

# APPENDIX 4D

Half-year report  
Period ended 31 December 2014

<b>RESULTS FOR ANNOUNCEMENT TO THE MARKET</b>
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Entity:	Pacific Mining Limited
ABN:	64 000 140 938
Reporting period:	Six months ended 31 December 2014

\$

Revenue from ordinary activities	up	2.39%	to	366,209
Profit from ordinary activities after tax attributable to members	up	11.60%	to	149,546
Net profit for the period attributable to equity holders	up	11.60%	to	149,546

<b>NTA Backing</b>	31 December 2014	31 December 2013
	\$	\$

Net tangible asset backing per ordinary share	0.618	0.561
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<b>Dividends</b>	Amount per security	Franked amount per security
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Interim dividend	N/a	N/a
Previous corresponding period	N/a	N/a

Record date for determining entitlements to the dividends

N/a
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## Commentary on the results and review of operations

The net profit after tax for the period was \$149,546 (2013: \$134,004). Total revenue for the period was \$366,209 (2013: \$357,671) and total expenses were \$192,784 (2013: \$201,987).

Mining production of silica sand has permanently ceased as mineral resources at the company's lease are exhausted.

Rental income increased by 0.59% to \$234,630 during the half-year ended 31 December 2014 compared to \$233,244 in the same period last year as a result of CPI increases and outgoings adjustments. The rental income was generated by the two properties at Lane Cove and Thornton. In November 2014, the company engaged an agent to sell the investment property at Lane Cove in which the company holds a 50% interest. In February 2015, the company received an offer and executed an option contract with an unrelated party to sell the property for \$5,020,000 plus GST. An option fee was included in the price. At the date of this report the option has not been exercised and negotiations are continuing with the purchaser.

Due to the maturity of term deposits, interest income increased by \$1,782 (6.04%) for the half-year. The additional investment in securities and the market recovery led to an increase of dividends and trust distribution income by a total of \$5,371 compared to the same period last year.

Operating expenses decreased by \$9,203 compared with the half-year ended 31 December, 2013. This is largely due to decrease in rental property maintenance expenses.

**Pacific Mining Limited**

**ABN 64 000 140 938**

**Half-year Financial Report**

**31 December 2014**

## DIRECTORS' REPORT

The directors present their report together with the financial report for the half-year ended 31 December 2014 and the review report thereon.

## REVIEW OF OPERATIONS

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## DIRECTORS

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
Peter Bingley White Executive Director	Director since 1974
David Lance Bentley Chairman Independent Non-Executive Director	Director since 1992
Nicholas Peter Dawes White Non-Executive Director	Director since 1 July 2009

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2014.

Dated at Sydney, this 26th day of February 2015.  
Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'P.B. White', with a large, sweeping flourish extending to the right.

Peter B White - Director



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**DECLARATION OF INDEPENDENCE BY CRAIG MAXWELL TO THE DIRECTORS OF PACIFIC MINING LIMITED**

As lead auditor for the review of Pacific Mining Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Craig Maxwell', is written over a light blue horizontal line.

Craig Maxwell  
Partner

**BDO East Coast Partnership**

Sydney, 26 February 2015

## Statement of Profit or Loss and Other Comprehensive Income For the six months ended 31 December 2014

	Note	Half Year 31 December 2014 \$	Half Year 31 December 2013 \$
Revenue	8	366,209	357,671
Rental properties expenses		(26,000)	(38,828)
Management fees paid		(34,272)	(34,456)
Personnel expenses		(42,463)	(42,369)
Administration expenses		(63,317)	(61,540)
Depreciation		(2)	(6)
Capital loss on disposal of financial assets		-	(2,464)
Licensing fees		(12,000)	(12,000)
Other expenses		(14,730)	(12,788)
<b>Profit before tax</b>		<b>173,425</b>	<b>153,220</b>
Income tax expense		(23,879)	(19,216)
<b>Profit for the period</b>		<b>149,546</b>	<b>134,004</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be classified subsequently to profit or loss</i>			
Changes in the fair value of available for sale financial assets net of tax		530,213	115,779
Other comprehensive income for the period, net of tax		530,213	115,779
<b>Total comprehensive income for the period</b>		<b>679,759</b>	<b>249,783</b>
<b>Earnings per share for profit attributable to ordinary equity holders of the company:</b>		<b>Dollars</b>	<b>Dollars</b>
Basic earnings per share		0.011	0.010
Diluted earnings per share		0.011	0.010

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

## Statement of Changes in Equity For the six months ended 31 December 2014

	Issued capital \$	Financial assets reserve \$	Retained earnings \$	Total equity \$
Balance at 1 July 2013	5,070,947	(46,271)	2,576,073	7,600,749
Profit for the period			134,004	134,004
Other comprehensive income for the period, net of tax	-	115,779		115,779
Total comprehensive income for the period	-	115,779	134,004	249,783
Balance at 31 December 2013	5,070,947	69,508	2,710,077	7,850,532
Balance at 1 July 2014	5,070,947	53,214	2,849,007	7,973,168
Profit for the period			149,546	149,546
Other comprehensive income for the period, net of tax	-	530,213		530,213
Total comprehensive income for the period	-	530,213	149,546	679,759
Balance at 31 December 2014	5,070,947	583,427	2,998,553	8,652,927

The statement of changes in equity is to be read in conjunction with the accompanying notes.

## Statement of Financial Position As at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
<b>Current assets</b>			
Cash and cash equivalents		159,143	124,930
Trade and other receivables		17,778	21,644
Other current assets		32,095	27,729
		209,016	174,303
Non-current assets classified as held for sale	9	2,510,000	-
<b>Total current assets</b>		<b>2,719,016</b>	<b>174,303</b>
<b>Non-current assets</b>			
Trade and other receivables		64,376	60,000
Plant and equipment		4	6
Available for sale financial assets		4,312,195	4,186,889
Investment properties	10	2,100,000	3,850,000
<b>Total non-current assets</b>		<b>6,476,575</b>	<b>8,096,895</b>
<b>Total assets</b>		<b>9,195,591</b>	<b>8,271,198</b>
<b>Current liabilities</b>			
Trade and other payables		35,491	37,502
Provision for income tax		8,989	(1,726)
Other current liabilities		22,501	22,501
<b>Total current liabilities</b>		<b>66,981</b>	<b>58,277</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		392,182	156,926
Long term provisions		44,308	43,635
Trade and other payables		39,193	39,193
<b>Total non-current liabilities</b>		<b>475,683</b>	<b>239,754</b>
<b>Total liabilities</b>		<b>542,664</b>	<b>298,031</b>
<b>Net assets</b>		<b>8,652,927</b>	<b>7,973,167</b>
<b>Equity</b>			
Issued capital	4	5,070,947	5,070,947
Financial assets reserve		583,427	53,215
Retained earnings		2,998,553	2,849,005
<b>Total equity</b>		<b>8,652,927</b>	<b>7,973,167</b>

The statement of financial position is to be read in conjunction with the accompanying notes



## Statement of Cash Flows

For the six months ended 31 December 2014

	31 December 2014 \$	31 December 2013 \$
<b>Cash flows from operating activities</b>		
Cash receipts from customers	264,042	272,589
Cash payments to suppliers and employees	(221,315)	(231,199)
Cash generated and used in operations	42,727	41,390
Income tax paid	(5,142)	(15,232)
Interest received	44,521	51,663
Dividends received	79,966	72,780
<b>Net cash from operating activities</b>	<b>162,072</b>	<b>150,601</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of financial assets	-	2,033
Payments to acquire financial assets	(118,129)	(416,811)
Payment of property for sale expenses	(9,730)	-
<b>Net cash used in investing activities</b>	<b>(127,859)</b>	<b>(414,778)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>34,213</b>	<b>(264,177)</b>
Cash and cash equivalents at the beginning of the year	124,930	380,715
<b>Cash and cash equivalents at the end of the year</b>	<b>159,143</b>	<b>116,538</b>

The statement of cash flows is to be read in conjunction with the accompanying notes.

## Notes to the half-year financial statements

### 1. Reporting entity

Pacific Mining Limited (the "Company") is a company registered and domiciled in Australia. The annual financial report of the Company as at and for the year ended 30 June 2014 is available upon request from the Company's registered office at Level 4, 9 Help Street, Chatswood NSW 2067.

### 2. Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* as appropriate for for-profit oriented entities and the Corporations Act 2001.

The half-year financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2014.

This half-year financial report was approved by the Board of Directors on 24<sup>th</sup> February 2015.

### 3. Significant accounting policies

The accounting policies applied by the Company in this half-year financial report are the same as those applied by the company in its annual financial report for the year ended 30 June 2014.

In the current period, the Company has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2014. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the company's accounting policies.

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

There are no seasonal or cyclical effects on the half-year financial report ended 31 December 2014.

### 4. Issued capital

#### Issued and paid-up capital

14,002,696 (June 2014: 14,002,696) ordinary shares, fully paid

Total issued and paid-up capital

31 December 2014 \$	30 June 2014 \$
5,070,947	5,070,947
5,070,947	5,070,947

Holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at shareholders' meetings.

## Notes to the half-year financial statements

### 5. Segment information

Operating segments are presented using the “management approach” under which segment information is presented on the same basis as that used for internal reporting purpose. The Company has identified two operating segments, mining and investment segments. The business segment reporting format reflects the Company’s management and internal reporting structure.

Inter-segment pricing is determined on an arm’s length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Company receives rental income, royalties, interest, dividend and trust distributions from these assets.

#### Business segments for the six months ended 31 December 2014

<i>In dollars</i>	Mining Continuing Operation		Investment Continuing Operation		Total	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Segment Revenue	12,000	12,000	354,209	345,671	366,209	357,671
Segment Result	(7,757)	(7,512)	224,695	198,966	216,939	191,454
Net unallocated income and expense					(43,513)	(38,234)
Profit before tax					173,425	153,220
Income tax expense					(23,879)	(19,216)
<b>Profit for the period</b>					<b>149,546</b>	<b>134,004</b>

### 6. Dividends

No dividends were declared or paid during the six month period ended 31 December 2014 (31 December 2013: Nil).

## Notes to the half-year financial statements

### 7. Related parties

Arrangements with key management personnel continue to be in place. For details on these arrangements refer to the 30 June 2014 annual financial report.

#### Loans to related parties of key management personnel

	Balance 31 December 2014 \$	Balance 30 June 2014 \$	Interest paid and payable in the reporting period \$
Related parties of Executive Director Peter B White	17,778	21,644	-

#### Transactions with key management personnel

During the six months the Company has recognised:

Related parties of key management personnel	Transaction	31 December 2014 \$	31 December 2013 \$
Peter B White	License Fees – Mine	12,000	12,000
Peter B White	Management fees paid	34,272	34,456
Christopher J Hall	Accountancy & administration fees paid	28,040	29,880

### 8. Revenue

	31 December 2014 \$	31 December 2013 \$
Rental revenue	234,630	233,244
Interest received	31,263	29,481
Dividend received	79,966	72,780
Trust distributions received	8,350	10,166
Mining lease fee	12,000	12,000
	<b>366,209</b>	<b>357,671</b>

## Notes to the half-year financial statements

### 9. Current assets – non-current assets classified as held for sale

	31 December 2014 \$	30 June 2014 \$
Investment properties	2,510,000	-

The property at 42-46 Longueville Road Lane Cove of which the company holds a 50% interest is currently for sale and an option agreement has been executed on the 6<sup>th</sup> of February 2015. The sale is expected to be completed within 6 months from the reporting date providing the option is exercised.

### 10. Investment properties

	31 December 2014 \$	30 June 2014 \$
Balance at beginning of period	3,850,000	3,850,000
Acquisitions	9,730	-
Fair value adjustments	750,270	-
Reclassification of property held for sale	(2,510,000)	-
Balance at period end	2,100,000	3,850,000

The carrying amount of the Thornton investment property is the fair value of the property as determined by the directors at the end of each reporting period by considering the aggregate net annual rents receivable from the property and applying a yield which reflects the specific risk inherent in the net cash flow. The yield applied for the Thornton property in the current period is 10.33% and for the comparative period is 10.09%.

The carrying amount of the Lane Cove investment property is the fair value of the property as determined by the directors at the end of each reporting period. This fair value has been determined by considering the offer of \$5,020,000 plus GST, which was received from an unrelated party for the sale of the property through an option agreement on the 6<sup>th</sup> of February 2015. The company's interest in the property is 50%.

Investment properties comprises of two commercial properties, one of which has been reclassified to non-current assets classified as held for sale in Note 9, that are leased to third parties. Property interests held under operating leases are classified as investment properties.

### 11. Fair values of financial instruments

#### Fair value of the Fund's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following financial instruments are subject to recurring fair value measurements:

Available-for-sale financial assets:

	31 December 2014 \$	30 June 2014 \$
Ordinary shares	4,217,687	4,084,644
Public trusts	94,508	102,245
Total	4,312,195	4,186,889

## Notes to the half-year financial statements

### 11. Fair values of financial instruments (continued)

#### Fair value hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares	4,217,687	-	-	4,217,687
Public trusts	10,000	84,508	-	94,508
Total assets	4,227,687	84,508	-	4,312,195

30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Ordinary shares	4,084,644	-	-	4,084,644
Public trusts	14,000	88,245	-	102,245
Total assets	4,098,644	88,245	-	4,186,889

There were no transfers between levels during the period.

#### Valuation techniques used to derive level 2 fair values

The fair value of public trusts not traded in an active market is determined using valuation techniques which use only observable market data. The fair value of public trusts is calculated as the observable unit price published by the fund investment manager at the end of the period. There has been no change in the valuation technique used since the end of the previous annual reporting period.

#### Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The following financial instruments are not measured at fair value in the statement of financial position. These had the following fair values at 31 December 2014:

#### NON-CURRENT ASSETS

Trade and other receivables

Carrying amount \$	Fair value \$
64,376	64,376

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to approximate their fair value.

## 12. Subsequent events

An offer of \$5,020,000 plus GST was received from an unrelated party for the sale of the property at 42-46 Longueville Road Lane Cove through an option agreement on the 6<sup>th</sup> of February 2015. The price includes an option fee of \$50,000, which has been paid by the unrelated party to the company. The company's interest in the property is 50%. At the time of the report the option has not been exercised and negotiations are continuing with the purchaser. If successful, it is expected that the sale will be completed within 6 months from the reporting date.

No other matter or circumstance, that has arisen in the interval between the end of the half-year period and the date of this report, has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## Directors' declaration

In the opinion of the directors of Pacific Mining Limited ("the Company"):

- 1 the financial statements and notes set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including;
  - a) giving a true and fair view of the financial position of the Company as at 31 December 2014 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - b) complying with 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 Sydney on this 26th day of February 2015 in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'P.B. White', with a stylized flourish extending to the right.

Mr Peter B White  
Director





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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pacific Mining Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pacific Mining Limited, which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 internal 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 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 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 Mining 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. 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pacific Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's 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 Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2014 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*.

## BDO East Coast Partnership

BDO  


Craig Maxwell  
Partner

Sydney, 26 February 2015