



## Cue Energy Resources Limited

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TO : Company Announcements Office  
10th Floor  
20 Bond Street  
Sydney NSW 2000

DATE : 30 August 2011

PAGES (including this page): 16

FROM : Andrew Knox

RE : **Full Year Preliminary Financial Report for the Financial Year  
Ended 30 June 2011**

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Attached please find Cue Energy Resources Limited's release with respect to the above mentioned.

Yours faithfully

A handwritten signature in black ink that reads "Andrew Knox".

Andrew M Knox  
Public Officer



CUE ENERGY RESOURCES LIMITED

(ASX: CUE, NZX: CUE, POMSIX: CUE, ADR/OTCQX: CUEYY)

# FULL YEAR PRELIMINARY FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

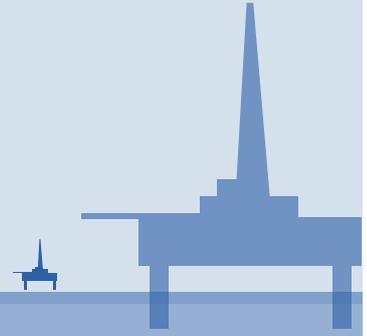
*This Financial Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A*

Current Reporting Period: Financial Year ended 30 June 2011

Previous Corresponding Period: Financial Year ended 30 June 2010

# RESULTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011



- Production income \$52.5 million
- Gross profit of \$43.4 million (2010: \$43.6 million)
- Net profit before tax of \$25.8 million (2010: \$39.4 million)
- Movements primarily as a result of :-
  - Foreign exchange losses \$5.3M (2010: \$2.3M gain)
  - Oil hedge expense \$2.1M (2010: \$2M gain)
  - Impairment expense \$2.8M (2010: \$0.2M)
- Net profit after tax of \$19.1 million (2010: \$27.5 million)

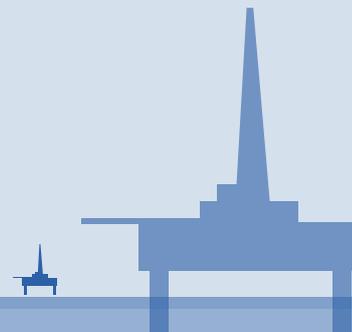


Financial year 2011 was a year of consolidation after the rapid growth of the company through the development and first oil production from Maari in FY2010. Oil production volumes were down from 0.59 million barrels in 2010 to 0.5 million barrels in 2011. This was partly due to the natural decline of reservoirs but also due to unreliability of the electrical submersible pumps (ESP) in the Maari field. A series of workovers to replace ESP's were successfully executed and early indications are that we are seeing improved pump reliability. The decline in production was largely offset by the increase in oil price with the gross profit from production similar to 2010 at \$43.4 million. Net profit before tax reduced by around 35% from \$39.4 million to \$25.8 million. The majority of the reduction as a result of one off impairment charges from T/37P and T/38P exploration write offs, exchange rate losses and losses from oil hedging activities. Debt continued to be paid off with the outstanding balance of only USD5.1 million as at 30th June 2011.



# HIGHLIGHTS

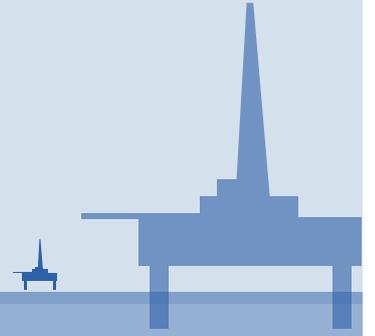
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011



Results for announcement to the market for the financial year ended 30 June 2011  
(previous corresponding period: financial year ended 30 June 2010)

- Production income \$52.5 million.
- Gross profit of \$43.4 million.
- Net profit after tax of \$19.1 million.
- 80% increase in cash over 2010. An increase from \$29.3 million to \$52.8 million over the year.
- Cash at year end increased to \$52.8 million (current cash balance \$64 million).
- Reduced debt from US\$14.1 million to US\$5.1 million.
- First full year of gas production from Oyong field.
- Cash received for sale of Kimu gas field of US\$5.14 million.
- Consideration of US\$5 million in back costs received on farm out of 65% interest in WA389P to Woodside. Cue free carried through 1440 sq km of new 3D seismic completed and one exploration well, anticipated to be drilled Q1 2012.
- Farmed into Mahakam Hilir PSC, onshore Kalimantan, Indonesia for 40% working interest on ground floor terms. Two wells to be drilled commencing Q4 2011.
- Wortel development underway with first gas expected Q4 2011.
- Farmed out 20% interest in WA409P and WA359P to Apache for free carry through new 3D seismic programme.
- Sold 20% interest in AC/RL7, the Cash Maple field for US\$8 million.

# CONTENTS

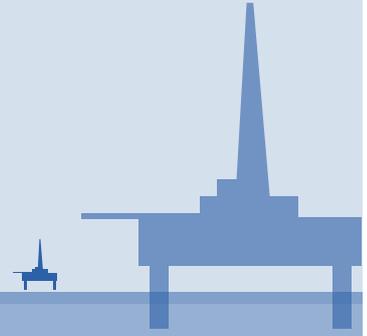


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# REVENUE AND NET PROFIT/(LOSS)

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011



	Percentage Change Over June '10	Amount \$'000
Revenue	Down 7.5%	59,670
Profit after tax attributable to members	Down 30.5%	19,108
Net profit attributable to members	Down 30.5%	19,108

### Dividends

It is not proposed to pay dividends.

### Brief Explanation of Revenue, Net Profit/(Loss) and Dividends Distributions (if any)

#### (i) Revenue from Ordinary Activities

Revenues can be attributed mainly to revenue of \$52.5M from significantly increased oil prices, despite lower oil production, and a full year of gas production at Oyong in the Sampang PSC, Indonesia

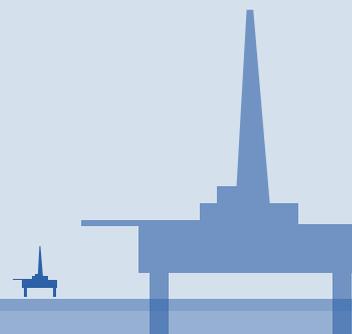
#### (ii) Net Result

The net profit reduction was primarily as a result of impairment writedowns, oil hedge expenses and foreign exchange losses; partially offset by reduced tax expense.

	30/06/2011	30/06/2010
Net Tangible Assets Per Security	17.3 cents	10.7cents

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

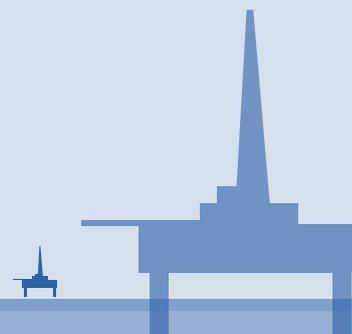


	NOTE	2011 \$000's	2010 \$000's
Production income		52,506	54,700
Production costs		(9,112)	(11,076)
<b>Gross Profit from production</b>		<b>43,394</b>	<b>43,624</b>
Other income	2	7,164	5,464
Amortisation costs		(9,644)	(11,418)
Impairment expenses		(2,838)	(236)
Finance (costs)/income			
▪ Interest expense		(173)	(240)
▪ Net realised gain/(loss) on oil hedge derivatives		(1,209)	575
▪ Change in fair value of derivatives		(935)	1,420
▪ Net foreign currency exchange gain/(loss)		(5,327)	2,329
Other expenses	3	(4,670)	(2,167)
<b>Profit before income tax</b>		<b>25,762</b>	<b>39,351</b>
Income tax expense		(6,654)	(11,841)
<b>Net Profit for the year</b>		<b>19,108</b>	<b>27,510</b>
Change in the value of available for sale financial assets		-	-
Other comprehensive income for the year net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>19,108</b>	<b>27,510</b>
<b>Profit is attributable to:</b>			
<b>owners of Cue Energy Resources Limited</b>		<b>19,108</b>	<b>27,510</b>
<b>Total comprehensive income for the year</b>			
<b>Is attributable to :</b>			
<b>owners of Cue Energy Resources Limited</b>		<b>19,108</b>	<b>27,510</b>
Basic earnings per share (cents per share)		2.7	4.0
Diluted earnings per share (cents per share)		2.7	4.0

The above Statement of Comprehensive Income should be read in conjunction with the attached Notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

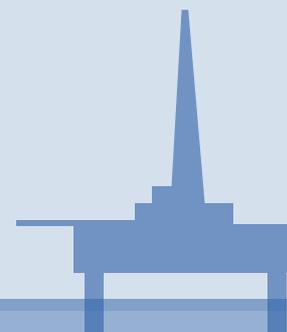


	NOTE	2011 \$000's	2010 \$000's
<b>Current Assets</b>			
Cash and cash equivalents	6	52,811	29,373
Trade receivables		17,286	13,035
Other financial assets		-	1,420
<b>Total Current Assets</b>		<b>70,097</b>	<b>43,828</b>
<b>Non Current Assets</b>			
Property, plant and equipment		72	72
Deferred tax assets		11,612	15,124
Exploration and evaluation expenditure		13,166	24,817
Production properties		68,786	66,714
<b>Total Non Current Assets</b>		<b>93,636</b>	<b>106,727</b>
<b>Total Assets</b>		<b>163,733</b>	<b>150,555</b>
<b>Current Liabilities</b>			
Trade payables		5,547	4,090
Other financial liabilities		934	-
Tax liabilities		5,280	4,478
Financial liability - secured		5,086	7,720
Provisions		379	348
<b>Total Current Liabilities</b>		<b>17,226</b>	<b>16,636</b>
<b>Non Current Liabilities</b>			
Financial liability - secured		-	6,403
Deferred tax liabilities		26,727	27,217
Provisions		946	873
<b>Total Non Current Liabilities</b>		<b>27,673</b>	<b>34,493</b>
<b>Total Liabilities</b>		<b>44,899</b>	<b>51,129</b>
<b>Net Assets</b>		<b>118,834</b>	<b>99,426</b>
<b>Shareholders' Equity</b>			
Issued capital	5	151,768	151,468
Reserves		391	391
Accumulated losses		(33,325)	(52,433)
<b>Total Shareholders' Equity</b>		<b>118,834</b>	<b>99,426</b>

The above Statement of Financial Position should be read in conjunction with the attached Notes.

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011



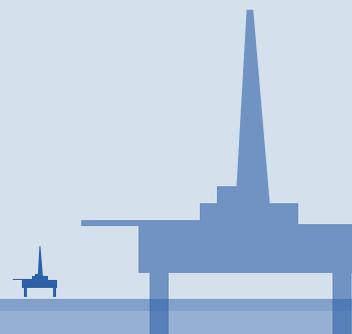
Attributable to equity holders of the parent					
	Issued Capital	Accumulated Losses	Share-based Payment Reserve	Available for Sale Reserve	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July 2010</b>	151,468	(52,433)	391	-	99,426
Profit for the period	-	19,108	-	-	19,108
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	<b>19,108</b>	-	-	<b>19,108</b>
<b>Transactions with the owners in their capacity as owners:</b>					
Security-based payments	-	-	-	-	-
Issue of shares net of costs	300	-	-	-	300
<b>Balance at 30 June 2011</b>	<b>151,768</b>	<b>(33,325)</b>	<b>391</b>	-	<b>118,834</b>

Attributable to equity holders of the parent					
	Issued Capital	Accumulated Losses	Share-based Payment Reserve	Available for Sale Reserve	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Balance at 1 July 2009</b>	141,800	(79,943)	334	141	62,332
Profit for the period	-	27,510	-	-	27,510
Other comprehensive income	-	-	-	(141)	(141)
<b>Total comprehensive income for the period</b>	-	<b>27,510</b>	-	<b>(141)</b>	<b>27,369</b>
<b>Transactions with the owners in their capacity as owners:</b>					
Security-based payments	-	-	57	-	57
Issue of shares net of costs	9,668	-	-	-	9,668
<b>Balance at 30 June 2010</b>	<b>151,468</b>	<b>(52,433)</b>	<b>391</b>	-	<b>99,426</b>

The above Statement of Changes in Equity should be read in conjunction with the attached Notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011



	NOTE	2011 \$000's	2010 \$000's
<b>Cash Flows from Operating Activities</b>			
Production income		49,026	54,713
Interest received		349	288
Payments to employees and other suppliers		(3,459)	(11,268)
Income tax paid		(2,901)	(229)
Royalties paid		(1,607)	(898)
Interest paid		(173)	(386)
Net cash provided by operating activities	6 (a)	41,235	42,220
<b>Cash Flows from Investing Activities</b>			
Payments with respect to exploration expenditure		(2,185)	(6,734)
Proceeds on refund of exploration expenditure		5,051	-
Payments for office equipment		(25)	(23)
Payments with respect to production properties		(6,575)	(11,426)
Proceeds on sale of investments		-	670
Net cash (used in) investing activities		(3,734)	(17,513)
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		300	-
Repayment of borrowings		(9,036)	(10,070)
Proceeds from Entitlement Offer		-	9,668
Net cash (used in) financing activities		(8,736)	(402)
<b>Net Increase in Cash Held</b>			
Cash and cash equivalents at the beginning of the period.		28,765	24,305
Effect of exchange rate change on foreign currency balances held at the beginning of the year		29,373	4,324
		(5,327)	744
<b>Cash and cash equivalents at the end of the period</b>	6 (b)	<b>52,811</b>	<b>29,373</b>

The above Statement of Cash Flows should be read in conjunction with the attached Notes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## NOTE 1

### Statement of compliance

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E, and in accordance with the recognition and measurement requirements but not the disclosure requirements of Accounting Standards and Australian Accounting Interpretations and The Corporations Act 2001. Accounting Standards includes Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS). The preliminary final report does not include notes of the type normally included in an annual report and should be read in conjunction with the 30 June 2010 Annual Financial Report.

### Basis of Preparation

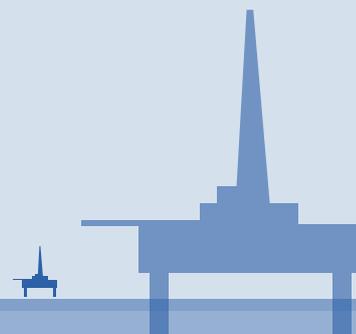
The preliminary final report is to be read in conjunction with the 2010 annual report, the December 2010 half-year report and any public announcements made by Cue Energy Resources Limited and its controlled entities during the year in accordance with the continuous disclosure obligation arising under the ASX Listing Rules. The preliminary final report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the company's Annual Financial Report for the year ended 30 June 2010, other than as detailed below.

## NOTE 2 OTHER INCOME

	2011 \$'000	2010 \$'000
Interest from cash and cash equivalents	312	322
Profit on sale of available for sale financial assets (Sale of Octanex shares)	-	474
Profit on sale of exploration assets	6,779	4,505
Operating expense recovery	73	163
<b>Total Other Income</b>	<b>7,164</b>	<b>5,464</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

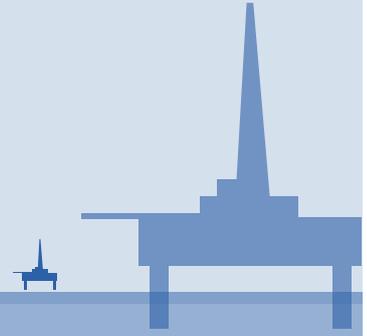


## NOTE 3 OTHER EXPENSES

	2011 \$'000	2010 \$'000
Depreciation	24	26
Employee remuneration	3,231	1,463
Office lease	150	156
Administration expenses	1,265	522
<b>Total Other Expenses</b>	<b>4,670</b>	<b>2,167</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011



## NOTE 4 SEGMENT INFORMATION

The principal business of the group is the production and exploration for hydrocarbons in Australia, New Zealand, Indonesia and PNG.

Management has determined the operating segments based upon reports reviewed by the board and executive management that are used to make strategic decisions.

The board considers the business from both a product and geographic perspective and has identified four reportable segments.

2011	Australia	NZ	Indonesia	PNG	All Other Segments	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Production Revenue	-	23,969	25,584	2,953	-	52,506
Production Expenses	-	(5,047)	(3,202)	(863)	-	(9,112)
Gross Profit	-	18,922	22,382	2,090	-	43,394
Other revenue	7,164	-	-	-	-	7,164
<b>Earnings before interest, tax, depreciation and amortisation</b>	(4,953)	18,922	22,382	2,090	-	38,441
<b>2010</b>						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Production Revenue	-	28,480	22,574	3,646	-	54,700
Production Expenses	-	(3,950)	(5,977)	(1,149)	-	(11,076)
Gross Profit	-	24,530	16,597	2,497	-	43,624
Other revenue	9,788	-	-	-	-	9,788
<b>Earnings before interest, tax, depreciation and amortisation</b>	6,825	25,398	16,596	2,452	-	51,271
<b>Total segment assets</b>						
30 June 2011	63,682	65,140	31,486	3,425	-	163,733
30 June 2010	47,377	68,116	31,084	3,978	-	150,555
<b>Total segment liabilities</b>						
30 June 2011	2,737	24,219	16,685	1,258	-	44,899
30 June 2010	623	33,023	15,865	1,618	-	51,129

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

## NOTE 4 SEGMENT INFORMATION (cont')

Reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA) to Net Profit before Income Tax:

	2011 \$'000	2010 \$'000
EBITDA	38,441	51,271
Interest expense	(173)	(240)
Depreciation	(24)	(26)
Amortisation	(9,644)	(11,418)
Impairment writedowns	(2,838)	(236)
<b>Net Profit before Income Tax</b>	<b>25,762</b>	<b>39,351</b>

The Board assesses the performance of the operating segments based upon a measure of earnings before interest, tax, depreciation and amortisation.

The Company operated predominantly in one industry, exploration and production of hydrocarbons.

## NOTE 5 CONTRIBUTED CAPITAL

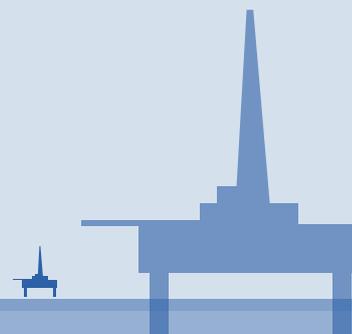
	June 2011 Number	June 2010 Number	June 2011 \$'000	June 2010 \$'000
Ordinary shares fully paid (no par value)	694,819,718	693,319,718	151,768	151,468
<b>Total Share Capital</b>	<b>694,819,718</b>	<b>693,319,718</b>	<b>151,768</b>	<b>151,468</b>

Movements in contributed capital since 1 July 2010 were as follows:

	Ordinary Shares	Issue price	\$'000
<b>01/07/10 balance at beginning period</b>	693,319,718		151,468
15/02/2011 shares issue	500,000	15 cents	75
15/02/2011 shares issue	333,334	20 cents	67
15/02/2011 shares issue	333,333	22.5 cents	75
15/02/2011 shares issue	333,333	25 cents	83
<b>30/06/11 balance at end period</b>	<b>694,819,718</b>		<b>151,768</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011



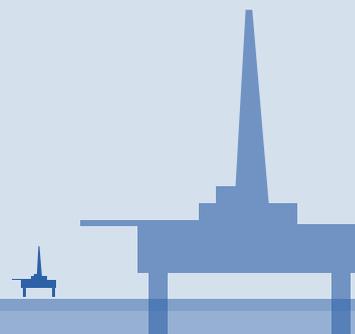
## NOTE 6 NOTES TO THE CASH FLOWS STATEMENT

### Notes to Cash Flow Statement For the Financial Year Ended 30 June 2011

	2011 \$000's	2010 \$000's
<b>(a) Reconciliation of operating profit / (loss) to net cash flows from operating activities:</b>		
<i>Reported profit / (loss) after tax</i>	19,108	27,510
<i>Impact of changes in working capital items</i>		
Decrease/(increase) in assets	2,045	(11,483)
Increase/(decrease) in liabilities	2,146	15,763
<i>Items not involving cash flows</i>		
Depreciation	24	26
Amortisation	9,644	11,418
Employee benefits	103	72
Net loss/(gain) on foreign currency conversion	5,327	(744)
Write down/(up) value of exploration expenditure	2,838	75
Reserve movement	-	(417)
Net cash flows from operating activities	<u>41,235</u>	<u>42,220</u>
<b>(b) Cash comprises cash balances held within Australia and overseas:</b>		
Australia	52,804	29,364
Papua New Guinea	7	9
Cash and bank balances	<u>52,811</u>	<u>29,373</u>
<b>Cash Flow Statement cash balance</b>	<u><b>52,811</b></u>	<u><b>29,373</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011



## **NOTE 7 EVENTS SUBSEQUENT TO BALANCE DATE**

The Directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report that has significantly or may significantly affect the operations of Cue Energy Resources Limited, the results of those operations or the state of affairs of the Company or Group.

## **NOTE 8 INFORMATION ON AUDITOR REVIEW**

This report is based on accounts that are in the process of being audited.