



**Pacific Energy Limited (PEA)**  
**22 009 191 744**

**Appendix 4D – Half Year Report for six months ended 31 December 2016**

**1. Details of reporting periods:**

**Current reporting period** : Six (6) months to 31 December 2016  
**Previous corresponding period** : Six (6) months to 31 December 2015

**2. Results for announcement to the market:**

	<b>Six Months 31 December 2016 \$'000</b>	<b>Six Months 31 December 2015 \$'000</b>	<b>% Change</b>
Revenues	<b>29,019</b>	<b>24,430</b>	19%
Profit after tax	<b>9,006</b>	<b>7,296</b>	23%
Profit after tax attributable to members.	<b>9,006</b>	<b>7,296</b>	23%

Commentary on the above figures is included in the accompanying ASX Announcement and the attached Interim Financial Report for the half year ended 31 December 2016.

<b>Dividends / distributions</b>	<b>Amount per security (cents)</b>	<b>Franked amount per security (cents)</b>	<b>Amount \$'000</b>	<b>Amount per security of foreign sourced dividends (cents)</b>	<b>Record date</b>	<b>Date paid / payable</b>
Interim dividend – current period	<b>1.0</b>	<b>1.0</b>	<b>3,702</b>	-	<b>06/03/17</b>	<b>10/04/17</b>
Interim dividend – previous period	<b>1.0</b>	<b>1.0</b>	<b>3,701</b>	-	<b>07/03/16</b>	<b>13/04/16</b>

**3. Statement of comprehensive income**

Refer to attached Interim Financial Report for the half year ended 31 December 2016.

**4. Statement of financial position**

Refer to attached Interim Financial Report for the half year ended 31 December 2016.

This Appendix 4D Half Year Report is provided to the ASX under Listing Rule 4.3B and should be read in conjunction with the accompanying Interim Financial Report for the half year ended 31 December 2016.

**5. Statement of cash flows**

Refer to attached Interim Financial Report for the half year ended 31 December 2016.

**6. Dividend payments**

The Company paid a final 30 June 2016 fully franked dividend of 1.5 cents per share, \$5.6 million on 13 October 2016 (2014: \$5.5 million).

**7. Dividend reinvestment plans**

Not applicable.

**8. Statement of changes in equity**

Refer to attached Interim Financial Report for the half year ended 31 December 2016.

**9. Net tangible assets per security**

	31 December 2016 Cents	30 June 2016 Cents
Net tangible assets per ordinary security	33.8	32.3

**10. Gain or loss of control over entities**

Refer to attached Interim Financial Report for the half year ended 31 December 2016.

**11. Associates and joint ventures**

Not applicable.

**12. Other significant information**

Not applicable.

**13. Foreign entities**

Not applicable.

**14. Status of audit**

The Interim Financial Report for the half year ended 31 December 2016 has been audit reviewed and is not subject to dispute or qualification.



# **PACIFIC ENERGY LIMITED**

**ABN 22 009 191 744**

## **INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED**

**31 DECEMBER 2016**

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## Directors

Mr M Cliff Lawrenson  
Non-Executive Chairman

Mr James D Cullen  
Chief Executive Officer & Managing Director

Mr Kenneth J Hall  
Executive Director

Mr A Stuart Foster  
Non-Executive Director

Mr Linton Putland  
Non-Executive Director

## Joint Company Secretary

Ms Adela Ciupryk  
Mr Michael Kenyon

## Registered & Principal Office

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AUSTRALIA

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## Postal Address

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## Auditor

Crowe Horwath Perth  
Level 5, 45 St Georges Terrace  
PERTH WA 6000  
AUSTRALIA

## Bankers

Australian & New Zealand Banking Group Limited  
77 St Georges Terrace  
PERTH WA 6000  
AUSTRALIA

## Solicitor

DLA Piper  
Level 31, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000  
AUSTRALIA

## Stock Exchange Listing

Australian Securities Exchange  
ASX Code: PEA



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# Directors' Report



The directors present their report together with the consolidated financial report for the six months ended 31 December 2016 and the review report thereon.

## Directors

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

Mr M Cliff Lawrenson	Non-Executive Chairman
Mr James D Cullen	Chief Executive Officer & Managing Director
Mr Kenneth J Hall	Executive Director
Mr A Stuart Foster	Non-Executive Director
Mr Linton Putland	Non-Executive Director (appointed 17 October 2016)
Mr Louis I Rozman	Non-Executive Director (resigned 11 October 2016)
Mr Gregory A Dick	Alternate Director for Mr Louis I Rozman (resigned 11 October 2016)

Unless otherwise disclosed, all directors held their office from 1 July 2016 until the date of this report.

## Review of Financial Operations

### *Profit and earnings per share*

Consolidated entity (or Group) net profit after tax for the six month period ended 31 December 2016 was \$9.0 million, compared with a net profit after tax of \$7.3 million during the previous six month period to 31 December 2015.

Based on 370,198,579 weighted average shares on issue during the six month period to 31 December 2016, the result as detailed in these financial statements represents a basic profit of 2.43 cents per share (31 December 2015: profit of 1.98 cents per share).

The table below provides a comparison of the key results for the six month period ended 31 December 2016 as reported, against the six month period ended 31 December 2015.

Comprehensive Income Statement	% Change	6 month period to 31 December 2016 \$'000	6 month period to 31 December 2015 \$'000
Revenue from operations	19%	29,019	24,430
<b>Underlying EBITDA</b>	<b>18%</b>	<b>20,461</b>	<b>17,306</b>
Reported EBITDA	23%	21,277	17,306
Reported profit after tax attributable to members	23%	9,006	7,296

<sup>1</sup>Underlying EBITDA equates to EBITDA before recognising profit on sale of other assets and investments.

### EBITDA performance

Group reported EBITDA for the six months ended 31 December 2016 of \$21.3 million was 23% higher than \$17.3 million EBITDA reported for the six months to 31 December 2015. The increase in EBITDA compared to the prior period is primarily the result of an increase in electricity generation in the KPS business following the commissioning of a number of new power stations during the 2016 financial year.

### Financial position

Following a year of relatively high capital expenditure (\$37.5 million) in the 2016 financial year, largely to complete new power stations, capital expenditure in the first half was \$7.9 million. As a result of this the Company's net gearing position improved over the six month period from 32% to 26%.

## Review of Operations

### *Power Generation Activities*

#### Kalgoorlie Power Systems

Pacific Energy's core business is Kalgoorlie Power Systems (KPS). The KPS business builds, owns and maintains diesel, gas and dual fuelled power stations located at mine sites across Western Australia, Northern Territory and

# Directors' Report



## Review of Operations (continued)

### Kalgoorlie Power Systems (continued)

South Australia. The total contracted generation capacity of the KPS business now exceeds 250MW. See Operating Segment Note 5 for more details of the financial performance of the KPS Power Generation segment.

### New Power Station Construction, Contracts and Contract Extensions

From 1 July 2016 to the date of this report, KPS secured contracts for new power stations and contract extensions for the following clients:

- A 5MW diesel fuelled power station under a five year contract with Westgold Resources Limited's wholly owned subsidiary, Aragon Resources Pty Ltd at the Fortnum Gold Project located in Western Australia;
- Newmont Tanami Pty Limited for a combined 8MW expansion to two existing power stations, both located in the Northern Territory, along with a 12-month extension of the contract term;
- Restart of an existing 5MW power station (2.5 year contract) for OM (Manganese) Ltd at the Bootu Creek Manganese Mine located in the Northern Territory;
- Saracen Metals Pty Ltd for a 1.5MW expansion to the existing Thunderbox power station in Western Australia; and
- St Barbara for a new eight year contract for the existing 16MW diesel fuelled power station located at the Gwalia Gold Mine in Western Australia.

### Victorian Hydro operations

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

The Cardinia and Blue Rock hydro power stations both performed in line with budget during the period. Renewable energy generation by Cardinia and Blue Rock totaled 6.8 GWh (2015: 7.8 GWh) and 5.1 GWh (2015: 6.6 GWh) respectively. The generation performance of these hydro power stations is entirely dependent on water flows made available by the relevant water authority suppliers. Particularly pleasing was the return to usual water supply volumes to the Cardinia hydro power station during the period.

### Lead Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 3 and forms part of the directors' report for the six months ended 31 December 2016.

### Rounding Off

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

Signed in accordance with a resolution of the directors.

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

**Jamie Cullen**  
Chief Executive Officer & Managing Director

Dated at Perth this 22<sup>nd</sup> day of February 2017.

## Lead Auditor's Independence Declaration



### AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Pacific Energy Ltd for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

### CROWE HORWATH PERTH

A handwritten signature in black ink that appears to read "Sean McGurk".

**SEAN MCGURK**  
Partner

Signed at Perth, 22 February 2017

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# Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income



For the six months ended 31 December 2016

<i>In thousands of AUD</i>	<b>31 December 2016</b>	<b>31 December 2015</b>
Revenue	29,019	24,430
Other income	837	243
Consumables and spare parts	(2,203)	(1,823)
Employee benefits expense	(4,272)	(3,707)
Impairment expense	15	(115)
Other expenses	(2,119)	(1,722)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>21,277</b>	<b>17,306</b>
Depreciation and amortisation	(7,770)	(6,187)
<b>Results from operating activities</b>	<b>13,507</b>	<b>11,119</b>
Financial income	68	117
Financial expenses	(912)	(1,005)
<b>Net financing expense</b>	<b>(844)</b>	<b>(888)</b>
<b>Profit before income tax</b>	<b>12,663</b>	<b>10,231</b>
Income tax expense	(3,657)	(2,935)
<b>Profit for the period</b>	<b>9,006</b>	<b>7,296</b>
<b>Other comprehensive income</b>		
Foreign currency translation differences for foreign operations	3	9
Effective portion of changes in fair value of cash flow hedges, net of tax	56	(186)
<b>Other comprehensive profit (loss) for the period, net of income tax</b>	<b>59</b>	<b>177</b>
<b>Total comprehensive profit for the period</b>	<b>9,065</b>	<b>7,119</b>
<b>Profit attributable to:</b>		
Equity holders of the company	9,006	7,296
<b>Profit for the period</b>	<b>9,006</b>	<b>7,296</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the company	9,065	7,119
<b>Total comprehensive income for the period</b>	<b>9,065</b>	<b>7,119</b>
<b>Earnings per share</b>		
Basic earnings per share (cents)	2.43	1.98
Diluted earnings per share (cents)	2.43	1.98

The condensed notes on pages 8 to 10 are an integral part of these consolidated interim financial statements.

# Consolidated Interim Statement of Financial Position



As at 31 December 2016

<i>In thousands of AUD</i>	<i>Notes</i>	<b>31 December 2016</b>	<b>30 June 2016</b>
<b>Assets</b>			
Cash and cash equivalents		8,463	5,707
Trade and other receivables		6,618	6,569
Inventory		1,033	752
Other investments, including derivatives		-	1,200
<b>Total current assets</b>		<b>16,114</b>	<b>14,228</b>
Cash and cash equivalents		103	103
Property, plant and equipment		155,614	154,875
Intangible assets		24,653	25,228
<b>Total non-current assets</b>		<b>180,370</b>	<b>180,206</b>
<b>Total assets</b>		<b>196,484</b>	<b>194,434</b>
<b>Liabilities</b>			
Trade and other payables		2,801	3,052
Employee benefits		544	475
Provisions		1,330	1,350
Current tax liabilities		1,262	1,247
Loans and borrowings		6,187	5,835
<b>Total current liabilities</b>		<b>12,124</b>	<b>11,959</b>
Loans and borrowings		33,264	36,145
Provisions		706	691
Employee benefits		298	248
Derivative financial instruments		96	152
Deferred tax liabilities		9,530	8,402
<b>Total non-current liabilities</b>		<b>43,894</b>	<b>45,638</b>
<b>Total liabilities</b>		<b>56,018</b>	<b>57,597</b>
<b>Net assets</b>		<b>140,466</b>	<b>136,837</b>
<b>Equity</b>			
Share capital	6	110,371	110,318
Reserves		295	173
Retained earnings		29,800	26,346
<b>Total equity</b>		<b>140,466</b>	<b>136,837</b>

The condensed notes on pages 8 to 10 are an integral part of these consolidated interim financial statements.

# Consolidated Interim Statement of Changes in Equity



For the six months ended 31 December 2016

<i>In thousands of AUD</i>	Share capital	Translation reserve	Hedging reserve	Option reserve	Retained earnings	Total equity
<b>Balance at 1 July 2016</b>	<b>110,318</b>	<b>-</b>	<b>(152)</b>	<b>324</b>	<b>26,346</b>	<b>136,836</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	9,006	9,006
Foreign currency translation differences for foreign operations	-	3	-	-	-	3
Effective portion of change in FV of cash flow hedge, net of tax	-	-	56	-	-	56
Total other comprehensive income	-	3	56	-	-	59
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3</b>	<b>56</b>	<b>-</b>	<b>9,006</b>	<b>9,065</b>
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends paid	-	-	-	-	(5,552)	(5,552)
Issue of ordinary shares, net of transaction costs and tax	53	-	-	-	-	53
Equity settled share based payment transactions	-	-	-	64	-	64
Total transactions with owners	53	-	-	64	(5,552)	(5,435)
<b>Balance at 31 December 2016</b>	<b>110,371</b>	<b>3</b>	<b>(96)</b>	<b>388</b>	<b>29,800</b>	<b>140,466</b>
<b>Balance at 1 July 2015</b>	<b>110,148</b>	<b>(1,218)</b>	<b>50</b>	<b>225</b>	<b>20,919</b>	<b>130,124</b>
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	7,296	7,296
Foreign currency translation differences for foreign operations	-	1,218	-	-	(1,209)	9
Effective portion of change in FV of cash flow hedge, net of tax	-	-	(186)	-	-	(186)
Total other comprehensive income	-	1,218	(186)	-	(1,209)	(177)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,218</b>	<b>(186)</b>	<b>-</b>	<b>6,087</b>	<b>7,119</b>
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends paid	-	-	-	-	(5,545)	(5,545)
Issue of ordinary shares related to employee share scheme, net of transaction costs and tax	170	-	-	-	-	170
Equity settled share based payment transactions	-	-	-	129	-	129
Share options lapsed	-	-	-	(149)	149	-
Total transactions with owners	170	-	-	(20)	(5,396)	(5,246)
<b>Balance at 31 December 2015</b>	<b>110,318</b>	<b>-</b>	<b>(136)</b>	<b>205</b>	<b>21,610</b>	<b>131,997</b>

The condensed notes on pages 8 to 10 are an integral part of these consolidated interim financial statements.

# Consolidated Interim Statement of Cash Flows



For the six months ended 31 December 2016

<i>In thousands of AUD</i>	31 December 2016	31 December 2015
<b>Cash flows from operating activities</b>		
Receipts from customers	29,006	24,001
Payments to suppliers and employees	(8,888)	(7,768)
Interest received	68	117
Interest paid	(821)	(908)
Income taxes paid	(2,513)	(2,617)
<b>Net cash provided by operating activities</b>	<b>16,852</b>	<b>12,825</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,909)	(22,732)
Purchase of other assets and investments	-	(500)
Proceeds from the sale of other assets and investments	2,016	-
Payments relating to new electricity supply contracts	(45)	(34)
<b>Net cash used in investing activities</b>	<b>(5,938)</b>	<b>(23,266)</b>
<b>Cash flows from financing activities</b>		
Payment of transaction costs	(24)	(31)
Dividends paid	(5,552)	(5,545)
Proceeds from borrowings	431	11,500
Repayments of borrowings	(3,016)	(3,209)
<b>Net cash provided by (used in) financing activities</b>	<b>(8,161)</b>	<b>2,715</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,753</b>	<b>(7,726)</b>
Cash and cash equivalents at the beginning of the period	5,707	16,252
Exchange rate movements	3	9
<b>Current cash and cash equivalents at the end of the period</b>	<b>8,463</b>	<b>8,535</b>

The condensed notes on pages 8 to 10 are an integral part of these consolidated interim financial statements.

# Condensed Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

## 1. Reporting Entity

Pacific Energy Limited (the “company”) is a company domiciled in Australia. The consolidated interim financial report of the company as at and for the six months ended 31 December 2016 comprises the company and its subsidiaries (together referred to as the “Group”).

The consolidated annual financial report of the Group for the year ended 30 June 2016 is available upon request from the company's registered office at 338 Gngara Road, Landsdale WA 6065, Australia.

## 2. Statement of Compliance

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

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

## 3. Significant Accounting Policies

### Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's financial report for the year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

## 4. Estimates

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2016.

## 5. Operating Segments

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

Other operations include Hydro Power Generation which does not meet any of the quantitative thresholds for determining reportable segments at 31 December 2016.

# Condensed Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

## 5. Operating Segments (continued)

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

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

### Information about reportable segments

<i>In thousands of AUD</i>	KPS Power Generation		Other		Intersegment eliminations/unallocated		Total	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
External revenues	28,405	23,772	614	658	-	-	29,019	24,430
EBITDA	22,181	17,836	309	366	(1,213)	(896)	21,277	17,306
Interest income	61	74	3	2	4	41	68	117
Finance costs	(909)	(1,005)	-	-	(3)	-	(912)	(1,005)
Depreciation and amortisation	(7,605)	(6,029)	(159)	(150)	(6)	(8)	(7,770)	(6,187)
Profit before income tax	13,728	10,876	153	218	(1,218)	(863)	12,663	10,231
Income tax expense	(4,055)	(3,414)	(45)	(62)	443	541	(3,657)	(2,935)
Capital expenditure	(7,933)	(26,719)	(2)	(117)	-	(2)	(7,935)	(26,838)

### Major customer

Revenues from four customers in the KPS Power Generation segment represents approximately 64% (31 December 2015: 52% from three customers) of the Group's total revenues (each customer greater than 10% individually).

## 6. Share Capital

<i>In thousands of AUD</i>	Number of shares ('000)		Share capital (\$'000)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
On issue at the beginning of the period	370,102	369,668	110,318	110,148
Issue of shares	108	434	55	174
Exercise of options	-	-	-	-
Transaction costs, net of tax effect	-	-	(2)	(4)
On issue at 31 December - fully paid	370,210	370,102	110,371	110,318

### Issuance of ordinary shares

During the six month period ended 31 December 2016, the Pacific Energy Group issued 108,135 Pacific Energy Shares. All shares issued during the period were issued to the CFO in lieu of cash as part of a discretionary bonus.

All issued Pacific Energy Shares are fully paid.

# Condensed Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2016

## 7. Dividends

### (a) Dividends not recognised at period end

Since the end of the period the Directors have declared a fully franked interim dividend of 1 cent (2015: 1 cent) per fully paid ordinary share. The aggregate amount of the dividend of \$3.7 million is to be paid on 10 April 2017 and has not been recorded as a liability at 31 December 2016.

### (b) Franked Dividends

The franked portions of the interim dividend declared after 31 December 2016 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the period ended 31 December 2016.

<i>In thousands of AUD</i>	31 December 2016	31 December 2015
Franking credits available for subsequent financial years based on a tax rate of 30% (2015: 30%)	9,656	11,057
	9,656	11,057

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

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

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

The impact on the franking account of the interim dividend declared by the Directors since period end, but not recognised as a liability at period end, will be a reduction in the franking account of \$1.59 million (2015: \$1.59 million).

## 8. Contingencies

There has been no change from that which was detailed in the financial report as at 30 June 2016 in regards to contingent assets and liabilities. The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

## 9. Subsequent Events

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

## Directors' Declaration

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

1. the financial statements and notes set out on pages 8 to 10, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the six month period ended that date; and
  - (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 22<sup>nd</sup> day of February 2017.

Signed in accordance with a resolution of the directors:



**Jamie Cullen**  
Chief Executive Officer & Managing Director



## Independent Review Report



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

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pacific Energy Ltd and its controlled entities (the Group) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report 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 financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Pacific Energy Ltd and its controlled entities' financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Pacific Energy Ltd and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given the directors of Pacific Energy Ltd a written Auditor's Independence Declaration, a copy of which is included in the financial report.

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## Independent Review Report



### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pacific Energy Ltd and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



**CROWE HORWATH PERTH**



**SEAN MCGURK**

Partner

Signed at Perth, 22 February 2017

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