Cooper Energy

Half-Year Report

31 December 2012

ABN 93 096 170 295

Appendix 4D
Interim Financial Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	31 December 2012 31 December 2011

Results for announcement to the market

	Percentage Change %	Amount $'000
Revenue from ordinary activities	Down 9.4%	$23,368
Profit from continuing operations after tax	Down 41.3%	$4,890
Total profit/(loss) for the period attributable to members	Up 211.2%	$4,561
	31 December 2012	30 June 2012
Net tangible assets per share (inclusive of Exploration and Evaluation expenditure capitalised)	41.9 cents	38.1 cents

The Directors do not propose to pay a dividend.
The attached Half -Year Report has been reviewed

Review and Results of Operations

In the six month period to 31 December 2012, oil sales revenue was $23,368,000 (2011: $25,803,000) from the sale of 213,080 barrels of oil (2011: 225,291) which generated a consolidated profit after tax from continuing operations of $4,890,000 (2011 $8,329,000).

In Australia, oil production from PEL 92 was trucked to Moomba until the commencement of the Lycium to Moomba oil pipeline in December. Five wells were drilled in PEL 92 during the period, resulting in 4 successes, including a new field oil discovery at Windmill-1. Acquisition of 2D and 3D seismic was undertaken in PEL 92.

In Tunisia, preparations continued for the drilling of Hammamet West-3 in the Bargou permit. The well is expected to commence in the March quarter of 2013. Processing of 3D seismic in the Nabeul permit was completed and interpretation commenced.

In Indonesia, interpretation of 3D seismic in the Sukananti KSO was completed. Planning for seismic acquisition in the Sumbagsel PSC continued. Discussions are continuing in relation to a farm-out of a portion of the Company's 100% interest in the Sumbagsel PSC.

The Company's interests in four of its six tenements in Poland were surrendered during the period.

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Directors' Report
for the half-year ended 31 December 2012

The Directors of Cooper Energy Limited ("the Company" or "Cooper") present their report and the consolidated Financial Report for the half-year ended 31 December 2012. 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.

Board of Directors
Laurence J Shervington (Non-Executive Chairman)
Jeffrey W Schneider (Non-Executive Director)
David P Maxwell (Managing Director)
Hector M Gordon (Executive Director Exploration and Production)

Review and Results of Operations

In the six month period to 31 December 2012, oil sales revenue was $23,368,000 (2011: $25,803,000) from the sale of 213,080 barrels of oil (2011: 225,291) which generated a consolidated profit after tax from continuing operations of $4,890,000 (2011 $8,329,000).

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The Company's interests in four of its six tenements in Poland were surrendered during the period.

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the directors

David P. Maxwell

David P. Maxwell
Managing Director
23 February 2013

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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 2012, 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

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
23 February 2013

GB:MM:COE:018

Consolidated Statement of Comprehensive Income
for the half- year ended 31 December 2012

	Notes	31 December 2012 $'000	31 December 2011 $'000
Continuing Operations			
Revenue from oil sales	8	23,368	25,803
Cost of sales	8	(10,868)	(10,465)
Gross Profit		12,500	15,338
Other revenue	8	1,486	2,761
Exploration and evaluation expenditure written off		(391)	(1,050)
Administration and other expenses	8	(6,865)	(5,232)
Profit before income tax		6,730	11,817
Taxes			
Income tax benefit/(expense)	9	6	(3,488)
Petroleum Resource Rent tax		(1,846)	-
Total income tax expense		(1,840)	(3,488)
Profit after income tax		4,890	8,329
Discontinued operations			
Impairment of exploration assets held for sale after income tax	5	(329)	(12,432)
Total profit/(loss) for the period attributable to members		4,561	(4,103)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		-	(1,328)
Fair value gain on available for sale investments		8,045	-
Income tax effect		(1,919)	-
Other comprehensive income/(expenditure) for the period net of tax		6,126	(1,328)
Total comprehensive income/(expenditure) for the period attributable to members		10,687	(5,431)
		cents	**cents**
Basic earnings/(loss) per share from continuing operations		1.5	2.9
Diluted earnings/(loss) per share from continuing operations		1.5	2.9
Basic earnings/(loss) per share		1.4	(1.9)
Diluted earnings/(loss) per share		1.4	(1.9)

Consolidated Statement of Financial Position
as at 31 December 2012

	Notes	31 December 2012 $'000	30 June 2012 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	43,849	59,010
Trade and other receivables		12,756	11,973
Materials		278	189
Prepayments		130	197
Income tax receivable		936	-
		57,949	71,369
Exploration assets classified as held for sale	5	-	33
Total Current Assets		57,949	71,402
Non-Current Assets			
Term deposits at banks	3	3,722	2,451
Available for sale investments		30,337	13,203
Oil properties		20,780	19,188
Exploration and evaluation expenditure		44,270	42,546
Deferred tax asset - PRRT		10,387	12,233
Total Non-Current Assets		109,496	89,621
TOTAL ASSETS		167,445	161,023
LIABILITIES			
Current Liabilities			
Trade and other payables		9,873	12,332
Income tax payable		-	3,706
Total Current Liabilities		9,873	16,038
Non-Current Liabilities			
Deferred tax liabilities		6,361	4,150
Provisions		2,832	3,890
Total Non-Current Liabilities		9,193	8,040
TOTAL LIABILITIES		19,066	24,078
NET ASSETS		148,379	136,945
EQUITY			
Contributed equity	4	114,553	113,877
Reserves		6,805	608
Retained profits		27,021	22,460
TOTAL EQUITY		148,379	136,945

Consolidated Statement of Changes in Equity
for the half- year ended 31 December 2012

	Issued Capital $'000	Consoli-dation Reserve $'000	Share-Based Payment Reserve $'000	Option Reserve $'000	Available for Sale Investment Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2012	113,877	(541)	3,119	25	(1,995)	22,460	136,945
Profit for the period	-	-	-	-	-	4,561	4,561
Other comprehensive income net of tax	-	-	-	-	6,126	-	6,126
Total comprehensive income for the period	-	-	-	-	6,126	4,561	10,687
Transactions with owners in their capacity as owners:							
Share based payments	-	-	161	-	-	-	161
Transferred to Issued Capital	90	-	(90)	-	-	-	-
Shares issued	586	-	-	-	-	-	586
At 31 December 2012	114,553	(541)	3,190	25	4,131	27,021	148,379

	Issued Capital $'000	Consoli-dation Reserve $'000	Share-Based Payment Reserve $'000	Option Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2011	98,657	(541)	2,643	25	-	14,079	114,863
Loss for the period	-	-	-	-	-	(4,103)	(4,103)
Other comprehensive expenditure	-	-	-	-	(1,328)	-	(1,328)
Total comprehensive expenditure for the period	-	-	-	-	(1,328)	(4,103)	(5,431)
Transactions with owners in their capacity as owners:	-	-	66	-	-	-	66
Share based payments	88	-	-	-	-	-	88
At 31 December 2011	98,745	(541)	2,709	25	(1,328)	9,976	109,586

Consolidated Statement of Cash Flows
for the half- year ended 31 December 2012

	Note	31 December 2012 $'000	31 December 2011 $'000
Cash flows from operating activities			
Receipts from customers		22,982	22,672
Payments to suppliers and employees		(17,851)	(9,150)
Income tax paid		(4,348)	(2,689)
Interest received – other entities		1,347	2,200
Net cash from operating activities		2,130	13,033
Cash flows from investing activities			
Advance to joint venture partner		-	(630)
Receipts from sale of investments		1,161	777
Payment for available for sale investments		(9,904)	(1,049)
Payments for exploration assets classified as held for sale		(296)	(6,266)
Payments for exploration and evaluation		(1,482)	(6,432)
Investments in oil properties		(5,465)	(4,885)
Transfers of/(Placements on) term deposits		(1,271)	18,000
Cash outflow associated with the acquisition of controlled entities	7	(85)	-
Net cash flows (used in)/provided by investing activities		(17,342)	(485)
Net increase / (decrease) in cash held		(15,212)	12,548
Net foreign exchange differences		51	(152)
Cash and cash equivalents at the beginning of the half-year		59,010	51,891
Cash and cash equivalents at the end of the half-year	3	43,849	64,287

1. Basis of preparation and accounting policies

This general purpose financial report for the half-year ended 31 December 2012 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 should be read in conjunction with the annual financial report for the year ended 30 June 2012 and considered together with any public announcements made by Cooper Energy Limited during the half year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Apart from the change in accounting estimate 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 2012 the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on 1 July 2012. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new Standards or Interpretations.

Changes in Accounting Estimates

The accounting estimate for Amortisation of Oil Properties has been changed from 1 July 2012 to use proven and probable (2P) reserves as a denominator for amortisation purposes under the Units of Production Methodology. The Group has used the estimate of proved developed producing (PDP) reserves in prior years. During the period under review the Board and management of Cooper decided to change the reserves base for amortising oil properties from proved developed reserves to proved and probable (2P) reserves to reflect management's expected pattern of consumption of future economic benefits embodied in the asset and also to better align Cooper's accounting policy to that adopted by its peers. The impact of the change in accounting estimate is to reduce the amortisation charge and increase the profit after tax for the six month period by an amount of $4.2m and $2.9m respectively. In addition, the carrying value of oil properties at 31 December 2012 is $4.2m higher than it would have been had the change in estimate not been made.

2. Operating Segments

Identification of reportable segments and types of activities

The Group operates throughout the world and prepares reports internally and externally by continental geographical segments.

Within each segment the costs of operations and income are prepared firstly by legal entity and then by joint venture. Revenue and outgoings are allocated by way of their natural expense and income category. These reports are drawn up on a quarterly basis. Resources are allocated between each segment on a as needs basis. Selective reporting is provided to the Board quarterly while the annual and bi–annual results are reported to the Board. The Managing Director is the chief operating decision maker.

The following are the current geographical segments:

Australian Business Unit
Exploration and evaluation for oil and gas, development and production and sale of crude oil in a number of areas in the Cooper Basin located in South Australia. Revenue is all derived from the sale of crude oil to a consortium of buyers made up of Santos Limited and its subsidiaries; Delhi Petroleum Pty Ltd and Origin Energy Resources Limited. Interest income is earned from the placement of funds with various Australian Banks for periods of up to six months.

African Business Unit
Exploration and evaluation for oil and gas in the Bargou, Nabeul and Hammamet Permit area off the coast of Tunisia. No income is derived from these units.

Asian Business Unit
Production and the sale of crude oil from the Tangai-Sukananti KSO which is located on the island of Sumatra Indonesia. Revenue is derived from the sale of crude oil to PT Pertamina EP. The Company has announced its intention to dispose of a portion of its equity interest in the Sumbagsel PSC.

European Business Unit
The Company has announced its intention to dispose of its remaining equity interests in Poland.

Other prospective opportunities particularly in Australia, are considered from time to time and, if they are secured, will then be attributed to the appropriate geographic segment where they are located.

Accounting Policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally is the same as those contained in note 1 to the accounts and in the prior period.

The following table presents revenue, profit information, assets and liabilities and cash expenditure for reportable segments for the half-years ended 31 December 2012 and 2011.

2. Operating Segments (continued)

	Australian Business Unit	African Business Unit	Asian Business Unit	European Business Unit	Consolidated
	$'000	$'000	$'000	$'000	$'000
Half year ended 31 December 2012					
Revenue	22,372	-	996		23,368
Other revenue	1,486	-	-		1,486
Total consolidated revenue	23,858	-	996		24,854
Depreciation of property	(53)		(24)		(77)
Amortisation of:-					
Development costs	(1,614)	-	(257)		(1,871)
Exploration costs	(873)	-			(873)
Share based payments	(161)	-			(161)
Exploration costs written off	(391)	-			(391)
Segment result					6,730
Income tax expense					(1,840)
Net Profit					4,890
Segment liabilities	(18,215)	(526)	(285)	(40)	(19,066)
Segment assets	142,228	22,017	3,000	200	167,445
Half year ended 31 December 2011					
Revenue	25,401	-	402	-	25,803
Other revenue	2,761	-	-	-	2,761
Total consolidated revenue	28,162	-	402	-	28,564
Depreciation of property	(44)	-	-	-	(44)
Amortisation of:-					
Development costs	(2,104)	-	(46)	-	(2,150)
Exploration costs	(823)	-	-	-	(823)
Share based payments	(66)	-	-	-	(66)
Exploration costs written off	(966)	(84)	-	-	(1,050)
Segment result					11,817
Income tax expense					(3,488)
Net profit					8,329
As at 30 June 2012					
Segment liabilities	(23,516)	(196)	(298)	(68)	(24,078)
Segment assets	136,728	20,625	3,262	408	161,023

		31 December 2012 $'000	30 June 2012 $'000
3. Cash and Cash Equivalents and Term Deposits			
Current Assets			
Cash at banks and in hand		6,849	12,010
Short term deposits at banks (i)		37,000	47,000
		43,849	59,010
Non-Current Assets			
Medium term deposits at the bank (ii)		3,722	2,451

(i) Short term deposits at the banks are in Australian Dollars and are for periods of up to 90 days and earn interest at money market interest rates.

(ii) The non-current term deposits at the bank with maturity dates of 15 May 2014 and 27 May 2013 and at fixed interest rates of 1%. These term deposits have been pledged to the bank to underwrite performance bonds issued by wholly owned subsidiaries. The carrying value of the term deposits approximate their fair value.

The Group does not have any finance facilities as of 31 December 2012 (2011:nil).

4. Contributed equity			
Ordinary shares			
Issued and fully paid		114,553	113,877
	Thousands		
Movement in ordinary shares on issue			
At 1 July 2012	327,329	113,877	
Issue of shares	1,705	676	
At 31 December 2012	329,034	114,553	

5. Exploration assets held for sale

In the previous period the Board resolved to dispose of its exploration assets in Poland. Management is in the process of obtaining expressions of interest from third parties for the Company's equity holding in the remaining exploration tenements.

These exploration tenements include license commitments that can be sold, farmed-out and/or potentially deferred through negotiation and acreage relinquishment.

The losses from the exploration assets classified as held for sale are presented on a separate line in the Consolidated Statement of Comprehensive Income.

6. Commitments and Contingencies	**31 December 2012 $'000**	**31 December 2011 $'000**
Operating lease commitments under non-cancellable office leases not provided for in the financial statements and payable:		
Within one year	664	346
After one year but not more than five years	2,696	1,737
After more than five years	-	-
Total minimum lease payments	3,360	2,083

The parent entity lease an office in Perth, WA and an office in Adelaide, SA from which it conducts its operations.

The parent entity also has a remaining commitment on a construction contract for the office fit out in Adelaide, SA totalling $997,221which will become payable before the next quarter.

7. Somerton acquisition

Subsequent to 30 June 2012 a further 1,364,797 Cooper Energy shares were issued and $84,874 cash was paid for the remaining outstanding Somerton Energy shares. The accrual as at 30 June 2012 was for $579,000.

8. Revenue and expenses

Profit/(loss) from continuing operations before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	31 December 2012 $'000	31 December 2011 $'000
Revenues from Oil Operations		
Oil sales	23,368	25,803
Total revenue from oil sales	23,368	25,803
Other Revenue		
Interest revenue	1,140	1,937
Other revenue	346	824
Total other revenue	1,486	2,761
Cost of Sales		
Production expenses and royalties	(8,124)	(7,492)
Amortisation of exploration costs in areas under production	(873)	(823)
Amortisation of development costs in areas of production	(1,871)	(2,150)
Total cost of sales	(10,868)	(10,465)
Administration and Other Expenses		
Depreciation of property, plant and equipment	(77)	(44)
Share based payments	(161)	(66)
Finance cost – accretion of rehabilitation cost	(28)	(18)
Minimum lease payment – operating leases	(239)	(148)
Unrealised translation (loss)/gain on foreign currency assets	(372)	151
Administration and other expenses	(5,988)	(5,107)
Total administration and other	(6,865)	(5,232)

9. Income Tax Expense

The major components of income tax expense in the interim consolidated income statement are:

Income Tax Expense		
Profit before income tax	6,730	11,817
Prima facie tax (30%)	(2,019)	(3,545)
Deferred tax asset relating to capital losses brought to account to offset deferred tax liability arising on unrealised gains on available for sale investments	1,919	-
Other	106	57
Total income tax expense	6	(3,488)

10. Events subsequent to the year end

The Directors are not aware of any matter or circumstance that has arisen since 31 December 2012 which has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

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 2012 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

David P. Maxwell
Managing Director

23 February 2013

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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 consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 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 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 internal controls as the directors determine are 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 the consolidated entity's financial position as at 31 December 2012and 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:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
23 February 2013

Corporate Directory

Directors

Laurence J SHERVINGTON (Non-Executive Chairman)
Jeffrey W SCHNEIDER (Non-Executive Director)
David P MAXWELL (Managing Director)
Hector M GORDON (Executive Director Exploration and Production)

Company Secretary

Ian E GREGORY

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Commonwealth Bank of Australia
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Westpac Banking Corporation
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Squire Sanders
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