ASX Announcement

2015 First Half Results

25 August 2015

Highlights

Six months to 30 June	2015	2014	% change
Total production (mmboe)	14.32	5.37	*+167%*
Total sales (mmboe)	14.45	4.74	*+205%*
Total revenue (US$m)	863.8	510.0	*+69%*
Net profit after tax (US$m)	227.5	152.5	*+49%*
Operating cash flow (US$m)	516.8	255.4	*+102%*
Interim dividend (US cents/share)	6.0	2.0	*+200%*

- **Net profit after tax for the first half of 2015 was US$227.5 million, 49% higher than in the first half of 2014 and the highest half-year profit in the Company's history, despite materially weaker oil and gas prices.**

- **Total revenue increased 69% to US$863.8 million, driven by a more than three-fold increase in oil, condensate, gas and LNG sales, from 4.7 million barrels of oil equivalent (mmboe) to 14.5 mmboe, reflecting a full period of production and sales from the PNG LNG Project.**

- **Higher sales volumes were partly offset by sharply lower realised prices, of US$56.64 per barrel for oil and condensate compared to US$111.57 per barrel in the first half of 2014 and US$10.19 per mmBtu for LNG and gas compared to US$14.20 per mmBtu.**

- **Unit production costs fell 43%, from US$15.49 per boe to US$8.90 per boe, reflecting a higher proportion of low cost PNG LNG Project production, which operated at full capacity during the period and successful cost reduction initiatives in our operated oil operations. The cash operating margin remained strong, at 75%, which compares favourably to the Company's peers.**

- **Net operating cash flow more than doubled to US$516.8 million, driven by the lift in sales revenues, with operating cash flow of US$35.76 per boe among the highest in the region.**

- **At 30 June 2015, the Company had total liquidity of US$1,593.0 million, comprising US$843 million in cash and US$750 million in undrawn corporate debt facilities.**

- **A 2015 interim unfranked dividend of six US cents per share was announced, compared to two US cents per share for the first half of 2014, payable on 29 September 2015.**

- **During the first half, Oil Search embarked on a Business Optimisation Programme, which has identified a range of initiatives to further recalibrate the Company's cost base and organisational structure, improving operating efficiencies and productivity across the business. These initiatives, along with other business improvement processes, will be rolled out over the second half of 2015. Oil Search will continue to pursue its attractive long-term growth projects to deliver superior returns, even in a sustained low oil price environment, utilising its platform of high quality assets and strong balance sheet.**

Commenting on the 2015 first half results, Oil Search Managing Director, Peter Botten, said:

"Oil Search achieved a strong operational and financial start to 2015, reporting a near three-fold increase in production, a 69% increase in sales revenue and a 49% increase in net profit after tax, which was achieved despite significantly lower global oil and LNG prices in the first half of 2015. The Company is well placed to manage the current low oil price cycle, with close to US$1.6 billion of liquidity, a cash operating margin of 75%, very competitive production costs and a focused optimisation process underway, designed to drive costs down further and deliver greater efficiencies across our business."

Excellent performance from PNG LNG Project

"The PNG LNG Project performed ahead of expectations during the first half, producing LNG at an annualised rate of approximately 7.1 MTPA, above the nameplate capacity of 6.9 MTPA. As well as high levels of uptime at the LNG plant, this result was supported by strong upstream deliverability, with an excellent performance from the Hides wells, the Associated Gas fields and the Hides Gas Conditioning Plant.

To date, 119 cargoes of LNG have been loaded since the Project commenced production in the first half of 2014. All four of our contract customers are taking their full contractual volumes, as well as more than 85% of available spot cargoes, highlighting the strong acceptance that has been achieved by the Project in the marketplace.

A key focus by the operator is to continue to optimise production activities and review potential debottlenecking opportunities. Recent performance indicates that LNG production could increase further, which would be highly value-accretive for Oil Search and our co-venturers."

Progress on LNG expansion opportunities in PNG

"Key events for Oil Search during the first half included the early appraisal results from the Antelope drilling campaign and agreement by the PRL 15 Joint Venture, with endorsement from the PNG State and Gulf Province governments, of the site locations for the proposed Papua LNG project development, which will be underpinned by the Elk-Antelope gas fields. Initial appraisal and testing activities have been encouraging and though further appraisal work remains, should the forthcoming drilling programme prove successful, we hope to enter Front End Engineering and Design on this globally competitive project during 2016.

In addition, a major step forward was made on the potential expansion of the PNG LNG Project, with the signing of a Memorandum of Understanding between ExxonMobil PNG Limited and the PNG Government early in the year. This agreement sets out a schedule for the proposed development of the P'nyang gas field, to support the provision of gas for domestic use and for PNG LNG Project expansion, including a potential third train. Preparatory works for the P'nyang South 2 appraisal well, in the south-east of the structure, are currently underway. The well, which is targeted to spud in the first half of 2016, is designed to help further constrain the 1C and 2C resources in the field, to support financing and marketing discussions. Engagement with the PNG Government on the formal award of a Petroleum Development Licence (PDL) is presently underway. Once the PDL has been awarded, the intention is to integrate P'nyang into the PNG LNG Project.

We support ExxonMobil's view, expressed in its recent second quarter 2015 earnings call, that an expansion of the PNG LNG Project is "very well positioned to compete" in the current global environment. A potential third train would benefit from the foundation Project's successful delivery and strong operating performance to date, a competitive cost structure plus stable and transparent fiscal terms. In addition, the operator has captured a range of learnings from the foundation development that will help maximise future returns."

Interim dividend payment in line with pay-out ratio guidance range

"The Board has approved the payment of an interim unfranked dividend of six US cents per share, compared to the 2014 interim dividend of two US cents per share. This represents a dividend payout ratio of 40%, consistent with the Board's dividend policy of distributing between 35% and 50% of core profit, with remaining earnings being reinvested into our high-returning production activities and attractive growth projects.

See Appendix 3A.1 – Notification of Dividend/Distribution announcement for more information on the dividend payment.

Safety performance

"Safety continues to be a key priority for Oil Search across all operations.

During the first half of 2015, Oil Search recorded a Total Recordable Incident Rate (TRIR) of 1.94 per million hours worked. This was a slight improvement on our 2014 TRIR of 1.97 per million hours worked, which ranked Oil Search fifth best among the ASX 100 companies in 2014[1]. The Company incurred no lost time injuries during the first half.

The Company's High Potential Incident Frequency, defined as the number of incidents or near misses per million hours worked that could have potentially resulted in one or more fatalities, has also significantly improved, declining from 0.63 in 2014 to 0.32 per million hours worked in the first half of 2015.

Implementation of a multi-year Process Safety Improvement Plan continued during the first half of 2015, which has resulted in a significant improvement in the stability of operations achieved at the Central Processing Facility at Kutubu."

Looking forward to the second half of 2015 and beyond, Mr Botten said:

"We have now been operating for some nine months in the new, lower oil and gas price environment. While there are varying views in the market on how long lower prices will prevail, we continue to believe it is prudent to plan for an extended period of oil prices at or around current levels. Oil Search is fortunate to be well placed financially, having production assets that are highly profitable at these oil and gas price levels and a strong balance sheet and liquidity. Nonetheless, we have an ongoing focus on careful capital management, to ensure our current commitments and growth opportunities can be funded."

[1] *Safety Spotlight: ASX 100 Companies & More, Citi, 13 July 2015*

2015 Business Optimisation Programme Outcomes

"In May, we commenced a Business Optimisation Programme, an holistic review of all aspects of our business, aimed at ensuring the Company can continue to deliver superior returns to its shareholders in the current oil price environment, in a socially responsible way. The review has looked at how we can improve our internal processes, make better use of our resources and take advantage of the present business climate to recalibrate our cost base. In addition, we are seeking to improve our production performance and ensure we have appropriate resourcing in place to continue to pursue our growth initiatives. This can be done without compromising our safety performance. Specific areas of focus have included the following:

- **Production:** Enhancing production performance by reducing unplanned downtime, improving our planning processes and productivity.
- **Right-sizing:** Ensuring that Oil Search has the correct organisational structure and skill sets to deliver our priority projects and that our corporate cost base is suitable for the current oil price environment.
- **Operating efficiency:** Improving efficiencies across all areas, including optimising our supply chain and procurement activities and improving drilling performance, through new technologies and innovation in rig and partnering strategies.
- **Capital discipline:** Prioritising work programmes, with a focus on value-adding activities that will provide acceptable returns at the current oil price.

A range of initiatives identified by the review will be progressively rolled out over the second half of 2015 and into 2016. Some areas of our business, such as investment in LNG growth and PNG exploration, which we regard as priority activities to drive long-term growth, will be bolstered, while other areas will see a reduced focus. At the same time, recognising that our highest return growth opportunities are within PNG, we have used this opportunity to make further progress on Oil Search's localisation and diversity objectives. We will continue to build the capability of our PNG workforce and will maintain our work, in partnership with the PNG Government, on projects that benefit all PNG citizens and help promote a stable operating environment.

The initiatives are targeting a 15 – 20% reduction in our controllable operating and capital unit costs from 2016 onwards. We are aiming for savings of between US$2.50 and US$3.50 per boe for Oil Search-operated oil and gas production, which were just under US$16 per boe in the first half of 2015. Good progress towards this target is already being made – negotiations with our major suppliers have resulted in unit cost reductions of between 10% and 25%, with more to come over the second half. In addition, through improved planning and reduced downtime, we are targeting to increase our high-margin operated oil production by approximately 5% over current forecasts in 2016/2017 onwards. Restructuring costs of approximately US$10 million in 2015 are captured within our existing 2015 cost guidance.

Implementation of these identified initiatives will make Oil Search a much leaner and more efficient organisation, enhance value-adding capacity in the Company, allow us to continue to pursue our key growth opportunities and deliver superior returns, even in a sustained low oil price environment. Our programme of driving further efficiencies and innovation will continue into 2016."

Revitalised exploration acreage and drilling programmes

"Oil Search recognises that it is essential to continue to invest in exploration through the oil price cycle, to ensure an ongoing pipeline of future growth opportunities. A component of the Business Optimisation studies has focused on maximising the financial returns from our exploration and appraisal activities, through the use of new technology and different drilling rig and partnering strategies. Oil Search is presently in the process of optimising its exploration portfolio and programmes. Follow-up work from the 2014 Strategic Review has confirmed that PNG is highly prospective for further major gas accumulations, in both established fairways and in new, frontier areas. A systematic exploration and appraisal programme is planned over the next 18 months, which will target 6-7tcf of mean gross prospective resources."

Guidance for the 2015 full year

"As indicated at our second quarter results, 2015 full year production guidance has been upgraded to 27 – 29 mmboe, while unit production costs are expected to be in the range of US$9 – US$11 per boe, US$1 per boe lower than prior guidance. This reflects higher production than originally forecast, combined with savings from renegotiated supply contracts, lower costs for labour, transportation and chemicals and favourable exchange rate movements. Guidance for other operating costs remains unchanged at US$145 – 165 million. Guidance includes anticipated restructuring costs and is subject to no major operational interruptions being experienced over the balance of the year.

Capital costs for the 2015 full year are expected to be between US$610 million and US$690 million. Changes from previous guidance include additional drilling in the second half of the year, at Angore A2 and Antelope 4 ST1, partly offset by the deferral of the Taza 4 well into 2016."

Full Year Guidance[1]:

Year to December	FY 2015 Guidance
Production	
Oil Search operated (PNG oil and gas)[2]	6.3 – 6.9 mmboe[3]
PNG LNG Project	
LNG	92 – 97 bcf
Liquids	3.0 – 3.2 mmbbl
Total PNG LNG Project	21 – 22 mmboe[3]
Total production	**27 – 29 mmboe**
Operating costs	
Production costs	US$9 – 11/boe
Other operating costs[4]	US$145 – 165 million
Depreciation and amortisation	US$13 – 14/boe
Capital costs	
Production	US$110 – 125 million
Development	US$170 – 200 million
Exploration and evaluation	US$310 – 340 million
Other property, plant and equipment	US$20 – 25 million
Total	**US$610 – 690 million**

1. Numbers may not add due to rounding.
2. Includes SE Gobe gas sales.
3. Gas volumes have been converted to barrels of oil equivalent using an Oil Search specific conversion factor of 5,100 scf = 1 boe, which represents a weighted average, based on Oil Search's reserves portfolio, using the actual calorific value of each gas volume at its point of sale.
4. Includes Hides GTE gas purchase costs, royalties and levies, selling and distribution costs, rig operating costs, corporate administration costs (including business development) and inventory movements.

FINANCIAL PERFORMANCE SUMMARY[1]

Six months to 30 June	2015	2014	*% change*
Sales data			
PNG LNG Project			
LNG (Billion Btu)	55,827	4,974	*+1,022%*
Condensate ('000 bbls)	1,459	389	*+275%*
Naphtha ('000 bbls)	119	-	*N.M.*
PNG oil ('000 bbls)	2,585	2,905	*-11%*
Hides GTE			
Gas (Billion Btu)	2,908	2,989	*-3%*
Condensate & refined products ('000 bbls)	51	51	*Unch*
Total barrels of oil equivalent sold ('000 boe) [2]	14,451	4,737	*+205%*
Average realised oil and condensate price (US$/bbl) [3]	56.64	111.57	*-49%*
Average realised LNG and gas price (US$/mmBtu)	10.19	14.20	*-28%*
Financial data (US$ million)			
Revenue from operations	863.8	510.0	*+69%*
Production costs	(127.5)	(83.1)	*+53%*
Other operating costs	(87.8)	(40.3)	*+118%*
Loss on disposal of non-current asset	(5.6)	-	*N.M.*
Other income	1.3	7.3	*-82%*
EBITDAX[4]	644.1	393.9	*+64%*
Depreciation and amortisation	(200.1)	(59.2)	*+238%*
Exploration costs expensed	(34.5)	(15.4)	*+124%*
EBIT[4]	409.5	319.3	*+28%*
Net finance costs	(92.0)	(41.8)	*+120%*
Profit before tax	317.5	277.5	*+14%*
Taxation expense	(90.0)	(125.0)	*-28%*
Net profit after tax	**227.5**	**152.5**	***+49%***
Per share data (US cents)			
Basic EPS before significant items	14.94	10.59	*+41%*
Diluted EPS before significant items	14.90	10.56	*+41%*
Net operating cash flow per share	33.9	16.8	*+102%*
Interim dividend	6.0	2.0	*+200%*

1. Numbers and percentage moves may not add due to rounding.
2. Gas and LNG volumes have been converted to barrels of oil equivalent using an Oil Search specific conversion factor of 5,100 scf = 1 boe, which represents a weighted average, based on Oil Search's reserves portfolio, using the actual calorific value of each gas volume at its point of sale. Minor variations to the conversion factors may occur over time.
3. Average realised price for Kutubu Blend, including PNG LNG condensate.
4. EBITDAX (earnings before interest, tax, depreciation/amortisation, impairment and exploration) and EBIT (earnings before interest and tax) are non-IFRS measures that are presented to provide a more meaningful understanding of the performance of Oil Search's operations. The non-IFRS financial information is unaudited but is derived from the financial statements which have been subject to audit by the Group's auditor.

Oil and gas production and sales

Total production in the first half of 2015 was 14.32 million barrels of oil equivalent (mmboe), almost triple the production of 5.37 mmboe in the previous corresponding period and the highest half year production in the Company's history. The increase was driven by the PNG LNG Project, which consistently performed at or above nameplate capacity during the period, contributing 10.94 mmboe (47.7 bcf LNG and 1.59 mmboe liquids), compared to 1.87 mmboe (7.5 bcf LNG and 0.40 mmboe liquids) in the first half of 2014 during the Project's ramp-up phase. Operated oil and gas production in PNG totalled 3.38 mmboe (3.50 mmboe in the previous corresponding period), underpinned by strong contributions from the Kutubu and Moran fields.

Total sales volumes for the six months to 30 June 2015 were 14.45 mmboe, with 52 cargoes of LNG and 15.5 cargoes of Kutubu Blend sold in the first half of 2015 compared to 5 cargoes of LNG and 8.5 cargoes of Kutubu Blend in the same period of 2014.

Realised prices

Oil Search realised an average oil and condensate price of US$56.64 per barrel in the first half of 2015, 49% lower than the price achieved in the first half of 2014 of US$111.57 per barrel, reflecting the global downturn in oil prices. The average realised LNG and gas price during the period was US$10.19 per mmBtu compared to US$14.20 per mmBtu in the same period of 2014. No hedging was undertaken during the half.

Operating revenue

Total revenue from operations was US$863.8 million, a 69% increase on the first half of 2014. The increase was driven by higher LNG and gas revenue, which increased more than five-fold to US$598.6 million due to a full period of production from the PNG LNG Project, partly offset by lower realised LNG and gas prices. Oil and condensate revenue fell 38% to US$229.5 million, with the lower realised oil and condensate price more than offsetting higher Kutubu Blend sales volumes. Other revenue increased by 23% due to higher naphtha sales.

Revenue (US$ million)

Six months to 30 June	2015	2014	*% change*
LNG and gas sales	598.6	113.1	*+429*
Oil and condensate sales	229.5	367.9	*-38*
Other revenue[1]	35.6	29.0	*+23*
Total	**863.8**	**510.0**	***+69***

1. Other revenue consists largely of rig lease income, infrastructure tariffs and refinery and naphtha sales.

Production and other operating costs

Total production costs in the first half of 2015 increased by 53% to US$127.5 million, driven by an almost four-fold increase in PNG LNG Project costs with the Project operating at full capacity during the period. However, unit production costs declined, from US$15.49 per boe in the first half of 2014 to US$8.90 per boe, reflecting a higher proportion of lower unit cost PNG LNG Project production relative to oil field production.

Production costs (US$ million)

Six months to 30 June	2015	2014	% change
PNG LNG	73.6	19.0	*+287*
PNG oil and gas	53.9	64.1	*-16*
Total production costs	**127.5**	**83.1**	***+53***
Unit production cost (US$/boe)	**8.90**	**15.49**	***-43***

Other operating costs increased from US$40.3 million in the first half of 2014, to US$87.8 million. The increase reflected higher selling and distribution costs associated with LNG sales, a net decrease in LNG inventory due to the timing of shipments (compared to the build-up of inventories in the first half of 2014) and higher corporate costs reflecting one-off items such as legal fees arising from the PRL 15 arbitration and sponsorship of the Pacific Games. In addition, a US$5.6 million pre-tax expense was recognised, largely related to the loss on disposal of assets associated with the relocation of the Oil Search Port Moresby head office.

Depreciation and amortisation

Total depreciation and amortisation was US$200.1 million compared to US$59.2 million in the first half of 2014. The increase was driven by higher non-cash charges related to the PNG LNG Project, with capital costs and capitalised interest associated with its development being amortised on a unit of production basis. On a unit basis, depreciation and amortisation increased from US$11.03 per boe to US$13.31 per boe, reflecting a higher proportion of PNG LNG Project production at higher depreciation rates.

Depreciation and amortisation (US$ million)

Six months to 30 June	2015	2014	% change
Oil and gas assets	190.4	51.8	*+268*
Rig and marine assets	5.8	3.7	*+57*
Corporate assets	3.9	3.6	*+8*
Total depreciation and amortisation	**200.1**	**59.2**	***+238***

Exploration expense

In line with the successful efforts accounting policy, all costs associated with unsuccessful drilling, seismic work and other support costs related to exploration activity were expensed during the half. This resulted in a pre-tax charge of US$34.5 million, comprising the write-off of the exploration component of the Hides F1 well (US$16.1 million), seismic programmes in PNG and geological, geophysical and general and administration expenses in PNG and Middle East/North Africa.

Net finance costs

Net finance costs were US$92.0 million, compared to US$41.8 million in the previous corresponding period. The increase reflected the expensing of PNG LNG Project borrowing costs for the full period, following the commencement of production in the first half of 2014, and interest charges for PNG LNG finance leases due to the leasing of a new LNG vessel in the first half of 2015. This was partly offset by lower interest incurred on the corporate facilities, with reduced debt outstanding during the period and higher interest income reflecting an increase in cash invested.

Taxation expense

Tax expense on statutory profit was US$90.0 million, compared to US$125.0 million in the first half of 2014. The decrease in tax expense reflected a higher proportion of Company revenue derived from LNG, which is taxed at 30%, compared to the statutory tax rate for oil earnings in PNG of 50%. Further, the conversion of the Kutubu and Gobe Main fields to a gas designation effective from 30 June 2014 and 30 September 2014, respectively, resulted in the income from those projects being taxed at 30%.

The effective tax rate on statutory profit was 28.3% (45.1% in the first half of 2014), lower than the 30% statutory tax rate for gas in PNG, due to one-off adjustments.

Cash flows

Net operating cash flow was US$516.8 million, 102% higher than in the first half of 2014. Stronger cash flows were driven by significantly higher sales receipts from the PNG LNG Project, partly offset by a decrease in oil sales, due to the lower average oil and condensate price realised during the period, and higher interest and tax payments.

Net investing cash flow totalled US$318.0 million, including US$154.9 million on exploration and evaluation, US$80.3 million on the PNG LNG Project, US$72.2 million on production activities and US$4.8 million on other property, plant and equipment.

The Company distributed US$182.7 million to shareholders by way of the 2014 final and special dividends, totalling 12 US cents per share. During the half, the Company also fully repaid drawings under the US$250 million of bilateral revolving credit facilities and made its first principal payment, of US$45.7 million, against the PNG LNG Project financing facility.

Cash flows (US$ million)[1]

Six months to 30 June	2015	2014	*% change*
Operating cash flow			
Net receipts	638.6	297.7	*+115*
Net interest paid	(79.3)	(4.8)	*+1,552*
Tax paid	(42.4)	(37.5)	*+13*
Net operating cash flow	**516.8**	**255.4**	***+102***
Net investing cash flow	**(318.0)**	**(1,377.1)**	***-77***
Net financing cash flow	**(316.0)**	**1,279.8**	***N.M.***
Net cash (outflow)/inflow	**(117.2)**	**158.1**	***N.M.***
Net operating cash flow per share (US cents)	**33.9**	**16.8**	***+102***

1. Numbers and percentage changes may not add due to rounding.

Net investing cash flow (US$ million)

Six months to 30 June	2015	2014	% change
Development	(80.3)	(266.5)	*-70*
Exploration and evaluation	(154.9)	(1,032.6)[1]	*-85*
Production	(72.2)	(65.8)	*+10*
Other property, plant and equipment	(4.8)	(2.8)	*+71*
Loan to third party [2]	(5.8)	(9.4)	*-38*
Net investing cash flow	**(318.0)**	**(1,377.1)**	***-77***

1. Includes US$900 million and US$0.4 million of associated acquisition costs relating to the purchase of an interest in PRL 15.
2. The financial loan relates to an appraisal and development opportunity in the Middle East region. Oil Search has extended a loan to a company which holds a 100% interest in the licence containing this opportunity. Oil Search's entry into the licence is subject to the relevant government approvals, with the details to remain confidential until that occurs.

Financial position

As at 30 June 2015, Oil Search had net debt (total borrowings less cash) of US$3,443.0 million, comprising the Company's share of debt drawn down under the PNG LNG Project finance facility of US$4,285.9 million and US$843.0 million of cash. The Company's liquidity totalled US$1,593.0 million, including US$750 million available from undrawn corporate revolving facilities.

Net debt (US$ million)

As at	30 June 2015	31 Dec 2014	30 Jun 2014
Cash and short-term deposits[1]	843.0	960.2	367.8
Debt[2]			
PNG LNG financing	(4,285.9)	(4,262.2)	(4,084.0)
Corporate revolving facilities[3]	-	(150.0)	(50.0)
Total	(4,285.9)	(4,412.2)	(4,134.0)
Net debt	**(3,443.0)**	**(3,452.0)**	**(3,766.2)**
Total liquidity[3]	**1,593.0**	**1,560.2**	**1,067.8**

1. Numbers may not add due to rounding.
2. As at 30 June 2015, US$182.0 million was escrowed in PNG LNG Project accounts.
3. Excludes finance leases presented as 'Borrowings' in the Statement of Financial Position.
4. As at 30 June 2015, the Company's US$250 million bilateral revolving facilities and US$500 million revolving corporate facility were undrawn.

Dividends

The Board of Directors has announced an interim unfranked dividend of six US cents per share, representing a dividend payout ratio of 40%, consistent with the Board's dividend policy to distribute between 35% and 50% of core profit.

The Record Date for the interim dividend payment is 8 September 2015 and the Payment Date is 29 September 2014. The shares will trade ex-dividend from 4 September 2015.

FIRST HALF 2015 PRODUCTION SUMMARY[1]

Six months to 30 June	2015		2014		*% change*	
	Gross daily production	**Net to OSH**	**Gross daily production**	**Net to OSH**	***Gross daily production***	***Net to OSH***
Gas production	**mmscf/d**	**mmscf**	**mmscf/d**	**mmscf**		
PNG LNG gas[2]	909.151	47,727	142.79	7,496	*537%*	*537%*
Hides GTE[3]	14.977	2,711	15.38	2,785	*-3%*	*-3%*
SE Gobe gas to PNG LNG[4]	6.603	305	-	-	*N.M.*	*N/A*
Total gas	**930.731**	**50,743**	**158.17**	**10,280**	***488%***	***394%***
Oil and condensate production	**bopd**	**mmbbl**	**bopd**	**mmbbl**		
Kutubu	17,174	1.867	16,689	1.814	*3%*	*3%*
Moran	8,782	0.787	11,122	0.997	*-21%*	*-21%*
Gobe Main	847	0.015	844	0.015	*0%*	*0%*
SE Gobe	1291	0.060	1,347	0.062	*-4%*	*-4%*
SE Mananda	0	0	39	0.005	*N/A*	*N/A*
Total PNG oil	**28,095**	**2.729**	**30,041**	**2.893**	***-6%***	***-6%***
Hides GTE liquids[3]	316	0.057	328	0.059	*-3%*	*-3%*
PNG LNG liquids	30,198	1.585	7,628	0.400	*296%*	*296%*
Total oil and condensate	**58,609**	**4.371**	**37,997**	**3.353**	***54%***	***30%***
	boepd	**mmboe**	**boepd**	**mmboe**		
Total production[5]	**241,105**	**14.321**	**69,011**	**5.369**	***249%***	***167%***

1. Numbers may not add due to rounding.
2. Production net of fuel, flare and shrinkage and SE Gobe wet gas.
3. Hides GTE production is reported on a 100% basis for gas and associated liquids purchased by the Hides (GTE) Project Participant (Oil Search 100%) for processing and sale to the Porgera power station. Sales gas volumes are inclusive of approximately 2% unrecovered process gas.
4. SE Gobe wet gas reported at inlet to plant, inclusive of fuel, flare and naphtha.
5. Gas and LNG volumes have been converted to barrels of oil equivalent using an Oil Search specific conversion factor of 5,100 scf = 1 boe, which represents a weighted average, based on Oil Search's reserves portfolio, using the actual calorific value of each gas volume at its point of sale. Minor variations to the conversion factors may occur over time.

Gas/LNG Glossary and Conversion Factors Used

Mmscf	Million (10^6) standard cubic feet
mmBtu	Million (10^6) British thermal units
Billion Btu	Billion (10^9) British thermal units
MTPA (LNG)	Million tonnes per annum
Boe	Barrel of oil equivalent
1 mmscf LNG	Approximately 1.13 billion Btu
1 boe	Approximately 5,100 standard cubic feet
1 tonne LNG	Approximately 52 mmBtu

Note: Minor variations in conversion factors may occur over time, due to changes in gas composition.

PETER BOTTEN, CBE

Managing Director

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Presentation and Webcast

Oil Search will be holding a presentation for analysts and fund managers at 11.00 am AEDT today, 25 August 2015. The presentation will be webcast live over Oil Search's website. To listen to the webcast, please log on to www.oilsearch.com. If you experience any technical difficulties, please call: +61 2 8280 6000.

The webcast will be available in archive form on the Oil Search website 2 – 3 hours after the completion of the presentation.

DISCLAIMER

This report contains some forward-looking statements which are subject to particular risks associated with the oil and gas industry. Actual outcomes could differ materially due to a range of operational, cost and revenue factors and uncertainties including oil and gas prices, changes in market demand for oil and gas, currency fluctuations, drilling results, field performance, the timing of well workovers and field development, reserves depletion and fiscal and other government issues and approvals.

Oil Search

Appendix 4D

This information should be read in conjunction with the consolidated Financial Report for the half-year ended 30 June 2015.

Results for announcement to the market

		Half-year ended 30 June 2015		Half-year ended 30 June 2014	
	% Change[1]	**US$'000**	**A$'000** [2]	**US$'000**	**A$'000** [2]
Revenue from ordinary activities	*up* 69.4%	**863,757**	**1,103,138**	509,989	557,434
Profit from ordinary activities after tax attributable to members	*up* 49.2%	**227,507**	**290,558**	152,483	166,669
Net profit for the half-year attributable to members	*up* 49.2%	**227,507**	**290,558**	152,483	166,669

The financial information above has been prepared in accordance with International Financial Reporting Standards.

Dividends

	Half-year ended 30 June 2015		Half-year ended 30 June 2014	
	US cents	**A cents**	**US cents**	**A cents**
Interim dividend paid per security [3]	**6.00**	**TBA** [4]	2.00	2.18

Net tangible assets

	30 June 2015		30 June 2014	
	US$	**A$**[5]	**US$**	**A$**[5]
Net tangible asset backing per ordinary security	**2.60**	**3.39**	2.53	2.38

Details of entities over which control was gained or lost

There were no acquisitions or disposals of controlled entities during the half-year ended 30 June 2015.

During the prior corresponding period, the Group acquired the Pac LNG Group Companies, which hold a 22.835% interest in Petroleum Retention License 15 ("PRL 15"), located in the eastern margin of the Papuan Basin in PNG.

(1) % change calculations are based on the US$ figures.
(2) Amounts have been converted from US$ to A$ at the average exchange rate for the half-year of 0.7830 (2014: 0.9149).
(3) No franking credits available on dividends, as Oil Search Limited is incorporated in Papua New Guinea. No component of the dividends represents conduit foreign income.
(4) The Australian dollar amount will be fixed at the rate of exchange applicable on the day of the record date for determining entitlements to the final dividend, being 8 September 2015.
(5) Amounts have been converted from US$ to A$ at the 30 June 2015 exchange rate of 0.7680 (30 June 2014: 0.9420).

Oil Search Limited and its subsidiaries
ARBN 055 079 868

Consolidated Financial Report for the half-year ended 30 June 2015

Contents

Directors' report

The directors submit their report for the financial half-year ended 30 June 2015.

DIRECTORS

The names, details and shareholdings of the directors of the company in office during or since the end of the half-year are:

Mr RJ Lee, BEng (Chem) (Hons), MA (Oxon), FAICD, AM, (Chairman) Non-Executive, *65 years*

Mr Lee joined the Board on 9 May 2012 and was appointed Chairman on 28 February 2013. Mr Lee has extensive resource banking and international commercial experience. His previous senior executive roles include 16 years with CSR Limited and 9 years in the position of Chief Executive Officer of NM Rothschild Australia Limited. Mr Lee is a Director of Newcrest Mining Limited and a former Chairman of the Australian Institute of Company Directors. *Ordinary shares, fully paid: 71,829*

Mr PR Botten, CBE, BSc, ARSM, (Managing Director), Executive, *60 years*

Mr Botten was appointed Managing Director on 28 October 1994, having previously filled both exploration and general manager roles in the company since joining in 1992. He has extensive worldwide experience in the oil and gas business, previously holding various senior technical and managerial positions in a number of listed and government owned organisations. Mr Botten is a former President of the Papua New Guinea Chamber of Mines and Petroleum and is on the Executive Committee of the Australia PNG Business Council. He is also a Director of Business for Millennium Development. He was awarded Commander of the Order of the British Empire (CBE) in the 2008 Queen's Birthday Honours List for services to commerce and the mining and petroleum industry in Papua New Guinea. *Ordinary shares, fully paid: 2,387,934; Performance Rights: 698,600; Restricted shares: 325,503*

Mr G Aopi, CBE, BEc, BAC, MBA, Executive, *61 years*

Mr Aopi joined the Board as an Executive Director on 18 May 2006 and presently holds the position of Executive General Manager External & Government Affairs and Sustainability. Mr Aopi has substantial public service and business experience in Papua New Guinea, having had a long and distinguished career in government, filling a number of important positions, including Secretary for Finance and Planning and Managing Director of Telikom PNG Ltd. He was previously the Chairman of Telikom PNG Ltd and Independent Public Business Corporation (IPBC). Mr Aopi is a Director of Steamships Trading, Bank of South Pacific and a number of other private sector and charitable organisations in Papua New Guinea.*Ordinary shares, fully paid: 451,444; Performance Rights: 152,200; Restricted shares: 65,589*

Sir Kostas Constantinou, Kt, OBE, Non-Executive, *58 years*

Sir Kostas Constantinou joined the Board on 16 April 2002. He is a prominent business figure in Papua New Guinea, holding a number of high level public sector and private sector appointments. Sir Kostas is Chairman of various companies, including Airways Hotel & Apartments Limited, Lamana Hotel Limited, Lamana Development Limited, Hebou Constructions, Alotau International Hotel, Pacific Games 2015 Authority and Bank of South Pacific. He is a Director of Heritage Park Hotel in Honiara, Gazelle International Hotel in Kokopo, Grand Pacific Hotel in Fiji, Taumeasina Island Resort in Samoa and Good Taste Company in New Zealand. Sir Kostas is also Vice Chairman of the Employers Federation of Papua New Guinea and Honorary Consul for Greece in Papua New Guinea. He was awarded Knights Bachelor (Kt) in the 2015 Queen's Birthday Honours List for services to sport, tourism, banking and to the community in Papua New Guinea. *Ordinary shares, fully paid: nil*

Ms FE Harris, BCom, FAICD, FCA (Aust), *54 years*

Ms Harris joined the Board on 1 March 2013. Ms Harris has over 18 years of experience as a non-executive director, including on the boards of numerous resource and other companies in the ASX50, ASX100 and ASX200, and several with international operations. She is currently a non-executive director of listed companies Aurora Oil & Gas Limited, BWP Trust, Infigen Energy Limited and Toro Energy Limited. Prior to commencing her career as non-executive director, Ms Harris was a partner at KPMG, working in Perth, San Francisco and Sydney. *Ordinary shares, fully paid: 31,961*

Dr AJ Kantsler, BSc (Hons), PhD, GAICD, FTSE, Non-Executive, *64 years*

Dr Kantsler joined the Board on 19 July 2010. Dr Kantsler worked with Woodside Petroleum for 15 years, where he was most recently the Executive Vice President Health, Safety and Security. Dr Kantsler was Woodside Petroleum's Executive Vice-President Exploration & New Ventures from 1996 to 2009. Before joining Woodside Petroleum, Dr Kantsler had extensive experience with the Shell Group of Companies working in various exploration roles in Australia and internationally. Dr Kantsler has been a Director of Forte Consolidated Limited and Savcor Group Limited. He was also Councillor and Director of the Australian Petroleum Production and Exploration Association (APPEA) for 15 years, where, as well as being chairman of several of APPEA's committees, he was Chairman from 2000 to 2002. In 2005, Dr Kantsler was awarded the APPEA Reg Sprigg Medal for his outstanding contribution to the oil and gas industry in Australia. Dr Kantsler was also a founding member of the Australian Government's Council for Australian Arab Relations. He is Managing Director of Transform Exploration Pty Ltd, a Director of Apprenticeships Australia Pty Ltd and the Chamber of Commerce & Industry, WA. *Ordinary shares, fully paid: 45,736*

Mr B Philemon, Non-Executive, *70 years*

Mr Philemon joined the Board on 5 November 2012. Mr Philemon is acknowledged as one of Papua New Guinea's most influential leaders, with distinguished careers in both business and public service. Mr Philemon's career highlights include serving as Chairman of Air Nuigini and holding a number of ministerial posts in PNG Government, including Minister of Foreign Affairs and Minister for Finance and Treasury. Mr Philemon served as the member for Lae Open in Government from 1992 until the 2012 elections. Mr Philemon is a Director of Highlands Pacific Limited and the Bank of Papua New Guinea. *Ordinary shares, fully paid: 7,241*

Mr KW Spence, BSc (Geophysics) (Hons), Non-Executive, *61 years*

Mr Spence joined the Board on 9 May 2012. Mr Spence brings over thirty years of oil and gas experience to the Board, having served in senior executive positions with Woodside Petroleum Limited, including Chief Operating Officer and Acting Chief Executive. Mr Spence was with Shell for 18 years prior to Woodside. Mr Spence is Chairman of Geodynamics Limited and Base Resources Limited and a Director of Independence Group. He chairs a number of other bodies, including the National Offshore Petroleum Safety and Environmental Management Authority Board. *Ordinary shares, fully paid: 25,000*

Dr ZE Switkowski, AO, BSc (Hons), PhD, FAICD, FTSE, Non-Executive, *67 years*

Dr Switkowski joined the Board on 22 November 2010. Dr Switkowski's career highlights include serving as Chief Executive Officer and Managing Director of Telstra, Chief Executive Officer of Optus and Chairman and Managing Director of Kodak (Australasia). Dr Switkowski is Chairman of Suncorp Group and NBN Co and a Director of Tabcorp Limited. He is also Chancellor of the Royal Melbourne Institute of Technology (RMIT University). Dr Switkowski is a former Chairman of the Australian Nuclear Science and Technology Organisation and Opera Australia. He holds a PhD in nuclear physics from the University of Melbourne. Dr Switkowski was awarded Officer in the General Division (AO) in the 2014 Queen's Birthday Honous List for distinguished service to the community, in particular to tertiary education, scientific organisations and the telecommunications sector, to business and, to the arts. *Ordinary shares, fully paid: 201,829*

GROUP SECRETARY

Mr SW Gardiner, BEc (Hons), CPA, *57 years*

Mr Gardiner joined Oil Search Limited in 2004, after a twenty year career in corporate finance at two of Australia's largest multinational construction materials companies and a major Australian telecoms company. Mr Gardiner's roles at Oil Search have covered senior corporate finance and corporate services responsibilities. In November 2012 Mr Gardiner was appointed to the position of Chief Financial Officer of Oil Search. Mr Gardiner is also the Group Secretary of Oil Search, a role he has held since May 2009. *Ordinary shares, fully paid: 330,990; Performance Rights: 118,494; Restricted shares: 69,947*

RESULTS AND REVIEW OF OPERATIONS

Financial

During the period, the consolidated entity made a net profit after tax of US$227.5 million (June 2014: US$152.5 million). The net profit was after providing for income tax of US$90.0 million (June 2014: US$125.0 million).

Operations

Total production for the first half of 2015 was 14.321 million barrels of oil equivalent (mmboe), or 166.7% higher than in the first half of 2014 (5.369 mmboe). Costs of production were US$60.1 million higher at US$156.4 million, compared to US$96.3 million in the previous corresponding period.

Revenue for the first half of 2015 was US$863.8 million, 69.4% higher than the first half 2014 outcome of US$510.0 million. Total sales volumes in the first half of 2015 was 14.5 million barrels of oil equivalent (mmboe), 205% higher than the first half of 2014. The average realised oil and condensate price for the first half of 2015 was US$56.64 per barrel, or US$54.93 lower than the US$111.57 per barrel realised in the first half of 2014. The average realised LNG and gas price for the first half of 2015 was US$10.19 per mmBtu, or US$4.01 lower than the US$14.20 per mmBtu realised in the first half of 2014. The Company did not establish any oil hedges during the period and remains unhedged to oil price movements.

Amortisation and depreciation charges increased by 238.0%, or US$140.9 million, from US$59.2 million to US$200.1 million, primarily due to a full six months of depreciation of the PNG LNG Project assets.

Exploration and evaluation costs expensed in the first half of 2015 totalled US$34.5 million, compared to US$15.4 million in the previous corresponding period, due to increased seismic, geological, geophysical and general and administration activity, and the expensing of the exploration component of Hides Deep well, compared to the prior first half. As at 30 June 2015, carried forward exploration costs totalled US$1,712.7 million (December 2014: US$1,576.7 million), which includes the PRL 15 licence interest acquired in March 2014.

Income tax expense decreased to US$90.0 million in the first half of 2015 compared to US$125.0 million in the prior corresponding period, representing an effective tax rate of 28% (June 2014: 45%).

During the half-year ended 30 June 2015, the PNG LNG Project achieved financial completion, resulting in the initial release to the Company of more than US$850 million in cash previously escrowed in PNG LNG Project related accounts. The completion guarantee provided to the Project's lenders was also terminated.

Operating cash flow of US$516.8 million (June 2014: US$255.4 million) was generated during the half-year, an increase of 102.3% on the corresponding period in 2014. At 30 June 2015, the Company held cash of US$843.0 million (December 2014: US$960.2 million). Borrowings totalled US$4,360.5 million (December 2014: US$4,421.1 million), comprising the PNG LNG Project finance facility borrowings and finance leases.

DIVIDENDS

Subsequent to balance date, the directors approved the payment of an interim unfranked dividend of US 6 cents per ordinary share (2014: US 2 cents interim dividend) to ordinary shareholders in respect of the half-year ended 30 June 2015. The due date for payment is 29 September 2015 to all holders of ordinary shares on the Register of Members on 8 September 2015. The Company's dividend reinvestment plan will remain suspended for the interim dividend. Dividends paid and declared during the year are recorded in note 9 to the financial statements.

ROUNDING

The majority of amounts included in this report are rounded to the nearest US$1,000 (where rounding is applicable).

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Deloitte Touche Tohmatsu's Independence Declaration, which forms part of this report, is attached on page 6.

Signed in accordance with a resolution of the directors.

……………………………………………….

RJ LEE

Chairman

……………………………………………….

PR BOTTEN

Managing Director

Sydney, 24 August 2015

Deloitte Touche Tohmatsu
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The Board Directors
Oil Search Limited
Ground Floor, Credit House
Cuthbertson Street, Port Moresby
Papua New Guinea

24 August 2015

Dear Directors,

Oil Search Limited

I am pleased to provide the following declaration of independence to the directors of Oil Search Limited.

As lead audit partner for the review of the financial statements of Oil Search Limited for the period ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (IESBA) in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
Chartered Accountant

Condensed consolidated statement of comprehensive income for the half-year ended 30 June 2015

		Half-year ended 30 June 2015 $'000	Half-year ended 30 June 2014 $'000
Revenue	3	**863,757**	509,989
Cost of sales	4	**(381,385)**	(160,466)
Gross profit		**482,372**	349,523
Other income		**1,286**	7,337
Other expenses	5	**(74,146)**	(37,534)
Profit from operating activities		**409,512**	319,326
Net finance costs	6	**(92,041)**	(41,818)
Profit before income tax		**317,471**	277,508
Income tax expense	7	**(89,964)**	(125,025)
Net profit after tax		**227,507**	152,483
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		**(1,399)**	1,476
Total comprehensive income for the period		**226,108**	153,959
		cents	**cents**
Basic earnings per share	8	**14.94**	10.59
Diluted earnings per share	8	**14.90**	10.56

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position for the half-year ended 30 June 2015

	Note	30 June 2015 $'000	31 December 2014 $'000
Current assets			
Cash and cash equivalents		**842,956**	960,166
Receivables		**167,466**	237,068
Inventories		**144,647**	160,189
Prepayments		**16,711**	24,575
Total current assets		**1,171,780**	1,381,998
Non-current assets			
Receivables		**1,059**	1,078
Other financial assets		**98,356**	91,249
Prepayments		**2,992**	4,141
Exploration and evaluation assets	10	**1,712,739**	1,576,668
Oil and gas assets	11	**7,091,375**	7,182,144
Other plant and equipment	11	**126,879**	73,066
Deferred tax assets		**400,058**	416,902
Total non-current assets		**9,433,458**	9,345,248
Total assets		**10,605,238**	10,727,246
Current liabilities			
Payables		**222,428**	318,085
Provisions		**9,303**	9,673
Borrowings		**202,914**	102,388
Current tax payable		**2,130**	59,098
Total current liabilities		**436,775**	489,244
Non-current liabilities			
Payables		**19,292**	21,040
Provisions		**370,134**	405,652
Loans and borrowings		**4,157,552**	4,318,677
Deferred tax liabilities		**556,047**	467,157
Total non-current liabilities		**5,103,025**	5,212,526
Total liabilities		**5,539,800**	5,701,770
Net assets		**5,065,438**	5,025,476
Shareholders' equity			
Share capital	12	**3,147,340**	3,147,340
Reserves		**(15,235)**	(10,386)
Retained earnings		**1,933,333**	1,888,522
Total shareholders' equity		**5,065,438**	5,025,476

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows for the half-year ended 30 June 2015

	Note	Half-year ended 30 June 2015 $'000	Half-year ended 30 June 2014 $'000
Cash flows from operating activities			
Receipts from customers and third parties		**882,950**	454,669
Payments to suppliers and employees		**(197,614)**	(144,792)
Interest received		**1,594**	714
Borrowing costs paid		**(80,880)**	(5,512)
Income tax paid		**(42,386)**	(37,486)
Payments for exploration and evaluation - seismic, G&A, G&G		**(34,523)**	(12,196)
Payments for site restoration		**(12,333)**	-
Net cash from operating activities		**516,808**	255,397
Cash flows from investing activities			
Payments for other plant and equipment		**(4,801)**	(2,814)
Payments for exploration and evaluation expenditure		**(154,934)**	(1,032,644)
Payments for development asset expenditure		**(80,301)**	(266,536)
Payments for producing asset expenditure		**(72,203)**	(65,758)
Loan to third party in respect of exploration and evaluation		**(5,809)**	(9,361)
Net cash used in investing activities		**(318,048)**	(1,377,113)
Cash flows from financing activities			
Proceeds from private placement	12	**-**	1,097,037
Proceeds from share purchase plan	12	**-**	169,466
Proceeds from underwriter of dividend reinvestment plan (DRP)	12	**-**	16,810
Dividend payments (net of DRP) [(1)]		**(182,723)**	(16,787)
Purchase of treasury shares		**(8,436)**	(14,954)
Contributions received for employee shares schemes		**1,887**	175
Costs relating to share issues	12	**-**	(1,946)
Proceeds from borrowings		**149,481**	181,536
Repayment of borrowings		**(275,749)**	(150,000)
Establishment fee on credit facility		**-**	(1,500)
Finance lease payments		**(430)**	-
Net cash (used in)/from financing activities		**(315,970)**	1,279,837
Net (decrease) / increase in cash and cash equivalents		**(117,210)**	158,121
Cash and cash equivalents at the beginning of the period		**960,166**	209,661
Cash and cash equivalents at the end of the period		**842,956**	367,782

[(1)] Total dividend payments was $182.7 million (2014: $29.9 million). In 2014, the total dividend payments net of dividends reinvested under the dividend reinvestment plan was $16.8 million, refer to Note 12.

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity for the half-year ended 30 June 2015

Consolidated	Share capital $'000	Foreign currency translation reserve $'000	Reserve for treasury shares $'000	Employee equity compensation reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2015	**3,147,340**	**(14,523)**	**(8,099)**	**12,236**	**1,888,522**	**5,025,476**
Dividends provided for or paid	-	-	-	-	(182,723)	(182,723)
Total comprehensive income for the period						
Net profit after tax for the period	-	-	-	-	227,507	227,507
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	(1,399)	-	-	-	(1,399)
Total comprehensive income for the period	-	(1,399)	-	-	227,507	226,108
Transactions with owners, recorded directly in equity						
Transfer of vested shares	-	-	11,277	(11,277)	-	-
Employee share-based remuneration	-	-	-	4,986	-	4,986
Purchase of treasury shares	-	-	(8,436)	-	-	(8,436)
Trust distribution	-	-	-	-	27	27
Total transactions with owners	-	-	2,841	(6,291)	27	(3,423)
Balance at 30 June 2015	**3,147,340**	**(15,922)**	**(5,258)**	**5,945**	**1,933,333**	**5,065,438**
Balance at 1 January 2014	**1,821,957**	**(5,412)**	**(2,620)**	**11,506**	**1,595,621**	**3,421,052**
Dividends provided for or paid	-	-	-	-	(29,882)	(29,882)
Total comprehensive income for the period						
Net profit after tax for the period	-	-	-	-	152,483	152,483
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	1,476	-	-	-	1,476
Total comprehensive income for the period	-	1,476	-	-	152,483	153,959
Transactions with owners, recorded directly in equity						
Shares issued through private placement	1,097,037	-	-	-	-	1,097,037
Shares issued for the share purchase plan	169,466	-	-	-	-	169,466
Issue of shares through underwritten dividend reinvestment plan	29,892	-	-	-	-	29,892
Costs associated with share issues	(1,946)	-	-	-	-	(1,946)
Transfer of vested shares	-	-	9,007	(9,007)	-	-
Exercise of share options	-	-	175	-	-	175
Employee share-based remuneration	-	-	-	5,266	-	5,266
Purchase of treasury shares	-	-	(14,954)	-		(14,954)
Net exchange differences	-	-	-	(174)	-	(174)
Trust distribution	-	-	-	-	(13)	(13)
Total transactions with owners	1,294,449	-	(5,772)	(3,915)	(13)	1,284,749
Balance at 30 June 2014	**3,116,406**	**(3,936)**	**(8,392)**	**7,591**	**1,718,209**	**4,829,878**

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1 Significant accounting policies

Oil Search Limited (the 'Company') is incorporated in Papua New Guinea (PNG). The condensed consolidated interim financial report for the half-year ended 30 June 2015 comprises Oil Search Limited and its controlled entities (together, 'the Group').

The condensed consolidated interim financial report was authorised for issue by the Board of Directors on 24 August 2015.

(a) Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2015 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

This condensed consolidated 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 31 December 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The majority of amounts included in this report are rounded to the nearest US$1,000 (where rounding is applicable).

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

2 Segment reporting

(a) Information about reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. Each segment has a management team that is accountable to the Managing Director. The following operating segments are identified by management based on the nature and geographical location of the business or project:

PNG oil and gas

Exploration, evaluation, development, production including sale of crude oil, natural gas, condensate and other refined products from the Group's interest in its operated assets for PNG crude oil and Hides gas-to-electricity operations.

PNG LNG Project

Exploration, evaluation, development, production and sale of liquefied natural gas, condensate and naphtha from the Group's interest in the PNG LNG Project.

Middle East and North Africa ('MENA') oil and gas

Exploration and evaluation of crude oil and gas through the Group's licence interests in the Republic of Yemen, Republic of Iraq and Tunisian Republic.

Other

This segment includes the Group's ownership of drilling rigs and corporate activities. Net finance costs (excluding the PNG LNG project financing) and income taxes are managed at a Group level.

(b) Segment information provided to the executive management team

The Group's executive management team evaluates the financial performance of the Group and its segments principally with reference to earnings before interest and tax, and capital expenditure on exploration and evaluation assets, oil and gas assets, and property, plant and equipment.

	PNG				MENA		Other		Total	
	Oil and gas		LNG		Oil and gas					
$'000	**30 June 2015**	**30 June 2014**	**30 June 2015**	**30 June 2014**	**30 June 2015**	**30 June 2014**	**30 June 2015**	**30 June 2014**	**30 June 2015**	**30 June 2014**
External revenues	**182,752**	376,546	**662,829**	117,338	**-**	**-**	**18,176**	16,105	**863,757**	509,989
Costs of production	**(66,697)**	(91,334)	**(89,714)**	(4,942)	-	-	**-**	-	**(156,411)**	(96,276)
Selling and distribution costs	**(16)**	-	**(26,845)**	(6,459)	-	-	**(516)**	(599)	**(27,377)**	(7,058)
Rig operating costs	**-**	-	**-**	-	-	-	**(1,430)**	(1,559)	**(1,430)**	(1,559)
Corporate	**-**	-	**-**	-	-	-	**(29,781)**	(18,540)	**(29,781)**	(18,540)
Foreign currency (losses)/gains	**-**	-	**-**	-	-	-	**(68)**	44	**(68)**	44
Other income	**-**	6	**873**	185	-	-	**413**	7,146	**1,286**	7,337
EBITDAX	**116,039**	285,218	**547,143**	106,122	**-**	**-**	**(13,206)**	(2,597)	**649,976**	393,937
Depreciation and amortisation	**(23,973)**	(24,559)	**(168,138)**	(27,154)	**(68)**	(135)	**(7,914)**	(7,368)	**(200,093)**	(59,216)
Exploration costs expensed	**(31,021)**	(8,871)	**-**	(1,108)	**(3,472)**	(5,416)	**-**	-	**(34,493)**	(15,395)
Other expenses	**-**	-	**-**	-	**-**	-	**(237)**	-	**(237)**	-
Loss on sale of non-current asset	**-**	-	**-**	-	**-**	-	**(5,641)**	-	**(5,641)**	-
EBIT	**61,045**	251,788	**379,005**	77,860	**(3,540)**	(5,551)	**(26,998)**	(4,771)	**409,512**	319,326
Net finance costs	**763**	-	**(80,639)**	(32,227)	**-**	-	**(12,165)**	(9,591)	**(92,041)**	(41,818)
Profit before income tax									**317,471**	277,508
Income tax expense									**(89,964)**	(125,025)
Net profit after tax									**227,507**	152,483
Capital expenditure										
Exploration and evaluation assets	**(78,399)**	(973,744)	**-**	-	**(86,752)**	(63,602)	**-**	-	**(165,151)**	(1,037,346)
Oil and gas assets - development and production	**(50,781)**	(69,239)	**(81,068)**	(314,037)	**-**	-	**-**	-	**(131,849)**	(383,276)
Property, plant and equipment	**(4)**	-	**-**	-	**(136)**	(378)	**(4,469)**	(2,513)	**(4,609)**	(2,891)
	(129,184)	(1,042,983)	**(81,068)**	(314,037)	**(86,888)**	(63,980)	**(4,469)**	(2,513)	**(301,609)**	(1,423,513)

The difference between capital expenditure and assets disclosed above for the period ended 30 June 2015 and the additions in note 11 relate to finance leased assets recognised during the period that are not included as capital expenditure for management reporting purposes.

2 Segment reporting (continued)

Geographical segments

The Group operates primarily in Papua New Guinea, but also has activities in Republic of Yemen, Republic of Iraq, Tunisian Republic and Australia.

Production from the designated segments is sold on commodity markets and may be sold to other geographical segments.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the location of operating activity.

	Revenue		Non-current assets	
$'000	Half-year ended 30 June 2015	Half-year ended 30 June 2014	30 June 2015	31 December 2014
PNG	**863,757**	509,989	**8,913,229**	8,918,608
Australia	**-**	-	**48,216**	45,542
MENA	**-**	-	**472,013**	381,098
Total	**863,757**	509,989	**9,433,458**	9,345,248

	Half-year ended 30 June 2015 $'000	Half-year ended 30 June 2014 $'000
3 Revenue		
Liquefied natural gas sales	**573,601**	73,682
Oil and condensate sales	**229,550**	367,945
Gas sales	**25,017**	39,387
Other revenue	**35,589**	28,975
Total revenue	**863,757**	509,989
4 Cost of sales		
Costs of production:		
Production costs	**(127,498)**	(83,135)
Royalties and levies	**(7,591)**	(7,720)
Gas purchases	**(11,283)**	(19,261)
Inventory movements	**(10,039)**	13,840
	(156,411)	(96,276)
Selling and distribution costs	**(27,377)**	(7,058)
Rig operating costs	**(1,430)**	(1,559)
Depreciation and amortisation		
Oil and gas assets	**(190,435)**	(51,848)
Marine assets	**(1,677)**	-
Rig assets	**(4,055)**	(3,725)
Total cost of sales	**(381,385)**	(160,466)
5 Other expenses		
Corporate	**(29,781)**	(18,540)
Exploration costs expensed	**(34,493)**	(15,395)
Depreciation	**(3,926)**	(3,643)
Loss on disposal of non-current assets	**(5,641)**	-
Foreign currency (loss)/gain	**(68)**	44
Other	**(237)**	-
Total other expenses	**(74,146)**	(37,534)
6 Net finance costs		
Interest income	**2,992**	1,746
Borrowing costs	**(89,794)**	(38,779)
Unwinding of discount on site restoration	**(5,239)**	(4,785)
Net finance costs	**(92,041)**	(41,818)

	Half-year ended 30 June 2015 $'000	Half-year ended 30 June 2014 $'000
7 Income tax		
The major components of tax expenses are:		
Current tax expense	**6,768**	93,753
Adjustments for current tax of prior periods	**226**	(5,744)
Deferred tax expense	**82,970**	37,016
Income tax expense	**89,964**	125,025
Reconciliation of income tax expense to prima facie tax payable:		
Profit before tax	**317,471**	277,508
Tax at PNG rate for gas fields and non-oil (30%)	**95,241**	83,252
Restatement of deferred tax balances	**(4,880)**	17,704
Effect of differing tax rates across tax regimes	**3,440**	42,659
	93,801	143,615
Tax effect of items not tax deductible or assessable:		
Under/(Over) provisions in prior periods	**226**	(17,187)
Non-deductible expenditure	**(284)**	5,073
Non-assessable income	**(4,017)**	(2,170)
Reinstatement deferred tax assets	**-**	(4,306)
Other non-temporary differences	**250**	-
Exempt dividends	**(12)**	-
Income tax (benefit)/expense	**89,964**	125,025
Deferred tax expense recognised in net profit for each type of temporary difference:		
Exploration and development	**75,485**	60,594
Other assets	**(1,655)**	(1,270)
Provisions and accruals	**19,992**	(18,860)
Other items	**(590)**	(211)
Tax losses	**(10,262)**	(3,237)
Deferred tax expense	**82,970**	37,016

	Half-year ended 30 June 2015 cents	Half-year ended 30 June 2014 cents
8 Earnings per share		
Basic earnings per share	**14.94**	10.59
Diluted earnings per share	**14.90**	10.56

	No.	**No.**
Weighted average number of ordinary shares used for the purposes of calculating diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows:		
Basic earnings per share	**1,522,692,587**	1,439,675,542
Employee share options, share appreciation rights and share rights	**726,244**	406,787
Employee performance rights	**3,431,693**	3,522,840
Diluted earnings per share	**1,526,850,524**	1,443,605,169

	Half-year ended 30 June 2015 $'000	Half-year ended 30 June 2014 $'000
9 Dividends paid or proposed		
Unfranked [(1)] dividends in respect of the half-year, proposed subsequent to the period end:		
Ordinary dividend [(2)]	**91,362**	30,380
	91,362	30,380
Unfranked [(1)] dividends paid during the period in respect of the previous half-year:		
Ordinary dividend	**121,815**	29,882
Special dividend	**60,908**	-
	182,723	29,882

(1) As Oil Search Limited is a Papua New Guinea incorporated company, there are no franking credits available on dividends.

(2) On 24 August 2015, the Directors declared an interim unfranked dividend of US 6 cents per ordinary share (2014: US 2 cents interim dividend), to be paid to the holders of ordinary shares on 29 September 2015. The proposed interim dividend for 2015 is payable to all holders of ordinary shares on the Register of Members on 8 September 2015 (record date). The estimated dividends to be paid are $91,361,555 and have not been included as a liability in these financial statements.

10 Exploration and evaluation assets

(a) Exploration and evaluation assets

	30 June 2015 $'000	31 December 2014 $'000
At cost	**1,959,933**	1,823,862
Accumulated impairment	**(247,194)**	(247,194)
	1,712,739	1,576,668
Balance at start of period	**1,576,668**	594,169
Additions	**165,151**	1,246,939
Exploration costs expensed during the period	**(34,493)**	(109,132)
Changes in restoration obligations	**6,185**	5,326
Net exchange differences	**(772)**	(859)
Impairment	**-**	(159,775)
Balance at end of period	**1,712,739**	1,576,668

11 Property, plant and equipment

	Consolidated Oil and gas Development $'000	Consolidated Oil and gas Producing $'000	Consolidated Oil and gas Total $'000	Consolidated Other plant and equipment Marine $'000	Consolidated Other plant and equipment Rigs $'000	Consolidated Other plant and equipment Corporate $'000	Consolidated Other plant and equipment Total $'000
2015							
At cost	63,988	8,686,468	8,750,456	75,101	84,496	114,007	273,064
Accumulated amortisation, depreciation and impairment	-	(1,659,081)	(1,659,081)	(2,027)	(53,769)	(90,929)	(146,725)
	63,988	**7,027,387**	**7,091,375**	**73,074**	**30,727**	**23,078**	**126,879**
Balance at 1 January 2015	143,320	7,038,824	7,182,144	8,653	34,765	29,648	73,066
Additions	75,987	55,862	131,849	66,098	17	4,592	70,707
Transfers	(155,319)	155,319	-	-	-	-	-
Disposals	-	-	-	-	-	(5,641)	(5,641)
Changes in restoration obligations	-	(32,183)	(32,183)	-	-	-	-
Net exchange differences	-	-	-	-	-	(1,595)	(1,595)
Amortisation and depreciation	-	(190,435)	(190,435)	(1,677)	(4,055)	(3,926)	(9,658)
Balance at 30 June 2015	**63,988**	**7,027,387**	**7,091,375**	**73,074**	**30,727**	**23,078**	**126,879**
2014							
At cost	143,320	8,507,470	8,650,790	9,003	84,479	116,651	210,133
Accumulated amortisation, depreciation and impairment	-	(1,468,646)	(1,468,646)	(350)	(49,714)	(87,003)	(137,067)
	143,320	**7,038,824**	**7,182,144**	**8,653**	**34,765**	**29,648**	**73,066**
Balance at 1 January 2014	6,400,179	330,828	6,731,007	-	41,739	26,707	68,446
Additions	456,621	105,677	562,298	9,003	702	12,088	21,793
Transfers	(6,759,425)	6,759,425	-	-	-	-	-
Borrowing costs capitalised	45,945	-	45,945	-	-	-	-
Changes in restoration obligations	-	120,698	120,698	-	-	40	40
Net exchange differences	-	-	-	-	-	(710)	(710)
Amortisation and depreciation	-	(256,986)	(256,986)	(350)	(7,676)	(8,477)	(16,503)
Impairment	-	(20,818)	(20,818)	-	-	-	-
Balance at 31 December 2014	**143,320**	**7,038,824**	**7,182,144**	**8,653**	**34,765**	**29,648**	**73,066**

12 Share capital and reserves

	Consolidated 30 June 2015 $'000	Consolidated 31 December 2014 $'000
Issued 1,522,692,587 (2014: 1,522,692,587)		
Ordinary shares, fully paid (no par value)	**3,147,340**	3,147,340

Movements in issued and fully paid shares	Six months ended 30 June 2015 Shares	Six months ended 30 June 2014 Shares	Six months ended 30 June 2015 $'000	Six months ended 30 June 2014 $'000
Balance at the beginning of the year	**1,522,692,587**	1,343,361,150	**3,147,340**	1,821,957
Shares issued through private placement	**-**	149,390,244	**-**	1,097,037
DRP underwriting agreement [(1)]				
Ordinary shares issued at $7.65 (2013 final dividend)	**-**	2,196,784	**-**	16,810
DRP [(2)]				
Ordinary shares issued at $7.58 (2013 final dividend)	**-**	1,744,275	**-**	13,082
Shares issued under share purchase plan	**-**	22,329,772	**-**	169,466
Share issue costs	**-**	-	**-**	(1,946)
	1,522,692,587	1,519,022,225	**3,147,340**	3,116,406

(1) A fully underwritten DRP was utilised for all dividends paid during 2014.

(2) The price for shares issued under the DRP was calculated in accordance with the DRP Rules and was the arithmetic average of the daily volume weighted average sales price of all Oil Search shares sold on the Australian Securities Exchange (excluding off-market trades) during ten trading days following the Record Date for the dividend, less a discount of 2.00%.

Directors' Declaration

In accordance with a resolution of the Directors of Oil Search Limited, the Directors declare that:

(a) the attached financial statements and notes thereto of the consolidated entity:

  (i) give a true and fair view of the consolidated entity's financial position as at 30 June 2015, and its performance for the half-year ended on that date; and
  (ii) comply with International Financial Reporting Standards; and
  (iii) the attached financial statements and notes thereto comply with the reporting requirements of the Australian Securities Exchange Listing Rules; and

(b) in the opinion of the Directors, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due or payable.

This declaration has been made after receiving unqualified declarations from the Managing Director and the Chief Financial Officer, that are consistent with requirements under section 295A of the Australian Corporations Act 2001, for the half-year ended 30 June 2015.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

....

RJ LEE

Chairman

....

PR BOTTEN

Managing Director

Sydney, 24 August 2015

Deloitte.

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Independent Auditor's Review Report to the members of Oil Search Limited

We have reviewed the accompanying half-year financial report of Oil Search Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2015, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 17.

Director's 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 International Financial Reporting Standards (including the interpretations of the IFRS Interpretations Committee) and the *Papua New Guinea Companies Act 1997*. 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 International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information 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 *Papua New Guinea Companies Act 1997* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with International Accounting Standard IAS 34 *Interim Financial Reporting* and the *Papua New Guinea Companies Act 1997*. As the auditor of Oil Search Limited, ISRE 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 International 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.

Deloitte.

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 Oil Search Limited is not in accordance with the *Papua New Guinea Companies Act 1997*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

(b) complying with International Accounting Standard IAS 34 Interim Financial Reporting and the *Papua New Guinea Companies Act 1997.*

Other Information

We have no interest in the company or any relationship other than that of the auditor of the company.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
Chartered Accountants
Registered Company Auditor in Australia

Sydney, 24 August 2015

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Murray
Partner
Chartered Accountants
Registered under the Accountants Act, 1996

Port Moresby, 24 August 2015