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SUCCESS THROUGH EXPERIENCE

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

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

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

INCOME STATEMENTS

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

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

BALANCE SHEETS

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

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

STATEMENTS OF CHANGES IN EQUITY

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

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

CASH FLOW STATEMENTS

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

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

NOTES TO FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

Compliance with IFRS

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

Historical cost convention

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

Critical accounting estimates

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

Comparatives

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

(b) Principles of consolidation

(i) Subsidiaries

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

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation (continued)

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

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

(ii) Associates

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

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

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

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

(iii) Joint ventures

Jointly controlled operations

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

(c) Segment reporting

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

(d) Income tax

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income tax (continued)

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

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

Tax consolidation legislation

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

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

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

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

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

(e) Accounting for acquisitions

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

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

(f) Impairment of assets

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

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

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

- Furniture, fittings and equipment – 1 to 5 years

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

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

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

Property under construction

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

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

(h) Revenue recognition

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

Sale of land

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

Project management, marketing and selling management fees

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

Manager's performance fees

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

Other trading activities

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

Interest income

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

Dividend income

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Cash and cash equivalents

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

(j) Trade receivables

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

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

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

(k) Inventories

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

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

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

(l) Investments and other financial assets

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments and other financial assets (continued)

Recognition and de-recognition

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

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

Subsequent measurement

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

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

Fair value

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

Impairment

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

(m) Derivatives

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

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivatives (continued)

Cash flow hedge

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

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

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

Derivatives that do not qualify for hedge accounting

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

(n) Fair value estimation

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

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

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

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

(o) Trade and other payables

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

(p) Borrowings and borrowing costs

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowings and borrowing costs (continued)

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

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

(q) Land vendor liabilities

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

(r) Dividends

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

(s) Employee benefits

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

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

(ii) Long service leave

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

(iii) Share-based payments

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

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

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

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (continued)

(iv) Profit sharing and bonus plans

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

(v) Termination benefits

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

(vi) Retirement benefit obligations

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

(t) Rebates

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

(u) Contributed equity

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

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

(v) Provisions

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

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(x) Goods and Services Tax (GST)

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

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

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

(y) Rounding of amounts

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

(z) New accounting standards and UIG interpretations

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

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

2 FINANCIAL RISK MANAGEMENT

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

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

(a) Credit risk

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

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

The Group manages this risk by:

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

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

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

Cash

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

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Receivables

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

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

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

¹ Past Due Not Impaired (PDNI).

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

Derivative financial instruments

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

(b) Price risk

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

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

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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

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

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

Financing arrangements

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

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

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

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

(d) Cash flow and fair value interest rate risk

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

Borrowings

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

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

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

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

1 Exposure to interest rate risk.

2 Exposure to fair value risk.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Interest rate sensitivity

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

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

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

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

(e) Net fair value

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

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

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Net fair value (continued)

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

Interest rates used for determining fair values

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Inventories

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

4 SEGMENT INFORMATION

Business segments

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

Funds management/land syndication

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

Company-owned projects

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

Joint ventures

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

Geographical segments

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

Inter-segment transfers

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

SEGMENT INFORMATION (CONTINUED)

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

5 REVENUE

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

6 EXPENSES

Profit before income tax includes the following specific expenses:

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

7 INCOMETAX

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

7 INCOMETAX (CONTINUED)

Tax consolidation legislation

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

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

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

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

(a) Other income related to tax consolidation legislation

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

8 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

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

Credit risk and interest rate risk

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

9 RECEIVABLES (CURRENT AND NON-CURRENT)

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

(a) Impaired trade receivables

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

(b) Accrued income

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

(c) Other debtors

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

(d) Fair value and credit risk

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

(e) Deferred facilities fee

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

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

10 INVENTORIES (CURRENT AND NON-CURRENT)

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

Write-down in carrying value of inventories

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

Valuations

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

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

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

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

12 NON-CURRENT ASSETS – AVAILABLE FOR SALE FINANCIAL ASSETS

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

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

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

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

13 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Interest rate swap contracts – cash flow hedges

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

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

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

13 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate swap contracts – cash flow hedges (continued)

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

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

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

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

Credit risk and interest rate risk

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

14 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

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

15 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT ENTITY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cost	9,852	6,540	4,793	4,253
Accumulated depreciation	(2,377)	(1,774)	(1,766)	(1,332)
	7,475	4,766	3,027	2,921
Movement in property, plant and equipment:				
Furniture, fittings and equipment:				
Cost	5,009	3,329	4,253	2,713
Accumulated depreciation	(1,774)	(1,234)	(1,332)	(964)
Carrying amount at 1 July	3,235	2,095	2,921	1,749
Additions	1,229	1,680	550	1,540
Disposals	(7)	-	(6)	-
Depreciation	(748)	(540)	(438)	(368)
Carrying amount at 30 June	3,709	3,235	3,027	2,921
Property under construction:				
Cost	1,531	-	-	-
Carrying amount at 1 July	1,531	-	-	-
Additions	2,235	1,531	-	-
Carrying amount at 30 June	3,766	1,531	-	-
Total carrying amount at 30 June	7,475	4,766	3,027	2,921

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

16 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

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

17 PAYABLES (CURRENT AND NON-CURRENT)

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

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

18 LAND VENDOR LIABILITIES (CURRENT AND NON-CURRENT)

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

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

19 BORROWINGS (CURRENT AND NON-CURRENT)

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

Other loans

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

(a) Assets pledged as security

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

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

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

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

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

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

(b) Financing arrangements

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

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

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

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

c) Interest rate risk and liquidity risk

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

d) Fair value

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

e) Subsequent Event

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

20 PROVISIONS (CURRENT AND NON-CURRENT)

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

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

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

(a) Rebates

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

(b) Long service leave

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

21 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

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

22 CONTRIBUTED EQUITY

(a) Share capital

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

Movements in ordinary share capital

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

(b) Ordinary shares

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

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

(c) Options

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

(d) Entitlement Offer

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

(e) Transaction costs

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

22 CONTRIBUTED EQUITY (CONTINUED)

(f) Capital risk management

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

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

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

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

23 RESERVES AND RETAINED PROFITS

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

23 RESERVES AND RETAINED PROFITS (CONTINUED)

Cash flow hedges reserve

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

Share-based payments reserve

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

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

24 DIVIDENDS

(a) Dividends paid

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

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

(b) Dividends not recognised at year end

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

	CENTS PER SHARE	TOTAL AMOUNT \$'000	DATE OF PAYMENT	FRANKED/ UNFRANKED
Final 2009 ordinary	4.00	11,765	8 October 2009	Franked

The financial effect of the dividend declared subsequent to reporting date has not been brought to account in the financial statements for the year ended 30 June 2009 and will be recognised in subsequent financial reports. The declaration and subsequent payment of this dividend have no income tax consequences.

(c) Dividend Reinvestment Plan (DRP)

The Company has a DRP to provide shareholders with the choice of reinvesting some or all of their dividends in shares rather than receiving those dividends in cash. The Board has activated the Company's DRP which will provide shareholders with an opportunity to acquire shares in the Company at a discount to the average trading price for the ten business days following the record date of 18 September 2009.

(d) Dividend franking account

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

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

25 REMUNERATION OF AUDITORS

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

26 CONTINGENCIES

Contingent liabilities

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

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

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

Contingent assets

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

27 COMMITMENTS

Operating leases

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

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

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

28 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

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

Non-executive Chairman

AW Lennon

Non-executive Directors

WD Hemsley

SF Higgs

GW Sinclair

Executive Directors

BD Gore

AJ Lennon

(b) Other key management personnel

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

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

28 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Directors and key management personnel compensation

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

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

(d) Equity instrument disclosures relating to key management personnel

Option and performance rights holdings

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

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

28 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

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

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

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

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

28 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

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

Share holdings

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

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

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

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

29 RELATED PARTIES

(a) Parent Entity

Peet Limited is the ultimate Australian Parent Entity.

(b) Controlled entities

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

(c) Key management personnel

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

(d) Transactions with related parties

Transactions with subsidiaries

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

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

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

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

Tax consolidation regime

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

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

Transactions with associates

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

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

29 RELATED PARTIES (CONTINUED)

(e) Outstanding balances

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

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

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

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

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

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

Outstanding balances

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

29 RELATED PARTIES (CONTINUED)

(e) Outstanding balances (continued)

Allowance for impairment loss on trade receivables

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

30 EVENTS SUBSEQUENT TO REPORTING DATE

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

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

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

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

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

31 CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

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

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

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

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

32 INVESTMENTS IN ASSOCIATES

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

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

(a) Movements in carrying amounts of investments in associates

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

(b) Share of associates loss

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

32 INVESTMENTS IN ASSOCIATES (CONTINUED)

(c) Summarised financial information of associates

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

32 INVESTMENTS IN ASSOCIATES (CONTINUED)

(c) Summarised financial information of associates (continued)

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

33 SUBSIDIARIES

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

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

33 SUBSIDIARIES (CONTINUED)

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

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

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

34 INTERESTS IN JOINTLY CONTROLLED OPERATIONS

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

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

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

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

35 EARNINGS PER SHARE

(a) Earnings per share

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

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

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

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

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

36 SHARE-BASED PAYMENTS

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

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

Invitations to apply for options and/or performance rights

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

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

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

36 SHARE-BASED PAYMENTS (CONTINUED)

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

Consideration

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

Exercise conditions

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

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

Lapse of options and performance rights

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

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

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

36 SHARE-BASED PAYMENTS (CONTINUED)

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

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

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

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

Fair value of options and performance rights granted

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

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

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

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

36 SHARE-BASED PAYMENTS (CONTINUED)

(b) Expenses arising from share-based payment transactions

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

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

(c) Deferred Employee Share Plan (DESP)

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

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

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

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