



(ABN 85 009 193 695)

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

This interim financial report incorporating Appendix 4D is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period: Half-year ending 31 December 2008
Previous Reporting Period: Half-year ending 31 December 2007

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ASX HALF-YEAR INFORMATION – 31 DECEMBER 2008**CONTENTS OF THE INTERIM FINANCIAL REPORT**

	Page
1. Results for announcement to the market	2
2. Directors' Report	3
3. Auditors' Independence Declaration	8
4. Interim Financial Report	
Consolidated Income Statement	9
Consolidated Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Notes to the Consolidated Financial Statements	13
Directors' Declaration	20
5. Independent Auditor's Review Report	21

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 Financial Report for the year ended 30 June 2008 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:

First Floor, Building E
661 Newcastle Street
Leederville, WA 6007

The Financial Report was authorised for issue by the directors on 27 February 2009. 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 6330-1000 (within Australia 08 6330-1000) or alternately email Perilya@perilya.com.au.

APPENDIX 4D – INTERIM FINANCIAL REPORT (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2008 \$A'000	2007 \$A'000	Change %
Revenue from ordinary activities	113,049	133,125	Down 15%
(Loss)/Profit after tax from ordinary activities	(77,175)	10,058	N/A
(Loss)/Profit after tax attributable to members	(77,175)	11,988	N/A

DIVIDENDS/DISTRIBUTIONS

	Amount per security	Franked amount per security at 30 % tax
2008 interim dividend	Nil	N/A
2007 interim dividend previous corresponding period (paid 27 March 2008)	1 cent	1 cent

Record date for determining entitlements to the dividend

Not Applicable

Payment date for the interim dividend

Not Applicable

NET TANGIBLE ASSETS PER SHARE

	31 Dec 2008 \$/share	31 Dec 2007 \$/share
Net tangible assets per share	0.20	1.14

COMMENTARY ON THE RESULTS FOR THE PERIOD

The commentary on the results for the period is contained in the Directors' Report. This Interim Financial Report is to be read in conjunction with the 2008 Annual Financial Report.

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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 2008 ("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	Date First Appointed
Patrick O'Connor	Non-Executive Chairman	Yes	1 February 2006
Paul Arndt	Managing Director & Chief Executive Officer	No	25 November 2008
Peter Harley	Non-Executive Director	Yes	19 November 2003
Shuijian Zhang	Non-Executive Director	No	9 February 2009
Wen Wang	Non-Executive Director	No	9 February 2009
Minzhi Han	Non-Executive Director	No	9 February 2009

The directors of Perilya Limited during the half-year who have since resigned:

Name	Position	Independent	Date of Resignation
Evert van den Brand	Non-Executive director	Yes	25 November 2008
Karen Field	Non-Executive director	Yes	9 February 2009
Phillip Lockyer	Non-Executive director	Yes	9 February 2009

CONSOLIDATED RESULTS

	2008 \$A'000	2007 \$A'000
Consolidated entity profit / (loss) attributable to members of Perilya	(77,175)	11,988

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial period consisted of zinc, lead and silver mining, base metals exploration and investment activities.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

FINANCIAL RESULTS

The results for the six months ended 31 December 2008 reflect recent turbulence in the financial and commodity markets, which was further reflected in significant falls in metal prices for both zinc and lead.

During the reporting period zinc prices fell by 41% and lead by 46% and since 31 December 2007 zinc prices have fallen by 51% and lead by 63%. A weakening of the AUD during the reporting period has helped offset some of the fall in metal prices; however, revenues for the period were down 15% to \$113.0 million from \$133.1 million achieved in the December 2007 half-year.

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The net loss after tax of \$77.2 million was due to the lower metal prices, the one-off costs associated with the re-sizing at Broken Hill, impairment charges and the write off of the company's deferred tax balances, as detailed below. The loss before interest, tax, depreciation and amortisation from continuing operations was \$51.8 million (31 December 2007: EBITDA of \$44.6 million profit).

The consolidated entity's reported loss after tax of \$77.2 million included the following significant items:

- redundancy costs of approximately \$9.7 million. Including the payment of associated leave entitlements, the cashflow impact of the redundancies was approximately \$13.4 million across the group
- closure costs at the Potosi Exploration decline and the North Mine operation of \$0.8 million
- pre-tax impairment charges of \$21.1 million relating to the value of available-for-sale financial assets (\$7.1 million), exploration properties (\$8.6 million) and plant and equipment (\$5.4 million); and
- write-off of net deferred tax assets of \$31.9 million as, in the current financial environment, it is not probable that these benefits will be realisable.

The underlying loss for the period before tax was \$33.1 million, as shown below:

Reconciliation to underlying financial results:

A\$ Million	Pre tax	Tax effect	Net impact after tax
Net loss from continuing operations	(64.7)	(12.5)	(77.2)
Add back significant items:			
Redundancy costs	9.7	(2.3)	7.4
Mine closure costs	0.8	(0.2)	0.6
Impairment losses (as discussed herein)	21.1	(6.3)	14.8
Non recognition of net deferred tax asset	-	31.9	31.9
Underlying financial result	(33.1)	10.6	(22.5)

CASH FLOW

Net cash from operations for the 6 months was \$13.8 million, which includes \$60.3 million received as a result of the closure of the company's hedge book in August. The net cash from operations also includes approximately \$13.4 million in redundancy costs and associated leave entitlements as a result of the re-sizing completed at Broken Hill during the 6 month period.

Allowing for the above two significant items, the net cash from operating activities (pre tax) was negative \$36.2 million (December 2007: \$22.9 million surplus).

Investing activities during the half-year ended 31 December 2008, included exploration expenditure of \$8.3 million which was predominantly associated with the drilling program at Mount Oxide. On the back of the re-sizing of the Broken Hill Operations capital expenditures were reduced significantly to \$4.3 million (Dec 2007:\$19.6 million).

Cash on hand at 31 December 2008 totalled \$19.1 million (30 June 2008: \$26.5 million).

Capital Raising

Subsequent to the end of the half year and after discussions with a number of companies, the Board and management sought and introduced Shenzhen Zhongjin Lingnan Nonfemet Co Ltd ("Zhongjin Lingnan"), China's third largest zinc producer, as a long-term strategic partner. As a result of the strength of the Broken Hill Operations and the quality of the assets at Broken Hill, Zhongjin Lingnan agreed on 5 December 2008, to inject \$45.5 million cash into Perilya by way of a share placement (of which a \$10 million deposit was received prior to 31 December 2008).

The share placement was completed on 9 February 2009 (refer to Subsequent Event note below) and resulted in Zhongjin Lingnan owning 50.1% of the expanded capital of Perilya.

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BROKEN HILL OPERATION RESIZING AND CLOSURE OF HEDGE BOOK

On 21 August 2008, Perilya announced that it had completed an extensive review of its Broken Hill zinc, lead and silver operation and that it would implement a plan to resize the operation in light of the significant fall in commodity prices. As a result of this review, Perilya implemented a new production plan at its Broken Hill Operation which focused on a lower tonnage profile around mining remnant pillars and stopes with low development requirements in the Southern Operation. It was also decided that the North Mine and Potosi exploration decline be placed on care and maintenance.

This new operating plan was fully implemented during the reporting period and together with productivity improvements and reductions in operating costs the Broken Hill Operations has been placed in a stronger position to endure the difficult current economic and market conditions.

Furthermore, the re-sizing positions the Broken Hill Operation to re-establish increased production and profitability in the future when metal prices increase.

Regrettably, the lower production rate resulted in a large reduction in manning levels and the consequential payment of significant redundancy costs. The company also incurred the cost associated with placing the North Mine and Potosi Exploration decline on care and maintenance. Further cost reductions were also made in corporate office and across exploration activities.

In conjunction with the resizing, Perilya closed-out its hedge book realising approximately \$60.3 million in cash. The hedge book was closed to realise its inherent financial value and to strengthen the company's balance sheet. Proceeds from the hedge book closure were used to fund the resizing of the Broken Hill Operation (including redundancy costs, care and maintenance programs and working capital requirements) and the repayment of \$10 million in short-term borrowings.

The gains arising from the closure of the hedge book will be recognised over the FY2009 and FY2010 financial accounts, in accordance with the Group's accounting policy.

BROKEN HILL OPERATIONS

Production was 40,200 tonnes of contained zinc and 20,400 tonnes of contained lead for the six months ending 31 December 2008 (31 December 2007: 41,000 tonnes of contained zinc and 25,800 tonnes of contained lead).

Net cash costs at Broken Hill for the December quarter reduced 39% to US\$0.83 per pound payable zinc from US\$1.36 in the September quarter (prior to the restructure of operations), largely on the back of lower operating costs and productivity improvements.

December 2008 was the strongest production and cost performance month with direct cash costs of approximately US\$0.68 cents and net cash costs of approximately US\$0.76 cents per pound of payable zinc. This positive trend is expected to continue into 2009 as access is gained to the higher grade pillar areas of the Southern Operation.

The Company continues to remain focused on cost saving initiatives and productivity improvements. The full impact of these cost reductions together with expected higher grades, lower treatment charges (from 1 January 2009) and freight costs, are expected to be realised in the March 2009 Quarter.

FLINDERS PROJECT

During the reporting period metal sales for Beltana Direct Shippable Ore ("DSO") were 48,712 tonnes for a total of 15,278 tonnes of contained zinc. Delivery of DSO remains strong, with all customers continuing to honour their contractual commitments during these difficult economic times, and continue to show interest in further purchases of the Company's zinc silicate.

The Beltana operation remains cashflow positive, despite current depressed metal prices.

At the end of December a total of 214,810 tonnes of zinc silicate ore is stockpiled at an average grade of 31% zinc, for a total of approximately 66,300 tonnes of contained zinc.

CASH AND INVESTMENTS AT 31 DECEMBER 2008

At 31 December 2008, the Company held cash, deposits and investments totalling \$59.8 million represented by:

- free cash of \$19.1 million, inclusive of \$10.0 million deposit received from Zhongjin Lingnan;
- secured cash deposits of \$24.7 million supporting performance bonds required under various mining licences at Broken Hill;
- commercial paper of \$10.4 million (written down value); and
- other investments of \$5.6 million (estimated market value).

During the current reporting period, the company realised \$10.8 million from the sale of commercial paper. These investments had a book value of \$13.1 million. Furthermore, of the pre-tax impairment charge of \$7.1 million recognised against available-for-sale financial assets, \$6.6 million related to the balance of the company's investments in commercial paper; the market for which continued to deteriorate in line with world financial markets and a poor global economic outlook.

The Company continues to review its program on divestment of investments in commercial paper and listed securities. The proceeds of \$45.5 million from the share placement to Zhongjin Lingnan on 9 February 2009, has strengthened Perilya's balance sheet and will be used to help underpin ongoing operations at Broken Hill into the future.

DEBT

Perilya has no corporate debt (being debt other than finance to support the ordinary course of business). At 31 December 2008, the Company had \$13.4 million in debt comprising \$12.2 million in mobile equipment financing, which is payable over a five year period, and \$1.2 million in insurance premium funding which was repaid early in 2009.

FINANCIAL RISK MANAGEMENT

Since the closure of the company's hedge book in August 2008, the only derivative contracts entered into by the company are for Quotational Period hedging. The company has elected not to apply hedge accounting to all contracts entered into since the closure of the hedge book in August 2008.

SUBSEQUENT EVENTS**Completion of a Share Placement to Zhongjin Lingnan to raise \$45.5m**

Subsequent to the end of the half-year, Perilya completed a share placement on 9 February 2009 (following shareholder approval on 5 February 2009) to Zhongjin Lingnan of 197,672,000 new fully paid ordinary shares in Perilya at an issue price of A\$0.23 per share raising \$45.5 million in cash (of which a \$10 million deposit was paid at 31 December 2008). Following the share placement Zhongjin Lingnan hold 50.1% of the expanded capital of Perilya.

The share placement to Zhongjin Lingnan was approved by the Australian Foreign Investment Review Board (FIRB) on 4 February 2009, which provided consent to Zhongjin Lingnan to acquire an interest of up to 52% in Perilya.

CBH Unsolicited Takeover Bid Withdrawn

Subsequent to the end of the half-year CBH Resources Limited advised Perilya that it would withdraw its takeover bid.

AUDITOR & AUDITORS' INDEPENDENCE DECLARATION

PricewaterhouseCoopers continues as the company's external auditor in accordance with section 327 of the *Corporations Act 2001* and the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 8.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the director's report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



Paul Arndt
Managing Director

Perth, Western Australia
27 February 2009

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Auditor's Independence Declaration

As lead auditor for the review of Perilya Limited for the half year ended 31 December 2008, 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.


Peter Buchholz
Partner
PricewaterhouseCoopers

Perth
27 February 2009

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CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008



	Notes	Half-year ended 31 December	
		2008 \$000	2007 \$000
Revenue		113,049	133,125
Other income		275	19,989
Changes in inventories of finished good & work in progress		(18,398)	16,329
Raw materials, power and consumables used		(34,523)	(28,485)
Employee benefits expense		(40,296)	(42,195)
Depreciation and amortisation expense		(7,913)	(30,519)
External services and consultants		(18,179)	(22,290)
Freight and handling		(23,027)	(14,237)
Royalties		(2,733)	(4,251)
Foreign exchange gain/(loss)		3,308	(1,677)
Impairment of property, plant & equipment		(5,396)	-
Impairment of available-for-sale financial assets		(7,126)	-
Impairment of exploration, development and evaluation assets		(8,542)	-
Other expenses from ordinary activities		(10,125)	(7,935)
Finance costs	4	(4,910)	(4,476)
Share of loss from associates accounted for using the equity method		(144)	(268)
Profit/(Loss) before income tax		(64,680)	13,110
Income tax expense	6	(12,495)	(3,052)
Profit/(Loss) from continuing operations		(77,175)	10,058
Profit from discontinued operations	5	-	1,930
Profit/(Loss) for the half-year		(77,175)	11,988
Profit/(Loss) attributable to members of Perilya Limited		(77,175)	11,988
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings / (loss) per share		(39.8)	5.2
Diluted earnings / (loss) per share		(39.8)	5.2
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings / (loss) per share		(39.8)	6.1
Diluted earnings / (loss) per share		(39.8)	6.1

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

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PERILYA LIMITED

ABN 85 009 193 695

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008



	Note	31 December 2008 \$'000	30 June 2008 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	19,138	26,532
Trade and other receivables		13,255	11,690
Current tax assets		-	2,967
Inventories		17,135	31,300
Available-for-sale financial assets		15,904	40,856
Derivative financial instruments		955	129,143
Total current assets		66,387	242,488
Non-current assets			
Restricted cash		24,724	10,444
Trade and other receivables		59	37
Inventories		4,900	8,754
Available-for-sale financial assets		176	-
Exploration, development and evaluation expenditure		15,000	15,193
Property, plant and equipment		24,246	30,818
Total non-current assets		69,106	65,246
Total assets		135,493	307,734
LIABILITIES			
Current liabilities			
Trade and other payables	8	40,963	51,940
Borrowings		8,374	20,211
Provisions		6,404	14,721
Prepaid income		3,078	1,938
Deferred option premiums		-	30,332
Derivative financial instruments		2,394	7,701
Total current liabilities		61,213	126,843
Non-current liabilities			
Borrowings		5,010	5,794
Provisions		28,757	24,777
Prepaid income		925	2,710
Total non-current liabilities		34,692	33,281
Total liabilities		95,905	160,124
Net assets		39,588	147,610
EQUITY			
Contributed equity	10	108,052	106,539
Reserves		29,644	62,001
Retained profits		(98,108)	(20,930)
Total equity		39,588	147,610

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 2008



CONSOLIDATED	Notes	Contributed equity \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$000
Balance at 1 July 2007		106,047	123,234	(80,008)	149,273
Changes in the fair value of available-for-sale financial assets (net of tax)		-	-	794	794
Changes in the fair value of cash flow hedges (net of tax)		-	-	63,077	63,077
Net income recognised directly in equity		-	-	63,871	63,871
Profit for the half-year		-	11,988	-	11,988
Total recognised income for the half-year		-	11,988	63,871	75,859
Contributions of equity, net of transaction costs	10	801	-	-	801
Dividends provided for or paid	9	-	(1,963)	-	(1,963)
Employee share options – value of employee services		-	-	512	512
Perilya Employee Share Acquisition plan	10 (b)	673	-	(453)	220
		1,474	(1,963)	59	(430)
Balance at 31 December 2007		107,521	133,259	(16,078)	224,702
		106,539	(20,929)	62,001	147,610
Balance at 1 July 2008		106,539	(20,929)	62,001	147,610
Changes in the fair value of available-for-sale financial assets (net of tax)		-	-	(1,838)	(1,838)
Changes in the fair value of cash flow hedges (net of tax)		-	-	(29,154)	(29,154)
Net income expense recognised directly in equity		-	-	(30,992)	(30,992)
Loss for the half-year		-	(77,175)	-	(77,175)
Total recognised income for the half-year		-	(77,175)	(30,992)	(108,167)
Employee share options – value of employee services		-	-	(189)	(189)
Perilya Employee Share Acquisition plan	10 (b)	1,513	-	(1,176)	337
		1,513	-	(1,365)	148
Balance at 31 December 2008		108,052	(98,105)	29,644	39,591

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

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CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008



	Note	Half-year ended 31 December	
		2008 \$000	2007 \$000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		111,599	155,607
Cash payments in the course of operations (inclusive of GST)		(149,033)	(135,172)
		(37,434)	20,435
Interest received		2,152	3,463
Interest and other finance costs paid		(873)	(946)
Closure of hedge book		60,314	-
Payments for redundancies & associated leave entitlements		(13,375)	-
Income taxes (payment) / refund		2,967	(31,758)
		13,751	(8,806)
Cash flows from investing activities			
Payments for mine properties		-	(21,716)
Payments for property, plant and equipment		(4,336)	(19,638)
Payments for exploration, development and evaluation		(8,349)	(9,904)
Payments for purchase of available-for-sale financial assets		-	(28,470)
Payments for performance guarantee bonds		(14,301)	(103)
Proceeds from sale of property, plant and equipment		261	6,233
Proceeds from sale of available-for-sale financial assets		11,539	44,521
Proceeds from sale of tenements		-	2,555
		(15,186)	(26,522)
Cash flows from financing activities			
Proceeds from issues of shares		-	354
Proceeds received in lieu of share issue completed subsequent to reporting period	8	10,000	-
Payments for treasury shares		(362)	(1,491)
Dividends paid to company's shareholders		(7)	(1,666)
Proceeds from borrowings		-	40,000
Repayment of borrowings		(13,159)	(34,048)
Repayment of finance lease liabilities		(2,293)	(4,348)
Funds advanced to associates		(138)	(200)
		(5,959)	(1,399)
Net decrease in cash and cash equivalents		(7,394)	(36,727)
Cash and cash equivalents at the beginning of the half-year		26,532	147,455
Cash and cash equivalents at end of the half-year		19,138	110,728

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

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1. GENERAL INFORMATION

This general purpose interim financial report of Perilya Limited and its controlled entities for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 27 February 2009.

Perilya Limited is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The nature of the operations and principal activities of Perilya Limited and its subsidiaries are the mining, production and marketing of base metals and the exploration, evaluation and development of prospective base metal areas.

2. 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 2008 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 Financial Report for the year ended 30 June 2008 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 revenue and expenses in the income statement, related to discontinued operations as disclosed in note 5, 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 accounting policies adopted are consistent with those disclosed in the annual financial report for the year ended 30 June 2008.

Going Concern

Directors have reviewed the Group's cashflow forecast under the new operating model for Broken Hill in conjunction with its cash position at the reporting date and the capital raising completed in February 2009. Directors are satisfied there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

3. SEGMENT INFORMATION

(a) Description of segments

Business segments

Having completed the sale of its gold assets, including the Daisy Milano gold mine in November 2007, the Group is currently 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.

Exploration

Exploration for and evaluation of base metal ore deposits.

Investment and administration

Investment and administration of the corporate office.

Segment disclosures below include a discontinued operation segment which relates to those revenues and expenses that were previously disclosed under 'gold mining' in our segment disclosures. For further information on the sale of our gold mining operation and associated gold assets see note 5 - Discontinued operation.

3. SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting format – business segments

	Base metals mining	Exploration	Investment & administration	Total continuing operations	Disposal group - Discontinued gold mining operation plus gold exploration assets (note 5)	Consolidated
Half-year 2008	\$'000	\$'000	\$'000	\$,000	\$'000	\$'000
Sales to external customers	113,012	-	-	113,012	-	113,012
Other revenue/income	458	-	(146)	312	-	312
Total segment revenue/income	113,470	-	(146)	113,324	-	113,324
Segment result	(37,157)	(10,542)	(16,837)	(64,536)	-	(64,536)
Share of net losses of associates				(144)	-	(144)
Loss before income tax				(64,680)	-	(64,680)
Income tax expense				(12,495)	-	(12,495)
Loss for the half-year				(77,175)	-	(77,175)

	Base metals mining	Exploration	Investment & administration	Total continuing operations	Disposal group - Discontinued gold mining operation plus gold exploration assets (note 5)	Consolidated
Half-year 2007	\$'000	\$'000	\$'000	\$,000	\$'000	\$'000
Sales to external customers	129,537	-	-	129,537	5,277	134,814
Other revenue/income	482	-	23,095	23,577	46	23,623
Total segment revenue/income	130,019	-	23,095	153,114	5,323	158,437
Segment result	1,522	-	11,856	13,378	1,832	15,210
Share of net losses of associates				(268)	-	(268)
Profit before income tax				13,110	1,832	14,942
Income tax (expense)/benefit				(3,052)	98	(2,954)
Profit for the half-year				10,058	1,930	11,988

4. FINANCE COSTS

	Half-year ended 31 December	
	2008 \$000	2007 \$000
Imputed interest expense on silver sale	2,379	2,960
Unwinding of discounts	1,657	584
Interest and finance charges paid/payable	874	932
	4,910	4,476

5. DISCONTINUED OPERATION AND DISPOSAL GROUP OF ASSETS

(a) Description

In March 2007 Perilya Limited announced the suspension of operations at its Daisy Milano mine site and the transition of this operation to a care and maintenance basis pending its intended sale. On 27 August 2007 the sale of the Daisy Milano mine operation, along with other gold exploration projects, comprising Mount Monger, Moyagee and Honeymoon Well was announced. The sale of the Honeymoon Well asset, to MPI Nickel Pty Ltd, was completed on 12 November and the sale of the Daisy Milano mine operation and Mount Monger and Moyagee assets, to Silver Lake Resources Limited, was completed on 14 November 2007. The Daisy Milano operation disposed of is reported in the comparative financial period as a discontinued operation and the group of assets disposed of as the 'disposal group'.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 3 – Segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 14 November 2007 (2007 column) and the half-year ended 31 December 2008.

	Half-year ended 31 December	
	2008 \$000	2007 \$000
Revenue	-	5,277
Other income	-	46
Expenses	-	(3,930)
Profit before income tax	-	1,393
Income tax (expense) / benefit	-	229
Profit after income tax of discontinued operation	-	1,622
Gain on sale of the disposal group before income tax	-	439
Income tax expense	-	(131)
Gain on sale of the disposal group after income tax	-	308
Profit from discontinued operations	-	1,930
Net cash inflow/(outflow) from operating activities	-	3,300
Net cash inflow/(outflow) from investing activities*	-	6,901
Net cash inflow/(outflow) from financing activities	-	(10,201)
Net increase in cash generated by the operations	-	-

* 2007 includes cash inflow from the sale of the disposal group of assets

5. DISCONTINUED OPERATION AND DISPOSAL GROUP OF ASSETS (CONTINUED)

(c) Carrying amounts of assets and liabilities of the disposal group

The carrying amounts of assets and liabilities as at 14 November 2007 were:

	December 2008 \$000	November 2007 \$000
Inventories	-	318
Exploration and evaluation expenditure	-	6,016
Mine properties	-	3,169
Property, plant & equipment	-	1,949
Total assets	-	11,452
Borrowings	-	391
Total liabilities	-	391
Net assets	-	11,061

(d) Details of the sale of the disposal group

	Half-year ended 31 December	
	2008 \$000	2007 \$000
Net consideration received and receivable*		
Cash	-	7,000
Available-for-sale financial assets	-	4,500
Total net disposal consideration	-	11,500
Carrying amount of net assets sold	-	(11,061)
Gain on sale before income tax	-	439
Income tax expense	-	(131)
Gain on sale after income tax	-	308

* net of transaction costs associated with sale

6. INCOME TAX

The income tax expense of \$12.5 million recognised in the financial period relates to both the non-recognition of tax losses incurred during the period and the write off of the company's net deferred tax position as at 31 December 2008.

7. CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the half-year

	31 December 2008 \$000	30 June 2008 \$000
Cash at bank and in hand	19,138	26,532
Cash at the end of the period	19,138	26,532

Cash at bank is deposited in trading accounts with major financial institutions under normal terms and conditions appropriate to the operations of the accounts.

8. TRADE AND OTHER PAYABLES

	31 December 2008 \$000	30 June 2008 \$000
Trade creditors and accruals	30,963	51,940
Proceeds received in lieu of share issue completed subsequent to reporting period ^(*)	10,000	-
Trade and Other Payables	40,963	51,940

^(*) \$10.0 million was received from Zhongjin Lingnan prior to 31 December 2008 as part of the Share Subscription Agreement entered into with the Company. Refer to Note 13.

9. DIVIDENDS PAID AND PROPOSED

No dividend is payable in respect of the 6 months ended 31 December 2008 and no dividend in respect of the year ending 30 June 2008 was paid in the reporting period.

In respect of the previous corresponding six months period to 31 December 2007, an interim dividend of 1 cent per share was paid in March 2008, totalling \$1,963,000.

10. EQUITY SECURITIES ISSUED

(a) Movement in Ordinary Fully paid Share Capital of the Company

	Half-year ended		Half-year ended	
	31 December 2008 Shares	31 December 2007 Shares	31 December 2008 \$000	31 December 2007 \$000
Issues of ordinary shares during the half-year				
Opening balance of issued and fully paid shares	196,882,640	196,276,377	113,474	112,454
Exercise of options issued under Perilya Limited Employee Share Option Plan	-	260,000	-	354
Share and dividend reinvestment plan issues	-	126,755	-	447
Closing balance of issued and ordinary fully paid shares	196,882,640	196,663,132	113,474	113,255
Treasury shares (b)	(3,135,025)	(1,687,554)	(5,422)	(5,734)
Total consolidated contributed equity	193,747,615	194,975,578	108,052	107,521

Since the end of the half year (on 9 February 2009), the Company issued 197,672,000 new ordinary shares to Zhongjin Lingnan to raise \$45.5m in cash. The share placement to Zhongjin Lingnan was approved by shareholders on 5 February 2009. Accordingly, the total issued ordinary share capital increased to 394,554,640 ordinary fully paid shares.

(b) Movement in treasury shares during the half-year

The following is a reconciliation of the movement in treasury shares, being shares held under the company's Employee Share Acquisition Plan (ESAP), which are held for the benefit of employees, but which have not vested to employees.

	Half-year ended		Half-year ended	
	31 December 2008 Shares	31 December 2007 Shares	31 December 2008 \$000	31 December 2007 \$000
Opening balance	(2,900,420)	(2,028,850)	(6,935)	(6,407)
Acquisition of shares by the Perilya Employee Share Acquisition Plan (ESAP) Trust	(655,381)	(397,368)	(362)	(1,491)
Perilya ESAP shares issued to participants	420,776	738,664	1,875	2,164
Closing balance	(3,135,025)	(1,687,554)	(5,422)	(5,734)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008



(c) Options on issue

As at 31 December 2008, there are Employee Options over unissued shares in Perilya Limited totalling 8,700,000 (30 June 2008: 3,050,000). During the reporting period 2,000,000 Employee Options lapsed and 7,650,000 Employee Options were issued on 25 November 2008 (as approved by shareholders).

	Number	Exercise price	Grant date	Expiry date
Unlisted Employee Incentive Options	50,000	\$0.88	20.08.04	20.08.09
Unlisted Employee Incentive Options	300,000	\$2.47	28.03.06	07.03.11
Unlisted Employee Incentive Options	100,000	\$2.67	28.03.06	07.03.12
Unlisted Employee Incentive Options	100,000	\$2.97	28.03.06	07.03.13
Unlisted Employee Incentive Options	300,000	\$3.46	17.07.06	17.07.11
Unlisted Employee Incentive Options	100,000	\$3.89	17.07.06	17.07.12
Unlisted Employee Incentive Options	100,000	\$4.32	17.07.06	17.07.13
Unlisted Employee Incentive Options	2,550,000	\$0.50	25.11.08	30.09.10
Unlisted Employee Incentive Options	2,550,000	\$0.60	25.11.08	30.09.11
Unlisted Employee Incentive Options	2,550,000	\$0.75	25.11.08	30.09.12
Total Options	8,700,000			

(d) Performance Rights on issue

As at 31 December 2008, there are Employee Performance Rights over unissued shares in Perilya Limited totalling 151,800 (30 June 2008: 702,000). During the reporting period 550,200 Performance Rights lapsed. The Performance Rights vest on 30 September 2010 and expire on 30 September 2012.

11. CONTINGENCIES

Due to its recent downsizing, Perilya will not be able to deliver the anticipated tonnages of concentrate under the terms of its current shipping contract with Pacific Basin IHC (**IHC**), which expires 31 December, 2009. Perilya is in commercial negotiations with IHC and considering an offer from IHC to extend the contract on reduced rates to recover the lost tonnages. A potential liability may arise if the parties cannot reach commercial agreement; however it is not practicable at this stage to estimate the quantum of this potential liability.

There have not been any further changes to contingent liabilities since the 30 June 2008 Annual Financial Report.

12. CHANGES IN COMPOSITION OF THE GROUP

Since the last annual reporting date one new 100% owned subsidiary company was incorporated in Australia, namely:

- Mount Oxide Pty Ltd.

The assets, liabilities and results of these companies for the half-year ending 31 December 2008, are included in the consolidated financial statements in this report. There were no other changes in the composition of the consolidated group.

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13. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Completion of a Share Placement to Zhongjin Lingnan to raise \$45.5m

Subsequent to the end of the half-year, Perilya completed a share placement on 9 February 2009 (following shareholder approval on 5 February 2009) to Zhongjin Lingnan of 197,672,000 new fully paid ordinary shares in Perilya at an issue price of A\$0.23 per share raising \$45.5 million in cash (of which a \$10 million deposit was paid at 31 December 2008). Following the share placement Zhongjin Lingnan hold 50.1% of the expanded capital of the Company.

The share placement was approved by the Australian Foreign Investment Review Board (FIRB) on 4 February 2009, which provided consent to Zhongjin Lingnan acquiring an interest of up to 52% in Perilya.

In accordance with the Share Subscription Agreement between Zhongjin Lingnan and Perilya, a \$10 million deposit in lieu of the share placement was paid by Zhongjin Lingnan prior to 31 December 2008. This amount is recorded on the balance sheet under "Trade and Other Payables". It has been re-classified as equity in February 2009, upon completion of the placement.

CBH Unsolicited Takeover Bid Withdrawn

Subsequent to the end of the half-year CBH Resources Limited advised Perilya that it would withdraw its takeover bid.

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DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 19 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 consolidated entity's financial position as at 31 December 2008 and of its performance 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 board of directors.



Paul Arndt
Managing Director

Perth, Western Australia
27 February 2009

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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 balance sheet as at 31 December 2008 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 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 establishing 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 2008 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.

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half year ended 31 December 2008 included on Perilya Limited's web site. The company's directors are responsible for the integrity of the Perilya Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

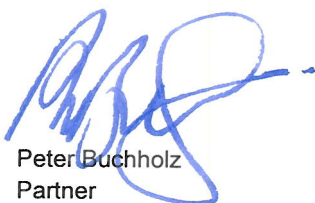
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 2008 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


Peter Buchholz
Partner

Perth
27 February 2009

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Email: Perilya@perilya.com.au
Website: www.perilya.com.au

Company Secretary

Paul Marinko (from 25 November 2008)
Darryl Edwards (resigned 25 November 2008)

Auditors

PricewaterhouseCoopers
Chartered Accountants
QV1, 250 St George's Terrace
Perth, Western Australia 6000

Stock exchange listing

The company's shares are listed on the Australian
Stock Exchange Limited
ASX Code: PEM

Shareholder communication

At Perilya, we are committed to the provision of timely,
balanced shareholder communication, using plain
language. The policy is provided on our website, along
with our other corporate governance policies.

Half-year and annual financials

Copies of this report or earlier half-year or annual
financial reports are available on our website at
www.perilya.com.au/investor-information/company-reports
or can be obtained by contacting Investor
Relations (see details below).

Continuous disclosure

Copies of Perilya's announcements are available by
visiting: www.perilya.com.au/investor-information or
alternately register to receive ASX announcements via
email by visiting: [www.perilya.com.au/
investor-information/subscribe](http://www.perilya.com.au/investor-information/subscribe)

Website

Apart from information already noted, Perilya's website
(www.perilya.com.au) also enables stakeholders to
access other company information, for example copies
of conference and forum presentations, details on
directors and senior executives, information on current
development projects etc, at their convenience.

Share registrar

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth Western Australia 6000

Website: www-au.computershare.com

Investor Calendar

The following releases are expected to be made by:

March Quarterly Results	30 April 2009
June Quarterly Results	31 July 2009
Full Year Financial Results	29 August 2009
September Quarterly Results	31 October 2009
Annual Report	October 2009
Annual General Meeting	November 2009

Please note that these dates are indicative only and
subject to change.

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