



INTERIM FINANCIAL REPORT 2015

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**DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 30TH JUNE 2015**

Your Directors present their report for Pawnee Energy Limited at the end of the half-year ended 30th June 2015.

Directors

The names of Directors who held office within Pawnee Energy Limited during or since the end of the half-year:

David John Lindh

Richard Jay Groden

Neville Wayne Martin

Review of Operations

During the last 6 months the Director's have been considering various options in an effort to produce value for shareholders in the medium term. The Company has pursued a few business opportunities but none are sufficiently advanced enough to discuss at the current time.

The operations and the payment of creditors during the period has been satisfied by the provision of unsecured loans by the Directors of the company.

Auditor's Independence Declaration

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 2 of the half-year report ended 30 June 2015.

This report is signed in accordance with the resolution of the Board of Directors.



David J Lindh
Chairman

Dated this 1st day of September 2015

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67 Greenhill Rd
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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PAWNEE ENERGY LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Pawnee Energy Limited for the half-year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 1 September 2015

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	NOTE	30 June 2015 \$	30 June 2014 \$
Other income	2	20	33,767
Expenses			
Administration	2	(78,963)	(107,312)
Professional Fees		(26,087)	(31,303)
Loss before income tax	2	(105,030)	(104,852)
Income tax expense		-	-
Loss for the period		(105,030)	(104,852)
Other comprehensive income		-	-
Total comprehensive income		(105,030)	(104,852)
Loss is attributable to:			
Owners of Pawnee Energy Limited		(105,030)	(104,852)
Total comprehensive income attributable to:			
Owners of Pawnee Energy Limited		(105,030)	(104,852)
Earnings per share for loss attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)		(1.41)	(1.41)
Diluted earnings per share (cents per share)		(1.41)	(1.41)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	NOTE	30 June 2015 \$	31 December 2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,990	580
Trade and other receivables	3	2,832	1,252
TOTAL CURRENT ASSETS		4,822	1,832
NON-CURRENT ASSETS			
Investment in associate	4	-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		4,822	1,832
CURRENT LIABILITIES			
Trade and other payables	5	817,580	709,560
TOTAL CURRENT LIABILITIES		817,580	709,560
NET (LIABILITIES)		(812,758)	(707,728)
EQUITY			
Issued capital		12,739,687	12,739,687
Retained losses		(13,552,445)	(13,447,415)
TOTAL EQUITY		(812,758)	(707,728)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Issued Capital Ordinary	Reserves	Retained Losses	Total
	\$	\$	\$	\$
Balance at 1 January 2014	12,739,687	82,626	(12,241,047)	581,266
Total profit or loss for the period	-	-	(104,852)	(104,852)
Other comprehensive income	-	-	-	-
Balance at 30 June 2014	12,739,687	82,626	(12,345,899)	476,414
 Balance at 1 January 2015	 12,739,687	 -	 (13,447,415)	 (707,728)
Total profit or loss for the period	-	-	(105,030)	(105,030)
Other comprehensive income	-	-	-	-
Balance at 30 June 2015	12,739,687	-	(13,552,445)	(812,758)

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2015

	30 June 2015 \$	30 June 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(38,570)	(127,947)
Finance Costs	(370)	(306)
Interest received	20	172
Net cash used in operating activities	(38,920)	(128,081)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of directors loans	40,330	94,000
Net cash generated from funding activities	40,330	94,000
Net (decrease) / increase in cash held	1,410	(34,081)
Cash at beginning of period	580	35,013
Cash at the end of the period	1,990	932

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2015

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 30 June 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Pawnee Energy Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 31 December 2014, together with any public announcements made during the half-year.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2014.

Pawnee Energy Limited
ABN 73 122 948 805

NOTE 2: LOSS FOR THE PERIOD

	30 June 2015 \$	30 June 2014 \$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Other Income		
Interest from Bank deposits	20	172
Unwind of interest on long term receivable	-	33,595
Interest Income	20	33,767
Administration Expenses		
Directors' remuneration	60,000	70,000
Other expenses	18,963	37,312
	78,963	107,372

NOTE 3: TRADE AND OTHER RECEIVABLES

	30 June 2015 \$	31 December 2014 \$
Receivable from related party (a)	-	-
GST receivables	2,699	1,119
Workcover	133	133
Total Receivables	2,832	1,252

(a) A breakdown of the receivables as at 30 June 2015 from the related party is as follows:

	30 June 2015 \$	31 December 2014 \$
Consideration for 933,077 shares:	1,154,929	1,154,929
Less: Deposit paid	(100,000)	(100,000)
Less: Provision for doubtful debts	(1,054,929)	(1,054,929)
	-	-

The Company entered into a Stock Pledge and Security Agreement with Mr Richard Groden to secure the remaining payment of \$1,054,929 to the Company by granting a first priority senior lien and security interest in the 933,077 shares in Island Sky Corporation.

Pawnee Energy Limited

ABN 73 122 948 805

NOTE 4: INVESTMENT IN ASSOCIATE

The Company holds a 25% voting power and equity interest in Island Sky Corporation which manufactures and distributes water-making machines. The investment is accounted for under the equity method. The associate has a reporting date of 31 December, and its principal place of business is the United States of America.

The shares are not publicly listed on a stock exchange and hence published price quotes are not available

	30 June 2015 \$	31 December 2014 \$
Investment in associate		
Unlisted investments		
Shares – Island Sky Corporation	116,800	116,800
Provision for Impairment	(116,800)	(116,800)
	-	-

NOTE 5: TRADE AND OTHER PAYABLES

	30 June 2015 \$	31 December 2014 \$
Trade payables	327,670	322,964
Accrued expenses	302,346	239,596
Directors loans - unsecured	187,564	147,000
	817,580	709,560

NOTE 6: OPERATING SEGMENTS

Following the disposal of the company's operating subsidiary Island Sky Corporation (based in the USA), the directors are of the view that there is no longer distinguishable operating segments which require disclosure.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has occurred subsequent to the end of the period that significantly affects the operations of the Company, the results of these operations, or the state of affairs of the Company in future years.

NOTE 8: GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the basis of going concern.

The Company incurred a loss of \$105,030 during the half-year ended 30 June 2015, a cash outflow of \$38,920 from operating activities and had net liabilities of \$812,758.

The Company remains reliant upon the continued financial support of the directors for the provision of working capital through interest free loans, the collection of the amount receivable from the sale of its subsidiary and/or additional further capital raisings to continue as a going concern. We understand that once a suitable business is found to be acquired the company will seek to raise the additional capital required through a disclosure document

If the continued financial support of the directors is not forthcoming, the collection of the proceeds from the sales of Island Sky Corporation is not recovered and/or additional funds are not raised, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the Interim Financial Report. No allowance for such circumstances has been made in the Interim Financial Report.

NOTE 9: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last reporting date.

NOTE 10: COMPANY DETAILS

The registered office of the company is:

Pawnee Energy Limited
Level 3
100 Pirie Street
Adelaide SA 5000
Telephone (08) 8232 8800
Facsimile (08) 8232 2540

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes set out on pages 3 to 11 are in accordance with the Corporations Act 2001 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. comply with Accounting Standard AASB 134 Interim Financial Reporting, and the Corporations Regulations 2001.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



David Lindh

Chairman

Dated this 1st day of September 2015

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67 Greenhill Rd
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAWNEE ENERGY LIMITED

We have reviewed the accompanying half-year financial report of Pawnee Energy Limited ("Company"), which comprises the statement of financial position as at 30 June 2015, and 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 accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Pawnee Energy Limited 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 controls 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 the 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 Pawnee Energy Limited financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Pawnee Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pawnee Energy 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 30 June 2015 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.

Material uncertainty regarding continuation as a going concern

Without modification to the conclusion expressed above, we draw attention to Note 8 – Going Concern Basis of Accounting to the half-year financial statements which indicates that the Company incurred a net loss of \$105,030, a cash outflow of \$38,920 from operating activities and had net liabilities of \$812,758.

Should the continuing financial support of the Directors not be forthcoming, the collection of the proceeds from the sale of Island Sky Corporation is not recovered, and/or additional funds are not raised, these conditions, along with other matters as set forth in Note 8 indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the half-year financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J. L. Humphrey,
Partner – Audit & Assurance

Adelaide, 1 September 2015