

Half year report

Six months ended
31 December 2013

Appendix 4D Interim Financial Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	31 December 2013 31 December 2012

Results for announcement to the market

	Percentage Change %	Amount \$'000
Revenue from ordinary activities	Up 58.2 %	\$36,966
Profit from continuing operations after tax	Up 179.4 %	\$13,664
Total profit/(loss) for the period attributable to members	Up 197.5%	\$13,573
	31 December 2013	30 June 2013
Net tangible assets per share (inclusive of Exploration and Evaluation expenditure capitalised)	47.4 cents	41.7 cents

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

Review and Results of Operations

The attached Operating and Financial Review provides further information and explanation.

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Operating and Financial Review

For the half-year ended 31 December 2013

OPERATIONS

Cooper Energy is a petroleum exploration and production company which generates revenue, free cash flow and profit from the discovery, development and sale of hydrocarbons in Australia and Indonesia. The Company has chosen to concentrate its resources and efforts on opportunities to supply the Australian energy market and oil and gas exploration and production activities in the South Sumatra Basin, Indonesia. An extensive portfolio of offshore Tunisian acreage is currently subject to a divestment process.

Cooper Energy currently produces oil from the Cooper Basin, Australia and the South Sumatra Basin, Indonesia. The Cooper Basin accounted for 90% of the company's oil production in the six months to December 31 2013 ("FY14 First half" or "first half") of 0.30 MMbbl. Production for the first half was 41% higher than the previous corresponding period due to higher output from both the Cooper Basin and Indonesian operations.

Cooper Energy has interests in petroleum exploration tenements in the Cooper Basin and the Otway Basin in Australia, the South Sumatra Basin in Indonesia and the Pelagian Basin offshore Tunisia. Cooper Energy also owns a 19.9% interest in Bass Strait Oil Limited which has exploration tenements in the Gippsland Basin and Otway Basin, Australia.

The Company's exploration and development activity during the period included the spudding and completion of four successful development wells in the Cooper Basin, undertaking seismic surveys in the Cooper Basin (PELs 90, 100 and 110) and South Sumatra Basin (Sumbagsel PSC) and the reprocessing of seismic data from the Gippsland Basin, South Sumatra Basin (Merangin III PSC) and offshore Tunisia (Hammamet and Nabuel permits).

Drilling activities in the Bargou permit at Hammamet West-3, which spudded offshore Tunisia in April 2013, were completed in November, 2013 following suspension of the well for future testing. Repeated blockages prevented production testing of the well's sidetrack (ST-1) and therefore it is intended that the well be subject to production testing in calendar 2014 after a second sidetrack, (ST-2) is drilled. Information from ST-1 has been incorporated into an independent review of resource estimates for the field that was commissioned by the Company during the period but which is yet to be completed.

Estimates of reserves and resources are revised and announced with full year results, with the most recently released figures being proved and probable reserves of 2.16 million barrels and contingent resources of 6.41 MMboe at 30 June 2013. The latter figure did not include resources attributable to the Hammamet West-3 discovery, which as noted above is currently subject to independent review and therefore represent a potential addition.

FINANCIAL PERFORMANCE

Financial Performance		1H FY14	1H FY13	Change	%
Production volume	MMbbl	0.30	0.21	0.09	41%
Sales volume	MMbbl	0.29	0.21	0.08	37%
Average oil price	\$/bbl	126.5	109.8	16.7	15%
Sales revenue	\$MM	37.0	23.4	13.6	58%
EBITDA*	\$MM	21.2	8.1	13.1	163%
EBITDA/Sales revenue	%	57	35	23	66%
Net profit after income tax (NPAT)	\$MM	13.6	4.6	9.0	198%
* Earnings before interest, tax, depreciation and amortisation					

NPAT for the period was \$13.6 million, a \$9.0 million increase on the previous corresponding period (pcp) mainly due to:

- higher sales revenue, \$13.6 million, due mainly to higher oil volumes and also a higher average oil price; and
- lower administration and other costs, \$0.9 million, mainly due to lower premises, legal and travel costs and higher technical labour recovery and capitalisation to exploration.

These factors have been partially offset by:

- lower other revenue, \$(0.8) million, with lower interest revenue from lower cash balances and interest rates and the pcp included a gain on the sale of investments;
- higher production expenses and royalties, \$(1.2) million, with higher volumes and prices;
- higher amortisation, \$(0.5) million, with higher production; and
- higher tax expense, \$(3.0) million, on higher profit before tax and lower deferred tax asset relating to capital losses brought to account partially offset by lower PRRT expense (reversed in full year FY13 result).

Operating and Financial Review

For the half-year ended 31 December 2013

Reconciliation to EBITDA		1H FY14	1H FY13	Change	Change
NPAT	\$MM	13.6	4.6	9.0	198%
Add back:					
Interest revenue	\$MM	-0.7	-1.1	0.5	-40%
Tax expense	\$MM	4.8	1.8	3.0	164%
Depreciation	\$MM	0.2	0.1	0.2	204%
Amortisation	\$MM	3.2	2.7	0.5	18%
EBITDA	\$MM	21.2	8.1	13.1	163%

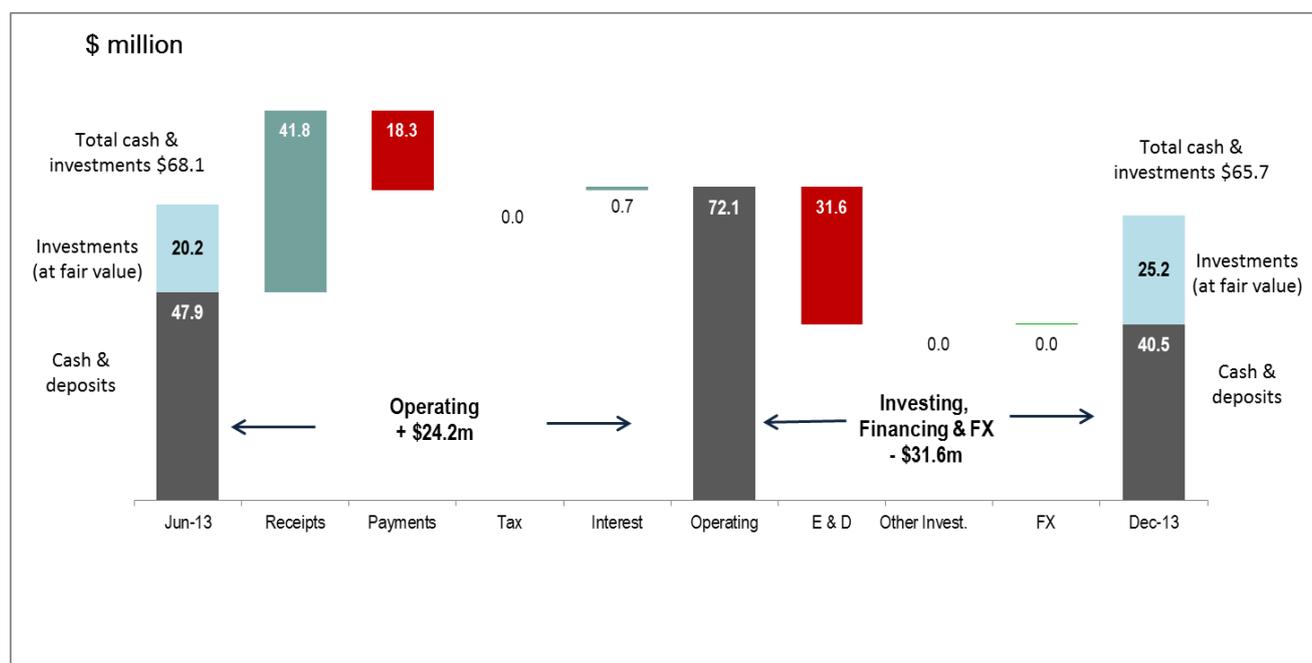
FINANCIAL POSITION

Financial Position		1H FY14	FY13	Change	Change
Total Assets	\$MM	187.2	162.1	25.1	16%
Total Liabilities	\$MM	31.1	24.8	6.3	25%
Total Equity	\$MM	156.1	137.2	18.9	14%

Total Assets

Total assets increased by \$25.1 million from \$162.1 million to \$187.2 million.

Cash, deposits and investments available for sale at fair value decreased by \$2.4 million from \$68.1 million to \$65.7 million with cash flow from operations of \$24.2million offset by cash flows from investing and financing activities and foreign exchange differences of \$31.6 million.



Investments available for sale at fair value increased \$5.0 million from \$20.2 million to \$25.2 million due to increases in prices of investments listed on the Australian Stock Exchange.

Exploration and evaluation assets (including those held for sale) increased \$28.4 million from \$54.7 million to \$83.1 million as a result of the exploration and evaluation activities undertaken during the period.

Trade and other receivables decreased \$2.9 million from \$19.5 million to \$16.6 million mainly due to the timing of sales revenue receipts.

Operating and Financial Review

For the half-year ended 31 December 2013

Total Liabilities

Total liabilities increased by \$6.3 million from \$24.8 million to \$31.1 million.

Trade and other payables decreased \$1.2 million from \$11.8 million to \$10.6 million mainly due to timing of payments to suppliers.

Deferred tax liabilities increased \$5.0 million from \$9.1 million to \$14.1 million due to timing differences including the upfront deductibility of exploration expenditure and the utilisation of deferred tax assets booked in respect of the FY13 income tax loss.

Total Equity

Total equity has increased by \$18.9 million from \$137.2 million to \$156.1 million. In comparing equity for the period to the pcp the key movements were:

- higher reserves, \$5.2 million mainly due to the unrealised fair value adjustment on investments available for sale and foreign currency translation reserve; and
- higher retained profits, \$13.6 million due to NPAT for the half year.

BUSINESS STRATEGIES AND PROSPECTS

The Company focuses its resources and effort on opportunities to supply the Australian energy market and also on its existing acreage in the South Sumatra Basin, Indonesia.

Within the areas of interest, the Company will focus on those opportunities which satisfy fundamental commercial and technical merit criteria whilst taking due care for safety, the environment and community. Cooper Energy seeks to generate and add value through the application of its deep knowledge and expertise in Australian basins and gas commercialisation, and concentrating its efforts on the opportunities where its knowledge and expertise can be best applied.

The Company's oil production on the western flank of the Cooper Basin generates high margin cash flow which is being reinvested in: the replacement, and development of oil reserves in the Cooper Basin; exploration for commercial hydrocarbon reserves in other acreage in the Cooper Basin, the Otway Basin; and corporate opportunities. The Otway and Gippsland Basin interests in particular are considered to be well located for available gas market opportunities should reserves of sufficient size be established.

In Indonesia, the focus is on adding further value to the existing South Sumatra acreage through exploration, development and production.

2014 Full Year Outlook

Cooper Energy reaffirms its production guidance for FY14 for oil production ranging between 0.54 MMbbl to 0.58 MMbbl, an outcome which represents an increase of 10% - 18% on that achieved in FY13.

Exploration and development for the remainder of FY14 includes:

- the drilling of two deep wells targeting unconventional gas plays in the Otway Basin. The first of these, Jolly-1, spudded in January 2014;
- 3 exploration wells and one appraisal well in the Cooper Basin; and
- appraisal and development activity comprising 2 workover wells and drilling 2-3 development wells in the Sukananti KSO, South Sumatra.

The divestment of the Tunisia portfolio has been initiated. Planning for the drilling of Hammamet West-3 ST-2 will be ongoing and, subject to rig availability, is now expected to occur in the September quarter 2014.

Cooper Energy will continue to evaluate acquisition opportunities which fit with the Company's skill and knowledge base and are projected to add value for shareholders. The Company has \$65.7 million of financial assets (as at 31 December 2013) and bank facilities for such opportunities.

Operating and Financial Review

For the half-year ended 31 December 2013

FUNDING AND CAPITAL MANAGEMENT

When managing funding and capital, the Company's objective is to ensure the entity continues as a going concern whilst maintaining an optimal return to shareholders. As at 31 December 2013 the Company had cash, deposits and investments available for sale of \$65.7 million. The Company currently has \$10 million in bank facilities and is in the process of finalising conditions precedent for a further \$30 million of bank facilities and divestment of the Tunisian exploration assets with a carrying value of \$41.1million. The Company has no current plans to issue equity except on conversion of performance rights held by employees meeting vesting conditions.

RISK MANAGEMENT

The Company manages risks in accordance with its risk management policy with the objective of ensuring all risks inherent in oil and gas exploration and production activities are identified, measured and then managed or kept as low as reasonably practicable. The management team perform risk assessments on a regular basis and a summary is reported to the Audit and Risk Committee. The Audit and Risk Committee approves and oversees an internal audit program undertaken by an external audit firm.

Key risks which may materially impact the execution and achievement of the business strategies and prospects for Cooper Energy in future financial years are risks inherent in the oil and gas industry including technical, economic, commercial, operational, environmental and political risks. These risks should not be taken to be a complete or exhaustive list of risks. Many of the risks are outside the control of the Company and its officers.

Appropriate policies and procedures are continually being developed and updated to help manage these risks.

Directors' Report

For the half-year ended 31 December 2013

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 2013. 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

John C Conde AO (Non-Executive Chairman)
David P Maxwell (Managing Director)
Hector M Gordon (Executive Director Exploration and Production)
Jeffrey W Schneider (Non-Executive Director)
Alice J Williams (Non-Executive Director) – appointed 28 August 2013
Laurence J Shervington (Non-Executive Chairman) – Resigned 7 November 2013

Company Secretaries

Alison Evans
Jason de Ross – appointed 25 November 2013

Dividends

The Directors do not propose to pay a dividend.

Principal Activities

The Group is an upstream oil and gas exploration company whose primary focus is to secure, find, develop, produce and sell hydrocarbons. These activities are undertaken either solely or via unincorporated joint ventures. There was no significant change in the nature of these activities during the half year.

Review and Results of Operations

A review of the operations of the Group can be found in the Operating and Financial Review on page 4.

Significant events after the balance date

There has been no matter or circumstance that has arisen since 31 December 2013 that 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 the future.

Auditor's Independence Declaration

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

Rounding

The Group is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors



Mr John C. Conde AO
Chairman

Mr David P. Maxwell
Managing Director

17 February 2014



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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 2013, 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

T S Hammond
Partner
Adelaide
17 February 2014

Consolidated Statement of Comprehensive Income

For the half- year ended 31 December 2013

	Notes	31 December 2013 \$'000	31 December 2012 \$'000
Continuing Operations			
Revenue from oil sales	7	36,966	23,368
Cost of sales	7	(12,591)	(10,868)
Gross Profit		24,375	12,500
Other revenue	7	713	1,486
Exploration and evaluation expenditure written off		(565)	(391)
Administration and other expenses	7	(6,010)	(6,865)
Profit before income tax		18,513	6,730
Taxes			
Income tax benefit/(expense)	8	(4,849)	6
Petroleum Resource Rent tax		-	(1,846)
Total tax (expense)/credit		(4,849)	(1,840)
Net Profit after tax from continuing operations		13,664	4,890
Discontinued operations			
Impairment of exploration assets held for sale after income tax	5	(91)	(329)
Total profit/(loss) for the period attributable to members		13,573	4,561
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve		77	-
Fair value movements on available for sale investments		4,996	8,045
Income tax effect		(187)	(1,919)
Other comprehensive income/(expenditure) for the period net of tax		4,886	6,126
Total comprehensive income/(loss) for the period attributable to members		18,459	10,687
		cents	cents
Basic earnings/(loss) per share from continuing operations		4.1	1.5
Diluted earnings/(loss) per share from continuing operations		4.0	1.5
Basic earnings/(loss) per share		4.1	1.4
Diluted earnings/(loss) per share		4.0	1.4

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

Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	31 December 2013 \$'000	30 June 2013 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	36,841	43,154
Trade and other receivables		16,610	19,457
Materials		185	204
Prepayments		662	757
		54,298	63,572
Exploration assets classified as held for sale	5	44,921	23,809
Total Current Assets		99,219	87,381
Non-Current Assets			
Available for sale financial assets		25,178	20,182
Term deposits at banks	3	3,654	4,766
Oil properties		21,009	18,880
Exploration and evaluation		38,143	30,846
Total Non-Current Assets		87,984	74,674
TOTAL ASSETS		187,203	162,055
LIABILITIES			
Current Liabilities			
Trade and other payables		10,620	11,845
Income tax payable		-	-
		10,620	11,845
Exploration liabilities classified as held for sale	5	2,975	573
Total Current Liabilities		13,595	12,418
Non-Current Liabilities			
Deferred tax liabilities		14,138	9,102
Provisions		3,406	3,325
Total Non-Current Liabilities		17,544	12,427
TOTAL LIABILITIES		31,139	24,845
NET ASSETS		156,064	137,210
EQUITY			
Contributed equity	4	114,625	114,570
Reserves		4,088	(1,138)
Retained profits		37,351	23,778
TOTAL EQUITY		156,064	137,210

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2013

	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2013	114,570	(1,138)	23,778	137,210
Profit for the period	-	-	13,573	13,573
Other comprehensive income/(expenditure)	-	4,886	-	4,886
Total comprehensive income for the period	-	4,886	13,573	18,459
Transactions with owners in their capacity as owners:				
Share based payments	-	395	-	395
Transferred to Issued Capital	55	(55)	-	-
Balance as at 31 December 2013	114,625	4,088	37,351	156,064

	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2012	113,877	608	22,460	136,945
Profit for the period	-	-	4,561	4,561
Other comprehensive income/(expenditure)	-	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
Balance as at 31 December 2012	114,553	6,805	27,021	148,379

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2013

	31 December 2013 \$'000	31 December 2012 \$'000
Notes		
Cash Flows from Operating Activities		
Receipts from customers	41,766	22,982
Payments to suppliers and employees	(18,298)	(17,851)
Income tax paid	-	(4,348)
Interest received – other entities	686	1,347
Net cash from operating activities	24,154	2,130
Cash Flows from Investing Activities		
Transfers of/(Placements on) term deposits	1,112	(1,271)
Payment for available for sale financial assets	-	(9,904)
Receipts from sale of financial assets	-	1,161
Receipts from sale of fixed assets	13	-
Payments for exploration and evaluation	(25,998)	(1,863)
Investments in oil properties	(5,641)	(5,465)
Net cash flows (used) in investing activities	(30,514)	(17,342)
Cash Flows from Financing Activities		
Payment for shares	-	-
Net cash flow (used) in financing activities	-	-
Net increase / (decrease) in cash held	(6,360)	(15,212)
Net foreign exchange differences	47	51
Cash and cash equivalents at 1 July	43,154	59,010
Cash and cash equivalents at 31 December	3 36,841	43,849

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

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

1. Basis of preparation and accounting policies

This general purpose financial report for the half-year ended 31 December 2013 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 2013 and considered together with any public announcements made by Cooper Energy Limited during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

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

Change in functional currency

An entity's functional currency is the currency of the primary economic environment in which the entity, or a significant component of the entity, operates.

During the period, the Group performed a reassessment of the economic environment in which Cooper Energy Sukananti Ltd operates, and as a result the entity's functional currency was changed from Australian dollars to US dollars. This is primarily due to the fact that during the period the entity has been cash flow positive and therefore is no longer expected to be totally reliant on COE for funding. The change in functional currency has been applied prospectively with effect from 1 July 2013, in accordance with the requirements of the Australian Accounting Standards.

The impact of this change is to recognise a net foreign exchange gain of \$0.08 million in the foreign currency translation reserve. Had this change not been made, there would have been a net foreign exchange loss of \$0.2 million recognised in the profit and loss.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the half-year financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2013, except for the adoption of new standards and interpretations as of 1 July 2013, noted below:

AASB 10	<i>Consolidated Financial Statement</i>
Summary	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statement and UIG -112 <i>Consolidation – Special Purpose Entities</i>.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7, and AASB 2012-10.</p>
Application Date of the Standard	1 January 2013
Application date for Group	1 July 2013
Impact on Group financial report	The adoption of AASB 10 had no effect on the financial position or performance of the Group.

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

1. Basis of preparation and accounting policies continued

AASB 11	<i>Joint Arrangements</i>
Summary	<p>AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly-controlled Entities – Non-monetary Contributions by Ventures</i>.</p> <p>AASB 11 uses the principle of control in AASB 10 to define joint control and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.</p>
Application Date of the Standard	1 January 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	The adoption of AASB 11 had no effect on the financial position or performance of the Group.

AASB 12	<i>Disclosure of Interests in Other entities</i>
Summary	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.</p>
Application Date of the Standard	1 January 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	The adoption of AASB 12 disclosures had no financial impact upon the financial statements of the Group.

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

1. Basis of preparation and accounting policies continued

AASB 13	<i>Fair Value Measurement</i>
Summary	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>
Application Date of the Standard	1 January 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	The adoption of AASB13 has had no effect on the financial position or performance of the Group.

AASB 119	<i>Employee Benefits</i>
Summary	<p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>
Application Date of the Standard	1 January 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	This standard has been adopted and has not resulted in any significant change.

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

1. Basis of preparation and accounting policies continued

AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i>
Summary	<p>This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements:</p> <ul style="list-style-type: none"> (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> (a) For-profit entities in the private sector that have public accountability (as defined in this standard) (b) The Australian Government and State, Territory and Local governments <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local governments. <p>Consequential amendments to other standards to implement the regime wither introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.</p>
Application Date of the Standard	1 July 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	The Group is considered to be a Tier 1 company. The adoption of this standard has no impact upon the current requirements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

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. Resources are allocated between each segment on an 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. Exploration activities are also carried out in the onshore Otway Basin. 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; Origin Energy Resources Limited; and IOR Energy Pty Ltd. 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 areas off the coast of Tunisia. No income is derived from these units. The Company has announced its intention to dispose of the equity interests in the Tunisian assets.

Asian Business Unit

Production and the sale of crude oil from the Sukananti KSO which is located on the island of Sumatra Indonesia. Revenue is derived from the sale of crude oil to PT Pertamina EP. Exploration and evaluation for oil and gas in the Sumbagsel and Merangin III Permit areas on the island of Sumatra, Indonesia.

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 2013 and 2012.

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

2. Operating Segments continued

	Australian Business Unit \$'000	African Business Unit \$'000	Asian Business Unit \$'000	European Business Unit \$'000	Consolidated \$'000
Half year ended 31 December 2013					
Revenue	33,867	-	3,099	-	36,966
Other revenue	713	-	-	-	713
Total consolidated revenue	34,580	-	3,099	-	37,679
Depreciation of property	(205)	-	(29)	-	(234)
Amortisation of:-					
Development costs	(2,282)	-	(404)	-	(2,686)
Exploration costs	(562)	-	-	-	(562)
Share based payments	(395)	-	-	-	(395)
Exploration costs written off	(565)	-	-	(91)	(656)
Segment result	17,179	-	1,272	(29)	18,422
Income tax expense					(4,849)
Net Profit					13,573
Segment liabilities	25,205	2,947	2,958	29	31,139
Segment assets	128,778	44,678	13,504	243	187,203
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	6,726	-	(346)	21	6,401
Income tax expense					(1,840)
Net profit					4,561
As at 30 June 2013					
Segment liabilities	23,630	574	641	-	24,845
Segment assets	130,638	23,613	7,608	196	162,055

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

3. Cash and Cash Equivalents and Term Deposits

	31 December 2013 \$'000	30 June 2013 \$'000
Current Assets		
Cash at banks and in hand	3,638	6,154
Short term deposits at banks (i)	33,203	37,000
	36,841	43,154
Non-Current Assets		
Term deposits at the bank (ii)	3,654	4,766

- (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 bank are mostly in United States Dollars and mature on: 15 May 2014 at a fixed interest rate of 1%; and 4 February 2014 at a fixed rate of 0.19%. The term deposits have been pledged to a bank to underwrite performance bonds issued by a wholly owned subsidiary. The carrying value of the term deposit approximates its fair value.

The Company has a bilateral facility agreement for bank facilities totalling \$40 million with Westpac Banking Corporation. Tranche A \$10 million is available and as at 31 December 2013 had been drawn down by USD 975,000 to issue a bank guarantee in relation to a performance bond on an exploration permit (replacing a term deposit pledged to a bank). Tranche B \$30 million is subject to satisfaction of certain conditions precedent before draw down.

4. Contributed equity

		31 December 2013 \$'000	30 June 2013 \$'000
<i>Ordinary shares</i>			
Issued and fully paid		114,625	114,570
	Thousands		
<i>Movement in ordinary shares on issue</i>			
At 1 July 2013	329,100	114,570	
Issue of shares (conversion of employee performance rights)	135	55	
At 31 December 2013		114,625	

5. Exploration assets held for sale

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

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

The losses of \$91k from the exploration assets classified as held for sale are presented on a separate line in the Consolidated Statement of Comprehensive Income.

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

6. Commitments and Contingencies

	31 December 2013 \$'000	31 December 2012 \$'000
Operating lease commitments under non-cancellable office leases not provided for in the financial statements and payable:		
Within one year	264	664
After one year but not more than five years	959	2,696
After more than five years	-	-
Total minimum lease payments	1,223	3,360

The parent entity leases an office in Adelaide, South Australia from which it conducts its operations.

As at 31 December 2013 the Parent entity has bank guarantees for \$4,742,000 (2012: \$4,764,000). These guarantees are in relation to performance bonds on exploration permits, security on the Company's credit card facilities and guarantees on office leases.

7. Revenues 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 2013 \$'000	31 December 2012 \$'000
Revenues from oil operations		
Oil sales	36,966	23,368
Total revenue from oil sales	36,966	23,368
Other revenue		
Interest revenue	686	1,140
Other income	10	346
Joint venture fees	17	-
Total other revenue	713	1,486
Cost of sales		
Production expenses	(6,451)	(6,399)
Royalties	(2,892)	(1,725)
Amortisation of exploration costs in areas under production	(562)	(873)
Amortisation of development costs in areas of production	(2,686)	(1,871)
Total cost of sales	(12,591)	(10,868)
Administration and other expenses		
Depreciation of property, plant and equipment	(234)	(77)
General administration (includes employee benefits and lease payments)	(6,109)	(6,388)
Realised and unrealised foreign currency translation (loss)/gain	367	(372)
Finance cost – accretion of rehabilitation cost	(34)	(28)
Total other expenses	(6,010)	(6,865)

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

7. Revenues and Expenses continued

	31 December 2013 \$'000	31 December 2012 \$'000
Employee benefits expense		
Director and employee benefits	(2,806)	(3,424)
Share based payments	(395)	(161)
	(3,201)	(3,585)
Lease payments		
Minimum lease payment – operating lease	(140)	(239)

8. Income Tax Expense

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

	31 December 2013 \$'000	31 December 2012 \$'000
Income Tax Expense		
Profit before income tax	18,513	6,730
Prima facie tax (30%)	(5,554)	(2,019)
Non-deductible (expenditure) & non-assessable revenue	151	-
Deferred tax asset relating to capital losses brought to account to offset deferred tax liability arising on unrealised gains on available for sale investments	187	1,919
Other	367	106
Total income tax expense	(4,849)	6

9. Financial Instruments

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group, with a comparison of the carrying amounts and fair values as at 31 December 2013:

Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2013

9. Financial Instruments continued

As at 31 December 2013	Carrying amount \$'000	Fair value \$'000
Consolidated		
Financial assets		
Trade and other receivables	16,610	16,610
Available for sale investments	25,178	25,178
Financial liabilities		
Trade and other payables	10,620	10,620

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Trade and other receivables

The carrying value is a reasonable approximation of fair value due to the short-term nature of trade receivables.

Available for sale investments

The fair value of available for sale investments is determined by reference to their quoted market price on a prescribed equity stock exchange at the reporting date, and hence is a level 1 fair value measurement.

Trade and other payables

The carrying value is a reasonable approximation of fair value due to the short-term nature of trade payables.

10. Events Subsequent to 31 December 2013

The Directors are not aware of any matter or circumstance that has arisen since 31 December 2013 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 2013 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



Mr John C. Conde AO
Chairman



Mr David P. Maxwell
Managing Director

17 February 2014

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 2013, 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 of 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 2013 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 period, 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.

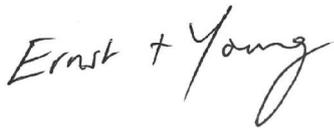
Independence

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 2013 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



T S Hammond
Partner
Adelaide
17 February 2014

Corporate Directory

Directors

John C Conde AO (Non-Executive Chairman)
David P Maxwell (Managing Director)
Hector M Gordon (Executive Director Exploration and Production)
Jeffrey W Schneider (Non-Executive Director)
Alice J Williams (Non-Executive Director)

Company Secretaries

Alison Evans
Jason de Ross

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Auditor

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National Australia Bank Limited
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Commonwealth Bank of Australia
Level 8, 100 King William Street
Adelaide, South Australia 5000

Citibank N.A.
2 Park Street
Sydney, New South Wales 2000

Solicitor

Johnson Winter & Slattery
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Share Registry

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Perth, Western Australia 6000