

APPENDIX 4D

PACIFIC ENVIRONMENT LIMITED AND CONTROLLED ENTITIES
ABN: 42 122 919 948

INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 Dec 2015 \$'000	31 Dec 2014 \$'000	Movement	
			\$'000	%
Revenues from ordinary activities	9,715	7,237	2,478	34
(Loss)/profit from continuing operations before interest, tax, depreciation and amortisation	(358)	539	(897)	(166)
Attributable (loss)/profit after tax	(1,119)	485	(1,604)	(331)
Record date for determining entitlements to dividends	N/A	N/A		
Net tangible assets per security (cents)	(0.32)	(1.6)		

Additional Appendix 4D disclosure requirements can be found in the notes to the 31 December 2015 Interim Financial Report.

This report is based on the Interim Report for the half year ended 31 December 2015 which has been reviewed by WPIAS Pty Ltd with the Independent Auditors' Review Report included in the financial statements.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Pacific Environment Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.



A client representative sees the data flow begin from EnviroSuite's new Water Module after a successful installation designed to improve wastewater irrigation management.

2015 Interim Report

**Pacific Environment
Limited** 

Applied Science and Technology

ASX: PEH

ABN: 42 122 919 948

Contents

2	Directors' Report
4	Auditor's Independence Declaration
5	Consolidated Statement of Profit or Loss & Other Comprehensive Income
6	Consolidated Statement of Financial Position
7	Consolidated Statement of Changes in Equity
8	Consolidated Statement of Cash Flows
9	Notes to the Financial Statements for the half year ended 31 December 2015
14	Directors' Declaration
15	Independent Auditor's Review report

Pacific Environment Limited and Controlled Entities
ABN: 42 122 919 948
Interim Report
31 December 2015

Directors' Report

Your directors are pleased to present their report on the consolidated entity consisting of Pacific Environment Limited ("the Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2015 (also referred to in this report as the "Group").

Directors

The following persons were directors of Pacific Environment Limited during the entire half year and to the date of this report, unless otherwise stated:

Murray d'Almeida (Chairman)

David Johnstone (Director)

Robin Ormerod (Director)

Adam Gallagher (Director and Company Secretary)

Review of operations

Results

The Directors are pleased to report that the six months to 31 December 2015 has been a period of investment and growth for Pacific Environment Limited.

Revenues

During the period, the Group recorded an increase in revenues to \$9.7 million, compared to \$7.2 million for the same period last year. The increase is due to organic growth across the group and the full six months of revenue from DLA Environmental Services Pty Ltd, the business that was acquired in October 2014 (3 months captured to 31 December 2014).

Earnings

In May 2015 the Group received a total of \$1.5 million from the issue of shares to commence the international distribution strategy for EnviroSuite, continue technical development and invest in the systems and processes required for the future growth of the Group in international markets. The expenditure of this capital in accordance with its purpose has had a material impact on the results for the half year resulting in earnings for the six months to 31 December 2015 as follows:

- Loss Before Interest, Tax, Depreciation and Amortisation ("EBITDA") \$358,000, compared to profit of \$539,000 in the same period last year;
- Net Loss After Tax ("NLAT") recorded was \$1,119,000, after including a \$279,000 tax expense adjustment relating to prior year, for an under provision for income tax. The comparative net profit after tax ("NPAT") in the same period last year was \$485,000, noting that previously unrecognised deferred tax losses were brought to account for the first time (refer note 1d) resulting in \$469,000 being added to the NPAT line in the half year ended 31 December 2014.

The investment expenditure noted above as well as the scaling for international growth within the Group has impacted on the overall bottom line, however the pay-offs of this investment are already evident with new sales in desired markets and the on-going development of the EnviroSuite platform summarised below.

EnviroSuite

The Directors are very pleased to report that all project milestones for the development of EnviroSuite have been met since the project was initiated in July 2014. This development culminated during the half year with the full release of all the initially planned modules. The next phase of development commenced immediately focusing initially on the development of the Water Module.

With the existing development team and software platform, future developments are able to be produced in far less time as evidenced by the Water Module that is already under trial with two major clients.

EnviroSuite is quickly becoming an internationally recognised software platform with applications across multiple industries. EnviroSuite has been sold across Australia, New Zealand, Thailand and Indonesia with near term opportunities to roll out in the Middle East, Europe, UK and the USA. The Group has signed on resellers in many of the key territories and is partnering at the technical level with other reputable and aligned technology companies in those markets.

Consulting

The consulting business has grown during the half year with solid underlying performance adjusted for the overhead associated with the Technology investment expenditure and the scaling of the Group noted above.

An exception has been the small Victorian office that has not performed well over the last six months and with the support of the board, management has moved quickly to close the Victorian office early in the second half of the financial year, while retaining the key people and projects through the other state offices.

As part of the Company's previously stated strategy for Consulting the Group has continued its expansion into water and contaminated land being natural extensions to the air quality work that Pacific Environment is renowned for. Expansion into these new areas has been enabled by strategic recruitment and the acquisition of DLA and WSA over the past two years.

Personnel

In November 2015 Ketha Mahesan was appointed as Chief Financial Officer. Ketha's international experience is an important skill-set for the Group's future.

The Directors wish to thank all staff for their continued efforts, enthusiasm and commitment to the success of the Group.

Convertible Note

In October, Mr Robin Ormerod, the Group's founder and largest shareholder requested a partial conversion of his convertible note. This conversion has reduced the carrying value of the convertible note from \$1,226,662 to \$874,997, with a proportional decrease in interest payable by the company.

Financial Year 2015-16

The Directors and management are excited about the prospects for the Group through executing on a strategy that supports international expansion:

- Technology: capitalising on the momentum generated in international markets with new client wins, the appointment of resellers and strategic partnering.
- Consulting: increasing efficiencies, gross margin improvements and organic growth in the consulting businesses.
- Acquisitions: potential acquisitions in desired territories that enable the Group to leverage on strong established client networks in those markets.

The Directors wish to thank all shareholders for their continued support and interest in the Group.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



Murray d'Almeida

Chairman

26 February 2016

**PACIFIC ENVIRONMENT LIMITED ABN 42 122 919 948
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PACIFIC ENVIRONMENT LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

WPIAS Pty Ltd

Authorised Audit Company No. 440306



LEE-ANN DIPPENAAR BCom CPA RCA
DIRECTOR

Dated this 26th day of February 2016

**4 Helensvale Road
HELENSVALE QLD 4212**

HEAD OFFICE:

t: +61 (0)7 5580 4700 t: 1300 028 348 (domestic)
p: PO Box 1463 Oxenford Queensland 4210 Australia
a: 4 Helensvale Road Helensvale Queensland 4212 Australia
e: info@wpias.com.au
w: www.wpias.com.au

WPIAS a Limited Partnership

WPIAS Pty Ltd ABN 99 163 915 482 an Authorised Audit Company



Liability limited by a scheme approved under Professional Standards Legislation



A member of Kreston International | A global network of independent accounting firms

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated Group	
		Half year ended 31 Dec 2015 \$'000	Half year ended 31 Dec 2014 \$'000
Continuing Operations			
Revenue		9,708	7,233
Other income		39	46
Interest income		7	4
Changes in inventories of finished goods and work in progress		(98)	190
Client and project related costs		(1,706)	(343)
Employee benefits expense		(5,580)	(4,138)
Consultants expense	3	(552)	(422)
Travel expense		(328)	(223)
Rental expense		(300)	(280)
Directors' expense		(75)	(70)
Laboratory expense		(837)	(756)
Depreciation and amortisation expense		(498)	(358)
Finance costs		(145)	(165)
Other expenses		(636)	(702)
(Loss)/profit before income tax		(1,001)	16
Income tax benefit		161	469
Under provision for income tax in prior year		(279)	-
(Loss)/profit for the half year		(1,119)	485
Other comprehensive income			
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive income for the half year		(1,119)	485
Net (loss)/profit attributed to:			
Equity holders of Pacific Environment Limited		(1,119)	485
Total comprehensive income attributable to:			
Equity holders of Pacific Environment Limited		(1,119)	485
(Loss)/earnings per share from continuing operations attributable to the ordinary equity holders of the company		Cents	Cents
Basic (loss)/earnings per share		(0.81)	0.48
Diluted (loss)/earnings per share		(0.81)	0.48

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2015

	Consolidated Group		
	Notes	As at 31 Dec 2015 \$'000	As at 30 Jun 2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		650	1,695
Trade and other receivables		4,171	5,408
Other Assets		274	105
Inventories		262	307
Total current assets		5,357	7,515
Non-current assets			
Property, plant and equipment		2,529	2,611
Deferred tax assets		419	350
Intangible assets		12,488	11,798
Total non-current assets		15,436	14,759
Total assets		20,793	22,274
LIABILITIES			
Current liabilities			
Trade and other payables		3,651	3,251
Borrowings		1,076	1,140
Current tax liabilities		279	-
Provisions		812	742
Total current liabilities		5,818	5,133
Non-current liabilities			
Trade and other payables		103	695
Borrowings		2,263	3,074
Deferred tax liabilities		-	92
Provisions		162	144
Total non-current liabilities		2,528	4,005
Total liabilities		8,346	9,138
NET ASSETS		12,447	13,136
EQUITY			
Issued capital		20,348	19,820
Reserves		405	503
Retained losses		(8,306)	(7,187)
Total equity attributable to equity holders of Pacific Environment Limited		12,447	13,136

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Consolidated Group			
	Ordinary shares \$'000	Reserves \$'000	Retained losses \$'000	Total Equity \$'000
At 1 July 2014	17,772	343	(8,594)	9,521
Comprehensive income				
Profit for the period	-	-	485	485
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	485	485
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued on partial conversion of Convertible Loan	540	-	-	540
Capital raising costs (prior period)	(15)	-	-	(15)
Total transactions with owners and other transfers	525	-	-	525
At 31 December 2014	18,297	343	(8,109)	10,531

	Consolidated Group			
	Ordinary shares \$'000	Reserves \$'000	Retained losses \$'000	Total Equity \$'000
At 1 July 2015	19,820	503	(7,187)	13,136
Comprehensive income				
Loss for the period	-	-	(1,119)	(1,119)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(1,119)	(1,119)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued on partial conversion of Convertible Loan	360	-	-	360
Shares issued to employees	150	(98)	-	52
Shares issued on conversion of options	18	-	-	18
Total transactions with owners and other transfers	528	(98)	-	430
At 31 December 2015	20,348	405	(8,306)	12,447

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated Group	
		Half year ended 31 Dec 2015 \$'000	Half year ended 31 Dec 2014 \$'000
Cash flows from operating activities			
Receipts from customers		11,764	6,822
Payments to suppliers and employees		(10,870)	(6,745)
		894	77
Other revenue		(3)	551
Interest received		7	4
Interest paid		(137)	(160)
Net cash provided by operating activities		761	472
Cash flows from investing activities			
Payments for property, plant and equipment		(204)	(161)
Payments for acquisition of business		(300)	(1,012)
Payments for intangible assets		(599)	(488)
Net cash used in investing activities		(1,103)	(1,661)
Cash flows from financing activities			
Proceeds from borrowings		-	714
Proceeds from issue of shares		18	-
Share issue transaction costs		-	(15)
Repayment of borrowings		(721)	(289)
Net cash (used in)/provided by financing activities		(703)	410
Net decrease in cash and cash equivalents		(1,045)	(779)
Cash and cash equivalents at the beginning of the period		1,695	1,283
Cash and cash equivalents at the end of the period	4	650	504

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2015

1. Summary of significant accounting policies

a. Basis of Preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2015 have been prepared in accordance with the requirements of Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Pacific Environment Limited is a limited company incorporated and domiciled in Australia whose shares are publically traded. The principal activities of the Group are as described in Note 2. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Pacific Environment Limited and its controlled entities (referred to as the "Consolidated Group" or "group"). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the group. Accordingly, it is recommended that this report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015 together with any public announcements made by Pacific Environment Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

b. Accounting Policies

The accounting policies adopted and methods of computation applied in the preparation of the Interim financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2015.

c. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The Group has considered the implications of new or amended Accounting Standards and has determined that their application to the financial statements in either not relevant or not material.

d. Deferred Tax Asset

Pursuant to AASB112 *Income Taxes* for the half year ended 31 December 2014 the Group reassessed its best estimate of the probability that future taxable profits would be available against which the Group could utilise its unused tax losses in future periods. This resulted in previously unrecognised deferred tax losses being brought to account.

e. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Pacific Environment Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the half year ended 31 December 2015

1. Summary of significant accounting policies (continued)

e. Principles of Consolidation (continued)

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

f. Critical Accounting Estimates and Significant Judgments used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2015 annual report.

2. Segment information

Pacific Environment Limited (ASX:PEH) ("the Group") provides environmental consulting, advice, solutions and services to help clients comply with environmental regulations, meet corporate responsibilities and improve operations and planning.

Management has determined that the consulting services are comprehensive, and complement each other. The structure of the operations is such that the services offered are unified and therefore the requirement for segment reporting does not apply. This has been based on the reports reviewed by the Board of Directors (chief operating decision makers) that are used to make strategic decisions.

3. Consultants expense

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Project related consultants expense	(145)	(184)
Other consultants expense	(407)	(238)
Total Consultants expense	(552)	(422)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the half year ended 31 December 2015

4. Cash and cash equivalents

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Cash and cash equivalents as per the statement of financial position is reconciled to the statement of cash flows as follows:		
Cash at bank and on hand	650	504
Bank overdrafts	-	-
Balance per statement of cash flows	650	504

5. Non-current liabilities - Borrowings

On 20 October 2015, Robin Ormerod requested a partial conversion of his convertible note with the Group. The conversion of \$360,000 of outstanding principal into fully paid shares in the Group was executed on 20 October 2015, which resulted in an issue of 10,682,492 new shares and a reduction in the outstanding loan amount to \$874,997 with an associated reduction in interest charges to the Group.

On 18 December 2014, Robin Ormerod requested a partial conversion of his convertible note with the Group. The conversion of \$540,000 of outstanding principal into fully paid shares in the Group was executed on 18 December 2014, which resulted in an issue of 16,023,738 new shares and a reduction in the outstanding loan amount to \$1,218,328 with an associated reduction in interest charges to the Group.

6. Dividends

No dividends have been declared during the reporting period.

7. Related party transactions

Robin Ormerod is a director and shareholder of the Company. Robin received \$62,058 in interest payments (31 December 2014: \$99,814) in relation to the convertible note facility listed in non-current liabilities. ROKZAir Pty Ltd, an associate of Robin Ormerod, was paid \$200,000 during the half year to 31 December 2015 (31 December 2014: \$200,000) for consulting fees. Alex Ormerod Photography, an associate of Robin Ormerod, was paid \$77,746 during the half year to 31 December 2015 (31 December 2014: \$35,140). Ian Edgehill, an associate of Robin Ormerod, was paid \$28,652 during the half year to 31 December 2015 (31 December 2014: \$29,920).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the half year ended 31 December 2015

Murray d'Almeida is the Executive Chairman and Director of the company. His fees are paid to a related entity, MC Consultancy Pty Ltd. During the half year to 31 December 2015, in addition to director fees, MC Consultancy was paid \$60,000 for services provided to the company in relation to marketing communications and business development (31 December 2014: Nil).

Adam Gallagher is a director and company secretary of the company. His fees are paid to a related entity, DG Capital Partners Pty Ltd. In addition to director and secretarial fees during the half year to 31 December 2015, DG Capital Partners was paid \$48,000 for services provided to the company in relation to the research and qualification of potential company acquisitions (31 December 2014: \$48,000).

8. Business combinations

Acquisition of Business

On 1 October 2014, DLA Environmental Services Pty Ltd, a wholly owned subsidiary of Pacific Environment Limited, acquired the assets of DLA Environmental (DLA) as a going concern.

	Fair value
	\$'000
Purchase consideration:	
- Cash	1,021
- Deferred consideration (i)	1,654
	<hr/> 2,675
Less:	
Property, plant and equipment	101
Employee benefits	(82)
Identifiable assets acquired and liabilities assumed	<hr/> 19
	<hr/>
Goodwill (ii)	<hr/> <hr/> 2,656

- (i) The consideration paid to acquire DLA consists of deferred payments if maintainable profits targets are met. In November 2015 based on reaching profit targets, total payment due less adjustment was \$853,078, of which \$300,000 was paid and the balance deferred for payment to end of February 2016. Subject to profit targets being met, additional consideration is due to be paid on 14 November 2016.

Included in current trade and other payables

Amount due February 2016	\$553,078
Amount due 14 November 2016	\$826,883

- (ii) The goodwill is attributable to the profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of DLA. No amount of the goodwill is deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the half year ended 31 December 2015

Revenue of DLA included in the consolidated revenue of the Group to 31 December 2014 since acquisition date on 1 October 2014 amounted to \$1,255,000. Profit of DLA to 31 December 2014 included in consolidated profit of the Group since the acquisition date amounted to \$355,000. It is impractical to provide an estimate of the revenues and profit for the half year ended 31 December 2014 including the DLA business unit as the acquisition was an asset purchase only from a non-reporting entity and as such significant estimates of amounts would be required.

Included within expenses in the statement of profit or loss for the half year ended 31 December 2014 are acquisition-related costs totalling \$102,000. The costs include advisory, legal, accounting and other professional fees.

9. Controlled Entities

Controlled Entities Consolidated	Principal Place of Business	Percentage Owned *	
		As at 31 Dec 2015	As at 30 Jun 2015
Parent Entity			
Pacific Environment Limited	Sydney, Australia	100%	100%
Subsidiaries of Pacific Environment Ltd			
Pacific Environment Holdings Pty Ltd	Sydney, Australia	100%	100%
Pacific Environment Monitoring Pty Ltd	Sydney, Australia	-	100%
Pacific Environment Operations Pty Ltd	Sydney, Australia	100%	100%
Toxikos Pty Ltd	Sydney, Australia	-	100%
DLA Environmental Services Pty Ltd	Sydney, Australia	100%	100%
Envirosuite Pty Ltd	Sydney, Australia	100%	-

* Percentage of voting power in proportion to ownership

10. Events occurring after the reporting date

There are no other matters or circumstances that have arisen since 31 December 2015 that have significantly affected, or may significantly affect:

- the Group's operations in future financial periods, or
- the results of those operations in future financial periods, or
- the Group's state of affairs in future financial periods.

11. Contingent Liabilities

There have been no changes in contingent liabilities since the last annual reporting period.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Pacific Environment Limited, the Directors of the Company declare that:

1. The financial statements and notes set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB134: Interim Financial reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date.
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.



Murray d'Almeida

Chairman

26 February 2016

PACIFIC ENVIRONMENT LIMITED ABN 42 122 919 948
AND CONTROLLED ENTITIES

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF PACIFIC ENVIRONMENT LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pacific Environment Limited which comprises the Consolidated Statement of Financial Position as at 31 December 2015, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Pacific Environment 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 (including the Australian Accounting Interpretations) 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 gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditors' 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 consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Pacific Environment 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 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.

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 Environment Limited is not in accordance with the Corporations Act 2001 including:

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

WPIAS Pty Ltd

Authorised Audit Company No. 440306



**LEE-ANN DIPPENAAR BCom CA RCA
DIRECTOR**

Dated this 26th day of February 2016.

**4 Helensvale Road
HELENSVALE QLD 4212**

HEAD OFFICE:

t: +61 (0)7 5580 4700 t: 1300 028 348 (domestic)
p: PO Box 1463 Oxenford Queensland 4210 Australia
a: 4 Helensvale Road Helensvale Queensland 4212 Australia
e: info@wpias.com.au
w: www.wpias.com.au

WPIAS a Limited Partnership

WPIAS Pty Ltd ABN 99 163 915 482 an Authorised Audit Company



Liability limited by a scheme approved under Professional Standards Legislation



A member of Kreston International | A global network of independent accounting firms

GOLD COAST | BRISBANE | SYDNEY | MELBOURNE | PERTH

Australian Head Office

Level 1, 146 Arthur Street
North Sydney 2060

P: +61 2 9870 0900

E: info@pacific-environment.com

ASX: PEH

www.pacific-environment.com