Peet & Company Limited

ABN: 56 008 665 834

Annual Report
30 June 2005

PEET & COMPANY LIMITED (EST. 1895)
ABN 56 008 665 834

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We have pleasure in presenting this annual report to our shareholders. The report includes all information required to be disclosed under the Corporations Act 2001 and by the Australian Stock Exchange.

Your Board is committed to being transparent when reporting to stakeholders with the aim of providing consistent reporting and communicating news good or bad in a timely manner. The Board considers that this approach is essential to ensure that we are meeting the needs of all our stakeholders.

Tony Lennon
Chairman

PEET & COMPANY LIMITED

REVIEW BY CHAIRMAN OF THE BOARD OF DIRECTORS, TONY LENNON
For Financial Year Ended 30 June 2005

Whilst being pleased with our results for 2005, the Board, Management and Staff of Peet & Company Limited (the Company) are not resting on our laurels. Rather, we all remain fully committed to continuing high performance and growth and consequent total shareholder returns in 2006 and onwards.

The Board remain very confident in our well proven management team led by Warwick Hemsley, our Chief Executive and Managing Director and in our diverse earnings streams underpinned by our strong asset base, syndicates and funds management.

During the year the Company has increased its land bank, both company-owned and syndicated and is putting in place new joint ventures. Our land bank by the way is regarded as the third largest in Australia held by a corporation. The Company has invested in continued expansion of its activities and has made significant senior executive recruitments and appointments during the year.

Dividends and Shareholder Returns
Allow me to briefly point to some highlights of Peet & Company Limited's performance during 2005:-

We produced pre-tax profits of some $46 million being some $32 million after tax,

Our total dividend payments to our shareholders, including the interim dividend paid in April and the final due for payment in October, are $24 million for the year with fully franked tax credits. This equates to 12 cents per share fully franked (or 17 cents per share effective equivalent to an unfranked dividend), and

In addition, our share price has increased by more than 66% in the year since we invited public share participation and listed on the Australian Stock Exchange. This is an increase of some $160 million in the Company's value by share market capitalisation. The Company's share market capitalisation at $2.00 is $400 million.

Capital Management
Peet & Company Limited has a conservative level of debt gearing and the Company's business model is very working capital efficient. The Directors have therefore decided not to activate the Dividend Reinvestment Plan.

Board of Directors
The Members of the Board comprise two company executives as Directors in Warwick Hemsley (Chief Executive Officer and Managing Director) and Anthony Lennon (National Business Development Director) and three non-executives in Stephen Higgs, Graeme Sinclair and myself. Stephen and Graeme greatly assisted as Chairmen and Members of Board Committees and were always readily available for their advice on matters arising during the year.

I wish also to note the contribution of key Board support officers, Company Secretary Dom Scafetta and Chief Financial Officer Brendan Gore and their assistants.

It has been an honour for me to serve as Chairman of a Board of such high quality and to represent the Shareholders of this Company. The group have acted very effectively, diligently and ethically for the Company and with a great attitude of confidence in its future prospects.

Two of our board members Stephen Higgs and Anthony Lennon will retire by rotation and present themselves for reappointment at the Annual General Meeting. The board encourages shareholders to support their re-election.

Peet & Company Limited Employees
I wish to place on record on behalf of the Board and the shareholders of the Company our acknowledgement of the significant efforts and enthusiasm of the management and staff of Peet & Company Limited throughout the year. Congratulations are due to each and every one of them for their part in achieving the pleasing results for the year ended 2005 and exceeding our prospectus forecast both as to profit and dividends.

Shareholder Acknowledgement
Finally, may I thank all shareholders for investing in Peet & Company Limited, with a particular note of thanks to those who subscribed to the listing last year and have remained as shareholders.

Tony Lennon

Tony Lennon
Chairman

2005 HIGHLIGHTS

- Net profit increased by 10% to $31.6 million.
- EBIT increased by 11.6% to $46.7 million.
- Revenue from ordinary activities increased by 19%.
- Earnings per share after tax increased 10% to 15.8¢.
- Full year fully franked dividend increased 20%.
- Total assets increased by 40% to $181.1 million, at book value.
- Low gearing (Net Debt/Total Tangible Assets, adjusted for market value) of 26%.
- IPO participants' pre-tax 72% return since IPO to 14 September 2005, comprising capital growth of approximately 58% and grossed up dividends (including final dividend) of 14%.

2005 FINANCIAL RESULTS SUMMARY

	2005 $000's	2004 $000's	2003 $000's
For The Year			
Revenue from Ordinary Activities	76,914	64,682	48,632
Operating profit (EBITDA)	46,846	41,963	28,201
Net Profit After Tax	**31,636**	**28,734**	**19,327**
At Year End			
Total Equity	53,564	31,929	23,195
Net Debt	75,504	62,260	36,356
Total Assets	**181,125**	**129,370**	**89,955**
Key Measures			
Earnings per share (cents)	15.8	14.4	9.7
Fully franked dividends per share (cents)	12.0[1]	10.0	4.5

[1] 2005 includes final dividend declared after year end

PERFORMANCE

Continued successful operations coupled with expansion into new areas of property activity has set the stage for growth and ongoing strong performance in the future.

The Company recorded another record profit for the 2005 financial year and began its planned expansion into funds management, as well as continuing to grow its land bank in this period.

Net profit after tax for the year ended 30 June 2005 was $31.6 million compared to the year ended 30 June 2004 of $28.7 million.

The Company sold more than 2,000 lots from its syndicated, joint venture and owned projects grossing in excess of $300 million in sales from which the syndicate and joint venture projects divisions earned ongoing management and performance fees and the owned projects division earned development profits.

DIVISIONAL HIGHLIGHTS

During the year the **Land Syndication Division** experienced strong demand for residential land in Western Australia as a result of buoyant economic conditions. Market conditions in Queensland and Victoria, whilst reasonable, have eased from previous levels and therefore contributed to the reduction in syndicated land sales revenue.

The second half of the financial year saw the successful establishment of the Tarneit Rise and Point Cook Junction syndicates. Additionally, the 2005 financial year saw the commencement of management and performance fees from the management of The Ridge estate in Baldivis, Western Australia, Tarneit Gardens and Cardinia Lakes estates in Victoria and Warner Lakes estate in Queensland.

With the maturity of these new developments, continued solid economic conditions in Western Australia and expected stable market conditions in Victoria and Queensland the result is expected to be an improved performance from this division for 2006.

Results for the **Owned Projects Division** improved from $10.3 million to $20.2 million. This was achieved on total segment revenue of $50.4 million, representing an increase of approximately 41% on the previous year. The improved performance was due to the number of owned projects contributing to earnings increasing from one to four during the year.

During the year, development and sales commenced at both the Ashton Heights estate in Western Australia and Greenvale Lakes estate in Victoria.

The further expansion of the Ashton Heights and Greenvale Lakes estates, together with Innisfail Estate - considered one of the best selling estates in Point Cook, west of Melbourne - should drive growth during 2006.

The **Joint Venture Division** continues to develop with negotiations underway on several fronts for further joint venture opportunities. The division's result was encouraging showing an increase of approximately 34% on last year, with revenue also increasing approximately 32%. The primary driver was the strong sales achieved at The Village at Wellard, a joint venture development with the WA State Government. During the year, work also commenced on the Quattro urban renewal project in Queens Park, Western Australia that is being undertaken for the WA State Government. While already contributing to revenue, more substantial contributions from this project are expected to commence during the 2007 financial year.

ACQUISITIONS

During the year the Company continued its ongoing program of acquiring well-located land parcels which has resulted in a net increase in the number of lots owned, managed or otherwise controlled. The additional lots comprise a combination of residential and potential industrial lots.

Additionally, the Company acquired five modern, commercial/industrial properties in the Brisbane Technology Park, about 14 kms from the Brisbane CBD and an industrial property in Canning Vale, Western Australia. These properties now form part of the Peet Income Property Fund, a new unlisted property fund launched in the last quarter of the 2005 financial year.

LOOKING TO THE FUTURE

The Company is well positioned to continue to grow its business. This includes the origination of new land syndicates, additional joint venture projects and expansion of the income 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.

Key positive contributors to the Company's progress include:

- a strong balance sheet;
- low level of gearing;
- substantial bank facilities of which a significant amount remains unutilised;
- respected management capability;
- expected continued favourable economic conditions in Western Australia; and
- expected stable market conditions in Victoria and Queensland.

The Company is targeting net profit after tax growth of 10% for the year ending 30 June 2006, based on the continuation of present underlying market conditions.

I would like to recognise the contributions of everyone in the Peet team for their loyalty, dedication and hard work during the year. This year's results reflect their strong commitment and professionalism. In addition, to our extended team of external consultants, contractors and others who have a connection with the company, a special thank you.

Thank you.

Warwick Hemsley
Managing Director

CORPORATE CALENDAR OF EVENTS

23 September 2005
Record date for final dividend in respect to the year ended 30 June 2005

29 September 2005
Annual report for the year ended 30 June 2005 lodged with ASIC

20 October 2005
Payment date for final dividend in respect to the year ended 30 June 2005

21 October 2005
Annual Report despatch to shareholders

23 November 2005
Annual general meeting to be held at Parmelia Hilton Hotel, Mill Street, Perth at 10.00am

Mid February 2006
Release of Half year Results

20 March 2006
Record date for Interim 2006 dividend

19 April 2006
Interim 2006 dividend to be paid

ABOUT PEET & COMPANY LIMITED

Peet & Company Limited is listed on the ASX under the code of "PPC". It is one of Australia's largest listed property companies dedicated to broad acre estate development with more than 40 projects in Western Australia, Victoria, Queensland and New South Wales.

History

The Company commenced operations in 1895 when James Thomas Peet (1863-1935) established an office in William Street, Perth and is one of the longest established property companies in Australia. Peet was incorporated in 1905 and has traded as a company continuously since.

Throughout its history, the Company has remained actively involved in land subdivision. Today, Peet & Company is focused upon acquisition, management, development, marketing and sales of land estates and the formation of land development syndicates and joint ventures. During the 2005 financial year it also launched its first unlisted property fund.

In recent years, Peet & Company has expanded significantly:

- in 1997, the Company established a presence in Victoria with its management of St John's Wood in Berwick and now owns and/or manages 16 estates in Victoria with some 12,000 potential Lots;
- in 2002, the first Queensland syndicate was established being Warner Lakes, in Warner. The Company opened an office in Queensland in 2003;
- in 2004, Peet & Company purchased its first property in New South Wales, located at Pickett's Valley, near Avoca Beach on the Central Coast;
- in 2004, Peet & Company launched an IPO of $100.8 Million and listed on the ASX; and
- in 2005, Peet & Company launched its first unlisted income property fund, the Peet Income Property Fund.

CORPORATE GOVERNANCE

Outlined below are the main Corporate Governance policies and practices in place during the 2005 financial year. Unless otherwise stated, these are consistent with the ASX Corporate Governance Council's principles and recommendations and copies of relevant charters and policies are available from the www.peet.com.au.

Role of the Board

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

- setting strategic direction of the Peet Group and monitoring management's performance within that framework;
- ensuring there are adequate resources available to meet the Peet Group's objectives;
- appointing and removing the Managing Director/Chief Executive Officer and overseeing succession plans for the senior executive team;
- approving and monitoring financial reporting and capital management;
- approving and monitoring the progress of business objectives;
- ensuring that any necessary statutory licences (for example, Australian Financial Services Licence) are held and compliance measures are maintained to ensure compliance with the law and licence(s);
- ensuring that adequate risk management procedures exist and are being used;
- ensuring that the Peet Group has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility; and
- ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company.

Composition of the Board

Under the Constitution, the minimum number of Directors is three. The maximum number of Directors is to be fixed by the Directors, but may not be more than 14, unless the Company in general meeting resolves otherwise. At the date of this report, the Board comprises two (2) Executive Directors and three (3) Non-Executive Directors.

Board Members

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

The Board currently consists of three Non-Executive Directors (one of whom is Chairman) and two Executive Directors.

The ideal is to have the Board consist of a majority of independent non-executive directors; however, the Board has agreed to an interim policy during the terms of the existing directors at the time of listing of Peet on the ASX. Such policy will permit the Board to consist of three non-executive directors (one of whom is Chairman) and two executive directors.

Mr Stephen Higgs is deemed to be independent under the principles set out below.

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

Mr Graeme Sinclair is considered not to be independent because of his executive role with a substantial shareholder of the Company. Mr Sinclair passes all other aspects of the Independence Test. The Board of Peet & Company considers that Mr Sinclair consistently makes decisions and takes actions, which are designed to be in the best interests of the Company.

This interim policy will remain in place until the retirement, resignation or replacement of a non-independent non-executive board member.

Directors Independence
The board has adopted specific principles in relation to directors' independence, which is set out in the Company's Board Charter as follows:

An independent director is defined as a non-executive director and:

- is not a substantial (as defined by Corporations Act) shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or another group member other than as a director of the Company;
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

For the assessment of materiality the board has adopted AASB 1031 Materiality. A relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10%, of revenue over a twelve-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence or argument, the Company considers the strategic value and other material but non-quantitative aspects of the relationship in question.

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

Chairman and Managing Director
The roles of Chairman and Managing Director are strictly separated.

The Chairman is responsible for:

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

The Managing Director is responsible for:

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

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

Performance Assessment
With the first full year as a listed public company completed, the board will undertake a periodic self-assessment of its collective performance, the performance of the Chairman and of its committees. Management may be invited to contribute to this appraisal process, which may be facilitated by an independent third party. The results and any action plans will be documented together with specific performance goals, which are agreed for the coming year.

The Chairman will undertake a periodic assessment of the performance of individual directors and will meet privately with each director to discuss this assessment.

Additionally, the recent appointment of a human resources & training manager will result in the formalisation of performance evaluation criteria for Board Members and key executives going forward.

Nomination Committee
No nomination committee currently exists.

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

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

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

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

Board Committees
The following sub-committees serve the Board:

Remuneration committee
The Remuneration Committee meets as frequently as required and during the year held two (2) meetings. The Committee operates in accordance with its charter which is available on the Company's website. Its primary function is, having received and considered proposals from senior management, to make recommendations to the Board on:

- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- Peet & Company's recruitment, retention and termination policies for senior management;
- incentive schemes;
- superannuation arrangements; and
- the remuneration framework for Directors, including Non-Executive Directors.

The Remuneration Committee consists of a minimum of two Directors with a majority of Non- Executive Directors.

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

The members of the committee during the year were:

- Mr S Higgs (Chairman) – Independent Non-Executive Director
- Mr G Sinclair – Non-Executive Director
- Mr T Lennon – Non-Executive Chairman

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

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

Information on directors' and executives' remuneration is set out in the Directors' report.

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

The committee's primary responsibilities include the following:

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

Risk Management
The Board recognises the importance of managing the risks associated with Peet's business operations and has adopted a formal Risk Management Plan. While the identification, monitoring and reporting of risks occurs continually, management reviews the Risk Management Plan periodically to ensure its ongoing relevance.

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

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

Under its charter, the Audit and Risk Management Committee consists of a minimum of two Directors with a majority of Non-Executive Directors. The Board selects the chairperson of the Audit and Risk Management Committee. The committee chairperson is to be a Non-Executive Director.

At the discretion of the committee, the external auditor and other members of the Board and management are invited to Audit and Risk Management Committee meetings as and when considered appropriate. The Audit and Risk Management Committee will consider any matters relating to the financial affairs of Peet & Company and any other matter referred to it by the Board.

The Audit and Risk Management Committee charter requires the committee to meet at least three times a year. The Committee held four (4) meetings during the year, which were also attended by the Executive Directors, the Chief Financial Officer, and the Company's external auditors.

The members of the committee during the year were:

- Mr G Sinclair (Chairman) – Non-Executive Director
- Mr S Higgs – Non-Executive Director
- Mr T Lennon – Non-Executive Chairman

While the chairman of the committee is deemed not to be independent, he is considered the most appropriate non-executive director for the role due to his accounting and finance background.

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

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

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

The members of the Compliance Committee during the year were:

- Mr D Rundle - external member
- Mr A Hicks - external member,
- Mr W Hemsley - executive member

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

The Compliance Plans have been approved by the Australian Securities and Investments Commission (ASIC) and are subject to ongoing review. The Committee meets at least quarterly and is required to report breaches of the law and the various Constitutions to the Board, which is then required to report to ASIC any material breach of the Compliance Plan.

External auditors
The Company and Audit and Risk Management Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PricewaterhouseCoopers were appointed as the external auditors in 1998. Following the enactment of CLERP9 on 1 July 2004, which introduced a five-year rotation requirement, PricewaterhouseCoopers have confirmed that the current audit engagement partner's last audit will be for the year ending 30 June 2007.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in note 25 to the financial report.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

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

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards; and

- that the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Promotion of Ethical and Responsible Decision-Making

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

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

Share trading guidelines
Employees, other than directors or senior management, may buy or sell Peet & Company shares on the ASX in the period of 60 days commencing 48 hours following:

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

except where an employee is in possession of price sensitive information or where the Company is in possession of price sensitive information and has, during the "window" set out above, notified the employee that they may not buy or sell shares during all or part of any such period. employees, other than directors or senior management, may also buy or sell Peet & Company's shares during the period that Peet & Company has a current prospectus or other form of disclosure document on issue pursuant to which persons may subscribe for shares.

During other periods

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

Directors and senior management

During all periods, directors and senior management must receive clearance for any proposed dealing in Peet & Company's shares on the ASX as follows:

- a director of Peet & Company (including the Managing Director) must inform and receive approval from the Chairman prior to undertaking a transaction;
- the Chairman must obtain approval from the Board or the next most senior director, prior to undertaking a transaction;
- senior management must inform and receive approval from the Managing Director prior to undertaking a transaction.

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

Short Term Dealing

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

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

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

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

Information is communicated to shareholders as follows:

- The Annual and Half-yearly Financial Reports are lodged with ASX, with the Annual Report distributed to all shareholders.
- Announcements of annual and interim results, broker/analyst presentations and other price sensitive information are made to the ASX.
- Addresses made by the Chairman and Managing Director to the annual general meeting (AGM).

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

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

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

BOARD OF DIRECTORS

Tony Lennon
Non-Executive Chairman

Mr Lennon has been a Director since 1985 and controls a major shareholding in Peet & Company. He was Executive Chairman until 2004. He has more than 40 years broad experience in the property industry. He is a qualified valuer and has had many years experience in various classes of property.

Mr Lennon is a fellow of the Australian Institute of Company Directors and an Associate of the Australian Property Institute.

Mr Lennon has also been involved extensively in community roles. He was chairman of Perth Inner City Living Task Force and also Chairman of the Residential Densities Review Task Force, both appointments by the Government of Western Australia.

He is a former president and councillor of the Shire of Peppermint Grove in Western Australia. He has served as deputy chairman of the National Australia Day Council and chairman of the Australia Day Council of Western Australia.

Warwick Hemsley, BComm, AssocDipVal, CPA, FAPI
Managing Director

Mr Hemsley has been a Director and a significant shareholder of Peet & Company since 1985, serving as Managing Director for the last 14 years. After graduating from the University of Western Australia, he commenced his professional career with Coopers & Lybrand (now PricewaterhouseCoopers) and subsequently moved into the property development industry and gained his formal property qualifications. He has 28 years experience in property development.

Mr Hemsley is currently a board member of the Western Australian Chamber of Commerce and Industry and former Chairman of its Capital City Committee. He is currently chairman of the Housing Industry Forecasting Group, a joint government and industry body which monitors and forecasts housing demand. Mr Hemsley has been actively involved in policy development related to residential development.

Mr Hemsley has served a number of community roles. He was formerly chairman of the Australia Day Council of Western Australia, a member of the School Council of St Hilda's Anglican School for Girls, a national board member of Kids Helpline Australia and a treasurer of St George's Charitable Trust. He was an active Rotarian for many years.

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

Mr Higgs has been a director of Peet since 16 June 2004. He has had 30 years experience in corporate finance including 20 years with UBS Investment Bank and its predecessors. During that period, he served as a Director and Head of Corporate Finance. He also built a leadership position in the private equity market, serving on the board of several companies in which investments were made such as Chairman of Orlando Wines Limited, and Non-Executive Director of Jasco Limited, Leigh Mardon Pty Limited and National Properties Limited.

Mr Higgs is currently a Non-Executive Director of Primary Healthcare Limited (since 1999), IPAC Securities Limited (since 2001), Rural Press Limited (since 1999) and So Natural Foods Limited (since 2003). He is Chairman of the Juvenile Diabetes Research Foundation Australia.

BOARD OF DIRECTORS (continued)

Graeme Sinclair, BComm, CA, ACIS, FAICD
Non-Executive Director

Mr Sinclair is a qualified Chartered Accountant with over 30 years experience in investment and wealth management services including property investment. He has been a director of Peet since 16 June 2004.

After completing his qualification with Peat Marwick Mitchell & Co (now KPMG) in 1971, he transferred to the firm's London office.

Mr Sinclair joined the Myer family group in 1973 and is currently the Managing Director of The Myer Family Company Pty Ltd and group Chief Executive Officer. The group comprises investment companies and provides ASIC-licensed financial services through The Myer Family Office Ltd and its subsidiaries. In addition, he has been involved in philanthropic activities including positions as Secretary of The Myer Foundation and the Sidney Myer Fund. Mr Sinclair is a director of several private companies.

Anthony Lennon, BA, GradDip BusAdmin
Executive Director

Mr Lennon joined Peet & Company in 1991 and became a Director in 1996. Prior to that, he worked in the United Kingdom, where he completed his Post Graduate Diploma in Business Administration at Middlesex University whilst on a Graduate Management Training Scheme with international construction and development company, John Laing plc. Whilst working for John Laing plc, he gained experience in a number of areas including planning, marketing, feasibility studies and project management.

Since joining Peet & Company, Mr Lennon's responsibilities have included project management, marketing and financing.

Mr Lennon was chairman of Conveyancing Services for six years during which time it became one of Western Australia's largest property conveyancing companies. Now living and based in Victoria, Mr Lennon has held the position of Director of Marketing and is now the National Business Development Director.

PEET & COMPANY LIMITED

DIRECTORS' REPORT
30 June 2005

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 2005 (Peet Group).

1 Directors

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

AW Lennon (Non-Executive Chairman)

WD Hemsley (Managing Director)

S Higgs (Non Executive Director)

G Sinclair (Non Executive Director)

AJ Lennon (Executive Director)

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, underwriting, and land development. There was no significant change in the nature of the activities during the year.

3 Review of operations and consolidated results

	Consolidated 2005 $000's	Consolidated 2004 $000's
Revenue		
Project Management and Selling Fees	16,359	12,742
Managers' performance fees	6,197	10,983
Development sales revenue	49,714	35,337
Other revenue	4,002	5,155
Total revenue (excluding interest income)	**76,272**	**64,217**
Expenses		
Development cost of sales	16,697	11,084
Operating costs	4,781	4,565
Corporate administration costs	7,938	6,605
Total expenses	**29,416**	**22,254**
EBITDA	**46,856**	**41,963**
Depreciation	166	80
EBIT	**46,690**	**41,883**
Net interest expense	774	750
Profit before tax	**45,916**	**41,133**
Taxation expense	14,280	12,399
Net profit after tax	**31,636**	**28,734**

Refer to the Managing Director's Review for narrative commentary

4 Earnings per share

	2005 Cents	2004 Cents
Basic Earnings per share	15.8	14.4
Fully Diluted Earnings per share	15.8	14.4

Earnings per share is calculated after income tax expense based on the 200 million shares on issue at 30 June 2005.

5 Significant changes in the state of affairs

Initial Public Offering

On 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 pubic at a subscription price of $1.20 per share. The prospectus was issued to the public on 2 July 2004 and the Offer closed on 20 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.

6 Matters subsequent to the end of the financial year

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

7 Likely developments and expected results of operations

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

8 Dividends

Dividends paid by the Company during the financial year ended 30 June 2005 were as follows:

		2005 $	2004 $
(a)	On 19 September 2003 the Company paid a fully franked dividend of $0.02 per share based on tax paid @ 30%	-	4,000,000
	On 22 December 2003 the Company paid a fully franked dividend of $0.03 per share based on tax paid @ 30%	-	6,000,000
	On 31 March 2004 the Company paid a fully franked dividend of $0.025 per share based on tax paid @ 30%	-	5,000,000
	On 18 June 2004 the Company paid a fully franked dividend of $0.025 per share based on tax paid @ 30%	-	5,000,000
	On 20 April 2005 the Company paid a fully franked dividend of $0.05 per share based on tax paid @ 30%	10,001,166	-
		10,001,166	**20,000,000**

(b) In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a fully franked final dividend of $0.07 per fully paid ordinary share to be paid on 20 October 2005 out of retained profits at 30 June 2005.

Dividends per share amount is based on the 200 million ordinary shares on issue at 30 June 2005.

9 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, the Environmental Protection Act 1970 (as amended) in respect of its Victorian subdivision activities and the Environment Protection Act 1994 (including Regulations 1998) and the Integrated Planning Act in respect to its Queensland land subdivision activities.

The Company is not aware of any non-compliance.

10 Information on Directors and Company Secretary

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

Company Secretary

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

More recently he held the position of Chief Financial Officer of the Company.

11 Directors' interests in the shares and options of the Company

Director	Interest in Ordinary Shares at 30 June 2005	Interest in Options at 30 June 2005	Interest in Ordinary Shares at the date of this report	Interest in Options at the date of this report
AW Lennon	70,010,448	-	70,010,448	-
WD Hemsley	20,022,000	600,000	20,022,000	600,000
SF Higgs	800,000	-	800,000	-
G Sinclair	50,000	-	50,000	-
AJ Lennon	201,478	600,000	201,478	600,000

AW Lennon holds 10,448 shares in his own name. The remaining 70,000,000 is held in the name of Scorpio Nominees Pty Ltd as trustee for the Gwenton Trust. AW Lennon is a director and shareholder of Scorpio Nominees Pty Ltd. AW Lennon and AJ Lennon are beneficiaries of the Gwenton Trust, which is a discretionary family trust.

12 Directors' meetings

The number of meetings of the Board of Directors and of Board Committees and the number of meetings attended by each director during the financial year were:

Director	Board of Directors		Audit & Risk Management Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
AW Lennon	12	12	4	4	2	2
WD Hemsley	12	12	–	–	–	–
AJ Lennon	12	12	–	–	–	–
S Higgs	12	11	4	4	2	2
G Sinclair	12	12	4	4	2	2

13 Retirement, election and continuation in office of directors

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

14 Remuneration report

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

Principles used to determine the nature and amount of remuneration

Details of remuneration

Service agreements

Directors and Executives disclosures

Principles used to determine the nature and amount of remuneration

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

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment to executive compensation
- Capital management.

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

Alignment to shareholders' interests:

- Has economic profit as a core component of plan design
- Focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- Attracts and retains high calibre executives.

Alignment to program participants' interests:

- Rewards capability and experience
- Reflects competitive reward for contribution to shareholder growth
- Provides a clear structure for earning rewards
- Provides recognition for contribution.

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

14 Remuneration report (continued)

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

Non-executive directors fees

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

The current base remuneration was last reviewed with effect from 16 June 2004. The Chairman's and non – executive directors' remuneration is inclusive of committee fees and for their membership on subsidiary boards. Non-executive directors' fees, including the Chairman's, are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $600,000.

No retirement allowances are payable.

Executive directors' pay

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

- Base pay and benefits
- Short-term performance incentives
- Long-term incentives through participation in the Peet & Company Limited Employee Share Option Plan (ESOP)
- Other remuneration such as superannuation.

The combination of these comprises the directors' total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non financial benefits.

Directors are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for directors is reviewed annually to ensure the directors' pay is competitive with the market.

There are no guaranteed base pay increases fixed in any directors' contracts.

Short-term incentives (STI)

Each director has a target STI opportunity depending on the accountabilities of the role and impact on the Company's performance. The maximum target bonus opportunity is 75% of total base salary.

Each year, the remuneration committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met.

Executive pay

The executive pay and reward framework has four components:

- Base pay and benefits
- Short-term performance incentives
- Long-term incentives through participation in the Peet & Company Limited Employee Share Option Plan (ESOP)
- Other remuneration such as superannuation.

The combination of these comprises the executives' total remuneration.

14 Remuneration report (continued)

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

Base pay
Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non financial benefits.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants will provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executives' pay is competitive with the market. An executives pay is also reviewed on promotion.

Short-term incentives (STI)
Bonuses may be awarded to executives at the discretion of the remuneration committee in acknowledgement of exceptional performance.

Directors and executives disclosures

Directors
The following persons were directors of the Company during the financial year and up until the date of this report:

- AW Lennon (Non-Executive Chairman)
- WD Hemsley (Managing Director)
- S Higgs (Non Executive Director)
- G Sinclair (Non Executive Director)
- AJ Lennon (Executive Director)

Specified executives
The following persons were specified executives of the Company during the financial year and up until the date of this report with the greatest authority for strategic direction and management:

- B Gore (Chief Financial Officer)
- D Scafetta (Company Secretary)
- L McGill (National Operations Manager)
- N Hinchcliff (Operations Manager, WA)
- D Mulder (Operations Manager, VIC)
- P Lynch (State Business Development Manager, WA)
- S Kenney (General Manager Retirement Housing)

Details of remuneration
Details of the remuneration of each director of the Company and each of the 7 specified executives, including their personally – related entities who received the highest remuneration for the year ended 30 June 2005 are set out in the following tables.

14 Remuneration report (continued)

Directors' and executives' benefits

For the year ended 30 June 2005	Annual Remuneration			Long-term Remuneration		
	Cash salary and fees	Bonus[1,2]	Other	Super	Options[2,4]	Total
	$	$	$	$	$	$
Directors						
AW Lennon	156,250	-	-	14,063	-	170,313
WD Hemsley	378,252	225,000	10,462	38,702	28,000	680,416
S Higgs	62,500	-	-	5,625	-	68,125
G Sinclair	5,000	-	-	62,917	-	67,917
AJ Lennon	307,535	175,000	12,177	11,522	28,000	534,234
	909,537	**400,000**	**22,639**	**132,829**	**56,000**	**1,521,005**
Executives						
B Gore[3]	24,069	506	-	1,337	-	25,912
D Scafetta	143,998	5,000	-	11,522	8,617	169,137
L McGill	98,963	37,500	-	9,083	4,309	149,855
N Hinchcliff	155,963	25,000	-	17,010	4,309	202,282
D Mulder	91,743	10,000	-	8,257	4,309	114,309
P Lynch	133,016	45,000	-	14,945	5,170	198,131
S Kenney[3]	12,592	273	-	1,073	-	13,938
	660,344	123,279	-	63,227	26,714	873,564
Total	**1,569,881**	**523,279**	**22,639**	**196,056**	**82,714**	**2,394,569**

1 All cash bonuses are earned in the current year and will be paid in September 2005
2 No cash bonuses or options were forfeited during the financial year
3 Specified executives employed part way through the financial year
4 Options Granted – includes the executive and employee share option plan as disclosed in note 28 to the financial statements. The "Value Placed on Options" in the table above is based on the valuation at the date of issue using the Black-Scholes model, pro-rated over the period from grant date to vesting date.

Directors' and executives' benefits

For the year ended 30 June 2004	Annual Remuneration			Long-term Remuneration		
	Cash salary and fees	Bonus[1,2]	Other	Super	Options[2]	Total
	$	$	$	$	$	$
Directors						
AW Lennon	247,500	50,000	-	-	-	297,500
WD Hemsley	188,645	50,000	14,600	36,754	921	290,920
IMC Palmer[3]	11,566	20,000	-	5,963	-	37,529
AJ Lennon	179,128	50,000	10,000	10,872	920	250,920
S Higgs	2,538	-	-	228	-	2,766
G Sinclair	211	-	-	2,555	-	2,766
	629,588	170,000	24,600	56,372	1,841	882,401
Executives						
D Scafetta	139,383	225,000	-	11,002	-	375,385
R Lane	45,389	-	-	34,946	-	80,335
P Lynch	133,016	40,587	-	12,385	-	185,988
K Hardy	187,500	-	-	-	-	187,500
N Hinchcliff	127,205	36,000	-	11,448	-	174,653
	632,493	301,587	-	69,781	-	1,003,861
Total	**1,262,081**	**471,587**	**24,600**	**126,153**	**1,841**	**1,886,262**

1 All cash bonuses were earned in respect of the period 30 June 2004 and were paid during the financial year
2 No cash bonuses or options were forfeited during the financial year
3 IMC Palmer resigned as a director on 18 June 2004

14 Remuneration Report (continued)

Service Agreements
Remuneration and other terms of employment for the Executive Directors' and the specified executives are formalised in service agreements. Major provisions of the agreements are set out below.

WD Hemsley, Managing Director

- Term of Agreement – 3 years commencing 5 August 2004.
- Base salary, inclusive of superannuation, of $450,000 to be reviewed annually by the remuneration committee;
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to 6 months base salary is payable in lieu of notice.

AJ Lennon, Executive Director , National Business Development Director

- Term of Agreement – 3 years commencing 5 August 2004.
- Base salary, inclusive of superannuation, of $350,000 to be reviewed annually by the remuneration committee;
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to 6 months base salary is payable in lieu of notice.

Individual service contracts do not exist for the remaining specified executives.

Share-based compensation

Share options granted to Directors
On 18 June 2004, options under the Company's ESOP scheme were granted to WD Hemsley and AJ Lennon. Both Directors were each granted 600,000 options convertible to ordinary shares on a 1:1 basis at an exercise price of $1.20 per share. The options are not exercisable until the third anniversary of the grant date and providing other conditions have been met and expire 5 years from the grant date.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

Exercise conditions for options
The exercise condition in respect of the options is based on a blended performance hurdle being achieved combining external and internal performance measures calculated at the end of the performance period, being three years from the grant date.

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

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

14 Remuneration Report (continued)

The number of options which will vest and become exercisable will depend on the Company's TSR ranking against the benchmark group as per the following table:

Company performance (TSR percentile ranking)	Percentage of options vesting
At or below the 50th percentile	0%
At the 51st percentile	50%
Between the 51st percentile and 75th percentiles	an additional 2% of options will vest for every percentile increase in TSR ranking.
75th percentile or above	100%

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

Average compound growth in EPS over a three-year performance period	Proportion of Options that may be eligible to vest
Less than 7% per annum	None
7% per annum	50%
9% per annum	75%
11% per annum	100%

In relation to the initial grant, the TSR and EPS hurdles will be calculated at the end of the three year performance period.

Share options granted to employees
On 28 July 2004, 1,917,000 options were granted to employees under the Company's ESOP scheme at an exercise price of $1.20 per share. The options are not exercisable until the third anniversary of the grant date and expire 5 years from the grant date.

During the financial year, an aggregate of 70,000 options with an exercise price of $1.20 lapsed in accordance with their terms.

Since the end of the financial year, an aggregate of 430,000 options were granted to employees under the Company's ESOP scheme. The options are not exercisable until their third anniversary of the grant date and expiry 5 years from the grant date. The options exercise price and grant date are detailed in the table below.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

Shares under option
Unissued ordinary shares of the Company under option amounted to 3,477,000 at the date of this report. The details of the options are as follows:

No of Options	Exercise Price	Grant Date	Vesting Date	Expiry Date
1,200,000	$1.20	18/06/2004	18/06/2007	18/06/2009
1,847,000	$1.20	28/07/2004	28/07/2007	28/07/2009
20,000	$1.71	17/08/2005	17/08/2008	17/08/2010
10,000	$1.75	22/08/2005	22/08/2008	22/08/2010
400,000	$2.04	1/09/2005	1/09/2008	1/09/2010
3,477,000				

14 Remuneration Report (continued)

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of the Company and each of the 7 specified executives of the consolidated entity, including their personally related entities, are set out below:

For the year ended 30 June 2005	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors					
AW Lennon	-	-	-	-	-
WD Hemsley	600,000	-	-	600,000	-
SF Higgs	-	-	-	-	-
G Sinclair	-	-	-	-	-
AJ Lennon	600,000	-	-	600,000	-
Executives					
B Gore	-	-	-	-	-
D Scafetta	-	200,000	-	200,000	-
L McGill	-	100,000	-	100,000	-
N Hinchcliff	-	100,000	-	100,000	-
D Mulder	-	100,000	-	100,000	-
P Lynch	-	120,000	-	120,000	-
S Kenney	-	-	-	-	-

During the financial year, no options were exercised by directors or specified executives.

Share-based compensation

Further details relating to options are set out below.

Name	Remuneration consisting of options %	Value at grant date $	Value at grant date shown as part of remuneration for the year $
Directors			
WD Hemsley	4.1%	84,000	28,000
AJ Lennon	5.2%	84,000	28,000
Executives			
B Gore	-	-	-
D Scafetta	5.1%	28,000	8,617
L McGill	2.9%	14,000	4,309
N Hinchcliffe	2.1%	14,000	4,309
D Mulder	3.8%	14,000	4,309
P Lynch	2.6%	16,800	5,170
S Kenney	-	-	

14 Remuneration Report (continued)

Share Holdings

The number of shares in the Company held during the financial year by each director of the Company and each of the specified executives of the consolidated entity, including their personally related entities, are set out below:

For the Year Ended 30 June 2005	Balance at the start of the year	Shares Sold into IPO	Received during the year on the exercise of options	Other Changes during the year	Balance at the end of the year
Directors					
AW Lennon	120,582,154	(50,571,706)	-	-	70,010,448
WD Hemsley	33,969,097	(13,964,097)	-	17,000	20,022,000
SF Higgs	-	-	-	800,000	800,000
G Sinclair	-	-	-	50,000	50,000
AJ Lennon	-	-	-	201,478	201,478
Executives					
B Gore	-	-	-	-	-
D Scafetta	-	-	-	84,000	84,000
L McGill	-	-	-	7,895	7,895
N Hinchcliff	-	-	-	7,785	7,785
D Mulder	-	-	-	15,833	15,833
P Lynch	-	-	-	50,000	50,000
S Kenney	-	-	-	-	-

Loans to Directors and executives

There were no loans made to any directors or any of the specified executives of the consolidated entity, or their personally-related entities during the financial year.

Refer to note 29 to the Financial Statements for details on "Other transactions with Directors and Director-related entities".

15 Insurance of officers and auditors

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

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

16 Non-audit services

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

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

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

- All non-audit services have been reviewed by the audit and risk management committee to ensure they do not impact the impartially and objectivity of the auditor
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporation Act 2001* is set out on page 32.

	Consolidated	
	2005 $	2004 $
Assurance services		
1. Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	92,975	83,275
Non-PricewaterhouseCoopers audit firms	28,500	18,750
Total remuneration for audit services	121,475	102,025
2. Other assurance services		
PricewaterhouseCoopers Australian firm:		
Prospectus Due Diligence	-	416,729
Non-PricewaterhouseCoopers audit firms	3,000	15,400
Total remuneration for other assurance services	3,000	432,129
Total remuneration for assurance services	124,475	534,154
3. Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of company income tax returns	46,904	43,901
Non-PricewaterhouseCoopers tax firms	7,585	11,490
Total remuneration for other taxation services	54,489	55,391

17 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.

Warwick Hemsley
Managing Director

Perth, Western Australia
28 September 2005

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
www.pwc.com/au
Telephone +61 8 9238 3000
Facsimile +61 8 9238 3999

Auditors' Independence Declaration

As lead auditor for the audit of Peet & Company Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

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

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

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

John O'Connor
Partner
PricewaterhouseCoopers

28 September 2005

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PEET & COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Revenue from ordinary activities	3	76,914,443	64,682,418	51,281,994	40,097,397
Change in inventories		(31,146,742)	(37,420,123)	(6,716,480)	(549,984)
Purchases & other inventory costs		47,843,535	48,503,963	9,167,286	549,984
Employee benefits expense		6,605,985	5,030,103	6,499,228	4,918,306
Depreciation expense		166,127	80,177	112,431	69,485
Borrowing costs expense		1,281,147	1,214,504	55,824	2,583
Project management, selling and other operating costs		3,482,188	3,169,070	2,738,253	2,445,231
Office costs		882,855	673,705	882,855	644,791
Other expenses from ordinary activities		1,863,222	2,138,796	571,091	864,454
Share of net loss of associate accounted for using the equity method	13	20,781	158,957	-	-
Profit from ordinary activities before related income tax expense	4	45,915,345	41,133,266	37,971,506	31,152,547
Income tax expense	5	(14,279,763)	(12,399,311)	(12,123,655)	(9,289,798)
Net profit attributable to members of Peet & Company Limited		31,635,582	28,733,955	25,847,851	21,862,749
Total changes in equity other than those resulting from transactions with owners as owners	22	31,635,582	28,733,955	25,847,851	21,862,749
Basic earnings per share (cents)	33	15.8	14.4		
Fully Diluted earnings per share (cents)	33	15.8	14.4		

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

PEET & COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL POSITION
AS AT 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT ASSETS					
Cash assets	6	17,435,921	6,264,862	10,397,366	4,010,384
Receivables	7	28,842,076	20,296,798	25,675,407	24,233,542
Inventories	8	50,702,276	23,936,941	6,883,283	-
Other	9	796,959	544,574	326,426	435,820
TOTAL CURRENT ASSETS		97,777,232	51,043,175	43,282,482	28,679,746
NON-CURRENT ASSETS					
Receivables	10	177,620	-	11,536,644	5,555,867
Inventories	11	84,313,387	75,378,926	6,238,788	6,405,591
Investments	12	816,652	850,543	816,679	852,667
Investments in associates	13	1,420,262	1,443,051	1,600,000	1,600,000
Property, plant and equipment	14	1,173,266	654,652	957,564	569,509
TOTAL NON-CURRENT ASSETS		87,901,187	78,327,172	21,149,675	14,983,634
TOTAL ASSETS		185,678,419	129,370,347	64,432,157	43,663,380
CURRENT LIABILITIES					
Payables	15	16,981,098	8,908,982	3,950,805	1,931,507
Interest bearing liabilities	16	4,300,000	245,287	-	-
Current tax liabilities		6,728,480	6,087,668	6,728,480	6,087,668
Provisions	17	2,098,671	1,653,197	592,468	1,753,580
TOTAL CURRENT LIABILITIES		30,108,249	16,895,134	11,271,753	9,772,755
NON-CURRENT LIABILITIES					
Payables	18	3,018,054	5,340,607	2,002	2,002
Interest bearing liabilities	16	88,640,000	68,280,000	4,800,000	4,800,000
Deferred tax liabilities	19	10,348,318	6,925,224	10,348,318	6,925,224
TOTAL NON-CURRENT LIABILITIES		102,006,372	80,545,831	15,150,320	11,727,226
TOTAL LIABILITIES		132,114,621	97,440,965	26,422,073	21,499,981
NET ASSETS		53,563,798	31,929,382	38,010,084	22,163,399
EQUITY					
Contributed equity	20	1,479,198	1,479,198	1,479,198	1,479,198
Retained profits	21	52,084,600	30,450,184	36,530,886	20,684,201
TOTAL EQUITY	22	53,563,798	31,929,382	38,010,084	22,163,399

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

PEET & COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Cash flows from operating activities					
Receipts from customers and suppliers		73,983,323	66,378,236	43,376,703	35,983,661
Payments to suppliers and employees		(64,042,281)	(56,019,397)	(16,242,682)	(9,460,888)
Dividends received		56,119	46,613	56,119	3,046,613
Interest received		689,085	464,553	330,935	344,180
Trust distributions received		105,300	312,299	105,300	312,299
Interest and other borrowing costs paid		(5,878,844)	(4,583,514)	(459,829)	(374,458)
Income tax paid		(10,215,858)	(7,997,417)	(6,707,987)	(5,703,921)
Net cash (outflow) inflow from operating activities	32(c)	(5,303,156)	(1,398,627)	20,458,559	24,147,486
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		-	1,376	-	1,376
Payments for property, plant and equipment		(533,284)	(326,438)	(501,706)	(281,229)
Proceeds from sale of investments		-	143,100	-	143,100
Payments for investments		(92,933)	(2,018,999)	(92,843)	(2,018,999)
Cash eliminated on deconsolidated entity		-	(4,618)	-	-
Proceeds from capital returns		128,832	104,229	128,832	104,229
Net cash (outflow) from investing activities		(497,385)	(2,101,350)	(465,717)	(2,051,523)
Cash flows from financing activities					
Dividends paid		(10,001,166)	(22,000,000)	(10,001,166)	(22,000,000)
Loans to related entities		(3,150,431)	(834,858)	(11,565,862)	(4,162,440)
Loan repayments from (to) related entities		5,708,484	(50,000)	7,961,168	-
Repayments of borrowings		(27,160,000)	(12,472,000)	-	-
Proceeds from borrowings		51,820,000	35,067,000	-	-
Net cash inflow (outflow) from financing activities		17,216,887	(289,858)	(13,605,860)	(26,162,440)
Net increase (decrease) in cash held		11,416,346	(3,789,835)	6,386,982	(4,066,477)
Cash at the beginning of the financial year		6,019,575	9,809,410	4,010,384	8,076,861
Cash at the end of the financial year	32(a)	17,435,921	6,019,575	10,397,366	4,010,384

Financing arrangements 32(b)

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

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. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at 30 June 2005 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.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated statement of financial performance, and its share of post acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(c) Income tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance 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.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and compliance with the conditions of deductibility imposed by the law.

The Company and its wholly-owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003.

As a consequence, the Company, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly owned Australian controlled entities in this group in these financial statements as if those transactions, events and balances were its own, in addition to the current and deferred tax balances arising in relation to its own transactions, events and balances. Amounts receivable or payable under the tax sharing and funding agreement are recognised separately by Peet & Company Limited as tax related amounts receivable or payable. Expenses and revenues arising under the tax sharing and funding agreement are recognised as a component of income tax expense (revenue).

The deferred tax balances recognised by the parent entity in relation to wholly-owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime.

1 Summary of significant accounting policies (continued)

(d) Acquisition of assets - deferred settlement of cash consideration

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

When settlement of all or any part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration must be determined by discounting the amounts payable in the future to their present value as at the date of acquisition. The discount rate to be used in discounting the amounts payable in the future to their present value is the rate which results in the current cash settlement value as advised by independent valuers.

(e) Property, plant and equipment

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

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Land

Revenue and profits from the sale of blocks from completed stages of land subdivision are recognised on the signing of an unconditional contract.

Project management and selling fees are recognised on the signing of a contract.

Pre-completion Sales Contracts

Revenue and profits relating to pre-completion sales contracts are recognised on the basis of the percentage of completion when:

- an unconditional sales contract exists;
- the stage outcome can be reliably measured; and
- the amounts receivable from sales are considered recoverable.

Percentage of completion is measured by reference to the costs incurred for each separate stage of the project as a proportion of the estimated total costs of the project stage.

(g) 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.

(h) Inventories

Land held for development and resale is stated at the lower of cost (and recognised profits) 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. Profit on pre-completion sales contracts is recognised in accordance with the percentage of completion method.

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.

Non-current inventories relates to land which is not expected to be sold within the next 12 months.

(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.

1 Summary of significant accounting policies (continued)

(j) 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.

(k) 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 and associates are accounted for in the consolidated financial statements as set out in note 1(b).

(l) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity. Leasehold improvements held at the reporting date are being amortised over 40 years.

(m) Leased non-current assets

Operating lease payments relating to the offices occupied by the consolidated entity are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(n) 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 furniture, plant & equipment is between 1 and 5 years.

(o) 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.

(p) Interest bearing liabilities

Loans are carried at the principal amounts, which represent the 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, except where it is included in the costs of qualifying assets. Any interest attributable to the following financial year is treated as a prepayment.

(q) Dividends

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

1 Summary of significant accounting policies (continued)

(r) Web site costs

Costs in relation to web sites are charged as expenses in the period in which they are incurred, unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit.

(s) 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 is measured as the amount expected to be paid when the liability is settled and includes related on-costs.

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 to long service leave 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 to long service leave, 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.

Equity – based compensation benefits

Equity-based compensation benefits are provided to executive directors and employees via the Peet & Company Limited Employee Share Option Plan. Information relating to this scheme is set out in note 28.

No accounting entries are made in relation to the Peet & Company Limited Employee Share Option Plan until options are exercised, at which time the amounts receivable from employees are recognised in the statement of financial performance as share capital. The amounts disclosed for remuneration of executive directors set out in note 14 of the Directors' Report include the assessed fair values of options at the date they were granted, amortised over the period from grant date to vesting date.

(t) 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.

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

(u) Rebates

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

(v) 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 trusts' liabilities at balance date.

(w) 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.

(x) Earnings per share

Basic Earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted Earnings per share

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

2 Segment information

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

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

Land development and resale
Purchase and development of various parcels of land in Australia, primarily for residential purposes. However, certain land holdings will also produce non-residential blocks of land.

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

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

Primary reporting – business segments

For the year ended 30 June 2005	Funds management/ land syndication $	Land development & resale $	Joint venture projects $	Inter-segment eliminations $	Consolidated $
Sales to external customers	24,808,055	49,714,063	1,111,234	-	75,633,352
Inter-segment sales	7,018,278	-	-	(7,018,278)	-
Total sales revenue	31,826,333	49,714,063	1,111,234	(7,018,278)	75,633,352
Other revenue	66,459	658,163	-	(106,757)	617,865
Total segment revenue	31,892,792	50,372,226	1,111,234	(7,125,035)	76,251,217
Segment result	26,605,354	20,225,464	942,782	(918,366)	46,855,234
Unallocated revenue less unallocated expense					(939,889)
Profit from ordinary activities before income tax expense					45,915,345
Income tax expense					(14,279,763)
Profit from ordinary activities after income tax expense					31,635,582
Segment assets	47,678,042	142,680,855	10,434,016	(15,114,494)	185,678,419
Unallocated assets					-
Total assets					185,678,419
Segment liabilities	4,545,275	32,144,998	1,710,834	(16,027,774)	22,373,333
Unallocated liabilities					109,741,288
Total liabilities					132,114,621
Investment in associates	1,420,262	-	-	-	1,420,262
Acquisitions of property, plant and equipment and other non-current segment assets	731,485	184,255	-	-	915,740
Depreciation expense	112,431	53,696	-	-	166,127
Other non-cash expenses	(1,440)	-	-	-	(1,440)

2 Segment information (continued)

Primary reporting – business segments

For the year ended 30 June 2004	Funds management/ land syndication $	Land development & resale $	Joint venture projects $	Inter-segment eliminations $	Consolidated $
Sales to external customers	27,493,185	35,336,773	838,604	-	63,668,562
Inter-segment sales	8,000,019	-	-	(8,000,019)	-
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
Investment in associates	1,443,051	-	-	-	1,443,051
Acquisitions of property, plant and equipment and other non-current segment assets	700,228	45,208	-	-	745,436
Depreciation expense	69,485	10,692	-	-	80,177
Other non-cash expenses	4,694	204	-	-	4,898

3 Revenue

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Revenue from Operating Activities				
Development revenue	49,714,063	35,336,773	18,570,634	-
Revenue from other trading activities	25,919,289	28,331,789	32,217,774	36,440,371
	75,633,352	63,668,562	50,788,408	36,440,371
Revenue from Outside the Operating Activities				
- Dividends	56,119	46,613	56,119	3,046,613
- Trust distributions	9,840	221,809	9,840	221,809
- Interest	642,446	464,553	331,431	344,180
- Other	572,686	280,881	96,196	44,424
	1,281,091	1,013,856	493,586	3,657,026
Revenue from ordinary activities	76,914,443	64,682,418	51,281,994	40,097,397

4. Profit from ordinary activities

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

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Expenses				
Cost of sales				
- Land and development costs	16,696,793	11,083,840	2,450,806	
Depreciation	166,127	80,1	112,43	69,4
Borrowing costs:				
- Interest & finance charges	6,298,789	5,250,372	407,32	357,19
- Amount capitalised	(5,017,642)	(4,035,868)	(351,505)	(354,612)
Borrowing costs expense	1,281,147	1,214,504	55,8	2,
Amounts set aside as provision for employee entitlements	3,625	174,67	3,	174,67
Lease rental expense – operating expense	287,495	280,33	287,49	280,33
Write off of development expenditure	17,445	11,6	17,4	11,6
Net (gain)/loss on disposal of non-current assets	(1,440)	4,	(1,44	4,
Write down of inventories to net realisable value	1,605,968			

5 Income tax

The income tax expense for the financial year differs from the amount calculated on the operating profit. The differences are reconciled below:

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Profit from ordinary activities before income tax expense	45,915,345	41,133,266	37,971,506	31,152,547
Income tax calculated at 30%	13,774,604	12,339,980	11,391,452	9,345,764
Tax effect of permanent differences:				
- Non-deductible entertainment	11,869	23,0	10,3	22,9
- Sundry items	13,631	55,3	7,	7,
Income tax adjusted for permanent differences	13,800,104	12,418,367	11,409,176	9,376,128
Input tax rebates	(24,051)	(19,977)	(24,051)	(19,977)
Under provision in previous year	503,710	921	503,710	1,330
Income tax expense attributable to profit from ordinary activities before impact of tax consolidation	14,279,763	12,399,311	11,888,835	9,357,481
Profit from Ordinary Activities before income tax expense – tax consolidated group (excluding parent entity)			8,882,987	9,980,719
Income tax calculated at 30%			2,664,896	2,994,215
Tax effect of permanent differences				
- Accounting for investment in associate			-	47,687
- Non deductible entertainment			1,542	86
- Sundry items			-	(89,987)
Income tax adjusted for permanent differences:			2,666,438	2,952,001
Over (Under) provision in prior year			6,459	(254)
Income tax expense - tax consolidated group (excluding parent entity)			2,672,897	2,951,747
			14,561,732	12,309,228
Compensation received from tax consolidated group entities			(2,438,077)	(3,019,430)
Aggregate income tax expense	14,279,763	12,399,311	12,123,655	9,289,798

5 Income tax (continued)

Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. The accounting policy on implementation of the legislation is as set out in note 1(c). The impact on the income tax expense for the year is disclosed in the tax reconciliation above.

The entities have entered into a tax sharing and funding agreement. Under the terms of this agreement, the wholly owned entities reimburse the Company for any current income tax payable by the Company arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a current tax related receivable by the Company (see note 7). In the opinion of the directors, the tax sharing and funding agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly owned entities in the case of default by the Company.

6 Current Assets – Cash Assets

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Cash at bank and on hand	17,435,921	6,264,862	10,397,366	4,010,384

7 Current Assets – Receivables

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Trade debtors	43,421	1,667,655	43,421	485,882
Accrued income	20,723,248	15,396,522	18,690,480	19,218,547
Tax related amounts receivable from wholly owned entities	-	-	651,887	2,003,649
Other debtors	8,075,407	3,232,621	6,289,619	2,525,464
	28,842,076	20,296,798	25,675,407	24,233,542

Accrued income
These amounts represent project management fees, marketing & selling fees, bookkeeping fees, project manager's incentive fees and trust distributions owing to the Company from related managed syndicates.

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.

8 Current Assets - Inventories

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Land held for resale:				
Cost of acquisition	11,916,665	4,412,549	739,871	-
Capitalised development costs and recognised profits	36,856,391	19,524,392	6,143,412	-
Capitalised borrowing costs	1,929,220	-	-	-
	50,702,276	23,936,941	6,883,283	-

Refer to note 11 for valuation details

9 Current Assets - Other

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Prepayments	796,959	544,574	326,426	435,820

10 Non-Current Assets – Receivables

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Owing by controlled entities	-	-	11,359,024	5,555,867
Owing by other related parties	177,620	-	177,620	-
	177,620	-	11,536,644	5,555,867

Further information on the above is set out in note 29 – Related Parties.

11 Non-Current Assets – Inventories

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Land held for resale:				
Cost of acquisition	71,485,185	63,692,345	4,263,657	5,391,214
Capitalised development costs	5,319,388	6,161,054	1,065,019	355,693
Capitalised borrowing costs	7,508,814	5,525,527	910,112	658,684
	84,313,387	75,378,926	6,238,788	6,405,591

The valuations of land owned by the consolidated entity are as follows:

	Land Parcel	Book Value	Valuation[1,2,3]	Valuation Date
(i)	"Innisfail" Estate (completed lots and residual Englobo land), Dunnings Road, Point Cook,Victoria	25,581,235	70,152,134	18 July 2005
(ii)	Proposed "Greenvale Lakes" Estate, Somerton Road, Greenvale, Victoria	21,941,801	42,000,000	18 July 2005
(iii)	"Greenvale Rise" Estate,1170 Mickleham Road, Greenvale, Victoria	12,584,279	30,050,549	18 July 2005
(iv)	Proposed "Brigadoon" Estate, Brigadoon, Western Australia	5,647,239	7,517,000	10 December 2004
(v)	Proposed "Castlereagh" Estate, 295-305 Sneydes Road, Point Cook, Victoria	9,301,743	10,570,000	15 July 2005
(vi)	Proposed "Craigieburn Central" Estate, 575 Craigieburn Road, Craigieburn, Victoria	464,338	17,550,000[4]	17 June 2005
(vii)	Proposed "The Parks at Innisfail" Estate, Lots 3 and 4, Dunnings Road, Point Cook, Victoria	6,133,130	11,900,000	18 July 2005
(viii)	"Ashton Heights" Estate, Lot 2706 Pinjar Road, Tapping,Western Australia	29,759,369	30,300,000	30 June 2005
(ix)	Other land at lower of cost and net realisable value	23,602,529	23,602,529	
		135,015,663	243,642,212	

Notes:
1 Direct comparison approach has been utilised as the primary method of valuation, with a hypothetical development analysis utilised as a check method.
2 Valuations are exclusive of GST.
3 Valuations prepared by Independent Valuer.
4 The amount due for the acquisition of "Craigieburn Central" of $16m is not reflected in the assets or liabilities of the consolidated entity as this is a conditional contract.

12 Non-Current Assets – Investments

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Shares in unrelated companies at cost	73,333	21,400	73,333	21,400
Unit trusts	16,035	115,183	16,035	115,183
Controlled entities	-	-	27	2,124
Syndicates (related companies)	727,284	713,960	727,284	713,960
	816,652	850,543	816,679	852,667

Investments in controlled entities comprise:

	Place of Incorporation	Class of Share	Holding 2005 %	Holding 2004 %
At Directors' valuation – 1996[1]				
Indemnity & Liability Administrators Pty Ltd	WA	Ord & Pref.	100	100
Hawkestone Conveyancing Pty Ltd	WA	Ordinary	100	100
At Cost				
Hawkstone Unit Trust[2]	N/A	Trust Unit	100	100
Peet Management Limited	WA	Ordinary	100	100
Peet Innisfail Syndicate Limited	WA	Ordinary	100	100
Peet Rockbank Limited[3]	WA	Ordinary	100	100
Peet Point Cook No 2 Land Syndicate Limited	WA	Ordinary	100	100
Peet Tarneit Rise Syndicate Limited[4]	WA	Ordinary	-	100
Peet Craigieburn Limited	WA	Ordinary	100	100
Peet Greenvale No 2 Limited	WA	Ordinary	100	100
Peet Southern JV Limited	WA	Ordinary	100	100
Peet No 63 Syndicate Limited	WA	Ordinary	100	100
Peet Sneydes Road Limited	WA	Ordinary	100	100
Peet Brigadoon Limited[5]	WA	Ordinary	100	100
Peet No 68 Syndicate Limited	WA	Ordinary	100	100
Peet Ashton Heights Limited[6]	WA	Ordinary	100	100
Peet No 70 Syndicate Limited	WA	Ordinary	100	100
Peet No 72 Avoca Limited[7]	WA	Ordinary	100	100
Peet Queens Park JV Limited	WA	Ordinary	100	100
Peet No 73 Syndicate Limited[8]	WA	Ordinary	100	-
Peet Cardinia Gardens Syndicate Limited[9]	WA	Ordinary	100	-
Peet Baldivis Heights Syndicate Limited[10]	WA	Ordinary	100	-
Peet No 76 Syndicate Limited[11]	WA	Ordinary	100	-
Peet No 77 Syndicate Limited[12]	WA	Ordinary	100	-
Secure Living Limited[13]	WA	Ordinary	100	-
Peet No 80 Limited[14]	WA	Ordinary	100	-
Peet No 81 Limited[15]	WA	Ordinary	100	-
Peet No 82 Limited[16]	WA	Ordinary	100	-

Notes:

1 The valuations were based on a review of the net asset values of the controlled entities, which resulted in a write down to nil.

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

3 In May 2005 it was resolved to change the name of Peet & Co Western Estates Syndicate Limited to Peet Rockbank Limited.

12 Non-Current Assets – Investments (continued)

[4] In March 2005 it was resolved to change the name of Peet Tarneit West Limited to Peet Tarneit Rise Syndicate Limited. In May 2005 additional shares were allotted. Following the allotment Peet Tarneit Rise Syndicate Limited is no longer part of the consolidated group.

[5] In May 2005 it was resolved to change the name of Peet No 67 Syndicate Limited to Peet Brigadoon Limited.

[6] In February 2005 it was resolved to change the name of Peet Wanneroo Syndicate Limited to Peet Ashton Heights Limited.

[7] In October 2004 it was resolved to change the name of Peet No 72 Syndicate Limited to Peet No 72 Avoca Limited.

[8] Peet No 73 Syndicate Limited was registered on 5 July 2004.

[9] Peet No 74 Syndicate Limited was registered on 5 July 2004. In May 2005 it was resolved to change the name of Peet No 74 Syndicate Limited to Peet Cardinia Gardens Syndicate Limited.

[10] Peet No 75 Syndicate Limited was registered on 5 July 2004. In May 2005 it was resolved to change the name of Peet No 75 Syndicate Limited to Peet Baldivis Heights Syndicate Limited.

[11] Peet No 76 Syndicate Limited was registered on 5 July 2004.

[12] Peet No 77 Syndicate Limited was registered on 5 July 2004.

[13] Secure Living Limited was registered on 25 February 2005.

[14] Peet No 80 Limited was registered on 18 April 2005.

[15] Peet No 81 Limited was registered on 18 April 2005.

[16] Peet No 82 Limited was registered on 18 April 2005.

13 Non-Current Assets – Investments accounted for using equity method

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Interests in associates	1,420,262	1,443,051	1,600,000	1,600,000

Investments in associates

	Place of Incorporation	Class of Share	Holding	
			2005	2004
			%	%
Peet Caboolture Syndicate Limited	WA	Ordinary	20	20

	Consolidated	
	2005	2004
	$	$
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	1,443,051	1,600,000
Share of (loss) after income tax	(20,781)	(158,957)
Prior year adjustment	(2,008)	2,008
Carrying amount at the end of the financial year	1,420,262	1,443,051

	Consolidated	
	2005	2004
	$	$
(b) Share of associates losses	(20,781)	(158,957)

14 Non-Current Assets - Property, plant and equipment

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Fixtures and fittings				
- at cost	1,726,130	1,271,615	1,442,587	1,172,327
Less: accumulated depreciation	(552,864)	(616,963)	(485,023)	(602,818)
	1,173,266	654,652	957,564	569,509

Reconciliations
Reconciliations of the carrying amounts of fixtures and fittings at the beginning and end of the current financial year are set out below:

	Consolidated Fixtures & Fittings	Parent Entity Fixtures & Fittings
	$	$
Carrying amount at 1 July 2004	654,652	569,509
Additions	915,740	731,485
Disposals	(230,999)	(230,999)
Depreciation	(166,127)	(112,431)
Carrying amount at 30 June 2005	1,173,266	957,564

15 Current Liabilities - Payables

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Trade creditors	2,303,761	4,871,195	394,163	601,031
Other creditors	1,865,508	1,696,748	2,270,295	448,198
Accruals	2,951,829	2,341,039	1,286,158	881,738
Balance of development property purchase price	9,860,000	-	-	-
Owing to related entities	-	-	189	540
	16,981,098	8,908,982	3,950,805	1,931,507

Further information on amounts owing to related entities is set out in note 29 – Related Parties.

16 Current Liabilities – Interest bearing liabilities

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Current - Secured				
Bank Overdraft	-	245,287	-	-
Bank Bills	4,300,000	-	-	-
	4,300,000	245,287	-	-
Non-current – Secured				
Bank Bills	88,640,000	68,280,000	4,800,000	4,800,000
	88,640,000	68,280,000	4,800,000	4,800,000

The interest bearing liabilities are secured by a variety of registered mortgage debentures over the consolidated entity's assets and undertakings and first registered mortgages over the land assets of the consolidated entity. The terms of the consolidated entity's borrowing facilities are as follows:

Terms of facilities

Any Group Member	
Facility No 1:	Revolving Multi-Option Facility
Limit:	$52,016,000 expiry date 31 January 2007.
Facility No 2:	Revolving Multi-Option Facility
Limit:	$40,000,000 expiry date 31 October 2007.
Facility No 3:	Standby Bills Acceptance/Discount Facility
Limit:	$35,000,000 expiry date 31 October 2005.
Facility No 4:	Business Mastercard
Limit:	$75,000 expiry date 31 October 2005.
Peet Innisfail Syndicate Limited	
Facility No 5:	Multi Option Facility
Limit:	$4,000,000 expiry date 31 May 2006.
Facility No 6:	Bank Guarantee
Limit:	$5,000,000 in favour of Peet & Company Limited until 31 May 2006.
Peet Southern JV Limited	
Facility No 7:	Multi-Option Facility
Limit:	$9,500,000 expiry date 31 October 2006.
Facility No 8:	Bank Guarantee Facility
Limit:	$2,500,000 until 31 October 2006.
Peet & Company Limited	
Facility No 9:	Tape Negotiation Authority
Limit:	$2,000,000 expiry date 31 October 2005.

Refer to note 32(b) for details of availability and usage of the above facilities.

17 Current Liabilities – Provisions

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Employee Entitlements	393,108	389,483	393,108	389,483
Rebates	1,705,563	1,263,714	199,360	1,364,097
	2,098,671	1,653,197	592,468	1,753,580

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

Consolidated 2005	Consolidated 2005 $	Parent Entity 2005 $
Carrying amount at 1 July 2004	1,263,714	1,364,097
Additional provisions recognised in the year	834,723	98,428
Paid during the year	(392,874)	(1,263,165)
Carrying amount at 30 June 2005	1,705,563	199,360

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

18 Non-Current Liabilities – Payables

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Secured				
Balance of development property purchase price	3,405,000	6,288,722	-	-
Future interest component of deferred payments	(386,946)	(948,115)	-	-
Owing to controlled entities	-	-	2,002	2,002
	3,018,054	5,340,607	2,002	2,002

The parent entity has guaranteed the payment of the balance of the purchase price outstanding.
Further information on amounts owing to controlled entities is set out in note 29 – Related Parties.

19 Non-Current Liabilities – Deferred Tax Liabilities

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Provision for deferred income tax	10,348,318	6,925,224	10,348,318	6,925,224

20 Contributed Equity – Peet & Company Limited

Share Capital

	Parent Entity		Parent Entity	
	2005	2004	2005	2004
	shares	shares	$	$
Paid up capital				
Ordinary Shares – fully paid	200,023,324	200,000,000	1,479,198	1,479,198

Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	$
1 July 2004	Opening Balance	200,000,000	-	1,479,198
28 July 2004	Employee Gift Offer	23,324	-	-
30 June 2005	Balance	200,023,324	-	1,479,198

The Employee Gift Offer was made under the Peet & Company Ltd Employee Share Acquisition Plan with those employees accepting the offer having their shares issued on 28 July 2004.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of 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 held is entitled to one vote.

21 Retained Profits

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Retained profits at the beginning of the financial year	30,450,184	21,716,229	20,684,201	18,821,452
Net profit from ordinary activities after related income tax	31,635,582	28,733,955	25,847,851	21,862,749
Dividends provided for or paid	(10,001,166)	(20,000,000)	(10,001,166)	(20,000,000)
Retained profits at the end of the financial year	52,084,600	30,450,184	36,530,886	20,684,201

22 Equity

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Total equity at the beginning of the financial year	31,929,382	23,195,427	22,163,399	20,300,650
Total changes in equity recognised in the statement of financial performance	31,635,582	28,733,955	25,847,851	21,862,749
- Dividends provided for or paid	(10,001,166)	(20,000,000)	(10,001,166)	(20,000,000)
Total equity at the end of the financial year	53,563,798	31,929,382	38,010,084	22,163,399

23 Dividends

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Ordinary Shares				
Fully franked dividends paid during the year based on tax paid @ 30%	10,001,166	22,000,000	10,001,166	22,000,000
(Decrease) in provisions for dividends	-	(2,000,000)	-	(2,000,000)
	10,001,166	20,000,000	10,001,166	20,000,000
Franking credits available for the subsequent financial year	13,133,402	6,280,775	13,133,402	6,280,775

The balances of the franking accounts as at 30 June of the relevant financial year have been adjusted for:

(a) franking credits that will arise from the payment of income tax payable as per the accounts for the years ended 30 June 2004 and 30 June 2005.

(b) franking debits that will arise from the payment of dividends proposed (if any) as at 30 June.

24 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 on the following page.

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.

24 Financial instruments (continued)

(b) Interest rate risk exposures (continued)

For the Year Ended 30 June 2005	Notes	Floating interest rate $	Fixed interest maturing in 1 year or less $	Fixed interest maturing in 1-5 years $	Non-interest bearing $	Total $
Financial assets						
Cash assets	32(a)	17,435,921	-	-	-	17,435,921
Receivables	7, 10	-	-	-	29,019,696	29,019,696
Investments	12	-	-	-	816,652	816,652
		17,435,921	-	-	29,836,348	47,272,269
Weighted average interest rate		5.0%	-	-	-	
Financial liabilities						
Payables	15,18	-	-	-	19,999,152	19,999,152
Interest bearing liabilities	16	92,940,000	-	-	-	92,940,000
		92,940,000	-	-	19,999,152	112,939,152
Weighted average interest rate		6.85%	-	-	-	
Net financial assets/(liabilities)		(75,504,079)	-	-	9,837,196	(65,666,883)

For the Year Ended 30 June 2004	Notes	Floating interest rate $	Fixed interest maturing in less than 1 year	Fixed interest maturing in 1-5 years $	Non-interest bearing $	Total $
Financial assets						
Cash assets	32(a)	6,264,862	-	-	-	6,264,862
Receivables	7, 10	-	-	-	20,296,798	20,296,798
Investments	12	-	-	-	850,543	850,543
		6,264,862	-	-	21,147,341	27,412,203
Weighted average interest rate		3.31%	-	-	-	
Financial liabilities						
Payables	15,18	-	-	-	14,249,589	14,249,589
Interest bearing liabilities	16	68,525,287	-	-	-	68,525,287
		68,525,287	-	-	14,249,589	82,774,876
Weighted average interest rate		6.53%	-	-	-	
Net financial assets/(liabilities)		(62,260,425)	-	-	6,897,752	(55,362,673)

(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.

25 Remuneration of Auditors

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Audit Services				
Fees paid to PricewaterhouseCoopers (PwC)				
Audit and review of financial reports and other work under the Corporations Act 2001	92,975	83,275	85,000	66,725
Fees paid to non-PwC firms	28,500	18,750	-	-
Total remuneration for audit services	121,475	102,025	85,000	66,725
Advisory Services				
Fees paid to PricewaterhouseCoopers				
Prospectus due diligence	-	416,729	-	416,729
Fees paid to non-PwC firms	3,000	15,400	3,000	15,400
Total remuneration for advisory services	3,000	432,129	3,000	432,129
Taxation Services				
Fees paid to PricewaterhouseCoopers				
Tax compliance services, including review of company income tax returns	46,904	43,901	34,798	28,531
Fees paid to non-PwC firms	7,585	11,490	-	-
Total remuneration for taxation services	54,489	55,391	34,798	28,531

26 Contingent liabilities

The Company provides the following details and estimates of contingent liabilities as at 30 June 2005:

- A wholly owned subsidiary has provided a bank guarantee for the amount of $5,000,000 to assist the Company in meeting its requirements to act as a Responsible Entity and Custodian pursuant to the Managed Investments Provisions of the Corporations Act 2001.

- A guarantee for the performance of a purchase contract for Peet Tarneit Gardens Syndicate Limited. Of the original purchase price of $13,800,000, the amount of $5,338,331 remained outstanding at 30 June 2005.

- An underwriting obligation in relation to a capital raising for Peet Tarneit Gardens Syndicate Limited to the amount of $10,000,000. The Company's potential liability at 30 June 2005 was $197,000.

- A guarantee by the Company for $250,000 to the Shire of Cardinia (Victoria) in respect of the costs associated with the construction of traffic lights at the intersection of Brunt Road and Princes Highway in Victoria. This was arranged to allow the efficient winding up of the Peet & Co Beaconsfield Land Syndicate Limited, which sold and settled its remaining blocks during the 2004 financial year.

- A guarantee and indemnity of $5,100,000 to secure a finance facility for Peet Caboolture Syndicate Limited, in which the Company has a 20% shareholding.

- A guarantee for the performance of a purchase contract for Peet Tarneit Rise Syndicate Limited. Of the original purchase price of $7,226,225, the amount of $5,730,589 remained outstanding at 30 June 2005.

- An underwriting obligation in relation to a capital raising for Peet Tarneit Rise Syndicate Limited to the amount of $12,000,000. The Company's potential liability at 30 June 2005 was $3,567,000.

- An underwriting obligation in relation to a capital raising for Peet Point Cook Junction Syndicate Limited to the amount of $5,500,000. The Company's potential liability at 30 June 2005 was $3,100,000.

- An underwriting obligation in relation to a capital raising for Peet Income Property Fund to the amount of $11,300,000. The Company's potential liability at 30 June 2005 was $5,923,000.

- A guarantee relating to an amount borrowed by Peet Income Property Fund to assist in the purchase of its Brisbane properties. The amount outstanding under this guarantee at 30 June 2005 was $10,400,000. The Company's liability will be progressively reduced as result of Peet Income Property Fund retiring debt from capital raised.

- A guarantee for the performance of a purchase contract for Peet Rockbank Limited. Of the original purchase price of $2,340,000, the amount of $1,840,500 remained outstanding at 30 June 2005.

- A guarantee for the performance of a purchase contract for Peet No 80 Limited. Of the original purchase price of $5,500,000, the amount of $4,940,000 remained outstanding at 30 June 2005.

- A guarantee for the performance of a purchase contract for Peet No 82 Limited. Of the original purchase price of $7,750,000, the amount of $6,750,000 remained outstanding at 30 June 2005.

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

27 Commitments

The Company's commitments relate to the lease of its premises at Level 7, 200 St George's Terrace, Perth, Level 1, 436 St Kilda Road, Melbourne and Level 3 Waterfront Place, 1 Eagle Street, Brisbane.

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Future operating lease rentals not provided for in the financial statements and payable:				
Not later than one year	263,670	263,410	263,670	263,410
Later than one year but not later than five years	342,984	121,736	342,984	121,736
	606,654	385,146	606,654	385,146

28 Employee Entitlements

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Employee Entitlement Liabilities				
Provision for employee entitlements				
Current (note 17)	393,108	389,483	393,108	389,483
	Number		Number	
Employee numbers				
Number of employees at the end of the financial year (not including Directors)	66	49	64	48

28 Employee Entitlements (continued)

Peet & Company Limited Employee Share Option Plan (ESOP)

The establishment of the Peet & Company Limited ESOP was approved by the Board during the 2004 financial year.

Employee Option Plan

Eligible employees
Employees of any Peet Group company (including Executive Directors) will be eligible to apply for options under the ESOP at the discretion of the Board.

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

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

Application for options
Eligible employees may apply for part of the options offered to them, but only in specified multiples.

Consideration
Unless the Board determines otherwise, no payment will be required for a grant of options under the ESOP.

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

Options granted under the plan carry no dividend or voting rights.

Lapse of options
An unexercised option will lapse upon the earlier to occur of a variety of events specified in the rules of the ESOP, including, on the date or in circumstances specified by the Board in the invitation, failure to meet the option's exercise condition in the prescribed period or on the 5 year anniversary of the date of grant of the options.

28 Employee Entitlements (continued)

Set out below are summaries of options granted under the plan as at 30 June 2005:

Grant Date	Expiry Date	Exercise Price	Balance at Start of the year number	Issued during the year number	Exercised during the year number	Lapsed during the year number	Balance at end of the year number	Exercisable at the end of the year number
Consolidated and parent entity – 2005								
18/06/2004	18/06/2009	$1.20	1,200,000	-	-	-	1,200,000	-
28/07/2004	28/07/2009	$1.20	-	1,917,000	-	(70,000)	1,847,000	-
Total			1,200,000	1,917,000	-	(70,000)	3,077,000	-

Weighted average exercise price $1.20

Grant Date	Expiry Date	Exercise Price	Balance at Start of the year number	Issued during the year number	Exercised during the year number	Lapsed during the year number	Balance at end of the year number	Exercisable at the end of the year number
Consolidated and parent entity – 2004								
18/06/2004	18/06/2009	$1.20	-	1,200,000	-	-	1,200,000	-
Total			-	1,200,000	-	-	1,200,000	-

Weighted average exercise price $1.20

Fair value of options granted
The fair value of options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options issued on 28 July 2004 at their grant date was $0.14 (2004: $0.14) per option.

29 Related parties

(a) Transaction with the wholly owned group

The wholly owned group as at 30 June 2005 consists of the Company (incorporated in Australia), being the ultimate parent entity, and its wholly owned controlled entities is detailed in note 12.

Transactions between the Company and other entities in the wholly owned group during the years ended 30 June 2005 and 2004 consisted of loans advanced and project management, marketing & selling fees charged by the Company. There are no interest charges or fixed terms for the repayment of loans advanced by the Company.

The Company derived total fees of $5,615,866 from Peet Innisfail Syndicate Limited during the year ended 30 June 2005 (2004: $7,941,629).

The Company derived compensation of $2,438,077 in respect of its tax sharing and funding agreement from Peet Innisfail Syndicate Limited during the year ended 30 June 2005 (2004: $3,019,430).

The Company derived total fees of $1,217,628 from Peet Ashton Heights Limited during the year ended 30 June 2005 (2004: $Nil).

29 Related parties (continued)

(a) Transactions within the wholly owned group (continued)

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

	Parent Entity 2005 $	Parent Entity 2004 $
Payable to Controlled Entities		
Current:		
Peet No 67 Syndicate Ltd	-	90
Peet No 68 Syndicate Ltd	-	90
Peet No Wanneroo Syndicate Ltd	-	90
Peet No 70 Syndicate Ltd	-	90
Peet Caboolture Syndicate Ltd	-	90
Peet No 72 Syndicate Ltd	189	90
	189	540
Non-current:		
Hawkestone Conveyancing Pty Ltd	2,002	2,002

	Parent Entity 2005 $	Parent Entity 2004 $
Receivable from Controlled Entities		
Current:		
Peet Innisfail Syndicate Limited	639,526	2,003,649
Peet Southern JV Limited	12,366	-
	651,887	2,003,649
Non-current:		
Hawkstone Unit Trust	249,233	248,559
Peet Innisfail Syndicate Limited	239,139	239,139
Peet & Co Western Estates Syndicate Limited	520,744	14,370
Peet Management Limited	614,319	551,479
Peet Tarneit West Limited	-	66,747
Peet Craigieburn Limited	441,628	409,104
Peet Greenvale No 2 Limited	1,038,836	253,748
Peet No Southern JV Limited	-	309,133
Peet No 63 Syndicate Limited	820,879	761,290
Peet Sneydes Road Limited	1,656,898	1,508,120
Peet No 67 Syndicate Limited	17,384	25,566
Peet No 68 Syndicate Limited	17,338	16,350
Peet Wanneroo Syndicate Limited	403,914	1,356
Peet No 70 Syndicate Limited	487,967	461,100
Peet No 72 Syndicate Limited	-	3,140
Peet Point Cook No 2 Land Syndicate Limited	749,988	686,666
Peet Queens Park JV Limited	1,044,375	-
Peet No 73 Syndicate Limited	1,815	-
Peet Cardinia Gardens Syndicate Limited	1,054,061	-
Peet Baldivis Heights Syndicate Limited	372,927	-
Peet No 76 Syndicate Limited	20,386	-
Peet No 77 Syndicate Limited	30,535	-
Secure Living Limited	4,487	-
Peet No 80 Limited	568,541	-
Peet No 81 Limited	1,815	-
Peet No 82 Limited	1,001,815	-
	11,359,024	5,555,867

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

Amounts receivable from and (payable) to entities in the wholly-owned group are disclosed in notes 7, 10, 15 and 18 to the financial statements.

29 Related parties (continued)

(a) Transactions within the wholly owned group (continued)

During the year ended 30 June 2005, the Company derived the following fees from entities in the wholly owned group:

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Project management, marketing and selling fees	-	-	3,398,528	2,768,269
Manager's performance fees	-	-	3,401,346	5,203,680
Bookkeeping and secretarial fees	-	-	31,099	30,077
Other consultancy fees	-	-	2,521	3,251
	-	-	6,833,494	8,005,277

During the year ended 30 June 2005, the parent entity's profit from ordinary activities before income tax included distributions from entities in the wholly owned group:

	Parent Entity	
	2005	2004
	$	$
Dividend revenue	-	3,000,000

(b) Transactions with other related entities

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

During the year ended 30 June 2005, the Company derived the following fees from other related entities. These entities relate to syndicates in which the Company has equity investments:

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Project management, marketing and selling fees	17,273,297	12,522,570	17,273,297	12,522,570
Manager's performance fees	6,197,399	10,983,172	6,197,399	10,983,172
Brokerage, underwriting & asset identification fees	1,447,325	3,960,415	1,447,325	3,960,415
Bookkeeping and secretarial fees	468,780	540,270	468,780	540,270
Other consultancy fees	86,273	188,274	86,273	188,274
	25,473,074	28,194,701	25,473,074	28,194,701

Amounts receivable from and (payable) to other related parties in respect of the consolidated entity amount to $25,014,925 (2004: $21,347,994).

29 Related parties (continued)

(c) Transactions with director and director related entities

Directors

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

- AW Lennon (Non-Executive Chairman)
- WD Hemsley (Managing Director)
- S Higgs (Non Executive Director)
- G Sinclair (Non Executive Director)
- AJ Lennon (Executive Director)

Specified executives

The following persons were specified executives of the Company during the financial year and up until the date of this report with the greatest authority for strategic direction and management:

- B Gore (Chief Financial Officer)
- D Scafetta (Company Secretary)
- L McGill (National Operations Manager)
- N Hinchcliff (Operations Manager, WA)
- D Mulder (Operations Manager, VIC)
- P Lynch (State Business Development Manager, WA)
- S Kenney (General Manager Retirement Housing)

During the year the following amounts were paid or due to be paid:

- A consultancy fee of $Nil (2004: $247,500) to Tony Lennon & Associates, a related entity of A W Lennon.
- Sub Agents Fees of $3,338 (2004: $52,096) to Scorpio Nominees Pty Ltd, a related entity of A W Lennon and A J Lennon
- Sub Agents Fees of $Nil (2004: $425,000) to Niclen Pty Ltd, a related entity of A W Lennon and A J Lennon.

Amounts receivable from and (payable) to directors and director related entities amount to nil (2004: $841,778).

Refer to the remuneration report contained in the Directors' Report for disclosure of directors and specified executives remuneration.

29 Related parties (continued)

(c) Transactions with director and director related entities (continued)

Equity instrument disclosures relating to directors and executives

Option holdings
The number of options over ordinary shares in the Company held during the financial year by each director of the Company and each of the 7 specified executives of the consolidated entity, including their personally related entities, are set out below:

For the year ended 30 June 2005	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors					
AW Lennon	-	-	-	-	-
WD Hemsley	600,000	-	-	600,000	-
SF Higgs	-	-	-	-	-
G Sinclair	-	-	-	-	-
AJ Lennon	600,000	-	-	600,000	-
Executives					
B Gore	-	-	-	-	-
D Scafetta	-	200,000	-	200,000	-
L McGill	-	100,000	-	100,000	-
N Hinchcliff	-	100,000	-	100,000	-
D Mulder	-	100,000	-	100,000	-
P Lynch	-	120,000	-	120,000	-
S Kenney	-	-	-	-	-

During the financial year, no options were exercised by directors or specified executives.

Share Holdings
The number of shares in the Company held during the financial year by each director of the Company and each of the specified executives of the consolidated entity, including their personally related entities, are set out below:

For the Year Ended 30 June 2005	Balance at the start of the year	Shares Sold into IPO	Received during the year on the exercise of options	Other Changes during the year	Balance at the end of the year
Directors					
AW Lennon	120,582,154	(50,571,706)	-	-	70,010,448
WD Hemsley	33,969,097	(13,964,097)	-	17,000	20,022,000
SF Higgs	-	-	-	800,000	800,000
G Sinclair	-	-	-	50,000	50,000
AJ Lennon	-	-	-	201,478	201,478
Executives					
B Gore	-	-	-	-	-
D Scafetta	-	-	-	84,000	84,000
L McGill	-	-	-	7,895	7,895
N Hinchcliff	-	-	-	7,785	7,785
D Mulder	-	-	-	15,833	15,833
P Lynch	-	-	-	50,000	50,000
S Kenney	-	-	-	-	-

30 Trusts

The Company is trustee for the following trusts:

	2005 Right of Indemnity $	2005 Total Liabilities $	2005 Deficiency $	2004 Right of Indemnity $	2004 Total Liabilities $	2004 Deficiency $
Australind Unit Trust	195,991	195,991	-	239,093	239,093	-
Burns Beach Property Trust	12,605,765	12,605,765	-	10,926,704	10,926,704	-
Eaton Unit Trust	-	-	-	166,633	166,633	-
Hawkstone Unit Trust	223,714	251,675	27,961	221,520	249,126	27,606
Jandakot Unit Trust	5,938,675	5,938,675	-	808,639	808,639	-
Thompson's Lake Unit Trust	-	-	-	385,488	385,488	-
Warnbro Oceanside Unit Trust	-	-	-	617,094	617,094	-
Yanchep Ocean Front Unit Trust	1,344,414	1,344,414	-	1,784,110	1,784,110	-
Yatala Unit Trust	23,373,380	23,373,380	-	25,149,783	25,149,783	-
Peet Income Property Fund	20,499,480	20,499,480	-	-	-	-
	64,181,419	64,209,380	27,961	40,299,064	40,326,670	27,606

31 Events subsequent to reporting date

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

32 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 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Cash at bank and on hand	17,435,921	6,264,862	10,397,366	4,010,384
Interest bearing overdraft	-	(245,287)	-	-
	17,435,921	6,019,575	10,397,366	4,010,384

32 Notes to Statements of Cash Flows (continued)

(b) Financing arrangements

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

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Total facilities				
Bank overdrafts	(i)	(i)	(i)	(i)
Bank loan facilities	139,322,995	87,216,000	127,361,534	5,176,008
Credit cards	75,000	75,000	75,000	75,000
Bank Guarantees/ Letters of Credit	10,693,005	9,025,000	1,654,466	23,992
Used at balance date				
Bank overdraft	-	245,289	-	-
Bank loan facilities	92,940,000	68,280,000	4,800,000	4,800,000
Credit cards	-	-	-	-
Bank Guarantees/ Letters of Credit	10,693,005	6,960,292	23,992	23,992
Unused at balance date				
Bank overdraft	(i)	(i)	(i)	(i)
Bank loan facilities	46,382,995	18,690,711	122,561,534	376,008
Credit cards	75,000	75,000	75,000	75,000
Bank Guarantees/ Letters of Credit	-	2,064,708	1,630,474	-

(i) The bank loan facilities, the bank overdraft and the Bank Guarantees of the parent entity cannot together exceed $129,091,000 (2004: $5,200,000) at any one time. The bank loan facilities, the bank overdrafts and the Bank Guarantees of the consolidated entity as at 30 June 2005 could not together exceed $150,091,000 (2004: $96,316,000) at any one time. These are multi option facilities. Refer to note 16 Liabilities – Interest bearing liabilities for details about terms and securities on the above facilities.

32 Notes to Statements of Cash Flows (continued)

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

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Operating profit after income tax	31,635,582	28,733,955	25,847,851	21,862,749
Add/(deduct) non cash items:				
- Depreciation	166,127	80,177	112,431	69,485
- Amortisation	35,000	-	35,000	-
- Loss on sale of non-current assets	1,220	4,898	1,220	4,694
- Equity accounting for investments in associates	20,781	158,957	-	-
Net cash provided by operating activities before changes in assets and liabilities	31,858,710	28,977,987	25,996,502	21,936,928
Change in operating assets and liabilities during the financial year:				
- Decrease (increase) in trade debtors	1,309,179	(2,503,382)	309,179	(5,218,891)
- (Increase) in prepayments & other debtors	(9,314,406)	(376,217)	(4,159,843)	(357,690)
- (Increase) in inventory	(35,757,790)	(37,900,988)	(6,604,240)	(549,984)
- (Decrease) increase in income taxes payable	(2,378,619)	2,864,808	640,812	4,142,679
- Increase (decrease) in trade Creditors	4,121,844	2,574,444	(387,175)	378,410
- Increase in other creditors	-	2,784,359	-	619,177
- Increase in provisions	1,434,833	631,138	1,240,230	1,510,871
- Increase in deferred taxes payable	3,423,093	1,549,224	3,423,094	1,685,986
Net cash (outflow) inflow from operating activities	(5,303,156)	(1,398,627)	20,458,559	24,147,486

33 Earnings Per Share

	Consolidated	
	2005	2004
Basic Earnings Per share (Cents)	15.8	14.4
Fully diluted Earnings Per share (Cents)	15.8	14.4
Weighted Average number of ordinary shares used as a denominator in the calculation of earnings per share	200,023,324	200,000,000
Weighted Average number of ordinary shares used as a denominator in the calculation of Fully diluted earnings per share	200,572,978	200,000,000

34 Impacts of adopting Australian equivalent to IFRS

The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (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 has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS 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 AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to the comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

In May 2004, the Company established a formal project to monitor and plan for the adoption of AIFRS. An AIFRS implementation team was established which involves representatives from the finance team, other departments, and third party consultants. The project team reports directly to the Chief Financial Officer.

The project team has analysed all the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available; including elective exemptions under Accounting Standards AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards.* These choices have been analysed to determine the most appropriate accounting policy for the consolidated entity.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and management's best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005 had that financial information been prepared using AIFRS.

The figures disclosed are management's best estimate of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial statements. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project team; (b) potential amendments to AIFRS and Interpretations thereof being issued by the standard setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

(a) Reconciliation of equity as presented under Australian generally accepted accounting principles (AGAAP) to that under AIFRS

	Notes	Consolidated		Parent[1]	
		30 June 2005	1 July 2004	30 June 2005	1 July 2004
		$'000	$'000	$'000	$'000
Total equity under AGAAP		53,564	31,929	38,010	22,163
Adjustments to retained earnings (net of tax)					
Revenue recognition and associated adjustments	(i)	(10,002)	(8,450)	(5,636)	(3,691)
Equity based compensation benefits	(ii)	(410)	(4)	(410)	(4)
Adjustment to other reserves (net of tax)					
Share based payment reserve	(ii)	410	4	410	4
Total equity under AIFRS		43,562	23,479	32,374	18,472

34 Impacts of adopting Australian equivalent to IFRS (continued)

(b) Reconciliation of net profit as presented under AGAAP to that under AIFRS

Year ended 30 June 2005	Notes	Consolidated		Parent	
		Pre tax	Post tax	Pre tax	Post tax
		$'000	$'000	$'000	$'000
Net profit as reported under AGAAP		45,915	31,636	37,972	25,848
Adjustments to profit					
Revenue recognition and associated adjustments	(i)	(2,21	(1,55	(2,778)	(1,94
Equity based compensation benefits	(ii)	(	(	(40	(406)
Net profit under AIFRS		43,292	29,678	34,788	23,497

[1] Subject to any adjustments required as a result of Interpretation 1052 Tax Consolidation Accounting (refer note 34(c)(iii))

(c) Explaining the impacts on 30 June 2005 Retained Earnings and Net Profit for the year ended 30 June 2005

(i) Revenue Recognition

Currently, revenue and expenses on development projects are recognised on a percentage of completion basis in accordance with UIG 53 Abstract *Pre-Completion Contracts for the Sale of Residential Development Properties.*

Under AIFRS the governing standard is AASB 118 *Revenue*, which will require the Company to revert to a "settlements" basis of revenue recognition, as opposed to the percentage of completion basis currently employed.

This impacts not only the timing and recognition of profits on unconditional pre-completion contracts, but also the level of performance fee income earned by the group from managed syndicates. Performance fee income is determined on the basis of pre-tax profit within the managed syndicates.

If the policy required by AASB118 had been applied during the year ended 30 June 2005, the following would have resulted:

34 Impacts of adopting Australian equivalent to IFRS (continued)

Revenue and associated adjustments for the Year Ending 30 June 2005	Consolidated 30 June 2005 $'000	Parent 30 June 2005 $'000
AIFRS adjustments		
Development sales revenue	(4,639)	(6,555)
Changes in inventory	2,512	2,450
Performance fee income	246	1,024
Promotional incentive fee expense	233	199
Settlement fee expense	(4)	16
Selling fee expense	(201)	88
Project management fees expense	(364)	0
Income tax effect	665	833
AIFRS revenue and associated adjustments (net of tax)	**(1,552)**	**(1,945)**

Retained earnings adjustments as at AIFRS transition	Consolidated 1 July 2004 (transition) $'000	Parent 1 July 2004 (transition) $'000
AIFRS adjustments		
Development sales revenue	(19,524)	0
Changes in inventory	6,967	0
Performance fee income	(1,812)	(5,273)
Promotional incentive fee expense	331	0
Settlement fee expense	47	0
Selling fee expense	852	0
Project management fees expense	1,067	0
Income tax effect	3,622	1,582
AIFRS revenue and associated adjustments (net of tax)	**(8,450)**	**(3,691)**

34 Impacts of adopting Australian equivalent to IFRS (continued)

(ii) Equity based compensation benefits

Under AASB 2 *Share-based Payment*, the consolidated entity is required to recognise as an expense in the income statement on a pro-rata basis over the vesting period the fair value of: options granted to key executives; and management performance rights granted to employees as part of the Employee Share Option Plan (ESOP).

This will result in a change to the current accounting policy under which no expense is recognised for equity based compensation.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, consolidated and parent company net profit would have been lower by $406,631 with a corresponding increase in the share-based payment reserve of $406,631. An additional amount of $3,889 would have been transferred from retained earnings as at 1 July 2004 to the share based payment reserve as a transitional adjustment.

(iii) Income tax

Under AASB 112 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.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005 there would not have been any significant differences in deferred tax balances as a result of the application of the balance sheet method. However, adjustments to deferred tax liabilities will arise from the revenue recognition and associated adjustments as follows:

(i) At 1 July 2004

The expected impact on the consolidated entity at 1 July 2004, of the change in revenue recognition on the deferred tax balances, is a decrease in deferred tax liabilities of $3,621,611 and an increase in retained earnings of the same amount.

The expected impact on the parent entity at 1 July 2004, of the change in revenue recognition on the deferred tax balances, is a decrease in deferred tax liabilities of $1,581,806 and an increase in retained earnings of the same amount

34 Impacts of adopting Australian equivalent to IFRS (continued)

(ii) For the year ended 30 June 2005

The expected impact of the change in revenue recognition on the income tax expense for the consolidated entity for the financial year ended 30 June 2005 is a decrease in the income tax expense by $664,975 and a decrease in the deferred tax liabilities of the same amount.

The expected impact of the change in revenue recognition on the income tax expense for the parent entity for the financial year ended 30 June 2005 is a decrease in the income tax expense by $832,542 and a decrease in the deferred tax liabilities of the same amount.

Further, the AASB has recently approved Interpretation 1052 Tax Consolidation Accounting which relates to the recognition of tax amounts under the tax consolidation regime in the AIFRS framework. The Interpretation addresses the tax effect accounting by the members of a tax-consolidated group and significantly changes the accounting under previous Australian GAAP.

As a result of this Interpretation, wholly owned subsidiaries in the tax consolidated group will be required to recognise their own tax balances directly, and the current tax liability or asset will be assumed by the head entity via an equity contribution or distribution. Interpretation 1052 will impact on the separate financial statements of the members of a tax-consolidated group including the head entity.

As Interpretation 1052 has only recently been issued, the impact that it will have on the parent company is still in the process of being determined. There is no impact on the consolidated entity.

(d) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impact is expected to the cash flows presented under AGAAP on adoption of AIFRS.

DIRECTORS' DECLARATION
30 June 2005

In the director's opinion:

(a) the financial statements and notes set out on pages 34 to 72 and remuneration report on pages 23 to 30 are in accordance with the *Corporations Act 2001*, including:

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

  (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable: and

(c) the remuneration disclosures set out on pages 23 to 30 of the directors' report comply with Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities and the Corporations Regulations 2001.

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

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

Warwick Hemsley
Managing Director

Perth, Western Australia
28 September 2005

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
www.pwc.com/au
Telephone +61 8 9238 3000
Facsimile +61 8 9238 3999

Independent audit report to the members of Peet & Company Limited

Audit opinion

In our opinion:

1. the financial report of Peet & Company Limited:
   - gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Peet & Company Limited and the Peet & Company Group (defined below) as at 30 June 2005, and of their performance for the year ended on that date;
   - is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001; and
2. the remuneration disclosures that are contained in pages 23 to 30 of the directors' report comply with Accounting Standard AASB 1046 *Director and Executive Disclosures by Disclosing Entities* (AASB 1046) and the *Corporations Regulations 2001.*

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Peet & Company Limited (the company) and the Peet & Company Group (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives (remuneration disclosures) as required by AASB 1046, under the heading "Remuneration Report" on pages 23 to 30 of the directors' report, as permitted by the *Corporations Regulations 2001.*

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

PRICEWATERHOUSECOOPERS

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

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

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John O'Connor
Partner

Perth
28 September 2005

SHAREHOLDER INFORMATION

DISTRIBUTION OF EQUITY SECURITIES
Analysis of numbers of equity security holders by size of holding

	Number of shareholders	% Of Issued Share Capital
1 – 1,000	87	0.03
1,001 – 5,000	1,426	2.61
5,001 – 10,000	822	3.35
10,001 – 100,000	865	10.42
100,001 and over	59	83.58
	3,259	100.00

There were 7 holders of less than a marketable parcel of ordinary shares.

EQUITY SECURITY HOLDERS
The Names of the twenty largest holders of quoted equity securities are listed below:

Name	Number of shares held	% Of issued Shares
Scorpio Nominees Pty Ltd and AW Lennon	70,010,448	35.00
Mr IMC Palmer & Mrs HC Palmer	23,989,552	11.99
Mr WD Hemsley	20,022,000	10.01
MF Custodians Ltd	19,107,444	9.55
Australian Foundation Investment Company Limited	7,196,354	3.60
UBS Private Clients Australia Nominees Pty Ltd	5,836,114	2.92
Amcil Ltd	1,900,000	0.95
Mirrabooka Investments Ltd	1,750,000	0.87
Mr LJ Peet	1,564,000	0.78
Citicorp Nominees Pty Ltd	1,160,542	0.58
Djerriwarrh Investments Limited	1,020,000	0.51
Zero Nominees Pty Ltd	1,000,000	0.50
Cogent Nominees Pty Ltd	982,825	0.49
Argo Investments Ltd	886,000	0.44
Mr SF Higgs	800,000	0.40
Jove Pty Ltd	750,000	0.37
Australian Executor Trustees Ltd	665,617	0.33
National Nominees Limited	540,000	0.27
Renrut Holdings Pty Ltd	500,000	0.25
Rockingham Park Pty Ltd	400,000	0.20
	160,080,896	80.00

SUBSTANTIAL SHAREHOLDERS

Name	Number of shares held	% Of issued Shares
Scorpio Nominees Pty Ltd and AW Lennon	70,010,448	35.00
Mr IMC Palmer & Mrs HC Palmer	23,989,552	11.99
Mr WD Hemsley	20,022,000	10.01
The Myer Family Investments Pty Ltd	16,666,667	8.33
	130,688,667	65.33

SHAREHOLDER INFORMATION (continued)

VOTING RIGHTS

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

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

Stock Exchange Listing
Peet & Company Limited shares are listed on the Australian Stock Exchange Limited. ASX code PPC.

Website Address
www.peet.com.au
The Company website offers the following features:
Investor relations page with the latest company announcements
News service providing up to date information on the Company's activities and projects
Access to Annual and half year reports

Registry
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033
www.computershare.com

CORPORATE DIRECTORY
30 June 2005

PEET & COMPANY LIMITED
A.B.N 56 008 665 834
Website Address - www.peet.com.au

Directors
Tony Lennon, Non-Executive Chairman
Stephen Higgs BEc (Syd), Non-Executive Director
Graeme Sinclair B.Comm, CA, ACIS, FAICD, Non-Executive Director
Warwick Hemsley B.Comm, CPA, Assoc. Dip. Val. FVLE (VAL&ECON), Managing Director
Anthony Lennon BA, Grad. Dip. Bus. Admin, Executive Director

Company Secretary
Dom Scafetta, B.Comm, CA

Key Executives
Brendan Gore - Chief Financial Officer
Laurie McGill - Acting National Operations Manager
Nelson Hinchcliff - Operations Manager, WA
Dan Mulder - Operations Manager, Vic
Peter Lynch - State Business Development Manager, WA
Stephen Kenney - General Manager, Retirement Housing

Registered Office and principal place of business
7th Floor, 200 St George's Terrace
Perth, Western Australia 6000 Tel. (08) 9420 1111

Share Register
Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth, Western Australia 6000

Auditor
PricewaterhouseCoopers
QV1, 250 St George's Terrace
Perth, Western Australia 6000

Bankers
National Australia Bank
Level 13, 50 St George's Terrace
Perth, Western Australia 6000