2011
ANNUAL REPORT

Peanut Company of Australia

PEANUT COMPANY OF AUSTRALIA LIMITED

ACN 057 251 091

REGISTERED OFFICE, CORPORATE OFFICE AND PROCESSING PLANT

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Kingaroy QLD 4610

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Web www.pca.com.au

FARMING OPERATIONS

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OTHER PROCESSING PLANTS

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PO Box 40
Gayndah QLD 4625

Tel. 61 7 4161 1104
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Tolga Nth QLD
PO Box 671
Tolga QLD 4882

Tel. 61 7 4095 4223
Fax 61 7 4095 4500

DIRECTORS

Ian Langdon, Chairman
Craig Mills, Managing Director
Niven Hancock
Geoffrey Sawyer

JOINT COMPANY SECRETARY

Geoff Boynton
Don Mackenzie

AUDITOR

BDO Audit (QLD) Pty Ltd
Level 18, 300 Queen Street
Brisbane QLD 4000

SHARE REGISTRY

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

Tel. 61 2 8280 7454 (Call Centre)
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CHAIRMAN'S & MANAGING DIRECTOR'S REPORT

In respect of the year ended 31 March 2011

Where Are We in the Turnaround Plan

The 2010-11 Annual Report highlights three key platforms for future profitability;

1. **Reducing the break-even volume base from which to drive future profits**
2. **Increasing domestic volume from our traditional growers**
3. **Reducing debt.**

All three remain a work in progress with significant success to date on reducing the break-even volume base as a result of turn-around strategies which have been progressively implemented throughout the past 18 months. This is reflected in a positive EBITDA for the year despite one of the lowest intake volumes on record and after inclusion of losses associated with Northern Territory operations which are listed for sale.

Excessive debt and its associated interest burden remains an ongoing challenge for PCA. It can only be addressed in the short term through a successful sale of the Northern Territory (N.T.) farming assets and in the medium to long term through increased earnings from greater domestic supply volumes. Work is continuing to encourage greater peanut production.

The ongoing support of the National Australia Bank (NAB) not only demonstrates their confidence in the management and strategies of the Peanut Company of Australia (PCA), but it has also enabled PCA to provide security to growers to commit to future growth and return to profitable volumes.

Strategic Intent

Following a strategic review at the end of FY10, which resulted in a new three year Strategic Plan, we are pleased to announce, that after one full year on the journey of re-building we are on track to achieve our stated objectives.

Specifically, the PCA vision is to be a trusted food company, providing product solutions to customers and consumers.

PCA continues to be market driven and commercially focussed in everything we do and remains aligned with the following key strategic drivers:

- Being customer and consumer driven
- Having initial focus on our core products
- Achieving operational excellence
- Having great people and the best workplace
- Being proactive in our environment
- Using consolidation for scale and profitability.

Business Overview

FINANCIAL PERFORMANCE

At the completion of one full year of the planned three year turnaround the general performance of the business has improved and is heading on the right trajectory, but overall there is still a long way to go in order to achieve returns to PCA shareholders.

The improvements in our cost base, margins, stakeholder relationships, systems/processes, transparency and predictability is very pleasing and will assist the business performance going forward. This has resulted in a Gross Profit improvement of more than $11 million and a reduction in expenses of more than $3 million or 30%. These significant improvements, which our people have worked tirelessly to ensure were achieved and sustained, have been hobbled by the fact that we have been unsuccessful in selling the Northern Territory farming assets, and therefore reducing our debt levels. As a result of this our Finance Costs have increased to $4.7 million from $2.1 million last year, an increase of $2.6 million, or 124%.

During the 2010-11 financial year (FY11) PCA was subjected to the second lowest intake since 1983 of 19,758 metric tonnes of Farmers Stock (FS) due to drought conditions during the planting period, and then flooding during the harvesting period. This, together with exiting unprofitable contracts, negatively impacted the sales performance by 15% compared to the previous year (intake 31,759 metric tonnes).

Profitability performance for the fiscal year at:

- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was $1.112 million compared to a significant loss the previous year of ($23.965 million), an improvement of $25.08 million. This was achieved as a result of the significant improvements mentioned earlier but also supports the fact that the costs related to inventory and property write-downs in the previous year were actually non-recurring costs.
- Net Operating Profit (Loss) Before Tax (NPBT) was a loss of ($6.711 million) compared to a significant loss the previous year of ($28.575 million), an improvement of $21.86 million.

Inventory management was a key objective throughout the year which was supported by the implementation of the Sales and Operations Planning (S&OP) process. This process integrates the functional activities across the business and aligns people/behaviours, processes and systems in order to better balance supply and demand. The activation of these disciplines resulted in a

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In respect of the year ended 31 March 2011

reduction of inventory of more than $4 million, or 34%. This was somewhat impacted by the lower intake year but the majority of the reduction came from better management of Work in Progress (WIP) stocks.

BANKING

PCA continues to have the ongoing support of its banker, the National Australia Bank (NAB), even though our plans and commitment to sell the Northern Territory properties were unsuccessful during the fiscal year. Notwithstanding this, significant attempts were made through two formal auction processes, but until the current permanent water applications are granted for Taylors Park and Eagle Park, this will continue to be difficult. The Directors continue with their efforts to sell the properties. PCA is most appreciative of the support by NAB during this time in maintaining shareholder value in the Company.

Although there have been significant in-roads in better use of working capital through the reduction of inventory, this has been offset by the continued operational costs associated with the Northern Territory properties. However it should be acknowledged that considerable work has been done to cut the operational costs of N.T. properties by more than 50%. What has also been pleasing is the strong performance of the 'core' metrics associated with the Kingaroy business.

Banking facilities are currently being re-negotiated to better reflect and support the ongoing business and this has only been possible due to the executive management's focus on delivering favourable financial performance.

GROWER RELATIONSHIPS

We would like to recognise the continued support of our growers, in what can only be described as another difficult year. We are certainly working hard to enhance these relationships. The aim is to work better together, implementing improvements, recognising past and current issues and how we can best increase our intake volume, quality and value. This is obviously supported by PCA's world renowned breeding programme in order to increase yields and reduce diseases, but also our agronomic support and knowledge in the field.

We have certainly appreciated the opportunity to have regular face-to-face group and individual grower sessions at all levels, and have found these to be hugely beneficial in working through the barriers to a more successful ongoing partnership. All parties can, and will benefit, as this partnership develops.

IN SUMMARY

Steady progress is being made in the turnaround of PCA which is supported by some very pleasing results in our reduced cost base, improved margins and profitability. This is even more pleasing as it is supported by a safer working environment for our people and there is clear evidence of greater 'buy-in' throughout the organisation in terms of ownership, accountability, responsibility and a growing passion for success. Mediocrity is no longer acceptable and we would like to thank all the employees at PCA for their commitment and willingness to rise to the challenge for a safer work environment.

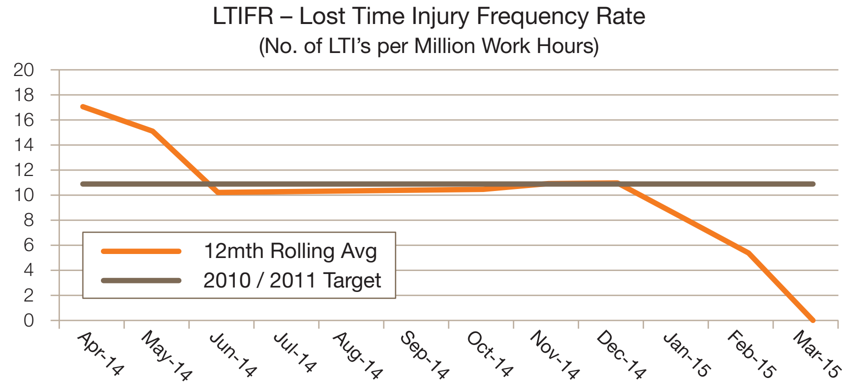
It is just as important that our Stakeholders see and feel this significant change so they are encouraged by our progress and continue to support PCA.

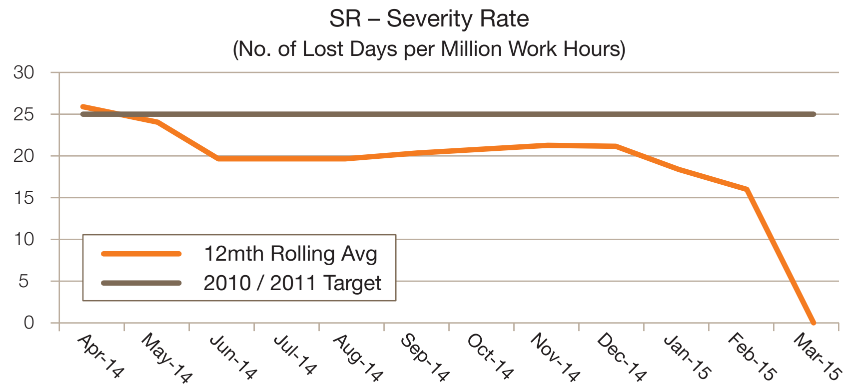
Review of Operations

WORKPLACE, HEALTH AND SAFETY

A key strategic driver for PCA is to provide the best workplace for our people, and the most positive way to do this is to provide a safe workplace. During 2010-11 we saw the first full year of the implementation of our Workplace, Health and Safety strategy and we have seen some credible results. The highlights have been:

- No Lost Time Injuries recorded for the 12 month period compared to 8 in 2009-10 and 12 in 2008-09.
- A reduction in our Lost Time Injury Frequency Rate (LTIFR) from 19 at the end of 2009-10 to zero at the end of 2010-11.
- Coinciding with the above result our Severity Rate (number of Days Lost per million work hours) has also reduced from 31.7 to zero.
- A 46% reduction in the number of injuries incurred in the last 6 months of 2010-11 compared to the first 6 months.





CHAIRMAN'S & MANAGING DIRECTOR'S REPORT

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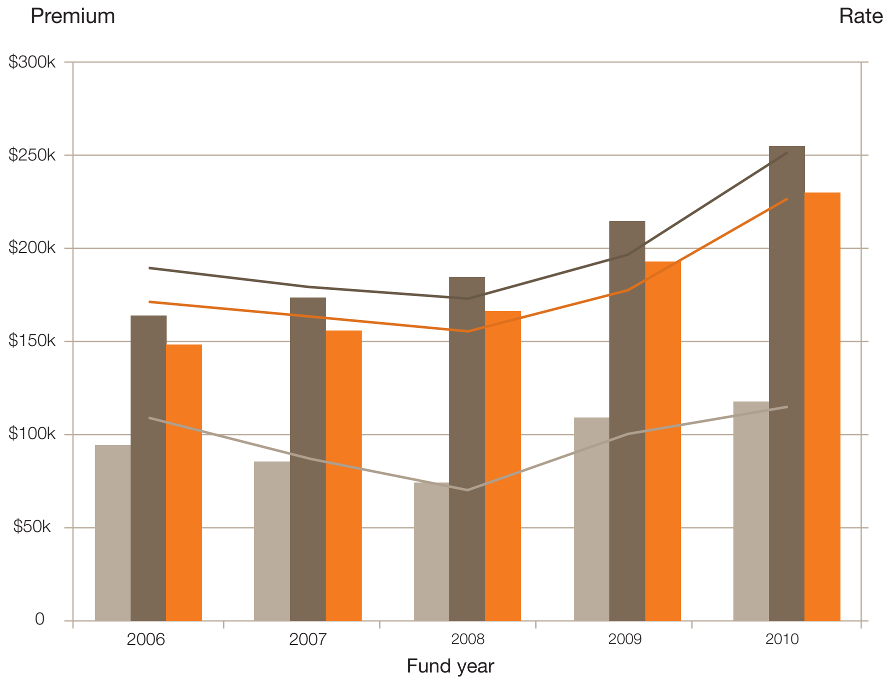

Premium rate	2006	2007	2008	2009	2010
Employer	$1.087	$0.886	$0.700	$1.005	$1.164
Industry	$1.906	$1.806	$1.731	$1.980	$2.522
Ideal	$1.715	$1.625	$1.558	$1.782	$2.270

- A 54% reduction in premium rates for WorkCover paid by PCA in comparison to comparable industries.

In line with our strategy, key initiatives continue to be implemented to ensure that the focus on safety remains.

SALES

Domestic Sales

Sales for the period achieved the budget target for FY11. The business is becoming more consistent and predictable in its revenue performance and this, in turn, supports the turnaround programme in place for the business.

Significant energy was placed on managing customer expectations and service levels in what proved to be a challenging year from a peanut intake perspective. The business has met customer expectations during the year and this has been acknowledged in the market.

Sales and Operations Planning (S&OP), being the platform for us achieving operational excellence, has been integrated into the business and this business-wide process has enabled PCA to manage demand and supply in a short intake year. The business is now able to review supply on a longer term basis which enables better customer relationships to develop as supply risks are minimised.

Focus is being placed on PCA's value-added ranges. This enables the business to achieve higher margins across its range and deliver a better outcome to all stakeholders. Growth in high value products remains a core objective for the sales team.

In line with last year's focus, profitability remains critical to the overall performance of PCA. The business has reviewed profitability of products and customers and is adopting a more commercial focus on sales revenues and margins. The business has made significant gains in margins in a poor supply year and has exited unprofitable business relationships where appropriate.

International Sales

The international business unit achieved its revenue targets for FY11. This is a significant outcome in a difficult supply year coupled with a strong appreciation in the Australian dollar reducing our competitiveness.

PCA has consolidated the regions of strategic supply and will focus on these markets in the future. It will enable the business to continue to develop long-term, sustainable relationships in its chosen markets. It provides greater certainty for PCA and the key customers in the chosen regions. In a difficult supply year, this change has been paramount to maintaining excellent customer service levels.

PCA continues to leverage the Australian origin of our products as a core feature. Whilst Hi Oleic quality is also leveraged, it is not unique to PCA in the international markets. The Australian origin is, and will remain, unique to the company.

PCA continues to leverage the clean, green image of Australia and the benefits of Hi Oleic peanuts into the international markets. The business is now operating in markets that recognise the benefits of quality. While price remains a significant issue to buyers, PCA has been building up the value of its offer. This has enabled the business to target regions of strategic supply where Australian origin and Hi Oleic quality are recognised as world class.

New Zealand sales were solid for the year. PCA has used a combination of Australian and imported products to service the New Zealand market. This strategy enables PCA to meet the customer requirements on origin and price, while creating a sustainable margin for the business. In this market, PCA is seen as the premier supplier to the market. Our focus remains on selling Australian as a core positioning but in a short supply year, PCA has been able to manage peanut supply so that our customers did not suffer from a lack of product. This positions the business well as intakes return to more normal levels.

PCA remains well positioned to take advantage of supply uncertainty in its strategic regions and to leverage on the high quality perception of Australian produce. The business will continue to leverage these selling attributes for viable sales in the future.

CHAIRMAN'S & MANAGING DIRECTOR'S REPORT

In respect of the year ended 31 March 2011

MARKETING

FY11 saw the re-introduction of a marketing function to the business to meet the following core objectives:

- Reinforce and build PCA's corporate and product profile
- Increase the visibility and awareness of Hi Oleic peanuts
- Educate the consumer and our customers to the benefits of Hi Oleic, Australian peanuts
- Build retailer awareness and loyalty through education
- Focus on increasing consumption of Australian peanuts through awareness, product relevance and innovation.

In line with these objectives, key achievements for the year included:

1. *A new corporate image:*
   PCA's corporate branding was reviewed with a view to modernising the business image. As a result of this review, a new logo was introduced followed by a soft launch of associated communication items including, stationery, packaging, signage, websites and newsletters.

2. *New product and market development:*
   Following the introduction of a formal new product development programme in the previous financial year, several new products have been delivered during FY11. The purpose of this activity was to facilitate internal value add projects, assist with customer innovation, develop new market segments and add value to existing market segments. Partnerships with key customers will continue to drive market innovation during FY12.

   PCA is also continuing relationships with some key tertiary institutions (including University of South Australia & University of New South Wales) to quantify the positive health attributes of the peanut and their positive effect on our consumer's well-being.

3. *Education and communication:*
   Marketing met with all key customers during FY11 to reintroduce PCA as an expert information source, highlight our research and development capabilities, provide education on our product (including its challenges) and highlight our enthusiasm to work with them to promote Australian Hi Oleic peanuts. Several key communication and market development opportunities were identified and will continue to be explored.

   Marketing has also assisted with the introduction of key employee and grower communication items, including regular newsletters and the online staff forum.

FY11 has been about introducing a sustainable framework to build upon and to ensure the achievement of the business objectives during this financial year and the years ahead. The core marketing objectives for FY12 will reflect the same positioning as the business moves forward into the future on a more sustainable footing.

PCA AND THE COMMUNITY

PCA has been an integral part of Kingaroy since 1924. As such, the business recognises the important role it plays in the South Burnett, both as a major agribusiness, local employer and the figurehead of the peanut industry.

In March 2011, PCA announced it was pleased to continue its long-term sponsorship of the regional cook-off at the South Burnett Wine and Food in the Park Festival in Kingaroy. This year's event, which focused on produce from the South Burnett region, featured junior chefs competing on stage under the watchful eyes of their parents.

Our support for the Kingaroy Peanut Festival continues, however this event was postponed during FY11 and it is hoped it will continue in FY12 with a reinvigorated format and renewed interest from the community.

PCA is committed to providing support to many other smaller events and organisations within the immediate community and will continue to do so where possible in FY11.

OTHER SUPPORT

PCA continues to support events outside its home town of Kingaroy, including farm walks and workshops for peanut growers in Bundaberg, Central Queensland and the Atherton Tableland.

PCA also contributed towards many smaller events in the South Burnett Community, including:

- Family and Kids Care Inc
- Quota District Conference in Kingaroy
- Kingaroy Golf Club
- South Burnett Autism Support Group
- Kingaroy Family Day Care Association
- Kumbia Pony Club
- Nanango Charity Golf Day
- Taabinga State School
- South Burnett Australian-Filipino Caring Group
- Nanango Funfest
- South Burnett Equestrian Group
- Kingaroy State High School
- St John's Lutheran Church Kingaroy
- Nanango State School P&C
- South Burnett Community Orchestra
- Nanango Swimming Club
- Aussie Masters Swimming Carnival
- Childhood Cancer Support Inc
- Dulacca State School
- Nanango & District Netball Association
- Yarraman District Kindergarten
- Yarraman Community Council

SUPPLY AND OPERATIONS

FY11 has been a particularly tough operational year. This was driven by the low intake, the disruption to our distribution network through the record wet rainfall in January and the resultant floods and damage to the main transport routes out of Kingaroy. The impact of these would have been greater had we not implemented the Sales and Operations Planning (S&OP) process and the delivered Turnaround plan savings activities.

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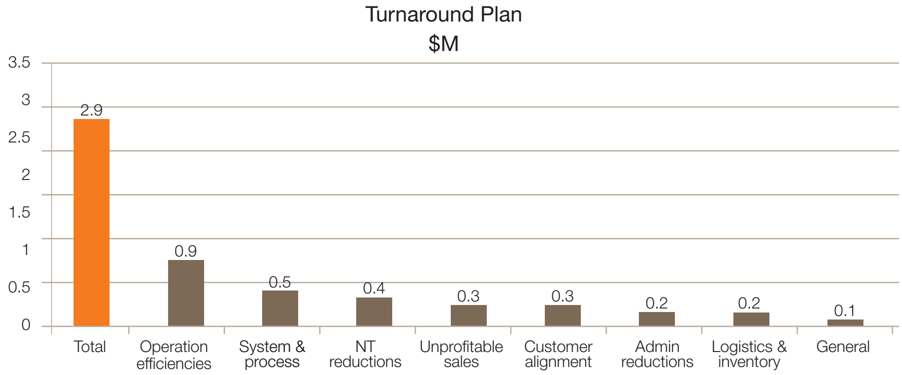

A significant component of the need to rectify the Company's financial position was to implement a targeted and specific turnaround plan with clear activities and accountabilities. $2.9 million of activities were identified, but by year end $3.3 million had been delivered.

Operationally we have moved from being a supply driven organisation to one driven by demand and therefore delivering what our customers require. Without the rigour of the S&OP process our ability to meet our customers' requirements in a tight supply year would have been further compromised. Through the establishment of key process metrics we have been able to track the progress of this process and identify continuous improvement activities. Some of the key metrics and results are shown below and while we have not reached the benchmarks, significant progress has been made in striving to improve the business.

Significant process and productivity work has been undertaken using LEAN manufacturing tools. These activities have been aimed at improving yield, throughput rates, "first pass good" quality performance and reducing unplanned downtime. Throughout FY11 a reduction in unplanned downtime from nearly 12% at the end of March 2010, to 3% at the end of March 2011 was achieved.

CROPPING INTAKE

Overall the 2010 intake was one of the worst on record with only 21,762 metric tonnes delivered across the weighbridge metric tonnes.

FY10 season was one of extremes for all growing regions with average yields down as a result. Dry weather through October / November restricted planting opportunities and the only early planting was where growers were able to irrigate. This was followed by excessive wet weather in December / January which severely limited late planting opportunities. Rain continued through the New Year into early March after which, in the Dryland areas in particular, rainfall ceased. This created a perfect environment for leaf diseases from January to April. The lack of rainfall contributed to a dry finish which restricted yield and resulted in lower grades being produced. All in all, a very difficult year to manage agronomically.

EMPLOYEES AND TRAINING

Increasing the interaction with our employees and developing an understanding through the organisation of how to get the most out of "change" was a focus through FY11. Continued investment in the operational training of our people in WH&S, HACCP and Food Safety training has been supplemented with organisation wide training on Change Management.

In association with the local TAFE a targeted Change Management workshop program was developed for all employees to attend. This workshop commenced in September 2010.

The recognition of our long serving employees is and has been a great strength of PCA. In September, 2010 a dinner was again held and presentations were made to 12 employees who have reached a 10, 15, 20, 25 or 35 year milestones.

TECHNICAL HIGHLIGHTS

PCA prides itself on its food safety performance and invests resources into extensive in-house processes, systems and laboratories to deliver against our own and our customers' expectations.

Metric	Description	Target	Result (6 month weighted average)
DIFOT	Despatched in Full on Time	95%	92.0%
Sales Forecast Accuracy	Tonnes – 1 month out	95%	88.4%
Production Schedule Adherence	Tonnes – 1 month out	98%	97.7%
IRA	Inventory Record Accuracy	98%	97.5%

District	Yields (Metric Tonnes / Hectare)			
	2010	2009	2008	2007
NQ (Combination of Dryland & Irrigated)	3.25	4.1	4.19	3.74
Irrigated (Central / Southern QLD)	4.3	4.7	5.18	5.0
Dryland (Southern QLD)	2.1	2.8	2.55	0.9

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We also take pride in the accreditation we receive and the ability that these accreditation processes allow for us to continually improve. This year, we again gained BRC (British Retail Consortium) accreditation whose standards are seen as the benchmark by many of our domestic and international customers.

Our accredited HACCP system is the cornerstone of our food safety management process. In addition to this, we also have NATA, Halal and Kosher certification.

PEANUT BREEDING

Consistent with our aim to be "consumer led", a 5 year peanut breeding and seed strategy has been developed that clearly aligns the needs and wants of the marketplace with our breeding program. This program is world renowned especially in regard to our work with Hi Oleic and early maturing varieties.

PCA's peanut breeding program is jointly funded by PCA, the Grains Research and Development Corporation (GRDC) and Queensland Department of Environment, Economic Development and Innovation (DEEDI).

The aims of our breeding program continue to target two different growing season groups; full season types (20 to 22 weeks) and ultra early maturity types (approx. 16 weeks). Within these groups, varieties are selected based on their ability to meet a market need, have a Hi Oleic oil composition, high yielding, low shell, high blanchability and enhanced resistance to a range of foliar and soil borne diseases.

This year the main developments have been:

- The commercial release of:
  - Farnsfield
    A Hi Oleic runner variety with an average 3% higher kernel yield, 2% higher kernel percentage and higher proportion of smaller kernels for the snack market compared to the current commercial runner variety, Holt. This variety had a very high acceptance by North Queensland and Bundaberg growers for use in irrigated systems.
  - Tingoora
    A new ultra early Hi Oleic variety with an average 10% high kernel yield, and larger kernel distribution compared to the current commercial ultra early variety, Walter. This variety will significantly improve gross returns for peanut growers in dryland production regions in the Burnett and also as an irrigated option in the sugarcane farming system in Bundaberg.
- Continuing the development of new breeding lines with improved performance for growers, processors and consumers, including water use efficiency, increased disease tolerance and superior quality (blanchability, kernel size, minerals and antioxidant content).

SEED

In order to assist our growers to maximise their returns, PCA runs a pure seed program providing growers with seed for the planting of peanuts. One of the successes of this program has been our proactive approach to risk management and product improvement, especially in regard to seed dressings. In FY11 the importance of this approach was very evident when the APVMA (the Australian regulatory body responsible for the approval of agricultural chemicals) removed the registration of the only approved seed dressing. Due to work that PCA had been conducting over the previous 10 years we were able to get approval for a replacement seed dressing without impacting the 2010 planting. Without this proactivity the peanut industry would not have been able to plant with seed dressing.

FARMING – NORTHERN TERRITORY & BUNDABERG

During FY10, PCA undertook a strategic review that identified a need to focus our resources into the marketing and processing of peanuts. In order to fund and achieve the objective, PCA identified that the strategy required the sale of the N.T. properties and the cessation of leasing and farming properties in the Bundaberg region.

Unfortunately, the current economic environment we are in has meant that no sales of the N.T. properties have been made to date. Despite a concerted domestic and international marketing campaign that saw the properties offered as a whole at auction in May, 2010 and then separately for the smaller lots (Florina Road, Eagle Park Homestead and Eagle Park Paddock) in December, 2010, no sale was able to be achieved.

Whilst undertaking this sale process, we have continued limited farming of the N.T. properties. Over the 2010 winter, 1,272 metric tonnes of peanuts were grown and 687 metric tonnes of feed corn.

We are also continuing to work with the N.T. Government and the Daly River Management Advisory Committee (DRMAC) towards the granting of longer term water licences for Taylors Park and Eagle Park. It is expected that the Water Allocation Plan for the Oolloo aquifer, over which the Taylors Park and Eagle Park reside, will be completed by mid to late 2011. Once completed, longer term water licences are able to be granted.

Outlook for the Year Ending 31 March 2012

PCA was targeting an intake of 22,000 metric tonnes of Farmer's Stock in 2011 but the excessive rains commencing in December 2010 have resulted in a 30% decrease in the intake volume. This reduces PCA's ability to achieve economies of scale through per tonne cost of production decreases and inhibits development of international markets as domestic demand exceeds supply. PCA will import peanuts from Argentina this calendar year, however with aflatoxin affecting the US crop, the price for imported peanuts has increased significantly in the last few months.

The ongoing costs of maintaining the N.T. properties, servicing a large debt coupled with difficulties that a low intake has on the profitability of PCA, will continue to provide significant challenges to the management and your Board.

Ian Langdon
Chairman
21 June 2011

Craig Mills
Managing Director
21 June 2011

EXECUTIVE MANAGEMENT TEAM

In respect of the year ended 31 March 2011

CRAIG MILLS

Dip App Sc (Dairy and Food Technology), B Bus (Marketing), MBA (Executive), GAICD, FAICD

Managing Director

Craig was appointed a Non-Executive Director in July, 2009 to fill a casual vacancy and then Managing Director with effect from 6 August 2009 following the resignation of the former Managing Director. His previous position was Chief Executive Officer of Golden Circle Limited a business that was sold to HJ Heinz in December 2008. He has had 20 years experience in the food industry both domestically and internationally with, Dairy Farmers, Uncle Bens (Mars) and Nestlé. Craig has a proven background in corporate turnarounds and transformational change.

JOHN HOWARD

MBA

Chief Operating Officer

John is responsible for all supply and operations within PCA, including grower regions such as the Northern Territory, North Queensland, Bundaberg and Emerald and site operations in Kingaroy, Tolga and Gayndah. He was appointed on 21 September 2009 and is also responsible for occupational health and safety, grower integration, warehouse and logistics, quality assurance and technical. John is the former General Manager Commercial / Procurement at Golden Circle and Commercial Director at Mars, and has experience in business transformation and turnarounds.

GEOFF SAWYER

Assoc Dip Bus (Management)

Director Sales & Marketing

Geoff is responsible for all sales (domestic and export) and marketing functions, including new business and new product development. Geoff joined PCA on 21 September 2009 and was appointed an Executive Director on 4 May 2010. He is the former General Manager Sales and Business Development at Golden Circle and prior to that was National Sales Manager Retail at Dairy Farmers. Geoff also brings experience in change management and business turnaround strategy.

GEOFF BOYNTON

B Sc, B Bus, CPA, F Fin

Chief Financial Officer

Geoff is responsible for the Company’s financial affairs including statutory and regulatory reporting, corporate finance, taxation, treasury and risk management. Geoff joined PCA on 12 July 2010 and has previously held similar positions in a range of companies including 12 years with a wine and citrus company.

FINANCIAL REPORT

In respect of the year ended 31 March 2011

Contents

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 2011.

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 BCom, 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 was Chairman of Australian Co-operative Foods Ltd (the Dairy Farmers Group) from 1989 until its sale in November 2008. Previous 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.
Craig Mills MBA, B Bus, (Mktg), Dip App Sc *Managing Director*	Craig was appointed a Non-Executive Director in July 2009 to fill a casual vacancy and to the role of Managing Director with effect from 6 August 2009 following the resignation of the former Managing Director. He is the former Chief Executive Officer of Golden Circle Limited, a business that was sold to HJ Heinz in December 2008. He has had 20 years experience in the food industry both domestically and internationally with, Dairy Farmers, Uncle Bens (Mars) and Nestlé. Craig has a proven background in corporate turnarounds and transformational change.
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. Niven contract harvests to PCA in the Northern Territory. He is also a member of the Audit and Risk Management Committee.
Geoff Sawyer Assoc Dip Bus (Management) *Executive Director*	Geoff joined PCA on 21 September 2009 as Director of Sales and Marketing and was appointed an Executive Director on 4 May 2010. Geoff is responsible for all sales (domestic and export) and marketing functions, including new business and new product development. He is the former General Manager Sales and Business Development at Golden Circle and prior to that was National Sales Manager Retail at Dairy Farmers. Geoff also brings experience in change management and business turnaround strategies.
Philip Tunstall CA	Philip was appointed as a non-executive director on 19 March 2010 and resigned on 17 January 2011. He was a member of the Audit and Risk Management Committee.
Ross Burney B Econ	Ross was appointed as a non-executive director on 21 December 2007 and resigned on 15 April 2010. He was a member of the Audit and Risk Management Committee.

2. JOINT COMPANY SECRETARY

Geoff Boynton
B Sc, B Bus, CPA, F Fin

Geoff was appointed Company Secretary and Chief Financial Officer on 12 July 2010. Geoff is responsible for the Company's financial affairs including statutory and regulatory reporting, corporate finance, taxation, treasury and risk management. Geoff joined PCA on 12 July 2010 and has previously held similar positions in a range of companies including 12 years with a wine and citrus company.

Don Mackenzie
FCA

Don was appointed as Company Secretary in November 2004. Don is a Chartered Accountant and has held senior positions with public companies involved in the rural and manufacturing industries. In 1993 he began providing corporate services predominantly to public companies involved in the manufacturing, rural, mining and information technology sectors.

FORMER COMPANY SECRETARY

Ken Flanders
B Bus, MBA, GAIDC, CPA

Resigned as Company Secretary on 9 July 2010 and resigned from the Company on 8 October 2010.

3. DIRECTOR'S 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 Committees**	
Director	**Meetings attended**	**Meetings held (see note (a) below)**	**Meetings attended**	**Meetings held (see note (a) below)**
Ian Langdon	17	18	3	3
Niven Hancock	17	18	3	3
Craig Mills	17	18	-	-
Geoff Sawyer	15	17	-	-
Philip Tunstall	15	15	2	2
Ross Burney	-	-	-	-

Notes
(a) Represents meetings attended while a director.

4. CORPORATE GOVERNANCE

Background

While PCA has no requirement, as it is not an ASX listed entity, to observe the ASX Listing Rules "Principles of Good Corporate Governance and Best Practice Recommendations" (as amended), the Board nevertheless has adopted a Statement of Good Corporate Governance. The ASX Listing Rules require listed companies to include in their annual report a statement disclosing the extent to which they have not followed the Best Practice Recommendations during a reporting period and are also required to provide reasons for their non compliance. .

Compliance

Prior to the restructure of the Company which commenced in August 2009, PCA had issued a Corporate Governance Statement and reported annually on it's compliance with the Best Practice Recommendations.

4. CORPORATE GOVERNANCE (cont'd)

After the commencement of the restructure, the Board, with the new management adopted a turnaround plan that focused on maintaining viable operations in all aspects of the business. It also began a process to focus on the core business, and to secure the business and operating costs.

While PCA generally adopts the Corporate Governance Principles and Recommendations as would be required of an ASX listed entity, departures are noted below with explanations detailing processes in place to mitigate against any non compliance. These departures will continue to be monitored and rectified where possible.

ASX Principles and Recommendations	Summary of the Company's Position
Principle 2 – Structure the board to add value	
Recommendation 2.1 A majority of the Board should be independent directors	The current Board comprises four directors, two of whom are executive directors (one who is the Managing Director, and the other is the Director of Sales and Marketing) and two non-executive directors both are independent. The Board holds the view that notwithstanding the departure from the guidelines, the current Board has the required capabilities appropriate for the current operating environment, are able to ensure that corporate governance objectives are achieved and the operational performance is totally transparent.
Recommendation 2.4 The Board should establish a nominations committee	In line with the Board's view on the composition and size of the Board having regards to its current strategies and requirements the full Board assumes the functions of such a committee as and when required.
Recommendation 2.5 Disclose the process for evaluating the performance of the Board, its committees and individual Directors	While there is no structured process in place, the Chairman measures performance through participation at meetings of Directors.
Principle 4 – Safeguard integrity in financial reporting	
Recommendation 4.2 Structure of the Audit Committee	The Company is unable to comply with this recommendation principally due to the current composition of the Board. Notwithstanding this departure, the Audit and Risk Management Committee operates in accordance with the Audit Committee Charter and the full Board participates in this process.
Principle 8 – Remuneration Committee	
Recommendation 8.1 The Board should establish a Remuneration Committee	The Company is unable to comply with this recommendation principally due to the current composition of the Board. Notwithstanding this departure, the Chairman reviews the remuneration of the Board, and the full Board manages the remuneration of the Chairman and Managing Director.

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.

The Board obtains independent advice on the appropriateness of compensation packages for the Group given trends with comparative companies locally, and the objectives of the Company's compensation strategy.

The compensation structures detailed below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

The compensation structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control the operational performance
- the Group's performance including:
  - the Group's earnings
  - the growth in delivering constant returns on shareholder wealth
  - the amount of incentives within each key management person's compensation

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 by the Managing Director through a process that considers individual and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure that senior executives' compensation is competitive in the market place. A senior executive's compensation is also reviewed on promotion.

5.2 PERFORMANCE LINKED COMPENSATION

Performance linked compensation includes short-term, medium-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 on achieving satisfactory completion of predetermined tasks which in all cases require that the Group firstly reaches satisfactory financial performance.

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 bonuses in the period related to prior year performance and does not propose to pay bonuses related to current year performance.

5. REMUNERATION REPORT – AUDITED (cont'd)

5.4 LONG-TERM INCENTIVE BONUS

In addition to the Senior Staff Option Plan that was approved by shareholders at the 2002 annual general meeting, the Company introduced in July 2008 a new share option plan for executive management with details of both plans being included at Note 24 Share Based Payments.

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 will occur subsequent to 31 March 2013.

No amount has been provided for in the current year for this incentive bonus.

5.5 OTHER BENEFITS

Non-cash benefits typically include motor vehicles. .

5.6 SERVICE CONTRACTS

The Group has entered into service contracts with each key management personnel, excluding the Managing Director, that are capable of termination on either three or six months' notice. The Group retains the right to terminate a contract immediately by making payment equal to three or six months' pay in lieu of notice. The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. The service contracts have no fixed duration.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and or any changes required to meet the principles of the compensation policy.

In relation to the Managing Director (Craig Mills who was appointed on 6 August 2009) the Company entered into a consultancy agreement with a related entity of Mr. Mills, which was amended on 1 April 2011. In addition the agreement provides that any business related expenses will be reimbursed.

5.7 NON-EXECUTIVE DIRECTORS

Non-executive directors are paid a fixed remuneration for their services. Additional fees are paid to the Chairman of the Audit & Risk Management Committee to recognise the additional responsibilities of this position.

Non-executive directors are also compensated, at commercial rates, where they undertake additional duties over and above their normal Board duties, and such additional duties must be approved by the Board. Non-executive directors do not receive 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 person and named executives who receive the highest remuneration are:

Expressed in whole Dollars		Short-term			Post Employ-ment	Termina-tion Benefits	Share Based Payment Options	Total	Performance Related Remuneration %	Value of option as remuneration %
Non-executive Directors	**Year**	**Salary & fees**	**Non Monetary benefits**	**Total**	**Super Benefits**					
Ian Langdon (1)	2011	95,600	-	95,600	8,604	-	-	104,204	-	-
Appointed 3/3/05	2010	173,600	-	173,600	9,399	-	-	182,999	-	-
Niven Hancock (2)	2011	41,800	-	41,800	3,762	-	-	45,562	-	-
Appointed 24/8/92	2010	41,800	-	41,800	3,762	-	-	45,562	-	-
Ross Burney (3)	2011	-	-	-	-	-	-	-	-	-
Appointed 21/12/07	2010	41,800	-	41,800	-	-	-	41,800	-	-
Philip Tunstall (4)	2011	31,350	-	31,350	-	-	-	31,350	-	-
Appointed 19/3/10	2010	1,489	-	1,489	-	-	-	1,489	-	-
Executive Directors										-
Craig Mills (5)	2011	474,211	-	474,211	-	-	-	474,211	-	-
Appointed 6/8/09	2010	312,182	-	312,182	-	-	-	312,182	-	-
Geoff Sawyer (6)	2011	246,766	-	246,766	22,209	-	-	268,975	-	-
Appointed 21/9/09	2010	126,235	-	126,235	11,361	-	-	137,596	-	-
Bob Hansen	2011	-	-	-	-	-	-	-	-	-
Appointed 1/11/93	2010	230,803	40,255	271,058	20,643	92,500	36,500	420,701	8.68	8.68
Senior Executives										
John Howard (7)	2011	232,798	22,000	254,798	20,952	-	-	275,750	-	-
Appointed 21/9/09	2010	119,089	3,418	122,507	10,718	-	-	133,225	-	-
Geoff Boynton (8)	2011	155,822	-	155,822	14,024	-	-	169,846	-	-
Appointed 12/7/10	2010	-	-	-	-	-	-	-	-	-
Company Secretary										
Donald Mackenzie	2011	91,410	-		-	-	-	91,410	-	-
	2010	156,871	-		-	-	-	156,871	-	-
Former Senior Executives										
Ken Flanders (9)	2011	108,963	-	108,963	9,807	-	-	118,770	-	-
	2010	176,148	-	176,148	12,352	-	-	188,500	-	-
David Clark (10)	2011	-	-	-	-	-	-	-	-	-
	2010	74,265	6,141	80,406	6,684	-	(4,564)	82,526	-	-
Graeme Wright (11)	2011	-	-	-	-	-	-	-	-	-
	2010	68,128	4,191	72,319	6,132	-	1,143	79,594	-	1.44
Andrew Simon (11)	2011	-	-	-	-	-	-	-	-	-
	2010	70,716	2,623	73,339	6,364	-	1,143	80,846	-	1.41
Tricia Freeman (11)	2011	-	-	-	-	-	-	-	-	-
	2010	55,581	3,775	59,356	4,967	-	1,143	65,466	-	1.75
Kevin Norman (11)	2011	-	-	-	-	-	-	-	-	-
	2010	70,620	5,625	76,245	6,356	-	1,386	83,987	-	1.65

Notes.

(1) Includes director's fees and a fee for acting as Chairman of Audit & Risk Management Committee. 2010 also included an allowance of $78,000 in respect of special duties undertaken during April to June 2009 associated with the proposed capital restructure which was approved by the Board.

(2) Fee for services as non-executive director.

(3) Fees for services as a non-executive director and paid to Guinness Peat Group (Australia) Pty Limited - Ross Burney's employer (resigned 15 April 2010).

(4) Fees for services as a non-executive director and paid to Guinness Peat Group (Australia) Pty Limited - Philip Tunstall's employer (appointed 19 March 2010 and resigned 17 January 2011).

(5) Fees for services provided by Craig Mills and paid to a related entity in which he has a beneficial interest – initially appointed as an independent non-executive director on 10 July 2009 and then assumed executive duties as Managing Director on 6 August 2009.

(6) Includes remuneration paid to Director - Sales and Marketing – appointed 21 September 2009 and an executive director on 4 May 2010

(7) Includes remuneration paid to Director - Supply and Operations.

(8) Includes remuneration paid to Chief Financial Officer – appointed 12 July 2010.

(9) Includes remuneration paid to Chief Financial Officer – resigned 8 October 2010.

(10) Ceased executive duties with effect from 9 July 2009 but remained an employee at this time.

(11) Ceased executive duties with effect from 21 September 2009 but remained an employee at this time.

(12) The value of the options is calculated using a Black and Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in the respective periods.

5. REMUNERATION REPORT – AUDITED (cont'd)

5.9 DETAILS OF PERFORMANCE RELATED REMUNERATION

Details of the Group's policy in relation to the proportion of remuneration that is performance related is discussed earlier in this report. There were no performance related bonuses paid in the year ending 31 March 2011 (31 March 2010: Nil).

5.10 OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION

There were no options issued in the year ended 31 March 2011, 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 ANALYSIS OF MOVEMENTS IN OPTIONS

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person.

	Year ended 31 March 2011		Year ended 31 March 2010	
	Vested in year	**Lapsed in year (a)**	**Vested in year**	**Lapsed in year (a)**
				$
David Clark	-	-	-	(4,564)
Andrew Simon	-	(4,258)	-	-
	-	(4,258)	-	(4,564)

(a) The value of the options that lapsed during the year represents the benefit foregone and is calculated at the date the option lapsed using a Black Scholes option-pricing model assuming the performance criteria had been achieved.

5.13 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 growing, purchasing, shelling, grading, processing and marketing of peanuts.

7. RESULT OF OPERATIONS

In the year ended 31 March 2011, the Group incurred losses after interest and tax of $6.387 million (2010: losses after interest and tax of $20.011 million).

		2011	2010	2009	2008	2007
Revenues	$'000	54,946	64,578	71,839	62,895	59,249
Earnings (loss) before interest, tax, depreciation and amortisation (EBITDA)	$'000	1,112	(23,965)	7,567	7,577	5,685
Earnings (loss) before interest and tax (EBIT)	$'000	(2,005)	(26,701)	4,988	5,237	3,416
Net operating profit (loss) before tax (NPBT)	$'000	(6,711)	(28,575)	2,713	3,331	2,422
Net operating profit (loss) after tax (NPAT)	$'000	(6,387)	(20,011)	3,597	2,377	1,834
Total assets	$'000	73,309	78,974	100,959	83,821	56,164
Net assets per share		$2.28	$3.16	$6.08	$6.32	$5.40
Earnings per share		($0.88)	($2.76)	$0.54	$0.52	$0.43
Diluted earnings per share		($0.88)	($2.76)	$0.51	$0.52	$0.42
Dividends per share (see note 1 below)		-	-	$0.25	$0.20	$0.56
Issued shares		7,269,106	7,269,106	7,191,378	5,274,090	4,311,937
Weighted average number of shares		7,269,106	7,262,809	6,710,991	4,557,449	4,311,937

Note 1
Dividend per share in year ended 31 March 2007 included a special dividend of $0.50.

7.1 OBJECTIVES

The Group's objectives for the business are:

- Being customer and consumer driven
- Having initial focus on our core products
- Achieving operational excellence
- Having great people and the best workplace
- Being proactive in our environment
- Using consolidation for scale and profitability

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the year ended 31 March 2011.

9. DIVIDENDS

Year ended 31 March 2011

There has been no dividend declared in respect of the results for the year ended 31 March 2011, nor proposed since balance date.

Year ended 31 March 2010

The dividend declared in the prior year amounting to $1,078,707 (based on issued shares of 7,191,378 shares) had a payment date of 1 May 2009. For those shareholders who had elected to participate in the Dividend Reinvestment Plan, 77,728 shares were issued at the time of the dividend payment in May 2009.

There has been no dividend declared in respect of the results for the year ended 31 March 2010.

10. EVENTS SUBSEQUENT TO REPORTING DATE

Renegotiation of banking facilities subsequent to year end

The Group has received a letter of waiver from the National Australia Bank Limited in respect of a number of conditions in PCA's current Finance Agreement that are unlikely to be met. The waiver letter means:

1. The requirement to repay $2.0 million of the seasonal facility by 30 June 2011 is waived;
2. The requirement to repay an additional $2.0 million of the seasonal facility by 31 July 2011 is waived;
3. The requirement to repay $7.5 million from sales of non-core assets by 31 July 2011 is waived.
4. The requirement for PCA to issue a prospectus or information memorandum by 31 December 2011 in order to raise up to $22.5 million is waived.

The Group is currently negotiating a new Facility Agreement with its bankers.

Other than the matters raised above, there has not arisen in the interval between the end of the financial year and the 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 Group, the results of those operations, or the state of affairs of the Group, in future financial years.

11. LIKELY DEVELOPMENTS

The Group will continue to implement its Strategic Plan as outlined in the Chairman's and Managing Director's Report. Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

12. DIRECTOR'S 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	Options over ordinary shares
Ian Langdon	73,561	-
Niven Hancock	44,174	-
Craig Mills	-	-
Geoff Sawyer	-	-

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 2011.

14. UNISSUED SHARES UNDER OPTION

Unissued shares under option at the date of this report are:

		Number of shares under option	Exercise price	Expiry date
Bob Hansen		286,275	$3.75	31 March 2012
Kevin Norman		20,000	$4.45	30 June 2012
Graeme Wright		20,000	$4.45	30 June 2012
Pat Harden		20,000	$4.45	30 June 2012
Tricia Freeman		20,000	$4.45	30 June 2012
Tricia Freeman	1	6,000	$3.20	18 December 2012
Chris Seng	1	6,000	$3.20	18 December 2012
Kevin Norman	1	6,000	$3.20	18 December 2012
Lionel Wieck	1	6,000	$3.20	18 December 2012
		390,275		

In the year ended 31 March 2011, 20,000 options lapsed due to cessation of employment of Andrew Simons.

1. The Company has a Senior Staff Option Plan that was approved at the annual general meeting on 28 March 2002. The plan provides for four senior staff to receive a maximum of 6,000 options over ordinary shares. Each option is convertible to one ordinary share. All options expire on the earlier of their expiry date or termination of the employee's employment.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

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, Craig Mills, Niven Hancock and Geoff Sawyer.

Officers: John Howard, Geoff Boynton 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 2011, the Company paid insurance premiums of $22,329 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, BDO Audit (QLD) Pty Ltd.

16. NON AUDIT SERVICES

During the year BDO Audit (QLD) Pty Ltd, the Company's auditor, has performed certain other services in addition to statutory duties.

The Board has considered the non-audit services provided during the year by the auditor 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, BDO Audit (QLD) Pty Ltd, and its related practices for audit and non-audit services provided in Note 31 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 set out on page 20.

18. ENVIRONMENTAL REGULATION COMPLIANCE

The Group is subject to environmental regulation in respect of the operations of the peanut processing facilities at Kingaroy and monitors other operations in accordance with our licence.

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
21 June 2011

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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 2011, 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
- any applicable code of professional conduct in relation to the audit.

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

T J KENDALL

Director

BDO Audit (QLD) Pty Ltd

Brisbane, 21 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Peanut Company of Australia Limited and Controlled Entities
For the year ended 31 March 2011

		Consolidated	
		2011	2010
	Note	$000	$000
Revenue from continuing operations	7	54,013	62,202
Cost of sales		(46,260)	(65,565)
Gross profit		7,753	(3,363)
Other income	8	228	41
Finance income		16	251
Distribution expenses		(1,594)	(2,236)
Marketing expenses		(1,750)	(1,986)
Administrative expenses		(3,584)	(5,748)
Research and development expenses		(75)	(14)
Other expenses		(21)	(52)
Finance costs		(2,832)	(2,125)
Impairment of revalued land and buildings		-	(1,547)
Profit (loss) before income tax		(1,859)	(16,779)
Income tax expense	11	(1,129)	4,821
Profit (loss) from continuing operations		(2,988)	(11,958)
Profit (loss) from discontinuing operations	32	(3,399)	(8,053)
Profit (loss) for the year		(6,387)	(20,011)
Other comprehensive income			
Increase in fair value of land and buildings		-	(1,044)
Change in fair value of cash flow hedge		-	(97)
Other comprehensive income for the year, net of tax		-	(1,141)
Total comprehensive income for the year		(6,387)	(21,152)
Profit is attributable to:			
Owners of Peanut Company of Australia Limited		(6,387)	(20,011)
Total comprehensive income for the year is attributable to:			
Owners of Peanut Company of Australia Limited		(6,387)	(21,152)
Earnings per share for profit from continuing operations			
Basic earnings per share		($0.41)	($1.65)
Diluted earnings per share		($0.41)	($1.65)
Earnings per share for profit from discontinuing operations			
Basic earnings per share		($0.47)	($1.11)
Diluted earnings per share		($0.47)	($1.11)
Earnings per share for profit for the year			
Basic earnings per share	21	($0.88)	($2.76)
Diluted earnings per share	21	($0.88)	($2.76)

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 2011

Consolidated 2011 $'000	**Issued capital**	**Asset revaluation reserve**	**Hedge reserve**	**Retained earnings**	**Total**
Balance at 1 April 2010	16,768	16,719	-	(10,501)	22,984
Total comprehensive income for the period					
Loss for the period	-	-	-	(6,387)	(6,387)
Other comprehensive income					
Net change in fair value of cash flow hedges transferred to profit and loss, net of tax	-	-	-	-	-
Net change in fair value of land and buildings, net of tax	-	-	-	-	-
Total other comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	(6,387)	(6,387)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share-based payment transactions	5	-	-	-	5
Shares issued under dividend reinvestment plan	-	-	-	-	-
Total contributions by and distributions to owners	5	-	-	-	5
Balance at 31 March 2011	16,773	16,719	-	(16,888)	16,604

Consolidated 2010 $'000	**Issued capital**	**Asset revaluation reserve**	**Hedge reserve**	**Retained earnings**	**Total**
Balance at 1 April 2009	16,379	17,763	97	9,510	43,749
Total comprehensive income for the period					
Loss for the period	-	-	-	(20,011)	(20,011)
Other comprehensive income					
Net change in fair value of cash flow hedges transferred to profit and loss, net of tax	-	-	(97)	-	(97)
Net change in fair value of land and buildings, net of tax	-	(1,044)	-	-	(1,044)
Total other comprehensive income (loss)	-	(1,044)	(97)	-	(1,141)
Total comprehensive income (loss) for the period	-	(1,044)	(97)	(20,011)	(21,152)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share-based payment transactions	44	-	-	-	44
Shares issued under dividend reinvestment plan	345	-	-	-	345
Total contributions by and distributions to owners	389	-	-	-	389
Balance at 31 March 2010	16,768	16,719	-	(10,501)	22,986

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 2011

		Consolidated	
		2011	2010
	Note	$000	$000
Assets			
Current assets			
Cash and cash equivalents	19(a)	485	886
Trade and other receivables	18	7,078	5,918
Inventories	17	7,727	11,782
Biological assets	14	-	1,740
Prepayments	18	1,128	1,174
		16,418	21,500
Assets classified as held for sale	20	14,415	14,500
Total current assets		30,833	36,000
Non-current assets			
Deferred tax assets	16	2,551	2,224
Property, plant and equipment	12	29,399	30,632
Intangible assets	13	10,526	10,120
Total non-current assets		42,476	42,976
Total assets		73,309	78,976
Liabilities			
Current liabilities			
Trade and other payables	25	3,109	6,242
Financial liabilities	22	30,176	44,622
Provisions	23	1,694	1,619
		34,979	52,483
Liabilities directly associated with assets classified as held-for-sale	22	1,402	2,138
Total current liabilities		36,381	54,621
Non-current liabilities			
Trade and other payables	25	506	518
Financial liabilities	22	19,594	770
Provisions	23	224	81
Total non-current liabilities		20,324	1,369
Total liabilities		56,705	55,990
Net assets		16,604	22,986
Equity			
Issued capital	21	16,773	16,768
Other reserves	21	16,719	16,719
Retained earnings		(16,888)	(10,501)
Total equity		16,604	22,986

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 2011

	Note	Consolidated 2011 $000	Consolidated 2010 $000
Cash flows from operating activities			
Cash receipts from customers		57,841	72,409
Cash paid to suppliers and employees		(54,643)	(72,875)
Interest received		16	251
Interest paid		(4,967)	(2,125)
Net cash inflow/(outflow) from operating activities	19(b)	(1,753)	(2,340)
Cash flows from investing activities			
Purchase of property, plant and equipment	19(c)	(275)	(38)
Purchase of intangibles		(2,015)	(1,360)
Proceeds from sale of property, plant and equipment		-	43
Net cash inflow/(outflow) from investing activities		(2,290)	(1,355)
Cash flows from financing activities			
Proceeds from borrowings		4,000	10,000
Payment of finance lease liabilities		(925)	(837)
Dividends paid to company shareholders		-	(734)
Net cash inflow/(outflow) from financing activities		3,075	8,429
Net increase in cash and cash equivalents		(968)	4,734
Cash and cash equivalents at beginning of period		477	(4,257)
Cash and cash equivalents at the end of period	19(a)	(491)	477

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 2011 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 2011 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 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 21 June 2011.

(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 fair value less costs to sell
- land and buildings are measured at fair value
- derivative financial instruments are measured at fair value
- biological assets are measured at fair value less costs to sell

Going Concern

The financial statements have been prepared on a going concern basis which assumes the Group will continue its operations and be able to meets its obligations as and when they become due and payable.

The Group has reported a loss after tax of $6.387 million for the year ended 31 March 2011 (2010: loss after tax of $20.011 million). The 2011 results have been impacted by the following significant items:

- In March 2010 the Directors decided to divest the Northern Territory farming properties as a debt reduction strategy. To date the Group has been unable to sell these assets and they continue to incur both operational costs and holding costs (including interest).
- The intake in 2010 year was the second lowest on record which affected the cost of production and reduced sales volume. High debt means that the Group continues to incur interest costs of $4.7 million per annum.

At 31 March 2011, the Group has an excess of current liabilities over current assets of $5.548 million (2010: excess of current liabilities over current assets of $18.621 million). This deficiency in current assets results from the classification of some of the Group's bank debt as a current liability at 31 March 2011. The Group's total assets exceed total liabilities by $16.604 million at 31 March 2011 (2010: $22.984 million). The longer term viability of the Group is still dependent on sale of assets, principally the Northern Territory farming properties in order to reduce debt. Without the sale of these properties, there exists a material uncertainty over the Group's ability to continue as a going concern.

Renegotiation of banking facilities subsequent to year end

The Group entered into a new Finance Agreement with its bankers on 29 April 2010.which were subsequently varied 22 June 2010. The key terms of these facilities at the date of this financial report were:

- An extension of the expiry date of the N.T. Bridge Facility from 30 October 2010 to 31 July 2011.
- The Group will endeavour to achieve a reduction in aggregate bank debt of at least $7.5 million from the sale of Non-Core Assets by 31 July 2011.
- Subject to the Group achieving debt reduction of at least $7.5 million from the sale of Non-Core Assets by 31 July 2011, the expiry date of the NT Bridge Facility will be further extended from 31 July 2011 to 31 March 2012.
- The Group will offer for sale selected Non-Core Assets and will, following that if required, undertake an equity raising in an endeavour to achieve the reduction of $20 million in the aggregate facilities owing to the bank. Non-Core Assets include the Northern Territory properties, certain other properties and water allocation licences held by the Group.
- The proceeds from the sale of Non-Core Assets must be immediately applied to reduce debt against the variable rate facilities advanced by the bank under the Finance Agreement dated 29 April 2010.

2. Basis of preparation (cont'd)

(b) Basis of measurement (cont'd)

- The Company has provided an undertaking to the bank that if it is required to undertake an equity raising, it will issue a public document to support a capital raising before 31 December 2011 in an endeavour to raise the difference (if any) between the net sale proceeds achieved from the sale of Non-Core Assets and $22.5 million. The balance of proceeds of any equity raising, or an amount of $2.5 million, whichever is the greater, is to be retained by the Group within the business as general working capital.

On 15 June 2011 the Group received a letter of waiver from the National Australia Bank Limited in respect of a number of conditions in PCA's current Finance Agreement as outlined above that are unlikely to be met. The waiver letter means:

1. The requirement to repay $2.0 million of the seasonal facility by 30 June 2011 is waived;
2. The requirement to repay an additional $2.0 million of the seasonal facility by 31 July 2011 is waived;
3. The requirement to repay $7.5 million from sales of non-core assets by 31 July 2011 is waived.
4. The requirement for PCA to issue a prospectus or information memorandum by 31 December 2011 in order to raise up to $22.5 million is waived.

The Group is currently negotiating a new Facility Agreement with its bankers.

(c) Functional and presentation currency

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

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, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs 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 policies that have the most significant effect on the amounts recognised in the financial statements are detailed:

Intangible assets – capitalised development costs (refer Note 13)

The carrying amount of the Group's intangible asset representing the development value of the pure seed cultivar program at 31 March 2011 is $3.884 million (2010: $4.711 million). An impairment review was performed and no impairment was identified at year end.

Valuation of property plant and equipment (refer Note 12)

The Group's land and buildings are carried at fair value at $23.444 million (2010: $24.042 million). Property plant and equipment which have been designated as assets held for sale at this date have been valued at fair value less costs to sell (based on a directors' valuation) at $14.415 million (2010: $14.5 million).

Inventory (refer Note 17)

As at 31 March 2011, and as part of the review to determine the carrying value of inventory, currently $7.727 million (2010:$11.782 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 16)

The Group has carry forward revenue tax losses in respect of which $7.259 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)

(e) Changes in accounting policies

There have been no changes in accounting policies during the year.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities except as explained in Note 2(e).

(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. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

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 either to settle on a net basis and settle the liability simultaneously.

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

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

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.

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%.

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 changes therein are accounted for as described below.

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

Other non-trading derivatives

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

3. Significant accounting policies (cont'd)

(d) Property plant and equipment

(i) Recognition and measurement

Freehold land, and buildings on freehold land

Freehold land, and buildings on freehold land, are measured on a fair value basis. At each reporting date, the Group assesses whether assets are impaired. 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 directly to 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 Statement of Comprehensive Income.
- 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 directly to the asset revaluation reserve.

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)

(e) Intangible assets

Peanut cultivars

(i) Seed 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).

(ii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of capitalised development costs. Following a review the estimated useful life in the current and the comparative period for capitalised development costs was adjusted to five years (previously seven years). Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if necessary.

Queensland - water rights

Water rights represent perpetual water allocation rights and have been recognised at cost. No amortisation is recognised. These rights are assessed annually for impairment in accordance with Note 3 (h).

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.

Northern Territory – rights to use water

Entitlements to use water in the Northern Territory accrue with the ownership of land, and the granting of rights relating thereto are not separately valued and accordingly any value attributable to water is recognised in the carrying value of the land.

(f) 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.

(g) 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 estimated point of sale costs 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.

(h) 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.

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.

3. Significant accounting policies (cont'd)

(h) Impairment (cont'd)

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.

(i) 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.

(j) Employee benefits

(i) Contribution to superannuation funds

Obligations under the Superannuation Guarantee Charge for employee's contributions to be 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.

(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.

3. Significant accounting policies (cont'd)

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

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.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

3. Significant accounting policies (cont'd)

(p) Income tax (cont'd)

(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.

(q) 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.

(r) 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)

(s) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They were available for early adoption at 31 March 2011, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial *Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's 31 March 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 31 March 2012. Due to the recent release of these amendments and that adoption is only mandatory for the 31 December 2013 year end, the entity has not yet made an assessment of the impact of these amendments.
- AASB 1054 *Australian Additional Disclosure* remove the requirement to disclose each class of capital commitment and expenditure commitment contracted for at the end of the reporting period (other than commitments for the supply of inventories). When this Standard is adopted for the first time for the year ended 31 March 2013, the financial statements will no longer include disclosures about capital and other expenditure commitments as these are no longer required by AASB 1054, are not expected to have a significant impact on the financial statements.
- AASB 124 *Related Party Disclosures (revised December 2009).* The amendments, which become effective for reporting periods on or after 1 January 2011 and which apply to the Group relate to the definition of a related party being simplified, clarifying its intended meaning and elimination inconsistencies from the definition. They are not expected to have an impact on the financial statements.

(t) Trustee obligations

A controlled entity, within the consolidated entity, acts as Trustee of the Rural Climate Change Investments Trust. At law, the trustee is liable for the obligations of this Trust and has the right of indemnity against the Trust Assets.

(u) 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 estimated point-of-sale costs. Point-of-sale costs 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 estimated point of sale costs at the date of harvest.

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

As at 31 March there were no biological assets.

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.

Biological assets are measured at their fair value less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get assets to market.

Property, plant and equipment

The fair value of freehold land and buildings recognised is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, and willingly.

Trade and other receivables payables

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

4. Determination of fair values (cont.)

Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

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).

5. Financial risk management

Overview

The Company and Group have exposure to risks from their 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 has established an Audit and Risk Management Committee (ARM), which is responsible for developing and monitoring risk management policies.

The risk management policies identify and analyse the risks faced by the Company and 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 Company's and 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 and the Company’s receivables from customers and growers.

The Company and Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 39 percent (2010: 26 percent) of the Group's revenue is attributable to sales transactions with a single customer. However, geographically there is no concentration of credit risk.

Credit risk on cash

Bank deposits are held with double AA rated institutions associated with National Australia Bank.

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 Company and Group have 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 on demand 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.

Subsequent to year end, the Group has renegotiated its financing facilities. As part of this refinancing , the Group has provided certain undertakings to its bankers to divest non-core assets to reduce debt. This includes the divestment of the Northern Territory properties, which are classified as held for sale at 31 March 2011 (refer Note 20). Details of the renegotiated 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.

		2011	2010	2009	2008	2007
Revenues	$'000	54,946	64,578	71,839	62,895	59,249
Earnings (loss) before interest, tax, depreciation and amortisation (EBITDA)	$'000	1,112	(23,965)	7,567	7,577	5,685
Earnings (loss) before interest and tax (EBIT)	$'000	(2,005)	(26,701)	4,988	5,237	3,416
Net operating profit (loss) before tax (NPBT)	$'000	(6,711)	(28,575)	2,713	3,331	2,422
Net operating profit (loss) after tax (NPAT)	$'000	(6,387)	(20,011)	3,597	2,377	1,834
Total assets	$'000	73,309	78,974	100,959	83,821	56,164
Net assets per share		$2.28	$3.16	$6.08	$6.32	$5.40
Earnings per share		($0.89)	($2.76)	$0.54	$0.52	$0.43
Diluted earnings per share		($0.89)	($2.76)	$0.51	$0.52	$0.42
Dividends per share (see note 1 below)		-	-	$0.25	$0.20	$0.56
Issued shares		7,269,106	7,269,106	7,191,378	5,274,090	4,311,937
Weighted average number of shares		7,269,106	7,262,809	6,710,991	4,557,449	4,311,937

Note 1 - Dividend per share in year ended 31 March 2007 included a special dividend of $0.50.

There were no changes in the Group's approach to capital management during the year. 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 the provision of management accounts each month and compliance with covenants in respect of cash flow and inventory.

6. Rural Climate Change Investments Trust

The Rural Climate Change Investments Trust (RCCIT) was formed for the purpose of acquiring Taylors Park and Eagle Park, the properties purchased for the Group's expansion into peanut and cropping operations in the Northern Territory (NT).

The Company has 100% ownership of the units in RCCIT. As part of creating RCCIT, Rural Climate Change Pty Ltd (the Corporate Trustee of RCCIT) was incorporated. The Company also owns 100% of the issued capital of this corporate entity. RCCIT in its own right owns the NT property and leases it to the Company on commercial terms, who in turn manages and operates farming operations.

Security for the finance facilities provided to RCCIT is by way of a fixed and floating charge over the assets of RCCIT.

7. Revenue

	Consolidated 2011 $000	Consolidated 2010 $000
From continuing operations		
Sale of goods	54,013	64,578
	54,013	64,578
From discontinuing operations		
Sale of goods	1,492	-
	1,492	-

8. Other income

	2011 $000	2010 $000
Sundry income	175	34
Net gain on disposal of property, plant and equipment	53	7
	228	41

9. Other expenses

	Consolidated 2011 $000	Consolidated 2010 $000
Profit(loss) before income tax includes the following specific expenses:		
Amortisation expense		
Plant and equipment under finance lease	170	238
Gene Pool	1,609	755
	1,779	993
Depreciation expense		
Buildings	595	615
Plant and equipment	743	915
	1,338	1,530
Impairment		
Property, plant and equipment	-	6,335
	-	6,335
Employee benefits	11,316	13,408
Research and development	7	-
Finance Costs		
Interest paid/payable	1,582	1,028
Fee expense on financial liabilities	1,268	951
Finance charges under finance leases and hire purchase contracts	109	31
Net foreign exchange (gain)/loss	(127)	115
Total finance costs expensed	2,832	2,125
Operating lease expense	484	481
Share based payments expense	5	44
Write-down of inventories to net realisable value	241	-
Net loss on disposal of property, plant and equipment	20	-

10. Personnel expenses

	Consolidated 2011 $000	Consolidated 2010 $000
Wages, salaries and related on costs	11,316	13,408

During the year ended 31 March 2011, the Group made contributions to defined contribution superannuation funds. The amount recognised as an expense was $1.054 million (2010: $0.932 million).

11. Income tax expense (benefit)

	Consolidated 2011 $000	Consolidated 2010 $000
(a) The components of tax expense comprise:		
Current tax expense	(7,503)	-
Deferred tax expense	6,932	(8,376)
Under provision from prior periods	1,700	(188)
Income tax expense/(benefit) attributable to continuing operations	1,129	(8,564)
(b) The prima facie tax on profit (loss) before income tax is reconciled to the income tax expense as follows:		
Profit (loss) for period before tax	(1,859)	(28,575)
Profit (loss) for discontinuing operations before tax	(4,856)	-
Income tax thereon at 30% (2010: 30%)	(2,015)	(8,573)
Under (over) provided prior year	1,700	(188)
Permanent differences		
Investment allowance	-	(22)
Capital raising costs	(18)	18
Non-deductible legal expenses	-	9
Non-deductible other expenses	3	9
Non-deductible impairment arising from land and buildings	-	945
Share based payment expense	2	13
Research and development (note 1)	-	(775)
Aggregate income tax expense (benefit) on pre-tax profit	(328)	(8,564)
Aggregate income tax expense (benefit) is attributable to:		
Continuing operations	1,129	(8,564)
Discontinuing operations	(1,457)	-
	(328)	(8,564)

Note 1

The Group undertakes projects qualifying for research and development tax concessions under section 73B of the Income Tax Assessment Act including projects associated with the development in the farming operations in the Northern Territory. In the determination of the income tax expense (benefit), the research and development concessions are recognised in the year the activities are undertaken.

Income tax recognised in other comprehensive income

	Consolidated ($'000) 2011 Before tax	2011 Tax (expense) benefit	2011 Net of tax	2010 Before tax	2010 Tax (expense) benefit	2010 Net of tax
Revaluation of property	-	-	-	(1,491)	(447)	(1,044)
Hedge reserve	-	-	-	(139)	(42)	(97)
	-	-	-	(1,630)	(489)	(1,141)

12. Property plant and equipment

	Consolidated 2011 $000	Consolidated 2010 $000
Land		
At fair value	6,065	6,069
Total land	6,065	6,069
Buildings		
At cost	24	-
At fair value	17,958	20,453
Accumulated depreciation	(603)	(2,480)
Total buildings	17,379	17,973
Total land and buildings	23,444	24,042
Plant and equipment		
At cost	30,459	29,044
Accumulated depreciation	(25,525)	(23,808)
	4,934	5,236
Leased plant and equipment		
At cost	1,251	2,553
Accumulated amortisation	(334)	(1,215)
	917	1,338
Plant and equipment under construction	104	16
Total plant and equipment	5,955	6,590
Total non-current property, plant and equipment	29,399	30,632

12. 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	
	2011	2010
	$000	$000
Land		
Carrying amount at beginning of financial year	6,069	24,628
Additions	-	487
Disposals	-	-
Transfers	(4)	602
Net revaluations	-	(16)
Impairment losses:		
-recognised against previous revaluation increment in equity	-	(2,128)
-recognised in loss for the year		(6,820)
Depreciation	-	-
Transfer to assets held for sale	-	(10,684)
Carrying amount at end of financial year	6,065	6,069
Buildings		
Carrying amount at beginning of financial year	17,973	18,111
Additions	24	-
Disposals	(20)	(10)
Transfers	(3)	662
Net revaluations	-	1,345
Impairment losses:		
- recognised against previous revaluations increment in equity	-	(662)
- recognised in loss for the year	-	(29)
Depreciation	(595)	(668)
Transfer to assets held for sale	-	(776)
Carrying amount at end of financial year	17,379	17,973
Plant & Equipment		
Carrying amount at beginning of financial year	5,236	8,119
Additions	161	3
Disposals	(2)	(29)
Transfers	282	1,820
Impairment losses:		
- recognised in loss for the year	-	(1,927)
Depreciation	(743)	(989)
Transfer to assets held for sale	-	(1,761)
Carrying amount at end of financial year	4,934	5,236
Leased Plant & Equipment		
Carrying amount at beginning of financial year	1,338	2,109
Additions	25	-
Disposals	-	-
Transfers	(276)	1,581
Impairment losses:		
- recognised in loss for the year	-	(979)
Depreciation	(170)	(324)
Transfer to assets held for sale	-	(1,049)
Carrying amount at end of financial year	917	1,338
Capital Works in Progress		
Carrying amount at beginning of financial year	16	3,973
Additions	87	1,539
Transfers	1	(4,665)
Impairment losses:		
- recognised in loss for the year	-	(599)
Transfer to assets held for sale	-	(232)
Carrying amount at end of financial year	104	16

12. Property plant and equipment (cont'd)

(a) Assets held for sale - property plant & equipment in Northern Territory

The directors resolved in March 2010 to dispose of the Northern Territory properties by auction, and accordingly Accounting Standard AASB 5: *Non-current Assets Held for Sale and Discontinued Operation* was adopted with the value of these properties being transferred from non-current assets to current assets.

The fair value determined for the property plant and equipment was assessed by directors at $14.5 million having regard to marketing carried out to date. As a result of this overview, The Group recognised a decrement in the carrying value of $13.115 million with the asset revaluation reserve being reduced by $1.953 million. Efforts to sell the assets have been unsuccessful to date but are continuing.

(b) Fair value of land and buildings

As disclosed in Note 3(d), the Group's land and buildings are measured on a fair value basis. No valuations of land and buildings except for the Northern Territory properties were conducted in the financial year.

In March 2010 the Directors have recognised an increment in the fair value of land and buildings amounting to $1.31 million with such value being based on independent valuations undertaken in November 2007 and updated in March 2010 with the amount of $0.91 million being credited to the asset revaluation reserve after recognising $0.39 million as a deferred tax liability. Impairment details are listed below:

	Consolidated 2011 $000	2010 $000
Impairment of Land		
Impairment recognised against previous revaluation increment in equity	-	(2,128)
Impairment recognised in loss for the year	-	(6,820)
Total impairment of land	-	(8,948)
Impairment of Buildings		
Impairment recognised against previous revaluation increment in equity	-	(662)
Impairment recognised in loss for the year	-	(29)
Total impairment of buildings	-	(691)
Impairment of Plant and Equipment		
Impairment recognised in loss for the year	-	(1,927)
Total impairment of plant and equipment	-	(1,927)
Impairment of Leased Plant and Equipment		
Impairment recognised in loss for the year	-	(979)
Total impairment of leased plant and equipment	-	(979)
Impairment of Capital Works in Progress		
Impairment recognised in loss for the year	-	(599)
Total impairment of capital works in progress	-	(599)

(c) 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 2011, the net carrying amount of the Group's leased plant and machinery was $0.917 million (2010: $1.338 million). The leased equipment secures lease obligations (see Note 22).

(d) Security

At 31 March 2011, land and buildings with a carrying value of $23.444 million and assets held for sale of $14.415 million (2010: $24.042 million and assets held for sale of $14.500 million) are subject to a registered mortgage to secure bank loans (see Note 22).

(e) Historical cost depreciation

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

	2011 $000
Cost	
Accumulated depreciation	12,763
Carrying amount at end of financial year	(603)
	12,160

13. Intangible assets

	Consolidated 2011 $000	Consolidated 2010 $000
Development costs – Gene pool		
At cost	11,694	10,912
Accumulated amortisation (and impairment)	(7,810)	(6,201)
	3,884	4,711
Water rights		
At cost	6,642	5,409
Accumulated impairment	-	-
	6,642	5,409
Total intangible assets	10,526	10,120

Reconciliations

	Consolidated 2011 $000	Consolidated 2010 $000
Gene pool		
Carrying amount at beginning of year	4,711	4,515
Additions – internal development	782	951
Amortisation recognised	(1,609)	(755)
Carrying amount at end of year	3,884	4,711
Water rights		
Carrying amount at beginning of year	5,409	5,000
Additions	1,233	409
Carrying amount at end of year	6,642	5,409

Amortisation and Impairment Charge

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

	Consolidated 2011 $000	Consolidated 2010 $000
Cost of sales	1,609	755
	1,609	755

13. Intangible assets (cont'd)

Other Disclosures

Intangible assets include Gene Pool with a carrying value of $3.884 million. The amortisation period relating to the gene pool is 5 years.

(a) 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 $3.884 million (2010: $4.711 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. As a result the amortisation of peanut cultivars has been decreased from seven years to five years which had a one-off adjustment to amortisation of $808,000 in this financial year.

(b) Water rights

Water rights are carried at cost 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.

(c) Recoverability of water rights

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.

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 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 which is required by the Accounting Standard *AASB 136 Impairment of Assets.*

Cash flows were projected over a five year period based on improving intake over that period using a growth rate of 2.5% and a pre-tax index adjusted discount rate of 11.3%, which equates to a pre-tax weighted average cost of capital (WACC).

The net present value of 5 years of cash flows was calculated to be in excess of 37% greater than the current value of operating assets. If the growth rate reduced to 2.0% per annum over the five year period the excess of cash flows to current value of operating assets decreased to 30.7%. If the pre-tax WACC increased to 13% then the excess of cash flows to current value of operating assets decreased to 12.7%.

14. Biological assets

	Consolidated 2011 $000	Consolidated 2010 $000
Biological Asset Peanuts		
Balance at beginning of the year	749	5,830
Change in fair value less costs to sell	(780)	(3,974)
Increase due to purchases	1,908	3,568
Decreases due to harvest	(1,877)	(4,675)
Balance at end of the year	-	749
Biological Asset Corn		
Balance at beginning of the year	206	302
Change in fair value less costs to sell	(36)	(115)
Increase due to purchases	289	788
Decreases due to harvest	(459)	(769)
Balance at end of the year	-	206
Biological Asset Other		
Balance at beginning of the year	785	827
Change in fair value less costs to sell	742	(1,216)
Increase due to purchases	707	2,216
Decreases due to harvest	(2,234)	(1,042)
Balance at end of the year	-	785
	-	1,740

	Peanuts	Corn	Other
Areas planted as at:	**Ha**	**Ha**	**Ha**
Year ended 31 March 2011	496	198	1,627
Year ended 31 March 2010	86	96	2,305
Production for:	**Tonnes**	**Tonnes**	**Tonnes**
Year ended 31 March 2011	1,482	1,421	4,602
Year ended 31 March 2010	1,650	2,045	12,644

Risks

The Group is exposed to a number of risks relating to its peanut and crop farming as follows:

- **Regulatory and environmental risks**
  The Group is subject to laws and regulations in Queensland and the Northern Territory where it conducts its farming operations and has established environmental policies and procedures aimed at compliance with these laws and regulations. Management performs regular reviews to identify risks and to ensure that systems are in place to adequately manage those risks.
- **Farming and climate risks**
  The Group is exposed to the general farming risks brought about by excessive rain, droughts, unseasonal weather patterns and disease. Management determine planting programs which take account of these risks there by mitigating against financial exposure. In relation to disease, management have extensive agronomic programs in place.

15. Controlled entities in the Group

The consolidated financial statements at 31 March 2011 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 2011 %	Ownership interest 2010 %
Rural Climate Change Investments Trust	Australia	100	100
Rural Climate Change Pty Ltd	Australia	100	100
PMB Australia Pty Ltd	Australia	100	100

16. Deferred tax assets and liabilities

Consolidated	Assets 2011 $000	Assets 2010 $000	Liabilities 2011 $000	Liabilities 2010 $000	Net 2011 $000	Net 2010 $000
Property, plant and equipment	941	1,415	(5,127)	(6,281)	(4,186)	(4,866)
Intangible assets	-	-	(1,165)	(1,935)	(1,165)	(1,935)
Other	87	198	-	(73)	87	125
Leases	-	220	(93)	-	(93)	220
Provisions	649	1,039	-	-	649	1039
Derivatives – hedge reserve	-	-	-	-	-	-
Tax losses carry forward recognised	7,259	7,641	-	-	7,259	7,641
Net tax assets/(liabilities)	8,936	10,513	(6,385)	(8,289)	2,551	2,224

Movement in temporary differences during the year

Consolidated 2011

	1 April 2010 $000	Recognised in Income $000	31 March 2011 $000
Property, plant and equipment	(4,866)	680	(4,186)
Intangible assets	(1,935)	770	(1,165)
Other	125	(38)	87
Leases	220	(313)	(93)
Provisions	1,039	(390)	649
Tax losses	7,641	(382)	7,259
	2,224	327	2,551

Consolidated 2010

	1 April 2009 $000	Recognised in Income $000	Recognised in Equity $000	31 March 2010 $000
Property, plant and equipment	(6,315)	1,002	447	(4,866)
Intangible assets	(3,443)	1,508	-	(1,935)
Other	(26)	151	-	125
Leases	(18)	238	-	220
Provisions	640	399	-	1,039
Derivatives – hedge reserve	(42)	-	42	-
Tax losses	2,494	5,147	-	7,641
	(6,710)	8,445	489	2,224

The deferred tax assets in relation to capital losses of $0.945 million have not been recognised as their recovery is not probable. Deferred tax assets arising from losses incurred are expected to be recoverable over time with a normal intake and sale of the Northern Territory properties which will reduce costs and interest.

17. Inventories.

	Consolidated 2011 $000	Consolidated 2010 $000
Raw materials	1,463	1,352
Work in progress	1,009	5,990
Finished goods – at net realisable value	5,255	4,440
	7,727	11,782

At 31 March 2011, the adjustment to reduce inventory to net realisable value amounted to $241,000 (2010: $285,000) with such adjustments being included in cost of goods sold in the profit and loss.

18. Trade and other receivables

	Consolidated 2011 $000	Consolidated 2010 $000
Current		
Trade receivables	5,599	4,810
Allowance for doubtful debts	(4)	(18)
Grower receivables	1,406	1,192
	7,001	5,984
Derivative liability	-	(88)
Other receivables	77	22
Trade and other receivables	7,078	5,918
Prepayments	1,128	1,174
	8,206	7,092

Age analysis of receivables that are past due but not impaired at the end of the reporting period.

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

	Gross 2011 $000	Impairment 2011 $000	Gross 2010 $000	Impairment 2010 $000
Not past due	4,531	-	4,558	-
Past due 0-30 days	809	-	403	-
Past due 31-120 days	1,473	-	1,017	-
Past due 121 days to one year (see (1) note below)	192	4	24	18
More than one year	-	-	-	-
	7,005	4	6,002	18
Net trade receivables	7,001		5,984	

Notes

(1) 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.

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 2011 $000	Consolidated 2010 $000
Analysis of Allowance Account		
Opening Balance	18	51
Provisions for doubtful receivables	4	18
Reversal of amounts provided	(18)	(51)
Closing balance	4	18

19(a) Cash and cash equivalents

	Consolidated 2011 $000	Consolidated 2010 $000
Cash at bank and in hand	485	886

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:

	Consolidated 2011 $000	Consolidated 2010 $000
Balances as above	485	886
Bank overdrafts	(976)	(409)
Balances per statement of cash flows	(491)	477

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 26.

19(b) Reconciliation of profit after income tax to net cash flow from operating activities

	Consolidated 2011 $000	Consolidated 2010 $000
Profit (loss) for the year	(6,387)	(20,011)
Depreciation and impairment	3,117	13,061
Fair value gains on financial assets at fair value through profit or loss	-	(7)
Share based payments	5	-
Change in operating assets (net of impact from purchase of controlled entity)		
- (Increase)/decrease in trade debtors	(1,160)	1,418
- (Increase)/decrease in prepayments	-	180
- (Increase)/decrease in inventories	4,055	6,256
- (Increase)/decrease in biological assets	1,869	5,219
- (Increase)/decrease in deferred tax assets	325	(8,564)
- Increase/(decrease) in trade creditors	(3,145)	316
- Increase/(decrease) in other provisions	218	(208)
Net cash flow from operating activities	(1,753)	(2,340)

19(c) Reconciliation of investing and financing activities

During the year the Group purchased property, plant and equipment for $296,086 of which $25,000 was funded by lease borrowings.

20. Assets classified as held for sale

	Consolidated 2011 $000	Consolidated 2010 $000
Land	10,914	10,914
Buildings	776	776
Plant and equipment	1,725	1,762
Leased assets	1,000	1,048
	14,415	14,500

21. Capital and reserves

(i) Share capital

	2011 Number	2010 Number
Number of shares on issue at 1 April	7,269,106	7,191,378
Shares issued		
Shares issued through dividend reinvestment plan (May 2009)	-	77,728
Number of shares on issue at 31 March	7,269,106	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.

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

2011

No dividends were declared or paid during or since the year ended 31 March 2011. There has been no dividend declared in respect of the results for the year ended 31 March 2011.

2010

The dividend declared in the prior year amounting to $1,078,707 (based on issued shares of 7,191,378 shares) had a payment date of 1 May 2009. For those shareholders who had elected to participate in the Dividend Reinvestment Plan, 77,728 shares were issued at the time of the dividend payment in May 2009.

There has been no dividend declared in respect of the results for the year ended 31 March 2010.

(iii) Dividend franking account

	Consolidated	
	2011 $000	2010 $000
30% franking credits available to shareholders of Peanut Company of Australia Limited for subsequent financial years	2,067	2,067

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.

21. Capital and reserves (cont'd)

(iv) Earnings per share

The calculation of basic earnings per share at 31 March 2011 was based on the loss attributable to ordinary shareholders of $6.387 million (2010: loss of $20.011 million). The weighted average number of ordinary shares at 31 March 2011 was 7,269,106 (2010: 7,262,809).

The calculation of diluted earnings per share at 31 March 2011 was based on the loss attributable to ordinary shareholders of $6.387 million (2010: $20.011 million loss). The weighted average number of ordinary shares after adjusting for the affects of all dilutive potential ordinary shares at 31 March 2011 was 7,269,106 (2010: 7,262,809).

Ordinary shares

	2011	**2010**
Number issued at 31 March	7,269,106	7,269,106
Weighted average number issued at 31 March	7,269,106	7,262,809
Potentially dilutive instruments on issue at 31 March	390,275	410,275
Basic earnings per share	($0.88)	($2.76)
Diluted earnings per share	($0.88)	($2.76)

Share option (refer note 24) could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are anti-dilutive.

22. Financial Liabilities

	Consolidated	
	2011	**2010**
	$000	**$000**
Current		
Secured		
Bank overdrafts	976	409
Bank loans	29,000	44,000
Lease liabilities	200	213
Total current financial liabilities	30,176	44,622
Liabilities directly associated with assets classified as held for sale		
Secured		
Lease liabilities	1,402	2,138
Non-Current		
Secured		
Bank loans	19,000	
Lease liabilities	594	770
Total secured non-current financial liabilities	19,594	770
Total non-current financial liabilities	19,594	770

Bank overdrafts

Bank overdrafts are repayable on demand and currently bear interest at a floating rate of 12.51% (2010: 9.83%).

Assets pledged as security

The bank loans are secured by first mortgages over the Groups' freehold land and buildings.

Lease liabilities are secured over the rights to the leased assets recognised in the statement of financial position which will revert to the lessor if the Group defaults.

Fair value

The carrying amounts and fair values of finance liabilities at the end of the reporting period are:

Group		**2011**		**2010**	
		Carrying Amount $000	**Fair Value $000**	**Carrying Amount $000**	**Fair Value $000**
Recognised in the statement of financial position					
Bank overdrafts	Note 1	976	976	409	409
Bank loans	Note 1	48,000	48,000	44,000	44,000
Lease liabilities	Note 1	2,196	2,196	3,121	3,121
		51,172	51,172	47,530	47,530
Continuing operations		49,770	49,770	45,392	45,392
Discontinuing operations		1,402	1,402	2,138	2,138
		51,172	51,172	47,530	47,530

Note 1 Interest rate

Secured bank loan

The secured bank loan is in the form of bills payable and is 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. All bills are denominated in Australian dollars. Bills payable are carried on the balance sheets at their principal amount.

The weighted average interest rate on the bills at 31 March 2011 is 5.52% pa (2010: 6.91% pa).

22. Financial Liabilities (cont'd)

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 2011 is 8.4% pa (2010: 8.4% pa) and is fixed for three 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 2011, the bank overdraft interest rate was 12.51% pa (2010: 9.83% 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 $43.814 million as at 31 March 2011 (2010: $45.132 million). The carrying value of water rights also pledged as security of the Group's financing facilities was $6.642 million (2010: $5.409 million). Refer to Note 12 and 13.

Renegotiation of banking facilities subsequent to year end

The Group is negotiating a new Finance Agreement with its bankers. Prior to the new Facility Agreement the National Australia Bank has agreed to waive some conditions of the current agreement. These waivers are disclosed in Note 2 (b).

23. Provisions

	Consolidated	
	2011 $000	**2010 $000**
Current		
Employee benefits	1,359	1,619
Warranties/Claims	335	-
	1,694	1,619
Non-current		
Employee benefits	224	81
	224	81

	Warranties /Claims $000
Balance at beginning of the year	-
Provisions made during the year	895
Provisions used during the year	(278)
Provisions reversed during the year	(282)
Increase in discount due to time and change in the discount rate	-
Balance at end of year	335
Current	335
Non-current	-
	335

An amount of $185,000 has been provided against a claim from a supplier for imported peanuts as they were supplied out of specification.

An amount of $150,000 has been provided relating to a claim by a peanut harvesting contractor following the decision not to continue growing peanuts in the Northern Territory.

24. 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.

2011

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	24,000
01/07/2008	30/06/2012	4.45	100,000	-	(20,000)	-	-	80,000	-
01/05/2008	31/03/2012	3.75	286,275	-	-	-	-	286,275	286,275
Total			410,275	-	(20,000)	-	-	390,275	310,275
Weighted Average Exercise Price			$3.40	-	$4.45	-	-	$3.90	$3.72

2010

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
11/12/2002	18/12/2012	3.40	24,000	-	-	-	-	24,000	24,000
01/07/2008	30/06/2012	4.45	150,000	-	(50,000)	-	-	100,000	-
01/05/2008	31/03/2012	3.75	286,275	-	-	-	-	286,275	286,275
Total			460,275	-	(50,000)	-	-	410,275	310,275
Weighted Average Exercise Price			$3.90	-	$4.45	-	-	$3.87	$3.72

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.

24. Share based payments (cont'd)

(i) Options (cont'd)

	Number of Instruments
Outstanding Options as at 31 March 2011	
Options granted to senior employees on 11 December 2002	24,000
Options granted to management personnel on 1 July 2008	80,000
Options granted to former Managing Director	286,275
	390,275
Outstanding Options as at 31 March 2010	
Options granted to senior employees on 11 December 2002	24,000
Options granted to management personnel on 1 July 2008	100,000
Options granted to former Managing Director	286,275
	410,275

The options outstanding at 31 March 2011 have an exercise price in the range of $3.40 to $4.45 (2010: $3.40 to $4.45) and a weighted average contractual life of 1.1 years (2010: 2.1 years).

There were no share options exercised during the year ended 31 March 2011 (2010: nil).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black - Scholes option pricing model with the following inputs:

(ii) Employee expenses

	Consolidated 2011 $000	2010 $000
Share options vested in the year ended 31 March	-	44
Issue of shares	-	-
Total expense recognised as employee cost	-	44

25. Trade and other payables

	Consolidated 2011 $000	2010 $000
Current		
Trade payables	1,067	6,242
Other payables	2,042	-
	3,109	6,242
Non-current		
Revolving levy	506	518
	506	518

The revolving levy is an unsecured, non-interest bearing loan with no fixed repayment date.

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.

Refer to Note 5 for more details.

Exposure to credit risk

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

		2011	**2010**
	Note	**$000**	**$000**
Cash and cash equivalents	19(a)	485	886
Trade receivables	18	7,001	5,984
		7,486	6,870

26. Financial instruments (cont'd)

(b) Liquidity risk

Consolidated	**Year ended 31 March 2011 ($000)**				
	Carrying amount	**Contractual cash flow**	**Within 12 months**	**1 – 5 years**	**More than 5 years**
Non derivative financial instruments					
Secured bank loans	48,000	55,187	31,340	23,847	-
Finance lease liabilities	2,196	2,478	719	1,759	-
	50,196	57,665	32,059	25,606	-
Overdraft	976	976	976	-	-
Total	51,172	58,641	33,035	25,606	-
Continuing operations	49,770	57,077	32,579	24,498	-
Discontinuing operations	1,402	1,564	456	1,108	-
	51,172	58,641	33,035	25,606	-
Other financial liabilities:					
Trade payables	3,109	3,109	3,109	-	-
Revolving levy	506	506	-	-	506
	3,615	3,615	3,109	-	506

Consolidated	**Year ended 31 March 2010 ($000)**				
	Carrying amount	**Contractual cash flow**	**Within 12 months**	**1 – 5 years**	**More than 5 years**
Non derivative financial instruments					
Secured bank loans	44,000	44,000	44,000	-	-
Finance lease liabilities	3,121	3,662	1,144	2,518	-
	47,121	47,662	45,144	2,518	-
Overdraft	409	409	409	-	-
Total	47,530	48,071	45,553	2,518	-
Continuing operations	45,392	45,586	44,700	886	-
Discontinuing operations	2,138	2,485	853	1,632	-
	47,530	48,071	45,553	2,518	-
Other financial liabilities:					
Trade payables	6,242	6,242	6,242	-	-
Revolving levy	518	518	-	-	518
	6,760	6,760	6,242	-	518

Refer to Note 2 (b) for details of renegotiation of the secured bank facilities subsequent to 31 March 2010.

At 31 March 2010, the Group was in breach of its banking arrangements as it had failed to meet reporting obligations imposed by National Australia Bank. A letter of waiver was provided by the National Australia Bank in respect of these breaches and a new Finance Agreement was entered into 29 April 2010.

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 up to 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.

	2011 USD '000	2010 USD '000
Trade receivables	161	188
Trade payables	(120)	(1,164)
Total balance sheet exposure	41	(976)
Estimated forecast sales	615	163
Estimated forecast purchases	(9,888)	(4,239)
Gross exposure	(9,273)	(4,076)
Forward exchange contracts	-	3,000
Net exposure	9,232	2,052

The following significant exchange rates applied during the year:

	Average rate 2011	2010	Reporting date spot 2011	2010
USD	0.947	0.86	0.998	0.932

(d) Interest rate risk

Profile

The Group regularly monitors it's 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 Company's and the Group's interest-bearing financial instruments was:

	Consolidated Carrying amount	
	2011 $000	2010 $000
Fixed rate instruments		
Cash assets	485	886
Bank overdraft	(976)	(409)
Financial liabilities	(19,000)	(19,000)
Finance leases	(2,196)	(3,121)
	(21,687)	(21,644)
Variable rate instruments		
Financial liabilities	(29,000)	(25,000)

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.

26. Financial instruments (cont'd)

(d) Interest rate risk (cont'd)

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 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 2010.

	Profit and Loss			
	2011		2010	
Consolidated	**100bsp Increase**	**100bsp decrease**	**100bsp increase**	**100bsp decrease**
Variable rate instrument	(290)	290	(250)	250

(e) Fair values

Fair values versus carrying amounts

The fair values together with the carrying amounts approximate to fair values for all assets and liabilities.

27. Capital and other commitments

	Consolidated 2011 $000	Consolidated 2010 $000
Capital commitments		
Property, plant and equipment		
Payable:		
Within one year	29	157
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	29	157
Intangible assets		
Payable:		
Within one year	862	833
Later than one year but not later than 5 years	2,773	3,635
Later than 5 years	-	-
	3,635	4,468

	Consolidated 2011 $000	Consolidated 2010 $000
Lease commitments		
Non-cancellable operating leases – future minimum lease payments		
Payable:		
Within one year	428	306
Later than one year but not later than 5 years	269	285
Later than 5 years	-	-
	697	591

Leases include:
Pivots in Northern Territory to 26/8/12
Pivot in Northern Territory to 27/8/12
Pivot in Northern Territory to 23/9/12
3 Pivots in Northern Territory to 18/3/13
3 Pivots in Northern Territory to 30/4/13
Pumps to 24/5/13
Pumps to 31/7/13
Colour sorter to 29/5/12
GPS Ag Guidance System to 26/8/12
Helius Colour Sorter to 22/2/14
Olfactory Detector to 22/4/14

	Consolidated 2011 $000	Consolidated 2010 $000
Finance lease – non-cancellable		
Payable:		
Within one year	719	1,144
Later than one year but not later than 5 years	1,759	2,518
Later than 5 years	-	-
Total future minimum lease payments	2,478	3,662
Total future finance charges	(282)	(541)
Lease liabilities	2,196	3,121
Lease liabilities are represented in the financial statements as follows:		
Current (note 22)	1,602	2,351
Non-current (note 22)	594	770
	2,196	3,121

28. Contingencies

Bank Guarantee

National Australia Bank has provided a bank guarantee, at the Company's request, to the Commonwealth Bank of Australia (CBA) that guarantees the balances outstanding on finance leases remaining with the CBA. The maximum exposure of the guarantee provided is $0.525 million (2009 $1.4 million).

29. Related parties

(a) Key management personnel compensation

The key management personnel compensation is included in the Directors Report in Section 5:

	Consolidated 2011 $	Consolidated 2010 $
Short-term employee benefits	1,409,310	1,628,484
Post-employment benefits	79,358	98,738
	1,488,668	1,727,222

(b) Movements in options over equity instruments in the year ended 31 March 2011

During the reporting period, options over ordinary shares in Peanut Company of Australia Limited held directly by each key management person (past and current as noted above) is as follows :–

As at 31 March 2011 no directors or executives held options over shares in Peanut Company of Australia Limited. In the year ended 31 March 2010 a summary of the position:

	Held at 1 April 2009	Lapsed	Held at 31 March 2010	Vested during the year	Vested and exercisable at 31 March 2010	Vested and unexercisable at 31 March 2010
Directors						
Bob Hansen	286,275	-	286,275	143,138	286,275	-
Executives						
David Clark	50,000	50,000	-	-	-	-
Kevin Norman	20,000	-	20,000	-	-	-
Tricia Freeman	20,000	-	20,000	-	-	-
Andrew Simon	20,000	-	20,000	-	-	-
Graeme Wright	20,000	-	20,000	-	-	-

(c) Movements in shares held by key management persons in the year ended 31 March 2011

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 (past and current as noted above), including their related parties, are as follows:

	Held at 1 April 2010	Notional transfer on resignation/ Appointment	Held at 31 March 2011
Directors			
Ian Langdon	73,561	-	73,561
Niven Hancock	44,174	-	44,174
Philip Tunstall (note 1)	1,801,039	(1,801,039)	-

Notes

1. Shareholding by GPG Nominees Pty Ltd

The shareholding attributed to Philip Tunstall in the above table relates to shares registered in the name of GPG Nominees Pty Ltd, and associated entity of his employer, Guinness Peat Group (Australia) Pty Limited. He has no beneficial interest in the shares. Philip Tunstall was appointed a director on 19 March 2010 and resigned on 17 January 2011.

No shares were granted to key management personnel during the reporting period as compensation in the year ended 31 March 2010.

No shares, other than those included above, were held by related parties of key management personnel.

29. Related parties (cont'd)

(d) Movements in shares held by key management persons in the year ended 31 March 2010

The movement 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, is as follows:

	Held at 1 April 2009	DRP allotment 1 May 2009	Notional transfer on resignation/ Appointment	Held at 31 March 2010
Directors				
Ian Langdon	71,162	2,399	-	73,561
Niven Hancock	44,174	-	-	44,174
Ross Burney (note 1)	1,742,309	58,730	(1,801,039)	-
Philip Tunstall (note 1)	-	-	1,801,039	1,801,039
Robert Hansen (note 2)	448,784	-	(448,784)	-

Notes

1. Shareholding by GPG Nominees Pty Ltd

The shareholding attributed to Ross Burney in the above table relates to shares registered in the name of GPG Nominees Pty Ltd, an associated entity of his former employer, Guinness Peat Group (Australia) Pty Limited. He had no beneficial interest in the shares. Ross Burney resigned from his position with Guinness Peat Group (Australia) Pty Limited on 31 January 2010, and as a director of Peanut Company of Australia Limited on 15 April 2010.

The shareholding attributed to Philip Tunstall in the above table relates to shares registered in the name of GPG Nominees Pty Ltd, and associated entity of his employer, Guinness Peat Group (Australia) Pty Limited. He has no beneficial interest in the shares. Philip Tunstall was appointed a director on 19 March 2010.

2. Shareholding by Robert Hansen

Robert Hansen resigned as a director on 24 August 2009.

(e) 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-director related entities on an arm's length basis.

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

Consolidated and Company	Transactions	Note	Transaction value 2011 $	Transaction value 2010 $	Net balance owing 2011 $	Net balance owing 2010 $
Niven Hancock		(1)				
	Contract harvesting services		308,598	409,702	-	5,528
	Purchase of consumable supplies		10,245	62,073	869	-
	Net balance owing				869	5,528
Ross Burney		(2)				
	Purchase of peanuts		-	3,083,572	-	413,910
	Net balance owing				-	413,910
Philip Tunstall		(2)				
	Purchase of peanuts		1,214,453	-	-	-
	Net balance owing				-	-

Notes

1. Niven Hancock provides contract harvesting services to the Company at its Northern Territory farms on commercial terms and conditions and as part of these activities, he purchases from the Company consumable supplies on similar terms.

2. Sales of peanut products were made to Greens General Food Pty Ltd an entity in which GPG Nominees Pty Ltd has a 72.5% interest. GPG Nominees Pty Ltd is also a substantial shareholder in PCA and a related entity of Ross Burney's former employer and now Philip Tunstall's employer, Guinness Peat Group (Australia) Pty Limited. Sales made to Greens General Foods Pty Ltd are made on normal commercial terms and conditions.

From time to time, key management personnel of the Group, and controlled entities, 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.

30. Subsequent events

Renegotiation of banking facilities

Refer to Note 2 (b).

31. Auditors' remuneration

	Consolidated	
	2011	**2010**
Audit services	**$**	**$**
Amounts paid / payable to BDO Audit (QLD) 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 2011	122,365	-
Amounts paid / payable to KPMG for audit or review of the financial statements for the entity or any entity in the group relating to the year ending 31 March 2010.	68,241	172,440
	190,606	172,440
Taxation services		
Amounts paid/payable to BDO Audit (QLD) Pty Ltd for non-audit taxation services performed for the entity or any entity in the group in respect of the year ending 31 March 2011	15,000	-
Amounts paid/payable to KPMG for non-audit taxation services performed for the entity or any entity in the group in the prior years:		
- Review of income tax return	15,000	70,090
- Other	26,386	-
	56,386	70,090

32. Discontinuing Operations

On 31 March 2010, Peanut Company of Australia Limited announced its intention to sell its Northern Territory division and commenced an active programme to locate a buyer and complete the sale. Subsequently a decision was made not to continue peanut cropping on these properties. Under accounting standards this is now a discontinuing operation. The results for Northern Territory division are required to be disclosed separately in consolidated statement of comprehensive income and comparisons with last year must be restated in the same format.

On 23 April 2010, Peanut Company of Australia Limited announced its intention to no longer lease land and grow peanuts in the Bundaberg region. This operation is now a discontinued operation.

Financial information relating to the discontinuing and discontinued operation is set out below for the period to March 2011.

	Consolidated	
	2011	**2010**
	$000	**$000**
Revenue	1,492	2,376
Expenses	(6,348)	(5,394)
Impairment	-	(8,778)
Profit (loss) before tax from discontinued operations	(4,856)	(11,796)
Tax benefit (expense)	1,457	3,743
Profit (loss) after tax from discontinued operations	(3,399)	(8,053)
Net cash inflow (outflow) from operating activities	579	1,517
Net cash inflow (outflow) from investing activities	130	(2,820)
Net cash inflow (outflow) from financing activities	57	451
Net cash increase (decrease) generated by discontinued operations	766	(852)

The assets and liabilities of the discontinuing divisions as at 31 March 2011 and 31 March 2010 are as follows:

	Consolidated	
	2011	**2010**
	$000	**$000**
Property, plant and equipment	14,415	14,500
Total assets	14,415	14,500
Borrowings and lease liability	(1,402)	(2,138)
Total liabilities	(1,402)	(2,138)

33. 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	
	2011	**2010**
	$000	**$000**
Current assets	18,172	22,815
Non-current assets	42,162	42,661
Total assets	60,334	65,476
Current liabilities	34,775	34,909
Non-current liabilities	1,324	1,709
Total liabilities	36,099	36,618
Contributed equity	16,733	16,768
Retained earnings	(9,257)	(4,625)
Revaluation surplus	16,719	16,719
Total equity	24,235	28,858
Profit/loss for the year	(4,632)	(13,013)
Other comprehensive income/loss for the year	-	(186)
Total comprehensive income for the year	(4,632)	(13,199)

Contingent liabilities

As detailed in Note 22, Peanut Company of Australia Limited has no contingent liabilities.

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 $29,000 (2010: $157,000) and water intangible asset for $3.635 million (2010: $4.468 million).

DIRECTORS' DECLARATION

Peanut Company of Australia Limited and Controlled Entities
For the year ended 31 March 2011

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

(a) the financial statements and corresponding notes and the Remuneration Report in the Directors' Report, 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 2011 and of their 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); and

(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.

(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

21 June 2011

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 2011, the consolidated statement of 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 consolidated entity 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 is free from material misstatement, whether due to fraud or error. In Note 2, 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 entity'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 entity'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 2011 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2(b) in the financial statements. The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The consolidated entity have reported losses in the past 2 financial years and has an excess of current liabilities over current assets of $5.548m as at 31 March 2011. The Directors believe that the consolidated entity will continue as a going concern based on the successful renegotiation of the existing banking facilities and the planned sale of the Northern Territory farming assets. These conditions, along with the other matters as set out in note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entities ability to continue as a going concern and therefore, the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

No adjustment has been made to the carrying values of assets or recorded amount of liabilities should the consolidated entity's plans not eventuate.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 15 to 18 of the directors' report for the year ended 31 March 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (QLD) Pty Ltd

BDO

Tim Kendall

T J KENDALL

Director

Brisbane, 21 June 2011

Shareholder information

Twenty largest shareholders as at 17 May 2011

Name	No. of ordinary shares held	Percentage of capital held
GPG Nominees Pty Ltd	1,801,039	24.78
Technology Farmers Pty Ltd	1,323,880	18.21
Robert Bruce Hansen	236,428	3.25
Brixia Investments Pty Ltd	233,919	3.22
Hansen Pastoral Investments Pty Ltd <RB Hansen Super Fund>	142,104	1.95
Jalco Pty Ltd <Rex Williams Super Fund <A/c>	116,959	1.61
Howe Farming Co Pty Ltd	99,035	1.36
GCL, EJ & LJ Masasso <Masasso Super Fund A/c>	98,662	1.36
Anthony John Trimarchi	98,354	1.35
Ian Alan Langdon & Cherelyn Gay Langdon	73,561	1.01
Domenic Ferraro and Lynee Mary Ferraro	72,208	0.99
Pompey E Pezzelato & Tanya M Pezzelato	62,995	0.87
Kerry Patrick Prior	61,940	0.85
Ian Wayne Hunsley & Susanne Maria Hunsley	55,808	0.77
Robert Bruce Hansen & Julie Hansen <R&J Hansen Unit Account>	47,031	0.65
Candowie Farming	44,174	0.61
Weller Brothers	43,052	0.59
Lawrence J Masasso & Fiona K Masasso	40,929	0.56
Sandra Lee Gaffney	37,420	0.51
Fransfarm Pty Ltd <Fransfarm Super Fund A/c>	37,402	0.51
	4,690,118	64.52
Total shares	7,269,106	

Substantial shareholders	No. of ordinary shares held	Percentage of capital held
GPG Nominees Pty Ltd	1,801,039	24.78
Technology Farmers Pty Ltd	1,323,880	18.21
Robert Hansen and related entities	448,784	6.17
Total shares	3,573,703	49.16

On-market buy back

There is no current on-market buy-back

Peanut Company of Australia

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