

PEET

Peet Limited

ABN 56 008 665 834

**Appendix 4E and Preliminary Consolidated Financial
Statements
for the year ended 30 June 2012**

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These preliminary financial statements cover the consolidated financial statements for the consolidated entity consisting of Peet Limited and its subsidiaries. The financial statements are presented in Australian currency.

Peet Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

7th Floor, 200 St Georges Terrace
Perth, Western Australia 6000

Results for Announcement to the Market

Entity:	Peet Limited and its controlled entities
Reporting Period:	30 June 2012
Previous Corresponding Period:	30 June 2011

				\$'000
Revenue	Down	(22%)	to	146,874
Statutory profit after tax attributable to owners of Peet Limited	Down	(76%)	to	5,437
Operating profit after tax (excluding write down in carrying value of inventories and development costs)	Down	(54%)	to	20,310
Basic earnings per share (cents)	Down	(77%)	to	1.7c
Diluted earnings per share (cents)	Down	(76%)	to	1.6c

Dividends	Cents per security	% Franked per security
Current Year		
Interim dividend 2012	NIL	n/a
Final dividend 2012	NIL	n/a
Previous Year		
Final dividend 2011	4.50 cents	100%
Interim dividend 2011	4.00 cents	100%
	8.50 cents	

Results commentary

Key results

- Operating net profit of \$20.3 million after tax¹, compared with \$44.0 million in FY11.
- Statutory net profit of \$5.4 million, compared with \$22.1 million in FY11.
- Statutory earnings per share of 1.7 cents, compared with 7.3 cents in FY11.
- Net EBITDA margin¹ of 32%, compared with 43% in FY11.
- Gearing² of 39.7% compared with 38.8% as at 31 December 2011.
- Net Tangible Asset³ per share of \$1.24, compared with \$1.37 in FY11.

Financial commentary

The Group's statutory net profit after tax for the full year was \$5.4 million, representing a decrease of 76% over the previous corresponding period. This includes write-downs after tax of \$12.3 million on non-core assets sold or identified for sale and \$2.6 million relating to a small developing asset in Queensland.

Peet Limited's operating net profit after tax for the full year ended 30 June 2012 was \$20.3 million. This is slightly above the market guidance range provided by Peet in November 2011 and achieved despite market conditions deteriorating in the second half of FY12. It represents a 54% decrease on the previous corresponding period.

The Group has operated in a very challenging environment and its results reflect the prudent capital management initiatives taken to manage through the current cycle. In FY13, Peet will continue to focus on debt reduction, and the strategic balancing of development and infrastructure capital expenditure with market conditions.

Operational commentary

Market conditions deteriorated further in FY12, with weak housing activity, some delays in development activity as a result of sustained inclement weather across the east coast, and poor consumer sentiment impacting on sales and settlements.

The Group has responded quickly to weak demand with the careful allocation of capital expenditure on some of our major Company-owned projects – effectively matching lot production against prevailing market conditions - and this has also impacted lot sales and settlements.

The Group operates across three segments - funds management projects, Company-owned projects and joint venture projects.

In FY12, the Group sold 1,776 lots across its segments including three super lots for a total of \$435.9 million, 8.2% lower than the previous period. A total of 2,052 lots including three super lots were settled for a total of \$481.2 million, 7.4% less than in FY11.

In line with overall market conditions, margins¹ were lower, down from 43% in FY11 to 32% in FY12. More than half of Peet's projects are syndicated and the net EBITDA margin in this sector of the business held steady at 66%.

In FY12, Peet has managed its operations in line with the lower sales volumes expected in current market conditions, while maintaining its capability to respond to more normalised levels of demand in the future.

¹ Pre write-downs

² (Total interest bearing liabilities (including deferred payment obligations) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets)

³ NTA is based on independent bank instructed mortgage valuations with no value attributed to the funds management and joint venture business segments.

Funds Management Projects

- 1,168 lots sold for a gross value of \$271.8 million, compared with 1,622 lots sold for a gross value of \$357.0 million in FY11.
- 1,398 lots settled for a gross value of \$325.7 million, compared with 1,463 lots settled for a gross value of \$350.3 million in FY11.
- 565 contracts on hand as at 30 June 2012 with a total value of \$181.5 million, compared with 852 contracts on hand as at 30 June 2011, with a total value of \$226.8 million.
- EBITDA of \$18.8 million compared with \$30.7 million in the previous corresponding period.
- Net EBITDA margin of 66% steady with the previous corresponding period.

Company-owned Projects

- 364 lots sold including three super lots at a gross value of \$111.2 million compared with 423 sales for a gross value of \$83.8 million in FY11.
- 398 lots settled including three super lots for a gross value of \$100.1 million compared with 598 settlements for a gross value of \$109.5 million in FY11.
- 141 lots under contract as at 30 June 2012, for a gross value of \$34.9 million compared with 178 lots under contract for a gross value of \$40.7 million as at 30 June 2011.
- Pre tax write-down in inventory of \$21.2 million.
- EBITDA¹ of \$20.2 million compared with \$40.1 million in the previous corresponding period.
- Net EBITDA margin¹ of 22% compared with 33% in FY11.

Joint Venture Projects

- 244 lots sold for a gross value of \$52.8 million compared with 164 sales for a gross value of \$34 million in FY11.
- 256 lots settled for a gross value of \$55.5 million compared with 137 settlements for a gross value of \$26.0 million in FY11.
- 82 lots under contract for a gross value of \$18.2 million as at 30 June 2012 compared with 95 lots under contract for a gross value of \$21.1 million as at 30 June 2011.
- EBITDA of \$2.6 million compared with \$5.6 million in FY11.
- Net EBITDA margin of 13% compared with 33% in FY11.

Land Portfolio Metrics

		FY12	FY11	Change Up/(down)
Lot sales ²		1,776	2,209	(20%)
Lot settlements ²		2,052	2,198	(7%)
Contracts on hand as at 30 June	Number	788	1,125	(30%)
	Value	\$235m	\$289m	(19%)

¹ Pre write-downs

² Includes super lots

Carrying Value of Inventories

Peet recorded write-downs after tax of \$12.3 million on non-core assets sold or identified for sale and \$2.6 million relating to a small developing asset on the Sunshine Coast in Queensland.

Capital Management

Peet has a strong and ongoing commitment to a clear capital management strategy, which prioritises reducing debt and further strengthening the balance sheet, which will not only see the Group through the present cycle but, more importantly, position the Group for future growth.

The Group's underlying strategy remains sound, and it has responded positively to the prevailing market conditions on several important fronts with the implementation of a non-core asset divestment programme to retire debt, careful allocation of capital into new projects and a continued focus on improving operating and overhead costs efficiencies.

The Group has targeted \$100 million of non-core asset sales, which are well underway. As at 30 June 2012 there was some \$40 million under unconditional contracts, which are contracted to settle in the first half of FY13.

The orderly sale of a further \$60 million in non-core assets is targeted for CY13, subject to market conditions.

For the year-ended 30 June 2012:

- the average cost of debt was 8.48%;
- Group interest cover was 1.6; and
- Gearing as at that date was 39.7%.

As at 30 June 2012, Peet had interest-bearing debt (including its convertible notes), net of cash, of \$293 million, compared with \$217 million at the same time in the previous corresponding period. A large portion of this increase is attributable to cash invested into the 13,000-lot Flagstone project in South East Queensland, which settled in July 2011 (\$47 million), the first land acquisition with the Future Fund and development costs for key company-owned projects including Gladstone in Queensland and Craigieburn in Victoria.

At year end, 63% of the Group's interest-bearing debt was hedged, compared with 91% at the end of FY11, resulting in an average hedge maturity profile of 3.1 years compared with 3.5 years at 30 June 2011.

The Group's cash and available facilities totalled \$53.9 million at year end, and it was compliant with all covenants.

Peet maintains significant headroom on its gearing covenant, however in light of the adopted capital management strategy the company is in discussions with its banks regarding the most appropriate form of covenants moving forward, in particular the Group's ICR covenant.

Dividend payments

The Directors consider it prudent in the current market to defer dividend payments until market conditions improve. There will therefore be no dividend paid in respect to the 2012 financial year.

Group Strategy

The Company is taking a very cautious view on the short-term outlook. It has a well-defined strategy that responds appropriately to the persistent poor market conditions and will continue to focus on the following key elements:

- Careful allocation of capital into projects until there is greater certainty around sales and settlements for new releases. We recognise that this will impact earnings for FY13 but believe it prudent in the current operating environment;
- Continuing an orderly and timely non-core asset divestment programme to retire debt. The \$100 million divestment programme is targeted to be reached by the end of the 2013 calendar year with \$40 million currently under unconditional contract;
- Maintaining focus on operating costs and overhead efficiencies; and

- Continuing to meet the market with a mix of desirable and affordable product. The Group will continue to be measured and strategic in its approach to capital investment to achieve the sales that reflect the current depth of the market, particularly in Victoria. We will continue to invest responsibly in projects where there is greater certainty.

This disciplined approach to capital management positions Peet to take advantage of any improvement or normalisation of the market to deliver more positive results to shareholders.

Outlook

The 2012 financial year delivered some of the most challenging conditions experienced in almost 20 years and there is little expectation that markets will improve in FY13.

The series of interest rate cuts in FY12 has not had the desired effect to date and consumer and business confidence remains low. While the long-term fundamentals of the Australian property market including population growth, an under-supply of housing and a tight rental market remain conducive to an improving market, the catalyst for household confidence, which will underpin improved demand in the residential property market, is yet to be found.

Peet remains confident in its underlying value with a growing wholesale and retail funds management business, coupled with quality, Company-owned projects; and is well prepared to respond quickly and effectively to any improvement in consumer sentiment in the residential market.

However, given the ongoing market uncertainty in Australia, and until the timing and strength of the expected recovery is confirmed, the Directors are unable to provide guidance on FY13 operating earnings with any degree of certainty. A trading update will be provided at this year's Annual General Meeting.

Audit Report

The preliminary consolidated financial statements are based on accounts, which are in the process of being audited.

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



BRENDAN GORE
MANAGING DIRECTOR

28 August 2012

Peet Limited

Preliminary Consolidated Income Statement

For the year ended 30 June 2012

	Notes	Consolidated	
		30 Jun 2012 \$'000	30 Jun 2011 \$'000
Revenue			
Revenue from ordinary activities	3	140,338	181,484
Other revenue	3	6,536	7,241
		146,874	188,725
Expenses			
Land and development cost expense	4	(67,805)	(74,737)
Employee benefits expense		(16,448)	(18,384)
Depreciation and amortisation	4	(2,689)	(1,625)
Project management, selling and other operating costs		(12,763)	(11,795)
Office costs		(5,011)	(4,346)
Other expenses		(6,924)	(6,781)
Finance costs	4	(8,302)	(5,282)
Share of net profit/(loss) of associates accounted for using the equity method		11	(1,773)
Write-down in carrying value of inventories and development costs		(21,248)	(31,251)
Profit before income tax		5,695	32,751
Income tax expense	5	(434)	(10,545)
Profit after tax		5,261	22,206
Attributable to :			
Owners of Peet Limited		5,437	22,147
Non-controlling interests		(176)	59
		5,261	22,206
Earnings per share for profit attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic earnings per share (cents)	11	1.7	7.3
Diluted earnings per share (cents)	11	1.6	6.8

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

Peet Limited

Preliminary Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Consolidated	
	30-Jun 2012 \$'000	30-Jun 2011 \$'000
Profit after tax	5,261	22,206
Other comprehensive income/(expenses)		
Changes in the fair value of cash flow hedges	(9,119)	1,083
Share of other comprehensive income of associates	(117)	(58)
Income tax relating to components of other comprehensive income	2,771	(307)
Other comprehensive income/(expenses) for the year, net of tax	(6,465)	718
Total comprehensive income/(expenses) for the year	(1,204)	22,924
Total comprehensive income for the year is attributable to:		
Owners of Peet Limited	(946)	22,927
Non-controlling interests	(258)	(3)
Total comprehensive income	(1,204)	22,924

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

Peet Limited

Consolidated Statement of Financial Position

For the year ended 30 June 2012

	Notes	Consolidated	
		30 Jun 2012 \$'000	30 Jun 2011 \$'000
Current assets			
Cash and cash equivalents	7	22,612	57,201
Receivables		67,854	67,752
Inventories		105,821	120,444
Derivative financial instruments		-	263
Assets classified as held for sale	8	74,890	69,509
Total current assets		271,177	315,169
Non-current assets			
Receivables		15,562	14,578
Inventories		322,306	300,979
Investments accounted for using the equity method	9	91,797	36,124
Available for sale financial assets		462	462
Derivative financial instruments		-	851
Property, plant and equipment		10,608	10,575
Intangible assets		2,276	876
Total non-current assets		443,011	364,445
Total assets		714,188	679,614
Current liabilities			
Payables		38,116	30,371
Land vendor liabilities		12,109	20,573
Borrowings		860	1,080
Current tax liabilities		-	3,171
Provisions		2,606	1,969
Liabilities directly associated with assets classified as held for sale	8	23,894	29,439
Total current liabilities		77,585	86,603
Non-current liabilities			
Land vendor liabilities		20,244	25,793
Borrowings		269,434	228,115
Convertible Notes		45,767	44,981
Derivative financial instruments		7,435	-
Deferred tax liabilities		28,343	22,132
Provisions		44	153
Total non-current liabilities		371,267	321,174
Total liabilities		448,852	407,777
Net assets		265,336	271,837
Equity			
Contributed equity	10	203,713	201,291
Reserves		1,127	5,020
Retained profits		43,143	52,018
Capital and reserves attributable to owners of Peet Limited		247,983	258,329
Non-controlling interests		17,353	13,508
Total equity		265,336	271,837

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

Peet Limited

Preliminary Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

2011 Consolidated	<u>Attributable to owners of Peet Limited</u>					Non-controlling interest	Total equity
		Contributed equity	Reserves	Retained earnings	Total		
	Notes	\$'000	\$'000	\$'000	\$'000		
Balance at 1 July 2010		176,025	1,367	55,520	232,912	-	232,912
Profit for the year		-	-	22,147	22,147	59	22,206
Other comprehensive income		-	780	-	780	(62)	718
Total comprehensive income for the year		-	780	22,147	22,927	(3)	22,924
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	10	25,266	-	-	25,266	-	25,266
Value of conversion rights on convertible notes, net of transaction costs and tax		-	1,934	-	1,934	-	1,934
Non-controlling interests on part disposal of subsidiary	8	-	349	-	349	13,511	13,860
Transactions with non-controlling parties		-	(153)	-	(153)	-	(153)
Dividends provided for or paid	6	-	-	(25,649)	(25,649)	-	(25,649)
Employee equity benefits		-	743	-	743	-	743
		25,266	2,873	(25,649)	2,490	13,511	16,001
Balance at 30 June 2011		201,291	5,020	52,018	258,329	13,508	271,837

2012 Consolidated	<u>Attributable to owners of Peet Limited</u>					Non-controlling interest	Total equity
		Contributed equity	Reserves	Retained earnings	Total		
	Notes	\$'000	\$'000	\$'000	\$'000		
Balance at 1 July 2011		201,291	5,020	52,018	258,329	13,508	271,837
Profit for the year		-	-	5,437	5,437	(176)	5,261
Other comprehensive income		-	(6,383)	-	(6,383)	(82)	(6,465)
Total comprehensive income for the year		-	(6,383)	5,437	(946)	(258)	(1,204)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	10	2,422	-	-	2,422	-	2,422
Value of conversion rights on convertible notes, net of transaction costs and tax		-	(1)	-	(1)	-	(1)
Non-controlling interests on part disposal of subsidiary	8	-	517	-	517	4,103	4,620
Dividends provided for or paid	6	-	-	(14,312)	(14,312)	-	(14,312)
Employee equity benefits		-	1,974	-	1,974	-	1,974
		2,422	2,490	(14,312)	(9,400)	4,103	(5,297)
Balance at 30 June 2012		203,713	1,127	43,143	247,983	17,353	265,336

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

Peet Limited

Preliminary Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Consolidated	
	30 Jun	30 Jun
	2012	2011
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	166,515	197,139
Payments to suppliers and employees (inclusive of goods and services tax)	(117,561)	(126,910)
Payments for purchase of land	(24,464)	(98,588)
Interest and other finance costs paid	(30,073)	(22,317)
Income tax paid	(3,047)	(11,503)
Net cash inflow from operating activities	(8,630)	(62,179)
Cash flows from investing activities		
Payments for property, plant and equipment	(2,755)	(4,184)
Payments for intangibles	(1,525)	(881)
Payments for investments in associates and jointly controlled entities	(56,001)	(5,336)
Payment for available-for-sale financial assets	-	(205)
Loans to related entities	(12,885)	(31,927)
Repayment of loans by related entities	9,421	21,712
Dividends received	344	235
Interest received	4,796	4,469
Net cash outflow from investing activities	(58,605)	(16,117)
Cash flows from financing activities		
Dividends paid to the Company's shareholders	(11,881)	(19,911)
Repayment of borrowings	(34,959)	(38,069)
Proceeds from borrowings	70,417	76,346
Proceeds from capital returns	11	38
Proceeds from issue of equity securities (net of equity raising costs)	4,178	15,808
Transaction costs of share issue	-	(892)
Proceeds from Convertible Note Issue (Net of debt raising Costs)	(263)	47,948
Transactions with non-controlling interests	4,620	13,860
Net cash inflow from financing activities	32,123	95,128
Net (decrease)/increase in cash and cash equivalents	(35,112)	16,832
Cash and cash equivalents at the beginning of the year	57,906	41,074
Cash and cash equivalents at end of the year	7	57,906

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

Peet Limited

Notes to the Preliminary Consolidated Financial Statements

1. Basis of Preparation of Preliminary Consolidated Financial Statements

The accounting policies adopted are consistent with those disclosed in the annual financial statements for the year ended 30 June 2011.

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

As such, the preliminary consolidated financial statements do not include all the notes of the type included in annual financial statements and accordingly, should be read in conjunction with the annual financial statements for the year ended 30 June 2011 and with any public announcements made by Peet Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

2. Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive management group.

The executive management group assesses the performance of the operating segments based on multiple measures including EBITDA, EBIT and profit after tax.

The executive management group considers the business to have the following three reportable business segments:

Funds management/land syndication

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

Company-owned projects

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

Joint ventures

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

For internal reporting purposes management consider both 'The Village at Wellard' and 'Quattro – The New Queens Park' projects to be joint ventures. Quattro, however, is not considered a joint venture for statutory reporting purposes.

The Consolidated Entity operates only in Australia.

Inter-segment transfers

Segment revenue, expenses and results include transfers between segments. Such transfers are based on an arm's length basis and are eliminated on consolidation

Peet Limited

Notes to the Preliminary Consolidated Financial Statements

2. Segment reporting (continued)

Primary Reporting	Funds Management / Land Syndication		Company-owned Projects		Joint Ventures		Inter-Segment Eliminations and Unallocated		Consolidated	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue										
Sales to external customers	28,154	46,158	92,049	118,290	20,135	17,036	-	-	140,338	181,484
Total Sales Revenue	28,154	46,158	92,049	118,290	20,135	17,036	-	-	140,338	181,484
Other income	344	235	1,177	2,272	-	-	-	-	1,521	2,507
Interest	-	-	-	-	-	-	5,015	4,734	5,015	4,734
Total segment revenue	28,498	46,393	93,226	120,562	20,135	17,036	5,015	4,734	146,874	188,725
Result before write-down in carrying value of inventories, depreciation, financing costs, interest and finance costs expensed through cost of sales and income tax expense	18,783	30,710	20,214	40,108	2,553	5,625	5,015	4,734	46,565	81,177
Write-down in carrying value of inventories and development costs	-	-	(21,248)	(31,251)	-	-	-	-	(21,248)	(31,251)
EBITDA (i)	18,783	30,710	(1,034)	8,857	2,553	5,625	5,015	4,734	25,317	49,926
Depreciation and amortisation	(508)	(347)	(1,910)	(1,007)	(271)	(271)	-	-	(2,689)	(1,625)
EBIT (ii)	18,275	30,363	(2,944)	7,850	2,282	5,354	5,015	4,734	22,628	48,301
Financing costs (includes interest and finance costs expensed through cost of sales)									(16,933)	(15,550)
Profit before income tax expense									5,695	32,751
Income tax expense									(434)	(10,545)
Profit for the year									5,261	22,206

(i) EBITDA: Earnings before interest (including interest and finance costs expensed through cost of sales) tax, depreciation and amortisation.

(ii) EBIT: Earnings before interest (including interest and finance costs expensed through cost of sales) and tax.

Peet Limited

Notes to the Preliminary Consolidated Financial Statements

3. Revenue

	Consolidated	
	30 Jun 2012 \$'000	30 Jun 2011 \$'000
<i>Revenue from ordinary activities</i>		
Revenue from sales of Land	92,049	118,290
Project management and performance fees	27,583	43,994
Revenue from Joint Venture operations	18,590	16,442
<i>Revenue from other trading activities</i>		
Syndicate administration fees	1,651	1,155
Syndicate underwriting and capital raising fees	465	1,603
	140,338	181,484
<i>Other revenue</i>		
Dividends	344	235
Interest	5,015	4,734
Other	1,177	2,272
	6,536	7,241

4. Profit before income tax

	Consolidated	
	30 Jun 2012 \$'000	30 Jun 2011 \$'000
Profit before income tax for the half-year includes the following specific expense items:		
Expenses		
<i>Land and development cost expense</i>		
Land and development cost expense	59,174	64,469
Capitalised interest and finance expense	8,631	10,268
Total land and development cost expense	67,805	74,737
<i>Depreciation and Amortisation</i>		
Property, plant and equipment	2,572	1,620
Intangible assets	117	5
Total depreciation and amortisation	2,689	1,625
<i>Finance costs</i>		
Interest and finance charges paid/payable	24,573	23,757
Cash flow hedges – transfer from equity	131	1,441
Interest on convertible notes	5,540	211
Amount capitalised to inventory	(21,942)	(20,127)
Total finance costs expensed	8,302	5,282
<i>Discount on land vendor payments</i>		
Change in present value of land vendor payments	2,386	3,622
Capitalisation of change in present value of land vendor payments	(2,386)	(3,622)
Total discount on land vendor payments	-	-

Peet Limited

Notes to the Preliminary Consolidated Financial Statements

5. Income tax

	Consolidated	
	30 Jun	30 Jun
	2012	2011
	\$'000	\$'000
(a) Income tax expense		
Current tax	2,367	13,723
Deferred tax	(339)	(3,176)
Adjustments for income tax of prior periods	(1,594)	(2)
	434	10,545
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	5,695	32,751
Tax at the Australian tax rate of 30% (2011 - 30%)	1,709	9,825
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of net profit/(loss) of associates	(3)	532
Entertainment	10	28
Employee benefits	591	229
Dividend franking	14	28
Fines and penalties	1	3
Franking rebate	(46)	(98)
Sundry items	(248)	-
(Over)/under provision in prior years	(1,594)	(2)
	434	10,545

6. Dividends

	Consolidated	
	30 Jun	30 Jun
	2012	2011
	\$'000	\$'000
(a) Dividends paid		
Dividends provided for or paid during the year	14,312	25,649

	Cents per share	Total amount \$'000	Date of payment	Franked / Unfranked
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Dividends declared and paid in the current year by the Company are:

2011

Final 2011 ordinary	4.50	14,312	18-Oct-11	Franked
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Franked dividends declared or paid during the period were fully franked at the tax rate of 30%.

Peet Limited

Notes to the Preliminary Consolidated Financial Statements

6. Dividends (continued)

	Consolidated	
	30 Jun 2012 \$'000	30 Jun 2011 \$'000
(b) Dividends not recognised at the end of the reporting period	-	14,312

(c) Dividend Reinvestment Plan (DRP)

The Company's Dividend Reinvestment Plan (DRP) operated during the year, providing shareholders with an opportunity to acquire additional shares in the Company on the payment of dividends.

7. Current assets - Cash and cash equivalents

	Consolidated	
	30 Jun 2012 \$'000	30 Jun 2011 \$'000
Cash at bank and on hand	22,612	57,201
	22,612	57,201

a) Reconciliation of cash and cash equivalents

Cash and cash equivalents 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:

Balances as above	22,612	57,201
Asset classified as held for sale – cash at bank (Note 8)	182	705
Balance per statement of cash flows	22,794	57,906

(b) Financing Arrangements¹

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

Total facilities

Bank loan facilities	329,603	308,083
Bank guarantees	30,933	32,607
Credit cards	75	75
	360,611	340,765

Used at balance date

Bank loan facilities	293,191	258,111
Bank guarantees	18,273	17,655
Credit cards	21	17
	311,485	275,783

Unused at balance date

Bank loan facilities	36,412	49,972
Bank guarantees	12,660	14,952
Credit cards	54	58
	49,126	64,982

¹ Includes facilities of assets classified as held for sale of which unused bank loan facilities at balance date was \$5.1 million.

Peet Limited

Notes to the Preliminary Consolidated Financial Statements

8. Current assets and liabilities - Classified as held for sale

	Consolidated	
	30 Jun	30 Jun
	2012	2011
	\$'000	\$'000
(a) Assets classified as held for sale		
Cash at bank and on hand	182	705
Property, plant & equipment	151	1
GST recoverable	155	28
Inventories	73,630	68,493
Net deferred tax assets	772	282
	74,890	69,509
(b) Liabilities directly associated with assets classified as held for sale		
Payables	386	259
Bank borrowings	22,897	28,916
Interest rate swap contract – cash flow hedge	611	264
	23,894	29,439

In December 2010, Peet No 113 Pty Ltd (a wholly owned subsidiary of Peet Limited) sold down by syndication 33.5% of its investment in Peet Yanchep Land Syndicate ("Syndicate") for \$13,803,000 (being \$0.75 per unit). In February 2011, Peet No 113 Pty Ltd sold down a further 0.1% of its investment in the Syndicate for \$57,000 (being \$0.75 per unit). The difference between the book value of the assets disposed and the proceeds received has been recognised in the non-controlling interest reserve.

In September 2011 the Syndicate made a further call of \$0.25 per unit on the holders of all \$1.00 ordinary class units previously partly paid to \$0.75. As such the Peet Group received \$4,620,000 from non-controlling interests.

The assets and liabilities of the Syndicate have been classified as held for sale as the directors of Peet Limited are actively in the process of preparing to market the sell down of units held by Peet No 113 Pty Ltd. It is the directors' intention to sell down to a non-controlling interest.

9. Non-current assets - Investments accounted for using the equity method

	Consolidated	
	30 Jun	30 Jun
	2012	2011
	\$'000	\$'000
Peet Yanchep Pty Ltd	11,192	700
Peet Caboolture Syndicate Ltd	3,010	1,244
Peet Tri-State Syndicate Ltd	3,843	3,910
Peet Flagstone City Pty Ltd	47,004	4,606
Peet Alkimos Pty Ltd	25,391	24,348
Other	1,357	1,316
	91,797	36,124

Peet Limited

Notes to the Preliminary Consolidated Financial Statements

10. Contributed equity

	Consolidated		Consolidated	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
Ordinary shares	Shares	Shares	\$'000	\$'000
Opening Balance	318,038,544	300,681,486	201,291	176,025
Institutional Share Purchase Plan – Note (a)	-	11,210,992	-	15,808
Retail Share Purchase Plan – Note (a)	-	2,973,308	-	4,192
Dividend reinvestment plan (DRP)	2,132,060	3,172,758	2,431	5,738
Less: Transaction costs arising on share issue	-	-	(13)	(674)
Deferred tax credit recognised directly in equity	-	-	4	202
	320,170,604	318,038,544	203,713	201,291

(a) On 1 June 2011, the Company announced a \$20 million fully underwritten share purchase plan (SPP). The SPP allowed existing eligible Peet Limited shareholders to acquire up to a maximum of \$15,000 worth of fully paid ordinary shares in Peet Limited.

11. Earnings per share

	Consolidated	
	30 Jun 2012	30 Jun 2011
	Cents	Cents
Basic earnings per share	1.7	7.3
Diluted earnings per share	1.6	6.8

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

	\$'000	\$'000
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holder of the company used in calculating basic and diluted earnings per share	5,437	22,147
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the company:		
Used in calculating basic earnings per share	5,437	22,147
Add: interest savings on convertible notes	-	148
Used in calculating diluted earnings per share	5,437	22,295
	Number	Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	319,535,646	302,404,570
Adjustments for calculation of diluted earnings per share:		
Options	3,830,000	3,830,000
Convertible notes	22,222,222	22,222,222
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	345,587,868	328,456,792

Peet Limited

Notes to the Preliminary Consolidated Financial Statements

12. Contingencies

Contingent liabilities

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

	Consolidated	
	30 Jun 2012 \$'000	30 Jun 2011 \$'000
Underwriting obligations outstanding	-	13,947
Bank guarantees outstanding	21,114	17,655
	21,114	31,602

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

Contingent assets

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

13. Events occurring after the reporting period

No matter or circumstance has occurred subsequent to the year end that has significantly affected, or may significantly affect, the operations of the company or economic entity, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.