



Cooper Energy

COOPER ENERGY LIMITED

and its controlled entities

ABN 93 096 170 295

HALF-YEARLY REPORT

31 December 2008

Contents

Page

DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	4
CONSOLIDATED INCOME STATEMENT	5
CONSOLIDATED BALANCE SHEET	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT	9
DIRECTORS' DECLARATION	12
INDEPENDENT REVIEW REPORT	13
CORPORATE DIRECTORY	15

Directors' Report (continued)

for the half-year ended 31 December 2008

The Directors of Cooper Energy Limited ("the Company") present their report and the consolidated Financial Report for the half-year ended 31 December 2008 as follows. The dollar figures are expressed in Australian currency and to the nearest thousand unless otherwise indicated.

Directors

The names of the Directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Laurence J Shervington (Chairman)
Gregory G Hancock
Stephen H Abbott

Michael T Scott (Managing Director)
Christopher R Porter

Review and Results of Operations

Revenue from oil sales was \$19,846,000 (2007: \$18,810,000) from the sale of 213,075 barrels of oil (2007: 181,648). The increase in oil sales revenue resulted from an increase in production volumes from the 2007 oil fields development drilling program and installation of the Callawonga to Tantanna flowline.

In the six month period to December 2008, the Company incurred a loss of \$14,076,000 (2007: profit of \$5,288,000) after the write off of \$19,698,000 exploration expenditure following the withdrawal from the Seruway PSC Joint Venture in Indonesia.

Australia Business Unit

Within the PEL 92 permit, in which Cooper has a 25% equity interest, the 56 km Parsons -Callawonga-Christies-Tantanna flow line was commissioned and the Parsons-2 well was tied into the Parson Oil Field facilities. In addition development drilling at Callawonga-5 and Callawonga-6 was successful. Exploration drilling was undertaken at the Gunyah (subsequently plugged and abandoned) and Perlubie (subsequently successful) prospects.

In September 2008, the Company launched a takeover offer for Incremental Petroleum Limited. At the date of closure of the offer, the Company had secured 27% of the issued shares of Incremental. Subsequent to the half year end, the Company accepted a \$23,172,000 cash offer for its entire shareholding.

The permit for PEL 110 was renewed for a second five year term with the Company increasing its equity interest from 25% to 40%.

Asia Business Unit

In November 2008, following the interpretation of a 2D seismic survey and the failure of the Gurame-1X exploration well, a controlled entity of the Company relinquished its 22.5% interest in the Seruway PSC, North Sumatra, Indonesia.

Africa Business Unit

In November 2008, the Fuschia Prospect in the Hammamet Exploration Permit in Tunisia (Cooper Energy earning 35%) was identified as the first drilling target.

In September 2008, a controlled entity was granted a five year exploration permit in Bargou offshore prospect by the Tunisian Government.

Issue of Equity

In October 2008, the Company issued 39.6 million shares as part consideration for the acquisition of shares in Incremental Petroleum Limited.

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young, which forms part of this report.

Rounding

The amounts contained in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors

M.T. Scott
Managing Director
26 February 2008

S.H Abbott
Non-Executive Director

Auditor's Independence Declaration to the Directors of Cooper Energy Limited

In relation to our review of the financial report of Cooper Energy Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

R A Kirkby
Partner
26 February 2009

Consolidated Income Statement

for the half- year ended 31 December 2008

	Notes	31 December 2008 \$'000	31 December 2007 \$'000
Revenue from oil sales	7	19,846	18,810
Cost of sales	7	(8,067)	(6,281)
Gross profit		11,779	12,529
Other revenue	7	2,465	1,098
Other expenses	7	(24,430)	(4,749)
(Loss) Profit before income tax		(10,186)	8,878
Income tax expense		(3,890)	(3,590)
Net (loss) profit after tax from continuing operations		(14,076)	5,288
Basic earnings (loss) per share for the period (cents per share)		(5.4)	2.9
Diluted earnings (loss) per share for the period (cents per share)		(5.4)	2.8

The accompanying notes form part of the Half-Year Report

Consolidated Balance Sheet

as at 31 December 2008

	Notes	31 December 2008 \$'000	30 June 2008 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		30,997	54,609
Term deposits at banks		35,000	10,000
Trade and other receivables		7,025	15,343
Prepayments		34	50
		<hr/>	<hr/>
		73,056	80,002
Non-current assets held for sale	6	23,171	3,780
Total Current Assets		<hr/>	<hr/>
		96,227	83,782
Non-Current Assets			
Financial assets		-	3,218
Oil properties		13,889	14,016
Exploration and evaluation		12,150	28,890
Total Non-Current Assets		<hr/>	<hr/>
		26,039	46,124
TOTAL ASSETS		<hr/>	<hr/>
		122,266	129,906
LIABILITIES			
Current Liabilities			
Trade and other payables		3,946	6,884
Income tax payable		2,813	3,314
Total Current Liabilities		<hr/>	<hr/>
		6,759	10,198
Non-Current Liabilities			
Deferred tax liabilities		3,001	3,944
Provisions		622	273
Total Non-Current Liabilities		<hr/>	<hr/>
		3,623	4,217
TOTAL LIABILITIES		<hr/>	<hr/>
		10,382	14,415
NET ASSETS		<hr/>	<hr/>
		111,884	115,491
EQUITY			
Contributed equity	4	98,366	88,385
Reserves		1,597	1,109
Retained profits		11,921	25,997
TOTAL EQUITY		<hr/>	<hr/>
		111,884	115,491

The accompanying notes form part of the Half-Year Report

Consolidated Statement of Changes in Equity for the half- year ended 31 December 2008

	Issued Capital \$'000	Consoli- dation Reserve	Share Based Payment Reserve \$'000	Net Unrealised Gain (loss) Reserve	Option Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2008	88,385	(541)	1,425	200	25	25,997	115,491
Net loss on available for sale assets		-		(24)	-	-	(24)
Amounts recognised directly in equity				(24)	-	-	(24)
Net loss for the period	-	-	-	-	-	(14,076)	(14,076)
Total income and expenses for the period	-	-	-	(24)	-	(14,076)	(14,100)
<i>Equity transactions:</i>							
Share based payments	-	-	512	-	-	-	512
Shares issued	9,981	-	-	-	-	-	9,981
Balance at 31 December 2008	98,366	(541)	1,937	176	25	11,921	111,884
Balance at 1 July 2007	29,642	(541)	529	(180)	25	19,591	49,066
Loss on available for sale assets	-	-	-	180	-	-	180
Amounts recognised directly in equity	-	-	-	180	-	-	180
Net profit for the period	-	-	-	-	-	5,288	5,288
Total income and expenses for the period	-	-	-	180	-	5,288	5,468
<i>Equity transactions:</i>							
Share based payments	-	-	158	-	-	-	158
Shares placed	55,003	-	-	-	-	-	55,003
Share purchase plan	4,999	-	-	-	-	-	4,999
Share issue costs	(2,117)	-	-	-	-	-	(2,117)
Options exercised for shares	963	-	-	-	-	-	963
Balance at 31 December 2007	88,490	(541)	687	-	25	24,879	113,540

The accompanying notes form part of the Half-Year Report

Consolidated Statement of Cash Flows

for the half- year ended 31 December 2008

	31 December 2008 \$'000	31 December 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	27,277	10,962
Payments to suppliers and employees	(9,534)	(5,776)
Income tax paid	(5,334)	(1,026)
Interest received – other entities	2,737	506
Net cash from operating activities	15,146	4,666
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale-financial assets	(7,268)	-
Payments for exploration and evaluation	(4,220)	(10,814)
Investments in oil properties	(2,270)	(3,025)
Net cash flows used in investing activities	(13,758)	(13,839)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	-	60,964
Cost of share issue	-	(3,023)
Net cash flow from financing activities	-	57,941
NET INCREASE / (DECREASE) IN CASH HELD	1,388	48,768
CASH AT THE BEGINNING OF THE HALF-YEAR	64,609	15,284
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	65,997	64,052

The accompanying notes form part of the Half-Year Report

Notes to and forming part of the Financial Report for the half year ended 31 December 2008

1. GENERAL INFORMATION

This general purpose condensed financial report of Cooper Energy Ltd and its controlled entities for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the Directors on 26 February 2009.

Cooper Energy Limited is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of Cooper Energy Limited and its subsidiaries are the exploration evaluation, development, production and marketing of hydrocarbons.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Cooper Energy Limited during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

From 1 July 2008 The Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

The following standards and interpretations have been adopted from 1 July 2008:

- AASB 2008-10 *Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)*
- Interpretation 12 and AASB 2007-2 *Service Concession Arrangements* and consequential amendments to other Australian Accounting Standards
- Interpretation 129 *Service Concession Arrangements: Disclosures*
- Interpretation 4 (revised) *Determining whether an arrangement contains a lease*
- Interpretation 13 *Customer Loyalty Programmes*.
- Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The Group has not elected to early adopt any new standards or amendments.

Notes to and forming part of the Financial Report (continued) for the half year ended 31 December 2008

3. SEGMENT REPORTING

The Group operates in the oil and gas exploration, development and production industry in Australia, Africa and Asia.

	<u>Africa Business Unit \$'000</u>	<u>Australia Business Unit \$'000</u>	<u>Asia Business Unit \$'000</u>	<u>Consolidated \$'000</u>
31 December 2008				
Segment revenue	-	19,846	-	19,846
Unallocated revenue				2,465
Total consolidated revenue				22,311
Segment result	-	5,396	(19,472)	(14,076)
Other segment information				
Exploration & evaluation expenditure written off	-	-	(19,698)	(19,698)
Impairment of available for sale assets	-	(1,052)	-	(1,052)
31 December 2007				
Segment revenue	-	18,810	-	18,810
Unallocated revenue				1,098
Total consolidated revenue				19,908
Segment result	(95)	5,439	(56)	5,288
Other segment information				
Exploration & evaluation expenditure written off	-	-	-	-
Impairment of available for sale assets	-	(1,778)	-	(1,778)

4. CONTRIBUTED EQUITY

	31 December 2008 \$'000	30 June 2008 \$'000
<i>Ordinary shares</i>		
Issued and fully paid	291,926	252,263
<i>Movement in ordinary shares on issue</i>		
At 1 July 2008	252,263	88,385
Issued as part consideration for shares in a listed entity	39,663	9,981
At 31 December 2008	291,926	98,366

5. CONTINGENT ASSETS OR LIABILITIES

There are no contingent assets or liabilities as at the reporting date.

6. EVENTS SUBSEQUENT TO REPORTING DATE

Since the 31 December 2008, the Company has disposed of all the shares it held in two listed entities realising \$25,206,000.

Notes to and forming part of the Financial Report (continued)
for the half year ended 31 December 2008

7. REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	31 December 2008 \$'000	31 December 2007 \$'000
Revenue		
Oil sales	19,846	18,810
Total revenue from oil sales	19,846	18,810
Cost of Sales		
Production expenses	3,814	3,185
Royalties	1,699	1,480
Amortisation of areas in production	2,554	1,616
Total cost of sales	8,067	6,281
Other Revenue		
Interest revenue	2,282	908
Other	183	190
Total other revenue	2,465	1,098
Other Expenses		
Depreciation of plant & equipment	31	40
Exploration & evaluation expenditure written off in full for the Seruway PSC following the withdrawal from the joint venture	19,698	-
Exploration & evaluation expenditure written off on other projects	152	328
Director and employee benefits	1,113	1,029
Share based payments	512	158
Audit fees	45	45
Administration and other expenses	1,827	1,371
Impairment of available for sale assets	1,052	1,778
Total other expenses	24,430	4,749

Directors' Declaration

In accordance with a resolution of the directors of Cooper Energy Limited, we state that :

In the opinion of the directors:

- a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the financial position at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

M.T. Scott
Managing Director
26 February 2009

S.H Abbott
Non-Executive Director

To the members of Cooper Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cooper Energy Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' 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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls 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 Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 the consolidated entity's financial position as at 31 December 2008 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 Cooper Energy Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' 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 Cooper Energy Limited 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 2008 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*.

Ernst & Young

R A Kirkby
Partner
Perth
26 February 2009

Corporate Directory

Directors

Laurence J SHERVINGTON (Chairman)
Michael T SCOTT (Managing Director)
Gregory G HANCOCK
Christopher R PORTER
Stephen H ABBOTT

Company Secretary

Ian E GREGORY

Registered Office and Business Address

Suite 4, Level 4, South Shore Centre
83 - 85 The Esplanade
SOUTH PERTH WA 6151

PO Box 1163, SOUTH PERTH WA 6951

Telephone: +618 9368 5833
Facsimile: +618 9368 5844
Website: www.cooperenergy.com.au

Auditors

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

Solicitors

Minter Ellison
Level 49 Central Park
152-158 St Georges Terrace
PERTH WA 6000

Piper-Alderman
167 Flinders Street
ADELAIDE SA 5000

Bankers

National Australia Bank Limited
Level 1, 177-179 Davy Street
BOORAGOON WA 6455

Share Registry

Computershare Registry Services Pty Limited
Level 2
Reserve Bank Building
45 St George's Terrace
PERTH WA 6000