



Cue Energy Resources Limited

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DATE : 28 August 2008

PAGES (including this page):14

FROM : Andrew Knox

RE : **Preliminary Final Report for the Financial Year Ended 30 June 2008**

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

**Preliminary Final Report of Cue Energy Resources
Limited
for the Financial Year Ended 30 June 2008**

(ABN 45 066 383 971)

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

Current Reporting Period:

Financial Year ended 30 June 2008

Previous Corresponding Period:

Financial Year ended 30 June 2007

CUE ENERGY RESOURCES LIMITED
Results for Announcement to the Market
for the Financial Year ended 30 June 2008

Results		Change \$'000	Change %	30 June 2008 Amount \$'000
Revenue from continuing activities	Up	29,176	302	38,845
Profit/(loss) after tax attributable to members	Up	39,344	142	11,721
Net profit/(loss) attributable to members	Up	39,344	142	11,721

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Record date for determining entitlements to the dividend		
• final dividend	n/a	n/a
• interim dividend	n/a	n/a

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

Cue recorded a net profit after income tax of \$11.7 million (2007: \$27.6 million loss) for the financial year, after income tax of \$3.8 million (2007: \$1.5 million). The comparative 2007 net loss of \$27.6 million included a write off of \$29.1 million of exploration and evaluation expenditure, principally the cost of investment in the Jeruk exploration program within the Sampang PSC, Indonesia.

The profit was primarily a result of the commencement of production from the Oyong oil field in the Sampang PSC, Indonesia in conjunction with higher oil prices, resulting in revenue of \$30 million. Sales revenue of \$8.3 million (2007: \$7.8 million) was received from oil sales from the SE Gobe oil field in Papua New Guinea. Operating costs totalled \$23.3 million (2007: \$6.7 million) for the financial year, including production costs of \$7.5 million (2007: \$1.6 million) and amortisation expense of \$13.1 million (2007: \$1.5 million).

No dividends have been paid or declared since the end of the prior financial year and no dividends have been recommended by the Directors in respect of the financial year ended 30 June 2008.

Cue Energy Resources Limited
Consolidated Income Statement
for the Financial Year Ended 30 June 2008

	NOTE	2008 \$000's	2007 \$000's
Revenues	2	38,845	9,669
Expenses	2	<u>(23,299)</u>	<u>(35,768)</u>
Profit/(loss) before income tax		15,546	(26,099)
Income tax expense		<u>(3,825)</u>	<u>(1,524)</u>
Net profit/(loss) attributable to members of the parent		<u>11,721</u>	<u>(27,623)</u>
<hr/>			
Basic earnings/loss per share		\$0.019	\$(0.044)
Diluted earnings/loss per share		\$0.019	\$(0.044)
<hr/>			
Net Tangible Assets per Security (cents)		8.8	8.8
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Cue Energy Resources Limited
Consolidated Balance Sheet
As at 30 June 2008

	NOTE	2008 \$000's	2007 \$000's
Current Assets			
Cash and cash equivalents	6	14,761	9,104
Receivables		7,606	934
Total Current Assets		22,367	10,038
Non Current Assets			
Property, plant and equipment		112	136
Other financial assets		336	269
Deferred tax asset		14,128	-
Exploration and evaluation expenditure		31,176	19,762
Production properties		55,486	48,119
Total Non Current Assets		101,238	68,286
Total Assets		123,605	78,324
Current Liabilities			
Payables		5,529	935
Tax liabilities		480	1,069
Provisions		119	280
Total Current Liabilities		6,128	2,284
Non Current Liabilities			
Bank loan		12,821	-
Deferred tax liabilities		16,617	42
Provisions		962	826
Total Non Current Liabilities		30,400	868
Total Liabilities		36,528	3,152
Net Assets		87,077	75,172
Shareholders' Equity			
Share capital		141,917	141,800
Reserves		140	73
Accumulated losses		(54,980)	(66,701)
Total Shareholders' Equity		87,077	75,172

Cue Energy Resources Limited
Consolidated Statement of Changes in Equity
for the Financial Year Ended 30 June 2008

	2008	2007
	\$000's	\$000's
TOTAL EQUITY AT THE BEGINNING OF THE YEAR	75,172	102,772
Profit/(loss) for the year	11,721	(27,623)
Total recognised income and expense for the period		
Attributable to:		
Members of the parent	11,721	(27,623)
Decrease in:		
Asset Revaluation Reserve arising from:		
i) increase / (decrease) in market value of available-for-sale investments	67	17
ii) sale of investments	-	(316)
Total changes in equity other than those resulting from transactions with equity holders as equity holders	11,788	(27,922)
Transactions with equity holders in their capacity as equity holders		
Issue of shares	-	-
Options issued	117	322
Capital raising costs	-	-
TOTAL EQUITY AT THE END OF THE YEAR	87,077	75,172

Cue Energy Resources Limited
Consolidated Cash Flow Statement
For the Financial Year Ended 30 June 2008

	NOTE	<u>2008</u> \$000's	<u>2007</u> \$000's
Cash Flows from Operating Activities			
Production income		31,358	7,550
Interest received		380	877
Payments to employees and other suppliers		(6,302)	(3,702)
Income tax paid		(2,063)	(1,880)
Royalties paid		(158)	(135)
Net cash provided by operating activities	6 (a)	<u>23,215</u>	<u>2,710</u>
Cash Flows from Investing Activities			
Refund of exploration expenditure		-	2,527
Payments with respect to exploration expenditure		(11,375)	(25,044)
Payments for office equipment		(30)	(89)
Payments with respect to production properties		(17,928)	(894)
Proceeds from sale of investments		-	772
Net cash (used in) investing activities		<u>(29,333)</u>	<u>(22,728)</u>
Cash Flows from Financing Activities			
Proceeds from borrowings		12,821	-
Net cash provided by financing activities		<u>12,821</u>	<u>-</u>
Net Increase (Decrease) in Cash Held		6,703	(20,018)
Cash and cash equivalents at the beginning of the period.		9,104	29,903
Effect of exchange rate change on foreign currency balances held at the beginning of the year		<u>(1,046)</u>	<u>(781)</u>
Cash and cash equivalents at the end of the period	6 (b)	<u><u>14,761</u></u>	<u><u>9,104</u></u>

**Notes to the Financial Statements
for the Financial Year ended 30 June 2008**

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NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2008

1 BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report have been applied consistently to all periods presented in this report and are consistent with those discussed in the Annual Report.

2 REVENUE AND EXPENSES

	2008	2007
	\$000's	\$000's
Revenue:		
Production income	38,309	7,757
Management fees	171	265
Interest income	365	888
Gain on available for sale investments	-	759
	38,845	9,669
Expense:		
Net foreign currency losses	223	1,439
Depreciation	54	37
Employee expenses (net of superannuation)	1,040	1,309
Superannuation contribution expense	144	171
Production costs	7,274	1,377
Abandonment provision	236	207
Administrative expenses	591	449
Interest expense	369	-
Operating lease expense	166	136
Amortisation production properties	13,073	1,504
Exploration and evaluation costs written off	129	29,139
	23,299	35,768

3 CONTROLLED ENTITIES

<i>Name of Entity</i>	Country of Incorporation	Ownership and Voting Interest 2008 %	Ownership and Voting Interest 2007 %
<i>Parent entity</i>			
Cue Energy Resources Limited	Australia	100	100
<i>Controlled entities</i>			
Cue PNG Oil Company Pty Ltd	Australia	100	100
Cue Energy Holdings Ltd	Australia	100	100
Cue Energy Indonesia Pty Ltd	Australia	100	100
Cue (Ashmore Cartier) Pty Ltd	Australia	100	100
Cue Sampang Pty Ltd	Australia	100	100
Cue Taranaki Pty Ltd	Australia	100	100
Toro Oil Pty Ltd	Australia	100	100
Omati Oil Pty Ltd	Australia	100	100
Galveston Mining Corporation Pty Ltd	Australia	100	100
Cue Exploration Pty Ltd	Australia	100	100

4 INTERESTS IN JOINT VENTURES

The consolidated entity has an interest (rounded to two decimal places) in the following joint venture operations as at 30 June 2008:

	Principal Activities	Interest 2008 %	Interest 2007 %
<i>Bass Basin – Tasmania</i>			
T/37P	Oil and gas exploration	50	50
T/38P	Oil and gas exploration	50	50
<i>Western Australia</i>			
EP363	Oil and gas exploration	10 (option)	10 (option)
WA-359-P	Oil and gas exploration	50	50
WA-360-P	Oil and gas exploration	50	50
WA-361-P	Oil and gas exploration	50	50
WA-389-P	Oil and gas exploration	100	100
WA-409-P	Oil and gas exploration	50	-
<i>Timor Sea</i>			
AC/RL7	Oil and gas exploration	20	20
<i>New Zealand</i>			
PMP 38160	Oil and gas exploration	5	5
PEP 38413	Oil and gas exploration	5	5
<i>Papua New Guinea</i>			
PRL 9	Oil and gas exploration	14.89	14.89
PRL 8	Oil and gas exploration	10.72	10.72
PPL 190	Oil and gas exploration	10.95	10.95
PDL 3	Petroleum production and exploration	5.57	5.57
SE Gobe Unit	Oil production	3.29	3.29
<i>Madura – Indonesia</i>			
Sampang	Oil and gas exploration	15*	15*

* 8.181878% in the Jeruk field.

The share of assets and liabilities of the joint ventures attributed to the Group have been included under the relevant headings:

Non Current Assets:

	<u>2008</u>	<u>2007</u>
	\$000's	\$000's
Exploration and Evaluation Expenditure	<u>31,176</u>	<u>19,762</u>
Production Properties	<u>55,486</u>	<u>48,119</u>
Net Assets employed in the Joint Ventures	<u>86,662</u>	<u>67,881</u>

5 FINANCIAL REPORTING BY SEGMENTS

Primary reporting – geographical segments

The consolidated entity's risks and returns are affected predominantly by differences in the geographical areas in which it operates; therefore, geographical segments is considered its primary reporting format.

Secondary reporting – business segments

The consolidated entity operates predominantly in one business, namely exploration, development and production of hydrocarbons.

Segment accounting policies

Segment accounting policies are the same as the consolidated entity's policies.

Composition of each geographical segment

The countries designated have areas of interest in those respective countries.

Geographic segments

2008

	INDONESIA	PNG	NZ	AUSTRALIA	TOTAL
	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	29,962	8,347	-	536	38,845
	<u>29,962</u>	<u>8,347</u>	<u>-</u>	<u>536</u>	<u>38,845</u>
Result before tax	12,231	5,386	(369)	(1,702)	15,546
Income tax	(2,715)	(1,110)	-	-	(3,825)
Result after tax	<u>9,516</u>	<u>4,276</u>	<u>(369)</u>	<u>(1,702)</u>	<u>11,721</u>
Assets	58,251	17,945	28,722	18,687	123,605

2007

	INDONESIA	PNG	NZ	AUSTRALIA	TOTAL
	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	-	7,757	-	1,912	9,669
	<u>-</u>	<u>7,757</u>	<u>-</u>	<u>1,912</u>	<u>9,669</u>
Result before tax	(28,983)	4,972	-	(2,088)	(26,099)
Income tax	-	(1,524)	-	-	(1,524)
Result after tax	<u>(28,983)</u>	<u>3,448</u>	<u>-</u>	<u>(2,088)</u>	<u>(27,623)</u>
Assets	40,322	10,934	16,205	10,863	78,324

6 NOTES TO THE CASH FLOW STATEMENT

Notes to Cash Flow Statement
For the Financial Year Ended 30 June 2008

	<u>2008</u>	<u>2007</u>
	\$000's	\$000's
(a) Reconciliation of operating profit / (loss) to net cash flows from operating activities:		
<i>Reported profit / (loss) after tax</i>	11,721	(27,623)
<i>Impact of changes in working capital items</i>		
Decrease/(increase) in receivables	(20,929)	(279)
Increase/(decrease) in payables	18,173	(463)
<i>Items not involving cash flows</i>		
Depreciation	54	37
Amortisation	13,057	1,504
Abandonment charge	(33)	207
Employee benefits	126	322
Net loss on foreign currency conversion	1,046	781
Profit on sale of investments	-	(759)
Write down/(up) value of exploration expenditure	-	28,983
Net cash flows from operating activities	<u>23,215</u>	<u>2,710</u>
(b) Cash comprises cash balances held within Australia and overseas:		
Australia	14,754	9,104
Papua New Guinea	7	-
Cash and bank balances	<u>14,761</u>	<u>9,104</u>
Cash Flow Statement cash balance	<u>14,761</u>	<u>9,104</u>

7 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the financial year the Company entered into a farmin arrangement to earn a 20% interest in PEP38494 in the Taranaki Basin, New Zealand. Apart from this farmin arrangement, the Directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in this report or group financial statements 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.

8 INFORMATION ON AUDIT OR REVIEW

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