

Peet & Company Limited

Appendix 4E

ASX Preliminary final report – 30 June 2004

Lodged with the ASX under Listing Rule 4.3A

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Results for Announcement to the Market

	2004 \$'000	2003 \$'000	Change
Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	64,682	48,844	Up 32%
Profit from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	28,734	19,327	Up 49%
Net profit for the period attributable to members <i>(Appendix 4E item 2.3)</i>	28,734	19,327	Up 49%

Dividends <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Final dividend	2.50 cents	100%
Interim dividends	7.50 cents	100%

Record date for determining entitlements to the final dividend was 2 June 2004 with payment having been made 18 June 2004.
(Appendix 4E item 2.5)

Explanation of Dividends *(Appendix 4E item 2.6)*

On the 7 April 2004 an extraordinary general meeting took place at which a resolution was passed allowing the company to undertake a 270.41 : 1 share split. Following the share split the number of ordinary shares on issue was 200,000,000 (previously 739,599). The above dividends per share have been calculated on the basis that 200,000,000 shares had been on issue for the entire period.

During the year ended 30 June 2004 total dividends of \$22,000,000 (fully franked) were paid to members of the company up to the date of the lodgement of the company's prospectus for its Initial Public Offering. \$20,000,000 was paid in respect of profits for the year ended 30 June 2004 and \$2,000,000 in respect of the financial year ended 30 June 2003.

No further dividends will be declared or paid in respect of the financial year ended 30 June 2004. In accordance with the Company's prospectus dated 18 June 2004, the Company has forecast a dividend per share (fully franked) of 10.9 cents in respect to the year ending 30 June 2005, with an interim dividend proposed to be paid in April 2005.

PEET & COMPANY LIMITED

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004**

	Consolidated	
	2004	2003
	\$	\$
Revenue from ordinary activities	64,682,418	48,844,018
Change in inventories	(37,420,123)	(46,075,285)
Purchases & other inventory costs	48,503,963	58,805,634
Employee benefits expense	5,030,103	3,254,462
Depreciation expense	80,177	52,795
Borrowing costs expense	1,214,504	788,929
Project management, selling and other operating costs	3,169,070	3,202,174
Office costs	673,705	562,165
Other expenses from ordinary activities	2,138,796	683,521
Share of net loss of associate accounted for using the equity method	158,957	-
Profit from ordinary activities before related income tax expense	41,133,266	27,569,623
Income tax expense	(12,399,311)	(8,242,275)
Net profit attributable to members of Peet & Company Limited	28,733,955	19,327,348
Total changes in equity other than those resulting from transactions with owners as owner	28,733,955	19,327,348

TAXATION RECONCILIATION

The difference between the income tax attributable to profit from ordinary activities and the prima facie tax expense is reconciled as follows:

	\$	\$
Profit from ordinary activities before income tax expense	41,133,266	27,569,623
Income tax calculated at 30%	12,339,980	8,270,887
Tax effect of permanent differences:		
- Accounting for investment in Associate	47,687	-
- Non deductible entertainment	23,075	9,752
- Sundry items	7,625	21,645
Income tax adjusted for permanent differences	12,418,367	8,302,284
Benefit of tax losses of prior years recouped	-	(186,787)
Input tax rebates	(19,977)	(10,904)
Under (Over) provision in previous year	921	137,682
Income tax expense	12,399,311	8,242,275

PEET & COMPANY LIMITED

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2004**

	Consolidated	
	2004	2003
	\$	\$
CURRENT ASSETS		
Cash assets	6,264,862	9,842,315
Receivables	20,296,798	16,946,739
Inventories	23,936,941	14,639,634
Other	544,574	170,650
TOTAL CURRENT ASSETS	51,043,175	41,599,338
NON-CURRENT ASSETS		
Receivables	-	6,919
Inventories	75,378,926	47,256,110
Investments	2,293,594	678,873
Property, plant and equipment	654,652	414,462
TOTAL NON-CURRENT ASSETS	78,327,172	48,356,364
TOTAL ASSETS	129,370,347	89,955,702
CURRENT LIABILITIES		
Payables	8,908,982	2,063,751
Interest bearing liabilities	245,287	12,332,905
Current tax liabilities	6,087,668	3,222,860
Provisions	1,653,197	3,022,059
TOTAL CURRENT LIABILITIES	16,895,134	20,641,575
NON-CURRENT LIABILITIES		
Payables	5,340,607	6,877,700
Interest bearing liabilities	68,280,000	33,865,000
Deferred tax liabilities	6,925,224	5,376,000
TOTAL NON-CURRENT LIABILITIES	80,545,831	46,118,700
TOTAL LIABILITIES	97,440,965	66,760,275
NET ASSETS	31,929,382	23,195,427
EQUITY		
Contributed equity	1,479,198	1,479,198
Retained profits	30,450,184	21,716,229
TOTAL EQUITY	31,929,382	23,195,427

PEET & COMPANY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

	Consolidated	
	2004	2003
	\$	\$
Cash flows from operating activities		
Receipts from customers and suppliers (inclusive of GST)	66,378,236	27,203,833
Payments to suppliers and employees (inclusive of GST)	(56,019,397)	(45,235,296)
Dividend received	46,613	36,348
Interest received	464,553	209,998
Trust Distributions Received	312,299	517,748
Interest and other borrowing costs paid	(4,583,514)	(1,830,060)
Income tax paid	(7,997,417)	(2,688,158)
Net cash outflow from operating activities	(b) <u>(1,398,627)</u>	<u>(21,785,587)</u>
Cash Flows from investing activities		
Proceeds from sale of property, plant and equipment	1,377	1,064
Payments for property, plant and equipment	(326,437)	(261,929)
Proceeds from sale of investments	143,100	-
Cash disposed of on deconsolidated entities	(4,618)	-
Payments for investments	(2,018,999)	(214,801)
Proceeds from capital returns	104,229	71,469
Net cash outflow from investing activities	<u>(2,101,348)</u>	<u>(404,197)</u>
Cash Flows from financing activities		
Dividends paid	(22,000,000)	(7,000,000)
Loans to related entities	(834,860)	-
Loan repayments (to)/from related entities	(50,000)	52,280
Repayments of borrowing	(4,500,000)	(50,000)
Proceeds from borrowing	27,095,000	33,715,000
Net cash (outflow) inflow from financing activities	<u>(289,860)</u>	<u>26,717,280</u>
Net (decrease) increase in cash held	(3,789,835)	4,527,496
Cash at beginning of financial year	<u>9,809,410</u>	<u>5,281,914</u>
Cash at the end of the financial year	(a) <u>6,019,575</u>	<u>9,809,410</u>

PEET & COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

NOTE TO THE STATEMENT OF CASH FLOWS

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

	Consolidated	
	2004	2003
	\$	\$
Operating profit after income tax	28,733,955	19,327,348
Add/(deduct) non cash items:		
- Depreciation	80,177	52,795
- Loss on disposal of non-current assets	4,898	9,490
- Equity accounting for investments in associates	158,957	-
Net cash provided by operating activities before changes in assets and liabilities	28,977,987	19,389,633
Change in operating assets and liabilities during the financial year:		
- (Increase) in receivables	(2,503,382)	(9,802,638)
- (Increase)/decrease in other assets	(376,217)	(50,549)
- (Increase) in inventory	(37,900,988)	(46,075,285)
- Decrease in future income tax benefit	-	211,068
- Increase in income taxes payable	2,864,808	1,995,697
- Increase in payables	5,358,803	8,393,820
- Increase in provisions	631,138	794,376
- Increase in deferred taxes payable	1,549,224	3,358,291
Net cash outflow from operating activities	(1,398,627)	(21,785,587)

(b) 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:

Cash at bank and on hand	6,264,862	9,842,315
Interest bearing liabilities	(245,287)	(32,905)
	<u>6,019,575</u>	<u>9,809,410</u>

PEET & COMPANY LIMITED

**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

SEGMENTAL INFORMATION

Primary reporting business segments

2004	Land Syndication \$	Land development & resale \$	Joint Venture Projects \$	Inter-segment eliminations \$	Consolidated \$
Sales to external customers	26,424,389	35,336,773	838,604	1,068,796	63,668,562
Inter-segment sales	9,068,815	-	-	(9,068,815)	-
Total sales revenue	35,493,204	35,336,773	838,604	(8,000,019)	63,668,562
Other revenue	380,662	276,208	-	(107,568)	549,302
Total segment revenue	35,873,866	35,612,981	838,604	(8,107,587)	64,217,864
Segment result	30,086,539	10,269,346	697,671	909,839	41,963,395
Unallocated revenue less unallocated expense					(830,129)
Profit from ordinary activities before income tax expense					41,133,266
Income tax expense					(12,399,311)
Profit from ordinary activities after income tax expense					28,733,955
Segment assets	28,098,273	107,247,221	6,629,657	(12,604,804)	129,370,347
Unallocated assets					-
Total assets					129,370,347
Segment liabilities	3,687,089	23,822,587	1,075,100	(12,681,992)	15,902,784
Unallocated liabilities					81,538,181
Total liabilities					97,440,965

PEET & COMPANY LIMITED

**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

SEGMENTAL INFORMATION (cont)

Primary reporting business segments (cont)

2003	Land Syndication	Land development & resale	Joint Venture Projects	Inter-segment eliminations	Consolidated
	\$	\$	\$	\$	\$
Sales to external customers	25,290,167	23,614,329	-	(830,528)	48,073,968
Inter-segment sales	3,858,092	-	-	(3,858,092)	-
Total sales revenue	29,148,259	23,614,329	-	(4,688,620)	48,073,968
Other revenue	521,681	92,573	-	(54,572)	559,682
Total segment revenue	<u>29,669,940</u>	<u>23,706,902</u>	-	<u>(4,743,192)</u>	<u>48,633,650</u>
Segment result	<u>24,238,940</u>	<u>4,796,224</u>	-	<u>(834,185)</u>	<u>28,200,979</u>
Unallocated revenue less unallocated expense					<u>(631,356)</u>
Profit from ordinary activities before income tax expense					27,569,623
Income tax expense					<u>(8,242,275)</u>
Profit from ordinary activities after income tax expense					<u>19,327,348</u>
Segment assets	<u>29,588,105</u>	<u>65,912,200</u>	-	<u>(5,544,603)</u>	89,955,702
Unallocated assets					<u>-</u>
Total assets					<u>89,955,702</u>
Segment liabilities	<u>6,969,888</u>	<u>9,701,914</u>	-	<u>(4,708,292)</u>	11,963,510
Unallocated liabilities					<u>54,796,765</u>
Total liabilities					<u>66,760,275</u>

PEET & COMPANY LIMITED

**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

EVENTS OCCURRING AFTER REPORTING DATE

Initial Public Offering

On the 18 June 2004 the Company lodged its prospectus with the Australian Securities and Investment Commission (ASIC) with a minimum of 71,500,000 and up to a maximum of 84,000,000 existing shares on offer to the public at a subscription price of \$1.20 per share. The prospectus was issued to the public on 2 July 2004. The offer closed on 20 July 2004 for all applicants other than Broker firm offers which closed on 23 July 2004.

The Offer closed over subscribed with 84 million shares being allotted and the company listed on the Australian Stock Exchange on Thursday, 5 August 2004.

Acquisitions

Following completion of its due diligence Peet No 67 Syndicate Limited (a wholly owned subsidiary of Peet & Company Limited) went unconditional on a contract to buy a parcel of land at Brigadoon, WA. The purchase is at a cost of \$5,187,500.

EARNINGS PER SHARE (AFTER TAX)	2004	2003
Basic earnings per share after tax (cents)	14.4	9.7
Fully Diluted earnings per share after tax (cents)	14.4	9.7

On the 7 April 2004 an extraordinary general meeting took place at which a resolution was passed allowing the company to undertake a 270.41 : 1 share split. Following the share split the number of ordinary shares on issue was 200,000,000 (previously 739,599).

DETAILS OF DIVIDENDS

Dividends paid or declared by the Company during the financial year ended 30 June 2004 were as follows:

	2004	2003
	\$	\$
On 19 September 2003 the Company paid a fully franked dividend of \$0.02 per share (2003 - \$0.01 23 July 2002), with Class C franking credits. Record date: 4 September 2003	4,000,000	2,000,000
On 22 December 2003 the Company paid a fully franked dividend of \$0.03 per share (2003 - \$0.01 30 August 2002), with Class C franking credits. Record date: 19 December 2003	6,000,000	2,000,000
On 31 March 2004 the Company paid a fully franked dividend of \$0.025 per share (2003 - \$0.015 17 December 2002) with Class C franking credits. Record date: 30 March 2004	5,000,000	3,000,000
On 18 June 2004 the Company paid a fully franked dividend of \$0.025 per share (2003 - \$0.01 26 June 2003 paid 1 July 2003) with Class C franking credits. Record date: 2 June 2004	5,000,000	2,000,000
	20,000,000	9,000,000

Please note that the dividend per share amount is based on the 200 million ordinary shares on issue at 30 June 2004.

PEET & COMPANY LIMITED

**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

DIVIDEND REINVESTMENT PLAN (“DRP”) (Appendix 4E item 7)

The company has established a DRP to provide shareholders with the choice of reinvesting some or all of their dividends in shares rather than receiving those dividends in cash. As at the date of this report the DRP had not been activated.

RETAINED EARNINGS (Appendix 4E item 8)

	Consolidated	
	2004	2003
	\$	\$
Retained profits at the beginning of the financial year	21,716,229	11,388,881
Net profit from ordinary activities after related income tax	28,733,955	19,327,348
Dividends provided for or paid	<u>(20,000,000)</u>	<u>(9,000,000)</u>
Retained profits at the end of the financial year	<u>30,450,184</u>	<u>21,716,229</u>

NET TANGIBLE ASSETS PER SHARE (Appendix 4E item 9)

	2004	2003
Net tangible asset backing per ordinary share (on a cost basis)	15.9 cents	11.6 cents

Please note that the above calculation is based on the 200 million ordinary shares on issue at 30 June 2004.

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD (Appendix 4E item 10)

During the year ended 30 June 2004 the Company established Peet Queens Park JV Limited. This company is a fully owned subsidiary and was registered on 16 June 2004.

During the year ended 30 June 2004, Peet Cardinia Lakes Syndicate Limited (“Cardinia Lakes”) issued shares to the public via a prospectus dated 10 November 2003. As of the date of allotment of those shares (23 December 2003) Cardinia Lakes was no longer a controlled entity.

On 28 August 2003, Peet Caboolture Syndicate Limited undertook a capital restructure by issuing a further 7,999,999 shares, of which 1,599,999 were issued to Peet & Company Limited thereby making Peet Caboolture Syndicate Limited an associate of Peet & Company Limited.

ASSOCIATES AND JOINT VENTURES (Appendix 4E item 11)

Investments in material joint venture entities comprise:

	Place of Incorporation	Class of Share	Holding	
			2004	2003
			%	%
Peet Caboolture Syndicate Limited	WA	Ordinary	20	100
Peet Southern JV Limited ¹	WA	Ordinary	100	100

PEET & COMPANY LIMITED

**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

OTHER SIGNIFICANT INFORMATION *(Appendix 4E item 12)*

Not applicable.

FOREIGN ENTITIES *(Appendix 4E item 13)*

Not applicable.

PEET & COMPANY LIMITED

COMMENTARY ON THE RESULTS FOR THE YEAR ENDED 30 JUNE 2004

Earnings per share (after tax)

	2004	2003
Earnings per share ("EPS") (after tax)	14.4 cents	9.7 cents
Weighted average number of ordinary shares used as the denominator in the calculation of EPS	200,000,000	200,000,000

On the 7 April 2004 an extraordinary general meeting took place at which a resolution was passed allowing the company to undertake a 270.41 : 1 share split. Following the share split the number of ordinary shares on issue was 200,000,000 (previously 739,599).

Returns to shareholders

Refer to discussions above on dividends paid during the year ended 30 June 2004.

Significant features of operating performance

Refer to media release and profit announcement for details.

Results of segments

The consolidated entity operates in three business segments being syndication, land development of owned projects and joint ventures. Refer to table earlier in report for segment results.

Trends in performance

Refer to media release and profit announcement for details.

Other factors that affected results in the period or which are likely to affect results in the future, including those where the effect could not be quantified

International Financial Reporting Standards ("IFRS")

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

Peet & Company Limited has conducted a high level review of the likely impact of transition to Australian equivalents to IFRS. The review was conducted during the preparation of the company's prospectus for IPO. The Chief Financial Officer has taken on the responsibility to manage the transition to the Australian equivalent of IFRS, including training staff where required and any internal changes necessary to gather all the required financial information.

**PEET & COMPANY LIMITED
COMMENTARY ON THE RESULTS
FOR THE YEAR ENDED 30 JUNE 2004**

International Financial Reporting Standards ("IFRS") (continued)

Major changes identified to date that will be required to the consolidated entity's accounting policies include the following:

Income tax

Under the Australian equivalent to IAS 12 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

Development Projects

Currently, revenues and expenses on development projects are recognised on a percentage of completion basis in accordance with UIG53: Pre-completion Contracts for the Sale of Residential Development Properties. At the time of this report, it is unclear whether this accounting policy will remain applicable on transition to IFRS.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.

AUDIT (*Appendix 4E items 15*)

This report is based on financial statements, which are in the process of being audited.

Peet & Company Limited ('Peet')

FINANCIAL HIGHLIGHTS

(comparative 12 months ending 30 June 2003)

- Net profit increased by 49% to \$28.7 million (Prospectus forecast \$28.4 million).
- EBIT \$41.9 million (Prospectus forecast \$41.9 million)
- Revenue from ordinary activities increased by 32% to \$64.7 million.
- Earnings per share after tax increased 48% to 14.4¢.
- Total assets increased by 44% to \$129.4 million, at book value.
- Return on assets at book value up 3% to 22.2%.
- Low gearing (Net Debt/Total Tangible Assets, adjusted for market value) of 35%.

OPERATIONAL HIGHLIGHTS

Year to 30 June (\$'000)	2004 Actual	2004 Forecast
Total revenue	64,217	64,003
Total expenses	(22,334)	(22,103)
EBIT	41,883	41,900
Net interest income/(expense)	(750)	(1,314)
Income tax expense	(12,399)	(12,176)
Net profit after tax	28,734	28,410

The net profit after tax for the year ended 30 June 2004 is \$28.7 million compared to the year ended 30 June 2003 of \$19.3 million. Underpinning this growth is the continued marketing and development of the owned projects division and the strong syndicate returns, from which Peet benefits from the receipt of management and performance fees.

During the year the company sold 1,409 lots from its syndicated and owned business grossing \$180 million in sales from which the syndicate projects division earned ongoing management and performance fees.

Syndicate Projects

The segment result for the syndicate projects division improved 24% to \$30.1 million. This was achieved on total segment revenue of \$35.9 million, an increase of 21% on the previous year. The underlying market conditions have underpinned the increase in the syndication business revenue, which included the successful establishment of the Cardinia Lakes syndicate.

Financial year 2005 will see the commencement of management and performance fees from the management of new estates in Tarneit and Cardinia, Victoria and Warner Lakes in Queensland.

Owned Projects

The segment result for the owned projects division improved 114% to \$10.3 million. This was achieved on total segment revenue of \$35.6 million, representing an increase of 50% on the previous year. These increases arose due to the continuing maturity of the owned projects business.

The scheduled land release in the first stage of the Greenvale estate in Victoria is on target and initial indications are that sales will be consistent with forecasts. More recently contractors have commenced development of the Ashton Heights estate (previously named Wanneroo Heights) in Western Australia, with sales expected to commence in the second quarter of the financial year.

Joint Venture Projects

The segment result for the new joint venture projects division was \$698k achieved on gross revenue of \$839k. These fees represent management fees from the sale of the first stage of blocks from The Village at Wellard, a joint venture development with the WA State Government. Profit shares from this venture are expected to commence during the 2005 financial year. Other fees from the segment are attributable to fees derived on the establishment of a joint venture for the development of the Riverbank Estate in Caboolture, Queensland. This estate is expected to come on the market in the second half of the 2005 financial year.

Outlook

Although the residential property market has shown indications of a slow down in recent months, the board has no reason to believe that the company will not achieve its forecast net profit after tax for the year ending 30 June 2005 of \$31.1 million. Finalisation of the July 2004 results and sales volumes to date support this view.

With a strong balance sheet, relatively low level of gearing and with bank facilities of which a significant amount remains unutilised, Peet is well positioned to implement its corporate strategy as explained in the June 2004 prospectus. This includes origination of additional joint venture projects and expansion of the property funds management business particularly through the identification of many opportunities within our land bank for retail centres, medical centres, child-care centres and retirement housing opportunities.