interest on the bank overdraft is charged at prevailing market rates. The effective interest rate for the overdraft as at 31 March 2002 is nil (2001: 8.35%).

Bank loans and bills payable

All bank loans and bills payable are denominated in Australian dollars. Bank loans and bills payable are carried on the statement of financial position at their principal amount. The bank loan amount in current liabilities comprises the portion of the consolidated entity's bank loan payable within one year. The bank loans non-current balance represents the portion of the consolidated entity's bank loans not due within one year. The bank loans are secured by registered first mortgages over certain properties of the Company, the value of these assets are disclosed in Note 9. The non-current bank loans and bills payable are payable after 31 March 2002 and are subject to annual review. The weighted average interest rate on the bills is 5.38% (2001: 5.61%) and 5.19% (2001: 5.19%) on bank loans.

Revolving levy

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

		Company & Consolidated	
		2002	2001
	Note	$000	$000
13. Provisions Note			
Current			
Dividends		-	218
Employee entitlements	27	718	830
		718	1,048
Non-current			
Employee entitlements	27	353	279
		353	279
14. Contributed equity			
Share capital			
4,354,928 ordinary shares (2001:4,354,928) fully paid		4,355	4,355
		4,355	4,355

Terms and conditions

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 fully entitled to any proceeds of liquidation.

Notes to the financial statements
For the year ended 31 March 2002

		Company & Consolidated	
		2002	2001
	Note	$000	$000
15. Reserves			
Asset revaluation		8,099	8,099
Capital profits		94	94
General		129	129
Total reserves		8,322	8,322

Asset revaluation

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets measured at fair value in accordance with AASB 1041. An amount of $8,099,000 is not available for future asset write-downs as a result of using the deemed cost election for land when adopting AASB 1041.

Capital profits

Upon disposal of revalued asset, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to the capital profits reserve.

General

The amount standing to the credit of the general reserve resulted from prior period allocations of retained profits for non-specific purposes.

16. Retained profits

Retained profits at beginning of year		4,282	3,439
Net profit attributable to members		3,467	1,279
Dividends	26	(218)	(436)
Retained profits at end of year		7,531	4,282

Notes to the financial statements
For the year ended 31 March 2002

17. Commitments

(a) Superannuation plans

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

(b) Finance lease payment commitments

	Note	Company & Consolidated 2002 $000	2001 $000
Finance lease rentals are payable as follows:			
Not later than one year		1,019	965
Later than one year but not later than five years		2,712	2,336
Later than five years		-	-
		3,731	3,301
Lease liabilities provided for in financial statements:			
Current	12	1,019	965
Non-current	12	2,712	2,336
Total lease liability		3,731	3,301

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

(c) Operating lease expense commitments

	2002	2001
Future operating lease commitments not provided for in the financial statements and payable:		
Not later than one year	139	119
Later than one year but not later than five years	133	123
Later than five years	-	-
	272	242

The consolidated entity leases production plant and equipment under operating leases expiring from 1 to 5 years.

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18. Directors' remuneration

Directors' income

	Company & Consolidated 2002	2001
The number of directors of the Company whose income from the Company or any related party falls within the following bands:		
$20,000 - $29,999	0	2
$30,000 - $39,999	5	3
$50,000 - $59,999	1	1
$280,000 - $289,999	0	1
$290,000 - $299,999	1	0
Total income paid or payable or otherwise made available, to all directors of the Company and controlled entities from the Company or any related party.	$522,982	$487,898

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

Notes to the financial statements
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	Company & Consolidated 2002 $000	Company & Consolidated 2001 $000

19. Financing arrangements

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

	2002 $000	2001 $000
The consolidated entity has access to the following lines of credit:		
Bank overdraft facility		
Approved limit	150	150
Amount drawn	0	0
Bill acceptance facility		
Approved limit	16,000	14,000
Amount drawn	5,500	7,500
Bank loan facility		
Approved limit	0	1,000
Amount drawn	0	1,000
Lease finance facility		
Approved limit	4,770	4,770
Amount drawn	3,692	3,842
Contingent liability limit		
Approved limit	100	100
Amount drawn	0	0
Lease operating facility		
Approved limit	230	230
Amount drawn	189	60

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20. Foreign exchange

(a) Foreign exchange risk

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

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

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

	2002 Weighted average rate	2001 Weighted average rate	2002 $'000	2001 $'000
Buy US dollars				
Not later than one year	0.5030	0.0000	2,592	0
Sell US dollars				
Not later than one year	0.5117	0.5590	3,192	2,216
Sell GBP				
Not later than one year	0.0000	0.3543	0	522

As these contracts are hedging anticipated sales and purchases, any unrealised gains and losses on the contracts, together with the costs of the contracts, will be recognised in the financial statements at the time the underlying transaction occurs. The net unrealised (loss) on hedges of anticipated foreign currency purchases and sales at 31 March 2002 was ($44,112) (2001: ($319,112)).

21. Additional financial instrument disclosure

(a) Credit risk exposures

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

Recognised financial instruments

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

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

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

Exposure to any particular customer at balance date does not exceed 20.8% (2001: 15%) of the total receivables balance.

Notes to the financial statements
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21. Additional financial Instrument disclosures (cont'd)

(b) Net fair values of financial assets and liabilities

Valuation approach

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

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

(c) Interest rate risk

The consolidated entity's exposure to interest rate risk is limited to its interest bearing liabilities and short term deposit balances. Details of these risks are set out in Note 12 and 6 respectively.

22. Controlled entities

PMB Australia Pty Ltd is a wholly owned controlled entity, (2001: 100%) which was dormant during the year to 31 March 2002. The investment of $2 being 2, $1 ordinary shares was eliminated when rounded to the nearest thousand dollars. Accordingly only one set of figures has been incorporated in these accounts in respect of the Company and the consolidated entity. As the company was dormant throughout the year there is no contribution to consolidated profit, and no dividends were paid.

23. Related parties

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

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

Details of directors' remuneration is set out in Note 18.

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

There were no loans to Directors during the year.

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

Directors Messrs N V Hancock, D M Howe, and J G Rackemann are peanut farmers and separately have interests in firms, partnerships and companies. In the normal course of business the Company has granted credit for seed and purchased crop from these directors, the firms, partnerships or companies in which they have an interest and with members of their families. The total amount of purchases in respect of the year is $1,022,159 (2001: $1,126,026). These dealings were on normal commercial terms and conditions.

The amount payable by the company to Messrs N V Hancock, D M Howe and J G Rackemann at balance date is $28,745 (2001: $127,937).

Notes to the financial statements
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23. Related parties (cont'd)

A director, Mr N Hancock has an interest in the firm Kiama Harvesting Company. Contracts were entered into with Kiama Harvesting Company for contract harvesting, digging and drying. The total amount paid in respect of contract harvest was $160,974 (2001: $183,386). These transactions were no more favourable than transactions with other harvesters.

The interests of directors of the reporting entity and their director-related entities in shares in the consolidated entity at year end are set out below:

	2002 number held	2001 number held
Ordinary shares	421,960	421,960

24. Segment information

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

25. Notes to the Statement of cash flows from ordinary activities

(a) Reconciliation of cash

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

		Company & Consolidated	
		2002	2001
	Note	$000	$000
Cash assets		290	2
Short term deposits	6	127	127
Bank overdraft	12	-	(164)
		417	(35)

Notes to the financial statements
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	Note	Company & Consolidated 2002 $000	2001 $000

25. Notes to the statement of cash flows (cont'd)

(ii) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

Profit from ordinary activities after income tax		3,467	1,279
Add/(less) items classified as investing/financing activities:			
(Profit)/loss on sale of non-current assets		(71)	(349)
Interest paid		1073	985
Interest received		(161)	(75)
Add/(less) non-cash items:			
Amortisation		750	567
Depreciation		1,429	1,414
Write-off of bad trade debts		11	28
Unrealised foreign exchange (gain)/losses		177	113
Net cash provided by operating activities before change in assets and liabilities		6,675	3,962
Change in assets and liabilities during the financial year:			
(Increase)/decrease in inventories		1,002	(1,349)
(Increase)/decrease in prepayments and other current assets		(979)	(11)
(Increase)/decrease in trade debtors		830	(145)
(Increase)/decrease in deferred tax assets		(347)	158
(Decrease)/increase in payables		824	262
(Decrease)/increase in provisions		(38)	(356)
(Decrease)/increase in current tax liabilities		222	(783)
(Decrease)/increase in deferred tax liabilities		12	(203)
Net cash provided by operating activities		8,201	1,535

(i) Financing facilities

Refer note 19.

Notes to the financial statements
For the year ended 31 March 2002

	Company & Consolidated 2002 $000	2001 $000

26. Dividends

Dividends proposed or paid by the Company are:

	Cents per share	Total amount $	Date of payment	Tax rate for franking credit	Percentage franked
2002 Interim - ordinary	5	218	25 June 2001	34% (Class C)	100%
2001 Final - ordinary	5	218	8 May 2001	34% (Class C)	100%
Total franked amount	436				

No unfranked dividends have been declared or paid during the year.

Dividend franking account

Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of the above dividends:

	2002	2001
30% (2001: 34%) franking credits available to shareholders of Peanut Company of Australia Limited for subsequent financial years	11,228	4,191

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

	Note	Company & Consolidated 2002 $000	2001 $000

27. Employee entitlements

Aggregate liability for employee entitlements, including on-costs:			
Current	13	718	830
Non-current	13	353	279
		1,071	1,109

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages.

Assumed rate of increase in wage and salary rates		4%	4%
Discount rate		4%	4%
Number of employees at year end		246	250

Directors' declaration

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

a the financial statements and notes set out on pages 18 to 40, are in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the financial position of the Company and consolidated entity as at 31 March 2002 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

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

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

Dated at Brisbane this 5th day of June, 2002.

Signed in accordance with a resolution of the directors:

Director
Ray Magill

Independent audit report to the members of Peanut Company of Australia Limited

Scope

We have audited the financial report of Peanut Company of Australia Limited ("the Company") for the financial year ended 31 March 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes, and the directors' declaration set out on pages 18 to 40. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

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

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

Audit opinion

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

a) the Corporations Act 2001, including:

i) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 March 2002 and of their performance for the year ended on that date; and

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

b) other mandatory professional reporting requirements in Australia.

KPMG

S Crane
Partner

Dated at Brisbane this 5th day of June, 2002

20 largest shareholders (as at 31 March 2002)

Name	No. of ordinary shares held	Percentage of capital held
Burnett Valley Vineyards Pty Ltd	248,527	5.71
Robert Bruce Hansen	178,648	4.10
Hansen Pastoral Investments Pty Ltd	142,104	3.26
GCL,EJ,LJ Masasso ATR Masasso Superannuation Fund	59,197	1.36
Anthony John Trimarchi	58,612	1.35
Domenic & Lynette Ferraro	56,958	1.31
Howe Farming Co Pty Ltd	53,852	1.24
Pompey E & Tanya M Pezzelato	52,995	1.22
James Heading Pastoral Pty Ltd	47,377	1.09
Ian W & Susanne M Hunsley	44,304	1.02
Weller Brothers	37,352	0.86
Murat Enterprises Pty Ltd	36,352	0.83
Roger M & Lindy A Lewis	35,152	0.81
Steffensen & Sons Pty Ltd	34,952	0.80
Tabdisk Pty Ltd	34,852	0.80
Salvetti Farming Company	34,202	0.79
Fransfarm Pty Ltd ATF Fransfarm Superannuation Fund	33,402	0.77
R & G Anderson & Co	29,252	0.67
Candowie Farming	26,504	0.61
Isabella Farming	25,652	0.59

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Offices and officers

Managing Director

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

Company Secretaries

Lindsay Schmalkuche, CAP Cert
Mark J Betts, CPA, B.Bus

Incorporation

The company was incorporated in and is domiciled in Australia.
The company is a public company

Principal Registered Office

Peanut Company of Australia Limited
133 Haly Street Kingaroy Qld 4610
Telephone: (07) 4162 6311
Facsimile: (07) 4162 4402
Email: peanuts@pca.com.au

Branch Depots

PO Box 671 Tolga Qld 4882
Telephone: (07) 4095 4223
Facsimile: (07) 4095 4500

PO Box 40 Gayndah Qld 4625
Telephone: (07) 4161 1104
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Location of share register

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