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A N N U A L R E P O R T 2 0 0 9

SUCCESS THROUGH EXPERIENCE

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SUCCESS THROUGH EXPERIENCE

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“Our fundamental strength, forward planning and proactive approach to business and capital management underpinned a very sound performance.”



1/ Lakeside walk path at Lakelands Private Estate, WA
2/ Homebuyers at Brimbank Gardens, Vic
3/ Sales Office at Burns Beach Estate, WA



BUSINESS OVERVIEW

Peet Limited is a national asset manager, land syndicator and fund manager committed to growth and prosperity for our shareholders, investors and the residents of our quality, master-planned communities.

Trading continuously since 1895, Peet manages and markets Company-owned, syndicated and joint venture land developments across Australia that demonstrate best practice in planning and design, as well as a strong commitment to excellence in environmental management and sustainability.

Moving forward, Peet is clearly focussed on its core business – acquiring, developing and marketing land under a funds management model. That clarity of purpose and direction drives us to set new standards in the creation of master-planned Australian residential communities and deliver quality results for our shareholders and investors.

In 2008/09, our fundamental strength, forward planning and proactive approach to business and capital management underpinned a very sound performance and our confidence in the future.

PERFORMANCE AT A GLANCE

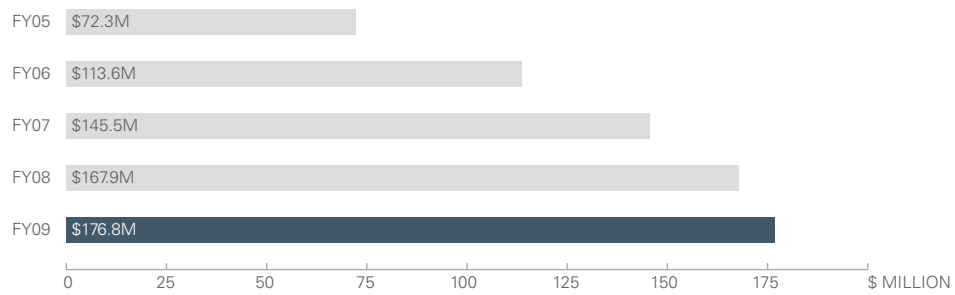
- > Revenue up 5.3% to \$176.8 million
- > Operating net profit after tax of \$31.2 million (excluding write-down in carrying value of inventories)
- > Statutory profit after tax of \$12 million
- > More than 2,400 Company-owned and managed lots sold for a gross value of \$447 million
- > Almost 1,050 lots under contract as at 30 June 2009, 11% more than at the same time last year, for a gross value of \$195.7 million
- > Successful institutional and retail capital raising of \$77.7 million completed in May 2009
- > New retail syndicate launched (August 2009)
- > Gearing¹ at 34%
- > Extension of the maturity date of the Group's core debt facility for a further three years

¹ Net debt/total assets adjusted for market value of inventory less land vendor liabilities and cash.

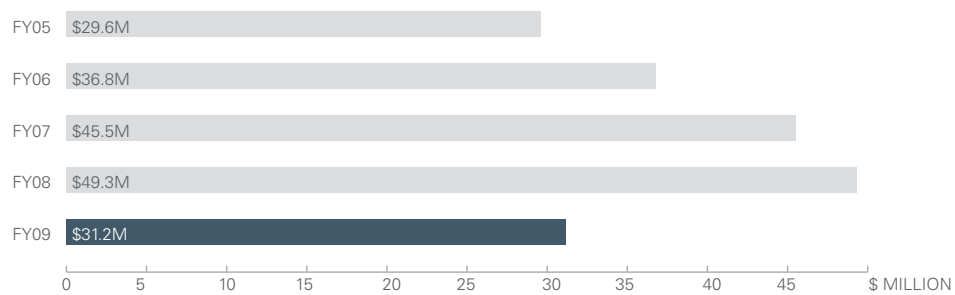


1/ Innisfail Estate Display Village, Vic

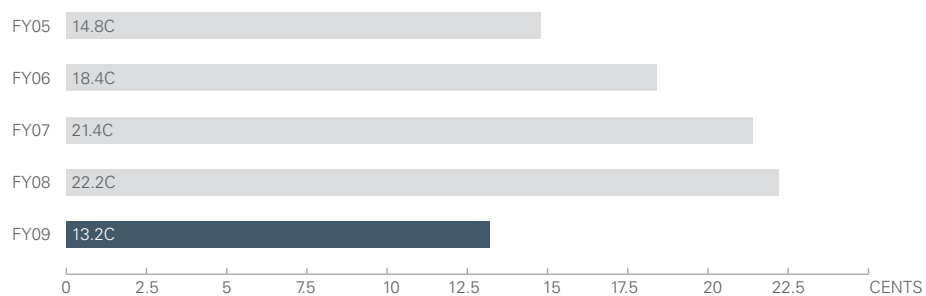
Gross Revenue



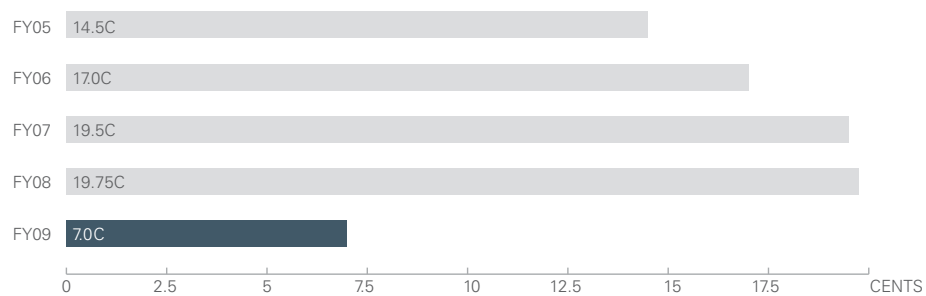
Operating Net Profit After Tax¹



Operating Earnings Per Share¹



Dividend Per Share



¹ Calculated before the write-down in the carrying value of inventories.

CHAIRMAN'S REVIEW

On behalf of the Peet Limited Board, I am pleased to present the Peet 2009 Annual Report. This Report reflects Peet's experienced and committed management of our national property business on behalf of shareholders and syndicate investors.

Peet has performed well in the challenging market conditions created by the Global Financial Crisis.

With no direct exposure to more volatile international markets, local economic stimuli from Federal and State governments, and a pro-active management approach, Peet has ended the year well positioned for future growth.

Testing conditions are likely to remain for most of the year ahead with a likely improvement in the economy towards the end of the current financial year and the beginning of 2010/11. Those improvements will be underpinned by the medium to long-term fundamentals of the Australian residential property market in which Peet remains very confident.

The impacts of the financial crisis on Australia have not been as serious as first thought – strong population growth continues; unemployment rates have not risen as high as expected; housing affordability has improved; housing shortages remain; and business confidence is improving.

The Directors are pleased to have declared a final fully franked dividend for the year of 4 cents per share – bringing the total dividend for the 2009 financial year to 7 cents per share, fully franked.

Highlights of Peet Limited's performance in the 2009 financial year include an increase in revenue; a sound operating net profit after tax of \$31.2 million (excluding write-down in carrying value of inventories) and operating earnings per share of 13.2 cents (pre write-down).

Another highlight was the successful institutional and retail capital raising completed in May 2009. The total raised of \$77.7 million was an outstanding result and a pleasing vote of confidence in Peet.

The new capital provides Peet with additional capacity to maintain a flexible approach to assess acquisition opportunities as they present themselves.

I take this opportunity, on behalf of the Board, to thank our new and existing institutional and retail investors for their loyalty and confidence in our business. We value your support enormously and work assiduously to reward your faith in Peet.

Peet was also pleased to launch a new retail syndicate opportunity in August 2009. On behalf of the Peet Point Cook Kingsford Syndicate, Peet will create an excellent residential project, just opposite our popular Innisfail Estate in Melbourne.

At year-end, we were managing 28 syndicated projects on behalf of 25 separate syndicates. Many have been extremely successful over a number of years and continue to pay dividends during this difficult time.

Our work in the 2010 financial year and beyond will continue to reflect our commitment to good governance, the highest ethical standards and best practice across our business operations.

Peet is very fortunate to have a first-class management team. Their skill, experience and dedication inspires the entire Peet team and helps produce quality communities for residents in Peet estates, and quality results for all our shareholders and syndicate investors. I commend them for another year of very hard work in trying conditions.

It is also appropriate for me to thank my Board colleagues Graeme Sinclair, Stephen Higgs, Warwick Hemsley, Brendan Gore (Managing Director and Chief Executive Officer), Anthony Lennon (Executive Director) and Dom Scafetta (Company Secretary) for their diligent work throughout the year.

I also wish to acknowledge the leadership and management shown by Brendan Gore during extremely demanding times. As well as delivering a solid profit result he also led a successful capital raising and was able to secure an extension to the Group's core banking facilities and to increase the level of interest bearing debt hedged to 65%, taking full advantage of historically low interest rates.

I wish to thank Brendan and his team for their broad forward thinking and decision making that has secured many benefits for shareholders, syndicate investors and employees.

Difficult economic conditions traditionally test an organisation's relationships. In the past year we have worked hard to affirm our strong connections with many key stakeholders. We will continue to value and nurture those relationships in the years ahead.

The Board of Peet Limited looks forward with a sense of optimism of improving market conditions and with confidence in the underlying strength of the Company, its management team – and their total commitment to achieving excellent results.



Tony Lennon

Chairman

29 September 2009

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S REVIEW

The 2009 financial year presented very significant challenges but the Company has moved into the new financial year as a stronger and more efficient business as a result of the proactive and disciplined manner in which we have met those challenges.

The increase in revenue (up 5.3%) from strong sales across the business, a significant reduction in net debt and relatively low levels of gearing, evidence the underlying strength of Peet's business and its management strategy.

The Group's operating profit after tax was \$31.2 million, representing a decrease of 37% over the previous corresponding period. Its statutory profit after tax of \$12 million includes a write-down in the carrying value of inventories of more than \$19 million, net of tax. It is noteworthy that more than half the write-downs were attributable to non-core assets including industrial landholdings.

Also reflected in the overall results are tighter margins due to a combination of factors including the highly competitive market, Peet's own proactive strategy to meet the market as part of its capital management program, and increased incentives to meet market demand and to stimulate sales activity consistent

with Peet's approach to monetise development assets.

Peet's activities and results over the past year reflect a very strategic decision to dedicate ourselves to the business in which we specialise and in which we have unique expertise and experience. Peet is Australia's only scale pure-play residential land development business and we will continue to confirm that position in the year ahead, leveraging off our existing platform and growing our Funds Management business.

The Group holds a land bank of considerable size and geographic diversity, with a particular emphasis on the robust Victorian market and strengthening Western Australian market. It continues to allow significant flexibility in the management of our production pipeline and enables us to be acutely responsive to our core markets.

The Group sold more than 2,400 lots from its managed and owned projects during the year, grossing in excess of \$447 million. There were slightly fewer settlements during the period (2,282 grossing more than \$428 million) though another 1,048 lots were under contract and awaiting settlement as at 30 June 2009.

While government incentives and the low interest rate environment motivated first homebuyers, particularly after the introduction of the Federal Government's First Home Owner's Boost in September 2008, the second half of the year saw evidence of a flow-on effect to second homebuyers and investors returning to the market.

Peet was able to take advantage of improved affordability with a range of titled stock available in different locations, priced to suit first and second homebuyers.

The past year has been another successful one for Peet's land syndication business with investors in many syndicates benefiting from dividends paid during the year and fees from the Funds Management business making a sound contribution to Peet Limited's total revenue.

Though market conditions and sentiment were not conducive to the launch of a new syndicated product, we look forward to providing future opportunities including the \$26 million Peet Point Cook Kingsford Syndicate, launched in August 2009.

Some 16 syndicates contributed to the Group's profit during the year (an increase of four over the previous year) and there were sales of almost 1,600 syndicated lots – an 11% increase. In addition, more than 750 syndicated lots were sold and awaiting settlement at 30 June 2009.

In 2009/2010, first sales are also expected at the impressive beachfront project at Alkimos, north of Perth. Managed on behalf of Peet's first wholesale land syndicate, the project has achieved important approvals including environmental approval from the Federal Government and, since year-end, District Structure Plan approval from the Western Australian Planning Commission.

The new financial year brings ongoing challenges – and significant opportunities. The Alkimos project is one of up to five carefully selected new projects on which Peet plans to commence development in the year ahead. With credit conditions expected to remain tight in the short-term, we will continue to constrain development activities where appropriate as part of an ongoing prudent capital management program.

We move into the new financial year, having successfully delivered a number of key components of our capital management plan including a \$77.7 million equity raising, which has strengthened the Group's balance sheet and reduced gearing; the extension of core banking facilities; an increase in the weighted debt maturity profile (to 2.8 years); a reduction in net interest-bearing debt; and a decrease in the weighted average cost of debt.

The decision to undertake an assessment of carrying values in light of market conditions, resulting in a write-down of the Group's development assets of \$27.4 million before tax (\$19.2 million after tax) also cleared the way for a more

positive future for the Group. The write-downs represented just 5.9% of the inventory book value as at 30 June 2009. At that date, the market value of inventory was \$537 million, compared with a book carrying value of \$438 million.

Our overall management strategy continues to position Peet well for the year ahead and expected improved conditions beyond, particularly as demand continues to outstrip supply.

Peet is managing and marketing 75 Company-owned, syndicated and joint venture residential projects around Australia. In total, the land bank stands at more than 34,400 lots with an estimated on-completion value of \$6.9 billion. More than half of the land bank is made up of the Group's syndicated and joint venture development pipeline.

In the year ahead, our focus will remain on our proven strategic approach to operational and capital management. We will continue to:

- focus on our core business across our key markets;
- grow our Funds Management platform, including expanding our brand and distributions capability on the east coast;
- monetise the land bank by commencing development and production of some of the Group's larger, key projects;
- continue our disciplined approach to capital management including maintaining a responsible level of gearing;
- address affordability with a range of product in a range of locations; and
- maintain a commitment to sustainability across our operations.

At Peet, we have an extremely high-calibre team with the capability and commitment to implement our strategies for future growth. I am particularly well-supported by a quality management group with a wealth of experience. I take this opportunity to thank our entire team of professionals who serve our investors, business partners and residents across Australia so well year after year.

On behalf of our team, I thank our Chairman, Tony Lennon, and other Board members for their support and wise counsel throughout the year.

I also thank the growing number of shareholders and syndicate investors, including a number of respected institutional investors, who continue to demonstrate their confidence in Peet.



Brendan Gore
Managing Director and CEO
29 September 2009

OPERATIONAL REVIEW

GROUP PERFORMANCE

Highlights

- > A 5.3% increase in revenue to \$176.8 million
- > Total land bank of 34,400 lots with an estimated on-completion value of \$6.9 billion
- > More than \$447 million (total gross sales value) from more than 2,400 owned and managed lots sold – up 6% over the previous year
- > More than 2,280 lots settled for a gross value of \$428.4 million
- > Almost 1,050 lots under contract and awaiting settlement as at 30 June 2009

The size and geographic diversity of Peet's land bank enables the Company to be responsive to market conditions and provide affordable homesites for its key markets.

The Group's total revenue for the year increased by 5.3% to \$176.8 million.

Peet sold a total of 2,409 owned and managed lots during the 2009 financial year, grossing in excess of \$447 million. There were 1,048 lots under contract as at 30 June 2009, 11% more than at the same time last year, for a gross value of \$195.7 million.

Contributions to revenue were made by 32 projects – most in Victoria and Western Australia with another three in Queensland. Of those, 18 were syndicated or joint venture projects and 14 were Company-owned – an extra four projects in each business area, compared with the previous year.

Development of up to another five projects is scheduled to commence in the 2010 financial year, assuming favourable market conditions.



1/ Homesite at Sea Crest, NSW
2/ Parkland at Burns Beach Estate, WA

Peet estates

As at 30 June 2009, Peet was managing 75 land development projects around Australia.

They include new communities being established from regional Queensland to outer metropolitan Melbourne and across to Western Australia's Great Southern district, the southwest and Perth metropolitan area.

Five projects were successfully completed during the past year.

Land bank

Peet Limited has established and maintained a quality, national land bank based on acquisitions of strategically located property in growth areas, close to existing or proposed infrastructure and amenities.

At year-end, Peet's land bank, held under ownership, management or joint venture, was the equivalent of approximately 34,400 lots with an estimated on-completion value of \$6.9 billion. This represents more than 15 years supply if production were to continue at current rates. More than 18,600 of these lots are syndicated, giving thousands of investors access to the property market with the confidence of Peet's management and marketing expertise and experience.

The size, age and geographic diversity of the land bank means Peet can strategically manage its production pipeline to achieve the best possible results for shareholders and investors while addressing the needs of Australia's growing population.

Peet will maintain its commitment to excellence in the development of quality, master-planned communities, while identifying and maximizing efficiencies across its national portfolio.

The Company continues to explore and assess acquisition opportunities that may present prudent growth prospects, particularly given the challenging economic conditions expected to continue through 2009/10.

Capital management

Peet ended the year in a sound financial position and with a strong, ongoing capital management program in place.

The Group constrained development activities where appropriate and indicated by market conditions (and will continue to do so) and a short-term, strategic trade-off between earnings and margins achieved higher revenue, allowing capital to be recycled, reducing net debt and managing gearing.

The Group continued to comply with all debt covenants throughout the year and managed its debt proactively to end the year with:

- an extension of \$250 million of the Group's core debt facility;
- a reduction in net interest bearing debt to \$184.5 million;
- an increase in the weighted average debt maturity profile to 2.8 years;
- 65% of its interest bearing debt hedged; and
- a decrease in the weighted average cost of debt to 5.9%.

A successful capital raising concluded in May 2009 strengthened the balance sheet, helped reduce gearing (to 34%) and provided additional capacity and flexibility to respond to market opportunities in the year ahead. The Group ended the year with \$123 million cash at bank.

“Development of up to another five projects is scheduled to commence in the 2010 financial year, assuming favourable market conditions.”

COMPANY-OWNED PROJECTS

Highlights

> Company-owned land bank of 15,777 lots comprising 39 projects

> Gross revenue of \$125.9 million and earnings of \$31.5 million (pre write-downs) from the settlement of 671 Company-owned lots

> More than 630 lots sold for a total gross sales value of \$122.9 million

> More than 200 lots under contract and awaiting settlement as at 30 June 2009

The Group sold more than 630 lots from 14 Company-owned projects. Prices reflected tighter margins (moderating to 25%), which were part of the balance between capital replenishment and earnings, and the Company's decision to defer developments in Queensland.

Settlements were achieved on more than 670 lots contributing to revenue of \$125.9 million and another 206 owned lots were under contract as at 30 June 2009.

The total contribution to earnings from Company-owned projects (pre write-downs) was \$31.5 million. Gross revenue increased by 17% to \$125.9 million.

At year-end, Peet's Company-owned projects totalled some 15,777 lots spread across 39 projects, 29 of which are in Victoria and Western Australia. They have an estimated on-completion value of \$2.7 billion.

Some 14 Company-owned projects contributed to earnings during the year, and first sales at two new owned projects in Victoria are expected to commence in the 2010 financial year.



FUNDS MANAGEMENT

Highlights

- > 28 projects managed on behalf of 25 syndicates
- > Syndicated and joint venture land bank of 18,642 lots
- > Gross revenue of \$36.6 million and earnings of \$23.3 million from syndicated projects
- > Almost 1,600 syndicated lots sold for a total gross sales value of \$289.1 million and more than 1,480 syndicated lots settled for a gross value of \$267.7 million
- > More than 750 syndicated lots under contract but awaiting settlement as at 30 June 2009
- > 185 sales from joint venture projects

Peet manages and markets residential land developments on behalf of land syndicates and in joint venture partnerships. These managed land holdings comprise a total of more than 18,640 lots with an estimated on-completion value of \$4.2 billion.

Syndicated projects

Peet is a national leader in residential land syndicates. In response to the financial crisis, Peet did not launch any new syndicates in 2008/09, however, in the second half of the year, preparations commenced for the launch of the Peet Point Cook Kingsford Syndicate in August 2009.

This new syndicate involves a capital raising to purchase 40.2 hectares of property opposite Peet's very successful Innisfail Estate at Point Cook, just 25 kilometres from the Melbourne central business district. Development of the project (with an estimated end value of more than \$100 million) is expected to commence in March 2010.

Peet Alkimos Pty Limited is Peet's largest managed fund and was established in late 2007. The Syndicate completed the purchase of 243 hectares of outstanding coastal land just over 40 kilometres from Perth's CBD in March 2008.

In 2008/09, significant progress was made in achieving local, State and Federal government approvals. The project is expected to yield approximately 3,300 dwellings – an increase of 10% on the number of dwellings originally anticipated – at an estimated end value of \$1 billion (in today's dollars).

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

Peet has a very strong syndication pipeline and will continue to actively implement strategies and initiatives to grow its retail investor base nationally.



1/ Boardwalk at Ashton Heights Private Estate, WA

2/ Entry statement at Greenwood Grove, Qld

3/ Sales Office at Warner Lakes, Qld



1/ Walkway at The Village at Wellard, WA
 2/ Sustainable demonstration home at Quattro: The New Queens Park, WA



Joint ventures

Peet is a respected joint venture partner, offering the benefits of stability, integrity and experience to State and local governments, organisations and individuals.

The Company has two joint venture projects with the Western Australian Government, and another at Caboolture in Queensland.

In December 2008, first sales were achieved at Quattro: The New Queens Park in WA with strong demand from first homebuyers. The Village at Wellard – an award-winning transit-oriented development in Perth’s southern corridor – added to its accolades during the year with the Urban Development Institute of Australia’s Judges’ Award.

There were a total of 185 net sales from the two joint venture projects during the year at an average price of almost \$190,000. There were 129 lots settled at an average price of more than \$198,000.

Peet Income Property Fund

The Peet Income Property Fund focuses on investment in the Australian commercial and industrial sectors.

The Fund recorded a loss for the year of \$4.32 million primarily due to a fall in the valuation of the portfolio of \$5.82 million to \$51.8 million, excluding the sale of a Darwin property. This 10% fall in the value of the portfolio was in line with falls across the broader property sector in Australia.

The Fund’s operational performance was strong with high occupancies, which has allowed the Fund to maintain distributions at the same level as the previous financial year. Distributions for the year ended 30 June 2009 totalled \$2,216,224 or 9.16 cents per unit.

The operating profit for the period, before property revaluations and one-off items, increased by 26.5% to \$1.86 million. The total income generated by the Fund rose by 13.7% to \$4.9 million.

The Fund paid Peet a total of just over \$500,000 in fees for the year. Occupancy levels remain high across the portfolio and Peet will continue to actively manage it to maximise returns to unitholders.

SUSTAINABILITY

Peet Limited is committed to environmental excellence and sustainability.

Priorities in the design and construction of our master-planned communities include the environment, safety and the promotion of a very practical sense of security.

Estate features including landscaped parklands, exercise equipment, barbecue areas and walking trails promote a healthy, outdoor lifestyle.

All Peet's communities optimise environmental features such as wetlands and natural bushland areas, and promote safety by embracing 'designing out crime' principles. The development plans for a number of estates include the preservation of large tracts of natural bushland or wetlands.

Residents in Peet communities are encouraged to become involved in the development of their estate in a range of different ways including environmental initiatives, community events and local community safety programs.

During the year, Peet undertook a range of initiatives and programs at its estates around the country.

These included:

Green Corps

The final four students working at The Village at Wellard in WA graduated from the Green Corps program in February 2009. The group had helped build a boardwalk to protect native bushland and propagated and planted native species at the Ngulla Community Nursery – another community initiative in which the joint venture project is involved.

National Tree Planting Day

Thousands of trees were planted by residents and friends and school students at Peet estates including Lakelands Private Estate and The Village at Wellard in Western Australia, and Cardinia Lakes estate in Victoria, to mark National Tree Planting Day.

Cockatoo habitat protection

Contributions were made towards the purchase of many hundreds of hectares of protected habitat for native flora and fauna, including endangered species of cockatoo as part of the development process for the Alkimos project, north of Perth.

Fauna programs

Population studies show the population of brown bandicoots and possums at The Village at Wellard in Western Australia is thriving thanks to a comprehensive environmental program including controlled access, a revegetation program and community education.

10-year environmental program

Thousands of indigenous trees, shrubs and grasses are being planted in and around Cardinia Lakes estate in Victoria as part of a 10-year environmental project to protect and revegetate natural bushland in the area. The program is approved by the Victorian Department of Sustainability and Environment and also includes grazing control, weed control and eradication and the installation of nesting boxes for possums, bats and birds.

Waterwise gardens

Peet encourages new home owners to maintain Waterwise gardens by including Waterwise front garden landscaping in its Flying Start package for purchasers in many Peet estates.

Sustainable demonstration home

Joint venture partners, Peet Limited and the WA Department of Housing maintained the sustainable demonstration home at Quattro: The New Queens Park. The Home demonstrates affordable, environmentally-friendly design elements and is also the Sales and Information Centre for the urban renewal project.

Foreshore rehabilitation

Works continued at Burns Beach Estate as part of the Foreshore Management Plan established to protect and maintain the integrity and biological diversity of the estate's foreshore reserve.

“Thousands of trees were planted by residents and friends and school students at Peet estates including Lakelands Private Estate and The Village at Wellard in Western Australia, and Cardinia Lakes estate in Victoria, to mark National Tree Planting Day.”

COMMUNITY

Peet Limited is proud to have been a part of the Australian community since 1895.

Part of its commitment to Australian communities includes the support of local communities in which it operates and the wider community through the sponsorship of organisations representing the arts, social welfare groups and sport. Peet also makes corporate donations to, and participates in, fund raising activities for a wide range of groups who, in turn, help thousands of Australians in need every year.

Peet communities and thousands of neighbours and visitors also benefited from a number of public art installations in 2008/09, including magnificent sculptures at Burns Beach Estate and The Village at Wellard in Western Australia.

The official opening of a new Community House at Lakelands Private Estate in August 2008 and a raft of community activities hosted by Peet across the country, including Christmas events at Warner Lakes in Queensland and Brimbank Gardens in Victoria, also contributed to the development of more liveable communities.

A series of community grants were also made available through Peet's two joint venture projects with the Western Australian State Government.

The Company also supported a number of industry activities and organisations including the Urban Development Institute of Australia, the Planning Institute of Australia, the Property Council and the Victorian Planning and Environment Law Association's Young Professional Award.

In 2008/09, Peet Limited was proud to support:

Peet Op Shop Ball for Anglicare

West Australian Opera's Peet Young Artist Concert Series

Habitat for Humanity Tool Libraries, supporting victims of the Victorian bushfires

Foxtel Lap supporting the Murdoch Children's Research Institute

Other organisations including St Vincent de Paul and the Salvation Army

More than 25 local community, environment and sporting groups operating in and close to Peet estates around the country



AWARDS

Peet Limited has been proud to earn a number a coveted industry awards for excellence in planning, design, environmental management and the development of vibrant, sustainable communities. In the past year it added to its portfolio:

**2008 Urban Development
Institute of Australia
Judges' Award**

The Village at Wellard, WA.

**2008 Not for Profit Network Awards
Partnership of the Year**

Ngulla Nursery – a partnership including Peet Limited and the Department of Housing, the Town of Kwinana, Medina Aboriginal Cultural Community, Bridging the Gap Inc and BHP Billiton.



- 1/ Playground at Brimbank Gardens, VIC
- 2/ Resident at the Brimbank Gardens' Christmas event, VIC
- 3/ Planting day at The Village at Wellard, WA
- 4/ Green Corps students at Ngulla Nursery, WA

CORPORATE CALENDAR

18 September 2009

Record date for final dividend for the year ended 30 June 2009.

30 September 2009

Annual report for the year ended 30 June 2009 lodged with ASX.

8 October 2009

Payment date for final dividend for the year ended 30 June 2009.

16 October 2009

Annual report dispatched to all shareholders.

18 November 2009

Annual General Meeting at the Parmelia Hilton Perth Hotel, Mill Street, Perth at 10.00am (AWST).

February 2010

Release of half-year results.

March 2010

Record date for interim 2010 dividend.

April 2010

Interim dividend paid.

CORPORATE GOVERNANCE STATEMENT

Outlined below are the main corporate governance policies and practices in place during the financial year ended 30 June 2009 and up to the date of the Directors' Report. Unless otherwise stated, these are consistent with the ASX Corporate Governance Council's principles and recommendations, and copies of relevant charters and policies are available at www.peet.com.au

Role of the Board

The Board of Directors is responsible for the overall corporate governance of the Peet Group. Under the Board charter, the Board's responsibilities include:

- setting strategic direction of the Peet Group and monitoring management's performance within that framework;
- ensuring there are adequate resources available to meet the Peet Group's objectives;
- appointing and removing the Managing Director and Chief Executive Officer and overseeing succession plans for the senior executive team;
- approving and monitoring financial reporting and capital management;
- approving and monitoring the progress of business objectives;
- ensuring that any necessary statutory licences (for example, Australian Financial Services Licence) are held and compliance measures are maintained to ensure compliance with the law and licence(s);

- ensuring that adequate risk management procedures are in place;
- ensuring that the Peet Group has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility; and
- ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company.

Composition of the Board

Under the Constitution, the minimum number of directors is three. The maximum number of directors is to be fixed by the directors, but may not be more than 14, unless the Company in general meeting resolves otherwise. The Board currently comprises two executive directors and four non-executive directors.

Board Members

Details of the members of the Board, their experience, expertise, qualifications and independent status are set out in the Board of Directors section of this report.

The ASX Corporate Governance Council's principles recommend that boards consist of a majority of independent non-executive directors; however, while the Peet Board does not meet this recommendation, it does consist of a majority of non-executive directors, one of whom is Chairman.

The Board believes that the current composition has the necessary skills and motivation to ensure that the Company continues to perform strongly, notwithstanding that its overall composition does not meet ASX guidelines on independence.

Mr Tony Lennon, the Non-executive Chairman, is not independent but the Board strongly believes that, due to the wealth of experience in Peet's business sector and knowledge of the Peet Group business that he brings to the Board, he is the most suitable person to occupy the position of Chairman.

Mr Warwick Hemsley is a substantial shareholder in the Company and was Managing Director of the Company until his retirement from that role in August 2007. He remains on the Board as a Non-executive Director and is not considered independent.

Mr Stephen Higgs is deemed to be independent under the principles set out on page 20.

Mr Graeme Sinclair is deemed to be independent under the principles set out on page 20.

Directors' Independence

The Board of Peet defines an independent director as a non-executive director and:

- is not a substantial shareholder (as defined by the *Corporations Act 2001*) of the Company or an officer of a substantial shareholder who has a financial interest in the substantial shareholder;
- within the past three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- within the past three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or other Group member, or an officer of a material supplier or customer who has a financial interest in the material supplier or customer;

- has no material contractual relationship with the Company or another group member other than as a director of the Parent Entity;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of more than 5% of annual turnover of the Company or Group or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

Term of Office

Apart from the Managing Director, all directors are appointed for a term (maximum of three years) retiring in rotation.

Chairman and Managing Director

The roles of Chairman and Managing Director are strictly separated.

The Chairman is responsible for:

- leading the Board in its duties to the Peet Group;
- ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- facilitating effective discussions at Board meetings; and
- ensuring effective communication with shareholders.

The Managing Director is responsible for:

- policy direction of the operations of the Peet Group;
- the efficient and effective operation of the Peet Group;
- ensuring directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board; and
- ensuring all material matters affecting the Peet Group are brought to the Board's attention.

Independent Professional Advice

In fulfilling their duties, each director may obtain independent professional advice at the Company's expense, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

Performance Assessment

The Board undergoes periodic formal assessments as and when considered appropriate, and informal self assessment on an annual basis.

The formal assessment process generally involves the appointment of an independent, third party consultant to facilitate the process and includes assessment of the Board's committees.

The formal assessment process generally includes the requirement for each director to complete a questionnaire and to be interviewed by the third party consultant on matters such as role, composition, procedures, practices and behaviour of the Board, its committees and their members.

This is then generally followed by a facilitated workshop at which the directors discuss the findings (in aggregate) from the questionnaires and interviews and agree on a program of actions.

The final part of the process generally involves individual feedback sessions facilitated by the independent third party consultant.

The most recent formal assessment process commenced during the 2009 financial year, with only the individual feedback sessions still to be completed.

Nomination Committee

No nomination committee currently exists.

Any changes to directorships will, for the time being, be considered by the full Board subject to any applicable laws. Accordingly, a separate nominations committee has not been established.

When a new director is to be appointed, the Board will review the range of skills, experience and expertise on the Board, identify its needs and prepare a short-list of candidates with appropriate skills and experience. Where necessary, advice will be sought from independent search consultants.

The Board will then appoint the most suitable candidate who must stand for election at the next annual general meeting of the Company. The Board's nomination of existing directors for reappointment is not automatic and is contingent on their past performance, contribution to the Company and the current and future needs of the Board and the Company.

Board Committees

The following committees serve the Board:

Remuneration Committee

The Remuneration Committee meets as frequently as required and during the year held three meetings. The Committee operates in accordance with its charter, which is available on the Company's website. Its primary function is, having received and considered proposals from senior management, to make recommendations to the Board on:

- the remuneration framework for directors, including non-executive directors;
- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- recruitment, retention and termination policies for senior management;
- incentive schemes;
- superannuation arrangements; and
- senior management succession plans.

The Remuneration Committee currently consists of two independent non-executive directors and the Non-executive Chairman.

The chairperson of the Remuneration Committee is the person appointed by the Board.

The members of the Committee during the year were:

- Mr SF Higgs (Chairman) – Independent Non-executive Director
- Mr GW Sinclair – Independent Non-executive Director
- Mr AW Lennon – Non-executive Chairman

Details of these directors' attendance at Remuneration Committee meetings are set out at item 12 in the Directors' Report.

Details of key management personnel remuneration is set out at item 14 in the Directors' Report.

As at the 30 June 2009, the Company's key management personnel comprised the non-director members of the Executive Team, who report directly to the Managing Director and Chief Executive Officer.

The process for evaluating the performance of the non-director Executive Team members generally involves an analysis of:

- a summary of the executives' highlights for the previous 12 months;
- an assessment against the Company's values and behaviours, which is considered a mandatory aspect of the day-to-day performance and an integral part of the Company's culture;
- an assessment against personal objectives and key performance indicators; and
- an assessment of personal skills and attributes.

During the year ended 30 June 2009, the non-director Executive Team members each underwent a performance evaluation process, (as described above) with the Managing Director and Chief Executive Officer.

The executive directors also form part of the Executive Team. Their performance was assessed by the Remuneration Committee and the Board based, primarily, on Group financial performance criteria.

Audit and Risk Management Committee

The purpose of the Audit and Risk Management Committee is to review and monitor the financial affairs of the Company and is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems.

The Committee's primary responsibilities include the following:

- review the integrity of the Peet Group's financial and external reporting;
- review and assess the external auditors' activities, scope and independence;
- review the management processes for the identification of significant business risks and exposures and review and assess the adequacy of management information and internal control structures; and
- provide assurance that the Peet Group is adequately managing risk relating to corporate governance and is maintaining appropriate controls against conflicts of interest and fraud.

Under its charter, which is available on the Company's website, the Audit and Risk Management Committee consists of a minimum of three directors with a majority of independent directors. The Board selects the chairperson of the Audit and Risk Management Committee.

The current committee consists of two independent non-executive directors and the Non-executive Chairman.

At the discretion of the Committee, the external auditor and other members of the Board and management are invited to Audit and Risk Management Committee meetings as and when considered appropriate.

The Audit and Risk Management Committee will consider any matters relating to the financial affairs of Peet and any other matter referred to it by the Board.

The Audit and Risk Management Committee charter requires the committee to meet at least three times a year. The Committee held five meetings during the year and all the other directors were invited to these meetings, along with the Chief Financial Officer. The external auditors were invited to attend four of the five meetings.

The members of the committee during the year were:

- Mr GW Sinclair (Chairman) – Independent Non-executive Director
- Mr SF Higgs – Independent Non-executive Director
- Mr AW Lennon – Non-executive Chairman

The Company Secretary acts as secretary to the Committee and attends its meetings.

Details of these Directors' attendance at Audit and Risk Management Committee meetings are set out at item 12 in the Directors' Report.

Risk Management

The Board recognises the importance of managing the risks associated with Peet's business operations and has adopted a formal Risk Management Plan in keeping with its Risk Management Policy Statement, a copy of which is available in the corporate governance section of the Company's website (www.peet.com.au).

Management is responsible for the design and implementation of the risk management framework and internal control systems to manage the Company's material business risks and to report to the Board on whether those risks are being managed effectively. Individual business units are responsible for integrating the risk management framework within their business processes and systems.

The Audit and Risk Management Committee assists the Board in its risk management supervisory function, receives reports from management on the Company's material business risks and monitors the effectiveness of risk management and internal control policies.

While the identification, monitoring and reporting of risks occurs continually, management reviews the Risk Management Plan periodically to ensure its ongoing relevance.

The Risk Management Plan represents a component of the overall internal controls of Peet to assist in risk management. Other internal controls include:

- establishment of a Company-wide code of conduct;
- adoption of written policies and procedures;
- delegation of authority across the various levels of the Company;
- establishment of reporting systems to monitor compliance;
- appointment of a compliance officer; and
- a network disaster recovery plan.

During the year the Audit and Risk Management Committee and the Board received a comprehensive report from an independent third party consultant on the Company's policies for managing and monitoring material business risks and recommendations to consider for implementation.

Compliance Committee

The Compliance Committee is responsible for monitoring and reviewing the effectiveness of the various Compliance Plans and functions governing the various Managed Investment Schemes for which Peet acts as Responsible Entity and Custodian.

The members of the Compliance Committee during the year were:

- Mr D Rundle (external member) – was a practising accountant for over 40 years, including 11 years in public practice. In more recent times he has been involved in property development, including being a member of the Unit-holders Advisory Committee of managed investment schemes managed by Peet.
- Mr A Hicks (external member) – former partner of the firm currently known as RSM Bird Cameron. Mr Hicks spent his entire working life in public practice and is a Fellow of both CPA Australia and Institute of Chartered Accountants of Australia.
- Mr W Hemsley (Non-executive Director) – please refer to information on Board of Directors of Peet Limited.

Peet's Compliance Officer acts as secretary to the Committee and attends its meetings.

The Compliance Plans of the Managed Investment Schemes have been lodged with the Australian Securities and Investments Commission (ASIC) and are subject to ongoing review.

The Committee meets at least quarterly and is required to report breaches of the *Corporations Act 2001*, the Parent Entity's Australian Financial Services Licence and the various Managed Investment Schemes' Constitutions and Compliance Plans to the Board, which is then required to report to ASIC any significant breach of obligations.

External Auditors

The Company and Audit and Risk Management Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed periodically and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

PricewaterhouseCoopers was appointed as the external auditor in 1998. It is PricewaterhouseCoopers' policy to rotate audit engagement partners on listed companies at least every five years. The current lead audit partner, David J Smith, was first appointed for the 2008 financial year's audit.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in item 16 of the Directors' Report and in note 25 to the Financial Report.

The external auditor is requested to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the audit report.

Corporate Reporting

The Managing Director and Chief Financial Officer have made the following certifications to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Promotion of Ethical and Responsible Decision Making

Code of conduct

The Board believes that the success of the Peet Group has been, and will continue to be, enhanced by a strong ethical culture within the organisation. As the Peet Group grows, the need to ensure that ethical standards remain has led the Board to embrace policies to ensure that all directors, executives and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their employment with the Peet Group.

The Company has documented the requirements to ensure that all legal and other compliance obligations to legitimate stakeholders are fully met. The various charters and policies are periodically reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

Share trading guidelines

Employees

Employees, other than directors or senior management, may buy or sell Peet shares on the ASX in the period of 60 days commencing immediately following:

- the announcement of half-yearly results;
- the announcement of annual results; or
- the holding of the Annual General Meeting,

except where an employee is in possession of price sensitive information or where the Company is in possession of price sensitive information and has, during the 'window' set out above, notified the employee that they may not buy or sell shares during all or part of any such period.

Employees, other than directors or senior management, may also buy or sell Peet's shares during the period that Peet has a current prospectus or other form of disclosure document on issue pursuant to which persons may subscribe for shares.

During other periods

Outside of the 'window' period, all employees, other than directors or senior management, must receive clearance for any proposed dealing in Peet's shares on the ASX by informing and receiving approval from the Managing Director prior to undertaking a transaction.

Directors and senior management

Unless there are unusual circumstances, as determined by the Board, approval will not be given to enable directors and senior management to trade in Peet's shares outside the 'windows' discussed above.

Additionally, before directors and senior management can deal in Peet's shares during the windows previously mentioned, they must follow these procedures:

- a director of Peet (including the Managing Director) must notify the Chairman and Company Secretary prior to undertaking a transaction;
- the Chairman must notify the Board or the next most senior director, prior to undertaking a transaction; and
- senior management must notify the Managing Director prior to undertaking a transaction.

Short-term dealing

Employees may not deal in Peet's securities on a 'short-swing' basis, except in circumstances of special hardship, with the Managing Director's approval. That is, employees may not buy and then sell securities within a three-month period. In addition, employees may not enter into any other short-term dealings (for example, forward contracts) except with the approval of the Managing Director.

Hedging of unvested securities

The Company's guidelines for dealing in securities prohibits directors and employees from entering into schemes to protect the value of unvested entitlements under any equity based remuneration scheme.

Continuous Disclosure Policies and Shareholder Communication

The Company places a high priority on communication with shareholders and is aware of the obligations it has under the *Corporations Act 2001* and the ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

The Company has adopted policies, which establish procedures to ensure that directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX.

Information is made available to shareholders as follows:

- the annual and half-yearly financial reports are lodged with the ASX, with the annual report made available for distribution to shareholders;
- announcements of annual and interim results, broker/analyst presentations and other price sensitive information made to the ASX; and
- addresses made by the Chairman and Managing Director to the Annual General Meeting (AGM).

Shareholders are entitled to attend the AGM and receive a notice of such meeting together with an explanatory memorandum of proposed resolutions (as appropriate). If shareholders cannot attend the AGM they are entitled to lodge a proxy in accordance with the *Corporations Act 2001* and Peet's Constitution.

A transcript of the addresses made by the Chairman and the Managing Director to the AGM is released to the ASX prior to the commencement of the AGM.

Additionally, all ASX announcements and other media releases are accessible via the Company's website.

BOARD OF DIRECTORS

Tony Lennon

FAICD

Non-executive Chairman

Tony Lennon brings more than 40 years' property experience to the position of Chairman of the Board. He has been a director of Peet for more than 20 years and was Executive Chairman before the Company was listed on the Australian Securities Exchange in 2004.

A qualified valuer, Mr Lennon acquired a controlling interest and the position of Managing Director of Peet Limited in 1985. Today, he continues to maintain a significant and active interest in the Company.

Mr Lennon is a Fellow of the Australian Institute of Company Directors and an Associate of the Australian Property Institute. Formerly President of the Real Estate Institute of Western Australia, he has also served as the Institute's Senior Arbitrator (Ethics and Practice) and as a councillor of the national body, the Real Estate Institute of Australia.

His industry service has included State Government appointed roles as Chairman of both the Perth Inner City Living Taskforce and the Residential Densities Review Taskforce. He was also a member of the Commercial Tenancies Tribunal.

Mr Lennon is a former President of the Shire of Peppermint Grove in Western Australia and Deputy Chairman of the National Board of the Australia Day Council. He is also a former Chairman of the Curtin Aged Persons Foundation and a founding Director of the Wearne and the Riversea Hostels for the Aged, both of which are locally initiated and managed community facilities.

Brendan Gore

BComm, FCPA, FCIS, MAICD

Managing Director and Chief Executive Officer

Brendan Gore has held senior corporate, commercial and operational roles for more than 17 years and brings to the positions of Managing Director and Chief Executive Officer wide-ranging expertise in the business, resources and property sectors.

A qualified accountant and member of the Australian Institute of Company Directors, Mr Gore is also a Fellow of CPA Australia and Fellow of the Chartered Institute of Secretaries.

Before joining Peet, Mr Gore held the dual role of Chief Financial Officer and Company Secretary of Mermaid Marine Australia Limited – now Australia's largest marine-based services provider to the offshore oil and gas industry.

He began with Peet as Chief Financial Officer and played a key role in expanding the Company's scope of activities and growing its core residential development and land syndication businesses.

In January 2007, he was appointed inaugural Chief Operating Officer, taking on responsibility for developing Peet's integrated operational strategy and managing the day-to-day safety and performance of its business divisions.

Assuming the position of Managing Director and Chief Executive Officer later that same year, Mr Gore maintains Peet's ongoing commitment to a long-term, strategic and disciplined approach to growth and expansion.

Warwick Hemsley

BComm, Assoc Dip Val, CPA, FAPI

Non-executive Director

Warwick Hemsley's long-standing association with Peet extends from 1985 when he became a director and significant shareholder in the Company. During that time he has served as Managing Director and Chief Executive Officer for 17 years, retiring in August 2007.

A 30-year veteran of the property industry, Mr Hemsley is a widely respected leader and continues to hold high-profile roles in key industry and other commercial bodies.

He is the current President of the Urban Development Institute of Australia (WA) and past Chairman of the Housing Industry Forecasting Group – a joint government and industry body which monitors and forecasts housing demand.

Mr Hemsley is the current President of the Western Australian Chamber of Commerce & Industry and was formerly Chairman of its Capital City Committee.

Mr Hemsley has served in a number of community roles and has an active role as Deputy Chairman of the West Australian Opera Company and Council Member of the National Gallery of Australia. He is a former Chairman of the Australia Day Council of Western Australia and continues to participate on the management committee.

Stephen Higgs

BEC (Syd)

Independent Non-executive Director

With more than 30 years corporate finance experience behind him, Stephen Higgs joined the board of Peet as a Director in June 2004.

Mr Higgs has held a series of board roles with high-profile Australian companies, including UBS Investment Bank, with which he worked for 20 years to cement a leadership position in the private equity market.

In addition to his role on Peet's Board, Mr Higgs is currently a Non-executive Director of Primary Healthcare Limited.

He is also Chairman of the Juvenile Diabetes Research Foundation Australia, a role he has undertaken since 2002.

Mr Higgs' commitment to the community has extended to include positions working as a Councillor at St Andrew's College at Sydney University and Trustee of the Malcolm Sargent Cancer Fund for Children.

Graeme Sinclair

BComm, CA, ACIS, FAICD

Independent Non-executive Director

A qualified Chartered Accountant with more than 35 years accumulated experience in investment and wealth management services, Graeme Sinclair joined the Peet Board in June 2004.

Mr Sinclair gained his accounting qualifications with then-named Peat Marwick Mitchell & Co – now KPMG – in 1971, before transferring to the firm's London office.

Two years later he returned to Australia and joined the Myer Family Group, an actively-managed long term investment group. The Myer Family Group holds Australian and international equity portfolios, as well as private equity and property investments.

After 13 years serving as both the Group's Chief Executive Officer and Managing Director of the Myer Family Company Pty Ltd, Mr Sinclair retired from those positions, effective from 30 June 2009.

Mr Sinclair was recently appointed as a Non-executive Director of Mirrabooka Investments Limited, a listed investment company specialising in investing in small and medium-sized companies located in Australia and New Zealand.

Mr Sinclair has also been involved in various philanthropic activities, including serving as Secretary of both The Myer Foundation and the Sidney Myer Fund.

Anthony Lennon

BA, Grad Dip Bus Admin

Executive Director / National Business Development Director

Anthony Lennon first joined Peet in 1991 and became a Director in 1996.

He moved to Victoria a decade ago to establish Peet's operations in that State and has overseen significant expansion since that time.

Before joining the Company, Mr Lennon worked in the United Kingdom, where he completed his post-graduate Diploma in Business Administration while on a graduate management training scheme with major international construction and development company, John Laing PLC. His time with this global company saw him gain valuable experience in property planning, marketing, feasibility analysis and project management.

Mr Lennon's responsibilities since joining Peet have included project management, broadacre acquisitions, marketing, financing and a six-year stint as head of conveyancing services.

Currently Peet Limited's National Business Development Director, he has previously held the positions of Director of Marketing and Director of Eastern States Operations, responsible for projects in Victoria, Queensland and New South Wales.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Peet Limited ('the Parent Entity' or 'the Company') and the entities it controlled at the end of, or during, the financial year ended 30 June 2009 ('Peet Group').

1 DIRECTORS

The following persons were directors of the Company during part or the whole of the financial year and up to the date of this report:

Non-executive Chairman

AW Lennon

Executive Directors

BD Gore

AJ Lennon

Non-executive Directors

WD Hemsley

SF Higgs

GW Sinclair

2 PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were asset management, funds management and land syndication. There was no significant change in the nature of the activities during the year.

3 REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS

GROUP FINANCIAL SUMMARY	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Revenue	175,138	167,735
Expenses	(118,687)	(89,747)
	56,451	77,988
Write down in carrying value of inventories	(27,369)	(1,936)
EBIT	29,082	76,052
Finance costs (includes interest and finance charges amortised through cost of sales)	(11,949)	(5,995)
Profit before income tax	17,133	70,057
Income tax expense	(5,114)	(22,145)
Profit attributable to members of Peet Limited	12,019	47,912

A review of operations for the financial year and the results of those operations are set out in the Operational Review.

4 EARNINGS PER SHARE

	2009 Cents	2008 Cents
Basic earnings per share	5.1	21.6
Diluted earnings per share	5.0	21.3

Basic earnings per share is calculated after income tax expense based on the weighted average number of shares on issue at 30 June 2009.

5 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year, other than those changes identified in the financial statements for the year ended 30 June 2009.

6 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since year-end the Group has successfully negotiated the extension on \$250 million of the Group's core Multi Option Facility until October 2012, with all other facilities extended to July 2011. The Group's weighted average debt maturity profile now stands at 2.8 years, compared with 2.2 years at the same time last year.

Since year-end Peet Point Cook South Syndicate Limited, a wholly owned subsidiary of Peet Limited, has offered to sell 295 and 305 Snedyes Road, Point Cook, Victoria to the Peet Point Cook Kingsford Syndicate for \$26 million, with \$14 million payable on settlement and \$12 million payable on or about 15 November 2010. The property was valued at \$28.65 million. A capital raising of \$22 million commenced on 24 August 2009 and is expected to close on 30 October 2009. The offer is underwritten by Peet Limited.

Since year-end the Group has agreed to provide Peet Tri State Syndicate Limited, an associate of the Group, with a short-term working capital loan facility of \$7 million. The loan is on commercial terms at an interest rate of 4% above BBSY, and due to expire in December 2009. The loan is secured by a second ranking mortgage over the Syndicate property.

6 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

Since year-end the Group has agreed to provide Peet Beachton Syndicate Limited, an associate of the Group, with a short term, working capital loan facility of \$5 million. The loan is on commercial terms at an interest rate of 4% above BBSY, and is due to expire in December 2009. The loan is secured by a second ranking mortgage over the Syndicate property.

Since year-end the Group has provided a loan of \$5.4 million to Peet Caboolture Syndicate Limited. The loan represents Peet's 20% proportional contribution towards repaying the Syndicate's \$27 million debt facility, with the other shareholder also contributing funds. The loan is interest free and has no fixed maturity date.

No other matters or circumstances have arisen since the end of the financial year, which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

7 LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

No further information as to the likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has been included in this report because, in the opinion of the Directors, it would prejudice the interests of the consolidated entity.

8 DIVIDENDS

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

	CENTS PER SHARE	TOTAL AMOUNT \$'000	DATE OF PAYMENT	FRANKED / UNFRANKED
Declared and paid during the year				
Interim 2009 ordinary	3.00	6,668	17 April 2009	Franked
Final 2008 ordinary	10.75	23,890	16 October 2008	Franked
	13.75	30,558		
Declared after year end				
Final 2009 ordinary	4.00	11,765	8 October 2009	Franked

Dividends declared or paid during the year were fully franked.

The financial effect of the dividend declared subsequent to the reporting date has not been brought to account in the financial statements for the year ended 30 June 2009 and will be recognised in the following financial period.

The amount of dividends payable subsequent to year end is based on the 294 million ordinary shares on issue at the record date.

9 ENVIRONMENTAL REGULATION

The consolidated entity is subject to environmental regulation by way of the *Environmental Protection Act 1986* (as amended) and the *Contaminated Sites Act 2003* in respect to its Western Australian land subdivision activities, the *Environmental Protection Act 1970* (as amended) in respect to its Victorian subdivision activities, the *Environmental Protection Act 1994* (including Regulations 1998) and the *Integrated Planning Act* in respect to its Queensland land subdivision activities and the *Environmental Planning and Assessment Act 1979* in respect to its New South Wales subdivision activities.

The Company is not aware of any breaches of environmental regulations in respect of its activities.

Greenhouse gas and energy data reporting requirements

The consolidated entity is also subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*, which requires the Group to report its annual greenhouse gas (GHG) emissions and energy use if it emits greenhouse gases, produces energy, or consumes energy at or above specified GHG emission thresholds per financial year starting 1 July 2008.

The Group is not required to register and report to the Department of Climate Change as the Group's GHG emissions or energy consumption is below the reporting threshold for the 2008-09 reporting period.

10 INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Please refer to the Board of Directors section of this report for information on directors.

Company Secretary

The Company Secretary is Mr Dom Scafetta, who was appointed to the position on 19 January 2005. He is a qualified Chartered Accountant and joined the Company in 1998. He is responsible for the corporate compliance and secretarial responsibilities of the Peet Group and all property syndicates. Prior to his appointment to the Company, he worked with accounting firm Coopers & Lybrand (now PricewaterhouseCoopers).

11 INTERESTS IN THE SHARES, OPTIONS AND PERFORMANCE RIGHTS OF THE COMPANY

DIRECTOR	INTEREST IN ORDINARY SHARES At 30 June 2009	INTEREST IN OPTIONS & PERFORMANCE RIGHTS At 30 June 2009	INTEREST IN ORDINARY SHARES At the date of this report	INTEREST IN OPTIONS & PERFORMANCE RIGHTS At the date of this report
AW Lennon ¹	78,548,323	-	78,548,323	-
WD Hemsley	20,663,600	-	20,663,600	-
SF Higgs	800,000	-	800,000	-
GW Sinclair	79,000	-	79,000	-
BD Gore	-	2,790,000	-	2,790,000
AJ Lennon ¹	829,393	435,000	829,393	435,000

¹ AW Lennon holds 13,931 shares in his own name, and 34,392 shares as trustee for the Trofie Superfund. The remaining 78,500,000 is held in the name of Scorpio Nominees Pty Ltd as trustee for the Gwenton Trust. AW Lennon is a director and shareholder of Scorpio Nominees Pty Ltd. AW Lennon and AJ Lennon are beneficiaries of the Gwenton Trust, which is a discretionary family trust.

12 DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

DIRECTOR	BOARD OF DIRECTORS		AUDIT & RISK MANAGEMENT COMMITTEE		REMUNERATION COMMITTEE	
	Held	Attended	Held	Attended	Held	Attended
AW Lennon	13	13	5	5	3	3
BD Gore	13	13	-	-	-	-
WD Hemsley	13	12	-	-	-	-
SF Higgs	13	13	5	5	3	3
GW Sinclair	13	13	5	5	3	3
AJ Lennon	13	13	-	-	-	-

13 RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Directors are elected at the Annual General Meeting (AGM) of the Company. Retirement will occur on a rotational basis so that one third of the directors, but not less than two, shall retire at each AGM. The directors may also appoint a director to fill a casual vacancy on the Board or in addition to the existing directors, who will then hold office until the next AGM. No director who is not the Managing Director, may hold office without re-election beyond the third AGM following the meeting at which the director was last elected or re-elected.

At this year's AGM both GW Sinclair and AJ Lennon will retire by rotation and offer themselves for re-election. The balance of your Board of Directors recommends their re-election.

14 REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The objective of the Company executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and creation of value for shareholders. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment to executive compensation; and
- capital management.

14 REMUNERATION REPORT (CONTINUED)

Principles used to determine the nature and amount of remuneration (continued)

In consultation with external remuneration consultants, the Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation through the following features:

Alignment to shareholders' interests:

- has earnings as a core component of plan design;
- focuses the executive on key financial and non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short (STI) and long-term incentives (LTI). As executives gain seniority within the Company, the balance of this mix shifts to a higher proportion of 'at risk' rewards.

Non-executive directors' fees

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board considers, as appropriate, the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options. Subject to the rules of the relevant share plan, non-executive directors may opt each year to receive a percentage of their remuneration in Peet Limited shares, which would be acquired on market. Shareholders approved this arrangement in June 2004.

The current base remuneration was last reviewed with effect from 1 July 2006. The Chairman's and non-executive directors' remuneration is inclusive of committee fees and for their membership on any subsidiary Boards. Non-executive directors' fees, including the Chairman's, are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$600,000.

The non-executive directors do not receive any form of retirement allowance.

Executive directors' pay

The executive directors' pay and reward framework has four components:

- base pay and benefits;
- short-term performance incentives;
- long-term incentives through participation in the Peet Limited Employee Share Option Plan (ESOP) and the Peet Limited Performance Rights Plan (PRP); and
- other remuneration such as superannuation.

The combination of these comprises the directors' total remuneration.

Base pay

Executive directors' base pay is structured as a total employment cost package which may be delivered as a mix of cash and prescribed non financial benefits.

Executive directors are offered a competitive base pay that comprises the fixed component of pay and rewards. As and when considered appropriate, external remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executive directors is reviewed annually to ensure the directors' pay is competitive with the market.

14 REMUNERATION REPORT (CONTINUED)

Principles used to determine the nature and amount of remuneration (continued)

Short-Term Incentives (STI)

Each executive director has a target STI opportunity depending on the accountabilities of the role and impact on the Group's performance. The maximum target bonus opportunity is 100% of the total base salary for the Managing Director and Chief Executive Officer and is 75% of total base salary for the National Business Development Director.

Each year, the remuneration committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

For the years ended 30 June 2008 and 2009, the KPIs linked to STI plans were based on group, individual business and personal objectives. The KPIs required performance in achieving specific earnings and operational targets, taking into account prevailing market conditions.

Other key management personnel remuneration

The key management personnel pay and reward framework has the same four components as the executive directors' pay and reward framework:

- base pay and benefits;
- short-term performance incentives;
- long-term incentives through participation in the Peet Limited Employee Share Option Plan (ESOP) and the Peet Limited Performance Rights Plan (PRP); and
- other remuneration such as superannuation.

The combination of these comprises the key management personnell's total remuneration.

Base pay

The base pay for key management personnel is structured as a total employment cost package which may be delivered as a mix of cash and prescribed non financial benefits.

Key management personnel are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for key management personnel is reviewed annually to ensure that their pay is competitive with the market. Key management personnel pay is also reviewed on promotion.

Short-Term Incentives (STI)

Bonuses may be awarded to key management personnel at the discretion of the remuneration committee in acknowledgement of exceptional performance.

Details of remuneration

Details of the remuneration of each director and the other key management personnel of the Group, as defined in AASB 124 Related Party Disclosures, are set out in the following tables.

Other key management personnel

The other key management personnel of the Company and the Group include the executive directors and the following executives who have authority and responsibility for planning, directing and controlling the activities of the Group. This also includes the five highest paid executives of the Group as required to be disclosed under the *Corporations Act 2001*.

Name	Position
B Gore	Managing Director and Chief Executive Officer (appointed 6 August 2007)
A Lennon	National Business Development Director
D Cooper	Chief Operating Officer (appointed 4 February 2008)
M Pisano	Chief Financial Officer (appointed 7 January 2008)
P Dumas	Head of Funds Management (appointed 4 February 2008)
D Scafetta	Company Secretary

14 REMUNERATION REPORT (CONTINUED)

Details of remuneration (continued)

Note		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS			Total \$	
		Cash salary and fees ¹ \$	Bonus ² \$	Other ³ \$	Superannuation \$	Shares / Options ⁴ \$	Long Service Leave \$	Termination Benefits \$		
Directors										
	AW Lennon	2009	167,474	-	-	12,371	-	-	-	179,845
		2008	165,000	-	-	14,850	-	-	-	179,850
	WD Hemsley	2009	75,000	-	-	6,750	-	-	-	81,750
5,6		2008	107,394	-	1,538	104,678	-	97,328	-	310,938
	SF Higgs	2009	75,000	-	-	6,750	-	-	-	81,750
		2008	75,000	-	-	6,750	-	-	-	81,750
	GW Sinclair	2009	75,000	-	-	6,750	-	-	-	81,750
		2008	75,000	-	-	6,750	-	-	-	81,750
	BD Gore	2009	661,255	125,000	-	13,745	566,096	-	-	1,366,096
6		2008	504,144	250,000	-	13,163	345,452	-	-	1,112,759
	AJ Lennon	2009	354,988	-	13,000	45,915	7,768	-	-	421,671
6		2008	324,269	192,500	13,000	12,731	-	-	-	542,500
	Total	2009	1,408,717	125,000	13,000	92,281	573,864	-	-	2,212,862
		2008	1,250,807	442,500	14,538	158,922	345,452	97,328	-	2,309,547
Other Key Management Personnel										
	D Cooper	2009	321,101	22,936	-	17,963	7,015	-	-	369,015
6		2008	121,873	25,000	-	5,050	-	-	-	151,923
	M Pisano	2009	281,267	20,000	-	13,745	5,127	-	-	320,139
6		2008	127,787	20,000	-	11,047	-	-	-	158,834
	P Dumas	2009	302,752	-	-	27,248	5,908	-	-	335,908
6		2008	116,443	-	-	10,480	-	-	-	126,923
	D Scafetta	2009	186,255	-	-	13,818	3,505	-	-	203,578
		2008	166,871	11,475	-	13,129	716	-	-	192,191
	N Hinchcliff	2009	-	-	-	-	-	-	-	-
7		2008	192,364	15,700	-	22,293	358	-	-	230,715
	P Lynch	2009	-	-	-	-	-	-	-	-
7		2008	189,063	-	-	17,016	430	-	-	206,509
	S Kenney	2009	-	-	-	-	-	-	-	-
7		2008	168,901	3,700	-	13,129	29,067	-	-	214,797
	L McGill	2009	-	-	-	-	-	-	-	-
7		2008	163,250	-	-	16,137	3,458	-	64,381	247,226
	D Mulder	2009	-	-	-	-	-	-	-	-
7		2008	77,629	-	-	8,307	3,458	-	16,376	105,770
	Total	2009	1,091,375	42,936	-	72,774	21,555	-	-	1,228,640
		2008	1,324,181	75,875	-	116,588	37,487	-	80,757	1,634,888

1 Cash salary and fees includes accrued annual leave liability paid out on retirement or resignation.

2 All cash bonuses are earned in the financial year to which they relate. The bonus of \$125,000 paid to Mr Gore represents a discretionary bonus approved by the Board in respect to his performance during the 2008 financial year.

3 Other includes motor vehicle costs and car-parking and are inclusive of related fringe benefits tax.

4 Options and Performance Rights granted includes the executive and employee share option plan as disclosed in note 36 to the financial statements. The value placed on Options and Performance Rights in the table above is based on the valuation at the date of grant using a Black-Scholes model (options) or Binomial model (performance rights), pro-rated over the period from grant date to vesting date.

5 Mr WD Hemsley resigned as Managing Director and Chief Executive Officer on 5 August 2007 and remained as a non-executive director. Mr BD Gore was appointed as Managing Director and Chief Executive Officer on 6 August 2007.

6 Denotes one of the five highest paid executives of the Group and Company, as required to be disclosed under the *Corporations Act 2001*.

7 These individuals are no longer key management personnel or have left the Group.

8 Share-based payments include \$20,000 of Peet Limited shares acquired on market.

9 Key Management Personnel employed part way through the financial year.

10 Remuneration for Mr L McGill and Mr D Mulder are up to their dates of resignation being 31 May 2008 and 14 December 2007, respectively.

14 REMUNERATION REPORT (CONTINUED)

Details of remuneration (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	FIXED REMUNERATION		AT RISK-STI		AT RISK-LTI	
	2009	2008	2009	2008	2009	2008
Directors						
AW Lennon	100%	100%	-	-	-	-
WD Hemsley	100%	100%	-	-	-	-
SF Higgs	100%	100%	-	-	-	-
GW Sinclair	100%	100%	-	-	-	-
BD Gore ¹	50%	47%	9%	22%	41%	31%
AJ Lennon	98%	65%	-	35%	2%	-
Other Key Management Personnel						
D Cooper	92%	84%	6%	16%	2%	-
M Pisano	92%	87%	6%	13%	2%	-
P Dumas	98%	100%	-	-	2%	-
D Scafetta	98%	94%	-	6%	2%	-
N Hinchcliff	-	93%	-	7%	-	-
P Lynch	-	100%	-	-	-	-
S Kenney	-	85%	-	2%	-	13%
L McGill	-	99%	-	-	-	1%
D Mulder	-	97%	-	-	-	3%

¹ The 'At Risk-STI' for Mr Gore is in respect to the discretionary bonus approved by the Board in respect to his performance during the 2008 financial year.

Service agreements

Remuneration and other terms of employment for the Managing Director and Chief Executive Officer are formalised in a service agreement. The major provisions of the agreement are set out below.

BD Gore, Managing Director and Chief Executive Officer

- Term of Agreement – 4 years commencing 6 August 2007;
- Base salary, inclusive of superannuation to be reviewed annually by the remuneration committee and for the year ended 30 June 2009 was \$675,000;
- Short-term incentive payment of up to 100% of the base salary with the actual payment determined by reference to key performance indicators;
- Long-term incentive payment by way of the granting of 1,200,000 options issued in accordance with the Peet Employee Share Option Plan and approved by shareholders at the 2007 AGM. In addition an interest free loan to pay any taxation liability, which is solely referable to the grant of the options; and
- The service contract may be terminated by Peet at any time after a period of 2 years from the commencement date, by Peet giving not less than 6 month's notice in writing. Payment may be made in lieu of notice. If the service contract is terminated prior to the expiry of the third year of the term due to the relocation of Peet's head office or material change to Mr Gore's employment status, he is entitled to a payment equal to 150% of his fixed annual remuneration.

14 REMUNERATION REPORT (CONTINUED)

Share-based compensation

Options over shares in Peet Limited are granted under the Peet Employee Share Option Plan (ESOP) which was approved by the Board during the 2004 financial year and the Peet Performance Rights Plan (PRP) which was approved by shareholders at the 2008 AGM. Employees of any Peet Group company (including Executive Directors) will be eligible to participate in the ESOP and/or PRP at the discretion of the Board.

Invitations to apply for options and/or performance rights

Eligible employees, at the discretion of the Board, may be invited to apply for options and/or performance rights on terms and conditions to be determined by the Board including as to:

- the method of calculation of the exercise price of each option;
- the number of options and/or performance rights being offered and the maximum number of shares over which each option and/or performance right is granted;
- the period or periods during which any of the options and/or performance rights may be exercised;
- the dates and times when the options and/or performance rights lapse;
- the date and time by which the application for options and/or performance rights must be received by Peet; and
- any applicable conditions which must be satisfied or circumstances which must exist before the options and/or performance rights may be exercised.

Eligible employees may apply for part of the options and/or performance rights offered to them, but only in specified multiples.

Consideration

Unless the Board determines otherwise, no payment will be required for a grant of options and/or performance rights under the ESOP and/or PRP.

Exercise conditions

Generally, as a pre-condition to exercise, any exercise conditions in respect of an option and/or performance right must be satisfied. However, the Board has the discretion to enable an option and/or performance right holder to exercise options and/or performance rights where the exercise conditions have not been met, including, for example, where a court orders a meeting to be held in relation to a proposed compromise or arrangement in respect of the Company, or a resolution is passed or an order is made for winding up the Company.

Options granted under the ESOP and performance rights granted under the PRP carry no dividend or voting rights.

Lapse of options and/or performance rights

Unexercised options and/or performance rights will lapse upon the earlier to occur of a variety of events specified in the rules of the ESOP and PRP, including, on the date or in circumstances specified by the Board in the invitation, failure to meet the options' or performance rights' exercise conditions in the prescribed period or on a specified anniversary date of grant of the options or performance rights, as determined by the Board.

Share options and performance rights granted to directors

18 June 2004

On 18 June 2004, options under the Company's ESOP were granted to WD Hemsley and AJ Lennon. Each Director was granted 600,000 options convertible to ordinary shares on a 1:1 basis at an exercise price of \$1.20 per share. The vesting conditions of these options have been met and were exercised during the year ended 30 June 2009.

14 REMUNERATION REPORT (CONTINUED)

Share-based compensation (continued)

The exercise conditions in respect of the options granted to WD Hemsley and AJ Lennon were based on a blended performance hurdle being achieved combining external and internal performance measures calculated at the end of the performance period, being 18 June 2007.

The external hurdle was based on total shareholder return (TSR) as measured against other companies in the S&P/ASX Small Ordinaries Index. The TSR hurdle related to 50% of the options or 300,000 options. TSR is, broadly, a measure of the return to shareholders provided by share price appreciation, plus reinvested dividends, expressed as a percentage of investment.

The TSR hurdle was tested at the end of the performance period (three years from grant) by calculating the TSR performance of each Company in the selected benchmark group. The performance of each Company was then ranked in the group using percentiles. Peet Limited's TSR performance was then calculated at the end of the performance period and compared to the percentile rankings.

The number of options that vested and became exercisable depended on the Company's TSR ranking against the benchmark group as per the following table:

COMPANY'S PERFORMANCE (TSR PERCENTILE RANKING)	PERCENTAGE OF OPTIONS VESTING
At or below the 50th percentile	0%
At the 51st percentile	50%
Between the 51st percentile and 75th percentiles	An additional 2% of options will vest for every percentile increase in TSR ranking.
75th percentile or above	100%

The internal hurdle was based on earnings per share (EPS), with a target level expressed as an average compound per annum growth over the three year vesting period, and related to the remaining options, (i.e. 300,000 options). The EPS hurdle operated as follows:

AVERAGE COMPOUND GROWTH IN EPS OVER A THREE-YEAR PERFORMANCE PERIOD	PROPORTION OF OPTIONS THAT MAY BE ELIGIBLE TO VEST
Less than 7% per annum	None
7% per annum	50%
9% per annum	75%
11% per annum	100%

In relation to the options granted to WD Hemsley and AJ Lennon, the TSR and EPS hurdles were calculated at the end of the three year performance period. Both the internal and external hurdles were met with 100% of the options vesting during the year ended 30 June 2008 and were exercised during the year ended 30 June 2009.

6 August 2007

On 6 August 2007, 1,200,000 options were granted to BD Gore under the Company's ESOP and approved by the shareholders at the 2007 AGM. The options are convertible to ordinary shares on a 1:1 basis at an exercise price of \$4.10 per share after the fourth anniversary of the grant date.

The exercise condition in respect of options granted to BD Gore on 6 August 2007 is that he remains employed as Managing Director for a period of four years. His entitlement to the options reduces on early termination, subject to the terms set out in his Service Agreement.

14 REMUNERATION REPORT (CONTINUED)

Share-based compensation (continued)

18 December 2008

On 18 December 2008 and following shareholder approval, 1,300,000 options and 120,000 performance rights were granted to BD Gore and 400,000 options and 35,000 performance rights were granted to AJ Lennon under the Company's ESOP and PRP, respectively.

The terms and conditions of the options and performance rights can be summarised as follows:

SECURITY	VESTING TERM	EXPIRY TERM	EXERCISE PRICE	VESTING CONDITIONS
Option	4 years	6 years	\$2.50	EPS Growth (refer below)
Performance right	4 years	6 years	\$0.00	EPS Growth (refer below)

The options and performance rights are convertible to ordinary shares on a 1:1 basis. The vesting condition is based on earnings per share (EPS), with a target level expressed as an average per annum growth over the four year vesting period, with the base year being 30 June 2008. The EPS hurdle operates as follows:

PERFORMANCE LEVEL	AVERAGE 4-YEAR EPS GROWTH	PROPORTION OF OPTIONS AND PERFORMANCE RIGHTS THAT MAY BE ELIGIBLE TO VEST
Less than the threshold	Peet's average 4-year EPS Growth is less than 5% per annum	0%
Threshold	Peet's average 4-year EPS Growth is 5% per annum	50%
Threshold- maximum	Peet's average 4-year EPS Growth is between 5% to 8% per annum	Pro rata between 50% and 100% (i.e., for each 1% increase above 5% EPS Growth, an additional 16.667% of the maximum performance rights will vest)
Maximum	Peet's average 4-year EPS Growth is above 8% per annum	100%

Share options and performance rights granted to employees

The ESOP and PRP are designed to provide long-term incentives for executives to deliver long-term shareholder returns. Under the plans, participants are granted options and/or performance rights which only vest if the employees are still employed by the Group at the end of the vesting period and any performance hurdles set have been met. Participation in the plans is at the Board's discretion and no individual has a contractual right to participate in the plans or to receive any guaranteed benefits.

During the financial year, there were 1,230,000 options and 110,000 performance rights granted to key management personnel under the Company's ESOP and PRP, respectively, other than those granted to BD Gore and AJ Lennon and approved by shareholders at the 2008 AGM.

14 REMUNERATION REPORT (CONTINUED)

Share-based compensation (continued)

Shares under option and performance rights

Unissued ordinary shares of the Company under option and performance rights amounted to 4,815,000 at the date of this report. The details of the options are as follows:

NO. OF OPTIONS & PERFORMANCE RIGHTS	EXERCISE PRICE	VALUE PER OPTION & PERFORMANCE RIGHTS AT GRANT DATE	GRANT DATE	VESTING AND EXERCISE DATE	EXPIRY DATE
Options					
20,000	\$1.71	\$0.23	17 Aug 2005	17 Aug 2008	17 Aug 2010
230,000	\$2.04	\$0.22	1 Sep 2005	1 Sep 2008	1 Sep 2010
100,000	\$2.81	\$0.57	8 Feb 2006	8 Feb 2009	8 Feb 2011
20,000	\$3.09	\$0.68	2 May 2006	2 May 2009	2 May 2011
50,000	\$3.42	\$0.78	24 May 2006	24 May 2009	24 May 2011
1,200,000	\$4.10	\$1.12	30 Nov 2007	30 Nov 2011	30 Nov 2013
2,930,000	\$2.50	\$0.07	18 Dec 2008	18 Dec 2012	18 Dec 2014
4,550,000					
Performance rights					
265,000	\$0.00	\$1.08	18 Dec 2008	18 Dec 2012	18 Dec 2014
265,000					
4,815,000					

14 REMUNERATION REPORT (CONTINUED)

Share-based compensation (continued)

Option and performance rights holdings

The number of options and performance rights over unissued ordinary shares in the Company held during the financial year by each director of the Company and each of the key management personnel of the consolidated entity, including their personally-related entities, are set out below. When exercisable, each option and performance right is convertible into one ordinary share of Peet Limited. Further information on the options and performance rights is set out in note 36 to the financial statements.

		BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Directors							
AW Lennon	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
WD Hemsley	2009	600,000	-	(600,000)	-	-	-
	2008	600,000	-	-	-	600,000	600,000
SF Higgs	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
GW Sinclair	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
BD Gore	2009	1,370,000	1,420,000	-	-	2,790,000	170,000
	2008	170,000	1,200,000	-	-	1,370,000	-
AJ Lennon	2009	600,000	435,000	(600,000)	-	435,000	-
	2008	600,000	-	-	-	600,000	600,000
Other key management personnel							
D Cooper	2009	-	435,000	-	-	435,000	-
	2008	-	-	-	-	-	-
M Pisano	2009	-	325,000	-	-	325,000	-
	2008	-	-	-	-	-	-
P Dumas	2009	-	360,000	-	-	360,000	-
	2008	-	-	-	-	-	-
D Scafetta	2009	-	220,000	-	-	220,000	-
	2008	200,000	-	(200,000)	-	-	-
N Hinchcliff	2009	-	-	-	-	-	-
	2008	100,000	-	(100,000)	-	-	-
P Lynch	2009	-	-	-	-	-	-
	2008	120,000	-	(120,000)	-	-	-
S Kenney	2009	-	-	-	-	-	-
	2008	70,000	-	-	-	70,000	-
L McGill	2009	-	-	-	-	-	-
	2008	130,000	-	(100,000)	-	30,000	-
D Mulder	2009	-	-	-	-	-	-
	2008	130,000	-	(100,000)	(30,000)	-	-

During the financial year 1,200,000 options were exercised by directors or other key management personnel.

14 REMUNERATION REPORT (CONTINUED)

Share-based compensation (continued)

Shares provided on exercise of options

Details of ordinary shares in the company issued as a result of the exercise of options to each director and key management person are set out below:

NAME	DATE OF EXERCISE OF OPTIONS	AMOUNTS PAID PER ORDINARY SHARE ON THE EXERCISE OF OPTIONS AT DATE OF EXERCISE		NUMBER OF ORDINARY SHARES ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	
		2009 \$	2008 \$	2009	2008
Directors					
WD Hemsley	15 June 2009	1.20	-	600,000	-
AJ Lennon	15 June 2009	1.20	-	600,000	-
Other key management personnel					
D Scafetta	30 August 2007	-	1.20	-	200,000
N Hinchcliff	22 August 2007	-	1.20	-	100,000
P Lynch	4 September 2007	-	1.20	-	120,000
L McGill	28 August 2007	-	1.20	-	100,000
D Mulder	7 September 2007	-	1.20	-	100,000

Additional information

Performance of Peet Limited

The overall level of executive compensation takes into account the performance of the Group over the past year. Comparison to the previous 5 years performance is tabulated below:

YEAR	NET PROFIT AFTER TAX (NPAT)	NPAT GROWTH	BASIC EPS Cents per share	BASIC EPS GROWTH	DIVIDENDS PAID Cents per share	DIVIDENDS PAID GROWTH	AT RISK STI	AT RISK STI GROWTH
	\$000	%		Growth %		Growth %	\$	Growth %
2004	28,734	-	14.4	-	10.00	-	471,587	-
2005	29,603	3.00%	14.8	2.80%	14.50	45.00%	523,279	11.00%
2006	36,834	24.40%	18.4	24.30%	17.00	17.20%	616,500	17.80%
2007	45,518	23.60%	21.4	16.30%	19.50	14.70%	635,721	3.10%
2008	47,912	5.30%	21.6	0.90%	19.75	1.30%	518,375	-18.50%
2009	12,019	-74.90%	5.1	-76.40%	7.00	-64.60%	167,936	-67.60%
Average over the past 5 years		-3.70%		-6.40%		2.70%		-10.80%

Details of remuneration: cash bonuses, options and performance rights

For each cash bonus, grant of options and performance rights included in the tables within the remuneration report, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses forfeited is payable in future years. Subject to the rules of the Peet ESOP and PRP, no options or performance rights will vest if the conditions are not satisfied, hence the minimum value of the option and performance rights yet to vest is nil. The maximum value of the options and performance rights yet to vest has been determined as the amount of the grant date fair value of the options and performance rights that is yet to be expensed.

14 REMUNERATION REPORT (CONTINUED)

Additional information (continued)

	CASH BONUS		OPTIONS & PERFORMANCE RIGHTS					
	PAID %	FORFEITED %	FINANCIAL YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEARS IN WHICH OPTIONS MAY VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST \$	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST \$
Directors								
AW Lennon	-	-	-	-	-	-	-	-
WD Hemsley	-	-	-	-	-	-	-	-
SF Higgs	-	-	-	-	-	-	-	-
GW Sinclair	-	-	-	-	-	-	-	-
BD Gore ¹	19%	81%	2008	-	-	2012	nil	199,224
			2009	-	-	2013	nil	120,269
AJ Lennon	-	-	2009	-	-	2013	nil	36,184
Other key management personnel								
D Cooper	12%	88%	2009	-	-	2013	nil	32,761
M Pisano	22%	78%	2009	-	-	2013	nil	24,154
P Dumas	-	-	2009	-	-	2013	nil	27,399
D Scafetta	-	-	2009	-	-	2013	nil	15,435
N Hinchcliff	-	-	-	-	-	-	-	-
P Lynch	-	-	-	-	-	-	-	-
S Kenney	-	-	-	-	-	-	-	-
L McGill	-	-	-	-	-	-	-	-
D Mulder	-	-	-	-	-	-	-	-

¹ The cash bonus refers to the bonus of \$125,000 paid to Mr Gore at the Board's discretion in respect to his performance during the 2008 financial year.

14 REMUNERATION REPORT (CONTINUED)

Additional information (continued)

Further details relating to options and performance rights are set out below.

	REMUNERATION CONSISTING OF OPTIONS & PERFORMANCE RIGHTS ¹	VALUE AT GRANT DATE ²	VALUE AT EXERCISE DATE ³	VALUE AT LAPSE DATE ⁴	TOTAL
		\$	\$	\$	\$
Non-executive Directors					
WD Hemsley	-	-	288,000	-	288,000
Executive Directors					
BD Gore	41%	217,992	-	-	217,992
AJ Lennon	2%	64,998	288,000	-	352,998
Other key management personnel					
D Cooper	2%	64,998	-	-	64,998
M Pisano	2%	47,398	-	-	47,398
P Dumas	2%	54,838	-	-	54,838
D Scafetta	2%	35,199	-	-	35,199
N Hinchcliff	-	-	-	-	-
P Lynch	-	-	-	-	-
S Kenney	-	-	-	-	-
L McGill	-	-	-	-	-
D Mulder	-	-	-	-	-

1 The percentage of the value of remuneration consisting of options and performance rights, based on the value of options and performance rights expensed during the current year.

2 The value at grant date calculated in accordance with AASB 2 Share-based payment of options and performance rights granted during the year as part of remuneration.

3 The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

4 The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Loans to directors and other key management personnel

There were no loans made to any directors or any of the key management personnel of the Group, or their personally-related entities, during the financial year.

15 INSURANCE OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of directors' and officers' liability that indemnifies officers of the Company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as such. The directors have not included more specific details of the nature of the liabilities covered or the amount of the premium paid in respect of directors' and officers' liability, as such disclosure is prohibited under the terms of the contract.

The Company has not during, or since the beginning of the financial year, in respect of any person who is or has been an auditor of the Company, paid, or agreed to pay, a premium in respect of a contract, that insures against any liability, including liability for costs or expenses to defend legal proceedings.

16 NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are considered important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below and in note 25 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the consolidated entity, its related practices and non-related audit firms:

	CONSOLIDATED	
	2009	2008
	\$	\$
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	193,950	166,538
Non-PricewaterhouseCoopers audit firms	23,250	13,585
Total remuneration for audit services	217,200	180,123
Other assurance services		
PricewaterhouseCoopers Australian firm	103,600	3,440
Non-PricewaterhouseCoopers audit firms	27,768	7,725
Total remuneration for other assurance services	131,368	11,165
Total remuneration for audit and other assurance services	348,568	191,288
Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of company income tax returns	150,185	97,141
Non-PricewaterhouseCoopers tax firms	8,652	23,505
Total remuneration for other taxation services	158,837	120,646

17 AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

18 AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* is set out on page 48.

19 ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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



Brendan Gore
Managing Director
Perth, Western Australia

29th September 2009

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Auditor's Independence Declaration

As lead auditor for the audit of Peet Limited for the year ended 30 June 2009, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



David J Smith
Partner
PricewaterhouseCoopers

Perth
29 September 2009

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SUCCESS THROUGH EXPERIENCE

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This financial report covers both the separate financial statements of Peet Limited as an individual entity and the consolidated financial statements for the consolidated entity consisting of Peet Limited and its subsidiaries. The financial report is presented in Australian currency.

Peet Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:
Level 7, 200 St Georges Terrace Perth WA 6000.
A description of the nature of the consolidated entity's operations and its principal activities is included in the Operational Review on pages 10 to 17, which is not part of the financial report.

The financial report was authorised for issue by the directors on 29 September 2009. The directors have the power to amend and reissue the financial report.
Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are accessible via our website: www.peet.com.au

INCOME STATEMENTS

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue	5	176,840	167,957	50,376	63,256
Other income	7(a)	-	-	22,773	4,177
Cost of inventories	6	(114,555)	(63,840)	(1,716)	(5,683)
Employee benefits expense		(16,863)	(12,833)	(16,846)	(12,823)
Depreciation	6	(748)	(540)	(438)	(368)
Finance costs	6	(6,680)	(2,287)	(4,371)	(1,307)
Project management, selling and other operating costs		(13,116)	(13,132)	(3,713)	(4,679)
Office costs		(3,790)	(2,643)	(3,187)	(2,368)
Other expenses		(2,253)	(2,403)	(1,222)	(988)
Share of net loss of associates accounted for using the equity method	32(b)	(1,702)	(222)	-	-
Profit before income tax		17,133	70,057	41,656	39,217
Income tax expense	7	(5,114)	(22,145)	(12,470)	(11,400)
Profit for the year		12,019	47,912	29,186	27,817
Earnings per share for profit attributable to the ordinary equity holders of the Parent Entity:					
Basic earnings per share (cents)	35(a)	5.1	21.6		
Diluted earnings per share (cents)	35(a)	5.0	21.3		

The above Income Statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets					
Cash and cash equivalents	8	123,116	50,277	90,692	6,253
Receivables	9	32,531	36,201	28,677	31,217
Tax receivable		15,038	-	15,038	-
Inventories	10	76,262	93,750	337	694
Total current assets		246,947	180,228	134,744	38,164
Non-current assets					
Receivables	9	345	-	-	-
Inventories	10	354,417	366,419	6,685	7,947
Investments accounted for using the equity method	11	32,684	26,235	-	-
Available for sale financial assets	12	257	157	257	157
Derivative financial instruments	13	6,071	1,418	6,071	1,418
Other financial assets	14	-	-	66,963	88,205
Property, plant and equipment	15	7,475	4,766	3,027	2,921
Total non-current assets		401,249	398,995	83,003	100,648
Total assets		648,196	579,223	217,747	138,812
Current liabilities					
Payables	17	24,863	27,627	4,351	4,652
Land vendor liabilities	18	28,741	45,228	-	-
Borrowings	19	69,771	41,700	20,481	20,700
Tax liabilities		-	7,668	-	7,668
Provisions	20	5,451	6,381	720	1,171
Total current liabilities		128,826	128,604	25,552	34,191
Non-current liabilities					
Payables	17	-	-	2	2
Land vendor liabilities	18	52,432	58,797	-	-
Borrowings	19	237,833	232,421	10,403	-
Derivative financial instruments	13	-	154	-	154
Deferred tax liabilities	21	26,407	15,460	6,413	5,166
Provisions	20	35	63	35	63
Total non-current liabilities		316,707	306,895	16,853	5,385
Total liabilities		445,533	435,499	42,405	39,576
Net assets		202,663	143,724	175,342	99,236
Equity					
Contributed equity	22(a)	163,354	85,914	163,354	85,914
Reserves	23	2,160	2,122	2,160	2,122
Retained profits	23	37,149	55,688	9,828	11,200
Total equity		202,663	143,724	175,342	99,236

The above Balance Sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total equity at the beginning of the financial year		143,724	136,692	99,236	112,299
Profit for the year		12,019	47,912	29,186	27,817
Changes in the fair value of cash flow hedges, net of tax		70	303	70	303
Total recognised income and expense for the year		12,089	48,215	29,256	28,120
Transactions with equity holders in their capacity as equity holders:					
Employee share (benefit)/expense	23	(32)	166	(32)	166
Contributions of equity, net of transaction costs	22	77,440	1,968	77,440	1,968
Dividends provided for or paid	24(a)	(30,558)	(43,317)	(30,558)	(43,317)
		46,850	(41,183)	46,850	(41,183)
Total equity at the end of the financial year		202,663	143,724	175,342	99,236

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

CASH FLOW STATEMENTS

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		190,628	175,869	54,542	60,289
Payments to suppliers and employees (inclusive of GST)		(110,034)	(110,617)	(25,757)	(32,457)
Payments for purchase of land		(39,533)	(61,029)	-	(152)
Interest received		2,140	3,396	1,208	1,926
Interest and other finance costs paid		(21,746)	(18,743)	(3,650)	(1,307)
Income tax paid		(16,693)	(16,232)	(18,991)	(7,720)
Net cash inflow/(outflow) from operating activities	31(b)	4,762	(27,356)	7,352	20,579
Cash flows from investing activities					
Payments for plant and equipment		(3,464)	(3,211)	(550)	(1,540)
Dividends received		191	131	191	131
Proceeds from sale of investments in associates		5	1,036	5	1,036
Payments for investments in associates		(8,230)	(24,748)	(8,230)	(25,481)
Payments for investments in available for sale financial assets		(100)	(156)	(100)	(156)
Loans to related entities		(690)	(64,153)	(41,873)	(48,310)
Loan repayments from related entities		-	64,139	70,578	32,577
Proceeds from capital returns		-	2	-	2
Net cash (outflow)/inflow from investing activities		(12,288)	(26,960)	20,021	(41,741)
Cash flows from financing activities					
Dividends paid		(30,558)	(43,317)	(30,558)	(43,317)
Proceeds from issues of equity securities (net of equity raising costs)	22	77,440	1,968	77,440	1,968
Repayments of borrowings		(51,380)	(168,956)	(20,858)	(64,596)
Proceeds from borrowings		84,863	246,252	31,042	85,296
Net cash inflow/(outflow) from financing activities		80,365	35,947	57,066	(20,649)
Net increase/(decrease) in cash and cash equivalents					
		72,839	(18,369)	84,439	(41,811)
Cash and cash equivalents at the beginning of the financial year		50,277	68,646	6,253	48,064
Cash and cash equivalents at the end of the financial year	31(a)	123,116	50,277	90,692	6,253
Financing arrangements	19(b)				

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Peet Limited as an individual entity and the consolidated entity consisting of Peet Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The financial report of Peet Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for derivative instruments, which have been measured at fair value and certain items of inventory, which have been measured at the lower of cost and net realisable value.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Comparatives

The comparative revenues and expenses in the income statement and assets and liabilities in the balance sheet have been reclassified where appropriate to enhance comparability and understanding of the financial statements. There is no impact on the profit and net asset position of the Group in the prior year.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of Peet Limited ("Parent Entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Peet Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Peet Limited. Such investments include both investments in shares issued by the subsidiary and other Parent Entity interests that in substance form part of the Parent Entity's investment in the subsidiary. These include investments in the form of interest-free loans which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long term capital.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the case of land syndicates, significant influence can exist with a lower shareholding by virtue of the Group's position as syndicate manager. Investments in associates are accounted for in the Parent Entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses are recognised in the income statement, and its share of post-acquisition movements in reserves are recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Parent Entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint ventures

Jointly controlled operations

In respect of its interests in jointly controlled operations the Group recognises in its financial statements the assets that it controls and the liabilities that it incurs. The expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture are also recognised.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Peet Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Peet Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Peet Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 7.

Any difference between the amount assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) the wholly-owned entity.

(e) Accounting for acquisitions

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to their acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

When settlement of all or any part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration must be determined by discounting the amounts payable in the future to their present value as at the date of acquisition. The discount rate to be used in discounting the amounts payable in the future to their present value is the incremental borrowing rate applicable to the Company had finance for the acquisition been obtained from an independent financier under comparable terms and conditions to those in the purchase contract.

(f) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

Property, plant and equipment are shown at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Furniture, fittings and equipment – 1 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Property under construction

Property under construction is carried at cost and is not depreciated until the asset is available and ready for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of land

Revenue and profits from the sale of blocks from completed stages of land subdivision are recognised on settlement of the sale. This represents the point when risks and rewards have passed to the buyer.

Project management, marketing and selling management fees

Project management, marketing and selling management fees are recognised where there is a signed contract as this is the point at which revenue has been earned.

Manager's performance fees

Manager's performance fee revenue is recognised at the end of each reporting period and is based on a profitability measurement in accordance with the relevant Management Agreement.

Other trading activities

Revenue from other trading activities is recognised when the service required under the contract has been performed.

Interest income

Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Other receivables are recognised on an accrual basis as the services to which they relate are performed.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the provision is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the provision for impairment of trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(k) Inventories

Land held for development and resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Land purchased for residential subdivision is classified as non-current. It is reclassified as current when lots within the stages are expected to be sold within 12 months.

(l) Investments and other financial assets

The Group classifies its investments in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments and other financial assets (continued)

Recognition and de-recognition

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Fair value

Details on how the fair value of financial instruments is determined are disclosed in note 1(n).

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(m) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of the derivative financial instruments used for hedging purposes is disclosed in note 13. Movements in the hedging reserve in shareholders' equity are shown in note 23. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivatives (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within finance costs.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). However when the forecast transaction that is hedged results in a recognition of a non-financial asset (for example inventory) or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement in the period in which they occur.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition. Payables, whose settlement is deferred, are measured at amortised cost.

(p) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent, there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowings and borrowing costs (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period they are incurred. The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Group's or the Company's outstanding borrowings during the year.

(q) Land vendor liabilities

Where the Group or Parent Entity enters into unconditional contracts with land vendors to purchase properties for future development that contain deferred payment terms, these borrowings are disclosed at their present value. The unwinding of the discount applied to the acquisition price is included in Finance Costs.

(r) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year, but not distributed at balance date.

(s) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the discounted cash flow method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share based compensation benefits are provided to employees via the Employee Share Option Plan, Performance Rights Plan and Deferred Employee Share Plan. Information relating to these plans is set out in note 36.

The fair value of options and performance rights granted under the Employee Share Option Plan and Performance Rights Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options and/or performance rights.

The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option and/or performance rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option and/or performance rights.

The fair value of the options and/or performance rights granted is adjusted to reflect market vesting conditions, but excludes the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options and/or performance rights that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options and/or performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

Upon the exercise of options and/or performance rights, the balance of the share based payments reserve relating to those options and/or performance rights is transferred to share capital and the proceeds received, net of any directly attributable transaction costs.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (continued)

(iv) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(vi) Retirement benefit obligations

Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(t) Rebates

The Company may be required under the terms of certain sale contracts to provide rebates for expenditures undertaken by land holders in respect of Peet developments. These expenditures relate to landscaping and fencing and are generally payable where the land purchaser completes the construction of their dwelling within a specified period of time. This period is generally twelve to eighteen months from the date of settlement. A liability is recorded at settlement and a related adjustment to revenue is recorded upon the expiration of the time limit if the rebate has not been paid.

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, options and/or performance rights are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, options or performance rights for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(v) Provisions

Provisions for legal and other claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Refer to note 1(t) for provisions for rebates.

Where there are a number of similar obligations, the likelihood that an outflow will be required at settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time, value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the Parent Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(y) Rounding of amounts

The Company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(z) New accounting standards and UIG interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Certain new accounting standards and Urgent Issues Group (UIG) interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the Parent Entity's assessment of the impact of these new standards and interpretations is set out below:

- *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009).
AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not adopted the standards early. Application of AASB 8 will result in different segments, segment results and different types of information being reported in the segment note of the financial report in a manner that is consistent with the internal reporting to the chief operating decision maker. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.
- *Revised AASB 123 Borrowing costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123* (effective from 1 January 2009).
The revised AASB 123 has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises its borrowing costs relating to qualifying assets.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) New accounting standards and UIG interpretations (continued)

- Revised AASB101 *Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB101* (effective from 1 January 2009).
The September 2007 revised AASB101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.
- Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective from July 2009).
The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payment classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related costs must be expensed. This is different to the Group's current policy which is set out in note 1(e) above. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not retained. The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.
- AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations* (effective from 1 January 2009).
AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the Group or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for share-based payments.
- AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (effective 1 July 2009).
In July 2008, the AASB approved amendments to AASB 1 *First-time adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled operations or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Furthermore, when a new intermediate Parent Entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.
- AASB *Interpretation 15 Agreements for the Construction of Real Estate* (effective 1 January 2009).
AASB-I 15 clarifies whether AASB 118 Revenue or AASB 111 *Construction Contracts* should be applied to particular transactions. The Group intends to apply the interpretation from 1 July 2009. It has reviewed its current agreements for the construction of real estate in light of the new guidance and concluded that there would be no change to the accounting for these agreements if AASB-I 15 was adopted in the current financial year. Consequently, it does not expect to make any adjustment on the initial application of AASB-I 15.
- AASB 2008-8 *Amendment to IAS 39 Financial Instruments: Recognition and Measurement* (effective 1 July 2009).
AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) New accounting standards and UIG interpretations (continued)

- AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17.

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. This is different to the Group's current policy which is to measure distributions of non-cash assets at their carrying amounts. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The Group will apply the interpretation prospectively from 1 July 2009.

2 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; credit risk, price risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

Financial risk management is carried out by the accounting and finance department under policies approved by the Board of Directors and the Audit and Risk Management Committee. The department identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board and Audit and Risk Management Committee provide written principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

(a) Credit risk

Credit risk arises from the financial assets of the Group and the Parent Entity, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments.

Credit risk further arises in relation to financial guarantees given to parties as set out in note 26. Such guarantees are subject to Board approval.

The Group manages this risk by:

- transacting with credit worthy counterparties that have an appropriate credit history;
- utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties;
- providing loans as an investment into joint ventures and associates where it is comfortable with the underlying property exposure within that entity;
- performing ongoing checks to ensure that settlement terms detailed in individual contracts are adhered to;
- regularly monitoring the performance of its associates, joint ventures and third parties; and
- obtaining collateral as security (where appropriate).

The maximum exposure to credit risk as at 30 June 2009 is the carrying amount of the financial assets as summarised in the table below:

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Cash and cash equivalents	123,116	50,277	90,692	6,253
Receivables (excluding prepayments)	32,288	35,732	28,108	30,804
Derivative financial instruments	6,071	1,418	6,071	1,418
Total maximum credit exposure	161,475	87,427	124,871	38,475

Cash

The cash component of financial assets is considered to have low credit risk as the counterparty is a bank with a high credit-rating assigned by international credit-rating agencies. The National Australia Bank (NAB) is the only concentration of credit risk for the Group and the Parent Entity.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Receivables

The credit risk arising on trade and other receivables is monitored on an ongoing basis with the results that the exposure to bad debts for the Group or the Parent Entity is not significant. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

The ageing analysis of trade receivables as at 30 June 2009 for the Group and the Parent Entity is as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Ageing analysis for trade receivables:				
0 - 30 days	3,084	7,711	2,796	4,063
31 – 60 days	163	70	125	69
61 – 90 days ¹	46	2	2	2
91 – 120 days ¹	1	1	1	-
121 – 150 days ¹	99	-	99	-
151 – 180 days ¹	93	51	88	111
181+ days ¹	1,224	4,177	894	3,287
Total trade receivables	4,710	12,012	4,005	7,532
% of trade receivables with related parties (Note 29)	58%	46%	64%	74%

¹ Past Due Not Impaired (PDNI).

Based on the credit history of these classes, it is expected that these amounts will be received. The Group and the Parent Entity do not hold any collateral in relation to these receivables. There is no significant concentration of credit risk with respect to receivables as the Group and the Parent Entity have a large number of balances with related parties and the remaining with other parties that have a good credit history with the Group and the Parent Entity.

Derivative financial instruments

The Group and the Parent Entity limit their exposure to credit risk associated with future payments from interest rate swaps by contracting with reputable major financial institutions subject to regulation in Australia.

(b) Price risk

The Group and the Parent Entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available for sale financial instruments.

The Group and the Parent Entity hold units in the Peet Income Property Fund (note 12). Peet Limited is the Responsible Entity for Peet Income Property Fund. The price risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk includes the risk that the Group and the Parent Entity, as a result of their operations:

- will not have sufficient funds to settle a transaction on that date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (note 19(b)), and the ability to close-out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available, and regularly updating and reviewing its cash-flow forecasts to assist in managing its liquidity.

Financing arrangements

Included in note 19(b) is a listing of unused borrowing facilities that the Group and the Parent Entity have at their disposal to further reduce liquidity risk.

The table below analyses the Group's and the Parent Entity's financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for interest rate swaps where the cash flows have been estimated using forward interest rates applicable at the reporting date.

	CONSOLIDATED				Total contractual cash flows \$'000	Carrying amount of liabilities \$'000
	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000		
At 30 June 2009						
Non-derivatives						
Non-interest bearing	24,863	-	-	-	24,863	24,863
Fixed rate	30,546	42,223	17,293	11,972	102,034	86,887
Variable rate	84,137	239,254	-	-	323,391	301,890
Total non-derivatives	139,546	281,477	17,293	11,972	450,288	413,640
Derivatives						
Net settled (interest rate swaps)	-	-	-	-	-	-
At 30 June 2008						
Non-derivatives						
Non-interest bearing	27,627	-	-	-	27,627	27,627
Fixed rate	47,163	25,765	34,520	15,075	122,523	104,025
Variable rate	60,492	17,246	241,044	-	318,782	274,121
Total non-derivatives	135,282	43,011	275,564	15,075	468,932	405,773
Derivatives						
Net settled (interest rate swaps)	154	-	-	-	154	154

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	PARENT ENTITY				Total contractual cash flows \$'000	Carrying amount of liabilities \$'000
	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000		
At 30 June 2009						
Non-derivatives						
Non-interest bearing	4,353	-	-	-	4,353	4,353
Fixed rate	981	1,043	2,773	917	5,714	5,714
Variable rate	20,372	5,779	-	-	26,151	25,170
Total non-derivatives	25,706	6,822	2,773	917	36,218	35,237
Derivatives						
Net settled (interest rate swaps)	-	-	-	-	-	-
At 30 June 2008						
Non-derivatives						
Non-interest bearing	4,654	-	-	-	4,654	4,654
Variable rate	21,491	-	-	-	21,491	20,700
Total non-derivatives	26,145	-	-	-	26,145	25,354
Derivatives						
Net settled (interest rate swaps)	154	-	-	-	154	154

(d) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on its cash, borrowings and derivative financial instruments.

Borrowings

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments that are not included in the table below are non-interest bearing and are therefore not subject to interest rate risk.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Cash flow and fair value interest rate risk (continued)

	CONSOLIDATED			Weighted average interest rate %
	Floating interest rate ¹ \$'000	Fixed interest rate ² \$'000	Total \$'000	
At 30 June 2009				
Cash and cash equivalents	47,906	75,210	123,116	3.10
Land vendor liabilities	-	(81,173)	(81,173)	9.00
Borrowings	(301,890)	(5,714)	(307,604)	5.29
Interest rate swaps (notional principal amounts)	200,000	(200,000)	-	4.87
Total net cash flow exposure	(53,984)	(211,677)	(265,661)	
At 30 June 2008				
Cash and cash equivalents	50,277	-	50,277	6.69
Land vendor liabilities	-	(104,025)	(104,025)	8.83
Borrowings	(274,121)	-	(274,121)	7.42
Interest rate swaps (notional principal amounts)	100,000	(100,000)	-	7.20
Total net cash flow exposure	(123,844)	(204,025)	(327,869)	

	PARENT ENTITY			Weighted average interest rate %
	Floating interest rate ¹ \$'000	Fixed interest rate ² \$'000	Total \$'000	
At 30 June 2009				
Cash and cash equivalents	15,482	75,210	90,692	3.10
Borrowings	(25,170)	(5,714)	(30,884)	4.65
Interest rate swaps (notional principal amounts)	200,000	(200,000)	-	4.87
Total net cash flow exposure	190,312	(130,504)	59,808	
At 30 June 2008				
Cash and cash equivalents	6,253	-	6,253	6.69
Borrowings	(20,700)	-	(20,700)	7.64
Interest rate swaps (notional principal amounts)	100,000	(100,000)	-	7.20
Total net cash flow exposure	85,553	(100,000)	(14,447)	

1 Exposure to interest rate risk.

2 Exposure to fair value risk.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Cash flow and fair value interest rate risk (continued)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates in existence at balance sheet date, and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease used in the interest rate sensitivity analysis was determined based on the Group's relationship with the financial institutions, the level of debt that was renewed and forecaster's economic expectations and represents management's assessment of the possible change in interest rates.

The potential impact of a change in interest rates by +/-50 basis points on profit and equity has been tabulated below:

	CARRYING AMOUNT \$'000	CONSOLIDATED			
		-50 BASIS POINTS		+50 BASIS POINTS	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
As at 30 June 2009					
Financial assets					
Cash and cash equivalents	123,116	(616)	(616)	616	616
Interest rate swaps	6,071	-	(30)	-	30
Financial liabilities					
Borrowings	(307,604)	1,538	1,538	(1,538)	(1,538)
Total increase/(decrease)		922	892	(922)	(892)
As at 30 June 2008					
Financial assets					
Cash and cash equivalents	50,277	(251)	(251)	251	251
Interest rate swaps	1,418	-	(7)	-	7
Financial liabilities					
Borrowings	(274,121)	1,371	1,371	(1,371)	(1,371)
Interest rate swaps	(154)	-	1	-	(1)
Total increase/(decrease)		1,120	1,114	(1,120)	(1,114)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Cash flow and fair value interest rate risk (continued)

	CARRYING AMOUNT \$000	PARENT ENTITY -50 BASIS POINTS		+50 BASIS POINTS	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
As at 30 June 2009					
Financial assets					
Cash and cash equivalents	90,692	(453)	(453)	453	453
Interest rate swaps	6,071	-	(30)	-	30
Financial liabilities					
Borrowings	(30,884)	154	154	(154)	(154)
Total (decrease)/increase		(299)	(329)	299	329
As at 30 June 2008					
Financial assets					
Cash and cash equivalents	6,253	(31)	(31)	31	31
Interest rate swaps	1,418	-	(7)	-	7
Financial liabilities					
Borrowings	(20,700)	104	104	(104)	(104)
Interest rate swaps	(154)	-	1	-	(1)
Total increase/(decrease)		73	67	(73)	(67)

(e) Net fair value

The carrying amounts of financial assets and financial liabilities recorded in the financial statements have been determined in accordance with the accounting policies disclosed in note 1(n) of the financial statements and are as follows:

	CONSOLIDATED 30 JUNE 2009 \$000		PARENT ENTITY 30 JUNE 2009 \$000	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	123,116	123,116	90,692	90,692
Receivables (excluding prepayments)	32,288	32,288	28,108	28,108
Derivative financial instruments	6,071	6,071	6,071	6,071
Available for sale financial assets	257	257	257	257
Payables	(24,863)	(24,863)	(4,353)	(4,353)
Land vendor liabilities	(81,173)	(88,598)	-	-
Borrowings	(307,604)	(307,604)	(30,884)	(30,884)
	(251,908)	(259,333)	89,891	89,891

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Net fair value (continued)

	CONSOLIDATED 30 JUNE 2008 \$000		PARENT ENTITY 30 JUNE 2008 \$000	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	50,277	50,277	6,253	6,253
Receivables (excluding prepayments)	35,732	35,732	30,804	30,804
Derivative financial instruments	1,264	1,264	1,264	1,264
Available for sale financial assets	157	157	157	157
Payables	(27,627)	(27,627)	(4,654)	(4,654)
Land vendor liabilities	(104,025)	(104,025)	-	-
Borrowings	(274,121)	(274,121)	(20,700)	(20,700)
	(318,343)	(318,343)	13,124	13,124

Interest rates used for determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on current market rates for similar instruments and were as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
Borrowings	3.4% - 7.9%	6.8% - 8.1 %	3.4% - 7.9%	7.2% - 8.0 %

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The material estimates and assumptions in these financial statements include:

Estimate of sales fall-over rates on project management, marketing and selling management fees

An analysis of sales fall-overs is performed on a monthly basis for all business segments by location, and updated at each reporting date to determine the appropriateness of the accruals of sales fall-overs recognised in Accrued Income and the value of project management, marketing and selling management fees.

Inventories

The Group is required to carry inventory at the lower of cost or net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. These estimates take into consideration fluctuations of price or costs directly related to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions require the use of management judgement and are reviewed annually. The basis of the valuation for land owned by the Group is set out in note 10, the Group has expensed \$27,369,000 (2008: \$1,936,000) in relation to inventory that was carried in excess of the net realisable value and development costs.

4 SEGMENT INFORMATION

Business segments

The consolidated entity is an Australian based entity 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.

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.

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.

SEGMENT INFORMATION (CONTINUED)

	FUNDS MANAGEMENT/ LAND SYNDICATION		COMPANY OWNED PROJECTS		JOINT VENTURES		INTER-SEGMENT ELIMINATIONS AND UNALLOCATED		CONSOLIDATED	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary reporting business segments										
Revenue										
Sales to external customers	36,623	34,105	125,920	107,477	11,369	19,841	-	-	173,912	161,423
Total sales revenue	36,623	34,105	125,920	107,477	11,369	19,841	-	-	173,912	161,423
Share of net loss of associates	-	-	-	-	-	-	(1,702)	(222)	(1,702)	(222)
Other revenue	-	-	-	-	-	-	2,928	6,534	2,928	6,534
Total segment revenue	36,623	34,105	125,920	107,477	11,369	19,841	1,226	6,312	175,138	167,735
Result before write-down in carrying value of inventories, depreciation, financing costs, interest and finance charges amortised through cost of sales and income tax expense	23,307	25,392	31,459	43,084	1,210	4,293	1,223	5,759	57,199	78,528
Write-down in carrying value of inventories	-	-	(27,369)	(1,936)	-	-	-	-	(27,369)	(1,936)
EBITDA(i)	23,307	25,392	4,090	41,148	1,210	4,293	1,223	5,759	29,830	76,592
Depreciation	(286)	(144)	(351)	(376)	(111)	(20)	-	-	(748)	(540)
EBIT(ii)	23,021	25,248	3,739	40,772	1,099	4,273	1,223	5,759	29,082	76,052
Financing costs (includes interest and finance charges amortised through cost of sales)									(11,949)	(5,995)
Profit before income tax expense									17,133	70,057
Income tax expense									(5,114)	(22,145)
Profit for the year									12,019	47,912
Total assets	77,573	57,900	439,342	474,024	42,738	40,692	97,570	6,607	657,223	579,223
Segment liabilities	3,754	25,973	356,973	345,597	31,366	33,893	28,745	6,137	420,838	411,600
Unallocated liabilities	-	-	-	-	-	-	33,722	23,899	33,722	23,899
Total liabilities	3,754	25,973	356,973	345,597	31,366	33,893	62,467	30,036	454,560	435,499
Investment in associates	32,684	26,235	-	-	-	-	-	-	32,684	26,235
Acquisitions of property, plant and equipment	928	1,474	2,368	1,641	168	96	-	-	3,464	3,211
Depreciation expense	(286)	(144)	(351)	(376)	(111)	(20)	-	-	(748)	(540)

(i) EBITDA: Earnings Before Interest and finance charges amortised through cost of sales) Tax Depreciation and Amortisation (ii) EBIT: Earnings Before Interest (including interest and finance charges amortised through cost of sales) and Tax

5 REVENUE

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue from sale of land	125,920	107,477	1,524	15,128
Project management, marketing and selling management fees	21,766	19,455	32,549	28,239
Managers' performance fees	13,311	11,170	13,311	11,170
Revenue from other trading activities				
- Joint venture (sale of land and management fees)	11,369	19,841	-	-
- Bookkeeping fees	1,044	882	1,044	882
- Underwriting and capital raising fees	502	2,598	502	3,329
	173,912	161,423	48,930	58,748
Other revenue				
- Dividends	191	131	191	131
- Interest	2,140	3,396	1,208	1,926
- Other	597	3,007	47	2,451
	2,928	6,534	1,446	4,508
	176,840	167,957	50,376	63,256

6 EXPENSES

Profit before income tax includes the following specific expenses:

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cost of inventories				
Cost of inventories	81,917	58,196	770	4,899
Amortisation of interest and finance charges	5,269	3,708	-	170
Write-down in carrying value of inventories	27,369	1,936	946	614
	114,555	63,840	1,716	5,683
Depreciation				
Property, plant and equipment	748	540	438	368
Finance costs				
Interest and finance charges paid/payable	31,409	24,088	3,248	1,307
Cash flow hedges – transfer from equity	1,123	-	1,123	-
Amount capitalised	(25,852)	(21,801)	-	-
	6,680	2,287	4,371	1,307
Rental expense – relating to operating leases included in office costs				
Minimum lease payments	962	723	962	723
Net loss on disposal of property, plant and equipment	7	-	6	-
Other charges against assets				
Bad debts – trade receivables	53	-	6	-
Write-down of investment in associates	73	-	73	-

7 INCOMETAX

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Income tax expense					
Current tax		(6,740)	17,052	10,316	9,974
Deferred tax		11,853	4,242	2,153	575
Adjustments for current tax of prior periods		1	851	1	851
		5,114	22,145	12,470	11,400
Deferred income tax expense included in income tax expense comprises:					
(Increase)/decrease in deferred tax assets	16	(513)	(237)	(310)	109
Increase in deferred tax liabilities	21	12,366	4,479	2,463	466
		11,853	4,242	2,153	575
Numerical reconciliation of income tax expense to prima facie tax payable					
Profit before income tax expense		17,133	70,057	41,656	39,217
Tax at Australian tax rate of 30% (2008: 30%)		5,140	21,017	12,497	11,765
Tax effect of amounts which are not deductible (taxable) in calculating taxable income					
Entertainment		20	24	19	24
Employee benefits		10	50	10	50
Tax consolidation distribution		-	-	-	(1,253)
Dividend franking		25	18	25	19
Gain on exiting tax group		-	241	-	-
Franking rebate		(82)	(56)	(82)	(56)
Under-provision in prior years		1	851	1	851
		5,114	22,145	12,470	11,400

7 INCOMETAX (CONTINUED)

Tax consolidation legislation

Peet Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(d).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Peet Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Peet Limited for any current tax payable assumed and are not compensated by Peet Limited for any unused tax losses or unused tax credits that are transferred to the Parent Entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current inter-company receivables or payables (note 29).

(a) Other income related to tax consolidation legislation

Peet Limited has recognised a tax consolidation distribution from wholly owned tax consolidated entities of \$22,773,040 (2008: \$4,176,601). The distribution arose as the result of a transfer of tax losses to the head entity for no compensation and is classified as other income.

8 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and on hand	47,906	50,277	15,482	6,253
Term deposits	75,210	-	75,210	-
	123,116	50,277	90,692	6,253

Credit risk and interest rate risk

The Group's and the Parent Entity's exposure to credit risk and interest rate risk is discussed in note 2.

9 RECEIVABLES (CURRENT AND NON-CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Trade receivables – note (a)	4,710	12,012	4,005	7,532
Accrued income – note (b)	23,893	20,340	21,128	18,605
Tax related amounts receivable from wholly owned entities – note 29(e)	-	-	2,062	4,529
Prepayments	588	469	569	413
Other debtors – note (c)	3,340	3,380	913	138
	32,531	36,201	28,677	31,217
Non-current				
Deferred facilities fee – note (e)	345	-	-	-
	345	-	-	-
Total receivables	32,876	36,201	28,677	31,217

(a) Impaired trade receivables

Trade receivables are non-interest bearing and generally have 30-60 day terms. There were no impaired trade receivables and hence no provision for impaired trade receivables at the end of the year for either the Group or the Parent Entity (2008: \$Nil).

(b) Accrued income

These amounts represent project management, marketing and selling management fees, bookkeeping fees and manager's performance fees.

(c) Other debtors

These receivables are related to sundry debtors, bonds and GST recoverable. Amounts relating to other debtors are expected to be received within a year.

(d) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. The fair value of securities held for certain trade receivables is insignificant as is the fair value of any collateral sold or pledged. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

(e) Deferred facilities fee

Homes in the Latitude Lakelands Retirement Estate are sold to approved applicants on condition that every purchaser enters into an "Estate LifeStyle Agreement" with Secure Living Pty Ltd, a wholly owned subsidiary of Peet Limited. The agreement includes a requirement to pay deferred facilities fees on departure by the resident, which is based on 3% of the market value of the unit (at the time of sale and departure) for each year of occupation up to a maximum of 24%.

As at 30 June 2009, the deferred facilities fee is accrued based on the independent valuation of the properties.

10 INVENTORIES (CURRENT AND NON-CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Cost of acquisition	20,371	28,837	12	34
Capitalised development costs	47,441	61,241	325	660
Capitalised finance costs	8,450	3,672	-	-
	76,262	93,750	337	694
Non-current				
Cost of acquisition	277,224	300,434	3,183	5,962
Capitalised development costs	46,700	34,200	2,720	1,203
Capitalised finance costs	30,493	31,785	782	782
	354,417	366,419	6,685	7,947
Total carrying amount of inventories	430,679	460,169	7,022	8,641

Write-down in carrying value of inventories

Write-down of inventories to net realisable value and development expenditure recognised as an expense in cost of inventories during the year ended 30 June 2009 amounted to \$27.4 million (2008: \$1.9 million) for the Group (note 6).

Valuations

The valuations of land owned by the consolidated entity for the year ended 30 June 2009 is \$537 million (2008: \$626.9 million) exclusive of GST. The valuations were determined by independent valuers using the direct comparison approach or the discounted cash flow analysis method.

11 NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Peet Caboolture Syndicate Ltd	1,366	1,453	-	-
Peet Tri State Syndicate Ltd	4,856	2,835	-	-
Peet Alkimos Pty Ltd	25,012	20,407	-	-
Other	1,450	1,540	-	-
	32,684	26,235	-	-

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the Parent Entity (note 32).

12 NON-CURRENT ASSETS – AVAILABLE FOR SALE FINANCIAL ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Peet Income Property Fund	257	157	257	157

The fair value has been estimated using valuation techniques based on assumptions, which are outlined in note 1(n), that are not supported by observable market prices or rates.

Included in available for sale investments in both the Group and the Parent Entity are units in the unlisted trust Peet Income Property Fund at a fair value of \$257,000 (2008: \$157,000). The Parent Entity owns 196,977 units (2008: 128,124 units) of the issued capital of Peet Income Property Fund. Peet Limited is the Responsible Entity for Peet Income Property Fund.

Information about the Group's and the Parent Entity's exposure to price risk is provided in note 2.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Non-current assets				
Interest rate swap contracts – cash flow hedges	6,071	1,418	6,071	1,418
Non-current liabilities				
Interest rate swap contracts – cash flow hedges	-	154	-	154

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (note 2).

Interest rate swap contracts – cash flow hedges

Bank loans of the Group currently bear a weighted average variable interest rate before hedges of 4.87% (2008: 7.42%). It is the Group's policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently cover approximately 65.0% (2008: 36.5%) of the loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rates range between 4.10% and 5.05% (2008: 6.39% and 7.99%) and the variable rates are between 3.10% and 7.66% (2008: 6.41% and 8.30%).

The contracts require settlement of net interest receivable or payable monthly. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

13 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate swap contracts – cash flow hedges (continued)

At 30 June 2009, the notional principal amounts and periods of expiry of the interest rate swap contracts were as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
1 – 2 years	-	35,000	-	35,000
2 – 3 years	50,000	50,000	50,000	50,000
3 – 4 years	-	15,000	-	15,000
4 – 5 years	150,000	-	150,000	-
	200,000	100,000	200,000	100,000

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit and loss when the hedges' interest expense is recognised. The ineffective portion is recognised in the income statement immediately.

At 30 June 2009, a loss of \$402,425 relating to the ineffective portion of the hedged instrument was recognised in the profit and loss on these hedges (2008: Nil) and included in finance costs.

Credit risk and interest rate risk

Information about the Group's and the Parent Entity's exposure to credit risk and interest rate risk is provided in note 2.

14 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Investments in associates	32	-	-	35,341	27,190
Investments in subsidiaries	33, 29(e)	-	-	31,622	61,015
		-	-	66,963	88,205

15 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Cost	9,852	6,540	4,793	4,253
Accumulated depreciation	(2,377)	(1,774)	(1,766)	(1,332)
	7,475	4,766	3,027	2,921

Movement in property, plant and equipment:

Furniture, fittings and equipment:

Cost	5,009	3,329	4,253	2,713
Accumulated depreciation	(1,774)	(1,234)	(1,332)	(964)
Carrying amount at 1 July	3,235	2,095	2,921	1,749
Additions	1,229	1,680	550	1,540
Disposals	(7)	-	(6)	-
Depreciation	(748)	(540)	(438)	(368)
Carrying amount at 30 June	3,709	3,235	3,027	2,921

Property under construction:

Cost	1,531	-	-	-
Carrying amount at 1 July	1,531	-	-	-
Additions	2,235	1,531	-	-
Carrying amount at 30 June	3,766	1,531	-	-
Total carrying amount at 30 June	7,475	4,766	3,027	2,921

Refer to note 19(a) for information on non-current assets pledged as security by the Parent Entity and its controlled entities.

16 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:				
Accrued expenses and provisions	688	614	478	51
Rebates provision	1,476	1,294	135	279
Staff provisions	272	232	272	231
Inventory	385	155	253	253
Other	3	16	2	16
Capital raising costs	1,050	381	1,050	381
	3,874	2,692	2,190	1,211
Set off against deferred tax liabilities pursuant to set off provisions (note 21)	(3,874)	(2,692)	(2,190)	(1,211)
	-	-	-	-
Movements:				
Opening balance at 1 July	2,692	2,455	1,211	1,320
Credited/(charged) to the income statement (note 7)	513	237	310	(109)
Credited directly to equity	669	-	669	-
Closing balance at 30 June	3,874	2,692	2,190	1,211
Deferred tax assets to be recovered within 12 months	1,348	1,017	1,006	551
Deferred tax assets to be recovered after more than 12 months	2,526	1,675	1,184	660
	3,874	2,692	2,190	1,211

17 PAYABLES (CURRENT AND NON-CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Trade payables	6,211	6,114	641	842
Other payables	18,652	21,513	3,710	3,810
	24,863	27,627	4,351	4,652
Non-current				
Owing to controlled entities – note (a)	-	-	2	2
	-	-	2	2

(a) Terms and conditions on amounts owing to controlled entities are set out in note 29 – Related Parties.

18 LAND VENDOR LIABILITIES (CURRENT AND NON-CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Instalment for purchase of development property	29,565	47,163	-	-
Future interest component of deferred payment	(824)	(1,935)	-	-
	28,741	45,228	-	-
Non-current				
Instalment for purchase of development property	66,755	77,760	-	-
Future interest component of deferred payment	(14,323)	(18,963)	-	-
	52,432	58,797	-	-
Total land vendor liabilities	81,173	104,025	-	-

The deferred payment terms for land vendor liabilities are disclosed in accordance with note 1(q). Generally, the land vendor holds the title over the property until settlement has occurred.

19 BORROWINGS (CURRENT AND NON-CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Bank loans – secured	68,790	41,700	19,500	20,700
Other loans – fixed	981	-	981	-
	69,771	41,700	20,481	20,700
Non-current				
Bank loans – secured	233,100	232,421	5,670	-
Other loans – fixed	4,733	-	4,733	-
	237,833	232,421	10,403	-
Total borrowings	307,604	274,121	30,884	20,700

Other loans

On 30 April 2009, Peet Limited entered into an agreement with the National Australia Bank for the payment of \$5,871,790 for the close out of three interest rate swap contracts with a total notional value \$100 million.

(a) Assets pledged as security

The carrying amounts of assets pledged as security for secured current and non-current bank loans are:

	NOTES	CONSOLIDATED		PARENT ENTITY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets					
First Mortgage					
Inventories	10, 18	47,521	93,750	337	694
Floating Charge					
Cash and cash equivalents	8	123,116	50,277	90,692	6,253
Receivables	9	32,531	36,201	28,677	31,217
		155,647	86,478	119,369	37,470
Total current assets pledged as security		203,168	180,228	119,706	38,164
Non-current assets					
First Mortgage					
Inventories	10, 18	301,985	262,394	6,685	7,947
Floating Charge					
Receivables	9	345	-	-	-
Available for sale financial assets	12	257	157	257	157
Other financial assets	14	-	-	66,963	88,205
Property, plant and equipment	15	7,475	4,766	3,027	2,921
		8,077	4,923	70,247	91,283
Total non-current assets pledged as security		310,062	267,317	76,932	99,230
Total assets pledged as security		513,230	447,545	196,638	137,394

The terms and conditions relating to the financial assets are as follows:

Cash and cash equivalents are pledged against the bank overdraft on an ongoing floating basis for the terms of the bank overdraft's maturity.

Receivables, available for sale financial assets and other financial assets are pledged against secured bank loans to the extent that they are not already covered by valuations on inventories (land assets) and plant and equipment on a floating basis for the terms of the various secured loans.

19 BORROWINGS (CURRENT AND NON-CURRENT) (CONTINUED)

(b) Financing arrangements

A summary of the Group's and the Parent Entity's financing facilities are below:

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total facilities				
Bank loan facilities	309,314	290,600	30,984	290,600
Bank guarantees	50,000	39,000	45,000	34,000
Credit cards	75	75	75	75
	359,389	329,675	76,059	324,675
Used at balance date				
Bank loan facilities	307,604	274,121	30,884	20,700
Bank guarantees	17,177	33,022	12,177	28,022
Credit cards	31	-	31	-
	324,812	307,143	43,092	48,722
Unused at balance date				
Bank loan facilities	1,710	16,479	100	269,900
Bank guarantees	32,823	5,978	32,823	5,978
Credit cards	44	75	44	75
	34,577	22,532	32,967	275,953

The terms and conditions of the consolidated entity's borrowing facilities are as follows:

TYPE OF FACILITY	LIMIT \$'000	MATURITY DATE
Revolving Multi-Option Facility	234,600	31 Dec 2010
Revolving Multi-Option Facility	24,000	30 Jun 2010
Bank Guarantee	50,000	30 Jun 2010
Business Credit Card Facility	75	30 Jun 2010
Cash Advance Facility	21,000	30 Jun 2010
Cash Advance Facility	24,000	31 Mar 2010

c) Interest rate risk and liquidity risk

Details regarding liquidity and interest rate risk are disclosed in note 2(c) and 2(d).

d) Fair value

Details of the fair value of the borrowings are disclosed in note 2(e).

e) Subsequent Event

Since year-end the Group has successfully negotiated the extension on \$250 million of the Group's core Multi Option Facility until October 2012, with all other facilities extended to July 2011. The Group's weighted average debt maturity profile now stands at 2.8 years, compared with 2.2 years at the same time last year.

20 PROVISIONS (CURRENT AND NON-CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current				
Rebates – note (a)	5,179	6,139	448	929
Employee entitlements - long service leave – note (b)	272	242	272	242
	5,451	6,381	720	1,171
Non-current				
Employee entitlements - long service leave – note (b)	35	63	35	63

Movements in the provision for rebates during the financial year are set out below:

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July	6,139	5,514	929	897
Charged to the income statement				
- additional provision recognised	3,154	2,519	151	533
- paid during the year	(4,114)	(1,894)	(632)	(501)
Carrying amount at 30 June	5,179	6,139	448	929

(a) Rebates

Once the Group and the Parent Entity sells lots, purchasers may become entitled to a rebate for fencing and landscaping. In general, the Group expects that rebates will be claimed within 12 to 18 months of the purchased lots settling.

(b) Long service leave

Refer to note 1(s)(ii) for the relevant accounting policy and a discussion of the significant estimates and assumptions applied in the measurement of this provision.

21 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
The balance comprises temporary differences attributable to:				
Borrowing and interest costs	13,729	11,416	234	235
Accrued income	7,168	6,102	6,339	5,581
Write downs in tax cost base of inventories	7,273	-	-	-
Depreciation	232	246	209	231
Prepayments	58	58	-	-
Cash flow hedges	1,821	330	1,821	330
	30,281	18,152	8,603	6,377
Set-off against deferred tax assets of Parent Entity pursuant to set-off provisions (note 16)	(3,874)	(2,692)	(2,190)	(1,211)
Net deferred tax liabilities	26,407	15,460	6,413	5,166
Movements (pre set-off):				
Opening balance at 1 July	18,152	13,546	6,377	5,784
Charged to the income statement (note 7)	12,366	4,479	2,463	466
(Credited)/charged directly to equity	(237)	127	(237)	127
Closing balance at 30 June	30,281	18,152	8,603	6,377
Deferred tax liabilities to be settled within 12 months	7,226	6,160	6,339	5,581
Deferred tax liabilities to be settled after more than 12 months	23,055	11,992	2,264	796
	30,281	18,152	8,603	6,377

22 CONTRIBUTED EQUITY

(a) Share capital

	CONSOLIDATED AND PARENT ENTITY			
	2009 SHARES	2008 SHARES	2009 \$'000	2008 \$'000
Paid up capital				
Ordinary shares – fully paid	294,087,378	222,138,454	163,354	85,914

Movements in ordinary share capital

DATE	DETAILS		NUMBER OF SHARES	\$'000
1 July 2007	Opening Balance		220,498,454	83,946
7 September 2007	Exercise of options	(c)	1,640,000	1,968
30 June 2008	Balance		222,138,454	85,914
19 September 2008	Exercise of options	(c)	100,000	145
14 April 2009	Institutional Entitlement Offer	(d)	58,659,425	64,525
7 May 2009	Retail Entitlement Offer	(d)	11,989,499	13,188
15 June 2009	Exercise of director options	(c)	1,200,000	1,440
	Less: Transaction costs arising on share issue	(e)		(2,654)
	Deferred tax credit recognised directly in equity			796
30 June 2009	Balance		294,087,378	163,354

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or in proxy, is entitled to one vote, and upon a poll each share held is entitled to one vote.

(c) Options

Information relating to the Peet Limited Employee Share Option Plan, including details of the options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 36.

(d) Entitlement Offer

On 27 March 2009, the Company launched a 1 for 3 accelerated non-renounceable pro-rata entitlement offer ("Entitlement Offer") at an issue price of \$1.10 per share.

(e) Transaction costs

The transaction costs represent the costs of issuing the shares under the Entitlement Offer.

22 CONTRIBUTED EQUITY (CONTINUED)

(f) Capital risk management

The Group's and the Parent Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Parent Entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net bank debt divided by total tangible assets adjusted for market value net of cash and cash equivalents less land vendor liabilities.

During 2009, the Group's strategy, which was unchanged from 2008, was to target a gearing ratio of between 30% and 40%. As at 30 June 2009, the gearing ratio was 33.9% (2008: 39.2%).

23 RESERVES AND RETAINED PROFITS

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Reserves				
Cash flow hedges reserve	841	771	841	771
Share-based payments reserve	1,319	1,351	1,319	1,351
	2,160	2,122	2,160	2,122
Movements				
Cash flow hedges reserve				
Balance 1 July	771	468	771	468
Revaluation - gross	438	430	438	430
Deferred tax	(1,491)	(127)	(1,491)	(127)
Transfer to Profit and Loss	1,123	-	1,123	-
Balance 30 June	841	771	841	771
Share-based payments reserve				
Balance 1 July	1,351	1,185	1,351	1,185
Option expense	(32)	166	(32)	166
Balance 30 June	1,319	1,351	1,319	1,351

23 RESERVES AND RETAINED PROFITS (CONTINUED)

Cash flow hedges reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that is recognised directly in equity, as described in note 1(m). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options granted.

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Retained profits				
Retained profits at the beginning of the financial year	55,688	51,093	11,200	26,700
Profit for the year	12,019	47,912	29,186	27,817
Dividends provided for or paid (note 24)	(30,558)	(43,317)	(30,558)	(43,317)
Retained profits at the end of the financial year	37,149	55,688	9,828	11,200

24 DIVIDENDS

(a) Dividends paid

	CENTS PER SHARE	TOTAL AMOUNT \$'000	DATE OF PAYMENT	FRANKED/ UNFRANKED
2009				
Interim 2009 ordinary	3.00	6,668	17 April 2009	Franked
Final 2008 ordinary	10.75	23,890	16 October 2008	Franked
Total amount	13.75	30,558		
2008				
Interim 2008 ordinary	9.00	19,992	16 April 2007	Franked
Final 2007 ordinary	10.50	23,325	1 October 2007	Franked
Total amount	19.50	43,317		

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

(b) Dividends not recognised at year end

After the balance sheet date the following dividends were proposed by the directors.

	CENTS PER SHARE	TOTAL AMOUNT \$'000	DATE OF PAYMENT	FRANKED/ UNFRANKED
Final 2009 ordinary	4.00	11,765	8 October 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 year ended 30 June 2009 and will be recognised in subsequent financial reports. The declaration and subsequent payment of this dividend have no income tax consequences.

(c) 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 to the average trading price for the ten business days following the record date of 18 September 2009.

(d) Dividend franking account

	PARENT ENTITY	
	2009 \$'000	2008 \$'000
The amount of franking credits/(debits) available for the subsequent financial year are:		
(a) Franking account balance as at the end of the financial year at 30% (2008: 30%)	7,603	4,401
(b) Franking (debits)/credits that will arise from the (receipt)/payment of income tax (receivable)/payable	(15,038)	7,668
	(7,435)	12,069

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of the dividend proposed subsequent to year end but not recognised as a liability is to reduce it by \$5,042,184 (2008: \$10,234,236). In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has assumed all franking credits from all entities within the tax-consolidated group.

25 REMUNERATION OF AUDITORS

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>				
PricewaterhouseCoopers Australian firm	193,950	166,538	193,950	166,538
Non-PricewaterhouseCoopers audit firms	23,250	13,585	6,650	-
Total remuneration for audit services	217,200	180,123	200,600	166,538
Other assurance services				
PricewaterhouseCoopers Australian firm	103,600	3,440	19,700	3,440
Non-PricewaterhouseCoopers audit firms	27,768	7,725	8,240	7,725
Total remuneration for other assurance services	131,368	11,165	27,940	11,165
Total remuneration for audit and other assurance services	348,568	191,288	228,540	177,703
Tax compliance services, including review of Company's income tax returns				
PricewaterhouseCoopers Australian firm	150,185	97,141	93,950	97,141
Non-PricewaterhouseCoopers tax firms	8,652	23,505	27,060	23,505
Total remuneration for taxation services	158,837	120,646	121,010	120,646

26 CONTINGENCIES

Contingent liabilities

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

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Underwriting obligations outstanding	197	24,197	197	24,197
Financial bank guarantees	5,400	5,100	5,400	5,100
Bank guarantees outstanding	17,177	33,022	12,177	28,022
	22,774	62,319	17,774	57,319

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

Contingent assets

The directors are not aware of any circumstances or information pertaining to the existence or possible existence of any contingent assets.

27 COMMITMENTS

Operating leases

Commitments in relation to operating lease expenditure contracted for at balance sheet date but not provided for in the financial statements:

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Payable:				
- Not later than one year	1,063	744	1,063	744
- Later than one year but not later than five years	4,000	3,083	4,000	3,083
- Later than five years	316	832	316	832
	5,379	4,659	5,379	4,659

The consolidated entity leases premises at Level 7, 200 St George's Terrace, Perth; Level 3, 492 St Kilda Road, Melbourne and Level 2, 167 Eagle Street, Brisbane under non-cancellable operating leases with commitments expiring from between two to six years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

28 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of the Company during the financial year.

Non-executive Chairman

AW Lennon

Non-executive Directors

WD Hemsley

SF Higgs

GW Sinclair

Executive Directors

BD Gore

AJ Lennon

(b) Other key management personnel

The following persons also had authority and responsibility for planning and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position
M Pisano	Chief Financial Officer (appointed 7 January 2008)
D Cooper	Chief Operating Officer (appointed 4 February 2008)
P Dumas	Head of Funds Management (appointed 4 February 2008)
D Scafetta	Company Secretary

28 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Directors and key management personnel compensation

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Short-term employee benefits	2,681,029	3,107,901	2,681,029	3,107,901
Post employment benefits	165,055	275,510	165,055	275,510
Long-term and termination benefits	-	178,085	-	178,085
Share-based payments	595,419	382,939	595,419	382,939
	3,441,503	3,944,435	3,441,503	3,944,435

Detailed remuneration disclosures are provided in section 14 of the Remuneration Report within the Directors' Report.

(d) Equity instrument disclosures relating to key management personnel

Option and performance rights holdings

The number of options and performance rights over unissued ordinary shares in the Company held during the financial year by each Director of the Company and each of the other key management personnel of the Group, including their personally related entities, are set out below:

		Balance at the start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors							
AW Lennon	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
WD Hemsley	2009	600,000	-	(600,000)	-	-	-
	2008	600,000	-	-	-	600,000	600,000
SF Higgs	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
GW Sinclair	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
BD Gore	2009	1,370,000	1,420,000	-	-	2,790,000	170,000
	2008	170,000	1,200,000	-	-	1,370,000	-
AJ Lennon	2009	600,000	435,000	(600,000)	-	435,000	-
	2008	600,000	-	-	-	600,000	600,000

28 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Equity instrument disclosures relating to key management personnel (continued)

		Balance at the start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Other key management personnel							
D Cooper	2009	-	435,000	-	-	435,000	-
	2008	-	-	-	-	-	-
M Pisano	2009	-	325,000	-	-	325,000	-
	2008	-	-	-	-	-	-
P Dumas	2009	-	360,000	-	-	360,000	-
	2008	-	-	-	-	-	-
D Scafetta	2009	-	220,000	-	-	220,000	-
	2008	200,000	-	(200,000)	-	-	-
N Hinchcliff ¹	2009	-	-	-	-	-	-
	2008	100,000	-	(100,000)	-	-	-
S Kenney ¹	2009	-	-	-	-	-	-
	2008	70,000	-	-	-	70,000	-
P Lynch ¹	2009	-	-	-	-	-	-
	2008	120,000	-	(120,000)	-	-	-
L McGill ¹	2009	-	-	-	-	-	-
	2008	130,000	-	(100,000)	-	30,000	-
D Mulder ¹	2009	-	-	-	-	-	-
	2008	130,000	-	(100,000)	(30,000)	-	-

¹ These individuals have either left the Group or are no longer considered key management personnel.

During the financial year 1,200,000 options were exercised by directors or key management personnel.

28 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Equity instrument disclosures relating to key management personnel (continued)

Share holdings

The number of shares in the Company held during the financial year by each director of the Company and each of the key management personnel of the Group, including their personally related entities, are set out below:

		Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors					
AW Lennon ¹	2009	70,010,448	-	8,537,875	78,548,323
	2008	70,010,448	-	-	70,010,448
WD Hemsley	2009	20,063,600	600,000	-	20,663,600
	2008	20,063,600	-	-	20,063,600
SF Higgs	2009	800,000	-	-	800,000
	2008	800,000	-	-	800,000
GW Sinclair	2009	62,000	-	17,000	79,000
	2008	52,000	-	10,000	62,000
BD Gore	2009	-	-	-	-
	2008	-	-	-	-
AJ Lennon ¹	2009	203,294	600,000	26,099	829,393
	2008	202,701	-	593	203,294
Other key management personnel					
D Cooper	2009	4,000	-	-	4,000
	2008	-	-	4,000	4,000
M Pisano	2009	-	-	-	-
	2008	-	-	-	-
P Dumas	2009	-	-	-	-
	2008	-	-	-	-
D Scafetta	2009	284,000	-	-	284,000
	2008	84,000	200,000	-	284,000
N Hinchcliff ²	2009	-	-	-	-
	2008	56,500	100,000	3,853	160,353
S Kenney ²	2009	-	-	-	-
	2008	85,210	-	6,308	91,518
P Lynch ²	2009	-	-	-	-
	2008	-	120,000	-	120,000
L McGill ²	2009	-	-	-	-
	2008	10,509	100,000	(13,843)	96,666
D Mulder ²	2009	-	-	-	-
	2008	15,833	100,000	(12,382)	103,451

1 AW Lennon and AJ Lennon are beneficiaries of the Gwenton Trust, which is a discretionary family trust. AW Lennon holds 13,931 shares in his own name, and 34,392 shares as trustee for the Trofie Superfund. The remaining 78,500,000 is held in the name of Scorpio Nominees Pty Ltd as trustee for the Gwenton Trust. AW Lennon is a director and shareholder of Scorpio Nominees Pty Ltd.

2 These individuals have either left the Group or are no longer considered key management personnel.

29 RELATED PARTIES

(a) Parent Entity

Peet Limited is the ultimate Australian Parent Entity.

(b) Controlled entities

Interests in controlled entities are set out in note 33. Interests held in associates are set out in note 32.

(c) Key management personnel

Details relating to the key management personnel, including remuneration paid, are included in note 28.

(d) Transactions with related parties

Transactions with subsidiaries

Transactions between the Company and other entities in the wholly owned Group consisted of loans advanced, project management, marketing and selling management fees charged by the Company and distributions received from subsidiaries. There are no interest charges or fixed terms for the repayment of loans advanced by the Company.

During the year ended 30 June 2009 the Company derived the following fees from its subsidiaries:

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Project management, marketing and selling management fees	-	-	10,098,425	8,890,316

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Tax consolidation regime

The Company received \$12,561,017 (2008: \$8,512,063) in respect of its tax sharing and funding agreement with subsidiaries.

The Company has recognised a tax consolidation distribution from wholly owned tax consolidated entities for the year ended 30 June 2009 of \$22,773,040 (2008: \$4,176,601). The tax consolidation distribution arose as a result of a transfer of tax losses to the head entity for no compensation and is included as other income.

Transactions with associates

During the year ended 30 June 2009, the Company derived the following fees from associates:

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Project management, marketing and selling management fees	21,765,024	19,455,204	21,765,024	19,455,204
Manager's performance fees	13,310,956	11,169,527	13,310,956	11,169,527
Capital raising co-ordination, underwriting & asset identification fees	502,170	2,597,555	502,170	3,329,311
Bookkeeping and secretarial fees	1,044,588	882,848	1,044,588	882,848
Other consultancy fees	59,150	55,921	59,150	55,921
	36,681,888	34,161,055	36,681,888	34,892,811

29 RELATED PARTIES (CONTINUED)

(e) Outstanding balances

Aggregate amounts of advances receivable from and payable to subsidiaries at balance date are as follows:

	NOTES	PARENT ENTITY	
		2009 \$	2008 \$
Payable to subsidiaries			
Non-current	17	2,002	2,002
Receivable from subsidiaries			
Current: tax funding agreement	9	2,061,870	4,529,713
Non-current: loans to subsidiaries – note (a)	14	31,621,935	61,015,776
		33,683,805	65,545,489

(a) The amounts owing are unsecured, interest free and repayable on demand however it is not anticipated that these amounts will be requested for repayment within the next twelve months. The purpose of the advances to the various entities is to allow the purchase and potential development of broad acre land and is considered a part of the project management services performed by the parent for its subsidiaries.

	PARENT ENTITY	
	2009 \$	2008 \$
Movements in loans to subsidiaries		
Beginning of the year	61,015,776	45,282,509
Loans advanced	41,183,827	48,310,670
Loan repayments received	(70,577,668)	(32,577,403)
End of the year	31,621,935	61,015,776

Aggregate amounts receivable from associates at balance date are as follows:

	PARENT ENTITY	
	2009 \$	2008 \$
Trade and other receivables	22,623,756	24,183,537
Loans to associates	690,412	331
Total amount owing by associates	23,314,168	24,183,868
Movements in loans to associates		
Beginning of the year	331	-
Loans advanced to associates	690,081	64,139,651
Loan repayments from associates	-	(64,139,320)
End of the year	690,412	331

Outstanding balances

Trade and other receivables include amounts owing by associates in respect of project management, marketing and selling management fees, accrued commissions receivable on sales and manager's performance fees. Outstanding balances at year-end, including loans advanced to associates are unsecured, interest free and repayable on demand. There have been no guarantees provided or received for any related party receivable.

29 RELATED PARTIES (CONTINUED)

(e) Outstanding balances (continued)

Allowance for impairment loss on trade receivables

For the year ended 30 June 2009, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2008: \$Nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for impairment loss.

30 EVENTS SUBSEQUENT TO REPORTING DATE

Since year-end the Group has successfully negotiated the extension on \$250 million of the Groups' core Multi Option Facility until October 2012, with all other facilities extended to July 2011. The Group's weighted average debt maturity profile now stands at 2.8 years, compared with 2.2 years at the same time last year.

Since year-end Peet Point Cook South Syndicate Limited, a wholly owned subsidiary of Peet Limited, has offered to sell 295 and 305 Snedyes Road, Point Cook, Victoria to the Peet Point Cook Kingsford Syndicate for \$26 million, with \$14 million payable on settlement and \$12 million payable on or about 15 November 2010. The property was valued at \$28.65 million. A capital raising of \$22 million commenced on 24 August 2009 and is expected to close on 30 October 2009. The offer is underwritten by Peet Limited.

Since year-end the Group has agreed to provide Peet Tri State Syndicate Limited, an associate of the Group, with a short-term working capital loan facility of \$7 million. The loan is on commercial terms at an interest rate of 4% above BBSY, and due to expire in December 2009. The loan is secured by a second ranking mortgage over the Syndicate property.

Since year-end the Group has agreed to provide Peet Beachton Syndicate Limited, an associate of the Group, with a short term, working capital loan facility of \$5 million. The loan is on commercial terms at an interest rate of 4% above BBSY, and is due to expire in December 2009. The loan is secured by a second ranking mortgage over the Syndicate property.

Since year-end the Group has provided a loan of \$5.4 million to Peet Caboolture Syndicate Limited. The loan represents Peet's 20% proportional contribution towards repaying the Syndicate's \$27 million debt facility, with the other shareholder also contributing funds. The loan is interest free and has no fixed maturity date.

31 CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents as at the end of the financial year as shown in the Cash Flow Statements is reconciled to the related items in the balance sheet as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and on hand	47,906	50,277	15,482	6,253
Term deposit	75,210	-	75,210	-
	123,116	50,277	90,692	6,253

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

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Profit for the year	12,019	47,912	29,186	27,817
Add/(deduct) non cash items:				
Depreciation	748	540	438	368
Write-down of investments	73	-	73	-
Write-down of inventories	27,369	1,936	946	614
Net loss on sale of non-current assets	7	-	6	-
Employee share based payments	(32)	166	(32)	166
Equity accounting for investments in associates	1,702	222	-	-
Add/(deduct) other items:				
Dividend income classified as cash flows from investing	(191)	(131)	(191)	(131)
Change in operating assets and liabilities during the financial year:				
Increase in receivables	(722)	(5,615)	(1,508)	(9,153)
(Increase)/Decrease in inventories	(3,630)	(110,897)	673	(180)
(Decrease)/Increase in tax liabilities	(22,706)	1,545	(22,706)	1,545
(Decrease)/Increase in payables	(19,864)	31,995	(301)	(1,179)
(Decrease)/Increase in provisions	(958)	602	(479)	10
Increase in deferred tax liabilities	10,947	4,369	1,247	702
Net cash inflow/(outflow) from operating activities	4,762	(27,356)	7,352	20,579

32 INVESTMENTS IN ASSOCIATES

NAME OF ASSOCIATE	OWNERSHIP INTEREST		CONSOLIDATED		PARENT ENTITY	
	2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Peet & Co Casey Land Syndicate Ltd	0.54	0.54	17	20	10	10
Peet Alkimos Pty Ltd	13.62	13.35	25,012	20,407	25,260	20,700
Peet Baldivis Syndicate Ltd	0.39	0.39	9	5	2	2
Peet Bayonet Head Syndicate Ltd	0.56	0.56	2	2	6	6
Peet Beachton Syndicate Ltd	0.33	0.33	44	21	23	23
Peet Botanic Village Syndicate Ltd	0.69	0.69	117	118	125	125
Peet Byford Syndicate Ltd	0.15	0.15	12	12	13	13
Peet Caboolture Syndicate Ltd	20.00	20.00	1,366	1,453	1,600	1,600
Peet Cardinia Lakes Syndicate Ltd	0.21	0.21	41	42	42	42
Peet Cranbourne Syndicate Ltd	1.58	1.58	296	297	311	311
Peet Cranbourne Central Syndicate Ltd	0.05	0.05	9	3	10	4
Peet Forrestdale Syndicate Ltd	0.70	0.70	17	17	23	23
Peet Mandurah Syndicate Ltd	1.25	1.25	126	123	80	80
Peet Mundijong Syndicate Ltd	0.22	0.22	50	50	52	52
Peet Oakford Land Syndicate Ltd	0.37	0.37	6	6	7	7
Peet Tarneit Gardens Syndicate Ltd	1.29	1.29	161	159	126	126
Peet Tarneit Rise Syndicate Ltd	0.33	0.33	66	63	55	55
Peet Tri State Syndicate Ltd	24.08	24.08	4,856	2,835	7,270	3,612
Peet Warner Lakes Syndicate Ltd	1.56	1.56	417	472	270	270
Peet Windsor Park Syndicate Ltd	0.07	0.07	12	9	8	8
Other			48	121	48	121
			32,684	26,235	35,341	27,190

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

(a) Movements in carrying amounts of investments in associates

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Carrying amount at the beginning of the financial year	26,235	2,746
Acquisitions	8,156	24,749
Disposals	(5)	(1,038)
Share of loss after income tax (b)	(1,702)	(222)
Carrying amount at the end of the financial year	32,684	26,235

(b) Share of associates loss

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Share of associates loss (c)	(1,702)	(222)

32 INVESTMENTS IN ASSOCIATES (CONTINUED)

(c) Summarised financial information of associates

NAME OF ASSOCIATE	AS AT 30 JUNE 2009 GROUP'S SHARE OF:			
	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit/(Loss) \$'000
Peet & Co Casey Land Syndicate Ltd	26	9	-	(3)
Peet Alkimos Pty Ltd	48,743	24,253	9	45
Peet Bayonet Head Syndicate Ltd	25	23	-	-
Peet Baldivis Syndicate Ltd	12	3	14	3
Peet Beachton Syndicate Ltd	106	62	1	23
Peet Botanic Village Syndicate Ltd	164	46	-	-
Peet Byford Syndicate Ltd	12	-	-	-
Peet Caboolture Syndicate Ltd	7,212	5,846	2	(87)
Peet Cardinia Lakes Syndicate Ltd	55	14	19	(1)
Peet Cranbourne Syndicate Ltd	493	198	-	(1)
Peet Cranbourne Central Syndicate Ltd	16	6	-	-
Peet Forrestdale Syndicate Ltd	71	54	-	-
Peet Mandurah Syndicate Ltd	475	349	170	3
Peet Mundijong Syndicate Ltd	50	-	-	-
Peet Oakford Land Syndicate Ltd	14	7	-	-
Peet Tarneit Gardens Syndicate Ltd	226	68	343	2
Peet Tarneit Rise Syndicate Ltd	85	19	92	4
Peet Tri State Syndicate Ltd	14,809	9,668	212	(1,638)
Peet Warner Lakes Syndicate Ltd	587	238	601	(56)
Peet Windsor Park Syndicate Ltd	25	13	44	4
	73,206	40,876	1,507	(1,702)

32 INVESTMENTS IN ASSOCIATES (CONTINUED)

(c) Summarised financial information of associates (continued)

NAME OF ASSOCIATE	AS AT 30 JUNE 2008 GROUP'S SHARE OF:			
	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit/(Loss) \$'000
Peet & Co Casey Land Syndicate Ltd	37	17	35	(14)
Peet Alkimos Pty Ltd	43,912	23,516	48	(293)
Peet Bayonet Head Syndicate Ltd	21	19	-	1
Peet Baldivis Syndicate Ltd	18	12	11	3
Peet Beachton Syndicate Ltd	105	59	-	27
Peet Botanic Village Syndicate Ltd	155	37	-	(1)
Peet Byford Syndicate Ltd	12	-	-	-
Peet Caboolture Syndicate Ltd	6,463	5,010	1	(49)
Peet Cardinia Lakes Syndicate Ltd	60	19	13	(1)
Peet Cranbourne Syndicate Ltd	458	161	1	1
Peet Cranbourne Central Syndicate Ltd	14	11	-	-
Peet Forrestdale Syndicate Ltd	34	17	-	(1)
Peet Mandurah Syndicate Ltd	472	350	279	13
Peet Mundijong Syndicate Ltd	50	-	-	-
Peet Oakford Land Syndicate Ltd	10	3	-	-
Peet Tarneit Gardens Syndicate Ltd	270	114	327	(2)
Peet Tarneit Rise Syndicate Ltd	79	16	57	8
Peet Tri State Syndicate Ltd	13,947	10,824	40	(45)
Peet Warner Lakes Syndicate Ltd	778	306	734	132
Peet Windsor Park Syndicate Ltd	28	18	26	(1)
	66,923	40,509	1,572	(222)

33 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

NAME OF SUBSIDIARY	Place of Incorporation	Class of Share	HOLDING	
			2009 %	2008 %
At Cost				
Indemnity & Liability Administrators Pty Ltd	WA	Ord & Pref.	100	100
Hawkestone Conveyancing Pty Ltd	WA	Ordinary	100	100
Hawkestone Unit Trust ¹	N/A	Trust Unit	100	100
Peet Management Pty Limited	WA	Ordinary	100	100
Peet Innisfail Pty Limited	WA	Ordinary	100	100
Peet Rockbank Pty Limited	WA	Ordinary	100	100
Peet Point Cook No 2 Pty Limited	WA	Ordinary	100	100
Peet Craigieburn Pty Limited	WA	Ordinary	100	100
Peet Greenvale No 2 Pty Limited	WA	Ordinary	100	100
Peet Southern JV Pty Limited	WA	Ordinary	100	100
Peet Grand 56 Pty Limited	WA	Ordinary	100	100
Peet Point Cook South Syndicate Limited	WA	Ordinary	100	100
Peet Brigadoon Pty Limited	WA	Ordinary	100	100
Peet No 68 Pty Limited	WA	Ordinary	100	100
Peet Ashton Heights Pty Limited	WA	Ordinary	100	100
Peet Hammersmith Pty Limited	WA	Ordinary	100	100
Peet No 72 Avoca Pty Limited	WA	Ordinary	100	100
Peet Queens Park JV Pty Limited	WA	Ordinary	100	100
Peet No 73 Pty Limited	WA	Ordinary	100	100
Peet No 74 Pty Limited	WA	Ordinary	100	100
Peet Baldivis Heights Pty Limited	WA	Ordinary	100	100
Peet Abrehart Rd Pty Limited	WA	Ordinary	100	100
Peet No 77 Pty Limited	WA	Ordinary	100	100
Secure Living Pty Limited	WA	Ordinary	100	100
Peet Truganina No 1 Pty Limited	WA	Ordinary	100	100
Peet No 81 Pty Limited	WA	Ordinary	100	100
Peet No 82 Pty Limited	WA	Ordinary	100	100
Peet No 85 Pty Limited	WA	Ordinary	100	100
Peet No 87 Pty Limited	WA	Ordinary	100	100
Peet No 88 Pty Limited	WA	Ordinary	100	100
Peet Skye Pty Limited	WA	Ordinary	100	100
Peet No 90 Pty Limited	WA	Ordinary	100	100
Peet No 91 Pty Limited	WA	Ordinary	100	100
Peet No 92 Pty Limited	WA	Ordinary	100	100
Peet Joint Venture Pty Limited	WA	Ordinary	100	100
Peet Gippsland Hwy Pty Limited	WA	Ordinary	100	100
Peet No 95 Pty Limited	WA	Ordinary	100	100
Peet Thornlands Pty Limited	WA	Ordinary	100	100
Peet No 98 Pty Limited	WA	Ordinary	100	100
Peet No 99 Pty Limited	WA	Ordinary	100	100
Peet Cranbourne (Nelson St) Pty Limited	WA	Ordinary	100	100

33 SUBSIDIARIES (CONTINUED)

NAME OF SUBSIDIARY	Place of Incorporation	Class of Share	HOLDING	
			2009 %	2008 %
Peet Buderim Pty Limited	WA	Ordinary	100	100
Peet No 102 Pty Limited	WA	Ordinary	100	100
Peet Cranbourne (51a Craig Rd) Pty Limited	WA	Ordinary	100	100
Peet No 105 Pty Limited	WA	Ordinary	100	100
Peet Tri State Syndicate Limited ²	WA	Ordinary	-	24.08
Peet No 107 Pty Limited	WA	Ordinary	100	100
Peet No 108 Pty Limited	WA	Ordinary	100	100
Peet No 110 Pty Limited	WA	Ordinary	100	100
Peet Alkimos Pty Limited ²	WA	Ordinary	-	13.35
Peet No 111 Pty Limited	WA	Ordinary	100	100
Peet No 112 Pty Limited	WA	Ordinary	100	100
Peet No 113 Pty Limited	WA	Ordinary	100	100
Secure Living Victoria Pty Limited	WA	Ordinary	100	100
Peet No 115 Pty Limited	WA	Ordinary	100	100
Peet Perth Beachfront Land Syndicate Limited	WA	Ordinary	100	100
Peet No 117 Pty Limited	WA	Ordinary	100	100
Peet No 118 Pty Limited	WA	Ordinary	100	100
Peet No 119 Pty Limited	WA	Ordinary	100	100
Peet Treasury Pty Limited (Formerly known as Peet No 120 Pty Limited)	WA	Ordinary	100	100
Peet No 121 Pty Limited	WA	Ordinary	100	100
Peet Estates (VIC) Pty Ltd (Formerly known as Peet No 122 Pty Limited)	WA	Ordinary	100	100
Peet No 123 Pty Limited	WA	Ordinary	100	100
Secure Living Queensland Pty Limited	WA	Ordinary	100	100
Peet Development Management Pty Ltd (Formerly known as Peet No 124 Pty Limited)	WA	Ordinary	100	100
Peet No 125 Pty Limited	WA	Ordinary	100	100
Peet No 126 Pty Limited	WA	Ordinary	100	100
Peet No 127 Pty Limited	WA	Ordinary	100	100
Peet Estates (QLD) Pty Ltd (Formerly known as Peet No 128 Pty Limited)	WA	Ordinary	100	100
Peet No 129 Pty Limited	WA	Ordinary	100	100
Peet No 130 Pty Limited	WA	Ordinary	100	100
Peet No 131 Pty Limited	WA	Ordinary	100	100
Peet Estates (WA) Pty Ltd (Formerly known as Peet Communities (WA) Pty Limited)	WA	Ordinary	100	100

1 The net tangible assets of Hawkstone Unit Trust at acquisition date were nil. The Trust was acquired on 9 September 1994 for nil consideration.

2 Interest in the controlled entities disposed during the financial year 30 June 2008.

34 INTERESTS IN JOINTLY CONTROLLED OPERATIONS

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

	CONSOLIDATED	
	2009	2008
	\$000	\$000
The Village at Wellard		
Total assets	29,965	30,996
Total liabilities	(25,118)	(26,506)
Net Assets	4,847	4,490
Quattro: The New Queens Park		
Total assets	13,309	10,233
Total liabilities	(11,740)	(9,872)
Net Assets	1,569	361

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

	CONSOLIDATED	
	2009	2008
	\$000	\$000
The Village at Wellard		
Revenue	9,695	19,987
Expenses	(9,185)	(15,259)
Profit before income tax	510	4,728
Income tax expense	(153)	(1,418)
Net Profit	357	3,310
Quattro: The New Queens Park		
Revenue	1,027	81
Expenses	(1)	(1)
Profit before income tax	1,026	80
Income tax expense	(308)	(24)
Net Profit	718	56

35 EARNINGS PER SHARE

(a) Earnings per share

	CONSOLIDATED	
	2009	2008
	Cents	Cents
Basic earnings per share	5.1	21.6
Diluted earnings per share	5.0	21.3

(b) Reconciliation of earnings used in calculating earnings per share

	CONSOLIDATED	
	2009	2008
	\$000	\$000
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	12,019	47,912

(c) Weighted average number of shares used in the denominator

	CONSOLIDATED	
	2009	2008
	\$	\$
Weighted average number of ordinary shares used as a denominator in the calculation of earnings per share	236,281,091	221,897,662
Adjustments for calculation of diluted earnings per share:		
Options	1,704,000	3,135,638
Weighted average number of ordinary shares used as a denominator in the calculation of fully diluted earnings per share	237,985,091	225,033,300

36 SHARE-BASED PAYMENTS

(a) Employee Share Option Plan (ESOP) and Performance Rights Plan (PRP)

The establishment of the Peet Limited ESOP was approved by the Board and shareholders during the 2004 financial year and the Peet Limited PRP was approved by shareholders at the 2008 AGM. Employees of any Peet Group Company (including Executive Directors) will be eligible to participate in the ESOP and/or PRP at the discretion of the Board.

Invitations to apply for options and/or performance rights

Eligible employees, at the discretion of the Board, may be invited to apply for options and/or performance rights on terms and conditions to be determined by the Board including as to:

- the method of calculation of the exercise price of each option;
- the number of options and/or performance rights being offered and the maximum number of shares over which each option and/or performance right is granted;
- the period or periods during which any of the options and/or performance rights may be exercised;
- the dates and times when the options and/or performance rights lapse;
- the date and time by which the application for options and/or performance rights must be received by Peet; and
- any applicable conditions which must be satisfied or circumstances which must exist before the options and/or performance rights may be exercised.

Eligible employees may apply for part of the options and/or performance rights offered to them, but only in specified multiples.

36 SHARE-BASED PAYMENTS (CONTINUED)

(a) Employee Share Option Plan (ESOP) and Performance Rights Plan (PRP) (continued)

Consideration

Unless the Board determines otherwise, no payment will be required for a grant of options and/or performance rights under the ESOP and/or PRP.

Exercise conditions

Generally, as a pre-condition to exercise, any exercise conditions in respect of an option and/or performance right must be satisfied. However, the Board has the discretion to enable an option and/or performance right holder to exercise options and/or performance rights where the exercise conditions have not been met, including, for example, where a court orders a meeting to be held in relation to a proposed compromise or arrangement in respect of the Company, or a resolution is passed or an order is made for winding up the Company.

Options granted under the ESOP and performance rights under the PRP carry no dividend or voting rights.

Lapse of options and performance rights

Unexercised options and /or performance rights will lapse upon the earlier to occur of a variety of events specified in the rules of the ESOP and PRP, including, on the date or in circumstances specified by the Board in the invitation, failure to meet the options' or performance rights' exercise conditions in the prescribed period or on the expiry date of options and/or performance rights, as determined by the Board.

Set out below are summaries of options and performance rights granted under the plans:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR No.	GRANTED DURING THE YEAR No.	EXERCISED DURING THE YEAR No.	LAPSED/ FORFEITED DURING THE YEAR No.	BALANCE AT END OF THE YEAR No.	EXERCISABLE AT END OF THE YEAR No.
Consolidated and Parent Entity – 2009								
Options								
18 Jun 04	18 Jun 09	\$1.20	1,200,000	-	(1,200,000)	-	-	-
28 July 04	28 July 09	\$1.20	154,000	-	(70,000)	-	84,000	84,000
17 Aug 05	17 Aug 10	\$1.71	20,000	-	-	-	20,000	20,000
1 Sept 05	1 Sept 10	\$2.04	300,000	-	(30,000)	(40,000)	230,000	230,000
8 Feb 06	8 Feb 11	\$2.81	100,000	-	-	-	100,000	100,000
2 May 06	2 May 11	\$3.09	20,000	-	-	-	20,000	20,000
24 May 06	24 May 11	\$3.42	50,000	-	-	-	50,000	50,000
30 Nov 07	30 Nov 13	\$4.10	1,200,000	-	-	-	1,200,000	-
18 Dec 08	18 Dec 14	\$2.50	-	2,930,000	-	-	2,930,000	-
			3,044,000	2,930,000	(1,300,000)	(40,000)	4,634,000	504,000
Performance rights								
18 Dec 08	18 Dec 14	\$0.00	-	265,000	-	-	265,000	-
Total			3,044,000	3,195,000	(1,300,000)	(40,000)	4,899,000	504,000
Weighted average exercise price			\$2.53	\$2.29	\$1.22	\$2.04	\$2.73	\$2.22

36 SHARE-BASED PAYMENTS (CONTINUED)

(a) Employee Share Option Plan (ESOP) and Performance Rights Plan (PRP) (continued)

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR No.	GRANTED DURING THE YEAR No.	EXERCISED DURING THE YEAR No.	LAPSED/ FORFEITED DURING THE YEAR No.	BALANCE AT END OF THE YEAR No.	EXERCISABLE AT END OF THE YEAR No.
Consolidated and Parent Entity – 2008								
18 Jun 04	18 Jun 09	\$1.20	1,200,000	-	-	-	1,200,000	1,200,000
28 July 04	28 July 09	\$1.20	1,794,000	-	(1,640,000)	-	154,000	154,000
17 Aug 05	17 Aug 10	\$1.71	20,000	-	-	-	20,000	-
1 Sept 05	1 Sept 10	\$2.04	380,000	-	-	(80,000)	300,000	-
8 Feb 06	8 Feb 11	\$2.81	100,000	-	-	-	100,000	-
2 May 06	2 May 11	\$3.09	20,000	-	-	-	20,000	-
24 May 06	24 May 11	\$3.42	50,000	-	-	-	50,000	-
30 Nov 07	30 Nov 13	\$4.10	-	1,200,000	-	-	1,200,000	-
Total			3,564,000	1,200,000	(1,640,000)	(80,000)	3,044,000	1,354,000
Weighted average exercise price			\$1.38	\$4.10	\$1.20	\$2.04	\$2.53	\$1.20

Options forfeited during the 2009 financial year amounted to 40,000 (2008: 80,000).

The weighted average remaining contractual life of share options and performance rights outstanding at 30 June 2009 was 4.77 years (2008: 2.95 years).

Fair value of options and performance rights granted

The fair value of an option at grant date is determined using a Black-Scholes option pricing model and the value of a performance right at grant date is determined using a Binomial pricing model. The models take into account the exercise price, the term of the option or performance right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option or performance right, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option or performance right.

The inputs for assessing the fair value of the options granted under the ESOP and performance rights under the PRP were:

GRANT DATE	EXERCISE PRICE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXPECTED PRICE VOLATILITY OF SHARES	RISK FREE INTEREST RATE	ASSESSED FAIR VALUE
Options						
18 Jun 04	\$1.20	18 Jun 09	\$1.20	30%	5.30%	\$0.11
28 Jul 04	\$1.20	28 Jul 09	\$1.20	30%	5.36%	\$0.21
17 Aug 05	\$1.71	17 Aug 10	\$1.71	30%	5.08%	\$0.23
1 Sep 05	\$2.04	1 Sep 10	\$2.04	30%	4.99%	\$0.22
8 Feb 06	\$2.81	8 Feb 11	\$2.81	30%	5.25%	\$0.57
2 May 06	\$3.09	2 May 11	\$3.09	30%	5.69%	\$0.68
24 May 06	\$3.42	24 May 11	\$3.42	30%	5.64%	\$0.78
30 Nov 07	\$4.10	30 Nov 13	\$3.90	30%	6.46%	\$1.12
18 Dec 08	\$2.50	18 Dec 14	\$1.49	28%	3.15%	\$0.07
Performance rights						
18 Dec 08	\$0.00	18 Dec 14	\$1.49	28%	3.15%	\$1.08

The expected price volatility is based on the historic volatility (based on the remaining life of the options and/or performance rights), adjusted for any expected changes to future volatility due to publicly available information.

36 SHARE-BASED PAYMENTS (CONTINUED)

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Options and Performance Rights issued under ESOP and PRP, respectively	(32)	166	(32)	166

(c) Deferred Employee Share Plan (DESP)

All permanent full-time and permanent part-time employees and directors of Peet Limited or any Group entity may participate in the DESP as approved by the Board and subject to the DESP rules.

Participating employees must nominate an amount between \$80 and 50% of their pre-tax salary they wish to contribute each fortnight. In addition, participants may nominate a percentage (up to 100%) of any future bonus payments to be contributed towards the DESP.

As at the date of this report the company's DESP was suspended pending the finalisation of the Federal Government's legislative amendments to the taxation of employee share schemes.

During the year a total of 32,928 shares (2008: 22,116 shares) were purchased at a market value of \$56,343 (2008: \$70,228) under the DESP.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 50 to 111 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 Company's and consolidated entity's financial position as at 30 June 2009 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Brendan Gore
Managing Director
Perth, Western Australia
29th September 2009

Independent auditor's report to the members of Peet Limited

Report on the financial report

We have audited the accompanying financial report of Peet Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Peet Limited and the Peet Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Independent auditor's report to the members of
Peet Limited (continued)**

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Peet Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 45 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Peet Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



David J Smith
Partner

Perth
29 September 2009

SHAREHOLDER INFORMATION

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding

	NUMBER OF SHAREHOLDERS	% OF ISSUED SHARES
1 – 1,000	237	0.05%
1,001 – 5,000	1,333	1.44%
5,001 – 10,000	883	2.29%
10,001 – 100,000	984	8.08%
100,001 and over	95	88.14%
		100.00%

There were forty holders of less than a marketable parcel of ordinary shares.

Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

NAME	NUMBER OF SHARES HELD	% OF ISSUED SHARES
Scorpio Nominees Pty Ltd	78,500,000	26.69%
Mr IMC Palmer & Mrs HC Palmer	23,689,552	8.05%
Mr WD Hemsley	20,242,912	6.88%
MF Custodians Ltd	19,260,331	6.55%
JP Morgan Nominees Australia Limited	17,209,403	5.85%
RBC Dexia Investor Services Australia Nominees Pty Ltd<Pipooled A/c>	13,789,135	4.69%
National Nominees Limited	11,834,806	4.02%
Australian Foundation Investment Company Limited	11,183,748	3.80%
UBS Nominees Pty Ltd	6,771,932	2.30%
Citicorp Nominees Pty Ltd <CFS Future Leaders Fund A/c>	6,718,113	2.28%
HSBC Custody Nominees (Australia) Limited	6,342,223	2.16%
Citicorp Nominees Pty Ltd	5,780,132	1.97%
UBS Wealth Management Australia Nominees Pty Ltd	2,604,213	0.89%
Mirrabooka Investments Ltd	2,366,667	0.80%
Argo Investments Limited	2,197,247	0.75%
Amcil Ltd	2,066,667	0.70%
Cogent Nominees Pty Ltd	1,937,906	0.66%
Djerriwarrh Investments Limited	1,696,000	0.58%
RBC Dexia Investor Services Australia Nominees Pty Limited	1,652,162	0.56%
Mrs GE Lennon	1,633,334	0.56%
	237,476,483	80.74%

Substantial Shareholders

NAME	NUMBER OF SHARES HELD	% OF ISSUED SHARES
Scorpio Nominees Pty Ltd	78,500,000	26.69%
Mr IMC Palmer & Mrs HC Palmer	23,689,552	8.05%
Mr WD Hemsley	20,242,912	6.88%
MF Custodians Ltd	19,260,331	6.55%
JP Morgan Nominees Australia Limited	17,209,403	5.85%
	158,902,198	54.02%

Voting rights

The voting rights attaching to each class of equity securities are as set out below:

Ordinary shares

On a show of hands every member present at the meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Securities Exchange listing

Peet Limited shares are listed on the Australian Securities Exchange Limited (ASX). The Company's ASX code is PPC.

Website address

www.peet.com.au

The Parent Entity website offers the following features:

Investor relations page with the latest Company announcements

News service providing up to date information on the Company's activities and projects

Access to annual and half year reports

CORPORATE DIRECTORY

PEET LIMITED

A.B.N 56 008 665 834

Website Address: www.peet.com.au

Directors

Tony Lennon Non-executive Chairman

Brendan Gore B Comm FCPA, FCIS, MAICD, Managing Director and Chief Executive Officer

Warwick Hemsley B.Comm, CPA, Assoc. Dip. Val. FVLE (VAL&ECON), Non-executive Director

Stephen Higgs BEc (Syd), Independent Non-executive Director

Graeme Sinclair B.Comm, CA, ACIS, FAICD, Independent Non-executive Director

Anthony Lennon BA, Grad. Dip. Bus. Admin, National Business Development Director

Company Secretary

Dom Scafetta B.Comm, CA

Registered office and principal place of business

7th Floor, 200 St George's Terrace

Perth, Western Australia 6000

Tel. (08) 9420 1111

Share Register

Computershare Investor Services Pty Limited

Level 2, 45 St George's Terrace

Perth, Western Australia 6000

Auditor

PricewaterhouseCoopers

QV1, 250 St George's Terrace

Perth, Western Australia 6000

Bankers

National Australia Bank

100 St George's Terrace

Perth, Western Australia 6000

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PEET