



(ABN 85 009 193 695)

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2006

*This Interim Financial Report is provided to the Australian Stock Exchange (ASX) under
ASX Listing Rule 4.2A.3*

Current Reporting Period: Half Year ending 31 December 2006
Previous Reporting Period: Half Year ending 31 December 2005

ASX HALF-YEAR INFORMATION – 31 DECEMBER 2006**CONTENTS OF THE INTERIM FINANCIAL REPORT**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Perilya Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This financial report covers the consolidated entity consisting of Perilya Limited and its subsidiaries. The financial report is presented in Australian dollars.

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

Perilya Limited
Level 10
553 Hay Street
Perth WA 6000.

The financial report was authorised for issue by the Directors on 14 February 2007. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial reports and other information are available at our Investor Information section on our website: www.perilya.com.au.

For queries in relation to our reporting please call: + 61 8 6210-2000 (within Australia 08 6210-2000) or alternately email Perilya@perilya.com.au.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				2005 \$A'000		2006 \$A'000
Revenue	up	112%	from	123,449	to	261,392
Profit after tax from ordinary activities	up	349%	from	16,943	to	76,142
Profit after tax attributable to members	up	349%	from	16,943	to	76,142

DIVIDENDS/DISTRIBUTIONS

	Amount per security	Franked amount per security at 30 % tax
Interim dividend *	10 cents	10 cents
Interim dividend previous corresponding period (paid 7 April 2006)	1 cent	1 cent

Record date for determining entitlements to the dividend

28 February 2007

Payment date for the interim dividend

16 March 2007

* The financial effect of the interim dividend for 31 December 2006 has not been brought to account in the interim financial report for the half year ended 31 December 2006.

NET TANGIBLE ASSETS PER SHARE

	31 Dec 2005 \$/share	31 Dec 2006 \$/share
Net tangible assets per share	0.66	0.80

COMMENTARY ON THE RESULTS FOR THE PERIOD

The commentary on the results of the period is contained in the "Interim Financial Report for the half year ended 31 December 2006".

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2006



The Directors present their report on the consolidated entity comprising Perilya Limited ("Perilya" or "the Company") and its controlled entities ("the consolidated entity") during or at the end of the six months to 31 December 2006 ("the half year"). Perilya is a Company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS

The Directors of Perilya Limited during the half year and up to the date of this report were:

Name	Position	Independent
Patrick O'Connor	Chairman	Yes
Len Jubber	Chief Executive Officer and Managing Director	No
Chang Keun Choi	Non-Executive Director	No
Peter Harley	Non-Executive Director	Yes
Phillip Lockyer	Non-Executive Director	Yes
Guy Travis	Non-Executive Director	Yes

CONSOLIDATED RESULTS

	2006	2005
	\$M	\$M
Consolidated entity profit attributable to members of Perilya	76.1	16.9

REVIEW OF OPERATIONS AND RESULTS

The consolidated entity's financial performance benefited from high metal prices and a continued focus on improving operational efficiencies. The key performance indicators for the half year period include:

- Net profit after tax increased 349 per cent to \$76.1 million (2005: \$16.9 million profit)
- Cash and receivables (including restricted cash) at 31 December 2006 increased to \$238.3 million, a 47 per cent increase over the prior corresponding period (30 June 2006: \$161.6 million). The consolidated entity has total debt of \$9.6 million (30 June 2006: \$7.1 million).
- Pre tax cash inflow from operating activities increased 98 per cent to \$107.9 million (2005: \$54.6 million).
- Total assets increased 30 per cent to \$444.4 million (30 June 2006: \$342.0 million).
- Revenues increased by 112 per cent to \$261.4 million despite Broken Hill zinc production being down 18 per cent on the previous corresponding period.
- Interim fully franked dividend of 10 cents per share declared on 14 February 2007 (2005: 1 cent per share) and payable on 16 March 2007.

FINANCIAL PERFORMANCE

The consolidated entity achieved a record \$76.1 million in net profit after tax. This was an increase of 349 per cent over the corresponding period's result of \$16.9 million. The net profit for the half year equates to 39.8 cents for basic earnings per share (2005: 9.1 cents per share).

Revenues increased by 112 per cent from \$123.4 million to \$261.4 million. The increase in revenue and profitability was principally due to higher zinc and lead prices.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 228 per cent over the previous corresponding period from \$39.1 million to \$128.2 million.

Subsequent to the end of the half year the Board declared an interim dividend of 10 cents per share, representing a payout ratio of 25% of earnings per share.

BROKEN HILL

The Broken Hill operation contributed earnings before interest and tax (EBIT) of \$115.2 million (2005: \$28.4 million) from revenue of \$247.4 million (2005: \$116.6 million). The increase in EBIT was primarily due to higher zinc and lead prices.

Broken Hill contained zinc production was down 17.6 per cent to 58,200 tonnes (2005: 70,670 tonnes) and lead production was 3.2 per cent higher at 37,576 tonnes (2005: 36,412 tonnes). Zinc production was down compared to the previous corresponding period due to lower grade as a result of mining occurring in lower grade areas of the mine and the mining of low grade stopes (excluded from the ore reserves) in the current high metal price environment.

The net cash cost for the half year ended 31 December 2006, was US\$0.69/lb zinc (2005: US\$0.46/lb). The increase is primarily due to higher zinc treatment charges per pound (due to increased prices obtained) and higher direct operating costs per pound resulting from lower zinc grade.

On 9 January 2007, a fatality occurred at the underground operations at Broken Hill. The incident involved the remote operation of a loader. Internal and external investigations into the cause of the accident are currently underway. The operations were shut down for two days. As a precautionary measure operation of equipment via line-of-sight remote control was suspended pending the outcome of a review of the relevant systems and procedures. Operations are expected to return to normal in mid to late February.

The operation achieved a record 174 days lost time injury free period prior to the incident.

CASH FLOW

Net cash inflow from operating activities before tax payments for the half year ended 31 December 2006, increased \$53.4 million to \$107.9 million from \$54.6 million.

Significant investing and financing cash outflows during the half year ended 31 December 2006, included mine properties and development expenditure of \$14.7 million (2005: \$9.9 million), capital expenditures of \$5.5 million (2005: \$2.6 million), exploration expenditure of \$5.9 million (2005: \$1.7 million) and payment for performance bonds of \$14.6 million (2005: nil).

The performance bond payment is classified as restricted cash in the balance sheet and will be released as free cash once an appropriate environmental bonding facility is established.

Cash and receivables (including restricted cash) total \$238.3 million at 31 December 2006 (30 June 2006: \$161.6 million). Total borrowings of \$9.6 million comprising mobile equipment finance lease commitments (30 June 2006: \$7.1 million).

EMPLOYEE SHARE ACQUISITION PLAN

In August 2006, Perilya Limited established the Perilya Employee Share Acquisition Plan (ESAP) which invited all eligible employees to participate in. The aim of the ESAP is to align employees' and shareholders' interests and to provide all employees with part ownership in Perilya. Furthermore, it provides for all employees to participate in the Company's development and when coupled with our capability building program, will strengthen individual commitment towards positioning Perilya for sustainable long term growth.

Under the terms of the ESAP, participating employees (present and future) are issued with a once-off free issue of shares, equal to 10% of their annual salary. In addition, if an employee wishes to purchase additional shares by way of salary sacrifice, Perilya will match the employee's contributions, dollar for dollar, up to a further 10% of the employee's annual salary. Shares acquired in the ESAP are subject to restrictions of up to two years from the date of purchase. Shares which have not met the vesting conditions (other than shares purchased using an employee's before-tax salary contributions) are forfeited if the employee leaves Perilya.

All shares acquired under the ESAP are held by the plan's Trustee, CPU Share Plans Pty Ltd and are purchased on-market by the Trustee.

Shares acquired by the Trustee under the ESAP are classified as "Treasury Shares". During the period shares were purchased under the terms of the ESAP with a value of \$5.6 million and are recorded in equity as "Treasury Shares" and expensed over the relevant vesting period. As at 31 December 2006, the amount expensed totalled \$0.9 million.

AUDITORS' INDEPENDENCE DECLARATION

PricewaterhouseCoopers continues as external auditor in accordance with section 327 of the Corporations Act 2001. The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7 and forms part of this report.

ROUNDING OF AMOUNTS

The Company is a Company of the kind referred to in Australian Securities and Investments Commission Class Order 98/0100. Amounts shown in the Financial Report and this Directors' Report have been rounded off to the nearest thousand dollars, except where otherwise required, in accordance with that class order.

This report is made in accordance with a resolution of the Directors.



Leonard S. Jubber

Chief Executive Officer and Managing Director

Perth, Western Australia

14 February 2007

PricewaterhouseCoopers
ABN 52 780 433 757

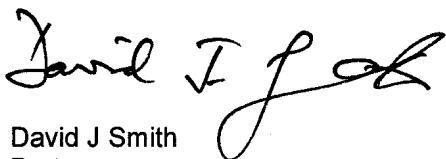
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Auditors' Independence Declaration

As lead auditor for the review of Perilya Limited for the half year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



David J Smith
Partner
PricewaterhouseCoopers

Perth
14 February 2007

CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006



	Notes	Half-year ended	
		2006 \$'000	2005 \$'000
Revenue		261,392	123,449
Other income		134	1,583
Changes in inventories of finished good & work in progress		(7,743)	11,645
Raw materials, power and consumables used		(34,747)	(27,827)
Employee benefits expense		(32,284)	(26,201)
Depreciation and amortisation expense		(19,198)	(17,962)
External services and consultants		(20,162)	(19,058)
Freight and handling		(12,998)	(11,758)
Royalties		(8,596)	(4,054)
Foreign exchange loss		(1,628)	-
Exploration written off		-	(184)
Other expenses from ordinary activities		(11,223)	(6,935)
Finance costs	3	(3,979)	(1,248)
Share of loss from associates accounted for using the equity method		(116)	(100)
Profit before income tax		108,852	21,350
Income tax expense		(32,710)	(4,407)
Profit for the half year		76,142	16,943
Profit attributable to members of Perilya Limited		76,142	16,943
Earnings per share for profit attributable to the ordinary equity holders of the Company		Cents	Cents
Basic earnings per share		39.8	9.1
Diluted earnings per share		39.7	8.9

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

PERILYA LIMITED

ABN 85 009 193 695

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2006



	Notes	31 December 2006 \$'000	30 June 2006 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		150,602	125,048
Trade and other receivables		62,540	25,994
Inventories		15,098	21,700
Available-for-sale financial assets		10,365	5,381
Derivative financial instruments		-	1,715
Total current assets		238,605	179,838
Non-current Assets			
Restricted cash		25,163	10,560
Trade and other receivables		24	26
Investments accounted for using the equity method		87	53
Available-for-sale financial assets		3,202	4,942
Deferred tax		38,938	21,262
Exploration, development and evaluation expenditure		28,348	22,223
Mine properties in use		52,139	48,866
Property, plant and equipment		57,932	54,194
Total non-current assets		205,833	162,126
Total assets		444,438	341,964
LIABILITIES			
Current liabilities			
Trade and other payables		38,057	36,525
Borrowings		5,252	4,301
Current tax liabilities		32,506	27,523
Provisions		6,529	5,682
Prepaid income		4,806	5,368
Derivative financial instruments		93,523	45,143
Total current liabilities		180,673	124,542
Non-current liabilities			
Borrowings		4,385	2,769
Provisions		24,311	20,855
Prepaid income		38,675	37,038
Derivative financial instruments		42,409	23,932
Other		907	1,407
Total non-current liabilities		110,687	86,001
Total liabilities		291,360	210,543
Net assets		153,078	131,421
EQUITY			
Contributed equity	5	98,181	102,970
Reserves		(81,184)	(39,141)
Retained profits		136,081	67,592
Total equity		153,078	131,421

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2006



	Notes	Half-year ended	
		2006 \$000	2005 \$'000
Total equity at the beginning of the half year		131,421	116,275
Adjustment on adoption of AASB 132 and AASB 139, net of tax, to:			
Retained profits		-	(13,854)
Reserves		-	1,194
Restated total equity at the beginning of the half year		131,421	103,615
Changes in the fair value of available-for-sale financial assets, net of tax		4,210	2,075
Changes in the fair value of cash flow hedges, net of tax		(47,875)	425
Net income / (expense) recognised directly in equity		(43,665)	2,500
Profit for the half year		76,142	16,943
Total recognised income and expense for the half year		32,477	19,443
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	5	775	425
Dividends provided for or paid	4	(7,653)	-
Treasury shares		(5,564)	
Share based payments		1,622	402
		(10,820)	827
Total equity at the end of the half year		153,078	123,885

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006



	Half-year ended	
	2006 \$000	2005 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations (inclusive of GST)	218,764	176,928
Cash payments in the course of operations (inclusive of GST)	(114,417)	(116,247)
	104,347	60,681
Payment for price linked payments	-	(7,252)
Interest received	3,850	1,112
Interest and other finance costs (paid) / received	(259)	29
Income taxes paid	(26,689)	(42)
Net cash inflow from operating activities	81,249	54,528
Cash flows from investing activities		
Payments for mine properties	(14,661)	(9,919)
Payment for production linked payments	-	(3,132)
Payments for property, plant and equipment	(5,534)	(2,601)
Payments for exploration, development and evaluation	(5,925)	(1,698)
Payments for purchase of available-for-sale financial assets	(100)	-
Payments for performance guarantee bonds	(14,603)	(15)
Return of bonds	2	-
Proceeds from sale of property, plant and equipment	-	9
Proceeds from sale of available-for-sale financial assets	277	649
Repayments of funds advanced from other entities	-	150
Net cash outflow from investing activities	(40,544)	(16,557)
Cash flows from financing activities		
Proceeds from issues of shares	775	425
Payments for treasury shares	(5,564)	-
Dividends paid to Company's shareholders	(7,535)	-
Proceeds from borrowings	-	4,916
Repayment of borrowings	(573)	(2,000)
Repayment of finance lease liabilities	(2,104)	(2,076)
Funds advanced to associates	(150)	-
Net cash inflow /(outflow) from financing activities	(15,151)	1,265
Net increase in cash and cash equivalents	25,554	39,236
Cash and cash equivalents at the beginning of the half year	125,048	12,021
Cash and cash equivalents at end of the half year	150,602	51,257

The above consolidated cash flow statements should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial report

This general purpose financial report for the interim half year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Perilya Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Comparative expenses in the income statement have been reclassified within the income statement with no impact on the profit for the prior half year to enhance comparability and understanding of the financial statements. The expense classes reclassified include changes in inventories, raw materials, employee benefits, external services, freight and handling, finance costs and other expenses from ordinary activities.

The accounting policies adopted are consistent with those disclosed in the annual financial report for the year ended 30 June 2006 except for the following;

(a) Employee Share Acquisition Plan

Share based compensation benefits are provided to employees via the Employee Share Acquisition Plan ("ESAP"). The Group has formed a trust to administer the Group's employee share acquisition plan. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Through contributions to the trust the consolidated entity purchases shares in the company on market. Shares acquired are held by the Perilya ESAP Trust and are disclosed as "Treasury Shares" and deducted from contributed equity. The cost of the shares acquired by the ESAP is recognised as an employee benefit expense with a corresponding increase in equity, being a share based payments reserve. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares.

2. SEGMENT INFORMATION

(a) Description of segments

Business segments

The Group is organised on a global basis into the following divisions by product and service type.

Base metals mining

Mining and extraction of base metal ores primarily for zinc, lead and silver.

Gold mining

Mining and extraction of gold ore.

Exploration

Exploration for and evaluation of gold and base metal ore deposits.

Investment and administration

Investment and administration of the corporate office.

2. SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting format – business segments

	Base metals mining \$'000	Gold mining \$'000	Exploration \$'000	Investment & administration \$'000	Consolidated \$'000
Half-year 2006					
Sales to external customers	248,535	8,365	-	-	256,900
Other revenue/income	247	6	-	4,373	4,626
Total segment revenue/income	248,782	8,371	-	4,373	261,526
Segment result	111,404	18	-	(2,454)	108,968
Share of net losses of associates					(116)
Profit before income tax					108,852
Income tax expense					(32,710)
Profit for the half year					76,142

	Base metals mining \$'000	Gold mining \$'000	Exploration \$'000	Investment & administration \$'000	Consolidated \$'000
Half-year 2005					
Sales to external customers	116,637	5,443	-	-	122,080
Other revenue/income	1,314	175	-	1,463	2,952
Total segment revenue/income	117,951	5,618	-	1,463	125,032
Segment result	27,898	(2,382)	(184)	(3,882)	21,450
Share of net losses of associates					(100)
Profit before income tax					21,350
Income tax expense					(4,407)
Profit for the half year					16,943

3. FINANCE COSTS

	2006 \$'000	2005 \$'000
Imputed interest expense on silver sale	3,281	-
Unwinding of discounts	438	341
Interest and finance charges paid/payable	260	907
	3,979	1,248

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2006



4. DIVIDENDS PAID AND PROPOSED

a) Dividends paid on ordinary shares

	Amount per share	Total amount \$000	Franked amount per share	Date of payment
For the half-year ended 31 December 2006				
Final June 2006 – ordinary	4 cents	7,653	4 cents	2 October 2006

For the half-year ended 31 December 2005

Final June 2005 – ordinary	-	-	-	-
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b) Dividends proposed and not recognised at half year

	Amount per share	Total amount \$000	Franked amount per share	Date of payment
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Since the end of the half year the Directors have declared the following dividend:

For the half-year ended 31 December 2006

Interim – ordinary	10 cents	19,185	10 cents	16 March 2007
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For the half-year ended 31 December 2005

Interim – ordinary	1 cent	1,910	1 cent	7 April 2006
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The financial effect of the interim dividend for the half year ended 31 December 2006, has not been brought to account in the interim financial report but will be recognised in the subsequent financial report.

c) Dividend Reinvestment Plan

A dividend reinvestment plan was approved by shareholders at the Annual General Meeting held on 29th November 2006. The Company's dividend reinvestment plan will operate in respect of the payment of the interim dividend and the last date for receipt of an election notice from eligible shareholders to participate in the plan is the 7th March 2007. Eligible shareholders include those Australian and New Zealand shareholders on the register as at the record date of 28 February 2007.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2006



5. EQUITY SECURITIES ISSUED

	2006 Shares	2005 Shares	2006 \$000	2005 \$'000
Issues of ordinary shares during the half year				
Opening balance of issued and fully paid shares	191,047,239	186,522,239	102,970	99,286
Treasury shares (see note 1(a))	-	-	(5,564)	-
Exercise of options issued under Perilya Limited Employee Share Option Plan (as below)	800,000	550,000	775	425
Closing balance of issued and fully paid shares	191,847,239	187,072,239	98,181	99,711

a) Exercise of options issued under the Perilya Limited Employee Share Option Plan for the six months ended 31 December 2006:

Date of options exercise and share issue	No of options exercised	Exercise price	Total \$'000
14 August 2006	75,000	\$1.20	90
22 August 2006	125,000	\$1.09	136
01 September 2006	75,000	\$0.88	66
17 October 2006	30,000	\$1.20	36
02 November 2006	150,000	\$1.085	163
20 November 2006	50,000	\$0.97	49
21 November 2006	15,000	\$0.88	13
15 December 2006	100,000	\$0.88	88
15 December 2006	30,000	\$0.97	29
22 December 2006	50,000	\$0.70	35
28 December 2006	100,000	\$0.70	70
	800,000		775

b) Options on Issue

As at 31 December 2006, options over unissued shares in Perilya Limited total 7,650,000.

6. CONTINGENCIES

There were no changes in contingent assets or liabilities since the last annual financial report.

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the end of the half year the directors have declared the payment of a fully franked interim dividend of 10 cents per share. The record date for determining entitlement is 28 February 2007 and the interim dividend is payable on 16 March 2007. The amount payable, based on shares on issue of 191,847,239 as at 14 February 2007, is \$19,184,724. The financial impact of the final dividend is not included in the results for the half year ended 31 December 2006.

Apart from the items disclosed above, there has not arisen, in the interval between the end of the half year and the date of this report, any item, transaction or event of a material or unusual nature which, in the opinion of the Directors has, or may, significantly affect the operations or financial position of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future periods.

DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read "Leonard S. Jubber".

Leonard S. Jubber
Chief Executive Officer and Managing Director

Perth, Western Australia
14 February 2007

INDEPENDENT AUDITOR'S REVIEW REPORT
to the members of Perilya Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Perilya Limited, which comprises the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Perilya Limited Group (the consolidated entity). The consolidated entity comprises both Perilya Limited and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Perilya Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

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

Independence

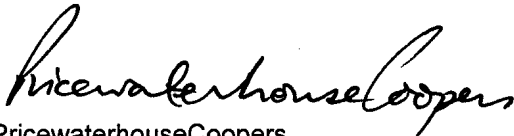
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

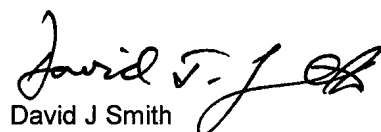
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Perilya Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.


PricewaterhouseCoopers


David J Smith
Partner

Perth
14 February 2007