



Horizon Oil Limited ABN 51 009 799 455

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25 August 2011

**The Manager, Company Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000**

Dear Sir,

HORIZON OIL (HZN) LODGES JUNE 2011 PRELIMINARY FINAL REPORT

In accordance with Listing Rule 4.3A, Horizon Oil Limited lodges the Company's report for the year to 30 June 2011.

The financial results for the period are set out in the attached results announcement and preliminary final report.

Financial Results

- The Group's overall profit before tax for the full year was US\$48.5 million, driven by gross profit from operations of US\$39.7 million and profit of US\$22 million on the finalisation of the sale of part of the Group's PNG interests.
- Cash on hand at 30 June 2011 of US\$64.6 million (2010: US\$26.5 million).
- The remaining Maari project debt of US\$21.96 million was fully repaid during the year from project cashflows.
- On 17 June 2011, the Group issued US\$80 million in convertible bonds with a 5 year term. The bonds were issued with an initial conversion price of US\$0.52, equivalent to A\$0.49 based on exchange rates at the time of pricing, representing a conversion premium of 29% to Horizon Oil's last closing price of A\$0.38 on 2 June 2011.

Operational highlights

New Zealand

- During the year, Horizon Oil's working interest share of production from Maari / Manaia field was 576,368 barrels of oil. Sales volume was 600,942 barrels. Cumulative oil production from the field to date is in excess of 15 million barrels, having generated total gross revenue from crude oil sales since first production in February 2009 of over US\$1.2 billion.
- Additional production was added to the Maari / Manaia field during the year when the extended reach well drilled to appraise the Mangahewa formation of the Manaia structure, the MN1 well, started clean-up flow production on 9 October 2010.
- Water injection in the Maari-Moki zone for the purposes of reservoir support has been enhanced during the year through changes made to the water injection configuration and by running water

injection pumps in parallel and is proceeding at a rate in excess of 35,000 barrels of water per day.

- 3D and 2D seismic surveys over PEP 51313 were completed during the year. Interpretation and mapping of the merged Matariki / Maari 3D data is continuing with a view to maturing a prospect on the Maari-Pike-Matariki trend for drilling in 2012.

Papua New Guinea

- During the year the Stanley-2 and Stanley-4 appraisal wells were drilled and completed as gas production wells for the proposed Stanley condensate stripping project. Stanley-2 was drilled to a total depth of 3,173 m in quartzite basement and confirmed 23 m of net gas / condensate pay in the primary Toro formation and intersected a new zone of 43 m of net gas / condensate pay in the Kimu sandstone of the Imburu formation, below the Toro. An extensive production test was carried out prior to the well being completed as a future production well. The Stanley-4 well, which spudded on 29 March 2011, reached total depth of 3,340 m in economic basement at midnight on 2 May. The primary Toro sandstone in Stanley-4 was found to be gas-filled with 35 m of net gas pay, thicker than the equivalent zone encountered in the Stanley-2 well. The secondary objective, the Kimu sandstone, was approximately the same thickness as in Stanley-2 and contained 10 m of net gas pay. After running electric logs and taking samples and pressure measurements of the prospective zones, the well was cased and completed as a future production well.
- Front end engineering and design (FEED) work for the proposed Stanley field development was significantly advanced during the year. This includes the condensate stripping plant, pipeline from the field to the base in Kiunga and a loading facility on the Fly River. Investigation of marketing opportunities for both the gas and condensate is advanced.
- Legal proceedings over the PRL 5 acreage were settled during the year and a new 5 year licence over the acreage, designated as PRL 21, was awarded to JV participants which included Horizon Oil (Papua) Limited.
- Surface locations for drilling of the Elevala-2 and Ketu-2 appraisal / development wells in PRL 21 have been selected and site preparation work on both locations has begun.

China

- In February 2011 Horizon Oil and its joint venturers approved the Final Investment Decision (FID) for the WZ6-12, WZ6-12S and WZ12-8 West fields. Development planning has commenced, with eleven development wells scheduled for drilling during 2012 and 2013. First oil production is anticipated before year-end 2012.
- In June 2011 Horizon Oil announced that it had signed an agreement with Petsec Energy Limited (Petsec) to buy Petsec's 25% interest in Block 22/12, which includes a 12.25% interest in the WZ6-12 and WZ12-8 development project, increasing the company's interest to 55% and 26.95% respectively. The acquisition increases the company's net reserves in Block 22/12 from 6.2 mmbo to 11.3 mmbo.

Significant Changes in the State of Affairs

- On 14 September 2009, the Group entered into a sale agreement with a subsidiary of Talisman Energy Inc. to dispose of a 22.05% working interest in PRL 4 and all of the shares in a wholly-owned subsidiary, Horizon Oil (Kanau) Limited. Total consideration for the transaction amounted to US\$60 million, of which the company received US\$38 million (US\$29 million net

of intercompany loan repayments and discounting of deferred consideration) in proceeds during the year ended 30 June 2010 including US\$30 million cash and US\$8 million work carry. The remaining US\$22 million was deferred pending receipt of PNG ministerial consent to the working interest transfers required by the transaction. Due to the uncertainty at the time regarding PNG ministerial consent, the deferred consideration was recorded as a contingent asset in the 2010 financial statements. During 2011 the required PNG ministerial approvals were received and accordingly, the US\$22 million received during the current year was booked as revenue.

Yours faithfully,



Michael Sheridan

Chief Financial Officer / Company Secretary



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Horizon Oil Limited

Preliminary Final Report For the year ended 30 June 2011

ABN 51 009 799 455

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A

Current reporting period:	Financial Year ended 30 June 2011
Previous corresponding period:	Financial Year ended 30 June 2010

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Note: Reports are based on audited accounts.
All figures are presented in United States dollars unless otherwise stated.

**Results for Announcement to the Market
For the Financial year ended 30 June 2011**

		Percentage Change		Amount
				US\$'000
Revenue from continuing operations	Up	23.69%	to	59,362
Profit from ordinary activities after tax	Down	33.26%	to	34,936
Profit for the period attributable to members	Down	33.26%	to	34,936

Dividends / distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Brief explanation of Revenue, Profit from ordinary activities after tax and Net Profit

Revenue

Revenue from operating activities has increased by US\$11,371,000 to US\$59,362,000, following higher average realised oil prices during the year.

Profit from ordinary activities after tax

The profit from ordinary activities after tax for the year amounted to US\$34,936,000 (2010: US\$52,347,000).

The current year profit reflects the gross operating profit of the Maari oil field operation of US\$39,740,000, and profit of US\$22,000,000 from the finalisation of the 2009 sale of a 50% interest in PRL 4 (refer to Note 2 for further details).

Net Profit

The net profit after tax for the year decreased by US\$17,409,000 to US\$34,936,000.

Preliminary consolidated statement of comprehensive income
For the year ended 30 June 2011

	Note	Consolidated 2011 US\$'000	2010 US\$'000
Revenue from continuing operations	3	59,362	47,991
Cost of sales	3	(19,622)	(15,015)
Gross profit / (loss)		39,740	32,976
Profit from sale of assets	3	22,000	32,586
Other income	3	464	157
General and administrative expenses	3	(7,232)	(5,448)
Exploration and development expenses	3	(255)	(158)
Financing costs	3	(2,817)	(3,202)
Unrealised movement in value of convertible bond conversion rights	3	(3,351)	-
Other expenses	3	(69)	(218)
Profit / (loss) before income tax expense		48,480	56,693
NZ royalty tax (expense) / benefit		(6,680)	(2,519)
Income tax (expense) / benefit		(6,864)	(1,827)
Profit / (loss) from continuing operations		34,936	52,347
Profit / (loss) from discontinued operations (net of tax)		-	(2)
Profit / (loss) for the financial year		34,936	52,345
Other comprehensive income			
Changes in the fair value of cash flow hedges		54	132
Total comprehensive income for the year		34,990	52,477
Profit / (loss) attributable to members of Horizon Oil Limited		34,936	52,345
Total comprehensive income attributable to members of Horizon Oil Limited		34,990	52,477
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		US Cents	US Cents
Basic earnings per ordinary share	16	3.09	4.64
Diluted earnings per ordinary share	16	3.08	4.63
Earnings per share for loss attributable to the ordinary equity holders of the company:		US Cents	US Cents
Basic earnings per ordinary share	16	3.09	4.64
Diluted earnings per ordinary share	16	3.08	4.63

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Horizon Oil Limited

Preliminary consolidated statement of financial position As at 30 June 2011

	Note	Consolidated 2011 US\$'000	2010 US\$'000
Current Assets			
Cash and cash equivalents		64,572	26,509
Receivables		2,272	3,520
Inventories		2,293	3,272
Other		280	249
Total Current Assets		69,417	33,550
Non-Current Assets			
Deferred tax assets		13,803	4,326
Plant and equipment		1,268	905
Exploration phase expenditure		63,488	44,710
Oil and gas assets		145,504	88,138
Total Non-Current Assets		224,063	138,079
Total Assets		293,480	171,629
Current Liabilities			
Payables		18,713	7,026
Derivative financial instruments		-	54
Current tax payable		7,944	1,085
Borrowings		5,909	20,553
Total Current Liabilities		32,566	28,718
Non-Current Liabilities			
Payables		1,037	651
Deferred tax liability		14,396	3,145
Borrowings		64,328	19,940
Other financial liabilities		23,394	-
Provisions		5,208	4,810
Total Non-Current Liabilities		108,363	28,546
Total Liabilities		140,929	57,264
Net Assets		152,551	114,365
Equity			
Contributed equity		125,976	125,328
Reserves		6,605	4,003
Retained profits / (accumulated losses)	12	19,970	(14,966)
Total Equity		152,551	114,365

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Horizon Oil Limited

Preliminary consolidated statement of cash flows For the year ended 30 June 2011

	Note	Consolidated 2011 US\$'000	2010 US\$'000
Cash flows from operating activities			
Receipts from customers		59,275	47,877
Payments to suppliers and employees		(10,845)	(10,569)
		48,430	37,308
Interest received		50	43
Interest paid		(2,073)	(2,931)
Income taxes paid		(4,729)	(1,209)
Net cash inflow from operating activities	7	41,678	33,211
Cash flows from investing activities			
Payments for exploration phase expenditure		(34,522)	(10,551)
Payments for oil and gas assets		(41,401)	(7,762)
Payments for plant and equipment		(666)	(365)
Net proceeds on sale of exploration phase expenditure		22,000	29,988
Net cash (outflow) / inflow from investing activities		(54,589)	11,310
Cash flows from financing activities			
Proceeds from share issues		616	300
Payment of share issue expenses		-	(55)
Proceeds from issue of convertible bonds (net of transaction costs)		77,604	-
Repayment of borrowings		(27,297)	(28,773)
Net cash inflow / (outflow) from financing activities		50,923	(28,528)
Net increase / (decrease) in cash held		38,012	15,993
Cash at the beginning of the financial year		26,509	10,000
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		51	516
Cash at the end of the financial year		64,572	26,509

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the preliminary consolidated financial statements and other information For the year ended 30 June 2011

1. Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the 2011 annual financial report.

2. Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

Convertible bond issue and acquisition of Petsec's interest in Block 22/12

During June 2011, Horizon Oil successfully raised US\$80 million via a convertible bond issue to fund the acquisition of Petsec's 25% interest in Block 22/12 and associated development costs. The acquisition was achieved through the purchase of Petsec Petroleum LLC (the holding company of Petsec's interest in Block 22/12) for A\$38 million (approximately US\$40 million) cash plus the issue of 15 million options in Horizon Oil. The options were issued on 6 June 2011 and have an exercise price of A\$0.37 and a term of 3 years.

The acquisition of the additional interest in Block 22/12 increased Horizon Oil's stake in the WZ6-12, WZ6-12 South and WZ12-8 West development project from 14.70% to 26.95%, and increases Horizon Oil's net reserves in Block 22/12 from 6.2 mmbo to 11.3 mmbo.

Residual payments in respect of 2009 PRL 4 transfer

In the 2010 financial statements, the group reversed revenue amounting to US\$21.5¹ million recognised in the period to 31 December 2009 for deferred consideration on the transfer to Talisman Energy Inc. of an interest in PRL 4, PNG. The receipt of the deferred consideration was subject to the grant of PNG ministerial consent to transfers of interests in PRL 4 (and PRL 5 by Santos) to Talisman, which were outstanding at the date of preparing the 2010 financial statements.

During 2011, all remaining conditions of the 2009 transfer were satisfied. Accordingly, the US\$22m deferred consideration was received and recorded as revenue in the current year.

¹ US\$21.5 million of revenue represents US\$22 million consideration discounted due to the deferred nature of its receipt.

² The Santos Limited subsidiary remained a joint venture participant until the application for an extension of the PRL 5 licence was refused by the Minister of Petroleum and Energy.

Debt facilities

The Group's US\$45.75 million Maari project debt facility with BOS International (Australia) Limited was fully repaid during the year from surplus Maari cashflows and the proceeds from the convertible bond issue. The remaining project debt at 30 June 2011 was US\$Nil.

After repayment of the Maari project debt facility, the Group's remaining debt is the US\$80 million in convertible bonds which were issued on 17 June 2011 with a 5 year term. The bonds were issued with an initial conversion price of US\$0.52, equivalent to A\$0.49 based on exchange rates at the time of pricing, and represents a conversion premium of 29% to Horizon Oil's last closing price of A\$0.38 on 2 June 2011. The initial conversion price is subject to adjustment in certain circumstances. The bonds carry a coupon of 5.5% per annum, payable semi-annually in arrears. The bonds were listed on the Singapore Securities Exchange on 20 June 2011.

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3. Profit / (Loss) from continuing activities

	Consolidated 2011 US\$'000	2010 US\$'000
Revenue:		
(a) From continuing operations		
Crude oil sales	59,362	47,991
	59,362	47,991
(b) Other income		
Interest received from unrelated corporations	50	93
Rental income received from unrelated corporations	79	64
Net foreign exchange gains	335	-
	464	157
(c) Profit from sale of assets		
Consideration on sale of assets		
Cash received	22,000	20,980
Fair value of deferred consideration	-	8,085
	22,000	29,065
Net liabilities disposed	-	6,360
Cost of sale	-	(2,839)
Profit from sale of assets	22,000	32,586

On 14 September 2009, the Group entered into a sale agreement with a subsidiary of Talisman Energy Inc. to dispose of a 22.05% working interest in PRL 4 and all of the shares in a wholly-owned subsidiary, Horizon Oil (Kanau) Limited. Total consideration for the transaction amounted to US\$60 million, of which the company received US\$38 million (US\$29 million net of intercompany loan repayments and discounting of deferred consideration) in proceeds during the year ended 30 June 2010 including US\$30 million cash and US\$8 million work carry. The remaining US\$22 million was deferred pending receipt of PNG ministerial consent to the working interest transfers required by the transaction. Due to the uncertainty at the time regarding PNG ministerial consent, the deferred consideration was recorded as a contingent asset in the 2010 financial statements. During 2011 the required PNG ministerial approvals were received and accordingly, the US\$22 million received during the current year was booked as revenue.

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	Consolidated	
	2011	2010
Expenses:	US\$'000	US\$'000
(d) Cost of sales		
Direct production costs	8,023	4,138
Inventory adjustments ¹	1,155	(1,352)
Amortisation expense	10,324	12,096
Royalties	120	133
	19,622	15,015
¹ Includes production overlift / underlift and inventory adjustments		
(e) General and administrative expenses		
Employee benefit expense (net)	5,136	3,843
Corporate office expenses	1,590	1,355
Depreciation expense – plant & equipment	302	95
Rental expense relating to operating leases	204	155
	7,232	5,448
(f) Exploration and development expenses		
Exploration expenditure written off / expensed	255	158
	255	158
(g) Financing costs		
Interest and finance charges	2,115	2,931
Discount unwinding on provision for restoration	398	43
Amortisation of prepaid financing costs	304	228
	2,817	3,202
(h) Unrealised movement in value of convertible bond conversion rights		
Unrealised movement in value of convertible bond conversion rights	3,351	-
	3,351	-
(h) Other expenses		
Net foreign exchange losses / (gains)	-	176
Other expenses	69	42
	69	218

Horizon Oil Limited

4. Commentary on results

Results

Refer to the commentary on page 2.

Key points – Finance

Cash

Cash on hand at 30 June 2011 - US\$64.6 million (2010: US\$26.5 million).

Debt Facilities

The Group's US\$45.75 million Maari project debt facility with BOS International (Australia) Limited was fully repaid during the year from surplus Maari cashflows and the proceeds from the convertible bond issue. The remaining project debt at 30 June 2011 was US\$Nil.

After repayment of the Maari project debt facility, the Group's remaining debt is the US\$80 million in convertible bonds which were issued on 17 June 2011 with a 5 year term. The bonds were issued with an initial conversion price of US\$0.52, equivalent to A\$0.49 based on exchange rates at the time of pricing, and represents a conversion premium of 29% to Horizon Oil's last closing price of A\$0.38 on 2 June 2011. The initial conversion price is subject to adjustment in certain circumstances. The bonds carry a coupon of 5.5% per annum, payable semi-annually in arrears. The bonds were listed on the Singapore Securities Exchange on 20 June 2011.

Returns to shareholders

No distributions were made to shareholders during the financial period.

5. Fundamental errors

Nil

6. Extraordinary items

Nil

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7. Notes to cash flow statement

- (a) Reconciliation of profit from ordinary activities after income tax to net cash flow from operating activities

	Consolidated	
	2011	2010
	US\$'000	US\$'000
Net profit / (loss) for financial year	34,936	52,345
Exploration and development expenditure written off / expensed	-	-
Depreciation expense	302	95
Movement in employee entitlement liabilities	100	170
Non-cash employee share benefit expense	784	872
Non-cash share option expense	1,764	-
Amortisation expense	10,324	12,096
Amortisation of prepaid financing costs	446	228
Provision for restoration	398	159
Profit on sale of assets	(22,000)	(32,586)
Unrealised movement in value of convertible bond conversion rights	3,351	-
Net unrealised foreign currency losses / (gains)	(51)	(516)
<i>Change in operating assets and liabilities:</i>		
Decrease / (increase) in trade debtors	(87)	(166)
(Increase) / decrease in other debtors and prepayments	944	(207)
(Increase) / decrease in inventory	318	(474)
(Increase) / decrease in deferred tax assets / liabilities	1,776	1,085
Increase / (decrease) in tax payable	6,859	(1,055)
Increase / (decrease) in trade creditors	1,640	30
(Decrease) / increase in other creditors	(126)	569
Net cash inflow / (outflow) from operating activities	41,678	33,211

(b) Non-cash financing and investing activities

	Consolidated	
	2011	2010
	US\$'000	US\$'000
Carry utilised to fund the Group's share of capital expenditure on PNG licences ¹	633	7,367
	633	7,367

¹ Consideration drawn down under the sale to Talisman Energy Inc. of a 50% interest in PRL 4, PNG.

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8. Segment information

(a) Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of directors.

The operating segments identified are broadly based on the Group's working interest in each individual oil and gas permit, arranged by developmental phase. Discrete pre-tax financial information (including pre-tax operating profit and capital expenditure on exploration and evaluation assets and oil and gas assets) for each oil and gas permit is prepared and provided to the chief operating decision maker on a regular basis. In certain circumstances, individual oil and gas permits are aggregated into a single operating segment where the economic characteristics and long term planning and operational considerations of the individual oil and gas permits are such they are considered interdependent. The Group has identified five operating segments:

- New Zealand development – the Group is currently producing crude oil from the Maari/Manaia fields, located offshore New Zealand;
- New Zealand exploration – the Group is currently involved in the exploration and evaluation of hydrocarbons in one offshore permit area, PEP 51313;
- China exploration and development – the Group is currently involved in the Block 22/12 – WZ6-12 and WZ12-8W oil field development (project FID during 2011) and in the exploration and evaluation of hydrocarbons within Block 22/12; and
- PNG exploration - the Group is currently involved in the exploration and evaluation of hydrocarbons in two onshore permit areas, PRL 4 and PRL 21.

'All other segments' include amounts of a corporate nature not specifically attributable to an operating segment.

(b) Segment information provided to the chief operating decision maker

	New Zealand Development	New Zealand Exploration	China Exploration and Development	Papua New Guinea Exploration	All other segments	Total
2011	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue:						
Revenue from external customers	59,362	-	-	-	-	59,362
Profit / (loss) before tax	32,743	223	(109)	(1,635)	(1,855)	29,367
Depreciation and amortisation	10,324	-	-	108	194	10,626
Total segment assets at 30 June 2011	97,968	4,922	73,338	61,817	55,435	293,480
Additions to non-current assets other than financial assets and deferred tax during the year ended:						
Exploration and evaluation phase expenditure:	-	720	940	28,821	-	30,481
Development and production phase expenditure:	1,228	861	-	-	-	2,089
Plant and equipment:	-	-	-	313	352	665
Total segment liabilities at 30 June 2011	44,282	1,494	2,213	7,584	85,356	140,929

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	New Zealand Development	New Zealand Exploration	China Exploration	Papua New Guinea Exploration	All other segments	Total
2010	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue:						
Revenue from external customers	47,991	-	-	-	-	47,991
Profit / (loss) before tax	18,624	(15)	(31)	(28)	5,576	24,126
Depreciation and amortisation	12,096	-	-	16	79	12,191
Total segment assets at 30 June 2010	99,607	9,448	19,440	23,780	19,354	171,629
Additions to non-current assets other than financial assets and deferred tax during the year ended:						
Exploration and evaluation phase expenditure:	-	8,297	1,789	5,037	-	15,123
Development and production phase expenditure:	7,806	-	-	-	-	7,806
Plant and equipment:	-	-	-	508	191	699
Total segment liabilities at 30 June 2011	52,851	388	1,482	1,058	1,485	57,264

(c) Other segment information

(i) Segment revenue

Revenue from external customers is derived from the sale of crude oil.

Segment revenue reconciles to total consolidated revenue as follows:

	Consolidated	
	2011	2010
	US\$'000	US\$'000
Total segment revenue	59,362	47,991
Rental income	79	64
Interest income	50	93
Profit from sale of assets	22,000	32,586
Foreign exchange gain (net)	335	-
Total revenue	81,826	80,734

(ii) Segment profit before tax

The chief operating decision maker assesses the performance of operating segments based on a measure of profit before tax.

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Segment profit before tax reconciles to consolidated profit before tax as follows:

	Consolidated	
	2011	2010
	US\$'000	US\$'000
Total segment profit / (loss) before tax	29,367	24,126
Rental income	79	64
Interest income	50	93
Profit from sale of assets	22,000	32,586
Unrealised movement in value of conversion option on bonds	(3,351)	
Foreign exchange (loss) / gain (net)	335	(176)
Profit / (loss) before tax	48,480	56,693

(iii) Segment assets

The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements.

Reportable segment assets are equal to consolidated total assets.

(iv) Segment liabilities

The amounts provided to the chief operating decision maker with respect to total liabilities are measured in a manner consistent with that of the financial statements.

Reportable segment liabilities are equal to consolidated total liabilities.

9. Discontinued operations

Current Year - There were no discontinued operations during the current year.

Prior Year - After a significant period without production, and given the Company's intention not to incur further capital expenditure on the Bayou Choctaw fields in the US, the Company withdrew from the Bayou Choctaw fields during March 2010.

10. Events occurring after reporting date

Other than the matters disclosed in this report, there has not been any matter or circumstance which has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years; or
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

11. Additional dividend/distribution information

No dividends / distributions were declared or paid during or subsequent to the year ended 30 June 2011. There are no dividend / distribution reinvestment plans.

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12. Retained profits

	Consolidated	
	2011	2010
	US\$'000	US\$'000
Accumulated losses at beginning of financial year	(14,966)	(67,311)
Net Profit / (loss) for financial year	34,936	52,345
Retained profits / (Accumulated losses) at end of financial year	19,970	(14,966)

13. NTA backing

	2011	2010
	25.9 cents	15.2 cents
Net tangible asset backing per ordinary share		

14. Controlled entities acquired or disposed of

The controlled entities acquired during the year were:

- (a) Horizon Oil (Nanhai) LLC (formerly Petsec Petroleum LLC)

Control of this company was effective on 1 January 2011.

- (b) Ketu Petroleum Limited

Control of this company was effective on 15 February 2011.

No controlled entities were disposed of during the year.

15. Associates and joint venture entities

Nil

16. Earnings per share

	Consolidated	
	2011	2010
	US cents	US cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	3.09	4.64
From discontinued operation	-	-
Total basic earnings per share attributable to the ordinary equity holders of the company	3.09	4.64
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	3.08	4.63
From discontinued operation	-	-
Total diluted earnings per share attributable to the ordinary equity holders of the company	3.08	4.63

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	2011 Number	2010 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,131,448,583	1,127,654,392
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,134,074,862	1,130,031,199