



Pacific Energy Limited (PEA)

22 009 191 744

Appendix 4D – Half Year Report for six months ended 31 December 2015

1. Details of reporting periods:

Current reporting period	: Six (6) months to 31 December 2015
Previous corresponding period	: Six (6) months to 31 December 2014

2. Results for announcement to the market:

	Six Months 31 December 2015 \$'000	Six Months 31 December 2014 \$'000	% Change
Revenues	24,430	23,001	6%
Profit after tax	7,296	5,347	36%
Profit after tax attributable to members.	7,296	5,347	36%
Adjusted profit after tax attributable to members. ¹	8,653	6,973	24%

¹ Adjusted profit after tax equates to the reported net profit after tax pre non-cash amortisation charges, non-cash employee share and option expense, one-off 2014 CEO resignation payment and the related tax effect.

Commentary on the above figures is included in the accompanying ASX Announcement and the attached Interim Financial Report for the half year ended 31 December 2015.

Dividends / distributions	Amount per security (cents)	Franked amount per security (cents)	Amount \$'000	Amount per security of foreign sourced dividends (cents)	Record date	Date paid / payable
Interim dividend – current period	1.0	1.0	3,701	-	07/03/16	13/04/16
Interim dividend – previous period	1.0	1.0	3,670	-	06/03/15	25/03/15

This Appendix 4D Half Year Report is provided to the ASX under Listing Rule 4.3B and should be read in conjunction with the accompanying Interim Financial Report for the half year ended 31 December 2015.

3. Statement of comprehensive income

Refer to attached Interim Financial Report for the half year ended 31 December 2015.

4. Statement of financial position

Refer to attached Interim Financial Report for the half year ended 31 December 2015.

5. Statement of cash flows

Refer to attached Interim Financial Report for the half year ended 31 December 2015.

6. Dividend payments

The Company paid a final 30 June 2015 fully franked dividend of 1.5 cents per share, \$5.55 million on 15 October 2015 (2014: \$5.49 million).

7. Dividend reinvestment plans

Not applicable.

8. Statement of changes in equity

Refer to attached Interim Financial Report for the half year ended 31 December 2015.

9. Net tangible assets per security

	31 December 2015 Cents	30 June 2015 Cents
Net tangible assets per ordinary security	30.5	29.6

10. Gain or loss of control over entities

Refer to attached Interim Financial Report for the half year ended 31 December 2015.

11. Associates and joint ventures

Not applicable.

12. Other significant information

Not applicable.

13. Foreign entities

Not applicable.

14. Status of audit

The Interim Financial Report for the half year ended 31 December 2015 has been audit reviewed and is not subject to dispute or qualification.



PACIFIC ENERGY LIMITED
ABN 22 009 191 744

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

Directors

Mr M Cliff Lawrenson
Non-Executive Chairman

Mr James D Cullen
Chief Executive Officer & Managing Director

Mr Kenneth J Hall
Executive Director

Mr A Stuart Foster
Non-Executive Director

Mr Louis I Rozman
Non-Executive Director

Mr Gregory A Dick
Alternate Director for Mr Louis I Rozman

Company Secretary

Ms Adela Ciupryk

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Auditor

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Level 5, 45 St Georges Terrace
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AUSTRALIA

Bankers

Australian & New Zealand Banking Group Limited
77 St Georges Terrace
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Solicitor

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AUSTRALIA

Stock Exchange Listing

Australian Securities Exchange
ASX Code: PEA



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Directors' Report



The directors present their report together with the consolidated financial report for the six months ended 31 December 2015 and the review report thereon.

Directors

The directors of the company at any time during or since the end of the interim period are:

Mr M Cliff Lawrenson	Non-Executive Chairman
Mr James D Cullen	Chief Executive Officer & Managing Director
Mr Kenneth J Hall	Executive Director
Mr A Stuart Foster	Non-Executive Director
Mr Louis I Rozman	Non-Executive Director
Mr Gregory A Dick	Alternate Director for Mr Louis I Rozman

Unless otherwise disclosed, all directors held their office from 1 July 2015 until the date of this report.

Review of Financial Operations

Profit and earnings per share

Consolidated entity (or Group) net profit after tax for the six month period ended 31 December 2015 was \$7.3 million, compared with a net profit after tax of \$5.3 million during the previous six month period to 31 December 2014.

Based on 369,749,959 weighted average shares on issue during the six month period to 31 December 2015, the result as detailed in these financial statements represents a basic profit of 1.98 cents per share (31 December 2014: profit of 1.46 cents per share).

Adjusted profit after tax¹

The Group's reported net profit after tax is inclusive of non-cash and "one-off" charges associated with:

- The amortisation charge of electricity supply contracts acquired in the KPS Acquisition; and
- The expense associated with the issue of employee options and share plan arrangements.

The adjusted net profit after tax pre these adjustments is \$8.7 million compared to \$7.0 million during the six month period to 31 December 2014. Details of adjustments and a comparison to the six month period to 31 December 2014 are as follows:

	6 month period to 31 December 2015 \$'000	6 month period to 31 December 2014 \$'000
Profit after tax attributable to members	7,296	5,347
Add back non-cash charges and one-off items:		
Amortisation - purchased contracts and associated rights	1,054	1,130
Employee share and option expense	303	246
CEO resignation payment	-	357
Tax expense (benefit) of non-cash and one-off items	-	(107)
Adjusted profit after tax attributable to members¹	8,653	6,973

¹Adjusted profit after tax equates to the reported net profit after tax pre non-cash amortisation charges, non-cash employee share and option expense, one-off 2014 CEO resignation payment and the related tax effect.

Directors' Report



Review of Financial Operations (continued)

The table below provides a comparison of the key results for the six month period ended 31 December 2015 as reported, against the six month period ended 31 December 2014.

Comprehensive Income Statement	% Change	6 month period to 31 December 2015 \$'000	6 month period to 31 December 2014 \$'000
Revenue from operations	6%	24,430	23,001
EBITDA pre employee share and option expense, impairment of intangible assets and 2014 CEO resignation payment	15%	17,609	15,368
EBITDA	17%	17,306	14,796
Reported profit after tax attributable to members	36%	7,296	5,347
Adjusted profit after tax attributable to members¹	24%	8,653	6,973

¹Adjusted profit after tax equates to the reported net profit after tax pre non-cash amortisation charges, non-cash employee share and option expense, one-off 2014 CEO resignation payment and the related tax effect.

EBITDA performance

Group reported EBITDA for the six months ended 31 December 2015 of \$17.3 million was 17% higher than \$14.8 million EBITDA as reported for the six months to 31 December 2014. The increase in EBITDA compared to the prior period is primarily the result of an increase in electricity generation in the KPS business following a number of contract wins in the 2015 calendar year and an increased revenue contribution from the company's waste heat recovery units. Labour expense was lower as the prior period included payment of one-off CEO resignation costs of \$0.4M and further labour cost reductions have been made at the corporate level during the period. Lower corporate overheads also helped to grow EBITDA above the prior six month period.

Financial position

The value of property, plant and equipment increased 17% over the six month period largely as a result of purchases of power generation equipment by KPS for the Tropicana Gas conversion and the new Thunderbox power station. Installation of this equipment will be completed during the first 6 months of the 2016 calendar year.

Due to the above equipment purchases, the company's working capital position decreased by 51% during the six month period. Trade receivables have increased in line with revenue over the six-month period and less than 2% of the Group's customers are in arrears at 31 December 2015.

Review of Operations

Power Generation Activities

Kalgoorlie Power Systems

Pacific Energy's core business is Kalgoorlie Power Systems (KPS). The KPS business builds, owns and maintains diesel, gas and dual fuelled power stations located at mine sites across Western Australia, Northern Territory and South Australia. The total contracted generation capacity of the KPS business now exceeds 238MW. See Operating Segment Note 5 for more details of the financial performance of the KPS Power Generation segment.

New Power Station Contracts and Contract Extensions

From 1 July 2015 to the date of this report, KPS secured contracts for new power stations and contract extensions for the following clients:

- Metals X Limited for an 8MW diesel fuelled power station (3 year contract) at the Bluebird Gold Project located in Western Australia;
- Newmont Tanami Pty Limited for a 3.6MW expansion to the existing 20MW KPS power station at the Dead Bullock Soak gold mine in the Northern Territory along with a 12-month extension of the contract terms for the Dead Bullock Soak power station and the 13MW power station located at the Granites milling operations through to 31 December 2016;
- Doray Minerals Limited for a 7MW dual fuelled power station at the Deflector Gold Project located in Western Australia;

Directors' Report



Review of Operations (continued)

Kalgoorlie Power Systems (continued)

New Power Station Contracts and Contract Extensions (continued)

- Millennium Minerals Limited and KPS have agreed an extension of up to 5 years to the existing electricity supply contract for the 9MW power station located at the Nullagine Gold Project in Western Australia, subject to the life of the Nullagine Gold Project being extended; and
- Metals X Limited's wholly owned subsidiary, Avoca Mining Pty Ltd, and KPS have agreed a 6-month extension of the existing electricity supply contract for the 11MW power station located at the Higginsville Gold Operations in Western Australia.

During the period, one of KPS's customers, OM (Manganese) Ltd, placed their operations into Care and Maintenance and the company was subsequently placed into Voluntary Administration on 4 January 2016. An impairment provision was raised for all amounts owing by this customer at 31 December 2015, which consisted of approx. \$0.1 million in unpaid electricity. The contract with OM (Manganese) Ltd generated annual revenues of \$0.6 million.

During the period, KPS continued the waste heat retro-fit to the Moolart Well Gold Mine power station for Regis Resources Ltd and expects to complete and commission the installation by 30 June 2016.

KPS continues to progress electricity supply contract and related negotiations with mining sector companies developing or operating resource project opportunities. The company's business development activities continue to focus on the establishment of new, high quality opportunities and KPS is actively presenting to mining and resource companies in our preferred markets.

Victorian Hydro operations

Pacific Energy owns and operates two hydro power stations, located approximately 70 kilometres from Melbourne, Victoria. These two stations have a combined power generation capacity of 6MW and have been in operation since 1992.

The Cardinia and Blue Rock hydro power stations both performed in line with budget during the period. Renewable energy generation by Cardinia and Blue Rock totaled 7.8 GWh (2014: 6.1 GWh) and 6.6 GWh (2014: 6.7 GWh) respectively. The generation performance of these hydro power stations is entirely dependent on water flows made available by the relevant water authority suppliers. Particularly pleasing was the return to usual water supply volumes to the Cardinia hydro power station during the period.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the directors' report for the six months ended 31 December 2015.

Rounding Off

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "Jamie Cullen".

Jamie Cullen

Chief Executive Officer & Managing Director

Dated at Perth this 24th day of February 2016.

Lead Auditor's Independence Declaration



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Pacific Energy Ltd for the half-year ended 31 December 2015, 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.

A handwritten signature in blue ink that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in blue ink, likely of the same person as the signature above, but more stylized.

CYRUS PATELL

Partner

Signed at Perth, 24 February 2016

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Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income



For the six months ended 31 December 2015

<i>In thousands of AUD</i>	<i>Notes</i>	31 December 2015	31 December 2014
Revenue		24,430	23,001
Other income		243	16
Consumables and spare parts		(1,823)	(1,723)
Employee benefits expense		(3,707)	(4,215)
Impairment expense	6	(115)	-
Other expenses		(1,722)	(2,283)
Earnings before interest, tax, depreciation and amortisation		17,306	14,796
Depreciation and amortisation		(6,187)	(5,783)
Results from operating activities		11,119	9,013
Financial income		117	162
Financial expenses		(1,005)	(1,457)
Net financing expense		(888)	(1,295)
Profit before income tax		10,231	7,718
Income tax expense		(2,935)	(2,371)
Profit for the period		7,296	5,347
Other comprehensive income			
Foreign currency translation differences for foreign operations		9	25
Effective portion of changes in fair value of cash flow hedges, net of tax		(186)	-
Other comprehensive profit (loss) for the period, net of income tax		(177)	5
Total comprehensive profit for the period		7,119	5,372
Profit attributable to:			
Equity holders of the company		7,296	5,347
Profit for the period		7,296	5,347
Total comprehensive income attributable to:			
Equity holders of the company		7,119	5,372
Total comprehensive income for the period		7,119	5,372
Earnings per share			
Basic earnings per share (cents)		1.98	1.46
Diluted earnings per share (cents)		1.98	1.46

The condensed notes on pages 9 to 11 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Financial Position



As at 31 December 2015

<i>In thousands of AUD</i>	<i>Notes</i>	31 December 2015	30 June 2015
Assets			
Cash and cash equivalents		8,535	16,252
Trade and other receivables		6,057	5,505
Inventory		823	755
Other investments, including derivatives		500	130
Total current assets		15,915	22,642
Cash and cash equivalents		103	103
Property, plant and equipment		150,882	129,212
Intangible assets		26,179	27,199
Total non-current assets		177,164	156,514
Total assets		193,079	179,156
Liabilities			
Trade and other payables		5,286	1,994
Employee benefits		374	314
Provisions		1,093	905
Current tax liabilities		665	996
Loans and borrowings		5,911	5,679
Total current liabilities		13,329	9,888
Loans and borrowings		39,008	30,905
Provisions		845	1,012
Employee benefits		252	283
Derivative financial instruments		136	80
Deferred tax liabilities		7,512	6,864
Total non-current liabilities		47,753	39,144
Total liabilities		61,082	49,032
Net assets		131,997	130,124
Equity			
Share capital	7	110,318	110,148
Reserves		69	(943)
Retained earnings		21,610	20,919
Total equity		131,997	130,124

The condensed notes on pages 9 to 11 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity



For the six months ended 31 December 2015

<i>In thousands of AUD</i>	Share capital	Translation reserve	Hedging reserve	Option reserve	Retained earnings	Total equity
Balance at 1 July 2015	110,148	(1,218)	50	225	20,919	130,124
Total comprehensive income for the period						
Profit for the period	-	-	-	-	7,296	7,296
Foreign currency translation differences for foreign operations	-	1,218	-	-	(1,209)	9
Effective portion of change in FV of cash flow hedge, net of tax	-	-	(186)	-	-	(186)
Total other comprehensive income	-	1,218	(186)	-	(1,209)	(177)
Total comprehensive income for the period	-	1,218	(186)	-	6,087	7,119
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	-	-	(5,545)	(5,545)
Issue of ordinary shares related to employee share scheme, net of transaction costs and tax	170	-	-	-	-	170
Equity settled share based payment transactions	-	-	-	129	-	129
Share options lapsed	-	-	-	(149)	149	-
Total transactions with owners	170	-	-	(20)	(5,396)	(5,246)
Balance at 31 December 2015	110,318	-	(136)	205	21,610	131,997
Balance at 1 July 2014	108,374	(1,255)	-	511	18,123	125,753
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,347	5,347
Foreign currency translation differences for foreign operations	-	25	-	-	-	25
Total other comprehensive income	-	25	-	-	-	25
Total comprehensive income for the period	-	25	-	-	5,347	5,372
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	-	-	(3,634)	(3,634)
Issue of ordinary shares, related to employee share scheme, net of transaction costs and tax	236	-	-	-	-	236
Share options exercised, net of transaction costs and tax	1,398	-	-	(319)	-	1,079
Issue of share options	-	-	-	9	-	9
Total transactions with owners	1,634	-	-	(310)	(5,494)	(4,170)
Balance at 31 December 2014	110,008	(1,230)	-	201	17,976	126,955

The condensed notes on pages 9 to 11 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows



For the six months ended 31 December 2015

<i>In thousands of AUD</i>	31 December 2015	31 December 2014
Cash flows from operating activities		
Receipts from customers	24,001	22,615
Payments to suppliers and employees	(7,768)	(8,398)
Interest received	117	162
Interest paid	(908)	(1,114)
Income taxes paid	(2,617)	(3,338)
Net cash provided by operating activities	12,825	9,927
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,732)	(5,073)
Purchase of other assets and investments	(500)	-
Payments relating to new electricity supply contracts	(34)	(4)
Net cash used in investing activities	(23,266)	(5,077)
Cash flows from financing activities		
Proceeds from exercise of options	-	1,080
Payment of transaction costs	(31)	(384)
Dividends paid	(5,545)	(5,494)
Proceeds from borrowings	11,500	38,963
Repayments of borrowings	(3,209)	(41,251)
Net cash provided by (used in) financing activities	2,715	(7,086)
Net decrease in cash and cash equivalents	(7,726)	(2,236)
Cash and cash equivalents at the beginning of the period	16,252	15,611
Exchange rate movements	9	25
Current cash and cash equivalents at the end of the period	8,535	13,400

The condensed notes on pages 9 to 11 are an integral part of these consolidated interim financial statements.

Condensed Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

1. Reporting Entity

Pacific Energy Limited (the "company") is a company domiciled in Australia. The consolidated interim financial report of the company as at and for the six months ended 31 December 2015 comprises the company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group for the year ended 30 June 2015 is available upon request from the company's registered office at 338 Gngara Road, Landsdale WA 6065, Australia.

2. Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year report does not include notes of the type normally included in an annual financial report, and should be read in conjunction with the most recent annual financial report.

3. Significant Accounting Policies

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted. The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's financial report for the year ended 30 June 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The adoption of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) has not resulted in any changes to the company's accounting policies and has no effect on the accounts reported in the current and prior periods.

4. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

5. Operating Segments

The Group has one reportable segment, KPS Power Generation, which includes the generation of electricity by diesel, gas and dual-fueled generators located at a number of mine sites across WA, NT and SA. This is the Group's sole strategic business unit, and the Group's CEO reviews internal management reports for the strategic business unit on at least a quarterly basis.

Other operations include Hydro Power Generation which does not meet any of the quantitative thresholds for determining reportable segments at 31 December 2015.

Condensed Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

5. Operating Segments (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment earnings before interest, income tax, depreciation and amortisation and net cash flows, as included in the internal management reports that are reviewed by the Group's CEO.

Segment earnings before interest, income tax, depreciation and amortisation and net cash flows are used to measure performance, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

<i>In thousands of AUD</i>	KPS Power Generation		Other		Intersegment eliminations/ unallocated		Total	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
External revenues	23,772	22,402	658	599	-	-	24,430	23,001
EBITDA	17,836	16,292	366	318	(896)	(1,814)	17,306	14,796
Interest income	74	96	2	2	41	64	117	162
Finance costs	(1,005)	(1,457)	-	-	-	-	(1,005)	(1,457)
Depreciation and amortisation	(6,029)	(5,625)	(150)	(144)	(8)	(14)	(6,187)	(5,783)
Profit before income tax	10,876	9,306	217	176	(862)	(1,764)	10,231	7,718
Income tax expense	(3,414)	(2,852)	(62)	(53)	541	534	(2,935)	(2,371)
Capital expenditure	(26,719)	(5,049)	(117)	(11)	(2)	(13)	(26,838)	(5,073)

Major customer

Revenues from three customers in the KPS Power Generation segment represents approximately 52% (31 December 2014: 51% from three customers) of the Group's total revenues (each customer greater than 10% individually).

6. Impairment expense

<i>In thousands of AUD</i>	31 December 2015	31 December 2014
Impairment of financial assets ¹	115	-
	115	-

¹During the period, one of the Group's customers, OM (Manganese) Ltd, placed their operations into Care and Maintenance and the company was subsequently placed into Voluntary Administration on 4 January 2016. An impairment provision was raised for all amounts owing by this customer at 31 December 2015, which consisted of approx. \$0.1 million in unpaid electricity charges.

7. Share Capital

<i>In thousands of AUD</i>	Number of shares ('000)		Share capital (\$'000)	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
On issue at the beginning of the period	369,668	366,212	110,148	108,374
Employee share scheme	434	456	174	240
Exercise of options	-	200	-	1,398
Transaction costs, net of tax effect	-	-	(4)	(4)
On issue at 31 December - fully paid	370,102	366,868	110,318	110,008

Condensed Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2015

7. Share Capital (continued)

Issuance of ordinary shares

During the six month period ended 31 December 2015, the Pacific Energy Group issued 433,862 Pacific Energy Shares. All shares issued during the period were issued to employees under the Pacific Energy Employee Share Plan.

All issued Pacific Energy Shares are fully paid.

8. Dividends

(a) Dividends not recognised at year end

Since the end of the period the Directors have declared a fully franked interim dividend of 1 cent (2014: 1 cent) per fully paid ordinary share. The aggregate amount of the dividend of \$3.7 million is to be paid on 13 April 2016 and has not been recorded as a liability at 31 December 2015.

(b) Franked Dividends

The franked portions of the interim dividend declared after 31 December 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the period ended 31 December 2015.

<i>In thousands of AUD</i>	31 December 2015	31 December 2014
Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	11,057	7,835
	11,057	7,835

The above amounts represent the balance of the franking account as at the end of the period, adjusted where applicable for:

- (i) franking credits that will arise from the payment of the amount of the provision for income tax;
- (ii) franking debits that will arise from the payment of dividends recognised as a liability at the end of each reporting period; and
- (iii) franking credits that will arise from the receipt of dividends recognised as receivables at the end of each reporting period.

The consolidated amounts include franking credits that would be available to the company if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the final dividend declared by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$1.59 million (2014: \$1.57 million).

9. Contingencies

There has been no change from that which was detailed in the financial report as at 30 June 2015 in regards to contingent assets and liabilities. The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

10. Subsequent Events

There has not arisen in the interval between the end of the interim financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Independent Review Report

In the opinion of the directors of Pacific Energy Limited (the “company”):

1. the financial statements and notes set out on pages 5 to 11, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group’s financial position as at 31 December 2015 and of its performance for the six month period ended that date; and
 - (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 24th day of February 2016.

Signed in accordance with a resolution of the directors:



Jamie Cullen
Chief Executive Officer & Managing Director

Independent Review Report



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PACIFIC ENERGY LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pacific Energy Ltd and its controlled entities (the Group) which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Pacific Energy Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report*, 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 Pacific Energy Ltd and its controlled entities' financial position as at 31 December 2015 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 Pacific Energy Ltd and its controlled entities, 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 review procedures. 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.

Independence

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

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Independent Review Report



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 Pacific Energy Ltd and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



CROWE HORWATH PERTH



CYRUS PATELL

Partner

Signed at Perth, 24 February 2016

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