

PEET

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asx release

22 August 2008

Australian Stock Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

PEET DELIVERS ANOTHER RECORD PROFIT

Please find attached our ASX release and Preliminary final report for the year ended 30 June 2008.

Yours faithfully
PEET LIMITED



**DOM SCAFETTA
COMPANY SECRETARY**

22 August 2008

Peet delivers another record profit

- Net profit after tax increased by 5.3% to \$47.9 million.
- Earnings per share increased to 21.6 cents.
- Record final dividend of 10.75 cps fully franked (full year: 19.75 cps fully franked).
- Gearing ratio at year end of 37%.
- 69% of EBIT from Vic and Qld and 31% EBIT from WA.
- Strengthened management team.
- \$300 million wholesale land syndicate established.
- Acquisition of 5,600 lots across Australia.
- Land bank of approximately 37,000 lots, with an estimated on-completion value of \$7.4 billion, if sold at today's prices.

Group Operating Highlights

Peet Limited Managing Director and Chief Executive Officer, Brendan Gore, said the record result was achieved in very mixed market conditions, driven particularly by solid earnings from the Company's east coast operations.

"Despite difficult trading conditions, Peet's underlying business has performed well during FY08," said Mr Gore.

"This performance demonstrates the fundamental strength and quality of our business model – and the experience and skill of our entire team.

"Specifically, the earnings growth is due to the continuing strength of the Company's land syndication business, strong residential land sales in Victoria and Queensland and a satisfactory performance in a challenging Western Australian market."

Some 69% of EBIT came from Peet's Victorian and Queensland operations, while 31% of EBIT came from Western Australian operations, building on recent trends.

"This is the fourth consecutive year in which more than half the Company's EBIT has come from east coast business activities and we are continuing to grow the business right across the country with strategic acquisitions and a well-mapped production pipeline," said Mr Gore.

Peet Limited Chairman, Tony Lennon said the Company had achieved an increase in earnings per share to 21.6 cents per share for the year, and the Directors had declared a final dividend for the year of 10.75 cents per share, fully franked.

“That brings the total dividend per share for the year to 19.75 cents – or 28.2 cents per share before tax allowing for 100% franking,” he said.

Peet’s land bank continues to be an underlying strength with a total of some 5,600 lots acquired during the year. At year end, the Peet land bank stood at approximately 37,000 lots with an estimated on-completion value of \$7.4 billion, if sold at today’s prices.

Included in the year’s acquisitions was a rare 243 hectares of ocean front land at Alkimos on Perth’s northern beaches, which was purchased by Peet Limited’s first wholesale syndicate established late in 2007. It is anticipated the Alkimos project will yield in excess of 2,800 dwellings. An Alkimos retail syndicate opportunity will be released in the first half of FY09.

Land sales and settlements

The Group sold a total of 2,274 lots from its managed and owned projects during the year grossing in excess of \$370 million in sales. Meanwhile, settlements were achieved on more than 2,400 lots grossing more than \$426 million in sales revenue. At the end of the year the Group had in excess of 940 lots across its managed and owned projects that had sold but were yet to settle for a value of almost \$183 million.

During the year Peet sold 814 Company-owned residential lots. The pre-tax earnings increased 7.8% to \$34.8 million on revenue of \$111.6 million from 806 lots settled.

Peet has also progressed development of its first over-55s venture with the first display home at Peet Senior Living’s Lattitude Lakelands site in Western Australia opened, and construction commencing on the first 31 homes in Stage 1. A total of 21 pre-sales has been achieved and are scheduled to commence settling in FY09.

Peet Limited’s strength in land syndication was again evidenced with revenue from land syndication increasing by 7.1% during the year to \$45.6 million, contributing to a 10.8% increase in pre-tax earnings to \$34.9 million. This result was achieved on the back of more than 1,400 lots sold and 1,484 lots settled across the syndicated portfolio.

“Once again, the improved result was attributable to sound demand for residential land across Victoria and Queensland,” said Mr Gore.

At year end, Peet was managing 28 syndicated land holdings nationally, half of which were located on the east coast of Australia.

During the year Peet also completed its first retail syndicate with land in three states and, in line with its national investor relations strategy, grew its investor base by attracting new investors from across Australia. Peet Tri State Syndicate Limited holds land in Western Australia, Queensland and New South Wales and the first lots are due to be released in the year ahead.

Changes to Management Structure

During the year, the Company appointed several experienced senior executives to the management team allowing the Managing Director and CEO to implement a new robust and efficient organisational structure.

“Peet has continued to invest for the future by adding highly skilled and experienced members to its executive and management team during the financial year,” said Mr Gore.

Capital Management

Peet had net bank debt at 30 June 2008 of \$224 million while gearing (net bank debt/total assets – adjusted for market value) stood at 37%, which is within the Company’s target range of 30%-40%.

The Group maintained its three-year evergreen corporate facility with a maturity profile of 2.2 years and was 36.5% protected by fixed interest rate hedges. The average cost of debt for the year was approximately 7.8% and the interest cover was 4.21 times.

The Company is fully compliant with all its banking covenants.

“Peet remains well positioned with its banking facilities secured by its portfolio of high-quality property assets, solid operating cash flows and strong banking relationships,” said Mr Gore.

“Operating cash flows supported by additional borrowings were predominantly used to acquire and develop land during the year,” he said.

Strategy

Peet Limited’s focus, in what will be a challenging residential property market in the year ahead, remains on delivering sustainable and steady growth in earnings for shareholders over the medium to long term.

Peet will continue to:

- focus on its core business of asset management, land syndication and funds management;
- seek opportunities to grow its existing funds management platform and capital partnering relationships;
- remain prudent with its capital management by recycling capital and managing gearing levels.
- address the affordability issue, ensuring a full range of product offering;
- leverage its land bank - generating further development opportunities; and
- ensure its operations are environmentally responsible.

Mr Gore said the truly national status of the Company positioned it well to manage its performance through changing property cycles.

“The Company is currently marketing and managing some 80 developments across Australia, well over half of which are on the east coast,” he said. “In the year ahead, sales at a further eight developments including seven on the east coast are scheduled to commence.

“Our production pipeline and marketing schedule underlines the strategic manner in which the Company has built a strong and geographically diverse land bank with the objective of optimising returns in varying market conditions and managing its business through property cycles,” said Mr Gore.

“We will continue to make prudent and strategic decisions about the allocation of capital, acquisitions and partnership opportunities.

“Peet Limited continues to operate under the same quality business model that has delivered consistent growth over many years with a high level of transparency and responsible gearing.”

Outlook

“Peet Limited expects to be operating within a challenging Australian residential market in the year ahead, with clear signs that the difficult macroeconomic environment will persist in FY09,” said Mr Gore.

“Nonetheless, the fundamentals of the residential property market remain sound.

“While short-term issues such as affordability, purchaser confidence and investor activity can cause more volatile short-term cycles, long-term prospects for residential property development are strongly linked to underlying supply and demand.

“The current cycle has resulted in a major shortfall in housing supply relative to underlying demand, which is determined by factors such as population growth (driven by international migration) and employment rates – and those factors remain positive.

“Interest rates are also a key catalyst for consumer sentiment and, while anticipated lower interest rates are unlikely to spark an immediate response, it should have a positive impact on the residential property market,” said Mr Gore.

“Peet, with the strengths of its business platform, management experience and the geographic diversity of the business, is well placed to target ongoing earnings growth over the medium to long-term.”

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Peet Limited

Preliminary final report for year ended 30 June 2008

APPENDIX 4E

**Preliminary Final Report
For the year ended 30 June 2008**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Entity: Peet Limited and its controlled entities
 Reporting Period: 30 June 2008
 Previous Corresponding: 30 June 2007

					\$'000
Revenue	Up	15.4%	to		167,957
Profit attributable to the members of Peet Limited	Up	5.3%	to		47,912
Basic earnings per share (cents)	Up	0.9%	to		21.6c
Diluted earnings per share (cents)	Up	0.9%	to		21.3c
Full year dividend per share (cents)	Up	1.3%	to		19.75c

Dividends	Cents per security	%Franked per security
Current Period		
Final dividend 2008	10.75 cents	100%
Interim dividend 2008	9.00 cents	100%
	19.75 cents	
Previous Period		
Final dividend 2007	10.5 cents	100%
Interim dividend 2007	9.0 cents	100%
	19.5 cents	

Record date for determining entitlements to dividends
Dividend payment date

30 September 2008
 16 October 2008

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RESULTS COMMENTARY

FOR THE YEAR ENDED 30 JUNE 2008

SUMMARY OF FINANCIAL HIGHLIGHTS

- Profit after tax increased by 5.3% to \$47.9 million (compared with \$45.5 million in FY07)
- Earnings per share increased to 21.6 cents
- Final dividend of 10.75 cents per share fully franked to give total dividend for FY08 of 19.75 cents per share fully franked (FY07: 19.5 cents per share)
- Gearing ratio of 37% (net bank debt/total tangible assets – adjusted for market value)
- 69% of EBIT from Vic and Qld and 31% EBIT from WA
- Strengthened management team
- \$300 million wholesale land syndicate established
- Acquisition of 5,600 lots across Australia
- Land bank of approximately 37,000 lots, with an estimated on-completion value of \$7.4 billion if sold at today's prices

REVIEW OF OPERATIONS

The Company achieved a profit after tax of \$47.9 million for the financial year ended 30 June 2008, reflecting a 5.3% increase on the previous corresponding period.

Basic earnings per share increased by 0.9%, from 21.4 cents to 21.6 cents.

This record result was achieved in very mixed market conditions, driven particularly by solid earnings from the Company's east coast operations. Despite difficult trading conditions, Peet's underlying business has performed well during FY08.

Specifically, the earnings growth is due to the continuing strength of the Company's land syndication business, strong residential land sales in Victoria and Queensland and a satisfactory performance in a challenging Western Australian market.

Some 69% of EBIT came from Peet's Victorian and Queensland operations and 31% of EBIT came from Western Australian operations, building on recent trends. This is the fourth consecutive year in which more than half the Company's EBIT has come from east coast business activities.

During the year, three new projects came on stream in Victoria and Queensland and a further seven new east coast projects are scheduled to contribute to earnings from FY09. This production pipeline and marketing schedule underlines the strategic manner in which the Company has built a strong and geographically diverse land bank with the objective of optimising returns in varying market conditions and managing its business through property cycles.

The Group sold a total of 2,274 lots from its managed and owned projects during the year grossing in excess of \$370 million in sales (FY07: \$421 million). Settlements from its managed and owned projects were achieved on more than 2,400 lots grossing more than \$426 million in sales revenue (FY07: \$405million). At the end of the year the Group had in excess of 940 lots across its managed and owned projects that had sold but were yet to settle for a value of almost \$183 million (FY07: \$240 million).

As previously announced to the market, the collapse of a civil contractor at the Company's Innisfail Estate in Victoria at a critical point towards the end of the financial year put at risk the settlement of 134 lots. Peet was able to achieve settlement on 45 lots within the reporting period, with settlement of the remaining lots now expected to occur in the first half of FY09.

RESULTS COMMENTARY (continued)

FOR THE YEAR ENDED 30 JUNE 2008

REVIEW OF OPERATIONS (continued)

The following table details the Company's revenue and profit for FY08 compared to the previous corresponding period.

	Full Year	
	2008 Actual \$'000	2007 Actual \$'000
Revenue	167,957	145,494
Expenses	(95,613)	(78,565)
EBIT	72,344	66,929
Interest expense	(2,287)	(1,749)
Profit before income tax	70,057	65,180
Income tax expense	(22,145)	(19,662)
Profit attributable to members of Peet Limited	47,912	45,518

Land Syndication / Funds Management

Revenue from land syndication increased by 7.1% on the previous corresponding period to \$45.6 million, resulting in a 10.8% increase in pre-tax earnings to \$34.9 million. The improved result was attributable to sound demand for residential land across Victoria and Queensland.

More than 1,400 syndicated residential lots were sold during the year at an average price of almost \$170k per lot (FY07: \$188k), excluding special sites. This included more than 1,060 lots sold in Victoria, 251 lots in Queensland and another 112 lots in Western Australia.

Settlement was achieved on a total of 1,484 syndicated lots across Australia during the year at an average price of \$190k per lot (FY07: \$177k), excluding special sites. This included 893 lots in Victoria, 373 lots in Western Australia and 218 lots in Queensland.

Another three syndicated projects located across Queensland and New South Wales are scheduled to contribute to earnings in FY09.

The Peet Wholesale Land Syndicate was established during the year and its purchase of 243 hectares of rare, ocean front land at Alkimos, north of Perth, was completed in March 2008. Much of the property has ocean views and, with an anticipated yield of more than 2,800 dwellings, is expected to deliver sound returns in the years ahead.

Since year end, local government approval for the District Structure Plan (DSP) has been achieved and work has also commenced on the Local Structure Plan, underpinned by the vision for this exciting Alkimos development.

A retail syndicate opportunity in relation to the Alkimos land will be released in the first half of FY09.

RESULTS COMMENTARY (continued)

FOR THE YEAR ENDED 30 JUNE 2008

REVIEW OF OPERATIONS (continued)

Peet also completed its first retail syndicate with land in three states during the reporting period and, in line with its national investor relations strategy, grew its investor base by attracting new investors from across Australia. Peet Tri State Syndicate Limited holds land in Western Australia, Queensland and New South Wales and the first lots are due to be released in the year ahead.

At year end, Peet was managing 28 syndicated land holdings nationally, half of which are located on the east coast. These syndicated properties comprise a total of approximately 16,500 lots with an estimated on-completion value of more than \$3.8 billion, if sold at today's prices.

The Peet Income Property Fund (PIPF), which has around 600 investors and 10 properties spread across four states, consolidated its financial position during the year. A focus on increasing the leasing profile of its property portfolio underpinned further increases in its value – up \$7 million to a total of \$62 million based on independent valuations undertaken during the year. The Fund's first purchase in Victoria also settled in August 2007.

PIPF paid a 100% tax-deferred distribution of 9.16 cents per unit in respect of the 2008 financial year and Net Tangible Assets (NTA) per unit has increased by 19% to \$1.57, giving investors a total return for the year of 35 cents per unit.

Company-owned Projects

The pre-tax earnings for Company-owned projects improved by 7.8% from \$32.3 million to \$34.8 million on the back of revenue of \$111.6 million – up \$21.3 million.

A total of 814 Company-owned residential lots were sold during the year at an average price of more than \$197k per lot (FY07: \$200k) excluding special sites. Approximately 60% of these lots were from estates in Victoria.

Settlements were achieved on 806 Company-owned lots during the reporting period, with 647 from estates in east coast. The average price achieved on Company-owned lots nationally was \$192k per lot (FY07: \$178k), excluding special sites.

At year-end, Peet Limited held a total of more than 17,200 lots in 47 Company-owned projects with an estimated on-completion value of almost \$3 billion, if sold at today's prices. This includes almost 12,000 lots across 29 Company-owned projects in Victoria and Queensland.

During the year, the first display home at Peet Senior Living's Lattitude Lakelands site in Western Australia was opened and construction commenced on the first 31 homes in Stage 1 of the over-55s development. A total of 21 pre-sales has been achieved and are scheduled to commence settling in FY09.

Joint Ventures

The earnings before tax from joint venture projects improved by 65.3% from \$2 million to \$3.4 million.

This was a sound result for sales at the Village at Wellard – a quality, transit-oriented development being undertaken with the WA State Government in Perth's southern corridor. Settlements were achieved on 149 Village at Wellard lots during the period at an average price of over \$216k per lot (FY07: \$130k).

The Quattro urban renewal project in Queens Park, Western Australia, also being undertaken for the WA State Government, continued during the year with the completion of major landscaping, further refurbishment work and the opening of the Quattro Sustainable Home. First land sales are expected to commence in FY09.

RESULTS COMMENTARY (continued)

FOR THE YEAR ENDED 30 JUNE 2008

REVIEW OF OPERATIONS (continued)

Land Bank Growth

The Company continued its ongoing program of acquiring well-located land parcels, mainly in Western Australia, Victoria and Queensland. A total of some 5,600 lots was acquired comprising a combination of residential and potential industrial lots.

At year end, Peet managed and marketed approximately 37,000 lots with an estimated on-completion value of \$7.4 billion, if sold at today's prices.

Cash Flow and Gearing

Group cash flows remain solid. Operating cash flows supported by additional borrowings were predominantly used to acquire and develop land during the year.

Peet is well positioned with 100% of total bank debt secured by its portfolio of high quality assets, solid operating cash flows and strong banking relationships. Peet had net bank debt at 30 June 2008 of \$224 million. At year-end, gearing (net bank debt/total assets – adjusted for market value) stood at 37%, which is within the Company's target range of 30%-40%.

The Group maintained its three year evergreen corporate facility with a maturity profile of 2.2 years and was 36.5% protected by fixed interest rate hedges. The average cost of debt for the year was approximately 7.8% and the interest cover was 4.21 times.

The Company is fully compliant with all its banking covenants.

Dividends

The Directors have declared a final dividend of 10.75 cents per share, fully franked, which will be paid on 16 October 2008. This lifts the total dividend for the year to 19.75 cents per share fully franked compared to last year's 19.5 cents per share fully franked. The Company has maintained a dividend payout ratio of 90% for the year ended 30 June 2008.

Strategy

Peet Limited's focus, in what will be a challenging residential property market in the year ahead, remains on delivering sustainable and steady growth in earnings for shareholders over the medium to long term.

The Company will continue to:

- focus on its core business of asset management, land syndication and funds management;
- seek opportunities to grow its existing funds management platform and capital partnering relationships;
- remain prudent with its capital management by recycling capital and managing gearing levels;
- address the affordability issue, ensuring a full range of product offering;
- leverage its land bank – generating further development opportunities; and
- ensure its operations are environmentally responsible.

Outlook

Peet Limited expects to be operating within a challenging Australian residential market in the year ahead, with clear signs that the difficult macroeconomic environment will persist in FY09.

While short-term issues such as affordability, purchaser confidence and investor activity can cause more volatile short-term cycles, the long-term prospects for, and the fundamentals of, the residential property market remain sound and are strongly linked to underlying supply and demand.

The current cycle has resulted in a major shortfall in housing supply relative to underlying demand. That underlying demand will be determined by factors such as the current strong population growth being driven by net immigration levels and the current high rates of employment.

RESULTS COMMENTARY (continued)

FOR THE YEAR ENDED 30 JUNE 2008

REVIEW OF OPERATIONS (continued)

Interest rates are also a key catalyst for consumer sentiment and, while anticipated lower interest rates are unlikely to spark an immediate response, it should have a positive impact on the residential property market.

Peet – with the strengths of its business platform, management experience and the geographic diversity of the business – is well placed to target ongoing earnings growth over the medium to long-term.

Audit Report

This preliminary final report is based on accounts, which are in the process of being audited.

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



BRENDAN GORE
MANAGING DIRECTOR
22 AUGUST 2008

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
Revenue	3	167,957	145,494
Cost of inventories	4	(61,904)	(51,477)
Employee benefits expense		(12,833)	(11,972)
Depreciation		(540)	(437)
Finance costs		(2,287)	(1,749)
Project management, selling and other operating costs		(15,068)	(11,284)
Office costs		(2,643)	(2,028)
Other expenses		(2,400)	(1,474)
Share of net (loss)/profits of associates accounted for using the equity method		(225)	107
Profit before income tax		70,057	65,180
Income tax expense	5	(22,145)	(19,662)
Profit attributable to members of Peet Limited		47,912	45,518

Earnings per share for profit attributable to the equity holders of the company:

Basic earnings per share (cents)	9	21.6	21.4
Diluted earnings per share (cents)	9	21.3	21.1

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

BALANCE SHEET

AS AT YEAR ENDED 30 JUNE 2008

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
CURRENT ASSETS			
Cash and cash equivalents		50,277	68,646
Receivables		36,201	33,827
Inventories		93,750	42,705
TOTAL CURRENT ASSETS		180,228	145,178
NON-CURRENT ASSETS			
Inventories		353,294	295,491
Investments accounted for using the equity method	12	26,239	2,753
Available for sale financial assets		157	1
Derivative financial instruments		1,418	668
Property, plant and equipment		3,235	2,096
TOTAL NON-CURRENT ASSETS		384,343	301,009
TOTAL ASSETS		564,571	446,187
CURRENT LIABILITIES			
Payables		27,631	22,574
Land vendor liabilities		40,228	28,538
Borrowings		41,700	14,110
Current tax liabilities		7,668	6,123
Provisions		6,381	5,766
TOTAL CURRENT LIABILITIES		123,608	77,111
NON-CURRENT LIABILITIES			
Land vendor liabilities		49,141	38,502
Borrowings		232,421	182,715
Derivative financial instruments		154	-
Deferred tax liabilities		15,460	11,092
Provisions		63	75
TOTAL NON-CURRENT LIABILITIES		297,239	232,384
TOTAL LIABILITIES		420,847	309,495
NET ASSETS		143,724	136,692
EQUITY			
Contributed equity	8	85,914	83,946
Reserves		2,122	1,653
Retained profits		55,688	51,093
TOTAL EQUITY		143,724	136,692

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated	
	2008 \$'000	2007 \$'000
Total equity at the beginning of the financial year	136,692	46,650
Changes in the fair value of cash flow hedges, net of tax	303	468
Profit for the year	47,912	45,518
Total recognised income and expense for the year	48,215	45,986
Transactions with equity holders in their capacity as equity holders:		
Employee share options	166	436
Contributions of equity, net of transaction costs	1,968	82,467
Dividends provided for or paid	(43,317)	(38,847)
	(41,183)	44,056
Total equity at the end of the financial year	143,724	136,692

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		175,869	138,713
Payments to suppliers and employees (inclusive of GST)		(112,148)	(77,124)
Payments for purchase of land		(61,029)	(95,390)
Dividends received		131	252
Interest received		3,396	3,262
Interest and other finance costs paid		(18,743)	(13,334)
Income tax paid		(16,232)	(12,870)
Net cash (outflow) from operating activities	10	(28,756)	(56,491)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,680)	(744)
Proceeds from sale of investments in associates		1,036	-
Proceeds from sale of available for sale financial assets		-	740
Payments for investments in available for sale financial assets		(156)	-
Payments for investments in associates		(24,748)	(301)
Proceeds from capital returns		2	124
Net cash (outflow) from investing activities		(25,546)	(181)
Cash flows from financing activities			
Dividends paid		(43,317)	(38,847)
Proceeds from issues of equity securities		1,968	82,467
Loans to related entities		(64,153)	(4,597)
Loan repayments from related entities		64,139	5,818
Repayments of borrowings		(168,956)	(70,990)
Proceeds from borrowings		246,252	132,935
Net cash inflow from financing activities		35,933	106,786
Net (decrease)/increase in cash and cash equivalents		(18,369)	50,114
Cash and cash equivalents at the beginning of the financial year		68,646	18,532
Cash and cash equivalents at the end of the financial year		50,277	68,646

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

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of Preparation of Preliminary Financial Report

This preliminary financial report has been prepared in accordance with the Australian Securities Exchange Listing Rules as they relate to the Appendix 4E and in accordance with the measurement requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2007 and with any public announcements made by Peet Limited during the reporting period in accordance with the 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 2007.

Comparatives

Comparative revenues and expenses in the income statement have been reclassified to reflect joint venture operations with no impact on the profit of the prior year to enhance comparability and understanding of the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

2 Segment Information (continued)

Primary Reporting – Business Segments

	Funds Management /Land Syndication		Asset Management Company-owned Projects		Asset Management Joint Ventures		Inter-Segment Eliminations and Unallocated		Consolidated	
Primary Reporting Business Segments	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue										
Sales to external customers	34,105	35,800	107,477	86,720	19,841	19,072	-	-	161,423	141,592
Inter-segment transactions	8,890	6,184	-	-	-	-	(8,890)	(6,184)	-	-
Total sales revenue	42,995	41,984	107,477	86,720	19,841	19,072	(8,890)	(6,184)	161,423	141,592
Share of net profits/(loss) of associates	-	-	-	-	-	-	(225)	107	(225)	107
Other revenue	2,582	579	4,113	3,583	-	-	(161)	(260)	6,534	3,902
Total segment revenue/income	45,577	42,563	111,590	90,303	19,841	19,072	(9,276)	(6,337)	167,732	145,601
Result										
EBITDA	35,174	31,716	35,147	32,585	3,386	2,045	(823)	1,020	72,884	67,366
Depreciation	(194)	(157)	(322)	(269)	(24)	(11)	-	-	(540)	(437)
EBIT	34,980	31,559	34,825	32,316	3,362	2,034	(823)	1,020	72,344	66,929
Financing costs									(2,287)	(1,749)
Profit before income tax expense									70,057	65,180
Income tax expense									(22,145)	(19,662)
Profit for the year									47,912	45,518
Total assets	56,451	74,088	485,998	347,994	15,515	22,674	6,607	1,431	564,571	446,187
Segment liabilities	5,115	6,163	100,361	86,814	11,981	1,502	6,141	976	123,598	95,455
Unallocated liabilities	-	-	-	-	-	-	297,249	214,040	297,249	214,040
Total liabilities	5,115	6,163	100,361	86,814	11,981	1,502	303,390	215,016	420,847	309,495
Investment in associates	26,239	2,753	-	-	-	-	-	-	26,239	2,753
Acquisitions of property, plant and equipment	1,474	639	110	105	96	-	-	-	1,680	744
Depreciation expense	(194)	(157)	(322)	(269)	(24)	(11)	-	-	(540)	(437)
Other non-cash expenses	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

3 Revenue

	Consolidated	
	2008 \$'000	2007 \$'000
Revenue from sale of land	107,477	86,720
Project management and selling fees	19,455	18,753
Manager's performance fees	11,170	8,050
Revenue from other trading activities:		
- Joint Venture	19,841	19,072
- Bookkeeping fees	882	686
- Underwriting and capital raising costs	2,598	8,311
	161,423	141,592
Other revenue:		
- Dividends	131	252
- Interest	3,396	3,262
- Other	3,007	388
	6,534	3,902
	167,957	145,494

4 Profit before income tax

	Consolidated	
	2008 \$'000	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 full year:		
Expenses		
Cost of inventories:		
- Change in inventory	108,848	141,591
- Purchases and other inventory costs	(170,752)	(193,068)
Cost of inventories	(61,904)	(51,477)

NOTES TO THE FINANCIAL STATEMENTS

5 Income Tax

	Consolidated	
	2008 \$'000	2007 \$'000
Income tax expense		
Current Tax	17,054	15,495
Deferred Tax	4,240	4,153
Adjustments for current tax of prior periods	851	14
	22,145	19,662
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	70,057	65,180
Tax at Australian tax rate of 30% (2007: 30%)	21,017	19,554
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Entertainment	24	18
- Employee benefits	50	131
- Sundry	18	16
- Gain on subsidiary exiting tax group	241	--
- Franking rebate	(56)	(71)
- Adjustments for current tax of prior periods	851	14
Income tax expense	22,145	19,662

NOTES TO THE FINANCIAL STATEMENTS

6 Dividends

	Consolidated	
	2008	2007
	\$'000	\$'000
Ordinary shares		
Dividends provided for or paid during the full year	43,317	38,847

	Cents per share	Total Amount \$'000	Date of Payment	Franked/ Unfranked
Dividends declared and paid in the current year by the Company are:				
2008				
Interim 2008 ordinary	9.0	19,992	16 April 2008	Franked
Final 2007 ordinary	10.5	23,325	1 October 2007	Franked
Total amount	19.5	43,317		
2007				
Interim 2007 ordinary	9.0	19,845	16 April 2007	Franked
Final 2006 ordinary	9.5	19,002	17 October 2006	Franked
Total amount	18.5	38,847		
Franked dividends declared or paid during the period were franked at the tax rate of 30%				
Subsequent events				
Since the end of the year, the directors declared the following dividend:				
Final 2008 ordinary	10.75	23,880	16 October 2008	Franked

The financial effect of the dividend declared subsequent to reporting date has not been brought to account in the financial statements for the year ended 30 June 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 established 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. As at the date of this report the DRP has not been activated.

NOTES TO THE FINANCIAL STATEMENTS

8 Contributed Equity

	Consolidated		Consolidated	
	2008 Number of Shares	2007 Number of Shares	2008 \$'000	2007 \$'000
Opening Balance	220,498,454	200,023,324	83,946	1,479
Issues of ordinary shares during the full year:				
- Institutional Placement (net of transaction costs)	-	20,000,000	-	80,519
- Share Purchase Plan	-	475,130	-	1,948
- Exercise employee share options	1,640,000	-	1,968	-
	222,138,454	220,498,454	85,914	83,946

	2008	2007	2008	2007
	Number of Options	Number of Options	\$'000	\$'000
Issue of options during the full year issued for no consideration:				
- Employee share option scheme	1,200,000	-	67	-

9 Earnings Per Share

	2008 Cents	2007 Cents
Basic earnings per share	21.6	21.4
Fully diluted earnings per share	21.3	21.1

Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	221,897,662	212,491,132
Weighted average number of ordinary shares used as the denominator in the calculation of diluted earnings per share	225,044,167	215,705,809

NOTES TO THE FINANCIAL STATEMENTS

10 Cash Flow Information

Reconciliation of profit after income tax to net cash (outflow) from operating activities

	Consolidated	
	2008 \$'000	2007 \$'000
Profit for the year	47,912	45,518
Add non cash items:		
- Depreciation	540	437
- Employee share based payments	166	436
- Equity accounting for investments in associates	225	(107)
- Fair value adjustment to derivatives	303	468
Change in operating assets and liabilities during the financial year:		
- Increase in receivables	(3,110)	(8,947)
- Increase in inventories	(108,848)	(141,591)
- Increase in current tax liabilities	1,545	2,216
- Increase in trade creditors	27,540	38,816
- Increase in provisions	603	2,544
- Increase in deferred tax liabilities	4,368	3,719
Net cash (outflow) from operating activities	(28,756)	(56,491)

NOTES TO THE FINANCIAL STATEMENTS

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

a) Control gained over entities

During the year ended 30 June 2008 the Company established the following wholly owned subsidiaries:

Name	Date of incorporation	Holding (%)
Peet No 124 Pty Ltd	9 July 2007	100
Peet No 125 Pty Ltd	9 July 2007	100
Peet No 126 Pty Ltd	9 July 2007	100
Peet No 127 Pty Ltd	9 July 2007	100
Peet No 128 Pty Ltd	9 July 2007	100
Peet No 129 Pty Ltd	9 July 2007	100
Peet No 130 Pty Ltd	23 July 2007	100
Peet No 131 Pty Ltd	23 July 2007	100
Peet Communities (WA) Pty Ltd	23 July 2007	100

b) Control lost over entities

During the year the interest in the following wholly owned entities were disposed of:

Name of entity	Date of disposal	Ownership interest disposed of	Profit/(Loss) recognised on disposal (\$'000)
Peet Tri State Syndicate Ltd	30 December 2007	75.92%	-
Peet Alkimos Pty Ltd	20 December 2007	86.65%	-

During the year ended 30 June 2008, Peet Tri State Syndicate Ltd ("Tri State") issued shares to the public via a prospectus dated 16 November 2007. As at 30 June 2008, Tri State was no longer a controlled entity.

During the year ended 30 June 2008, Peet Alkimos Pty Ltd issued a total of 140 million shares resulting in it no longer being a controlled entity of Peet Limited.

c) Details of aggregate share of profits of Joint Venture operations:

	Consolidated	
	2008 \$'000	2007 \$'000
The Village at Wellard		
Profit before income tax	4,728	1,358
Income tax expense	(1,782)	(407)
Net Profit	2,946	951

NOTES TO THE FINANCIAL STATEMENTS

12 Investments Accounted for using the Equity Method

	Ownership interest		Consolidated	
	2008 %	2007 %	2008 \$'000	2007 \$'000
Peet Caboolture Syndicate Ltd	20.00	20.00	1,454	1,503
Peet Tri State Syndicate Ltd	24.08	100.00	2,848	-
Peet Alkimos Pty Ltd	13.35	100.00	20,407	-
Other			1,530	1,250
			26,239	2,753

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	
	2008 \$'000	2007 \$'000
Underwriting obligations outstanding	24,197	17,665
Finance bank guarantees	5,100	5,350
Bank guarantees outstanding	33,023	34,982
	62,320	57,997

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 reporting date

There are no significant events occurring after reporting date.