Peet Limited

Appendix 4D and Consolidated Financial Report for the half-year ended 31 December 2008

PEET

APPENDIX 4D

For the half year ended 31 December 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Entity:	Peet Limited and its controlled entities
Reporting Period:	31 December 2008
Previous Corresponding:	31 December 2007

				$'000
Revenue	Up	23.1%	to	71,171
Operating profit after tax (excluding write-down in carrying value of inventories)	Down	5.2%	to	14,473
Write-down in carrying value of inventories, net of tax				(3,976)
Statutory profit after tax attributable to the members of Peet Limited	Down	31.2%	to	10,497
Basic earnings per share (cents)	Down	31.9%	to	4.7c
Diluted earnings per share (cents)	Down	30.9%	to	4.7c

Dividends	Cents per security	% Franked per security
Current Period		
Interim dividend 2009	3.00 cents	100%
Previous Year		
Final dividend 2008	10.75 cents	100%
Interim dividend 2008	9.00 cents	100%
	19.75 cents	

Record date for determining entitlements to dividends	30 March 2009
Dividend payment date	17 April 2009

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RESULTS COMMENTARY

Summary of Financial Highlights

Operating net profit after tax:	$14.5 million
Statutory net profit after tax:	$10.5 million
Interim dividend:	3.0 cents per share
Group sales from owned and managed projects:	>890 lots for gross value of $154 million
Lots under contract as at 31 December 2008:	>930 lots for a gross value of $172 million
Gearing ratio (net bank debt/total assets, adjusted for market value):	45.5%

Review of Operations

Peet Limited achieved an operating profit after tax (excluding write-down in carrying value of inventories) of $14.5 million. This result for the half year was in line with expectations and was achieved despite the deferral of a number of Company-owned projects and the decision not to undertake any syndicate capital raisings, given the level of uncertainty in the market. This result represented a sound performance and reflected the Company's early action to optimise its performance in difficult market conditions.

The statutory net profit after tax and write-down in carrying value of inventories was $10.5 million for the half year ended 31 December 2008.

Peet's half year results reflect its forward planning in changing market conditions including the decisions flagged to shareholders at the Annual General Meeting in November 2008 to:

- eliminate significant risk by meeting the rising demand of the first homebuyer market with a range of competitively priced product;
- defer development expenditure on a number of projects until conditions warrant investment; and
- focus on efficiency and cost reduction via a range of initiatives.

An interim dividend of 3.0 cents per share has been declared and the Board has activated the Company's Dividend Reinvestment Plan.

The Company has taken an aggressive, pro-active approach to mitigate the impact of the difficult trading conditions. It has achieved a successful, short-term balance between earnings and margins, and higher revenue, allowing it to recycle capital.

The strength of the Company's geographically diversified asset base was evidenced with 57% of the Group's half year earnings coming from east coast operations. While the Queensland market softened considerably in 1H09, the performance of Peet's Western Australian operations improved, contributing 43% of the Group's result.

The Group achieved sales in excess of 890 lots from its owned and managed projects during 1H09, compared with a total of 1,025 lots in the previous corresponding period. At the end of the period, the Company had in excess of 930 lots under contract for a value of $171.7 million.

The second half of FY09 has started strongly with in excess of 450 gross sales across the Group to the end of February 2009, and the number of lots under contract rising to more than 1,110 for an anticipated gross value of $203.7 million, evidencing a positive trend in the second half of FY09. This sales trend has seen the increasing emergence of second-home buyers, as well as continued activity in the first home buyers market.

Peet Limited is currently managing 81 projects across Australia with 30 projects actively being developed. The Group's syndicate portfolio continued to perform well in 1H09 and the Company's ability to raise $27 million in final syndicate instalment payments in the challenging period of November and December 2008 is evidence of the strength of its syndicate investor base.

The Company's syndicate pipeline also positions it well to offer opportunities once investment market conditions improve. This potentially includes the Alkimos retail syndicate opportunity which was deferred in late 2008.

The Company maintains its confidence in the fundamentals of the Australian residential property market though conditions are expected to remain challenging. Meanwhile cuts to official interest rates and government incentives are expected to continue to ease affordability issues with resulting benefits to the property industry, and particularly companies like Peet Limited whose core markets are first and second homebuyers.

On the basis of the continuation of recent State and Federal government incentives for first home buyers, the range and affordability of the product available across Peet estates, sound forward planning and ongoing population growth, it is expected that the Victorian market will remain solid and that the Western Australian market will continue its recent positive trend.

The following table details the Company's revenue and profit for 1H09, compared to the previous corresponding period.

	Consolidated	
	31 Dec 2008 $'000	**31 Dec 2007 $'000**
Revenue	**71,171**	57,819
Expenses	**(48,392)**	(35,587)
EBIT	**22,779**	22,232
Interest expense	**(1,929)**	(399)
Profit before income tax	**20,850**	21,833
Income tax expense	**(6,377)**	(6,571)
Operating profit after tax excluding write-down in carrying value of inventories	**14,473**	15,262
Write-down in carrying value of inventories net of tax	**(3,976)**	-
Statutory profit after tax attributable to the members of Peet Limited	**10,497**	15,262

Company-owned Projects

The Group's performance in relation to Company-owned projects in particular, reflects its decisive action to meet the challenges of the economic downturn, detailed to shareholders at the November 2008 Annual General Meeting.

In excess of 195 Company-owned lots were sold in the first half of the year at an average price of $203,000. Revenue from Company-owned projects in 1H09 was $48.8 million compared with $27.7 million in the previous corresponding period – an increase of 76%. The pre-tax earnings (before write-down in carrying value of inventories and depreciation) for Company-owned projects were down slightly from $9.5 million to $9.2 million for the period.

Operating margins for owned projects were down for the half year, due largely to the Company's decision to defer development of some Company–owned projects in Queensland and to pursue sales of titled stock to achieve revenue as part of the Group's capital management strategy.

The Company maintains a strong Company-owned project pipeline and will commence development and sales of deferred projects once market conditions warrant it.

Land Syndication
Pre-tax earnings (before depreciation) from land syndicates totalled $13.2 million, up 15% from $11.4 million in the same period last year, with revenue up 29% to $20.2 million from $15.7 million.

At 31 December 2008, a large number of syndicated lots (in excess of 670) with a gross value in excess of $117 million were under contract. This forms the basis for a sound contribution from this business area in the second half of FY09.

The strength of Peet's syndicate investor base was evidenced by the raising of $27 million in final syndicate instalment payments made during November and December 2008 – representing 99% of total amounts due.

The Company has a strong syndication pipeline and continues to actively implement strategic initiatives to grow its retail base nationally.

Joint Venture Projects
Joint venture projects achieved $5.5 million in revenue, compared with $13.3 million in the previous corresponding period. This included revenue from the first sales at Quattro: the New Queens Park – an urban renewal project being undertaken with the Western Australian State Government.

Combined sales from joint ventures totalled 62 for the period at an average price of $200,000. At the end of the period, there were in excess of 50 joint venture lots under contract which are due to settle in the second half of FY09.

Asset values
Peet Limited continues to hold a quality portfolio of approximately 36,100 lots nationally, which have been acquired over more than a decade. This land bank has an estimated on-completion value of $7.2 billion. The Board has reviewed the property portfolio and this has resulted in a pre tax inventory write-down of $5.7 million.

The Company's Net Tangible Assets per share, adjusted for the market value of inventory, was $1.40 as at 31 December 2008. This measurement reflects assets on the Peet Limited balance sheet but does not take into account the value of the funds management business which, in 1H09, contributed pre-tax earnings of $13.2 million, representing an increase of 15% on the previous corresponding period.

Capital Management
Peet continued to comply with all its debt covenants during the period.

Peet is well positioned with 100% of total debt secured by its portfolio of high-quality assets, sound operating cash flows and strong banking relationships. Peet had net debt at 31 December 2008 of $273 million and a gearing level (net bank debt/total assets, adjusted for market value) of 45.5%.

The Group's three year evergreen corporate facilities have a maturity profile of 1.8 years and were 33% hedged, providing the ability to benefit from the low interest rate environment. The average cost of debt at balance date was approximately 6.88% and the interest cover was 3.3 times.

Dividends
As advised at the November Annual General Meeting, the Board has adjusted the Company's dividend payout policy to 60%. The Directors have declared a fully franked interim dividend of 3.0 cents per share to be paid on 17 April 2009 to shareholders registered as at 30 March 2009. The Board has activated the Company's Dividend Reinvestment Plan which will provide shareholders with an opportunity to acquire shares in the Company at a discount of 2.5% to the average trading price for the 10 business days following the record date of 30 March 2009.

The Directors have undertaken to participate fully in the Dividend Reinvestment Plan with the balance being fully underwritten by Euroz Securities Limited.

Strategy and outlook

Peet will continue to adapt quickly and appropriately to the very challenging operating environment which is expected to prevail throughout the remainder of the 2009 calendar year.

The Company maintains its confidence in the fundamentals of the Australian residential property market and is well positioned for any improvement in the property sector. Cuts to official interest rates and government incentives have already had a very positive impact on affordability, particularly for Peet's key market segments.

Peet's strategic priorities remain to:

- focus on the core business of residential land development and funds management;
- continue to meet the needs of its core markets – first and second homebuyers – with a range of product at affordable prices;
- remain proactive and prudent with capital management by recycling capital and managing gearing levels;
- maintain a commitment to being environmentally responsible across its operations.

While pro-actively managing itself through the current economic downturn, Peet will continue to responsibly identify and explore growth opportunities, building on a quality asset base.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Peet Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2008.

Directors
The following persons were directors of Peet Limited during the whole of the half-year and up to the date of this report:

AW Lennon
BD Gore
WD Hemsley
SF Higgs
GW Sinclair
AJ Lennon

Review of operations
The review of operations for the Peet Group for the half year ended 31 December 2008 and the results of those operations are covered in the Results Commentary section on page 3 to 6.

Auditor's independence declaration
A copy of the Auditor's Independence Declaration as required under s*ection 307C of the Corporations Act 2001* is set out on page 8.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Signed for, and on behalf of, the Board in accordance with a resolution of the Board of Directors.

BRENDAN GORE
MANAGING DIRECTOR
27 February 2009

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Auditor's Independence Declaration

As lead auditor for the review of Peet Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Peet Limited and the entities it controlled during the period.

David J Smith
Partner
PricewaterhouseCoopers

Perth
27 February 2009

CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

		Consolidated	
	Notes	31 Dec 2008 $'000	31 Dec 2007 $'000
Revenue	3	**71,171**	57,819
Cost of inventories	4	**(31,794)**	(22,334)
Employee benefits expense		**(7,982)**	(5,049)
Depreciation expense		**(345)**	(262)
Finance costs	4	**(1,929)**	(399)
Project management, selling and other operating costs		**(5,437)**	(5,339)
Office costs		**(1,849)**	(1,055)
Other expenses		**(789)**	(1,414)
Write-down in carrying value of inventories		**(5,681)**	-
Share of net loss of associates accounted for using the equity method		**(196)**	(134)
Profit before income tax		**15,169**	21,833
Income tax expense	5	**(4,672)**	(6,571)
Profit after tax attributable to members of Peet Limited		**10,497**	15,262

Earnings per share for profit after tax attributable to the equity holders of the company:			
Basic earnings per share (cents)	9	**4.7**	6.9
Diluted earnings per share (cents)	9	**4.7**	6.8

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

		Consolidated	
	Notes	31 Dec 2008 $'000	30 June 2008 $'000
CURRENT ASSETS			
Cash and cash equivalents		**26,908**	50,277
Receivables		**24,440**	36,201
Inventories		**92,130**	93,750
TOTAL CURRENT ASSETS		**143,478**	180,228
NON-CURRENT ASSETS			
Inventories		**369,812**	353,294
Investments accounted for using the equity method	12	**29,777**	26,239
Available for sale financial assets		**257**	157
Derivative financial instruments		**-**	1,418
Plant and equipment		**3,615**	3,235
TOTAL NON-CURRENT ASSETS		**403,461**	384,343
TOTAL ASSETS		**546,939**	564,571
CURRENT LIABILITIES			
Payables		**20,375**	27,631
Land vendor liabilities		**28,524**	40,228
Borrowings		**63,900**	41,700
Derivative financial instruments		**1,040**	-
Current tax liabilities		**2,084**	7,668
Provisions		**5,046**	6,381
TOTAL CURRENT LIABILITIES		**120,969**	123,608
NON-CURRENT LIABILITIES			
Land vendor liabilities		**47,289**	49,141
Borrowings		**236,425**	232,421
Derivative financial instruments		**5,346**	154
Deferred tax liabilities		**11,654**	15,460
Provisions		**44**	63
TOTAL NON-CURRENT LIABILITIES		**300,758**	297,239
TOTAL LIABILITIES		**421,727**	420,847
NET ASSETS		**125,212**	143,724
EQUITY			
Contributed equity	8	**86,059**	85,914
Reserves		**(3,152)**	2,122
Retained profits		**42,305**	55,688
TOTAL EQUITY		**125,212**	143,724

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

		Consolidated	
	Notes	31 Dec 2008 $'000	31 Dec 2007 $'000
Total equity at the beginning of the half year		**143,724**	136,692
Changes in the fair value of cash flow hedges, net of tax		**(5,156)**	355
Profit for the half year		**10,497**	15,262
Total recognised income and expense for the half year		**5,341**	15,617
Transactions with equity holders in their capacity as equity holders:			
Exercise of employee share options		**145**	1,968
Employee share options and performance rights		**(118)**	136
Dividends provided for or paid	6	**(23,880)**	(23,325)
		(23,853)	(21,221)
Total equity at the end of the half year		**125,212**	131,088

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	31 Dec 2008 $'000	31 Dec 2007 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**86,464**	58,044
Payments to suppliers and employees (inclusive of GST)	**(58,865)**	(45,658)
Payments for purchase of land	**(23,421)**	(29,831)
Dividends received	**134**	108
Interest received	**1,014**	1,717
Interest and other finance costs paid	**(11,023)**	(8,062)
Income tax paid	**(15,581)**	(9,584)
Net cash outflow from operating activities	**(21,278)**	(33,266)
Cash flows from investing activities		
Payments for plant and equipment	**(720)**	(854)
Proceeds from sale of plant and equipment	**1**	-
Proceeds from sale of investments in associates	**2**	2
Payments for investments in associates	**(3,737)**	(4,852)
Payments for investments in available for sale financial assets	**(100)**	(61)
Net cash outflow from investing activities	**(4,554)**	(5,765)
Cash flows from financing activities		
Dividends paid	**(23,880)**	(23,325)
Proceeds from exercise of employee share options	**145**	1,968
Loans to related entities	**(6)**	(31,773)
Loan repayments from related entities	**-**	262
Repayments of borrowings	**(38,281)**	(48,865)
Proceeds from borrowings	**64,485**	93,730
Net cash inflow / (outflow) from financing activities	**2,463**	(8,003)
Net decrease in cash and cash equivalents	**(23,369)**	(47,034)
Cash and cash equivalents at the beginning of the half year	**50,277**	68,646
Cash and cash equivalents at the end of the half year	**26,908**	21,612

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation of half year report

This general purpose financial report for the interim half year reporting period ended 31 December 2008 has been prepared in accordance with the Australian Securities Exchange Listing Rules as they relate to Appendix 4D and in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and with any public announcements made by Peet Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those disclosed in the annual financial report for the year ended 30 June 2008.

2 Segment Information

Business Segments
The consolidated entity is an Australian based company having the following three business segments:

Funds Management / Land Syndication
External equity capital raisings are undertaken to fund the acquisition of land across Australia. The consolidated entity derives fees from underwriting and capital raising coordination services, as well as asset identification fees from this activity. Ongoing project related fees are then derived by the consolidated entity for the duration of a particular project.

Asset Management – Company-Owned Projects
Purchase and development of various parcels of land in Australia, primarily for residential purposes. However, certain land holdings will also produce non-residential blocks of land.

Asset Management – Joint Ventures
Joint Ventures are formed with government, statutory authorities and private landowners. The Joint Venture partner will normally contribute the land and the consolidated entity funds the development costs. The Company is typically entitled to ongoing fees for management of the development project and also a share of the profits.

Geographical Segments
The consolidated entity operates primarily in one geographical segment being Australia. Accordingly, no further geographical information is provided.

Inter-segment transfers
Segment revenue, expenses and results include transfers between segments. Such transfers are based on an arm's length basis and are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

2 Segment Information (continued)

Primary Reporting – Business Segments

Primary Reporting Business Segments	Funds Management /Land Syndication		Asset Management Company-owned Projects		Asset Management Joint Ventures		Inter-Segment Eliminations and Unallocated		Consolidated	
	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000
Revenue										
Sales to external customers	**15,568**	13,922	**48,805**	27,751	**5,450**	13,303	**-**	**-**	**69,823**	54,976
Inter-segment transactions	**4,656**	1,783	**-**	-	**-**	-	**(4,656)**	(1,783)	**-**	-
Total sales revenue	**20,224**	15,705	**48,805**	27,751	**5,450**	13,303	**(4,656)**	(1,783)	**69,823**	54,976
Share of net (loss) of associates	**-**	-	**-**	-	**-**	-	**(196)**	(134)	**(196)**	(134)
Other income	**-**	**-**	**-**	**-**	**-**	**-**	**1,348**	2,843	**1,348**	2,843
Total segment revenue	**20,224**	15,705	**48,805**	27,751	**5,450**	13,303	**(3,504)**	926	**70,975**	57,685
Result before write-down in carrying value of inventories, depreciation, financing cost and income tax expense	**13,153**	11,407	**9,245**	9,474	**922**	2,465	**(196)**	(852)	**23,124**	22,494
Write-down in carrying value of inventories	**-**	-	**(5,681)**	-	**-**	-	**-**	-	**(5,681)**	-
EBITDA	**13,153**	11,407	**3,564**	9,474	**922**	2,465	**(196)**	(852)	**17,443**	22,494
Depreciation	**(219)**	(107)	**(87)**	(132)	**(39)**	(23)	**-**	-	**(345)**	(262)
EBIT	**12,934**	11,300	**3,477**	9,342	**883**	2,442	**(196)**	(852)	**17,098**	22,232
Financing costs									**(1,929)**	(399)
Profit before income tax expense									**15,169**	21,833
Income tax expense									**(4,672)**	(6,571)
Profit for the half year									**10,497**	15,262

Primary Reporting Business Segments	31 Dec 2008 $'000	30 June 2008 $'000	31 Dec 2008 $'000	30 June 2008 $'000	31 Dec 2008 $'000	30 June 2008 $'000	31 Dec 2008 $'000	30 June 2008 $'000	31 Dec 2008 $'000	30 June 2008 $'000
Total assets	**52,109**	57,904	**449,295**	459,368	**42,414**	40,692	**3,121**	6,607	**546,939**	564,571
Segment liabilities	**28,423**	25,973	**350,751**	330,941	**29,415**	33,893	**(600)**	6,141	**407,989**	396,948
Unallocated liabilities	**-**	-	**-**	-	**-**	-	**13,738**	23,899	**13,738**	23,899
Total liabilities	**28,423**	25,973	**350,751**	330,941	**29,415**	33,893	**13,138**	30,040	**421,727**	420,847

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Revenue

	Consolidated	
	31 Dec 2008 $'000	31 Dec 2007 $'000
Revenue from sale of land	**48,805**	27,751
Project management, marketing and selling management fees	**9,208**	8,784
Manager's performance fees	**5,607**	2,597
Revenue from other trading activities		
- Joint Ventures	**5,450**	13,303
- Bookkeeping fees	**441**	360
- Asset identification, underwriting and capital raising fees	**312**	2,181
	69,823	54,976
Other revenue		
- Dividends	**134**	108
- Interest	**1,014**	1,717
- Other	**200**	1,018
	1,348	2,843
	71,171	57,819

4 Profit Before Income Tax

	Consolidated	
	31 Dec 2008 $'000	31 Dec 2007 $'000
Profit before income tax includes the following items of expense which, together with other disclosures in this report, are relevant in explaining the financial performance for the half year:		
Expenses		
Cost of inventories		
- Cost of inventories	**30,159**	21,232
- Capitalised borrowing costs	**1,635**	1,102
	31,794	22,334
Finance costs		
- Interest and finance charges	**14,492**	11,523
- Amount capitalised	**(12,563)**	(11,124)
	1,929	399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Income Tax

	Consolidated	
	31 Dec 2008 $'000	31 Dec 2007 $'000
Income tax expense		
Current tax	**6,271**	3,919
Deferred tax	**(1,599)**	2,652
	4,672	6,571
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**15,169**	21,833
Tax at Australian tax rate of 30% (2007: 30%)	**4,551**	6,550
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Entertainment	**8**	38
- Employee benefits	**(35)**	136
- Sundry items	**205**	(107)
- Franking rebate	**(57)**	(46)
	4,672	6,571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Dividends

	Consolidated	
	31 Dec 2008 $'000	31 Dec 2007 $'000
Ordinary shares Dividends provided for or paid during the half year	**23,880**	23,325

	Cents per share	Total Amount $'000	Date of Payment	Franked/ Unfranked
Dividends declared and paid in the current half year by the Company are:				
2008				
Final 2008 ordinary	10.75	23,880	16 October 2008	Franked
2007				
Final 2007 ordinary	10.50	23,325	1 October 2007	Franked

Franked dividends declared or paid during the period were fully franked at the tax rate of 30%.

Subsequent events

Since the end of the half year, the directors declared the following dividend:

Interim 2009 ordinary	3.00	6,667	17 April 2009	Franked

The financial effect of the dividend declared subsequent to reporting date has not been brought to account in the financial statements for the half year ended 31 December 2008 and will be recognised in subsequent financial reports. The declaration and subsequent payment of this dividend has no income tax consequences.

7 Dividend Reinvestment Plan ("DRP")

The Company has a DRP to provide shareholders with the choice of reinvesting some or all of their dividends in shares rather than receiving those dividends in cash. The Board has activated the Company's DRP which will provide shareholders with an opportunity to acquire shares in the Company at a discount of 2.5% to the average trading price for the 10 business days following the record date of 30 March 2009.

The Directors have agreed to fully participate in the DRP with the balance being fully underwritten.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Contributed Equity

	Consolidated		Consolidated	
	31 Dec 2008 Number of Shares	**30 June 2008 Number of Shares**	**31 Dec 2008 $'000**	**30 June 2008 $'000**
Contributed equity	**222,238,454**	222,138,454	**86,059**	85,914
Movements in contributed equity				
Opening balance	**222,138,454**	220,498,454	**85,914**	83,946
Exercise of employee share options	**100,000**	1,640,000	**145**	1,968
	222,238,454	222,138,454	**86,059**	85,914

9 Earnings Per Share

	31 Dec 2008 Cents	**31 Dec 2007 Cents**
Basic earnings per share	**4.7**	6.9
Fully diluted earnings per share	**4.7**	6.8
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	**222,238,454**	221,659,487
Weighted average number of ordinary shares used as the denominator in the calculation of diluted earnings per share	**225,252,454**	225,061,579

10 Details of entities over which control has been gained or lost during the period

The Company did not gain or lose control over any entities during the six months ended 31 December 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Interests in Jointly Controlled Operations

a) Details of aggregate share of assets and liabilities of jointly controlled operations

	Consolidated	
	31 Dec 2008 $'000	30 June 2008 $'000
The Village at Wellard		
Total Assets	**29,783**	30,996
Total Liabilities	**(24,258)**	(26,506)
Net Assets	**5,525**	4,490
The Quattro Queens Park		
Total Assets	**13,015**	10,233
Total Liabilities	**(12,275)**	(9,872)
Net Assets	**740**	361

b) Details of aggregate share of revenue, expenses and results of jointly controlled operations

	Consolidated	
	31 Dec 2008 $'000	31 Dec 2007 $'000
The Village at Wellard		
Revenue	**4,862**	13,248
Expenses	**(3,827)**	(9,884)
Profit before income tax	**1,035**	3,364
Income tax expense	**(310)**	(1,008)
Profit after income tax	**725**	2,356
The Quattro Queens Park		
Revenue	**379**	33
Expenses	**-**	(5)
Profit before income tax	**379**	28
Income tax expense	**(114)**	(8)
Profit after income tax	**265**	20

NOTES TO THE FINANCIAL STATEMENTS

12 Investments Accounted for using the Equity Method

	Ownership interest		Consolidated	
	31 Dec 2008 %	30 June 2008 %	31 Dec 2008 $'000	30 June 2008 $'000
Peet Caboolture Syndicate Ltd	**20.00**	20.00	**1,420**	1,453
Peet Tri State Syndicate Ltd	**24.08**	24.08	**6,504**	2,835
Peet Alkimos Pty Ltd	**13.35**	13.35	**20,400**	20,407
Other			**1,453**	1,544
			29,777	26,239

The Group has significant influence over the property syndicates due to its key role as development manager.

13 Contingent Liabilities

Details and estimated maximum amounts of contingent liabilities (for which no amounts are recognised in the financial statements) are as follows:

	Consolidated	
	31 Dec 2008 $'000	30 June 2008 $'000
Underwriting obligations outstanding	**197**	24,197
Finance bank guarantees	**8,100**	5,100
Bank guarantees outstanding	**26,818**	33,023
	35,115	62,320

The directors are not aware of any circumstances or information, which would lead them to believe that these contingent liabilities will crystallise and consequently no provisions are included in the accounts in respect of these matters.

14 Events occurring after the balance sheet date

Subsequent to 31 December 2008 the Company has negotiated with its financier an extension on $63.9 million of borrowings classified in this report as current liabilities. The extension results in none of the Group's facilities expiring within the next 12 months of the date of this report.

There have been no other material events occurring after balance date that have not been reported in the half-year financial statements.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 20 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

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

This declaration is made in accordance with a resolution of the directors.

BRENDAN GORE
MANAGING DIRECTOR
27 February 2009

PRICEWATERHOUSECOOPERS

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Independent auditor's review report to the members of Peet Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Peet Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Peet Limited Group (the consolidated entity). The consolidated entity comprises Peet Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 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 31 December 2008 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 Peet 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website http:/www.pwc.com/au/financialstatementaudit.

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Independent auditor's review report to the members of Peet Limited (cont'd)

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2008 included on Peet Limited's web site. The company's directors are responsible for the integrity of the Peet Limited's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 Peet 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 31 December 2008 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.*

PricewaterhouseCoopers

PricewaterhouseCoopers

David J Smith

David J Smith
Partner

Perth
27 February 2009