



Cue Energy Resources Limited

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DATE : 31 August 2009

PAGES (including this page):14

FROM : Andrew Knox

RE : **Preliminary Final Report for Financial Year Ended 30 June 2009**

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 2009**

(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 2009

Previous Corresponding Period:

Financial Year ended 30 June 2008

CUE ENERGY RESOURCES LIMITED
Results for Announcement to the Market
for the Financial Year ended 30 June 2009

Results		Change \$'000	Change %	30 June 2009 Amount \$'000
Revenue from continuing activities	Down	(6,302)	16	32,543
Profit/(loss) after tax attributable to members	Down	(32,611)	278	(20,892)
Net profit/(loss) attributable to members	Down	(32,611)	278	(20,892)

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 loss after income tax of \$20.9 million (2008: \$11.7 million profit) for the financial year. The net loss of \$20.9 million included writedowns of exploration and evaluation expenditure of \$27 million; \$15.6 million in Papua New Guinea, principally the cost of drilling the Cobra -1A well and \$11 million in Indonesia associated with exploration costs in the Sampang PSC.

The net result before write down was a profit after tax of \$6 million.

The results included the commencement of production from the Maari oil field in Taranaki, New Zealand, resulting in revenue of \$5.3 million. Revenue of \$5.2 million (2008: \$8.3 million) was received from oil sales from the SE Gobe oil field in Papua New Guinea and \$19.9 million (2008: \$30 million) from the Oyong field in Indonesia.

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 2009.

Cue Energy Resources Limited
Consolidated Income Statement
for the Financial Year Ended 30 June 2009

	NOTE	<u>2009</u> \$000's	<u>2008</u> \$000's
Revenues	2	32,543	38,845
Expenses	2	<u>(53,448)</u>	<u>(23,301)</u>
Profit/(loss) before income tax		(20,905)	15,544
Income tax expense/(benefit)		<u>13</u>	<u>(3,825)</u>
Net profit/(loss) attributable to members of the parent		<u>(20,892)</u>	<u>11,719</u>

Basic earning/(loss) per share	(\$0.033)	\$0.019
Diluted earnings/(loss) per share	(\$0.033)	\$0.019

Net Tangible Assets per Security (cents)	7.8	8.8
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Cue Energy Resources Limited
Consolidated Balance Sheet
As at 30 June 2009

	NOTE	2009 \$000's	2008 \$000's
Current Assets			
Cash and cash equivalents	6	4,324	14,761
Receivables		7,035	7,606
Total Current Assets		11,359	22,367
Non Current Assets			
Property, plant and equipment		75	112
Other financial assets		337	336
Deferred tax asset		13,361	14,128
Exploration and evaluation expenditure		17,377	31,176
Production properties		68,290	55,486
Total Non Current Assets		99,440	101,238
Total Assets		110,799	123,605
Current Liabilities			
Payables		4,805	5,529
Tax liabilities		725	480
Financial liability - secured		8,642	-
Provisions		113	119
Total current liabilities		14,285	6,128
Non Current Liabilities			
Financial liability - secured		15,551	12,821
Deferred tax liabilities		13,526	16,617
Provisions		1,036	962
Total Non current liabilities		30,113	30,400
Total Liabilities		44,398	36,528
Net Assets		66,401	87,077
Shareholders' Equity			
Share capital		142,015	141,900
Reserves		260	159
Accumulated losses		(75,874)	(54,982)
Total Shareholders' Equity		66,401	87,077

Cue Energy Resources Limited
Consolidated Statement of Changes in Equity
for the Financial Year Ended 30 June 2009

Attributable to equity holders of the parent					
	Issued Capital	Accumulated Losses	Share-based Payment Reserve	Available for Sale Reverse	Total
Balance at 1 July 2008	141,900	(54,982)	18	141	87,077
Security-based payments	115	-	101	-	216
Asset revaluation differences	-	-	-	-	-
Profit for the period	-	(20,892)	-	-	(20,892)
Issue of shares	-	-	-	-	-
Costs of capital raising	-	-	-	-	-
Balance at 30 June 2009	142,015	(75,874)	119	141	66,401

Attributable to equity holders of the parent					
	Issued Capital	Accumulated Losses	Share-based Payment Reserve	Available for Sale Reverse	Total
Balance at 1 July 2007	141,800	(66,701)	-	73	75,172
Security-based payments	100	-	18	-	118
Asset revaluation differences	-	-	-	68	68
Profit for the period	-	11,719	-	-	11,719
Issue of shares	-	-	-	-	-
Costs of capital raising	-	-	-	-	-
Balance at 30 June 2008	141,900	(54,982)	18	141	87,077

Cue Energy Resources Limited
Consolidated Cash Flow Statement
For the Financial Year Ended 30 June 2009

	NOTE	<u>2009</u> <u>\$000's</u>	<u>2008</u> <u>\$000's</u>
Cash Flows from Operating Activities			
Production income		31,872	31,358
Interest received		175	380
Payments to employees and other suppliers		(10,840)	(6,302)
Income tax paid		(2,067)	(2,063)
Royalties paid		(126)	(158)
Net cash provided by operating activities	6 (a)	<u>19,014</u>	<u>23,215</u>
Cash Flows from Investing Activities			
Payments with respect to exploration expenditure		(14,184)	(11,375)
Payments for office equipment		(1)	(30)
Payments with respect to production properties		(28,413)	(17,928)
Net cash (used in) investing activities		<u>(42,598)</u>	<u>(29,333)</u>
Cash Flows from Financing Activities			
Proceeds from borrowings		11,372	12,821
Net cash provided by financing activities		<u>11,372</u>	<u>12,821</u>
Net Increase (Decrease) in Cash Held		(12,212)	6,703
Cash and cash equivalents at the beginning of the period.		14,761	9,104
Effect of exchange rate change on foreign currency balances held at the beginning of the year		1,775	(1,046)
Cash and cash equivalents at the end of the period	6 (b)	<u><u>4,324</u></u>	<u><u>14,761</u></u>

**Notes to the Financial Statements
for the Financial Year ended 30 June 2009**

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NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009

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 disclosed in the 2008 Annual Report and the 31 December 2008 half year report.

2 REVENUE AND EXPENSES

	2009	2008
	\$000's	\$000's
Revenue:		
Production income	30,445	38,309
Management fees	165	171
Interest income	157	365
Net foreign currency gain	1,776	-
	32,543	38,845
Expense:		
Net foreign currency losses	-	223
Depreciation	38	54
Employee expenses (net of superannuation)	1,278	1,040
Superannuation contribution expense	214	144
Production costs	8,466	7,432
Abandonment provision	-	236
Administrative expenses	499	451
Interest expense	323	369
Operating lease expense	154	166
Amortisation production properties	15,504	13,057
Exploration and evaluation costs written off	26,972	129
	53,448	23,301

3 CONTROLLED ENTITIES

<i>Name of Entity</i>	Country of Incorporation	Ownership and Voting Interest 2009 %	Ownership and Voting Interest 2008 %
<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 2009:

	Principal Activities	Interest 2009 %	Interest 2008 %
Bass Basin – Tasmania			
T/37P	Oil and gas exploration	50	50
⁽ⁱⁱ⁾ T/38P	Oil and gas exploration	50	50
Western Australia			
EP363	Oil and gas exploration	10 (option)	10 (option)
WA-359-P	Oil and gas exploration	20	50
⁽ⁱⁱⁱ⁾ WA-360-P	Oil and gas exploration	20	50
WA-361-P	Oil and gas exploration	15	50
WA-389-P	Oil and gas exploration	100	100
WA-409-P	Oil and gas exploration	50	50
Timor Sea			
AC/RL7	Oil and gas exploration	20	20
New Zealand			
PMP 38160	Oil and gas exploration	5	5
PEP 38413	Oil and gas exploration	5	5
Papua New Guinea			
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
Madura – Indonesia			
⁽ⁱ⁾ Sampang	Oil and gas exploration	15	15

- (i) 8.181878% in the Jeruk field.
- (ii) 10% working interest in the Spikey Beach block.
- (iii) Cue's interest will reduce to 15% if MEO commits by 31 December 2009 to drill a well.

	<u>2009</u>	<u>2008</u>
	\$000's	\$000's
The share of assets and liabilities of the joint ventures attributed to the Group have been included under the relevant headings:		
Non Current Assets:		
Exploration and Evaluation Expenditure	<u>17,377</u>	<u>31,176</u>
Production Properties	<u>68,290</u>	<u>55,486</u>
Net Assets employed in the Joint Ventures	<u>85,667</u>	<u>86,662</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

2009

	INDONESIA	PNG	NZ	AUSTRALIA	TOTAL
	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue	19,938	5,181	5,327	2,097	32,543
	<u>19,938</u>	<u>5,181</u>	<u>5,327</u>	<u>2,097</u>	<u>32,543</u>
Result before tax	(10,298)	(13,007)	6,411	(4,011)	(20,905)
Income tax	5,202	(2,151)	(3,038)	-	13
Result after tax	<u>(5,096)</u>	<u>(15,158)</u>	<u>3,373</u>	<u>(4,011)</u>	<u>(20,892)</u>
Assets	41,667	5,179	49,816	14,137	110,799

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)	(1,704)	15,544
Income tax	(2,715)	(1,110)	-	-	(3,825)
Result after tax	<u>9,516</u>	<u>4,276</u>	<u>(369)</u>	<u>(1,704)</u>	<u>11,719</u>
Assets	58,251	17,945	28,722	18,687	123,605

6 NOTES TO THE CASH FLOW STATEMENT

Notes to Cash Flow Statement
For the Financial Year Ended 30 June 2009

	<u>2009</u>	<u>2008</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>	(20,892)	11,721
<i>Impact of changes in working capital items</i>		
Decrease/(increase) in receivables	2,029	(20,929)
Increase/(decrease) in payables	(2,858)	18,173
<i>Items not involving cash flows</i>		
Depreciation	38	54
Amortisation	15,504	13,057
Abandonment charge	-	(33)
Employee benefits	(4)	126
Net loss/(gain) on foreign currency conversion	(1,775)	1,046
Write down/(up) value of exploration expenditure	26,972	-
Net cash flows from operating activities	<u>19,014</u>	<u>23,215</u>
(b) Cash comprises cash balances held within Australia and overseas:		
Australia	4,322	14,754
Papua New Guinea	2	7
Cash and bank balances	<u>4,324</u>	<u>14,761</u>
Cash Flow Statement cash balance	<u>4,324</u>	<u>14,761</u>

7 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the financial year the Company received \$9.6 million as a result of 1 for 5 Entitlement Offer at 15 cents. Apart from these receipts, 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.