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**PEANUT COMPANY OF AUSTRALIA LIMITED**

ABN 34 057 251 091

**CONSOLIDATED  
INTERIM FINANCIAL REPORT**

**HALF-YEAR ENDED 30 SEPTEMBER 2015**

# CORPORATE DIRECTORY

Peanut Company of Australia Limited and its Controlled Entities

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## CORPORATE DIRECTORY

Peanut Company of Australia Limited and its Controlled Entities

ABN 34 057 251 091

### **Directors**

Ian Langdon (Chairman)

Niven Hancock

Brett Heading

### **Company Secretary**

Don Mackenzie

### **Auditors**

BDO Audit Pty Ltd

Level 10, 12 Creek Street

Brisbane Qld 4000

### **Share Registry**

Link Market Services Limited

Level 15, 324 Queen Street

Brisbane Qld 4000

Tel:1300 554 474 (Call Centre)

Web: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## DIRECTORS' REPORT

Peanut Company of Australia Limited and Controlled Entities

30 September 2015

The directors present their report together with the consolidated interim financial report of Peanut Company of Australia Limited ("PCA" or "the Company") for the six months ended 30 September 2015 and the auditor's review report thereon.

### Directors

The directors of the Company at any time during the interim period, or since 30 September 2015 to the date of this report, are:

Name	Period of directorship
Ian Langdon	Director appointed 31 March 2005
Niven Hancock	Director appointed 24 August 1992
Brett Heading	Director appointed 30 November 2012

### Principal Activities

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

### Review of operations

PCA's financial performance for the six months to 30 September 2015 was a profit of \$1,683,000 after tax compared to the prior period which was a half year loss of \$29,000. Profit after tax includes loss from operations of \$360,000 and profit from revaluation of warrants \$2,043,000.

The results were impacted by:

- A decrease in the size of the Australian peanut crop for 2014/2015 season to just over 18,500mt of farmers stock and the reduction in the quality of this crop. The reduced intake was driven by a reduced planting due to dry conditions, particularly in North Queensland.
- An increase in the Cost of Goods sold.
- Additional costs incurred in the establishment of new processes and systems that will drive operational efficiencies and improved customer service.

PCA continues to focus on the implementation of its strategy to commence the production of consumer ready products. These products include both PCA's own branded offering as well as products for Coles branded.

### Proposed equity raising

The Company advised its shareholders on 14 October 2015 that they had signed a mandate letter with Wilson HTM Corporate Finance Limited in order to pursue an equity raising.

While good progress is being made in this matter, the proposed equity raising is still at a preliminary stage, and the terms of the raising (including the target raising amount) are not known at this time.

If the raising is successful, the majority of funds are likely to be sourced from external investors and the Directors will also look to pursue a listing of the Company's shares on the Australian Securities Exchange.

### Significant changes in the state of affairs

There have been no significant changes in the state of affairs to 30 September 2015.

### Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the six months ended 30 September 2015.

### Rounding off

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



## DIRECTORS' REPORT

Peanut Company of Australia Limited and Controlled Entities

30 September 2015

Signed in Brisbane in accordance with a resolution of the directors on 24 November 2015.

A handwritten signature in dark ink, appearing to read 'I. Langdon', with a stylized flourish at the end.

Ian Langdon  
Chairman

## LEAD AUDITOR'S INDEPENDENCE DECLARATION

Peanut Company of Australia and Controlled Entities

30 September 2015



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Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

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

As lead auditor for the review of Peanut Company of Australia Limited for the half-year ended 30 September 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in blue ink, appearing to read 'T J Kendall', is written over a horizontal line.

T J Kendall

Director

**BDO Audit Pty Ltd**

Brisbane, 24 November 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Peanut Company of Australia Limited and Controlled Entities

For the six months ended 30 September 2015

	Note	30 Sept 2015 \$'000	30 Sept 2014 \$'000
Revenue		28,740	25,453
Cost of sales		(25,554)	(21,755)
<b>Gross profit</b>		3,186	3,698
Other income	11	2,371	212
Finance income		62	25
Distribution expenses		(1,142)	(817)
Marketing expenses		(758)	(550)
Administrative expenses		(1,404)	(1,649)
Research and development		(29)	(28)
Other expenses	12	-	(208)
Finance costs		(757)	(724)
<b>Profit (loss) before tax</b>		1,529	(41)
Income tax (expense) benefit		154	12
<b>Profit (loss) for the period</b>		1,683	(29)
<b>Other comprehensive income for the period, net of income tax</b>			
<b>Amounts that will not be reclassified to profit or loss</b>			
Change in fair value of land and buildings, net of tax		-	(818)
<b>Amounts that may be reclassified to profit or loss</b>			
Change in fair value of cash flow hedge, net of tax		57	187
<b>Total comprehensive income for the period, net of tax</b>		1,740	(660)
<b>Profit (loss) attributable to:</b>			
Owners of the Company		1,683	(29)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		1,740	(660)
<b>Earnings per share for profit for the year</b>			
Basic earning per share		\$0.19	\$0.00
Diluted earnings per share		\$0.14	\$0.00

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Peanut Company of Australia Limited and Controlled Entities

As at 30 September 2015

		30 Sept 2015 \$'000	31 Mar 2015 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		417	175
Trade and other receivables		3,823	6,553
Inventories		19,851	8,456
Prepayments		406	846
Derivative		74	17
<b>Total current assets</b>		<u>24,571</u>	<u>16,047</u>
<b>Non-current Assets</b>			
Property, plant and equipment	13	24,845	25,207
Intangible assets		7,526	7,278
Deferred tax assets		1,875	1,721
Other receivables		50	-
<b>Total non-current assets</b>		<u>34,296</u>	<u>34,206</u>
<b>Total assets</b>		<u>58,867</u>	<u>50,253</u>
<b>Current Liabilities</b>			
Trade and other payables		7,168	3,747
Financial liabilities	14	9,551	4,093
Provisions		1,638	1,556
<b>Total current liabilities</b>		<u>18,357</u>	<u>9,396</u>
<b>Non-current Liabilities</b>			
Financial liabilities	14	16,827	16,906
Derivatives	15	549	2,593
Provisions		246	210
<b>Total non-current liabilities</b>		<u>17,622</u>	<u>19,709</u>
<b>Total liabilities</b>		<u>35,979</u>	<u>29,105</u>
<b>Net assets</b>		<u>22,888</u>	<u>21,148</u>
<b>Equity</b>			
Issued capital		23,555	23,555
Reserves		8,713	8,656
Retained earnings (losses)		(9,380)	(11,063)
<b>Total equity attributed to equity holders of the Company</b>		<u>22,888</u>	<u>21,148</u>

The above Consolidated Statement of Financial Position 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 six months ended 30 September 2015

	Issued capital \$'000	Asset revaluation reserve \$'000	Hedge reserve \$'000	Retained earnings (losses) \$'000	Total \$'000
Balance at 1 April 2014	23,555	9,457	-	(11,046)	21,966
<b>Comprehensive income</b>					
Loss for the period	-	-	-	(29)	(29)
Other comprehensive income for the period net of tax					
Change in fair value of hedge	-	-	187	-	187
Net change in fair value of land and buildings	-	(818)	-	-	(818)
<b>Total comprehensive income for the period</b>	-	(818)	187	(29)	(660)
<b>Transactions with owners, recorded directly in equity</b>					
Shares and warrants issued	-	-	-	-	-
Balance at 30 September 2014	23,555	8,639	187	(11,075)	21,306
<b>Comprehensive income</b>					
Profit for the period	-	-	-	12	12
Other comprehensive income for the period net of tax					
Change in fair value of hedge	-	-	(170)	-	(170)
<b>Total comprehensive income for the period</b>	-	-	(170)	12	(158)
<b>Transactions with owners, recorded directly in equity</b>					
Shares based payment expense	-	-	-	-	-
Balance at 31 March 2015	23,555	8,639	17	(11,063)	21,148
<b>Comprehensive income</b>					
Profit for the period	-	-	-	1,683	1,683
Other comprehensive income for the period net of tax					
Change in fair value of hedge	-	-	57	-	57
Net change in fair value of land and buildings	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	57	1,683	1,740
<b>Transactions with owners, recorded directly in equity</b>					
Shares and warrants issued	-	-	-	-	-
Balance at 30 September 2015	23,555	8,639	74	(9,380)	22,888

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

Peanut Company of Australia Limited and Controlled Entities  
For the six months ended 30 September 2015

	Note	30 Sept 2015 \$'000	30 Sept 2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		33,409	28,803
Payments to suppliers and employees		(37,089)	(29,760)
Interest received		10	4
Interest paid		(689)	(722)
Income taxes paid		-	-
<b>Net cash (outflow) from operating activities</b>		<u>(4,359)</u>	<u>(1,675)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	14
Acquisition of property, plant and equipment		(237)	(239)
Acquisition of intangible assets		(541)	(504)
<b>Net cash (outflow) from investing activities</b>		<u>(778)</u>	<u>(729)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		5,600	4,440
Payment of borrowings		(150)	(2,200)
Proceeds from finance lease		-	199
Payment of finance lease		(71)	(193)
Dividends paid	8	-	-
<b>Net cash inflow from financing activities</b>		<u>5,379</u>	<u>2,246</u>
Net increase/(decrease) in cash and cash equivalents		242	(158)
Cash and cash equivalents at the beginning of the half-year		175	362
<b>Cash and cash equivalents at 30 September</b>		<u>417</u>	<u>204</u>

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



## NOTES TO THE FINANCIAL STATEMENTS

Peanut Company of Australia Limited and Controlled Entities

For the six months ended 30 September 2015

### 1. Reporting entity

Peanut Company of Australia Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the six months ended 30 September 2015 comprise of the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group as at and for the year ended 31 March 2015 are available upon request from the Company's registered office at 133 Haly Street Kingaroy QLD or the Company's website [www.pca.com.au](http://www.pca.com.au).

### 2. Statement of compliance

These general purpose consolidated financial statements for the half-year reporting period have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 31 March 2015 and any public announcements made by Peanut Company of Australia Limited during the half-year reporting period.

These consolidated interim financial statements were approved by the Board of Directors on 24 November 2015.

### 3. Significant accounting policies

The accounting policies and methods of computation applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2015.

### 4. Judgements, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2015.

### 5. 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 meet its obligations as and when they become due and payable.

PCA's financial performance for the six months to 30 September 2015 was a profit of \$1,683,000 after tax compared to the corresponding period last year which was a half year loss of \$29,000. Profit after tax includes loss from operations of \$360,000 and profit from revaluation of warrants \$2,043,000.

The results were impacted by:

- A decrease in the size of the Australian peanut crop for 2014/2015 season to just over 18,500mt of farmers stock and the reduction in the quality of this crop. The reduced intake was driven by a reduced planting due to dry conditions, particularly in North Queensland.
- An increase in the Cost of Goods sold.
- Additional costs incurred in the establishment of new processes and systems that will drive operational efficiencies and improved customer service.

At 30 September 2015, the Group has an excess of current assets over current liabilities of \$6.214 million (31 March 2015: excess of current assets over current liabilities of \$6.651 million). The Group's total assets exceed total liabilities by \$22.888 million at 30 September 2015 (31 March 2015: \$21.148 million).

## NOTES TO THE FINANCIAL STATEMENTS

Peanut Company of Australia Limited and Controlled Entities

For the six months ended 30 September 2015

### 5. Going concern (cont.)

The Directors believe the company will be able to continue as a going concern and meet its liabilities as and when they fall due with current profit or loss and cash flow projections for the next 12 months supporting the Directors' views.

The Company has adequate banking facilities in place until 30 June 2016, and for which negotiations have already commenced to review and extend those facilities. All banking covenants have been met and regular meetings have been held with the financiers.

In addition, and as part of the Company's capital and debt management, the Company signed on 14 October 2015 a mandate letter with Wilson HTM Corporate Finance Limited in order to pursue an equity raising.

### 6. Contributed equity

		Number	\$'000
Number of shares on issue at 1 April 2014		9,086,382	19,254
Number of warrants on issue at 1 April 2014	Note 1	3,028,795	4,301
Shares issued 30 September 2014		-	-
Warrants issued 30 September 2014		-	-
Number of shares and warrants on issue at 30 September 2014		12,115,117	23,555
Number of shares on issue at 1 April 2015		9,086,382	19,254
Number of warrants on issue at 1 April 2015	Note 1	3,028,795	4,301
Shares issued 30 September 2015		-	-
Warrants issued 30 September 2015		-	-
Number of shares and warrants on issue at 30 September 2015		12,115,117	23,555

Note 1 These warrants were issued as part of the debt forgiveness transaction entered into during the September 2013 period. They entitle the holder to convert these to shares for \$1 in aggregate anytime over a period of 10 years or earlier if specific events occur. In addition to the fixed number of shares to be issued under the warrant (accounted for as equity) there are a variable number of shares to be issued under the warrant. The variable number of shares to be issued (the equity kicker) has been accounted for as a derivative with further details in notes 15 and 16.

### 7. Related parties

#### Non-executive Directors

Ian Langdon  
Niven Hancock  
Brett Heading

#### Chief Executive Officer

John Howard – Chief Executive Officer

#### Company Secretary

Donald Mackenzie

### 8. Dividends paid and proposed

No dividends have been paid or proposed for the half-year ending 30 September 2015.

### 9. Seasonality of operations

The majority of the Group's inventory is received during the first half of the financial year due to the harvesting lifecycle of peanuts and the Group's revenues are evenly spread throughout the year.



## NOTES TO THE FINANCIAL STATEMENTS

Peanut Company of Australia Limited and Controlled Entities

For the six months ended 30 September 2015

### 10. Events subsequent to the end of the reporting period

There was an amendment to the bank covenants on the 12 October 2015, aside from this there were no other subsequent events since 30 September 2015.

	Consolidated	
	Sept 2015	Sept 2014
	\$'000	\$'000
<b>11. Other income</b>		
GRDC funding	186	125
Revaluation of warranty derivative	2,043	-
Insurance income	17	6
PBR sub licence income	-	49
Sundry income	81	19
Claims on imports	44	-
Net gain on disposal of property, plant and equipment	-	13
	<u>2,371</u>	<u>212</u>

	Consolidated	
	Sept 2015	Sept 2014
	\$'000	\$'000
<b>12. Other expenses</b>		
Fair value of land and buildings	-	208
Net loss on sale of assets	-	-
	<u>-</u>	<u>208</u>

### 13. Valuation of land and buildings

At each reporting period, the Directors determine the fair value of the land and buildings with reference to current observable market data and analyse the movement in the value of the assets. The Directors use external valuers from time to time to assist in forming an opinion on the fair value.

Formal valuations were performed as at 30 September 2014 by accredited valuers. Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at reporting date the Directors have assessed that there has been no material change in fair value since the last valuation.

### 14. Financial liabilities

	Consolidated	
	Sept 2015	Mar 2015
	\$'000	\$'000
<b>Current</b>		
<i>Secured</i>		
Bank loans	9,400	3,950
Lease liabilities	151	143
<b>Total current interest bearing liabilities</b>	<u>9,551</u>	<u>4,093</u>
<b>Non-Current</b>		
<i>Secured</i>		
Bank loans	16,490	16,490
Lease liabilities	337	416
<b>Total non-current interest bearing liabilities</b>	<u>16,827</u>	<u>16,906</u>

## NOTES TO THE FINANCIAL STATEMENTS

Peanut Company of Australia Limited and Controlled Entities

For the six months ended 30 September 2015

### 15. Derivatives

	Consolidated	
	Sept 2015	Mar 2015
	\$'000	\$'000
Warrant equity kicker (1)	549	2,593
Total derivatives	549	2,593

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

### 16. Fair value measurement

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

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

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 March 2015 and 30 September 2015 on a recurring basis are as follows:

30 September 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Liabilities				
- Warrant equity kicker	-	-	549	549
Net fair value	-	-	549	549

31 March 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Liabilities				
- Warrant equity kicker	-	-	2,593	2,593
Net fair value	-	-	2,593	2,593

## NOTES TO THE FINANCIAL STATEMENTS

Peanut Company of Australia Limited and Controlled Entities

For the six months ended 30 September 2015

### 16. Fair value measurement (cont)

#### **Warranty equity kicker**

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

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

The fair value has been determined using a calculation based on the following significant assumptions:

- Estimation of the company share price at the time the warrants would be exercised
- Estimation of the probability of the warrants being exercised
- Estimation of additional capital raisings

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

The value of the liability has been based on the assumption that there is an 80% probability of the current planned capital raising occurring and the warrant holder has agreed to forgive their right to receive additional shares under the Subscription and Warrants Deed. As there is a 20% probability that the current capital raising will not be successful, management have determined that an alternative capital raising is likely and the chance of no capital raising occurring prior to the expiry of the warranty kicker has been assumed to be 2%.

The remaining 18% probability of conversion of the warranty kicker has been calculated on the same basis as at 31 March 2015 where additional shares will be issued to the warrant holder as no forgiveness beyond the current proposed capital raising has been received. The dilutive impact of the warranty kicker has been calculated based on a \$5 million capped capital raising reducing the company's per share value to \$0.80. This value per share was used to determine the fair value of the warranty kicker on the 18% probability of the warrants being exercised. If the probability of the remaining warrants being exercised was 10% rather than 18%, this would have the impact of decreasing the warrant equity kicker liability by \$244,224.

	30 Sep 2015 \$'000	31 Mar 2015 \$'000
<b>Warranty equity kicker</b>		
<b>Opening balance</b>	2,593	3,103
Gains or losses recognised in:		
- Profit or loss	(2,044)	(510)
- Other comprehensive income	-	-
<b>Closing balance</b>	<b>549</b>	<b>2,593</b>

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

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

## NOTES TO THE FINANCIAL STATEMENTS

Peanut Company of Australia Limited and Controlled Entities

For the six months ended 30 September 2015

### **Peanut Company of Australia Limited and its controlled entities**

#### **Directors' declaration**

The directors of the company declare that:

- (1) the financial statements and notes set out on pages 5 to 13 are in accordance with the Corporations Act 2001 and:
  - (a) give a true and fair view of the Group's financial position as at 30 September 2015 and of its performance for the six month period ended on that date; and
  - (b) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (2) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in Brisbane in accordance with a resolution of the directors on 24 November 2015.



Ian Langdon  
Chairman



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Peanut Company of Australia Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Peanut Company of Australia Limited, which comprises the consolidated statement of financial position as at 30 September 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement 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 half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Peanut Company of Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

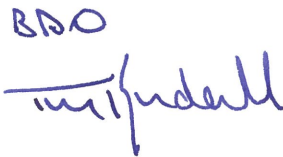
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Peanut Company of Australia Limited, would be in the same terms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

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Peanut Company of Australia Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit Pty Ltd



T J Kendall

Director

Brisbane, 24 November 2015