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**Peet & Company Limited  
and its Controlled Entities**

ABN: 56 008 665 834

**Financial Report  
30 June 2001**

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**FINANCIAL REPORT  
30 JUNE 2001**

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**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

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Your directors present their report on the consolidated entity consisting of Peet & Company Limited ("the Company") and the entities it controlled at the end of, or during, the financial year ended 30 June 2001.

**1 Directors**

The following persons were directors of Peet & Company Limited during the whole of the financial year and up until the date of this report:

***AW Lennon, AVLE***

Mr Lennon is the Executive Chairman of Peet & Company Limited and has been the Chief Executive since 1985. Mr Lennon has 38 years experience in property agency and development. Of particular relevance, he has specialised in development and marketing of land estates.

Interest in shares of the company; 430,455 ordinary shares

Interest in options of the company; nil

***WD Hemsley, B.Comm, CPA, Assoc.Dip.Val, FVLE (VAL & ECON.)***

Mr Hemsley is the Managing Director of Peet & Company Limited and has been a Director of Peet & Company since 1985. He has a total of 23 years experience in property and agency work.

Interest in shares of the company; 132,229 ordinary shares

Interest in options of the company; nil

***IMC Palmer, Dip.Val., AVLE, Dip. REM***

Mr Palmer has been a Director of Peet & Company Limited since 1986. He has been a qualified valuer for 27 years with 31 years in real estate including 13 years as principal of Ian Palmer & Co.

Interest in shares of the company; 162,193 ordinary shares

Interest in options of the company; nil

***AJ Lennon, BA, Grad.Dip.Bus.Admin.***

Mr Lennon joined Peet & Company Limited in 1991 and became a director in 1994. Prior to that he worked in England for 3 years.

Interest in shares of the company; nil

Interest in options of the company; nil

All the directors are executive directors and details of interests in securities of the company are as at the date of this report.

**2 Principal activities**

The principal activities of the consolidated entity during the course of the financial year were project management, land syndication, management of land sales and marketing, corporate management services, land development and land and other real estate sales. There was no significant change in the nature of the activities during the year.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

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**3. Consolidated result**

The consolidated profit after income tax of the consolidated entity for the year ended 30 June 2001 after providing for income tax was \$2,532,920 (2000: \$2,152,505).

**4. Review of operations**

During the year the Company continued to gain good results from the management of various residential property developments and continued its land development and syndication activities.

During the year ended 30 June 2001, the Company established a permanent office on St Kilda Road, Melbourne, Victoria, moving from serviced offices in the Melbourne CBD. Staff numbers in Victoria increased from two (2) at the beginning of the financial year to five (5) full-time and part-time employees and consultants.

Completed settlements of sales of residential land under the management of the Company in Western Australia and Victoria totalled approximately \$80,000,000 (2000: \$65,000,000) for the year ended 30 June 2001. Actual contracts written during the year ended 30 June 2001 for sales of land in projects under management totalled in excess of \$103,000,000 (2000: \$83,000,000).

**5. Significant changes in the state of affairs**

In the opinion of the directors there were no significant changes in the state of the consolidated entity that occurred during the financial year under review.

**6. Dividends**

Dividends paid or declared by the Company during the financial year are as follows:

|                                                                                                                                | \$             |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|
| On 23 October 2000 the Company paid a fully franked dividend of approx. 33.80 cents per share, with Class C franking credits.  | 250,000        |
| On 22 December 2000 the Company paid a fully franked dividend of approx. 27.04 cents per share, with Class C franking credits. | 200,000        |
| On 15 March 2001, the Company paid a fully franked dividend of approx. 40.56 cents per share, with Class C franking credits.   | <u>300,000</u> |
|                                                                                                                                | <u>750,000</u> |

**7. Likely developments**

No 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.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

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**8. Environmental Regulation**

The consolidated entity is subject to environmental regulation by way of the Environmental Protection Act 1986 (as amended) in respect of its Western Australian land subdivision activities and the Environmental Protection Act 1970 (as amended) in respect of its Victorian subdivision activities.

To the best of the Directors' knowledge all activities have been undertaken in compliance with the requirements of subdivision approvals granted.

**9. Directors' meetings**

The number of directors' meetings and number of meetings attended by each of the directors of the company during the financial year are detailed below:

|            | Peet & Company Ltd<br>in its own right |          | Peet & Company<br>Limited as trustee |          |
|------------|----------------------------------------|----------|--------------------------------------|----------|
|            | Held                                   | Attended | Held                                 | Attended |
| AW Lennon  | 15                                     | 14       | 28                                   | 17       |
| WD Hemsley | 15                                     | 15       | 28                                   | 28       |
| IM Palmer  | 15                                     | 13       | 28                                   | 21       |
| AJ Lennon  | 15                                     | 11       | 28                                   | 15       |

**10. Matters subsequent to the end of the financial year**

The Directors declared a fully franked dividend of 81 cents per share (\$600,000) on Thursday, 23 August 2001 and the dividend was paid on Friday, 24 August 2001.

Except for the dividend discussed above, no other matter or circumstance has arisen since 30 June 2001 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

**11. Auditor**

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

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

  
Director

  
Director

Perth, Western Australia  
31 October 2001

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**STATEMENTS OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2001**

|                                                                                            | Note | Consolidated     |                    | Parent Entity    |                    |
|--------------------------------------------------------------------------------------------|------|------------------|--------------------|------------------|--------------------|
|                                                                                            |      | 2001<br>\$       | 2000<br>\$         | 2001<br>\$       | 2000<br>\$         |
| Revenue from ordinary activities                                                           | 2    | 9,636,610        | 10,050,281         | 7,890,153        | 10,163,176         |
| Change in inventories                                                                      |      | 1,801,162        | 2,958,926          | 372,393 ✓        | 2,958,926          |
| Employee benefits expense                                                                  |      | 1,932,948        | 1,748,291          | 1,932,948 ✓      | 1,748,291          |
| Depreciation expense                                                                       |      | 82,474           | 86,515             | 82,445 ✓         | 86,515             |
| Borrowing costs expense                                                                    |      | 225,438          | 52,638             | 31,231 ✓         | 52,638             |
| Other expenses from ordinary activities                                                    |      | <u>2,080,922</u> | <u>1,935,231</u>   | <u>2,021,866</u> | <u>1,968,456</u>   |
| Profit from ordinary activities before income tax expense                                  | 3    | 3,513,666        | 3,268,680          | 3,449,270        | 3,348,350          |
| Income tax expense                                                                         | 4    | <u>(980,746)</u> | <u>(1,116,175)</u> | <u>(875,093)</u> | <u>(1,125,923)</u> |
| Net profit attributable to members of Peet & Company Limited                               |      | <u>2,532,920</u> | <u>2,152,505</u>   | <u>2,574,177</u> | <u>2,222,427</u>   |
| Total changes in equity other than those resulting from transactions with owners as owners |      | <u>2,532,920</u> | <u>2,152,505</u>   | <u>2,574,177</u> | <u>2,222,427</u>   |

The above statements of financial performance should be read with the accompanying notes.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2001**

|                                      | Note | Consolidated      |                   | Parent Entity    |                  |
|--------------------------------------|------|-------------------|-------------------|------------------|------------------|
|                                      |      | 2001              | 2000              | 2001             | 2000             |
| <b>CURRENT ASSETS</b>                |      |                   |                   |                  |                  |
| Cash assets                          |      | 1,014,825         | 514,999           | 947,073          | 508,696          |
| Receivables                          | 6    | 3,040,242 ✓       | 2,029,572         | 3,481,351        | 2,006,559        |
| Inventories                          | 7    | 1,474,838 ✓       | 664,018           | 361,440          | 664,018          |
| <b>TOTAL CURRENT ASSETS</b>          |      | <u>5,529,905</u>  | <u>3,208,589</u>  | <u>4,789,864</u> | <u>3,179,273</u> |
| <b>NON-CURRENT ASSETS</b>            |      |                   |                   |                  |                  |
| Receivables                          | 8    | 7,107 ✓           | 7,107             | 1,886,443        | 1,810,682        |
| Deferred tax assets                  | 9    | 24,999 ✓          | 132,523           | -                | 104,267          |
| Investments                          | 10   | 732,705 ✓         | 935,076           | 732,708          | 935,083          |
| Property, plant and equipment        | 11   | 178,036 ✓         | 209,529           | 175,163          | 209,529          |
| Inventories                          | 12   | 21,373,421 ✓      | 8,981,417         | 391,080          | 134,606          |
| Other                                | 13   | 71,152 ✓          | 3,350             | -                | -                |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <u>22,387,420</u> | <u>10,269,002</u> | <u>3,185,394</u> | <u>3,194,167</u> |
| <b>TOTAL ASSETS</b>                  |      | <u>27,917,325</u> | <u>13,477,591</u> | <u>7,975,258</u> | <u>6,373,440</u> |
| <b>CURRENT LIABILITIES</b>           |      |                   |                   |                  |                  |
| Payables                             | 14   | 13,823,817 ✓      | 3,204,475         | 300,893          | 250,062          |
| Interest bearing liabilities         | 15   | 6,280,000 ✓       | 4,207,968         | -                | 7,968            |
| Current tax liabilities              |      | 282,987 ✓         | 699,354           | 49,901           | 699,354          |
| Provisions                           | 16   | 195,756 ✓         | 251,670           | 195,756          | 251,670          |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <u>20,582,560</u> | <u>8,363,467</u>  | <u>546,550</u>   | <u>1,209,054</u> |
| <b>NON-CURRENT LIABILITIES</b>       |      |                   |                   |                  |                  |
| Payables                             | 17   | -                 | -                 | 2,002            | 2,002            |
| Deferred tax liabilities             | 18   | 636,824           | 209,290           | 631,610          | 201,652          |
| Provisions                           | 19   | 35,240 ✓          | 25,053            | 35,240           | 25,053           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <u>672,064</u>    | <u>234,343</u>    | <u>668,852</u>   | <u>228,707</u>   |
| <b>TOTAL LIABILITIES</b>             |      | <u>21,254,624</u> | <u>8,597,810</u>  | <u>1,215,402</u> | <u>1,437,761</u> |
| <b>NET ASSETS</b>                    |      | <u>6,662,701</u>  | <u>4,879,781</u>  | <u>6,759,856</u> | <u>4,935,679</u> |
| <b>EQUITY</b>                        |      |                   |                   |                  |                  |
| Contributed equity                   | 20   | 1,479,198         | 1,479,198         | 1,479,198        | 1,479,198        |
| Retained profits                     | 21   | 5,183,503         | 3,400,583         | 5,280,658        | 3,456,481        |
| <b>TOTAL EQUITY</b>                  | 22   | <u>6,662,701</u>  | <u>4,879,781</u>  | <u>6,759,856</u> | <u>4,935,679</u> |

The above statements of financial position should be read with the accompanying notes.

(7)

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2001**

|                                                            | Note  | Consolidated     |                    | Parent Entity      |                    |
|------------------------------------------------------------|-------|------------------|--------------------|--------------------|--------------------|
|                                                            |       | 2001<br>\$       | 2000<br>\$         | 2001<br>\$         | 2000<br>\$         |
| <b>Cash Flows from Operating Activities</b>                |       |                  |                    |                    |                    |
| Receipts from customers and suppliers (inclusive of GST)   |       | 8,522,584        | 9,636,214          | 6,609,383          | 9,636,214          |
| Payments to suppliers and employees (inclusive of GST)     |       | (8,386,547)      | (5,800,701)        | (4,741,776)        | (4,137,283)        |
| Dividend received                                          |       | 7,095            | 7,719              | 51,385             | 33,114             |
| Interest received                                          |       | 39,636           | 25,708             | 31,813             | 25,708             |
| Trust Distributions Received                               |       | 367,152          | 294,706            | 367,152            | 294,706            |
| Interest and other borrowing costs paid                    |       | (459,934)        | (358,173)          | (28,079)           | (24,384)           |
| Income tax paid                                            |       | (991,579)        | (1,598,909)        | (990,321)          | (1,598,909)        |
| <b>Net cash (outflow)/inflow from operating activities</b> | 28(c) | <u>(901,593)</u> | <u>2,206,564</u>   | <u>1,299,557</u>   | <u>4,229,166</u>   |
| <b>Cash Flows from Investing Activities</b>                |       |                  |                    |                    |                    |
| Proceeds from sale of property, plant and equipment        |       | 181              | 663                | 181                | 663                |
| Payments for property, plant and equipment                 |       | (53,663)         | (42,622)           | (50,761)           | (42,622)           |
| Payments for investments                                   |       | -                | (40,000)           | -                  | (40,002)           |
| Proceeds from capital returns                              |       | 202,375          | -                  | 202,375            | 20,000             |
| <b>Net cash inflow/(outflow) from investing activities</b> |       | <u>148,893</u>   | <u>(81,959)</u>    | <u>151,795</u>     | <u>(61,961)</u>    |
| <b>Cash Flows from Financing Activities</b>                |       |                  |                    |                    |                    |
| Dividends paid                                             |       | (750,000)        | (1,150,000)        | (750,000)          | (1,150,000)        |
| Loans to related entities                                  |       | -                | -                  | (356,763)          | (813,317)          |
| Loans from related entities                                |       | -                | 793                | 101,756            | -                  |
| Transaction costs from capital raisings                    |       | (69,506)         | -                  | -                  | -                  |
| Repayments of borrowing                                    |       | (1,400,000)      | (2,200,000)        | -                  | (2,200,000)        |
| Proceeds from borrowings                                   |       | 3,480,000        | 1,200,000          | -                  | -                  |
| <b>Net cash inflow/(outflow) from Financing Activities</b> |       | <u>1,260,494</u> | <u>(2,149,207)</u> | <u>(1,005,007)</u> | <u>(4,163,317)</u> |
| <b>Net increase/(decrease) in cash held</b>                |       | 507,794          | (24,602)           | 446,345            | 3,888              |
| Cash at beginning of financial year                        |       | 507,031          | 531,633            | 500,728            | 496,840            |
| <b>Cash at the end of the financial year</b>               | 28(a) | <u>1,014,825</u> | <u>507,031</u>     | <u>947,073</u>     | <u>500,728</u>     |
| Financing arrangements                                     | 28(b) |                  |                    |                    |                    |

The above statements of cash flows should be read with the accompanying notes.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

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**1. Summary of significant accounting policies**

The significant policies, which have been adopted in the preparation of this financial report, are:

**(a) Basis of preparation**

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

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

As a result of applying the revised Accounting Standard AASB 1018 Statement of Financial Performance, revised AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position for the first time, a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

**(b) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Peet & Company Limited ("The Company") as at 30 June 2001 and the results of all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

**(c) Depreciation of property, plant and equipment**

Depreciation is calculated to write off the net cost of each asset over its expected useful life to the consolidated entity using the straight-line method. Estimates of remaining useful lives are made on a regular basis for all assets.

Expected useful life of plant & equipment is between 1 and 20 years.

**(d) Employee entitlements**

*Wages, salaries and annual leave*

The provisions for employee entitlements to wages, salaries and annual leave represent the amounts which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

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**1. Summary of significant accounting policies (continued)**

**(d) Employee entitlements (continued)**

*Long service leave*

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within 12 months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates and the consolidated entity's experience with staff departures. Related on-costs have also been included in the liability.

*Superannuation fund*

The Company contributes to various complying employee superannuation funds. Contributions are charged against income as they are made.

**(e) Income tax**

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss statement is based on the operating profit before tax, adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit is expected to be received or the liability is expected to become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

**(f) Investments**

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost. Dividend income is recognised in the statement of financial performance when received and trust distribution income is recognised in the statement of financial performance when receivable.

Investments in controlled entities are accounted for in the consolidated financial statements as set out in note 1(b).

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

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**1 Summary of significant accounting policies (continued)**

**(g) Property, plant and equipment**

Items of property, plant and equipment are recorded at cost and depreciated as per Note 1(c). All items of property, plant and equipment are carried at the lower of cost (less accumulated depreciation) and recoverable amount.

**(h) Recoverable Amount of Non Current Assets**

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

When the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. To the extent that a revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise the decrement is recognised as an expense in the statement of financial performance.

The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values using a market determined, risk adjusted discount rate.

**(i) Land held for syndication or development**

Land held for syndication or development or deposits on land are carried at the lower of cost and recoverable amount.

**(j) 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.

**(k) Trustee recognition of assets and liabilities**

In addition to its own operations, the company acts as trustee for a number of trusts.

Pursuant to the ASIC Accounting Commentary Update 163, which states that where a trust has sufficient assets to meet all its liabilities then it is unlikely that the trustee will have to meet these liabilities, it is not appropriate that the trustee recognise the liability and corresponding asset. Accordingly, the company has not recognised the trust's liabilities at balance date.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

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**1. Summary of significant accounting policies (continued)**

**(l) Borrowing Costs**

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

The actual amount capitalised to the balance sheet is determined on a pro-rata basis of cash paid. For example cash paid in respect to qualifying assets divided by the total cash outlay for the period is the percentage of borrowing costs allocated to qualifying assets. Such capitalised amounts are then written off to profit & loss when blocks of land sold, settle.

Borrowing costs include interest on bank overdrafts and commercial bills and amortisation of ancilliary costs incurred in connection with the arrangement of borrowings.

**(m) Receivables**

Receivables are recognised on an accrual basis as the services to which they relate are performed. Collectibility of receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off.

**(n) Trade and Other Creditors**

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.

**(o) Cash**

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(p) Goods and Services Tax Systems changes**

Costs incurred to update existing systems or to design, develop and implement new systems to deal with the GST are charged to expenses as incurred, except where they result in an enhancement of future economic benefits and are recognised as an asset.

**(q) Interest bearing liabilities**

Loans are carried at their principal amounts, which represent their present value of future cash flows associated with servicing the debt. Interest expense incurred in respect of commercial bills is expensed to the statement of financial performance as it is incurred. Any interest attributable to the following financial year is treated as a prepayment.

**(r) Revenue recognition**

Revenue on land development and resale is recognised when contracts are settled. Other revenue is recognised on an accrual basis.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

**2. Revenue**

|                                                      | Consolidated     |                   | Parent Entity    |                   |
|------------------------------------------------------|------------------|-------------------|------------------|-------------------|
|                                                      | 2001             | 2000              | 2001             | 2000              |
|                                                      | \$               | \$                | \$               | \$                |
| <b>Revenue from Operating Activities</b>             |                  |                   |                  |                   |
| Revenue from trading activities                      | 9,331,048        | 9,681,819         | 7,556,548        | 9,749,319         |
|                                                      | <u>9,331,048</u> | <u>9,681,819</u>  | <u>7,556,548</u> | <u>9,749,319</u>  |
| <b>Revenue from Outside the Operating Activities</b> |                  |                   |                  |                   |
| - Dividends                                          | 7,095            | 7,719             | 51,385           | 33,114            |
| - Trust distributions                                | 250,407          | 333,042           | 250,407          | 333,042           |
| - Interest                                           | 39,636           | 25,708            | 31,813           | 25,708            |
| - Other                                              | 8,424            | 1,993             | -                | 21,993            |
|                                                      | <u>305,562</u>   | <u>368,462</u>    | <u>333,605</u>   | <u>413,857</u>    |
| Revenue from ordinary activities                     | <u>9,636,610</u> | <u>10,050,281</u> | <u>7,890,153</u> | <u>10,163,176</u> |

**3. Operating profit**

Profit from ordinary activities before income tax includes the following specific expenses:

|                                                          | Consolidated   |               | Parent Entity |               |
|----------------------------------------------------------|----------------|---------------|---------------|---------------|
|                                                          | 2001           | 2000          | 2001          | 2000          |
| <b>Expenses</b>                                          |                |               |               |               |
| Auditors' remuneration                                   |                |               |               |               |
| - Auditing services                                      | 17,943         | 17,586        | 14,743        | 15,336        |
| - Other services                                         | 15,938         | 14,320        | 13,068        | 11,970        |
|                                                          | <u>33,881</u>  | <u>31,906</u> | <u>27,811</u> | <u>27,306</u> |
| The auditors received no other benefits.                 |                |               |               |               |
| Depreciation                                             | 82,474         | 86,515        | 82,445        | 86,515        |
| Borrowing costs:                                         |                |               |               |               |
| - Interest & finance charges                             | 611,474        | 363,414       | 31,231        | 52,638        |
| - Amount capitalised                                     | (386,036)      | (310,776)     | -             | -             |
| Borrowing costs expense                                  | <u>225,438</u> | <u>52,638</u> | <u>31,231</u> | <u>52,638</u> |
| Amounts set aside to provision for employee entitlements | 14,771         | 34,916        | 14,771        | 34,916        |
| Lease rental expense – operating expense                 | 178,807        | 154,939       | 178,807       | 154,939       |
| Write off of development expenditure                     | -              | 60            | -             | 60            |
| Net loss on disposal of non-current assets               | 2,501          | 1,125         | 2,501         | 1,125         |

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**4. Income tax**

|                                                                                                                                                     | Consolidated     |                  | Parent Entity    |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                                                                                                     | 2001             | 2000             | 2001             | 2000             |
|                                                                                                                                                     | \$               | \$               | \$               | \$               |
| (a) The income tax expense for the financial year differs from the amount calculated on the operating profit. The differences are reconciled below: |                  |                  |                  |                  |
| Profit from operating activities before income tax expense                                                                                          | <u>3,513,666</u> | <u>3,268,680</u> | <u>3,449,270</u> | <u>3,348,350</u> |
| Income tax calculated at 34% (2000: 36%)                                                                                                            | 1,194,646        | 1,176,725        | 1,172,752        | 1,205,406        |
| Tax effect of permanent differences:                                                                                                                |                  |                  |                  |                  |
| - Non deductible entertainment                                                                                                                      | 6,984            | 7,020            | 6,984            | 7,020            |
| - Sundry items                                                                                                                                      | <u>(64,003)</u>  | <u>11,886</u>    | <u>(10,297)</u>  | <u>(7,047)</u>   |
| Income tax adjusted for permanent differences                                                                                                       | 1,137,627        | 1,195,631        | 1,169,439        | 1,205,379        |
| Transfer of tax losses from controlled entity                                                                                                       | -                | -                | (136,476)        | -                |
| Net adjustments to deferred income tax liabilities & assets to reflect the decrease in company tax to 30% (2000: 34%)                               | (83,227)         | (5,731)          | (84,216)         | (5,731)          |
| Income tax refund from 1999                                                                                                                         | (73,654)         | -                | (73,654)         | -                |
| (Over ) provision in previous year                                                                                                                  | <u>-</u>         | <u>(73,725)</u>  | <u>-</u>         | <u>(73,725)</u>  |
| Income tax expense                                                                                                                                  | <u>980,746</u>   | <u>1,116,175</u> | <u>875,093</u>   | <u>1,125,923</u> |

**Adjustment to deferred income tax balances**

Legislation reducing the company tax rate from 36% to 34% in respect of the 2000-2001 income tax year and then to 30% from the 20001-2002 income tax year was passed during the year ended 30 June 2000. As a consequence, deferred tax balances were remeasured during the year ended 30 June 2001 using the appropriate new rates, depending on the timing of their reversal.

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**5. Dividends**

|                                                              | Consolidated     |                  | Parent Entity    |                  |
|--------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                              | 2001<br>\$       | 2000<br>\$       | 2001<br>\$       | 2000<br>\$       |
| <b>Ordinary Shares</b>                                       |                  |                  |                  |                  |
| Fully franked dividends paid during the year                 | <u>750,000</u>   | <u>1,150,000</u> | <u>750,000</u>   | <u>1,150,000</u> |
| Franking credits available for the subsequent financial year | <u>4,860,418</u> | <u>4,175,512</u> | <u>4,618,766</u> | <u>4,175,512</u> |

The above amounts represent the balances of the franking accounts as at 30 June of the relevant financial year, adjusted for :

- (a) franking credits that will arise from the payment of income tax payable as per the accounts for the year ended 30 June 2001.
- (b) franking debits that will arise from the payment of dividends proposed (if any) as at 30 June.
- (c) The balance at 30 June 2001 has been restated to 30% in line with the reduction in the corporate tax rate from 34% to 30%, applying from 1 July 2001.

**6. Current Assets - Receivables**

|               |                  |                  |                  |                  |
|---------------|------------------|------------------|------------------|------------------|
| Trade debtors | 2,732,842        | 1,527,635        | 2,732,842        | 1,527,635        |
| Prepayments   | 84,410           | 59,801           | 51,755           | 36,788           |
| Other debtors | <u>222,990</u>   | <u>442,136</u>   | <u>696,754</u>   | <u>442,136</u>   |
|               | <u>3,040,242</u> | <u>2,029,572</u> | <u>3,481,351</u> | <u>2,006,559</u> |

**Other debtors**

These amounts generally arise from transactions other than fee earning activities of the consolidated entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained

**7. Current Assets - Inventories**

|                               |                  |                |                |                |
|-------------------------------|------------------|----------------|----------------|----------------|
| Land held for resale:         |                  |                |                |                |
| Cost of acquisition           | 690,132          | 206,105        | 94,074         | 206,105        |
| Capitalised development costs | 677,776          | 450,426        | 263,032        | 450,426        |
| Capitalised borrowing costs   | <u>106,930</u>   | <u>7,487</u>   | <u>4,334</u>   | <u>7,487</u>   |
|                               | <u>1,474,838</u> | <u>664,018</u> | <u>361,440</u> | <u>664,018</u> |

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**8. Non-Current Assets – Receivables**

|                                | Consolidated |              | Parent Entity    |                  |
|--------------------------------|--------------|--------------|------------------|------------------|
|                                | 2001<br>\$   | 2000<br>\$   | 2001<br>\$       | 2000<br>\$       |
| Owing by controlled entities   | -            | -            | 1,879,336        | 1,803,575        |
| Owing by other related parties | 7,107        | 7,107        | 7,107            | 7,107            |
|                                | <u>7,107</u> | <u>7,107</u> | <u>1,886,443</u> | <u>1,810,682</u> |

Further information on the above is set out in Note 26

**9. Non-Current Assets – Deferred Tax Assets**

|                           |               |                |          |                |
|---------------------------|---------------|----------------|----------|----------------|
| Future income tax benefit | 24,999        | 132,523        | -        | 104,267        |
|                           | <u>24,999</u> | <u>132,523</u> | <u>-</u> | <u>104,267</u> |

**10. Non-Current Assets - Investments**

|                                |                |                |                |                |
|--------------------------------|----------------|----------------|----------------|----------------|
| Shares in unrelated companies  | 32,333         | 32,333         | 32,333         | 32,333         |
| Unit trusts                    | 480,750        | 682,250        | 480,750        | 682,250        |
| Syndicates (related companies) | 219,622        | 220,493        | 219,625        | 220,500        |
|                                | <u>732,705</u> | <u>935,076</u> | <u>732,708</u> | <u>935,083</u> |

*Investments in controlled entities comprise:*

|                                                                                 | Place of<br>Incorporation | Class of Share         | Holding<br>% |
|---------------------------------------------------------------------------------|---------------------------|------------------------|--------------|
| <b>At Directors' valuation – 1996</b>                                           |                           |                        |              |
| Peet Prosper Pty Ltd                                                            | WA                        | Ordinary<br>Preference | 100<br>100   |
| Hawkstone Conveyancing Pty Ltd                                                  | WA                        | Ordinary               | 100          |
| <b>At Cost</b>                                                                  |                           |                        |              |
| Hawkestone Unit Trust                                                           | N/A                       | Trust Unit             | 100          |
| Peet Management Limited                                                         | WA                        | Ordinary               | 100          |
| Peet Jandakot Land Syndicate Limited                                            | WA                        | Ordinary               | 100          |
| Dunnings Road Limited                                                           | WA                        | Ordinary               | 100          |
| Peet Windsor Park Syndicate Limited (formerly<br>Peet No. 56 Syndicate Limited) | WA                        | Ordinary               | 100          |
| Peet & Co Western Estates Limited                                               | WA                        | Ordinary               | 100          |

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**10. Non-Current Assets – Investments (cont)**

- (a) The valuations were based on a review of the net asset values of the controlled entities, which resulted in a write down to recoverable amount.
- (b) The net tangible assets of Hawkestone Unit Trust at acquisition date were nil. The trust was acquired on 9 September 1994 for nil consideration.
- (c) The share held in Peet Jandakot Land Syndicate Limited was sold in August 2001 to an unrelated third party. Accordingly, at the date of this report, Peet Jandakot Land Syndicate Limited is not a controlled entity of the Company.
- (d) Since the end of the financial year ended 30 June 2001, Peet Windsor Park Syndicate Limited issued 14,000,000 \$1.00 shares paid to \$0.50 cents. The capital raising was closed in September 2001. Accordingly, at the date of this report, Peet Windsor Park Syndicate Limited is not a controlled entity of the Company.

**11. Non-Current Assets - Property, plant and equipment**

|                                | Consolidated   |                | Parent Entity  |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2001           | 2000           | 2001           | 2000           |
|                                | \$             | \$             | \$             | \$             |
| Fixtures and fittings          |                |                |                |                |
| - at cost                      | 759,692        | 715,018        | 756,790        | 715,018        |
| Less: accumulated depreciation | (581,656)      | (505,489)      | (581,627)      | (505,489)      |
|                                | <u>178,036</u> | <u>209,529</u> | <u>175,163</u> | <u>209,529</u> |

**Reconciliations**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

|                                 | Consolidated      |                | Parent Entity     |                |
|---------------------------------|-------------------|----------------|-------------------|----------------|
|                                 | Plant & Equipment | Total          | Plant & Equipment | Total          |
|                                 | (\$)              | (\$)           | (\$)              | (\$)           |
| Carrying amount at 1 July 2000  | 209,529           | 209,529        | 209,529           | 209,529        |
| Additions                       | 53,663            | 53,657         | 50,761            | 50,755         |
| Disposals                       | (2,682)           | (2,676)        | (2,682)           | (2,676)        |
| Depreciation                    | (82,474)          | (82,474)       | (82,445)          | (82,445)       |
| Carrying amount at 30 June 2001 | <u>178,036</u>    | <u>178,036</u> | <u>175,163</u>    | <u>175,163</u> |

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**12. Non-Current Assets – Inventories**

|                             | Consolidated      |                  | Parent Entity  |                |
|-----------------------------|-------------------|------------------|----------------|----------------|
|                             | 2001<br>\$        | 2000<br>\$       | 2001<br>\$     | 2000<br>\$     |
| Land held for resale:       |                   |                  |                |                |
| Cost of acquisition         | 20,764,983        | 7,937,530        | 391,080        | 134,606        |
| Cost of development costs   | 481,542           | 539,062          | -              | -              |
| Capitalised borrowing costs | 126,896           | 504,825          | -              | -              |
|                             | <u>21,373,421</u> | <u>8,981,417</u> | <u>391,080</u> | <u>134,606</u> |

**13. Non-Current Assets – Other Assets**

|                                         |               |              |          |          |
|-----------------------------------------|---------------|--------------|----------|----------|
| Transaction costs from capital raisings | <u>71,152</u> | <u>3,350</u> | <u>-</u> | <u>-</u> |
|                                         | <u>71,152</u> | <u>3,350</u> | <u>-</u> | <u>-</u> |

**14. Current Liabilities - Payables**

|                                  |                   |                  |                |                |
|----------------------------------|-------------------|------------------|----------------|----------------|
| <i>Unsecured</i>                 |                   |                  |                |                |
| Trade creditors                  | 143,037 ✓         | 137,059          | 68,618         | 133,746        |
| Other creditors                  | 134,119 ✓         | 117,416          | 130,519        | 116,316        |
| Amount owing on land acquisition | 13,546,661 ✓      | 2,950,000        | -              | -              |
| Owing to controlled entities     | -                 | -                | 101,756        | -              |
|                                  | <u>13,823,817</u> | <u>3,204,475</u> | <u>300,893</u> | <u>250,062</u> |

Further information on related parties is set out in note 26.

**15. Current Liabilities – Interest bearing liabilities**

|                     |                  |                  |          |              |
|---------------------|------------------|------------------|----------|--------------|
| <i>Secured</i>      |                  |                  |          |              |
| Bank Overdraft      | -                | -                | -        | -            |
| MasterCard Facility | -                | 7,968            | -        | 7,968        |
| Bank Bills          | 6,280,000        | 4,200,000        | -        | -            |
|                     | <u>6,280,000</u> | <u>4,207,968</u> | <u>-</u> | <u>7,968</u> |

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**15. Current Liabilities – Interest bearing liabilities (cont)**

The interest bearing liabilities are secured by a variety of registered mortgage debentures over the consolidated entity's assets and undertakings, term deposit requirements and registered mortgages over certain properties of the consolidated entity. The terms of the consolidated entity's borrowing facilities are as follows:

**Terms of facilities**

Peet & Company Limited

Facility: Overdraft &/or Guarantee by Bank &/or Bills A/D or Short Term Fixed Rate Loan.

Limit: \$350,000, term expiry date 30 September 2001.

Peet Jandakot Land Syndicate Limited

Facility: Overdraft &/or Bills A/D &/or Bills Fixed

Limit: The facility of \$1,400,000 was repaid and cancelled on the settlement of the sale of the company's land holding.

Dunnings Road Limited

Facility: Overdraft &/or Bills A/D &/or Bills Fixed & Guarantees

Limit: \$8,725,000, term expiry date 30 September 2001. The renewal is currently being renegotiated. The Directors do not anticipate any difficulty in renewing the facility

Peet Windsor Park Syndicate Limited  
(formerly Peet No 56 Syndicate Limited):

Facility: Overdraft & Multi Option Facility

Limit: \$15,000,000, term expiry date 30 June 2002. This facility was negotiated in July 2001.

**16. Current Liabilities – Provisions**

|                       | Consolidated |         | Parent Entity |         |
|-----------------------|--------------|---------|---------------|---------|
|                       | 2001         | 2000    | 2001          | 2000    |
|                       | \$           | \$      | \$            | \$      |
| Employee Entitlements | 148,256      | 143,670 | 148,256       | 143,670 |
| Rebates               | 47,500       | 108,000 | 47,500        | 108,000 |
|                       | 195,756      | 251,670 | 195,756       | 251,670 |

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**17. Non-Current Liabilities – Accounts Payable**

|                                  | Consolidated |            | Parent Entity |              |
|----------------------------------|--------------|------------|---------------|--------------|
|                                  | 2001<br>\$   | 2000<br>\$ | 2001<br>\$    | 2000<br>\$   |
| <i>Unsecured</i>                 |              |            |               |              |
| Owing to controlled entities     | -            | -          | 2,002         | 2,002        |
| Amount owing on land acquisition | -            | -          | -             | -            |
|                                  | <u>-</u>     | <u>-</u>   | <u>2,002</u>  | <u>2,002</u> |

Further information on related parties is set out in note 26.

**18. Non-Current Liabilities – Deferred Tax Liabilities**

|                                   |                |                |                |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Provision for deferred income tax | <u>636,824</u> | <u>209,290</u> | <u>631,610</u> | <u>201,652</u> |
|                                   | <u>636,824</u> | <u>209,290</u> | <u>631,610</u> | <u>201,652</u> |

**19. Non-Current Liabilities – Provisions**

|                       |               |               |               |               |
|-----------------------|---------------|---------------|---------------|---------------|
| Employee Entitlements | <u>35,240</u> | <u>25,053</u> | <u>35,240</u> | <u>25,053</u> |
|                       | <u>35,240</u> | <u>25,053</u> | <u>35,240</u> | <u>25,053</u> |

**20. Contributed Equity – Peet & Company Limited**

| <b>Paid up capital</b>               |                  |                  |                  |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
| 739,599 Ordinary shares – fully paid | <u>1,479,198</u> | <u>1,479,198</u> | <u>1,479,198</u> | <u>1,479,198</u> |
|                                      | <u>1,479,198</u> | <u>1,479,198</u> | <u>1,479,198</u> | <u>1,479,198</u> |

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding upon the company 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 is entitled to one vote.

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**21. Retained Profits**

|                                                              | Consolidated     |                  | Parent Entity    |                  |
|--------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                              | 2001<br>\$       | 2000<br>\$       | 2001<br>\$       | 2000<br>\$       |
| Retained profits at the beginning of the financial year      | 3,400,583        | 2,398,078        | 3,456,481        | 2,384,054        |
| Net profit from ordinary activities after related income tax | 2,532,920        | 2,152,505        | 2,574,177        | 2,222,427        |
| Dividends provided for or paid                               | (750,000)        | (1,150,000)      | (750,000)        | (1,150,000)      |
| Retained profits at the end of the financial year            | <u>5,183,503</u> | <u>3,400,583</u> | <u>5,280,658</u> | <u>3,456,481</u> |

**22. Equity**

|                                                                              |                  |                  |                  |                  |
|------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Total equity at the beginning of the financial year                          | 4,879,781        | 3,877,276        | 4,935,679        | 3,863,252        |
| Total changes in equity recognised in the statement of financial performance | 2,532,920        | 2,152,505        | 2,574,177        | 2,222,427        |
| Transactions with owners as owners:                                          |                  |                  |                  |                  |
| - Dividends provided for or paid                                             | (750,000)        | (1,150,000)      | (750,000)        | (1,150,000)      |
| Total equity at the end of the financial year                                | <u>6,662,701</u> | <u>4,879,781</u> | <u>6,759,856</u> | <u>4,935,679</u> |

**23. Segmental information**

The consolidated entity operates primarily in one industry being the land syndication and development industry and in one geographical segment being Australia.

**24. Directors' remuneration**

The numbers of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

|                       | 2001<br>\$ | 2000<br>\$ |
|-----------------------|------------|------------|
| \$110,000 - \$119,999 | 1          | -          |
| \$130,000 - \$139,999 | -          | 1          |
| \$140,000 - \$149,999 | 1          | -          |
| \$170,000 - \$179,999 | -          | 2          |
| \$240,000 - \$249,999 | 1          | 1          |
| \$270,000 - \$279,999 | 1          | -          |
|                       | <u>1</u>   | <u>-</u>   |

Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities, inclusive of GST:

|         |                |
|---------|----------------|
| 768,885 | <u>734,430</u> |
|---------|----------------|

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**24. Directors' remuneration (Cont)**

Aggregate number of shares of Peet & Company Limited held directly, indirectly or beneficially by directors or their director-related entities at balance date.

|                 | 2001           | 2000           |
|-----------------|----------------|----------------|
| Ordinary shares | <u>724,877</u> | <u>724,877</u> |

**25. Remuneration of Executives**

The numbers of Australian based executive officers including directors whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:

|                       | 2001<br>\$ | 2000<br>\$ |
|-----------------------|------------|------------|
| \$100,000 - \$109,999 | 1          | -          |
| \$110,000 - \$119,999 | 2          | -          |
| \$130,000 - \$139,999 | -          | 1          |
| \$140,000 - \$149,999 | 1          | -          |
| \$170,000 - \$179,999 | -          | 2          |
| \$240,000 - \$249,999 | 1          | 1          |
| \$270,000 - \$279,999 | <u>1</u>   | <u>-</u>   |

Remuneration received, or due and receivable from entities in the consolidated entity and related parties by Australian based executive officers (including directors) whose remuneration was at least \$100,000.

|                                                          |                |                |
|----------------------------------------------------------|----------------|----------------|
| Executive officers of the parent and consolidated entity | <u>980,603</u> | <u>734,430</u> |
|----------------------------------------------------------|----------------|----------------|

**26. Related parties**

**Directors**

The names of persons who were directors of the company at any time during the financial year are as follows: AW Lennon, WD Hemsley, IMC Palmer and AJ Lennon. All of these persons were also directors during the year ended 30 June 2000.

**Remuneration Benefits**

Information on remuneration benefits of directors is disclosed in notes 24 and 25.

**Transactions of Directors and Director-related Entities Concerning Shares**

There were no transactions with directors and director-related entities concerning shares during the financial year ended 30 June 2001. The aggregate number of shares held directly, indirectly or beneficially by directors or their director-related entities at balance date is disclosed in note 24, with individual details disclosed in the Directors' Report.

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**26. Related parties (continued)**

**Other Transactions with Directors and Director-related Entities**

During the year ended 30 June 2001, the Company derived the following fees from entities over which the directors and their related entities have significant influence:

|                                                   | <b>Parent Entity</b> |                  |
|---------------------------------------------------|----------------------|------------------|
|                                                   | <b>2001</b>          | <b>2000</b>      |
|                                                   | <b>\$</b>            | <b>\$</b>        |
| Project management, marketing and selling fees    | 4,624,897            | 3,293,709        |
| Manager's performance fees                        | 476,947              | 361,260          |
| Asset identification fees                         | 213,750              | 48,000           |
| Brokerage, underwriting & corporate advisory fees | 10,000               | 307,100          |
| Bookkeeping and secretarial fees                  | 344,221              | 191,901          |
| Other consultancy fees                            | 69,360               | 97,600           |
|                                                   | <u>5,739,175</u>     | <u>4,299,570</u> |

As at 30 June 2001 the following amounts were receivable from / (payable) to directors and their director related entities at balance date:

|                                                                                 | <b>Parent Entity</b> |             |
|---------------------------------------------------------------------------------|----------------------|-------------|
|                                                                                 | <b>2001</b>          | <b>2000</b> |
|                                                                                 | <b>\$</b>            | <b>\$</b>   |
| Aggregate amounts receivable from directors and their director related entities | 14,359               | 4,793       |
| Aggregate amounts payable to directors and their director related entities      | (24,761)             | (3,604)     |

The Company entered into a Company Management, Project Management and Marketing Agreement to act as company manager, project manager and marketing and selling agent for Peet Windsor Park Syndicate Limited (formerly Peet No 56 Syndicate Limited) while it was 100% owned by the Company. Under this agreement an asset identification fee was payable to the company as at 30 June 2001. No invoice had been issued as at year-end, but the fee of \$213,750 was accrued.

The Company also entered into an underwriting and capital raising coordination agreement with Peet Windsor Park Syndicate Limited during the year. As at 30 June 2001, no fees were payable.

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**26 Related parties (continued)**

**Other related parties**

Aggregate amounts of advances receivable from and repayable to, each class of related parties at balance date is as follows:

|                                                                         | Parent Entity    |                  |
|-------------------------------------------------------------------------|------------------|------------------|
|                                                                         | 2001             | 2000             |
|                                                                         | \$               | \$               |
| <b>Payable to Controlled Entities</b>                                   |                  |                  |
| Current:                                                                |                  |                  |
| Peet Jandakot Land Syndicate Limited                                    | 101,756          | -                |
|                                                                         | 101,756          | -                |
| Non-current:                                                            |                  |                  |
| Hawkstone Conveyancing Pty Ltd                                          | 2,002            | 2,002            |
|                                                                         | 2,002            | 2,002            |
| <b>Total</b>                                                            | <b>103,758</b>   | <b>2,002</b>     |
| <br><b>Receivable from Controlled Entities</b>                          |                  |                  |
| Current:                                                                |                  |                  |
| Peet Windsor Park Syndicate Limited(formerly Peet No 56 Syndicate Ltd)  | 281,002          | -                |
|                                                                         | 281,002          | -                |
| Non-current:                                                            |                  |                  |
| Hawkestone Unit Trust                                                   | 238,444          | 235,264          |
| Dunnings Road Limited                                                   | 1,629,067        | 1,347,122        |
| Peet Jandakot Land Syndicate Ltd                                        | -                | 216,676          |
| Peet & Co Western Estates Syndicate Ltd                                 | 11,825           | 2,863            |
| Peet Windsor Park Syndicate Limited (formerly Peet No 56 Syndicate Ltd) | -                | 1,650            |
|                                                                         | <b>1,879,336</b> | <b>1,803,575</b> |
| <br><b>Receivable from other related parties</b>                        |                  |                  |
| Non current:                                                            |                  |                  |
| Thompson's Lake Unit Trust                                              | 6,919            | 6,919            |
|                                                                         | 6,919            | 6,919            |
|                                                                         | <b>2,167,257</b> | <b>1,810,494</b> |

- (i) As at the date of this report, the Company no longer controlled Peet Jandakot Land Syndicate Limited or Peet Windsor Park Syndicate Limited.

The amounts owing are unsecured, interest free and repayable on demand. The purpose of the advances to the various entities is to allow the purchase and potential development of broad acre land.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

**26 Related parties (continued)**

**Wholly Owned Group**

The wholly owned group consists of Peet & Company Limited (incorporated in Australia), being the ultimate parent entity, and its wholly owned controlled entities:

Peet Prosper Pty Ltd;  
Peet Management Ltd;  
Hawkstone Conveyancing Pty Ltd;  
Hawkestone Unit Trust;  
Peet Jandakot Land Syndicate Ltd (refer to note 10);  
Peet Windsor Park Syndicate Ltd (formerly Peet No. 56 Syndicate Ltd – refer to note 10);  
Peet & Co Western Estates Syndicate Ltd; and  
Dunnings Road Ltd.

Ownership interest in these controlled entities is set out in note 10.

Transactions between Peet & Company Limited and other entities in the wholly owned group during the years ended 30 June 2001 and 2000 consisted of loans advanced by Peet & Company Limited. There are no interest charges or fixed terms for the repayment of loans advanced by Peet & Company Limited.

**27. Trusts**

The company is trustee for the following trusts:

|                                | 2001<br>Right of<br>Indemnity | 2001<br>Total<br>Liabilities | 2001<br>Deficiency | 2000<br>Right of<br>Indemnity | 2000<br>Total<br>Liabilities | 2000<br>Deficiency |
|--------------------------------|-------------------------------|------------------------------|--------------------|-------------------------------|------------------------------|--------------------|
| Australind Unit Trust          | 18,485                        | 18,485                       | -                  | 151,712                       | 151,712                      | -                  |
| Bunbury Unit Trust             | 125,094                       | 125,094                      | -                  | 168,788                       | 168,788                      | -                  |
| Eaton Unit Trust               | 1,076,694                     | 1,076,694                    | -                  | 1,297,497                     | 1,297,497                    | -                  |
| Glenfield Oceanside Unit Trust | 236,546                       | 236,546                      | -                  | 730,108                       | 730,108                      | -                  |
| Hawkstone Unit Trust           | 220,144                       | 238,944                      | 18,800             | 220,131                       | 235,514                      | 15,383             |
| Jandakot Unit Trust            | 57,050                        | 57,050                       | -                  | 45,709                        | 45,709                       | -                  |
| Mather Drive Unit Trust        | -                             | -                            | -                  | 20,936                        | 20,936                       | -                  |
| Thompson's Lake Unit Trust     | 86,627                        | 86,627                       | -                  | 75,757                        | 75,757                       | -                  |
| Wambro Oceanside Unit Trust    | 1,567,525                     | 1,567,525                    | -                  | 2,863,296                     | 2,863,296                    | -                  |
| Yanchep Ocean Front Unit Trust | 1,816,708                     | 1,816,708                    | -                  | 1,804,149                     | 1,804,149                    | -                  |
| Burns Beach Property Trust     | 3,851,117                     | 3,851,117                    | -                  | -                             | -                            | -                  |
| Yatala Unit Trust              | 5,724,187                     | 5,724,187                    | -                  | -                             | -                            | -                  |
|                                | <u>14,780,177</u>             | <u>14,798,977</u>            | <u>18,800</u>      | <u>7,378,083</u>              | <u>7,393,466</u>             | <u>15,383</u>      |

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

**28. Notes to Statements of Cash Flows**

**(a) Reconciliation of cash**

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

|                          | Consolidated |         | Parent Entity |         |
|--------------------------|--------------|---------|---------------|---------|
|                          | 2001         | 2000    | 2001          | 2000    |
| Cash at bank and on hand | 1,014,825    | 514,999 | 947,073       | 508,696 |
| Bank overdraft           | -            | -       | -             | -       |
| MasterCard facility      | -            | (7,968) | -             | (7,968) |
|                          | 1,014,825    | 507,031 | 947,073       | 500,728 |

**(b) Financing arrangements**

Unrestricted access was available at balance date to the following lines of credit:

|                                    | Consolidated |           | Parent Entity |         |
|------------------------------------|--------------|-----------|---------------|---------|
|                                    | 2001         | 2000      | 2001          | 2000    |
|                                    | \$           | \$        | \$            | \$      |
| <b>Total facilities</b>            |              |           |               |         |
| Bank overdrafts                    | (i)          | (i)       | (i)           | (i)     |
| Bank loan facilities               | 10,425,000   | 4,700,000 | 350,000       | 500,000 |
| Credit cards                       | 12,000       | 12,000    | 12,000        | 12,000  |
| Bank Guarantees/ Letters of Credit | 13,740,732   | 76,740    | 90,732        | 76,740  |
| <b>Used at balance date</b>        |              |           |               |         |
| Bank overdraft                     | -            | -         | -             | -       |
| Bank loan facilities               | 6,280,000    | 4,200,000 | -             | -       |
| Credit cards                       | -            | 7,968     | -             | 7,968   |
| Bank Guarantees/ Letters of Credit | 13,740,732   | 76,740    | 90,732        | 76,740  |
| <b>Unused at balance date</b>      |              |           |               |         |
| Bank overdraft                     | (i)          | (i)       | (i)           | (i)     |
| Bank loan facilities               | 4,145,000    | 500,000   | 350,000       | 500,000 |
| Credit cards                       | 12,000       | 12,000    | 12,000        | 4,032   |
| Bank Guarantees/ Letters of Credit | -            | -         | -             | -       |

(i) the bank loan facilities and the bank overdraft of the parent entity cannot together exceed \$350,000 (2000: \$500,000) at any one time. The bank loan facilities and the bank overdrafts of the consolidated entity as at 30 June 2001 could not together exceed \$10,425,000 (2000: \$4,700,000) at any one time. These are multi option facilities. Refer to note 15 for more details.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

**28. Notes to Statements of Cash Flows (cont)**

**(c) Reconciliation of operating profit after income tax to net cash provided by operating activities.**

|                                                                                    | Consolidated     |                  | Parent Entity    |                  |
|------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                                    | 2001<br>\$       | 2000<br>\$       | 2001<br>\$       | 2000<br>\$       |
| Operating profit after income tax                                                  | 2,532,920        | 2,152,505        | 2,574,177        | 2,222,427        |
| Add/(deduct) non cash items:                                                       |                  |                  |                  |                  |
| Depreciation                                                                       | 82,474           | 86,515           | 82,445           | 86,515           |
| Return of capital                                                                  | -                | -                | -                | (20,000)         |
| Increase in value of listed shares                                                 | -                | (521)            | -                | (521)            |
| Loss on sale of non-current assets                                                 | 2,501            | 1,125            | 2,501            | 1,125            |
| Other non-cash                                                                     | (1,162)          | -                | -                | -                |
|                                                                                    | <u>2,616,733</u> | <u>2,239,624</u> | <u>2,659,123</u> | <u>2,289,546</u> |
| Net cash provided by operating activities before changes in assets and liabilities |                  |                  |                  |                  |
| Change in operating assets and liabilities during the financial year:              |                  |                  |                  |                  |
| Decrease/(increase) in trade debtors                                               | (1,205,207) ✓    | 17,208           | (1,205,207)      | 17,208           |
| Decrease/(increase) in prepayments & other debtors                                 | 194,537 ✓        | (186,107)        | 11,417           | (163,096)        |
| (Increase)/decrease in inventory                                                   | (13,202,824) ✓   | 1,780,701        | 46,104           | 2,550,379        |
| Decrease/(increase) in future income tax benefit                                   | 107,524 ✓        | (37,504)         | 104,267          | (26,250)         |
| (Decrease)/increase in income taxes payable                                        | (416,367) ✓      | (443,306)        | (649,453)        | (443,306)        |
| Increase/(decrease) in trade creditors                                             | 5,978 ✓          | (208,213)        | (65,128)         | (211,526)        |
| Increase/(decrease) in other creditors                                             | 10,613,364 ✓     | (1,087,366)      | 14,203           | 76,724           |
| (Decrease)/increase in provisions                                                  | (45,727) ✓       | 142,916          | (45,727)         | 142,916          |
| Increase/(decrease) in deferred taxes payable                                      | 427,534 ✓        | (1,923)          | 429,958          | 2,300            |
| Decrease/(increase) in other assets                                                | 2,862            | (9,466)          | -                | (5,729)          |
|                                                                                    | <u>(901,593)</u> | <u>2,206,564</u> | <u>1,299,557</u> | <u>4,229,166</u> |
| Net cash provided by operating activities                                          |                  |                  |                  |                  |

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

**29. Financial instruments**

**(a) Credit risk exposures**

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

The cash component of financial assets is considered to have low credit risk as it is maintained within accounts operated by a reputable financial institution subject to Australian Prudential Regulatory Authority supervision.

**(b) Interest rate risk exposures**

The consolidated entity's exposure to interest rate risk and the interest rate for each class of financial asset and liability is set out below.

Exposures to this type of risk arise predominantly from assets and liabilities bearing variable interest rates as any fixed rate assets or liabilities that the consolidated entity may hold is likely to be held to maturity.

| 2001                               | Notes | Floating<br>interest<br>rate<br>\$ | Fixed<br>interest<br>maturing in<br>1 year or<br>less<br>\$ | Non<br>interest<br>bearing<br>\$ | Total<br>\$  |
|------------------------------------|-------|------------------------------------|-------------------------------------------------------------|----------------------------------|--------------|
| <b>Financial assets</b>            |       |                                    |                                                             |                                  |              |
| Cash assets                        |       | 1,014,722                          | -                                                           | 103                              | 1,014,825    |
| Receivables                        | 6; 8  | -                                  | -                                                           | 2,962,939                        | 2,962,939    |
| Investments                        | 10    | -                                  | -                                                           | 732,705                          | 732,705      |
|                                    |       | 1,014,722                          | -                                                           | 3,695,747                        | 4,710,469    |
| Weighted average interest rate     |       | 4.00 %                             | -                                                           | N/A                              |              |
| <b>Financial liabilities</b>       |       |                                    |                                                             |                                  |              |
| Payables                           | 14    | -                                  | -                                                           | 13,823,817                       | 13,823,817   |
| Interest bearing liabilities       | 15    | -                                  | 6,280,000                                                   | -                                | 6,280,000    |
|                                    |       | -                                  | 6,280,000                                                   | 13,823,817                       | 20,103,817   |
| Weighted average interest rate     |       | -                                  | 5.66%                                                       | N/A                              |              |
| Net financial assets/(liabilities) |       | 1,014,722                          | (6,280,000)                                                 | (10,128,070)                     | (15,393,348) |

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

**29. Financial instruments (Continued)**

| 2000                                  | Notes | Floating<br>interest<br>rate<br>\$ | Fixed<br>interest<br>maturing in<br>1 year or less<br>\$ | Non<br>interest<br>bearing<br>\$ | Total<br>\$      |
|---------------------------------------|-------|------------------------------------|----------------------------------------------------------|----------------------------------|------------------|
| <b>Financial assets</b>               |       |                                    |                                                          |                                  |                  |
| Cash assets                           |       | 506,983                            | -                                                        | 8,016                            | 514,999          |
| Receivables                           | 6; 8  | -                                  | -                                                        | 2,036,679                        | 2,036,679        |
| Investments                           | 10    | -                                  | -                                                        | 935,076                          | 935,076          |
|                                       |       | <u>506,983</u>                     | <u>-</u>                                                 | <u>2,979,771</u>                 | <u>3,486,754</u> |
| Interest rate                         |       | 4.5%                               | -                                                        | N/A                              |                  |
| <b>Financial liabilities</b>          |       |                                    |                                                          |                                  |                  |
| Payables                              | 14    | -                                  | -                                                        | 3,204,475                        | 3,204,475        |
| Interest bearing liabilities          | 15    | 7,968                              | 4,200,000                                                | -                                | 4,207,968        |
|                                       |       | <u>7,968</u>                       | <u>4,200,000</u>                                         | <u>3,204,475</u>                 | <u>7,412,443</u> |
| Interest rate                         |       | 16.5%                              | 6.5%                                                     | N/A                              |                  |
| Net financial<br>assets/(liabilities) |       | 499,015                            | (4,200,000)                                              | (224,704)                        | (3,925,689)      |

**(c) Net fair value of financial assets and financial liabilities**

The net fair value of the consolidated entity's financial assets and financial liabilities approximates their carrying value.

**30. Commitments**

The Company commitments relate to the lease of its premises at Level 7, 200 St George's Terrace, Perth and Level 2, 470 St Kilda Road, Melbourne.

|                                                                                          | Consolidated   |                | Parent Entity  |                |
|------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                          | 2001<br>\$     | 2000<br>\$     | 2001<br>\$     | 2000<br>\$     |
| Future operating lease rentals not provided for in the financial statements and payable: |                |                |                |                |
| Not later than one year                                                                  | 161,829        | 158,748        | 161,829        | 158,748        |
| Later than one year but not later than five years                                        | 221,157        | 165,658        | 221,157        | 165,658        |
|                                                                                          | <u>382,986</u> | <u>324,406</u> | <u>382,986</u> | <u>324,406</u> |

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

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### **31. Contingent liabilities**

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

As licensee of a securities business, the company has a bank guarantee of \$20,000 in favour of the Australian Securities & Investments Commission ("ASIC"). As at 1 July 2000, this license was revoked and replaced by a new Dealer's License by the ASIC. The bank guarantee of \$20,000 remains in force.

In September 2000, the company arranged a bank guarantee of \$13,992 in favour of 470 St Kilda Road Pty Ltd (A.C.N. 006 075 381) for the sub lease of premises at Level 2, 470 St Kilda Road Melbourne, Victoria. The lease term commenced 8 August 2000 and ends 8 August 2003. The lease agreement also contains two, 2-year options to extend the term at the discretion of the Company.

As from 1 July 2000, the Company is subject to the Managed Investments Provisions of the Corporations Law in respect to several associated entities for which it acts as the Responsible Entity ("RE") and Custodian. The entities are:

- (a) Burns Beach Property Trust
- (b) Yatala Unit Trust
- (c) Jandakot Unit Trust
- (d) Thompson's Lake Unit Trust
- (e) Australind Unit Trust

To assist the Company in meeting the requirements to act as an RE and Custodian, it had one of its wholly owned subsidiaries arrange a Bank Guarantee of \$2,400,000 in favour of the Company.

The company has a bank guarantee of \$46,740 in favour of the City of Joondalup. This is in respect to the company's development project known as The Sanctuary. As at the date of this report, all blocks in the estate have been sold and settled. Arrangements have been made to have the bank guarantee cancelled.

As trustee of the Hawkestone Unit Trust an agreement was entered into during the 1998 financial year with Peet Adios Syndicate Limited, Peet Forrestdale Syndicate Limited and Peet Oakford Land Syndicate Limited relating to a cost sharing arrangement for joint use of a water pipeline. The total costs relating to the pipeline agreement amount to \$329,750. The trust's share is calculated at 2% of the total cost, being \$6,595. The company as trustee for the Hawkestone Unit Trust has a bank guarantee of \$10,000 in favour of the City of Armadale, in respect to this issue.

During the year, the Company entered into an Underwriting and capital raising coordination agreement with Peet Windsor Park Syndicate Limited, with the Company underwriting the capital raising to a maximum of \$10,000,000. As at the date of this report, Peet Windsor Park Syndicate had allotted 14,000,000 \$1.00 shares paid to \$0.50 cents.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
30 JUNE 2001**

**32. Employee Entitlements**

|                                                      | Consolidated |         | Parent Entity |         |
|------------------------------------------------------|--------------|---------|---------------|---------|
|                                                      | 2001         | 2000    | 2001          | 2000    |
|                                                      | \$           | \$      | \$            | \$      |
| <b>Employee Entitlement Liabilities</b>              |              |         |               |         |
| Provision for employee entitlements                  |              |         |               |         |
| Current (note 16)                                    | 148,256      | 143,670 | 148,256       | 143,670 |
| Non – current (note 19)                              | 35,240       | 25,053  | 35,240        | 25,053  |
|                                                      | 183,496      | 168,723 | 183,496       | 168,723 |
| <br>                                                 |              |         |               |         |
|                                                      | Number       |         | Number        |         |
| <b>Employee numbers</b>                              |              |         |               |         |
| Number of employees at the end of the financial year | 27           | 27      | 27            | 27      |

**33. Events occurring after balance date**

The Directors of the parent entity declared a fully franked dividend of 81 cents per share (\$600,000) on Thursday, 23 August 2001 and the dividend was paid on Friday, 24 August 2001.

Since the end of the financial year ended 30 June 2001, Peet Windsor Park Syndicate Limited issued 14,000,000 \$1.00 shares paid to \$0.50 cents. The capital raising was closed in September 2001. Accordingly, at the date of this report, Peet Windsor Park Syndicate Limited is not a controlled entity of the Company.

The share held in Peet Jandakot Land Syndicate Limited was sold in August 2001 to an unrelated third party. Accordingly, at the date of this report, Peet Jandakot Land Syndicate Limited is not a controlled entity of the Company.

The financial effects of the above transactions have not been brought to account at 30 June 2001. The operating results and assets and liabilities of Peet Jandakot Land Syndicate Limited and Peet Windsor Park Syndicate Limited were consolidated as at 30 June 2001.

**34. Going concern**

Notwithstanding current liabilities exceeding the current assets of the consolidated entity, the directors believe the consolidated entity will be able to pay its debts as and when they fall due because:

- (a) the consolidated entity has appropriate facilities in place with its financiers, National Australia Bank and the directors do not foresee the bank making a call on existing debt;
- (b) if required, the Company has the ability to arrange a capital raising to retire debt; and
- (c) the consolidated entity is in a healthy overall net asset position. The majority of its non current inventory (land held for development and resale) is recorded at its cost which, based on an independent valuation dated 30 June 2001, is significantly lower than its market value at that date.

**PEET & COMPANY LIMITED  
AND ITS CONTROLLED ENTITIES**

**DIRECTORS DECLARATION**

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The directors declare that the financial statements and notes set out on pages 6 to 31:

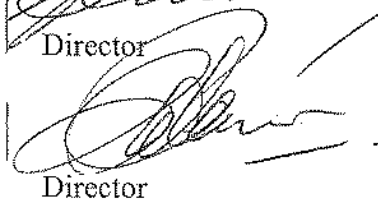
- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion :

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; 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.

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

  
Director

  
Director

Perth, Western Australia  
31 October 2000

**Independent Audit Report to the Members of  
Peet & Company Limited**

*Scope*

We have audited the financial report of Peet & Company Limited (the Company) for the financial year ended 30 June 2001 as set out on pages 6 to 32. The Company's directors are responsible for the financial report which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

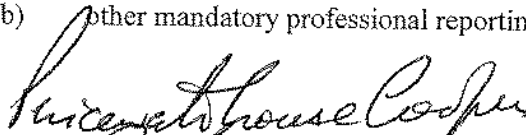
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

*Audit Opinion*

In our opinion, the financial report of the Company is in accordance with:

- (a) 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 2001 and of their performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

  
PricewaterhouseCoopers  
Chartered Accountants

Alan J Good  
Partner

Perth, Western Australia  
31 October 2001