Peet Limited

ABN 56 008 665 834

Appendix 4E and Preliminary Consolidated Financial Statements
for the year ended 30 June 2013

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

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

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

Results for Announcement to the Market

Entity:	Peet Limited and its controlled entities
Reporting Period:	30 June 2013
Previous Corresponding Period:	30 June 2012

				$'000
Revenue	Up	40%	to	204,976
Statutory profit after tax attributable to owners of Peet Limited ("Peet")	Down	97%	to	190
Operating profit after tax (excluding write down in carrying value of inventories and CIC acquisition-related costs)	Down	25%	to	15,159
Basic earnings per share (cents)	Down	96%	to	0.06c
Diluted earnings per share (cents)	Down	96%	to	0.06c

Dividends	Cents per security	% Franked per security
Current Year		
Interim dividend 2013	NIL	n/a
Final dividend 2013	NIL	n/a
Previous Year		
Final dividend 2012	NIL	n/a
Interim dividend 2012	NIL	n/a

Results commentary

Key results

- Operating profit after tax[1] of $15.2 million, compared with $20.3 million in FY12.
- Statutory profit after tax of $0.2 million, compared with $5.4 million in FY12.
- 2,308[2] lots sold compared with 1,776 in FY12[3].
- 1,956[4] contracts on hand as at 30 June 2013, with a gross value of $485 million compared with 958 with a gross value of $267 million at 30 June 2012[3].
- Revenue of $205 million, compared with $147 million in FY12.
- Market value NTA[5] of $1.05 per share as at 30 June 2013.
- Gearing[6] of 29% as at 30 June 2013.
- Net bank debt[7] down 46% to $135 million.
- Cash and available debt facilities[7] of $138 million as at 30 June 2013.

Financial commentary

The Group's statutory profit for the year was $0.2 million, compared to a profit of $5.4 million for the year ended 30 June 2012. This includes write-downs after tax of $13.3 million on long-dated landholdings in Queensland, other non-core assets in Victoria identified for sale and a small developing asset on the Sunshine Coast in Queensland.

Peet's operating profit after tax[1] for the full year ended 30 June 2013 was $15.2 million. This is slightly above the market guidance range provided in April 2013 and compares to $20.3 million for the year ended 30 June 2012.

Peet Limited acquired an 86% share in CIC Australia Limited ("CIC") during the year. After taking into account acquisition-related costs, CIC contributed $2.2 million to net profit after tax for the period from 17 May 2013 to 30 June 2013.

Also during the year, Peet successfully completed its first retail land syndicate since 2010, with the Peet Greenvale Syndicate closing over-subscribed in March 2013. The strong response, including 20% of applications from new investors, meant that Peet took up its minimum commitment of 10% in the Syndicate.

On behalf of the Peet Greenvale Syndicate, Peet is already working towards subdivision and pre-sales of a new residential community on 40 hectares of land on Mickleham Road, Greenvale in one of Melbourne's fastest growing areas, about 24 kilometres from the CBD. The project is expected to contribute to earnings in FY14.

These results have been achieved despite difficult market conditions particularly during the first half, weather events in Queensland impacting the Group's Gladstone project and continued uncertainty impacting the property sector and the wider economy. They also reflect the strategic decisions taken during the year and our continued rigorous capital management strategy, which have strengthened our balance sheet.

Peet will continue with its current strategy through FY14, with an ongoing focus on further debt reduction, efficiencies across the business, and the strategic deployment of development and infrastructure capital appropriate to the relevant market conditions.

[1] Operating profit is a non-IFRS measure that is determined to present, in the opinion of the Directors, the ongoing operating activities of Peet in a way that appropriately reflects its underlying performance. Operating Profit is the basis on which dividends are determined. Operating profit excludes items such as unrealised gains/(losses) (such as write-downs in the carrying value of inventories and development costs) and adjustments for realised transactions occurring infrequently and outside of the core ongoing business activities (such as CIC acquisition-related costs) from the Statutory Profit.

[2] Including CIC for the period 17 May 2013 to 30 June 2013. Includes 100% of Googong sales.

[3] All sales, settlements and contracts on hand referred to throughout include super lots.

[4] Including CIC contracts on hand as at 30 June 2013. Includes 100% of Googong sales.

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

[6] (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets). Excludes Peet Yanchep Land Syndicate and CIC.

[7] Excluding Peet Yanchep Land Syndicate and CIC.

Operational commentary[8, 9, 10]

The Peet Group, including CIC, achieved a significant increase in sales during FY13 across its business segments, with more than 2,300 lots sold for a total of $552 million. This represents a 30% increase in the number of lots sold, and a 27% increase in their value over FY12.

Almost 2,100 lots were settled during the year for a total of $548 million. This represents a 2% increase in the number of lots settled and a 14% increase in their value, compared with FY12.

However, mixed market conditions around the country throughout the year, as well as the continued uncertainty and poor levels of consumer sentiment impacting the property sector had a significant impact on prices and margins, particularly in the first half.

As expected in these challenging market conditions, the Group's EBITDA margin was lower, down from 32% in FY12 to 23% in FY13. The majority of the Group's portfolio is within the Funds Management business, and the EBITDA margin in this segment, while lower than in FY12, was a still sound 59%.

In FY13, Peet has managed its operations appropriately for market conditions while positioning itself for a greater level of activity and further growth in the years ahead, as market conditions continue to normalise and improve.

At 30 June 2013, there were more than 1,950 contracts on hand, with a gross value of $485 million. This represents a 104% increase in contracts on hand and an 82% increase in gross value when compared to 30 June 2012.

Funds Management Projects

- 1,389 lots sold, including six super lots, for a gross value of $341 million, compared with 1,168 lots sold for a gross value of $272 million in FY12.
- 1,225 lots settled, including seven super lots, for a gross value of $322 million, compared with 1,398 lots settled for a gross value of $326 million in FY12.
- 897 contracts on hand as at 30 June 2013 with a total value of $210 million, compared with 733 contracts on hand as at 30 June 2012, with a total value of $191 million.
- EBITDA of $17 million compared with $23 million in FY12.
- Net EBITDA margin of 59%, compared to 70% in FY12.

Company-owned Projects

- 416 lots sold, including two super lots, at a gross value of $113 million compared with 364 sales, including three super lots, for a gross value of $111 million in FY12.
- 415 lots settled, including three super lots, for a gross value of $139 million compared with 398 settlements, including three super lots, for a gross value of $100 million in FY12.
- 228 contracts on hand as at 30 June 2013, for a gross value of $65 million compared with 143 contracts on hand for a gross value of $58 million as at 30 June 2012.
- Pre tax write-down in inventory of $19 million.
- EBITDA of $20.5 million compared with $20.9 million in FY12.
- Net EBITDA margin of 16% compared with 22% in FY12.

[8] All sales, settlements and contracts on hand referred to include super lots.

[9] All sales and settlements include CIC for the period 17 May 2013 to 30 June 2013. All contracts on hand as at 30 June 2013 include CIC. Includes 100% of Googong sales.

[10] All EBITDA numbers referred to are pre write-downs and CIC acquisition-related costs.

Joint Venture Projects

- 503 lots sold for a gross value of $98 million compared with 244 sales for a gross value of $53 million in FY12.
- 451 lots settled for a gross value of $87 million compared with 256 settlements for a gross value of $55 million in FY12.
- 831 contracts on hand for a gross value of $210 million as at 30 June 2013 compared with 82 contracts on hand for a gross value of $18 million as at 30 June 2012.
- EBITDA of $9 million compared with $3 million in FY12.
- Net EBITDA margin of 27% compared with 13% in FY12.

Land Portfolio Metrics

		FY13	FY12	Change Up/(down)
Lot sales		**2,308**	**1,776**	**30%**
- Retail sales		2,300	1,773	
- Super lots		8	3	
Lot settlements		**2,091**	**2,052**	**2%**
- Retail sales		2,081	2,049	
- Super lots		10	3	
Contracts on hand as at 30 June	Number	1,956	958	104%
	Value	$485m	$267m	82%

Carrying Value of Inventories and other adjustments

Peet recorded write-downs after tax of $13.3 million on long-dated landholdings in Queensland, other non-core assets in Victoria identified for sale and a small developing asset on the Sunshine Coast in Queensland. The Directors considered it prudent to take into account the valuations undertaken for bank mortgage purposes in determining these write-downs.

Additionally, during the year $2.4 million in transaction costs relating to the CIC acquisition were expensed.

Capital Management[11]

The key focus of the Group's capital management strategy has been to continue to reduce debt levels via the sale of non-core assets, the reduction of operating costs and a capital raising on the back of the earnings accretive CIC acquisition.

The Group has previously reported a targeted $100 million in non-core asset sales and, as at 30 June 2013, the value of non-core asset sales settled had risen to $64 million, with another $24 million in non-core assets targeted for sale in FY14, subject to market conditions.

During the year, the Company raised some $124 million via placements, with a further $3 million raised via a share purchase plan in July 2013, to fund the takeover of CIC and for additional working capital to meet demand from the strengthening WA market and improving Victorian market.

[11] Excluding Yanchep Land Syndicate and CIC

Together with targeted cost reductions across the business, part proceeds from non-core asset sales and the capital raising were applied to reduce bank debt by more than $100 million during the year, resulting in a stronger balance sheet which positions the Group well for growth in the years ahead and the strategic allocation of capital into new projects in improving markets.

The level of debt reduction achieved during the year was ahead of expectation and resulted in gearing[12] reducing to 29% as at 30 June 2013, compared to 40% at 30 June 2012. This reduced level of gearing compares to the Group's target of 35% gearing by 30 June 2013 and less than 30% by 30 June 2014.

For the year ended 30 June 2013 the Group's weighted average cost of debt was 9.14% (including interest on convertible notes), and its interest cover ratio was 1.54 times. The Group's interest cover ratio is expected to improve as earnings recover during 2014.

As at 30 June 2013, Peet had interest-bearing debt[13] (including convertible notes), net of cash, of $181 million, compared with $293 million at 30 June 2012.

This significant reduction in variable interest debt has resulted in 97% of the Group's interest-bearing debt being hedged at year end, compared with 63% at the end of FY12. The average hedge maturity profile for the Group at 30 June 2013 was 2.1 years compared with 3.1 years at 30 June 2012.

The Group's cash and available facilities totalled $138 million at year end, and it remains compliant with all bank covenants.

The Group's bank facilities have an existing maturity date of 31 October 2014. The Company is in negotiations with its incumbent banks to vary and extend its facilities on terms appropriate to its improved and expanded balance sheet and that align with the Group's strategy.

Dividend Payments

The Directors consider it prudent in the current market to defer dividend payments until market conditions improve. There will therefore be no dividend paid in respect to the 2013 financial year. However, the Directors retain their intention to reinstate the Company's dividend for FY14 onwards, targeting a 50% payout ratio.

Group Strategy

Our strategy for FY14 includes building on the growth and improvements emerging in the second half of FY13, within the context of the Group's ongoing capital management program, continuing a tailored response to the different market conditions around the country.

Key elements of our strategy for the year ahead include:

- Managing the Group's land bank of more than 51,000[14] lots to achieve improved shareholder returns and deliver quality residential communities around Australia, including:
    - through the strategic allocation of capital in projects where there is greater certainty of sales and settlements; and
    - meeting market demand with a mix of desirable and affordable projects in locations well serviced by existing or planned infrastructure;
- Continuing our program of divesting non-core assets which will be applied to further reduction of debt. The targeted $100 million divestment program has achieved $64 million in settlements to date, with a further $24 million in non-core assets targeted for sale in FY14;
- Maintaining a strong focus in relation to cost reduction and business efficiencies; and
- Continuing to assess opportunities to acquire strategic residential landholdings under our funds management platform.

At year end, the Peet Group is well positioned for growth in the medium to long-term with a stronger balance sheet; a more geographic diverse and significant land bank; a talented and committed team; and embedded business strategies proving appropriate for market conditions.

[12] (Total interest-bearing liabilities (including land vendor payments) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets). Excludes Peet Yanchep Land Syndicate and CIC.

[13] Excluding land vendor liabilities.

[14] Including CIC.

Outlook

The 2013 financial year has seen some recovery in the residential property market, which comes after a long challenging period for the sector.

While continued rate cuts by the Reserve Bank to record low levels have been welcome encouragement for homebuyers, they also reflect the prevailing low levels of consumer and business confidence, and concerns about employment levels and Australia's economic performance.

Nonetheless, there have been some encouraging signs of improvement in the Western Australian property market during the year and moderate improvement in the Victorian market. Peet expects these markets to continue to improve in the year ahead, along with southeast Queensland, which is coming off a very low base.

The long-term fundamentals of the Australian property market including population growth, an under-supply of housing and a tight rental market remain sound though it is yet to be seen whether consumer confidence will rise enough to underpin a sustained improvement in the short to medium-term demand in the residential property market.

The Peet Group has moved into FY14 with significant contracts on hand, a strengthened balance sheet; a proven long-term business model including an expanding wholesale and retail funds management business; and a robust strategy. It is well positioned and prepared for further growth as the residential market improves across our traditional markets of Western Australia, Victoria and Queensland.

Additionally, conditions in our new markets (via the CIC acquisition) of NSW/ACT, Northern Territory and South Australia remain generally positive and are expected to remain so for FY14.

Audit Report

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

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

BRENDAN GORE
MANAGING DIRECTOR

30 August 2013

Peet Limited
Preliminary Consolidated Income Statement
For the year ended 30 June 2013

		Consolidated	
		30 Jun 2013	30 Jun 2012
	Notes	**$'000**	$'000
Revenue			
Revenue from ordinary activities	3	**196,860**	140,338
Other revenue	3	**8,116**	6,536
		204,976	146,874
Expenses			
Land and development cost expense	4	**(127,484)**	(67,805)
Employee benefits expense		**(19,286)**	(16,448)
Depreciation and amortisation	4	**(2,613)**	(2,689)
Project management, selling and other operating costs		**(14,080)**	(12,763)
Office costs		**(5,411)**	(5,011)
Other expenses		**(8,696)**	(6,924)
Finance costs	4	**(7,781)**	(8,302)
Share of net profit of associates and joint ventures accounted for using the equity method		**1,847**	11
Acquisition-related costs		**(2,407)**	-
Write-down in carrying value of inventories and development costs		**(18,977)**	(21,248)
Profit before income tax		**88**	5,695
Income tax benefit/(expense)	5	**509**	(434)
Profit after tax		**597**	5,261
Attributable to :			
Owners of Peet Limited		**190**	5,437
Non-controlling interests		**407**	(176)
		597	5,261

Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	Cents
Basic earnings per share	11	**0.06**	1.70
Diluted earnings per share	11	**0.06**	1.70

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

Peet Limited
Preliminary Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Profit after tax	**597**	5,261
Other comprehensive income/(expenses)		
Changes in the fair value of cash flow hedges	**2,191**	(9,119)
Share of other comprehensive income of associates	**232**	(117)
Income tax relating to components of other comprehensive income	**(727)**	2,771
Other comprehensive income/(expenses) for the year, net of tax	**1,696**	(6,465)
Total comprehensive income/(expenses) for the year	**2,293**	(1,204)
Total comprehensive income/(expenses) for the year is attributable to:		
Owners of Peet Limited	**1,804**	(946)
Non-controlling interests	**489**	(258)
	2,293	(1,204)

The above preliminary consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Peet Limited
Preliminary Consolidated Statement of Financial Position
As at 30 June 2013

	Notes	Consolidated 30 Jun 2013 $'000	Consolidated 30 Jun 2012 $'000
Current assets			
Cash and cash equivalents	7	**33,142**	22,613
Receivables		**66,681**	43,966
Inventories		**110,867**	105,821
Assets classified as held for sale	8	**-**	74,890
Total current assets		**210,690**	247,290
Non-current assets			
Receivables		**24,039**	39,449
Inventories		**397,819**	322,306
Investments accounted for using the equity method	9	**157,157**	91,797
Available for sale financial assets		**429**	462
Property, plant and equipment		**11,810**	10,608
Deferred tax assets		**18,850**	-
Intangible assets		**2,805**	2,276
Total non-current assets		**612,909**	466,898
Total assets		**823,599**	714,188
Current liabilities			
Payables		**44,774**	38,116
Land vendor liabilities		**16,737**	12,109
Borrowings		**65,138**	38,618
Derivative financial instruments		**1,575**	-
Current tax liabilities		**4,489**	-
Provisions		**8,990**	2,606
Liabilities directly associated with assets classified as held for sale	8	**-**	23,894
Total current liabilities		**141,703**	115,343
Non-current liabilities			
Payables		**219**	-
Land vendor liabilities		**14,999**	20,244
Borrowings		**235,054**	277,443
Derivative financial instruments		**4,280**	7,435
Deferred tax liabilities		**25,539**	28,343
Provisions		**584**	44
Total non-current liabilities		**280,675**	333,509
Total liabilities		**422,378**	448,852
Net assets		**401,221**	265,336
Equity			
Contributed equity	10	**325,193**	203,713
Reserves		**4,239**	1,127
Retained profits		**43,333**	43,143
Capital and reserves attributable to owners of Peet Limited		**372,765**	247,983
Non-controlling interests		**28,456**	17,353
Total equity		**401,221**	265,336

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

Peet Limited
Preliminary Consolidated Statement of Changes in Equity
For the year ended 30 June 2013

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

2013 Consolidated	Notes	Contributed equity	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to owners of Peet Limited					
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2012		**203,713**	**1,127**	**43,143**	**247,983**	**17,353**	**265,336**
Profit for the year		-	-	190	190	407	597
Other comprehensive income		-	1,614	-	1,614	82	1,696
Total comprehensive income for the year		**-**	**1,614**	**190**	**1,804**	**489**	**2,293**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	10	121,480	-	-	121,480	-	121,480
Non-controlling interest on acquisition of subsidiary		-	-	-	-	12,712	12,712
Acquisition of non-controlling interest		-	129	-	129	(2,919)	(2,790)
Transactions with non-controlling entites		-	(302)	-	(302)	821	519
Employee equity benefits - Peet Limited		-	1,671	-	1,671	-	1,671
		121,480	1,498	-	122,978	10,614	133,592
Balance at 30 June 2013		**325,193**	**4,239**	**43,333**	**372,765**	**28,456**	**401,221**

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

Peet Limited
Preliminary Consolidated Statement of Cash Flows
For the year ended 30 June 2013

		Consolidated	
		30 Jun 2013 $'000	30 Jun 2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**220,480**	166,516
Payments to suppliers and employees (inclusive of goods and services tax)		**(148,631)**	(117,561)
Payments for purchase of land		**(3,466)**	(24,464)
Interest and other finance costs paid		**(28,438)**	(30,073)
Income tax refund/(paid)		**5,484**	(3,047)
Net cash inflow/(outflow) from operating activities		**45,429**	(8,629)
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		**(57,018)**	-
Payment for acqusition of non-controlling interest		**(2,790)**	-
Payments for property, plant and equipment		**(1,337)**	(2,755)
Payments for intangibles		**(524)**	(1,525)
Payments for investments in associates and jointly controlled entities		**(2,425)**	(56,001)
Proceeds from capital returns from associates		**10,605**	11
Loans to related entities		**(7,052)**	(12,885)
Repayment of loans by related entities		**8,531**	9,421
Distributions from joint ventures and associates		**1,750**	-
Dividends received		**891**	344
Interest received		**854**	4,796
Net cash outflow from investing activities		**(48,515)**	(58,594)
Cash flows from financing activities			
Dividends paid to the Company's shareholders		**-**	(11,881)
Dividends paid to the shareholders of CIC Australia	6	**(3,773)**	-
Repayment of borrowings		**(127,398)**	(34,959)
Proceeds from borrowings		**23,746**	70,417
Proceeds from issue of equity securities (net of equity raising costs)		**120,316**	4,178
Proceeds from exercise of CIC Australia share options		**542**	-
Proceeds from convertible note issue (net of debt raising costs)		**-**	(263)
Transactions with non-controlling interests		**-**	4,620
Net cash inflow from financing activities		**13,433**	32,112
Net increase/(decrease) in cash and cash equivalents		**10,347**	(35,111)
Cash and cash equivalents at the beginning of the year		**22,795**	57,906
Cash and cash equivalents at end of the year	**7**	**33,142**	22,795

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

1. Basis of Preparation of Preliminary Consolidated Financial Statements

The accounting policies adopted are consistent with those disclosed in the annual financial statements for the year ended 30 June 2012.

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

As such, the preliminary consolidated financial statements do not include all the notes of the type included in annual financial statements and accordingly, should be read in conjunction with the annual financial statements for the year ended 30 June 2012 and with any public announcements made by Peet Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

2. Segment reporting

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

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

On 17 May 2013, Peet acquired an 83.15% equity interest in CIC Australia Limited ("CIC") for $63.7 million. At 30 June 2013, Peet's share had increased to 86.03%. The performance of CIC for the period 17 May 2013 to 30 June 2013 is included in the reportable segments described below and assessed by the executive management group in the same manner as Peet's reportable segments.

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

Funds management/land syndication

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

Company-owned projects

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

Joint ventures

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

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

The Consolidated Entity operates only in Australia.

Inter-segment transfers and other unallocated

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

The adoption of AASB 10 *Consolidated Financial Statements,* from 1 July 2013 will result in certain syndicates being consolidated. The executive management group will review the results of these entities separately, and as such, these entities will be included in "Inter-Segment Eliminations and Other Unallocated". The comparative information has been reclassified accordingly for the Yanchep Land Syndicate.

2. Segment reporting (continued)

	Funds Management / Land Syndication		Company-owned Projects		Joint Ventures		Inter-Segment Eliminations and Other Unallocated		Consolidated	
Primary Reporting	**30 Jun 2013 $'000**	30 Jun 2012 $'000	**30 Jun 2013 $'000**	30 Jun 2012 $'000	**30 Jun 2013 $'000**	30 Jun 2012 $'000	**30 Jun 2013 $'000**	30 Jun 2012 $'000	**30 Jun 2013 $'000**	30 Jun 2012 $'000
Revenue										
Sales to external customers	**23,400**	28,154	**126,543**	92,049	**33,544**	20,135	**13,373**	-	**196,860**	140,338
Total Sales Revenue	**23,400**	28,154	**126,543**	92,049	**33,544**	20,135	**13,373**	-	**196,860**	140,338
Other income	**891**	344	**1,999**	1,177	**-**	-	**-**	-	**2,890**	1,521
Interest	**4,252**	4,115	**-**	-	**-**	-	**974**	900	**5,226**	5,015
Total segment revenue	**28,543**	32,613	**128,542**	93,226	**33,544**	20,135	**14,347**	900	**204,976**	146,874
Result before acquisition costs, write-down in carrying value of inventories and development costs, depreciation, financing costs, interest and finance costs expensed through cost of sales and income tax expense	**16,957**	22,898	**20,488**	20,935	**9,033**	2,553	**1,524**	179	**48,002**	46,565
Acquisition-related costs	**-**	-	**-**	-	**-**	-	**(2,407)**	-	**(2,407)**	-
Write-down in carrying value of inventories and development costs	**-**	-	**(18,977)**	(21,248)	**-**	-	**-**	-	**(18,977)**	(21,248)
EBITDA (i)	**16,957**	22,898	**1,511**	(313)	**9,033**	2,553	**(883)**	179	**26,618**	25,317
Depreciation and amortisation	**(403)**	(508)	**(1,841)**	(1,894)	**(281)**	(271)	**(88)**	(16)	**(2,613)**	(2,689)
EBIT (ii)	**16,554**	22,390	**(330)**	(2,207)	**8,752**	2,282	**(971)**	163	**24,005**	22,628
Financing costs (includes interest and finance costs expensed through cost of sales)									**(23,917)**	(16,933)
Profit before income tax									**88**	5,695
Income tax benefit/(expense)									**509**	(434)
Profit for the year									**597**	5,261

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

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

3. Revenue

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Revenue from ordinary activities		
Revenue from sales of Land	**139,916**	92,049
Project management and performance fees	**21,634**	27,583
Revenue from Joint Venture operations	**32,581**	18,590
Syndicate administration fees	**1,566**	1,651
Syndicate underwriting and capital raising fees	**1,163**	465
	196,860	140,338
Other revenue		
Dividends	**891**	344
Interest	**5,226**	5,015
Other	**1,999**	1,177
	8,116	6,536

4. Profit before income tax

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Profit before income tax for the year includes the following specific expense items:		
Expenses		
Land and development cost expense		
Land and development cost expense	**111,348**	59,174
Capitalised interest and finance expense	**16,136**	8,631
Total land and development cost expense	**127,484**	67,805
Depreciation and Amortisation		
Property, plant and equipment	**2,391**	2,564
Intangible assets	**222**	125
Total depreciation and amortisation	**2,613**	2,689
Finance costs		
Interest and finance charges paid/payable	**23,886**	24,573
Cash flow hedges – transfer from equity	**-**	131
Interest on convertible notes	**5,642**	5,540
Amount capitalised to inventory	**(21,747)**	(21,942)
Total finance costs expensed	**7,781**	8,302
Discount on land vendor payments		
Change in present value of land vendor payments	**2,388**	2,386
Capitalisation of change in present value of land vendor payments	**(2,388)**	(2,386)
Total discount on land vendor payments	-	-

5. Income tax

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
(a) Income tax benefit/(expense)		
Current tax	**7,610**	2,367
Deferred tax	**(7,662)**	(339)
Adjustments for income tax of prior periods	**(457)**	(1,594)
	(509)	434

(b) Numerical reconciliation of income tax benefit/(expense) to prima facie tax payable		
Profit before income tax benefit/(expense)	**88**	5,695
Tax at the Australian tax rate of 30% (2012 - 30%)	**26**	1,709
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of net profit of associates	**(331)**	(3)
Entertainment	**24**	10
Employee benefits	**488**	591
Dividend franking	**107**	14
Franking rebate	**(356)**	(46)
Sundry items	**(10)**	(247)
Over provision in prior years	**(457)**	(1,594)
	(509)	434

6. Dividends

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
(a) Dividends paid		
Dividends provided for or paid during the year	**-**	**14,312**

	Cents per share	Total amount $'000	Date of payment	Franked / Unfranked
Dividends declared and paid in the current year by the Company are:				
2012				
Final 2011 ordinary	4.50	14,312	18-Oct-11	Franked

On 24 May 2013, CIC Australia Limited paid franked dividends amounting to $3,773,000 (3 cents per share) to its former shareholders. The dividends paid during the period were fully franked at the tax rate of 30%.

6. Dividends (continued)

(b) Dividends not recognised at the end of the reporting period

No dividends were declared after the balance sheet date for 2013.

(c) Dividend Reinvestment Plan (DRP)

The Company has a Dividend Reinvestment Plan (DRP) which provides shareholders with an opportunity to acquire additional shares in the Company on the payment of dividends.

7. Current assets - Cash and cash equivalents

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Cash at bank and on hand	**33,142**	22,613
	33,142	22,613

a) Reconciliation of cash and cash equivalents

Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Balances as above	**33,142**	22,613
Asset classified as held for sale – cash at bank (Note 8)	**-**	182
Balance per statement of cash flows	**33,142**	22,795

(b) Financing Arrangements[1]

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

Total facilities		
Bank loan facilitiies	**358,844**	329,603
Bank guarantees	**47,000**	30,933
Credit cards	**102**	75
Surety bond facility	**20,000**	-
Other loan facilities from equity accounted investee	**36,600**	-
	462,546	360,611
Used at balance date		
Bank loan facilitities	**216,709**	293,191
Bank guarantees	**25,163**	18,273
Credit cards	**23**	21
Surety bond facility	**3,679**	-
Other loan facilities from equity accounted investee	**35,164**	-
	280,738	311,485
Unused at balance date		
Bank loan facilitities	**142,135**	36,412
Bank guarantees	**21,837**	12,660
Credit cards	**79**	54
Surety bond facility	**16,321**	-
Other loan facilities from equity accounted investee	**1,436**	-
	181,808	49,126

[1] 2012 includes facilities of assets classified as held for sale of which unused bank loan facilities at balance date was $5.1 million.

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

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
(a) Assets classified as held for sale		
Cash and cash equivalents	-	182
Property, plant & equipment	-	151
GST recoverable	-	155
Inventories	-	73,630
Net deferred tax assets	-	772
	-	74,890

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
(b) Liabilities directly associated with assets classified as held for sale		
Payables	-	386
Bank loans - secured	-	22,897
Interest rate swap contract – cash flow hedge	-	611
	-	23,894

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

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

In 2012, the assets and liabilities of the Syndicate had been classified as held for sale as the directors of Peet Limited were actively in the process of preparing to market the sell down of units held by Peet No 113 Pty Ltd. It was the directors' intention to sell down to a non-controlling interest.

During the year ended 30 June 2013 circumstances, previously considered to be unlikely, have changed affecting the active marketing of the units. As a result of the changing circumstances the Group has determined that the assets no longer meet the requirements of assets held for sale and have been reclassified under their appropriate asset and liability categories as part of the Group at 30 June 2013.

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

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Peet Yanchep Pty Ltd	-	11,192
Peet Caboolture Syndicate Ltd	**2,896**	3,010
Peet Tri-State Syndicate Ltd	**3,116**	3,843
Peet Flagstone City Pty Ltd	**46,494**	47,004
Peet Alkimos Pty Ltd	**25,778**	25,391
Peet Greenvale Syndicate	**1,700**	-
Lightsview Joint Venture	**6,937**	-
Crace Developments Pty Ltd Joint Venture	**40,946**	-
Googong Township Unit Trust	**25,231**	-
Other	**4,059**	1,357
	157,157	91,797

10. Contributed equity

	Consolidated		Consolidated	
	30 Jun 2013	30 Jun 2012	**30 Jun 2013**	30 Jun 2012
Ordinary shares	**Shares**	Shares	**$'000**	$'000
Opening Balance	**320,170,604**	318,038,544	**203,713**	201,291
Vested Performance rights	**842,537**	-	**-**	-
Institutional placement	**101,038,844**	-	**116,195**	-
Conditional Placement - Note (a)	**6,956,522**	-	**8,000**	-
Dividend reinvestment plan (DRP)	**-**	2,132,060	**-**	2,431
Less: Transaction costs arising on share issue	**-**	-	**(3)**	(13)
Less: Transaction costs arising on placements	**-**	-	**(3,876)**	-
Deferred tax credit recognised directly in equity	**-**	-	**1,164**	4
	429,008,507	320,170,604	**325,193**	203,713

(a) under a conditional placement to Golden Years Pty Limited as Trustee for Peet Superannuation Fund (a company and trust associated with the Chairman of Peet Limited)

11. Earnings per share

	Consolidated	
	30 Jun 2013	30 Jun 2012
	Cents	Cents
Basic earnings per share	**0.06**	1.70
Diluted earnings per share	**0.06**	1.70

(a) Reconciliation of earnings used in calculating earnings per share	**$'000**	$'000
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holder of the company used in calculating basic and diluted earnings per share	**190**	5,437
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**337,658,388**	319,535,646
Adjustments for calculation of diluted earnings per share:		
Options	**1,200,000**	1,200,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**338,858,388**	320,735,646

12. Contingencies

Contingent liabilities

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

	Consolidated	
	30 Jun 2013 $'000	30 Jun 2012 $'000
Underwriting obligations outstanding	**197**	197
Bank guarantees outstanding	**28,842**	21,114
	29,039	21,311

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

Contingent assets

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

13. Business Combination

Acquisition of CIC Australia

On 10 April 2013, Peet Limited (ASX: PPC) ("Peet" or the "Company") announced a $76 million all cash takeover offer for ASX listed residential property developer, CIC Australia Limited (ASX: CNB) ("CIC"). On 17 May 2013, Peet acquired an 83.15% equity interest in CIC for $63.7 million. At 30 June 2013, Peet's share had increased to 86.03%.

14. Events occurring after the reporting period

On 1 July 2013, Peet had raised $3.4 million from existing shareholders under the Peet Share Purchase Plan (SPP). 2,978,261 shares were issued to participating eligible shareholders under the SPP.

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