

20 February 2007

Peet reports sound half-year result

Peet Limited has announced an after tax profit of \$19.4 million for the half year ended 31 December 2006 – up 13.6% on the same period last year.

Peet Limited Chairman Tony Lennon said an interim dividend of 9.0 cents per share fully franked will be paid in April – up 20% on last year's interim dividend.

"The solid result, achieved in a mixed trading environment, underlined the value of the Company's diverse operational and geographical business model and its ability to respond to changing market cycles," he said.

"The Company is well positioned to leverage off its existing platform to achieve growth across its increasingly diversified divisions," he said.

Commenting on the results, Peet Limited Managing Director and Chief Executive Officer, Warwick Hemsley, said more than half of this period's EBIT (56%) came from Victoria and Queensland while the resources sector and population growth underpinned the profit from Western Australia.

"Within Peet's funds management business, land syndicates continued to perform well across the country and made a pleasing contribution to the half-year results," he said. "The first half of the financial year saw the Company syndicate a 64-hectare parcel of land at Cranbourne in Melbourne's south-east (Peet Botanic Village Syndicate Limited) and a further 145-hectare land parcel in Mundijong, Western Australia (Peet Mundijong Syndicate Limited)."

Those two syndicates were particularly successful in increasing syndicate investor participation, adding significantly to Peet's existing group of investors. Revenue from Peet's core funds management and land syndication business recorded a solid 26% increase to \$23.4 million over the half year.

Peet Limited has continued to build on its impressive land bank during the six months, acquiring a total of 3,200 well located, potential residential and commercial lots in its key markets of Western Australia, Victoria and Queensland. The company's managed and owned landbank of some 30,300 lots potential now has an estimated on completion value of \$5.5 billion if sold at today's prices.

The six months to December 31 also saw further expansion of the Company's Income Property Fund, with the acquisition of two strategically located properties in Perth and Darwin. The Fund finished the period with around 600 members and approximately \$37 million in funds under management.

A successful \$82 million capital raising, via an underwritten institutional placement completed during the half year, has further strengthened the Company's balance sheet and will also enable the Company to accelerate growth of its funds management business, grow new profit streams by funding diversified development projects and capitalise on larger acquisition opportunities.

"Moving ahead, Peet is in a solid position to take advantage of acquisition and expansion opportunities arising in key property markets around the country," said Mr Hemsley.

The Company is continuing its track record of growth and quality returns for shareholders. Backed by our experience, sound management and diverse operational approach, and despite a soft January, we remain confident of achieving our EPS growth target of 15% for the full year ending 30 June 2007.

SUMMARY: PEET LIMITED HALF YEAR FINANCIAL HIGHLIGHTS

- Net profit after tax increased by 13.6% to \$19.4 million
- Earnings per share increased by 11.8% to 9.5 cents per share
- Declared interim dividend of 9.0 cents per share fully franked
- Gearing ratio at 31% (net bank debt/total assets – adjusted for market value)
- Company has operated continuously since 1895
- Target EPS growth for FY07 of 15% to 21.2 cents

ENDS

For further information please contact:

Warwick Hemsley, Managing Director and Chief Executive Officer
Peet Limited
Tel: (08) 9420 1111 or 0418 923 325
warwickh@peet.com.au

Marie Mills
Mills Wilson Communication Consultants
Tel: (08) 9228 1999 or 0418 918 202
mariem@millswilson.com.au

PEET

Peet Limited

Half Year Consolidated Financial Report

31 December 2006

APPENDIX 4D

Half Year Consolidated Financial Report For the Half Year ended 31 December 2006

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Entity:	Peet Limited and its controlled entities
Reporting Period:	31 December 2006
Previous Corresponding:	31 December 2005

					\$'000
Revenue	down	7.4%	to		51,236
Profit attributable to the members of Peet Limited	up	13.6%	to		19,414
Basic earnings per share (cents)	up	11.8%	to		9.5c
Diluted earnings per share (cents)	up	10.7%	to		9.3c

Dividends	Cents per security	%Franked per security
Current Period		
Interim dividend	9.0 cents	100%
Previous Period		
Interim dividend	7.5 cents	100%
Final dividend	9.5 cents	100%
	17.0 cents	

Record date for determining entitlements to dividends
Dividend payment date

19 March 2007
16 April 2007

TABLE OF CONTENTS

Directors' Report	3
Auditors' Independence Declaration	7
Consolidated Income Statement	8
Consolidated Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Consolidated Cash Flow Statement	11
Notes to the Financial Statements	12
Independent Review Report to the Members	17

This half year consolidated 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 Peet Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

31 December 2006

Your directors present their report on the consolidated entity consisting of Peet Limited (the Company) and the entities it controlled at the end of, or during, the half year ended 31 December 2006.

Directors

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

AW Lennon	(Chairman and Non-Executive Director)
WD Hemsley	(Managing Director and CEO)
SF Higgs	(Non-Executive Director)
GW Sinclair	(Non-Executive Director)
AJ Lennon	(Executive Director)

Summary of Financial Highlights

- Profit after tax increased by 13.6% on the previous corresponding period to \$19.4 million
- Earnings Per Share increased by 11.8% to 9.5 cents
- Gearing ratio of 31% (net bank debt/total assets – adjusted for market value)
- Interim dividend of 9.0 cents fully franked, up 20% on the previous corresponding period

Review of Operations

The Company achieved a profit after tax of \$19.4 million for the period ended 31 December 2006, reflecting a 13.6% increase on the previous corresponding period.

Basic earnings per share increased by 11.8%, from 8.5 cents to 9.5 cents.

The Company achieved a sound result for the half year, driven by solid profits from each of the operating divisions of its funds management and asset management business.

The continuing geographic diversification of the Company's business resulted in 56% of this half year's EBIT coming from Victoria and Queensland.

The Company's track record of consistently delivering quality returns to shareholders is underpinned by the strength and diversity of its business model, and its ability to respond to changing market cycles.

At the end of the half year, gearing was 31%.

DIRECTORS' REPORT (continued)

31 December 2006

Review of Operations (continued)

The following table details the Company's revenue and profit for the 2007 half year, compared to the previous corresponding period.

	Half Year	
	2006 \$'000	2005 \$'000
Revenue	51,236	55,315
Expenses	(22,794)	(30,905)
EBIT	28,442	24,410
Interest expense	(698)	(210)
Profit before income tax	27,744	24,200
Income tax expense	(8,330)	(7,116)
Profit attributable to members of Peet Limited	19,414	17,084

The profit after tax for the half year ended 31 December 2006 is \$19.4 million compared to \$17.1 million for the same period last year. This earnings growth is due to improved sales and settlements in Victoria and Queensland, and an overall improvement in operating margins.

The Company sold more than 1,100 lots from its syndicated, joint venture and Company-owned projects in the period, grossing in excess of \$220 million in sales revenue. At the end of the period the Company had more than 1,340 lots across all projects that had sold, but were yet to settle, for a value of \$253 million.

Funds Management / Land Syndication

Revenue from funds management / land syndication increased by 26% over the same period last year to \$23.4 million, resulting in a 15% increase in pre-tax earnings to \$16.7 million. The improved result was influenced by higher lot sales in Victoria and Queensland and sound demand for residential land in Western Australia.

The first half of the financial year saw the Company syndicate a 64-hectare parcel of land at Cranbourne in Melbourne's south-east (Peet Botanic Village Syndicate Limited) and a further 145-hectare land parcel in Mundijong, Western Australia. Those two syndicates were particularly successful in increasing syndicate investor participation, adding significantly to our existing group of investors.

Peet Income Property Fund (PIPF) has also expanded and, at 31 December 2006, had around 600 members and approximately \$37 million funds under management. In a very competitive market, the Fund was able to acquire two strategically located industrial properties in Perth and Darwin during the half year.

PIPF is forecasting a 100% tax-deferred yield of 8.25%, based on a current unit price of \$1.11 for the 2007 financial year.

DIRECTORS' REPORT (continued)

31 December 2006

Review of Operations (continued)

Asset Management – Company-owned Land

The segment result for owned project development improved by 17.3% to \$10.2 million. The result was particularly pleasing given forecast lower revenues due to the timing of settlements. Lot sales from Company-owned projects were 8% higher compared to the same period last year.

With continued population growth and strong employment, the economic fundamentals of the Australian residential property market remain sound. Despite a soft January, Western Australia continues to perform satisfactorily on the back of continued economic momentum – particularly in the mining and resources sectors – while the Victorian and Queensland markets remain steady.

Asset Management - Joint Ventures

The performance of Joint Ventures during the period was in line with expectations. Both revenue and earnings at the Village at Wellard – a joint venture development with the WA State Government in the fast growing locality of Wellard in Perth's south-western suburbs – are expected to improve over the next six months. The improvement will result from an increase in lot sales settling and a sharper focus on the area as the preparations continue for the official opening of the Southern Suburbs Railway in late July 2007.

Land Bank Growth

During the six months, the Company continued its ongoing program of acquiring well-located land parcels in Western Australia, Victoria and Queensland. A total of 3,200 lots potential were acquired during the half year comprising a combination of residential and industrial lots adding significantly to the growth of the land bank.

Land acquisitions during the first half of the financial year increased the total number of lots managed and owned to around 30,300 lots potential with a further 1,600 lots under conditional contract as at 31 December 2006.

Institutional Placement

During the period, the Company completed an \$82 million equity raising via an underwritten institutional placement. The purpose of the equity raising was to further strengthen Peet's balance sheet and enable it to accelerate growth of its funds management business, grow new profit streams by funding diversified development projects and capitalise on larger acquisition opportunities.

In addition to the placement, the Company also raised \$1.95 million via a Share Purchase Plan allowing existing shareholders to participate in the equity raising at the institutional placement price.

Cash Flow and Gearing

Group cash flows remain strong. Operating cash flows supported by additional borrowings were predominantly used to acquire and develop land during the six month period. At 31 December 2006, gearing (net bank debt/total assets – adjusted for market value) stood at 31% which is at the lower end of the Company's target range of 30% - 40%. Interest cover for the period was five times.

Dividends

The Directors have declared a fully franked interim dividend of 9.0 cents per share which will be paid on 16 April 2007 representing 95% of basic EPS for the period. The Company maintains an annual dividend payout ratio of circa 90%.

DIRECTORS' REPORT (continued)

31 December 2006

Review of Operations (continued)

Outlook

Peet looks forward to achieving a number of key milestones across its diversified business model in the second half of FY07 and remains confident of achieving its EPS target of 21.2 cents per share, representing 15% growth for the full year, and is positioned for growth in the medium to long term.

Particular factors contributing to the sound outlook include:

- the successful capital raising during the half year which has strengthened the Company's balance sheet, kept gearing at conservative levels and put Peet in a strong position to take advantage of acquisition and expansion opportunities
- the Company's increasing diversification – geographically and operationally
- the continuation of favourable conditions in key eastern states markets and expected stability in the Western Australian market despite a soft January
- the Company's existing extensive landbank and ongoing program of acquisitions facilitating a very strategic approach to growth and development
- expanding strength and experience in the Company's management team coupled with its proven operating principles and long-term view on growth

Peet Limited's key markets are enjoying solid economic growth, particularly Western Australia and Queensland and the fundamentals of the property industry remain sound, despite current issues with land supply. Leading indicators including population growth, house prices, low-vacancy rates and low interest rates underpin Peet's confidence as it moves towards FY08.

The Company is well positioned to leverage off its existing platform to achieve business growth across its increasingly diversified divisions. Among other activities, growth will be achieved through new land syndicates, commercial and retirement housing development projects and the expansion of the income property funds management business.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under *Section 307C of the Corporations Act, 2001* is set out on Page 7.

Rounding off

The Company is of a kind referred to in the class order 98/100, issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



Warwick Hemsley
MANAGING DIRECTOR
19 February 2007

Auditor's Independence Declaration

As lead auditor for the review of Peet 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 Peet Limited and the entities it controlled during the period.



John O'Connor
Partner
PricewaterhouseCoopers

Perth
19 February 2007

CONSOLIDATED INCOME STATEMENT

For the Half Year ended 31 December 2006

	Notes	Half Year	
		2006 \$'000	2005 \$'000
Revenue		51,236	55,315
Change in inventories		100,334	23,154
Purchases & other inventory costs		(110,940)	(43,580)
Employee benefits expense		(6,374)	(5,071)
Depreciation		(175)	(92)
Finance costs	3	(698)	(210)
Project management, selling and other operating costs		(4,317)	(4,419)
Office costs		(799)	(576)
Other expenses		(441)	(365)
Share of net (loss)/profit of associates accounted for using the equity method		(82)	44
Profit before income tax		27,744	24,200
Income tax expense		(8,330)	(7,116)
Profit attributable to members of Peet Limited		19,414	17,084
Earnings per share for profit attributable to the equity holders of the company:			
Basic earnings per share (cents)	7	9.5	8.5
Diluted earnings per share (cents)	7	9.3	8.4

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	31 Dec 2006 \$'000	30 June 2006 \$'000
CURRENT ASSETS		
Cash and cash equivalents	69,071	18,532
Receivables	44,003	39,320
Current tax receivables	22	-
Inventories	80,097	18,069
Prepayments	450	-
TOTAL CURRENT ASSETS	193,643	75,921
NON-CURRENT ASSETS		
Receivables	4,054	-
Inventories	198,582	160,276
Investments accounted for using the equity method	2,360	2,504
Available for sale financial assets	1	706
Property, plant and equipment	1,773	1,601
TOTAL NON-CURRENT ASSETS	206,770	165,087
TOTAL ASSETS	400,413	241,008
CURRENT LIABILITIES		
Payables	26,004	33,716
Borrowings	-	23,830
Current tax liabilities	-	3,212
Provisions	3,372	3,591
TOTAL CURRENT LIABILITIES	29,376	64,349
NON-CURRENT LIABILITIES		
Payables	48,589	11,286
Borrowings	183,500	111,050
Deferred tax liabilities	9,132	7,643
Provisions	73	30
TOTAL NON-CURRENT LIABILITIES	241,294	130,009
TOTAL LIABILITIES	270,670	194,358
NET ASSETS	129,743	46,650
EQUITY		
Contributed equity	83,960	1,479
Reserves	949	749
Retained profits	44,834	44,422
TOTAL EQUITY	129,743	46,650

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	
		2006 \$'000	2005 \$'000
Total equity at the beginning of the half year		46,650	43,500
Profit for the half year		19,414	17,084
Transactions with equity holders in their capacity as equity holders:			
- Contributions of equity, net of transaction costs	6	82,481	-
- Employee share options		200	197
- Dividends provided for or paid	4	(19,002)	(19,002)
Total equity at the end of the half year		129,743	41,779

The above consolidated statement 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	
	2006 \$'000	2005 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	49,399	64,730
Payments to suppliers and employees (inclusive of GST)	(94,716)	(43,336)
Dividends received	167	-
Interest received	1,012	580
Interest and other finance costs paid	(5,360)	(3,683)
Income tax paid	(9,020)	(9,468)
Net cash (outflow)/inflow from operating activities	(58,518)	8,823
Cash flows from investing activities		
Payments for property, plant and equipment	(347)	(418)
Proceeds from sale of investments in associates	35	-
Payments for investments in associates	(96)	(189)
Proceeds from sale of investments in available for sale financial assets	705	-
Payments for investments in available for sale financial assets	-	(1,492)
Proceeds from capital returns	123	9
Net cash inflow/(outflow) from investing activities	420	(2,090)
Cash flows from financing activities		
Proceeds from issue of equity securities	81,849	-
Dividends paid	(19,002)	(19,002)
Loans to related entities	(4,520)	(17)
Loan repayments from related entities	1,690	-
Repayments of borrowings	(26,695)	(21,531)
Proceeds from borrowings	75,315	34,320
Net cash inflow/(outflow) from financing activities	108,637	(6,230)
Net increase in cash and cash equivalents	50,539	503
Cash and cash equivalents at the beginning of the half year	18,532	17,436
Cash and cash equivalents at the end of the half year	69,071	17,939

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

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of Preparation of Half Year 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 Peet Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

A number of expense items have been reclassified in the 31 December 2005 comparative consolidated income statement to more accurately reflect the classification of expenses as shown at 31 December 2006.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Segment Information

Primary Reporting Format - Business Segments

The consolidated entity is an Australian based company 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.

Land Development

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 Venture Operations

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.

NOTES TO THE FINANCIAL STATEMENTS

2 Segment Information (continued)

Primary Reporting Format – Business Segments

	Funds Management / Land Syndication		Land Development		Joint Venture Operations		Inter-Segment Eliminations and Unallocated		Consolidated	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Primary Reporting Business Segments										
Revenue										
Sales to external customers	21,397	13,063	27,363	40,301	1,004	1,150	-	-	49,764	54,514
Inter-segment transactions	1,005	5,070	-	-	-	-	(1,005)	(5,070)	-	-
Total sales revenue	22,402	18,133	27,363	40,301	1,004	1,150	(1,005)	(5,070)	49,764	54,514
Share of net profit/(loss) of associates	-	-	-	-	-	-	(82)	44	(82)	44
Other revenue	999	452	626	438	-	-	(153)	(88)	1,472	802
Total segment revenue/income	23,401	18,585	27,989	40,739	1,004	1,150	(1,240)	(5,114)	51,154	55,360
Result										
EBITDA	16,795	14,577	10,246	8,721	743	873	833	331	28,617	24,502
Depreciation	(79)	(24)	(92)	(66)	(4)	(2)	-	-	(175)	(92)
EBIT	16,716	14,553	10,154	8,655	739	871	833	331	28,442	24,410
Financing costs									(698)	(210)
Profit before income tax expense									27,744	24,200
Income tax expense									(8,330)	(7,116)
Profit for the year									19,414	17,084

NOTES TO THE FINANCIAL STATEMENTS

3 Profit for the Half Year

	Half Year	
	2006	2005
	\$'000	\$'000

Profit before income tax includes the following items of revenue and expense which, together with other disclosures in this report, are relevant in explaining the financial performance for the half year:

Expenses

Cost of sales:

- Land and development costs	10,606	18,966
------------------------------	--------	--------

Finance costs:

- Interest and finance charges	5,933	3,713
- Amount capitalised	(5,235)	(3,503)
Finance costs expense	698	210

4 Dividends

	Half Year	
	2006	2005
	\$'000	\$'000
Ordinary shares		
Dividends provided for or paid during the half year	19,002	19,002

	Cents per share	Total Amount \$'000	Date of Payment	Franked/ Unfranked
Dividends recognised in the current half year by the Company are:				
2006				
Final 2006 ordinary	9.5	19,002	17 October 2006	Franked
Total amount	9.5	19,002		
2005				
Final 2005 ordinary	2.5	5,001	16 December 2005	Franked
Final 2005 ordinary	7.0	14,001	20 October 2005	Franked
Total amount	9.5	19,002		

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

Subsequent events

Since the end of the half year, the directors declared the following dividend:

Interim 2007 ordinary	9.0	19,845	16 April 2007	Franked
-----------------------	-----	--------	---------------	---------

The financial effect of the fully franked dividend declared subsequent to reporting date has not been brought to account in the financial statements for the half year ended 31 December 2006 and will be recognised in subsequent financial reports. The declaration and subsequent payment of this dividend has no income tax consequences.

NOTES TO THE FINANCIAL STATEMENTS

5 Dividend Reinvestment Plan ("DRP")

The Company has established 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. As at the date of this report the DRP has not been activated.

6 Contributed Equity

	Half Year		Half Year	
	2006 Number of Shares	2005 Number of Shares	2006 \$'000	2005 \$'000
Issues of ordinary shares during the half year:				
Institutional Placement (net of transaction costs)	20,000,000	-	80,533	-
Share Purchase Plan	475,130	-	1,948	-
	20,475,130	-	82,481	-
	2006 Number of Options	2005 Number of Options	2006 \$'000	2005 \$'000
Issue of options during the half year:				
Issued for no consideration				
Employee share option scheme	-	430,000	-	-

7 Earnings Per Share

	2006 Cents	2005 Cents
Basic earnings per share	9.5	8.5
Fully diluted earnings per share	9.3	8.4
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	204,614,364	200,023,324
Weighted average number of ordinary shares used as the denominator in the calculation of diluted earnings per share	208,016,373	200,350,612

NOTES TO THE FINANCIAL STATEMENTS

8 Details of entities over which control has been gained or lost during the period

During the half year ended 31 December 2006 the Company established the following wholly owned subsidiaries:

Name	Date of incorporation
Peet No 110 Pty Ltd	25 July 2006
Peet No 111 Pty Ltd	25 July 2006
Peet No 112 Pty Ltd	25 July 2006
Peet No 113 Pty Ltd	25 July 2006
Peet No 114 Pty Ltd	25 July 2006

During the half year ended 31 December 2006, Peet Botanic Village Syndicate Limited ("Botanic Village") issued shares to the public via a prospectus dated 14 November 2006. As at 29 December 2006, Botanic Village was no longer a controlled entity.

During the half year ended 31 December 2006, Peet Mundijong Syndicate Limited ("Mundijong") issued shares to the public via a prospectus dated 10 November 2006. As at 29 December 2006, Mundijong was no longer a controlled entity.

9 Contingent Liabilities

The consolidated entity had contingent liabilities at 31 December 2006 in respect of guarantees and underwriting obligations of \$22,315,800 (30 June 2006: \$5,547,600).

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

10 Events Occurring after Reporting Date

There are no significant events occurring after reporting date.

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

Report on the Half-Year Financial Report

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



John O'Connor
Partner

Perth
19 February 2007