



(ABN 85 009 193 695)

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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 2007
Previous Reporting Period: Half-year ending 31 December 2006

ASX HALF-YEAR INFORMATION – 31 DECEMBER 2007**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 2007 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:

Level 10
553 Hay Street
Perth WA 6000

The financial report was authorised for issue by the directors on 27 February 2008. 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

				2006 \$A'000		2007 \$A'000
Revenue from ordinary activities	down	47%	from	253,027	to	133,125
Profit after tax from ordinary activities	down	87%	from	75,866	to	10,058
Profit after tax attributable to members	down	84%	from	76,142	to	11,988

DIVIDENDS/DISTRIBUTIONS

	Amount per security	Franked amount per security at 30 % tax
2007 interim dividend (payable 27 March 2008)	1 cent	1 cent
2006 interim dividend previous corresponding period (paid 16 March 2007)	10 cents	10 cents

Record date for determining entitlements to the dividend

12 March 2008

Payment date for the interim dividend

27 March 2008

* The financial effect of the interim dividend for 31 December 2007 has not been brought to account in the interim financial report for the half-year ended 31 December 2007.

NET TANGIBLE ASSETS PER SHARE

	31 Dec 2006 \$/share	31 Dec 2007 \$/share
Net tangible assets per share	0.80	1.14

COMMENTARY ON THE RESULTS FOR THE PERIOD

The commentary on the results for the period is contained in the Directors' report attached to the "Interim Financial Report for the half-year ended 31 December 2007".

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007



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 2007 ("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	First appointed
Patrick O'Connor	Executive chairman*	Yes	1 February 2006
Len Jubber	Chief Executive Officer	No	16 May 2005
Evert van den Brand	Non-executive director	Yes	17 September 2007
Karen Field	Non-executive director	Yes	24 August 2007
Peter Harley	Non-executive director	Yes	19 November 2003
Phillip Lockyer	Non-executive director	Yes	19 November 2003

* Mr O'Connor was appointed as executive chairman effective 5 February 2008 for an interim period pending completion of the implementation phase of a strategic review currently being conducted by the company.

CONSOLIDATED RESULTS

	2007 \$M	2006 \$M
Consolidated entity profit attributable to members of Perilya	11.988	76.142

REVIEW OF OPERATIONS AND RESULTS

The key outcomes for the half-year period for the consolidated entity include:

- net profit after tax of \$11.988 million (Dec 2006: \$76.142 million profit);
- revenue from continuing operations of \$133.125 million (Dec 2006: \$253.027 million);
- cash (including restricted cash) at 31 December 2007 of \$136.420 million (Jun 2007: \$173.047 million);
- total debt of \$24.166 million (Jun 2007: \$15.651 million);
- pre-tax cash inflow from operating activities of \$22.952 million (Dec 2006: \$107.938 million);
- a 4 per cent increase in total assets to \$467.607 million (Jun 2007: \$449.029 million);
- the commencement of direct ore shipments from the Flinders operations in late November has generated a significant second cashflow source for the company;
- the company exited its strategic investment in Herald Resources Limited in December 2007 for a pre-tax profit of \$16.064 million; and
- declaration of an interim fully franked dividend of 1 cent per share on 27 February 2008 payable on 27 March 2008 (2006 interim dividend: 10 cents per share - fully franked).

FINANCIAL PERFORMANCE

Revenues from continuing operations for the period were \$133.125 million representing a decrease of 47 per cent on the \$253.027 million achieved in the December 2006 half-year.

The consolidated entity achieved \$11.988 million in net profit after tax comprising \$10.058 million from continuing operations and \$1.930 million from discontinued operations (Daisy Milano gold mine and associated assets). This represents a decrease of 84 per cent over the corresponding period's net result of \$76.142 million.

The decrease in revenue and profitability was principally due to:

- the impact of lower USD zinc prices experienced over this period. The average price fell by 23% to around US\$2,925 in the December 2007 half (compared to the December 2006 half: US\$3,785);
- general cost increases experienced across the industry notably in labour, fuel and consumables;
- production disruptions at Broken Hill (for further information see Broken Hill section below); and
- on the positive side, the company benefited from the general increase in the lead price - the average price of lead rose by 126%, to around US\$3,180 in the December 2007 half (compared to December 2006 half: US\$1,410).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") from continuing operations were \$44.641 million, a decrease of 64 per cent on the \$124.490 million achieved in the previous corresponding period.

The net profit from continuing operations for the half-year equates to 5.2 cents for basic earnings per share (Dec 2006: 39.6 cents per share) and 6.1 cents for basic earnings per share taking into account discontinued operations (Dec 2006: 39.8 cents per share).

Subsequent to the end of the half-year the Board declared an interim fully franked dividend of 1 cent per share, representing a payout ratio of 16% of earnings per share.

BROKEN HILL

The Broken Hill operation contributed earnings before interest and tax (EBIT) of \$0.307 million from revenue of \$120.334 million. This result includes a net hedging loss of \$43.477 million, which when excluded, results in Broken Hill EBIT of \$43.784 million from revenue of \$163.811 million.

Operationally, the main driver of the comparative decrease of both revenue and EBIT from the Broken Hill operations relates to zinc prices (as discussed above) and production issues experienced over this half.

These production issues included:

- ore production being hampered by the accessibility and location of development headings which have limited the number of stopes available for mining; and
- the impact of the above issue was exacerbated in the December quarter due to localised seismic events in the Southern Cross area of the Southern Operations which, although common at Broken Hill, resulted in the ore grade being down owing to subsequent mining of lower grade areas and the temporary further reduction in the number of stopes available for mining.

As a result contained zinc production was down to 41,032 tonnes (representing a 29 per cent reduction on December 2006 half-year zinc production of 58,200 tonnes) and lead production was down to 25,815 tonnes (representing a 31 per cent reduction on December half-year production of 37,576 tonnes).

The net cash cost for the half-year ended 31 December 2007, was US\$0.93/lb zinc (Dec 2006: US\$0.69/lb) with the increase being primarily the result of lower production over the December 2007 half against the comparative period.

FLINDERS

Contained zinc production from the Beltana open pit for the half-year was 89,500 tonnes and the first two shipments of intermediate grade direct shippable ore ("DSO"), containing approximately 7,000 tonnes of zinc, were sent to smelters in China during the half-year resulting in additional sales revenue of \$9.203 million for the period (2006: \$0.793 million from trial shipments).

At 31 December 2007 there was approximately 101,385 tonnes of contained zinc stockpiled on site available for shipping. The mining and crushing operations at the Beltana open pit ceased early in 2008.

The average cash operating cost incurred to establish the stockpile was US\$0.15 per pound payable zinc. It is expected that the offsite costs including treatment charges associated with ore sales will amount to US\$0.50 per pound payable zinc.

DISCONTINUED OPERATION AND DISPOSAL OF ASSETS

As announced on 14 November 2007, the company completed the sale of its gold assets including the Daisy Milano gold mining operations. Details related to this sale are disclosed in note 5 of the interim financial report and results for the period are subsequently reported as a discontinued operation in the income statement (along with comparative 2006 data).

OTHER SIGNIFICANT GAINS AND EXPENSES

As announced in early December 2007 the company exited its stake in Herald Resources Limited resulting in net proceeds of \$16.064 million on this investment. This amount is included in 'Other income' in the income statement.

CASH FLOW

Net cash inflow from operating activities before tax payments for the half-year ended 31 December 2007, decreased \$84.986 million to \$22.952 million from \$107.938 million in the previous half-year ended 31 December 2006.

Significant investing and financing cash outflows during the half-year ended 31 December 2007, included mine properties and development expenditure of \$21.716 million (2006: \$14.661 million), capital expenditures of \$19.638 million (2006: \$5.534 million) and exploration expenditure of \$9.904 million (2006: \$5.925 million). Additionally payments of \$28.470 million were made for the purchase of available-for-sale financial assets (2006: \$0.100 million) and proceeds of \$44.521 million were received on sales of available-for-sale financial assets (2006: \$0.277 million).

Cash (including restricted cash) totalled \$136.420 million at 31 December 2007 (30 June 2007: \$173.047 million).

Borrowings total \$24.166 million at 31 December 2007 (30 June 2007: \$15.651 million) comprising a drawdown from an established financing facility of \$10.000 million, mobile equipment finance lease commitments of \$13.491 million and other financing of \$0.675 million.

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 7.

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.



Leonard S. Jubber
Managing Director

Perth, Western Australia
27 February 2008

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Auditor's Independence Declaration

As lead auditor for the review of Perilya Limited for the half year ended 31 December 2007, 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
27 February 2008

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007



	Notes	Half-year	
		2007 \$000	2006 \$000
Revenue		133,125	253,027
Other income		19,989	128
Changes in inventories of finished good & work in progress		16,329	(12,467)
Raw materials, power and consumables used		(28,485)	(33,022)
Employee benefits expense		(42,195)	(29,891)
Depreciation and amortisation expense		(30,519)	(15,595)
External services and consultants		(22,290)	(17,713)
Freight and handling		(14,237)	(12,144)
Royalties		(4,251)	(8,433)
Foreign exchange loss		(1,677)	(1,628)
Other expenses from ordinary activities		(7,935)	(9,402)
Finance costs	4	(4,476)	(3,910)
Share of loss from associates accounted for using the equity method		(268)	(116)
Profit before income tax		13,110	108,834
Income tax expense		(3,052)	(32,968)
Profit from continuing operations		10,058	75,866
Profit from discontinued operations	5	1,930	276
Profit for the half-year		11,988	76,142
Profit attributable to members of Perilya Limited		11,988	76,142
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic earnings per share		5.2	39.6
Diluted earnings per share		5.2	39.5
Earnings per share for profit attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic earnings per share		6.1	39.8
Diluted earnings per share		6.1	39.7

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007



	Note	31 December 2007 \$'000	30 June 2007 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	110,728	147,455
Restricted cash	6	14,200	-
Trade and other receivables		5,173	37,611
Current tax assets		3,451	-
Inventories		28,291	14,709
Available-for-sale financial assets		14,146	4,344
Derivative financial instruments		47,333	16,397
Total current assets		223,322	220,516
Non-current assets			
Restricted cash	6	11,492	25,592
Trade and other receivables		38	36
Investments accounted for using the equity method		225	293
Available-for-sale financial assets		640	674
Derivative financial instruments		37,582	-
Deferred tax		5,187	33,886
Exploration, development and evaluation expenditure		41,185	33,169
Mine properties in use		58,535	64,879
Property, plant and equipment		89,401	69,984
Total non-current assets		244,285	228,513
Total assets		467,607	449,029
LIABILITIES			
Current liabilities			
Trade and other payables		33,165	46,460
Borrowings		15,321	10,460
Current tax liabilities		-	27,020
Provisions		9,228	7,583
Prepaid income		5,187	4,611
Deferred option premiums		18,826	-
Derivative financial instruments		53,424	99,007
Total current liabilities		135,151	195,141
Non-current liabilities			
Borrowings		8,845	5,191
Provisions		28,680	26,754
Prepaid income		36,347	38,274
Deferred option premiums		19,186	-
Derivative financial instruments		14,696	34,396
Total non-current liabilities		107,754	104,615
Total liabilities		242,905	299,756
Net assets		224,702	149,273
EQUITY			
Contributed equity		107,521	106,047
Reserves		(16,078)	(80,008)
Retained profits		133,259	123,234
Total equity		224,702	149,273

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 2007



CONSOLIDATED	Notes	Contributed equity \$'000	Retained earnings \$'000	Reserves \$'000	Total equity \$000
Balance at 1 July 2006		102,970	67,592	(39,141)	131,421
Changes in the fair value of available-for-sale financial assets (net of tax)		-	-	4,210	4,210
Changes in the fair value of cash flow hedges (net of tax)		-	-	(47,875)	(47,875)
Net expense recognised directly in equity		-	-	(43,665)	(43,665)
Profit for the half-year		-	76,142	-	76,142
Total recognised income and (expense) for the half-year		-	76,142	(43,665)	32,477
Contributions of equity, net of transaction costs	8	775	-	-	775
Dividends provided for or paid	7	-	(7,653)	-	(7,653)
Employee share options – value of employee services		-	-	1,622	1,622
Perilya Employee Share Acquisition Plan	8(a)	(5,564)	-	-	(5,564)
		(4,789)	(7,653)	1,622	(10,820)
Balance at 31 December 2006		98,181	136,081	(81,184)	153,078
		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	8	801	-	-	801
Dividends provided for or paid	7	-	(1,963)	-	(1,963)
Employee share options – value of employee services		-	-	512	512
Perilya Employee Share Acquisition plan	8(a)	673	-	(453)	220
		1,474	(1,963)	59	(430)
Balance at 31 December 2007		107,521	133,259	(16,078)	224,702

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 2007



	Note	Half-year	
		2007 \$000	2006 \$000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		155,607	218,764
Cash payments in the course of operations (inclusive of GST)		(135,172)	(114,417)
		20,435	104,347
Interest received		3,463	3,850
Interest and other finance costs paid		(946)	(259)
Income taxes paid		(31,758)	(26,689)
Net cash (outflow)/ inflow from operating activities		(8,806)	81,249
Cash flows from investing activities			
Payments for mine properties		(21,716)	(14,661)
Payments for property, plant and equipment		(19,638)	(5,534)
Payments for exploration, development and evaluation		(9,904)	(5,925)
Payments for purchase of available-for-sale financial assets		(28,470)	(100)
Payments for performance guarantee bonds		(100)	(14,603)
Return/(payment) of bonds		(3)	2
Proceeds from sale of property, plant and equipment		6,233	-
Proceeds from sale of available-for-sale financial assets		44,521	277
Proceeds from sale of tenements		2,555	-
Net cash outflow from investing activities		(26,522)	(40,544)
Cash flows from financing activities			
Proceeds from issues of shares		354	775
Payments for treasury shares		(1,491)	(5,564)
Dividends paid to company's shareholders		(1,666)	(7,535)
Proceeds from borrowings		40,000	-
Repayment of borrowings		(34,048)	(573)
Repayment of finance lease liabilities		(4,348)	(2,104)
Funds advanced to associates		(200)	(150)
Net cash outflow from financing activities		(1,399)	(15,151)
Net (decrease)/increase in cash and cash equivalents		(36,727)	25,554
Cash and cash equivalents at the beginning of the half-year		147,455	125,048
Cash and cash equivalents at end of the half-year	6	110,728	150,602

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

1. GENERAL INFORMATION

This general purpose interim financial report of Perilya Limited and its controlled entities for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 27 February 2008.

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 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 2007 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 2007 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 2007.

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 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

	Base metals mining	Exploration	Investment & administration	Total continuing operations	Disposal group - Discontinued gold mining operation plus gold exploration assets (note 5)	Consolidated
Half-year 2006	\$'000	\$'000	\$'000	\$,000	\$'000	\$'000
Sales to external customers	248,535	-	-	248,535	8,365	256,900
Other revenue/income	247	-	4,373	4,620	6	4,626
Total segment revenue/income	248,782	-	4,373	253,155	8,371	261,526
Segment result	111,404	-	(2,454)	108,950	18	108,968
Share of net losses of associates				(116)	-	(116)
Profit before income tax				108,834	18	108,852
Income tax (expense)/benefit				(32,968)	258	(32,710)
Profit for the half-year				75,866	276	76,142

4. FINANCE COSTS

	Half-year	
	2007	2006
	\$000	\$000
Imputed interest expense on silver sale	2,960	3,281
Unwinding of discounts	584	422
Interest and finance charges paid/payable	932	207
	4,476	3,910

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007



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 this financial year 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 2006.

	Half-year	
	2007 \$000	2006 \$000
Revenue	5,277	8,365
Other income	46	6
Expenses	(3,930)	(8,353)
Profit before income tax	1,393	18
Income tax (expense) / benefit	229	258
Profit after income tax of discontinued operation	1,622	276
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	276
Net cash inflow/(outflow) from operating activities	3,300	(2,832)
Net cash inflow/(outflow) from investing activities*	6,901	(2,895)
Net cash inflow/(outflow) from financing activities	(10,201)	5,727
Net increase in cash generated by the operations	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007



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 (2007 column) were:

	November 2007 \$000	30 June 2007 \$000
Inventories	318	345
Exploration and evaluation expenditure	6,016	5,751
Mine properties	3,169	3,283
Property, plant & equipment	1,949	1,973
Total assets	11,452	11,352
Borrowings	391	649
Total liabilities	391	649
Net assets	11,061	10,703

(d) Details of the sale of the disposal group

	Half-year	
	2007 \$000	2006 \$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. CASH AND CASH EQUIVALENTS

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

	31 December 2007 \$000	30 June 2007 \$000
Cash at bank and in hand	70,770	81,058
Deposits at call	39,958	66,397
Cash at the end of the year*	*110,728	147,455

* as per the consolidated cash flow statement

Cash at bank is deposited in trading accounts with major financial institutions under normal terms and conditions appropriate to the operations of the accounts. Deposits at call comprise both floating and fixed interest rate deposits and commercial bills.

6. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Total cash

The above figures are reconciled to total cash (inclusive of restricted cash), at the end of the half-year as follows:

	31 December 2007 \$000	30 June 2007 \$000
Balances as above	110,728	147,455
Add: Current restricted cash**	14,200	-
Non-current restricted cash	11,492	25,592
Cash at the end of the year*	136,420	173,047

* Restricted cash comprises deposits and commercial bills that are used as monetary backing for performance guarantees.

** This was released subsequent to period end and replaced with a rolling six month unsecured bonding facility for the issue of performance bonds against company owned mining and exploration tenements.

7. DIVIDENDS PAID AND PROPOSED

(a) Dividends provided for or paid on ordinary shares

	Amount per share	Total amount \$000	Franked amount per share	Date of payment
For the half-year ended 31 December 2007				
Final June 2007 – ordinary	1 cent	1,963	1 cent	29 September 2007
For the half-year ended 31 December 2006				
Final June 2006 – ordinary	4 cents	7,653	4 cents	2 October 2006

(b) Dividends proposed and not recognised at half-year

Since the end of the half-year the directors have declared the following interim dividend per fully paid ordinary share, fully franked based on tax paid at 30%, with a record date of for determining entitlement of 12 March 2008:

	Amount per share	Total amount \$000	Franked amount per share	Date of payment
For the half-year ended 31 December 2007				
Interim – ordinary	1 cent	1,967	1 cent	27 March 2008
For the half-year ended 31 December 2006				
Interim – ordinary	10 cents	19,188	10 cents	16 March 2007

The financial effect of the aggregate amount of the proposed dividend expected to be paid (based on shares on issue of 196,663,132 as at 27 February 2008) for the half-year ended 31 December 2007 has not been brought to account in the interim financial report but will be recognised in the subsequent financial report.

(c) Dividend Reinvestment Plan

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 12 March 2008.

Eligible shareholders include those Australian and New Zealand shareholders on the register as at the record date of 12 March 2008.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007



8. EQUITY SECURITIES ISSUED

	Half-year ended		Half-year ended	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006
	Shares	Shares	\$000	\$000
Issues of ordinary shares during the half-year				
Opening balance of issued and fully paid shares	196,276,377	191,047,239	112,454	102,970
Exercise of options issued under Perilya Limited Employee Share Option Plan	260,000	800,000	354	775
Share and dividend reinvestment plan issues	126,755	-	447	-
Closing balance of issued and fully paid shares	196,663,132	191,847,239	113,255	103,745
Treasury shares (a)	(1,687,554)	(1,863,794)	(5,734)	(5,564)
Total consolidated contributed equity	194,975,578	189,983,445	107,521	98,181

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

	Half-year ended		Half-year ended	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006
	Shares	Shares	\$000	\$000
Opening balance	(2,028,850)	-	(6,407)	-
Acquisition of shares by the Perilya Employee Share Acquisition Plan (ESAP) Trust	(397,368)	(1,863,794)	(1,491)	(5,564)
Perilya ESAP shares issued to participants	738,664	-	2,164	-
Closing balance	(1,687,554)	(1,863,794)	(5,734)	(5,564)

b) Options on issue

As at 31 December 2007, options over unissued shares in Perilya Limited total 4,250,000.

9. CONTINGENCIES

(a) Contingent liabilities

Potential Daisy Milano cash flow payments and production royalty payments

As reported in the 30 June 2007 annual financial report, on 30 August 2007 Perilya Daisy Milano Pty Ltd and the Ridgeview Group agreed to vary the terms of the purchase agreement for the Daisy-Milano mine, to facilitate the sale by Perilya Daisy Milano Pty Ltd of the Daisy Milano mine to Silver Lake Resources Limited. Accordingly, the contingent liabilities, as existed at 30 June 2007 have ceased. The estimated impact of this was reflected in the results for the year ended 30 June 2007 as the amount was included in the costs to sell estimate on impairment of the Daisy-Milano assets.

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

10. CHANGES IN COMPOSITION OF THE GROUP

Since the last annual reporting date 2 new 100% owned subsidiary companies were incorporated in Australia, namely:

- Powerform Investments Pty Ltd; and
- Richview Investments Pty Ltd.

The assets, liabilities and results of these companies for the half-year ending 31 December 2007 are included in the consolidated financial statements in this report.

There were no other changes in the composition of the group.

11. 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 1 cent per share. The record date for determining entitlement is 12 March 2008 and the interim dividend is payable on 27 March 2008. The estimated financial impact of this dividend, as disclosed in note 7(b), is not included in the results for the half-year ended 31 December 2007.

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 18 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 2007 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 directors.

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

Leonard S. Jubber
Managing Director

Perth, Western Australia
27 February 2008

Independent 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 2007, 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 (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 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 2007 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.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Perilya Limited (the company) for the half year ended 31 December 2007 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 financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. 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 2007 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
27 February 2008

Head office and registered office

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Perth, Western Australia 6000

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Perth Adelaide Terrace
Western Australia 6832

Telephone: +61 8 6210 2000
Facsimile: +61 8 6210 2099

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

Company Secretary

Darryl Edwards

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)

Dividends

Dividends are generally paid in September and
March each year.

Dividend Re-investment Plan (DRP)

The company currently operates a dividend
re-investment plan full details of which can be found on
our website at [www.perilya.com.au/investor-
information/shareholder-services/dividends](http://www.perilya.com.au/investor-information/shareholder-services/dividends).

Shareholders may elect to reinvest dividends under the
company's DRP, by contacting the Share Registrar.

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

The following shareholder forms are available from
Computershare and are on the Computershare website:

- Annual report election
- Change of address notification
- Change of account designation
- Direct credit instruction
- Minor(s) statement and indemnity
- Name change-statutory declaration
- Name correction request and indemnity
- Request to consolidate holdings
- Standard transfer
- TFN, ABN or exemptions notification.

All forms should be submitted directly to
Computershare.

Shareholder feedback

Feedback or comments with respect to shareholder
communication are welcome. Please direct any
comments to Investor Relations (see details below).

Investor relations

Write to: Investor Relations, Perilya Limited
PO Box 3057
Perth Adelaide Terrace
Western Australia 6832
Email: info@perilya.com.au

Telephone: +61 8 6210 2000
Facsimile: +61 8 6210 2099

Investor Calendar

The following releases are expected to be made by:

March Quarterly Results	30 April 2008
June Quarterly Results	31 July 2008
Full Year Financial Results	29 August 2008
September Quarterly Results	31 October 2008
Annual Report	26 September 2008
Annual General Meeting	To be advised

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

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