



ASX ANNOUNCEMENT

25 February 2010

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AMADEUS ENERGY RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

RESULTS SUMMARY

- Revenue from operations of \$21.1million
- Oil production of 207,740 BBLs
- Gas production of 721,196 MCF
- Net profit before non-cash items of \$8.2 million
- Operating costs reduced by 13% to US\$13.54 per BOE
- Gross margin on US operations maintained
- Six new wells drilled and completed
- \$27.5 million capital raised during the period with issue of 105 million shares
- Bank debt reduced by US\$8 million
- Acquisition of TNT Engineering Inc successfully completed on 15 December 2009

Half-year ended 31 December (all results in AUD)	Note	2009 \$ million	2008 \$ million
Revenue from operations	1.1	21.1	34.3
Operating expenses	1.2	(6.9)	(8.4)
Underlying earnings from operations*	1.4	12.1	18.9
Non cash items			
- fair value gain/(loss) on hedges	1.5	(0.7)	38.8
- depreciation/amortisation	1.5	(6.1)	(6.2)
- exploration write-off		-	(18.2)
- deferred tax benefit/(expense)	1.5	(0.7)	(0.9)
Interest expense	1.6	(3.9)	(2.8)
NPAT (Net Profit After Tax)	1.7	0.7	26.6
Net profit before non-cash items **	1.7	8.2	15.8

* Adjusted for non-cash items and one-off losses or income.

** Adjusted for non-cash fair value adjustment, income tax benefit and other one-off non-core items.

1. COMMENTARY ON RESULTS

1.1. Revenue from operations

Sales: Net sales from oil and gas in USD terms (after payment of all royalties) decreased 30% to \$US17.8 million down from \$US25.6 million in 2008. In AUD terms revenue of \$20.5 million versus \$33.5 million gives a variance of \$13.0 million. The primary drivers of this variance are as follows:

- \$4.2 million due to lower commodity prices,
- \$3.9 million due to lower production volumes; and
- \$4.9 million due to an adverse foreign exchange movement.

Volume: Amadeus sold 207,740 BBLs (net after federal, state and land-owner royalties) for the half-year, down 16% from the 246,467 BBLs sold in the corresponding 2008 half-year. Net gas sales decreased 18% from 876,055 MCF to 721,196 MCF. The reduced volumes were a direct result of suspended development and drilling programs early in this half-year period, awaiting oil and gas prices to rebound.

Production was distributed among the various producing areas as follows:

Project	Gas Volume MCF	% of Total	Oil Volume BO	% of Total
Kansas	11,159	2%	93,478	45%
Louisiana	158,307	22%	9,406	4%
Oklahoma	-	-%	7,585	4%
Texas	551,730	76%	97,271	47%
Total	721,196	100%	207,740	100%

Price: Average prices received for the reporting period were lower for oil and gas compared to the prior corresponding period.

Average price received in six months to 31 December	2009 US\$	2008 US\$
Oil (average sales price per BO)	69.35	72.72
Gas (average sales price MCF)	4.67	8.78

Exchange rate: The strengthening Australian dollar against the US dollar has had a negative impact on the translation of US results. A comparison of the exchange rates used for translation of results from the core US business to the AUD currency is set out in the following table:

AUD: USD foreign exchange rate	31 Dec 2009	31 Dec 2008
Statement of comprehensive income (average rate)	0.8706	0.7820
Statement of financial position	0.8931	0.6907

1.2. Operating expenses

US operating costs: Gross margin from the core oil and gas business was 75%, which is consistent with the previous corresponding period (2008: 76%). The Company has been able to maintain attractive gross margins through a strong focus on cost management.

	31 Dec 2009 US\$	31 Dec 2008 US\$
Operating costs/BOE (barrels of oil equivalent)	\$13.54	\$15.60

1.3. Other expenses

Hedge costs

Approximately 69% of oil production was hedged for the period with a collar/cap of \$US55.00 - \$US85.30/BO. There was no gas hedging in place during the period. The oil hedge resulted in no hedge expense or income for the period (2008: expense of \$3.8 million).

	31 December 2009 \$'000	31 December 2008 \$'000
Hedge expense (cash)	-	3,844

Summary of hedge contracts in place as at 31 December 2009 is as follows:

Period	Swap Price	Product
January 2010 – December 2010	\$US66.85	70,800 BO
January 2010 – December 2010	\$US66.50	70,800 BO
January 2011 – December 2011	\$US70.00	96,300 BO
January 2010 – December 2010	\$US6.00	268,800 mmbtu
January 2011 – December 2011	\$US6.80	139,500 mmbtu

Administration costs

Administration costs reduced by 34% over the previous period as follows:

	31 December 2009 \$'000	31 December 2008 \$'000
Administration	2,049	3,117

1.4. Underlying earnings from operations

Underlying earnings from operations was \$12.1 million, 36% lower than \$18.9 million recorded for the corresponding period in 2008.

Underlying earnings from operations is reconciled as follows:

	31 December 2009 \$'000	31 December 2008 \$'000
EBITDA	12,130	(1,937)
ADD:		
Exploration write-off	-	18,168
Impairment loss	-	2,656
Underlying earnings from operations	12,130	18,887

1.5. Non-cash items

To provide insight into the performance of the core business, significant non-cash items are outlined below:

Fair value gain/(loss) on hedges: The fair value loss this half-year was \$0.7 million, compared to a gain in the previous half-year of \$38.8 million. This values the oil hedge contracts as at 31 December 2009, based on a forward rate as at the half-year.

Depreciation/amortisation: The non-cash amortisation charge decreased by 3% from the previous period from \$6.2 million to \$6.1 million due, in part, to the lower production volumes.

Deferred income tax: Income tax expense for the period was \$0.7 million compared with \$0.9 million benefit reported in December 2008. There will be minimal current tax payable in the next financial year.

1.6. Interest expense

Interest expense for the period was \$3.9 million compared to \$2.8 million in 2008, which includes payments associated with the interest swap hedge that expired on 6 December 2009.

1.7. Net profit after tax and net profit adjusted for non-cash items:

Reported NPAT: The Group reported NPAT of \$0.7 million in the half year, compared to the previous period of \$26.6 million. The reduction is due to:

- lower commodity prices received and lower volumes produced; and
- a one-off material non-cash fair value gain recorded in the 2008 half-year.

Net profit before non-cash items: The Group reported net profit before non-cash items of \$8.2 million, down 48% compared to the previous period of \$15.8 million. Net profit before non-cash items fell as a result of lower commodity prices. The calculation excludes non-cash items and those not related to core operations.

A reconciliation of net profit before non-cash items is outlined as follows:

	31 December 2009 \$'000	31 December 2008 \$'000
NPAT (reported)	743	26,628
LESS:		
Fair value (gain)/loss on hedges	703	(38,833)
ADD:		
Amortisation/depreciation	6,113	6,273
Income tax expense	658	940
Exploration write-off	-	18,168
Impairment loss	-	2,656
Net profit before non-cash items	8,217	15,832

2. STATEMENT OF FINANCIAL POSITION

The statement of financial position remains strong, with net assets of \$112 million at December 2009 (June 2009: \$95 million). The Group's bank debt position is \$52.4 million (\$US47 million) compared to \$67.7 million (\$US55.7 million) as at June 2009. Principal repayments of \$US8 million (2008: \$US12.5 million) were made during the current period on the Company's loan facility.

The net carrying value of the US assets is \$155 million (2008: \$201 million).

3. CASH FLOW

Cash flow from operating activities was \$7.6 million, down on the previous half-year of \$17.5 million. Cash at bank is higher at \$5.5 million, than the June 2009 balance of \$2.4 million.

4. EXPLORATION ACTIVITY & DEVELOPMENT OF EXISTING PROPERTIES

4.1. Expenditure: Exploration and development expenditure totalled \$2.7 million for the period, down from the \$15.6 million spent during the 2008 half-year. The lower expenditure reflects the temporary suspension in development and exploration activities on the US oil and gas properties this period, pending a recovery in commodity prices.

Expenditure was apportioned into the following categories during the half-year to 31 December 2009.

Risk Profile	%	AU\$ Million	Project (State)
Low Risk	32	0.9	TNT - Other (TX), Raccoon Bend (TX), White Eagle (KS)
Medium Risk	61	1.6	Hallettsville (TX), Novinger East (KS), Longville (LA)
High Risk	7	0.2	Falcon (LA), Gross Tete (LA), Homerun (LA), Lake Long (LA), North Henry Bayou (LA), West Klondike (LA), Shoreline (ND)
Total	100%	2.7	

4.2. Summary of drilling activities by project areas

In the half-year to 31 December 2009, Amadeus commenced drilling on nine wells. At the end of the period, six of these wells were either completed for production, undergoing completion operations or were in production testing, one was plugged and abandoned and two wells were completed as either a salt water disposal well or a water injection well.

Lower risk projects:

Raccoon Bend Project (Austin & Waller Counties, Texas): Three oil wells were drilled in the half-year, all of which intersected commercial oil zones. The Paine #47, Wilson #30 and Austin College #38 wells are all oil development wells. Production from the Raccoon Bend Project averaged approximately 2,600 BO and 775 MCF per month (net share to Amadeus) for the period.

White Eagle Project (Various Counties, Kansas): Three oil development wells were drilled during the period on this project; the Losey Trust #5 and Pfiefer 15 #1 were successfully completed post period end. The LL Austin #11 will be used as a water injection well. Production from the field averaged approximately 17,000 BO and 2,400 MCF per month (net share to Amadeus) for the period.

Kelly Project (Willbarger County, Texas): The Peggy Koch #1 well did not encounter any targets of interest and was plugged and abandoned.

Medium risk projects:

Hallettsville Project (Lavaca County, Texas): One exploratory gas well, the Garner #1 was drilled at Hallettsville during the half year. The well was placed on production from the deepest of three identified zones. Production from the field averaged approximately 1,300 BO and 62,000 MCF per month (net share to Amadeus) for the period.

Novinger East Project (Meade County, Kansas): One well, the Shinogle #24-3A was drilled, with no oil shows intersected and accordingly the well was plugged and abandoned.

Higher risk projects:

No wells were drilled in the period on high risk projects.

5. TNT ACQUISITION

On 15 December 2009, the Group successfully completed the acquisition of TNT Engineering Inc (TNT), which was the entity responsible for operating most of the Company's projects. The acquisition is expected to deliver annual cost savings of \$US2.5 million and importantly, gives Amadeus direct operational control over the majority of its petroleum assets. The cost savings should significantly improve the Company's reserve position. The consideration paid for TNT was \$US5.5 million.

In connection with the TNT acquisition, Amadeus also purchased 46% of the minority working interest that TNT jointly owned in some of Amadeus' production assets. The consideration paid for the additional working interest was \$US8.28 million. With the TNT transaction settled and the vendor's condition of confidentiality passed, the additional working interest acquired by Amadeus may now be on-sold to the broader market.

The acquisition of TNT and the additional working interest in the projects was funded by cash reserves and will deliver substantial cost and personnel benefits to the Group. The acquisition of TNT was a major strategic milestone for the Group.

For further information regarding the half-yearly results please contact:

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Managing Director Chief Operating Officer

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Glossary of Terms:

BBLs	barrels
BCF	billion cubic feet
BOPD	barrels of oil per day
BOE	barrels of oil equivalent
EBITDA	Earnings before interest, tax, depreciation and amortisation
BO	barrels of oil
BW	barrels of water
KS	Kansas
LA	Louisiana
MCF	thousand cubic feet
MMCF	million cubic feet
MMBO	million barrels of oil
OK	Oklahoma
TX	Texas
WTI	West Texas Intermediate

APPENDIX 4D

Half-Year Report

For the six months ended 31 December 2009

Name of entity: Amadeus Energy Limited
ABN: 36 058 714 408
Reporting period: Half year ended 31 December 2009
Previous corresponding period: Half year ended 31 December 2008

Results for announcement to the market		%		\$A'000
Revenues from continuing operations	Down	38%	to	21,137
Profit after income tax	Down	97%	to	741
Profit attributable to members	Down	97%	to	743

Commentary on results for the period
(Refer to the Directors' Report included in the Half-Year Financial Report and the cover pages of this announcement).

Dividends	Amount per security	Franked amount per security
Interim dividend	NIL¢	NIL¢
Previous corresponding period	NIL¢	NIL¢

Net tangible assets per security	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	33.91¢ per share	67.01¢ per share


Control gained over entities having material effect	
On 15 December 2009, the Group purchased TNT Engineering Inc, which became a 100% subsidiary of Amadeus Petroleum Inc.	

Loss of control of entities having material effect	
	N/A

Details of aggregate share of profits (losses) of associated and joint venture entities	
	N/A

Audit
This report is based on accounts that have been subject to review.

The information set out in the Appendix 4D Half-Year Report is to be read in conjunction with the December 2009 Half-Year Financial Report.

Sign here: 

Date: 25 February 2010

Print name: Caroline L. Bentley
Company Secretary

AMADEUS ENERGY LIMITED

ABN: 36 058 714 408

Half-Year Financial Statements
For the Six Months Ended 31 December 2009

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Glossary

ASX	Australian Securities Exchange Limited (ACN 008 624 691)
AMU	ASX Code for Amadeus Energy Limited
Amadeus or Company	Amadeus Energy Limited (ABN 36 058 714 408) and its controlled entities
BBL	Barrel
BCF	Billion cubic feet
BO	Barrels of oil
BOE	Barrels of oil equivalent
BOEPD	Barrels of oil equivalent per day
BOPD	Barrels of oil per day
MCF	Thousand standard cubic feet of gas per day
MMCF	Million standard cubic feet of gas per day
WI	Working interest
YTD	Year to date

DIRECTORS' REPORT

The Directors' submit herewith their report together with the consolidated financial statements of the consolidated entity, being Amadeus Energy Limited ("the Company") and its controlled entities, for the half-year ended 31 December 2009 and the auditor's report thereon.

Directors

The names of Directors of the Company during or since the end of last financial year are:

Stephen Pearce, Non-Executive Chairman
Geoffrey Towner, Managing Director
Robert Scott, Non-Executive Deputy Chairman
Peter Lehle, Non-Executive Director
Craig Coleman, Non-Executive Director
Alexander Beard, Non-Executive Director (*appointed 14 October 2009*)
The Hon. Andrew Peacock AC (*resigned 14 October 2009*)
Caroline Bentley (*resigned 14 October 2009*)

Principal Activities

The principal continuing activity of the consolidated entity during the course of the half-year was the management and operation of oil and gas producing properties and exploration in the USA. No significant changes in the nature of the activities of the consolidated entity occurred during the half-year.

Review of Results and Operations

Amadeus Energy Limited has recorded a net profit after tax of \$0.7 million for the half-year (2008: \$26.6 million).

Revenue from oil and gas sales amounted to \$20.5 million, compared to \$33.5 million for the previous half-year, a decrease of 39%. The decrease in overall revenues reflects lower production levels (due to temporary suspension of development programs) and lower commodity prices received and impact of the strengthened AUD: USD exchange rate over the period.

USA Operations

Drilling progressed in the six months to 31 December 2009 with nine wells drilled, as outlined below:

Project Area	Well Name	WI %	Outcome
Hallettsville – Lavaca County, TX	Garner #1	24.75	Completed and on production
Raccoon Bend – Austin County, TX	Paine #47	15.00	Completed and on production
	Wilson #30	15.00	Completed and on production
	Austin College #38	15.00	Completed and on production
Novinger East – Meade County, KS	Shinogle #24-3A	9.00	Completed as a water injection well
White Eagle – KS	Losey Trust #5	68.00	Completed for production
	Pfiefer 15 #1	50.00	Completed for production
	LL Austin #11	57.80	Used as a water injection well
Kelly Project – Willbarger County, TX	Peggy Koch #1	50.00	Plugged and abandoned

DIRECTORS' REPORT (continued)

Hedging

The current commodity hedge position for crude oil is summarised as follows:

Period	Quantity	Commodity	Swap Price (\$US)
12 months to 31/12/10	70,800 BO	Oil	66.85
	70,800 BO	Oil	66.50
12 months to 31/12/10	96,300 BO	Oil	70.00
	268,800 mmbtu	Gas	6.00
6 months to 30/6/11	139,500 mmbtu	Gas	6.80

Capital

During the period 105,637,697 ordinary shares were issued to raise a total of \$27.475 million. 8.5 million unlisted options and no listed options were outstanding as at the end of the half-year.

Change in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the half-year.

Subsequent Events after Balance Date

There has not been any matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

Future Developments

Disclosure of information regarding the likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Rounding of Amounts

The Company is of a kind referred to in ASIC Order 98/0100 dated 10 July 1988 and in accordance with that Class Order, amounts in the director's report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.



Stephen Pearce
Non-Executive Chairman

Perth, 25 February 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2009

	Notes	Half-Year	
		2009 \$'000	2008 \$'000
Revenue from operations	2	21,137	34,267
Operating expenses		(6,918)	(8,420)
Amortisation		(6,062)	(6,229)
Depreciation		(51)	(44)
Cost of sales		(13,031)	(14,693)
Gross profit from operating activities		8,106	19,574
Exploration write-off		-	(18,168)
Other expenses	3	(2,089)	(6,960)
Impairment loss	3	-	(2,656)
		(2,089)	(27,784)
Profit/(loss) from continuing operations before income tax, finance costs and fair value movements of derivatives		6,017	(8,210)
Fair value gain/(loss) on derivatives	3	(703)	38,833
Finance costs	3	(3,915)	(3,055)
		(4,618)	35,778
Profit before tax from continuing operations		1,399	27,568
Income tax expense		(658)	(940)
Profit for the half-year		741	26,628
Other comprehensive income			
Changes in fair value of available for sale assets		1,091	1,359
Exchange differences on translation of foreign operations		(9,589)	32,873
Other comprehensive income for the half-year, net of tax		(8,498)	34,232
Total comprehensive income for the half-year		(7,757)	60,860
Profit for the half-year is attributable to equity holders in Amadeus Energy Limited		743	26,617
Non-controlling interests		(2)	11
		741	26,628
Total comprehensive income for the half-year is attributable to equity holders in Amadeus Energy Limited		(7,755)	60,849
Non-controlling interests		(2)	11
		(7,757)	60,860
Earnings per share (cents per share) from continuing operations attributable to ordinary equity holders of the Company		Cents	Cents
Basic earnings per share		0.63	14.3

The above Statement is to be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	31 December 2009 \$'000	30 June 2009 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		5,532	2,247
Inventories		1,426	3,662
Trade and other receivables		4,093	1,476
Available for sale assets	5	9,271	-
Other assets		801	2,613
Total current assets		21,123	9,998
Non-current assets			
Receivables		56	56
Available-for-sale financial assets	5	2,379	1,792
Property, plant and equipment	6	154,760	172,639
Deferred exploration and development expenditure		3,283	3,418
Intangible asset	11	6,172	-
Deferred tax assets		1,742	1,579
Total non-current assets		168,392	179,484
TOTAL ASSETS		189,515	189,482
LIABILITIES			
Current liabilities			
Bank overdraft		-	43
Trade and other payables		1,952	1,879
Borrowings		10,410	13,678
Derivative financial instruments		1,684	1,869
Total current liabilities		14,046	17,469
Non-current liabilities			
Borrowings		42,374	56,537
Derivative financial liabilities		2,348	1,847
Deferred tax liabilities		18,259	18,846
Provisions		66	140
Total non-current liabilities		63,046	77,370
TOTAL LIABILITIES		77,093	94,839
NET ASSETS		112,422	94,643
EQUITY			
Contributed equity	4	87,630	62,136
Reserves		(10,075)	(1,577)
Retained earnings		34,867	34,124
Capital and reserves attributable to equity holders of Amadeus Energy Limited		112,422	94,683
Non-controlling interest		-	(40)
TOTAL EQUITY		112,422	94,643

The above Statement is to be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December

	Contributed Equity \$'000	Foreign currency translation reserve \$'000	Asset revaluation reserve \$'000	Share based payments reserve \$'000	Retained Earnings \$'000	Total \$'000	Non controlling Interest \$'000	Total Equity \$'000
Balance at 1 July 2008	66,483	(17,608)	(802)	1,305	27,069	76,447	(46)	76,401
Exchange differences on translation of foreign operations	-	32,873	-	-	-	32,873	-	32,873
Write back revaluation on investments	-	-	1,365	-	-	1,365	-	1,365
Revaluation of investments held for sale	-	-	(6)	-	-	(6)	-	(6)
Total profit for the half-year	-	-	-	-	26,617	26,617	3	26,620
Total comprehensive income for the half-year	-	32,873	557	1,305	26,617	60,849	3	60,852
Transactions with owners in their capacity as owners								
Share buy-back	(4,341)	-	-	-	-	(4,341)	-	(4,341)
Tax impact of share issue costs	(49)	-	-	-	-	(49)	-	(49)
Staff options issued	-	-	-	72	-	72	-	72
Balance at 31 December 2008	62,093	15,265	557	1,377	53,686	132,978	(43)	132,935
Balance at 1 July 2009	62,136	(3,733)	661	1,495	34,124	94,683	(40)	94,643
Exchange differences on translation of foreign operations	-	(9,589)	-	-	-	(9,589)	-	(9,589)
Revaluation of investments held for sale	-	-	1,091	-	-	1,091	-	1,091
Total profit for the half-year	-	-	-	-	743	743	(2)	741
Total comprehensive income for the half-year	-	(9,589)	1,091	-	743	(7,755)	(2)	(7,757)
Transactions with owners in their capacity as owners								
Shares issued	25,494	-	-	-	-	25,494	-	25,494
Acquisition by parent of non-controlling interest	-	-	-	-	-	-	42	42
Balance at 31 December 2009	87,630	(13,322)	1,752	1,495	34,867	112,422	-	112,422

The above Statement is to be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December

	Half-Year	
	2009 \$'000	2008 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	20,528	37,075
Interest paid	(3,633)	(2,841)
Interest received	142	74
Cash payments in the course of operations	(9,481)	(16,808)
Net cash inflow from operating activities	7,556	17,500
Cash flows from investing activities		
Payments for property, plant & equipment/capital improvements	(2,936)	(5,268)
Proceeds from the sale of property, plant and equipment	1	-
Payments for exploration, evaluation & development	(2,662)	(15,648)
Purchase of TNT oil and gas properties	(9,155)	-
Purchase of subsidiary, net of cash acquired	(4,014)	-
Payments for investments	(5)	-
Proceeds from the sale of investments	480	-
Net cash outflow from investing activities	(18,291)	(20,916)
Cash flows from financing activities		
Share buy-back	-	(4,341)
Proceeds from share issue (net of share issue costs)	25,493	-
Repayment of borrowings	(11,211)	(13,069)
Net cash inflow/(outflow) from financing activities	14,282	(17,410)
Net increase/(decrease) in cash and cash equivalents	3,547	(20,826)
Cash and cash equivalents at the beginning of the half-year	2,204	19,151
Effects of exchange rate fluctuations of cash held in foreign currencies	(219)	5,939
Cash and cash equivalents at the end of the half-year	5,532	4,264

The above Statement is to be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial statements are a general-purpose financial report, which has been prepared in accordance with the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*. The half-year financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit and loss.

These half-year financial statements do not include all the notes of the type normally included within the annual financial statements and accordingly, this report should be read in conjunction with the annual statements for the year ended 30 June 2009 and any public announcements made by Amadeus Energy Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as follows:

Changes in accounting policy

Amadeus Energy Limited had to change some of its accounting policies as a result of new or revised accounting standards which became operative for the annual reporting period commencing 1 July 2009.

The affected policies and standards are:

- Principles of consolidation – revised AASB 127
- Business combinations – revised AASB 3
- Operating segments – new AASB 8

Principles of Consolidation

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the group.

The changes were implemented prospectively from 1 July 2009 and the Group has applied AASB 127 for the acquisition of a new subsidiary and of non-controlling interests.

Business Combinations

AASB 3 (revised) is applied prospectively to business combinations occurring on or after 1 July 2009 and continues to apply to the acquisition method to business combinations, but with some significant changes.

All payments to purchase a business are recorded at fair value at the acquisition date. Acquisition-related costs are expenses as incurred.

Segment Reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment reporting is presented on the same basis as that used for internal reporting purposes. This has resulted in a change in the reportable segments presented, as the previously reported geographical segments have been separated into separate segments for US operations – between exploration and production segments.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision makers, which have been identified as the Managing Director and the Board of Directors of Amadeus Energy Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2009

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Determination of fair values on intangible assets acquired in business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value management uses estimates about future cash flows expected to be derived from the use or eventual sale of the asset. Details of acquired assets and liabilities are given in Note 11.

	Consolidated	
	2009	2008
	\$'000	\$'000
2. REVENUES FROM OPERATIONS		
Sales revenue		
Oil and gas revenue	20,461	33,471
Salt water disposal income	85	104
Equipment hire revenue	428	597
	<u>20,974</u>	<u>34,172</u>
Other revenue		
Administration services income	21	21
Finance revenue	142	74
Total revenue from operations	<u>21,137</u>	<u>34,267</u>
3. EXPENSES		
Profit before income tax includes the following specific expenses:		
Cost of sales		
Production operating costs	6,077	7,083
Production taxes	841	1,337
Total cash costs of production	<u>6,918</u>	<u>8,420</u>
Amortisation – oil and gas properties	6,062	6,219
Amortisation – EP380	-	10
Depreciation – plant and equipment	51	44
Total cost of sales	<u>13,031</u>	<u>14,693</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2009

	Consolidated	
	2009	2008
	\$'000	\$'000
3. EXPENSES (continued)		
Other Expenses		
Administration expenses	1,386	2,487
Employee expenses		
Wages and salaries	614	491
Superannuation	42	57
Leave provisions	3	6
Other benefits	4	3
Share-based payments – equity settled	-	73
	<u>663</u>	<u>630</u>
Sub-total administration and employee expenses	<u>2,049</u>	<u>3,117</u>
Net loss on sale of available for sale assets	32	-
Other	8	-
Oil derivative expense	-	3,843
Total other expenses	<u>2,089</u>	<u>6,960</u>
Impairment losses		
Fair value decrement on available-for-sale investments in current period	-	1,290
Reversal of fair value decrement held in reserves on available-for-sale investments	-	1,366
	<u>-</u>	<u>2,656</u>
Finance costs		
Effective interest rate on bank loans	3,896	2,850
Other loans	19	205
	<u>3,915</u>	<u>3,055</u>
Fair value adjustments		
Fair value gain on derivatives	-	(38,833)
Fair value loss on derivatives	703	-
	<u>703</u>	<u>(38,833)</u>

	Half-year 2009	2009	Half-year 2008	2008
	Shares No.	\$'000	Shares No.	\$'000
4. EQUITY SECURITIES ISSUED				
Opening balance	198,358,207	62,136	208,424,715	66,483
Issue of shares (net of transaction costs)	105,672,697	25,494	-	-
Tax impact of share issue costs	-	-	-	(49)
On market share buy-back	-	-	-	(4,341)
Closing balance at the end of the half-year	<u>304,030,904</u>	<u>87,630</u>	<u>181,424,715</u>	<u>62,093</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2009

	Consolidated	
	December 2009 \$'000	June 2009 \$'000
5. AVAILABLE FOR SALE FINANCIAL ASSETS		
Available for sale financial assets include the following classes of financial assets:		
CURRENT		
Working interests acquired and available for sale	(a) <u>9,271</u>	<u>-</u>
NON-CURRENT		
Listed securities – equity securities	5,035	4,448
Provision for impairment of investments	(b) <u>(2,656)</u>	<u>(2,656)</u>
	<u>2,379</u>	<u>1,792</u>

(a) Working interest

In connection with the acquisition of TNT Engineering Inc. ("TNT") on 15 December 2009, Amadeus also purchased 46% of the minority working interest (WI) that TNT jointly owned in some of Amadeus' production assets. The consideration paid for the additional WI was US\$8.28 million. With the TNT transaction settled, and the vendor's condition of confidentiality passed, the additional WI acquired by Amadeus may now be on-sold to the broader market.

(b) Impaired investment

As at 30 June 2009 the market value of shares in listed entities was materially lower than original costs and an impairment provision recorded.

	Oil and Gas Properties \$'000	Plant and Equipment \$'000	Total \$'000
6. PROPERTY, PLANT AND EQUIPMENT			
At 30 June 2009			
Cost	225,583	1,085	226,668
Accumulated amortisation	(53,365)	(664)	(54,029)
Net book value	172,218	421	172,639
Year ended 30 June 2009			
Opening net book value	134,820	291	135,111
Expenditure incurred during year on existing properties	23,804	-	23,804
Additions	-	228	228
Disposals	-	(1)	(1)
Exchange adjustment	27,440	-	27,440
Amortisation/depreciation charge	(13,846)	(97)	(13,943)
Net book value	172,218	421	172,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2009

	Oil and Gas Properties \$'000	Plant and Equipment \$'000	Total \$'000
6. PROPERTY, PLANT AND EQUIPMENT (continued)			
At 31 December 2009			
Cost	208,144	1,244	209,388
Accumulated amortisation	(53,973)	(655)	(54,628)
Net book value	154,171	589	154,760
Half-Year ended 31 December 2009			
Opening net book value	172,218	421	172,639
Expenditure incurred during year on existing properties	4,989	-	4,989
Additions	-	260	260
Disposals	-	(3)	(3)
Exchange adjustment	(16,987)	(38)	(17,025)
Amortisation/depreciation charge	(6,049)	(51)	(6,100)
Net book value	154,171	589	154,760

7. DIVIDENDS

No dividends have been declared or paid during the period.

8. CONTINGENT LIABILITIES AND COMMITMENTS

There have been no changes in contingent liabilities, contingent assets or commitments since the last annual reporting date, 30 June 2009.

9. EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2009

10. SEGMENT REPORTING

Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Two reportable segments have been identified as follows:

- US exploration; and
- US production.

The Board monitors performance of each segment.

Half-Year 2009	US - Exploration \$'000	US - Production \$'000	Total \$'000
Total segment revenue	-	20,878	20,878
Inter-segment revenue	-	-	-
EBITDA	-	12,788	12,788
Total segment assets	3,283	153,105	156,388

Half-Year 2008	US - Exploration \$'000	US - Production \$'000	Total \$'000
Total segment revenue	-	34,309	34,309
Inter-segment revenue	-	-	-
EBITDA	(18,168)	19,554	1,386
Total segment assets	1,132	223,831	224,963

The Board of Directors assesses the performance based on a measure of EBITDA. This measurement basis excludes the effects of non-recurring or non-cash items such as unrealised gains/losses on financial instruments. Interest income is not allocated to segments, as this type of activity is driven by head office, which manages the cash position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2009

10. SEGMENT REPORTING - continued

Reconciliation reportable segment EBITDA

	Consolidated	
	December 2009 \$'000	June 2009 \$'000
Total EBITDA for reportable segments	12,788	1,386
Amortisation and depreciation	(5,164)	(6,273)
Fair value adjustments	(703)	38,833
Finance costs	(3,915)	(3,055)
Impairment loss	-	(2,656)
Other profit or loss	1,200	-
Unallocated amounts		
Other corporate expenses	(2,807)	(667)
Consolidated profit before income tax	1,399	27,568

11. ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTEREST

Business combination

On 15 December 2009 the Group acquired 100% of the share capital of TNT Engineering Inc ("TNT"), a company that operates oil and gas properties in Kansas and Texas, USA. Taking control of TNT will enable the Group to deliver cost savings, a full complement of technical staff and control over the exploration and development program in Kansas and Texas.

In the period from 15-31 December 2009, TNT contributed \$64k loss to the Group.

The consideration paid for the acquisition was \$6.3 million in cash. Costs associated include \$67k in legal fees and \$43k in due diligence costs.

The identifiable assets and liabilities assumed

	Fair value \$'000
Cash and cash equivalents	2,067
Trade debtors	367
Property, plant and equipment	155
Trade and other payables	(2,581)
Total net identifiable assets	8
Less non-controlling interest	-
Add: Intangible	6,185
	6,193

Intangible asset acquired

An intangible asset balance arises primarily as a result of the value of operating agreements in TNT as follows:

	\$'000
Total cash consideration paid	6,193
Less identifiable assets	(8)
Intangible on acquisition	6,185

The intangible asset has been amortised for the period from 15-31 Dec 2009.

Acquisition related costs of \$110k have been included in the statement of comprehensive income in accordance with the revised AASB 3.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements of the consolidated entity are in accordance with the *Corporations Act 2001*; including;
 - I. complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - II. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date.
- (b) There are reasonable grounds to believe that Amadeus Energy Limited will be able to pay its debts as and when they become due and payable.

This is a declaration made in accordance with a resolution of the Directors'.



Stephen Pearce
Non-Executive Chairman

Perth, Western Australia

Dated this 25th day of February 2010

25th February 2010

Amadeus Energy Limited
Level 11
225 St Georges Terrace
PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF AMADEUS ENERGY LIMITED

As lead auditor for the review of Amadeus Energy Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Amadeus Energy Limited and the entities it controlled during the period.



Peter Toll
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AMADEUS ENERGY LIMITED

Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Amadeus Energy Limited for the period ended 31 December 2009 included on Amadeus Energy Limited's web site. The disclosing entity's directors are responsible for the integrity of Amadeus Energy Limited's web site. We have not been engaged to report on the integrity of Amadeus Energy Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Amadeus Energy Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half year and from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

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 Interim and Other Financial Reports 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 disclosing entity's financial position as at 31 December 2009 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 Amadeus Energy Limited, 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 confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

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 Amadeus 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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

BDO


Peter Toll
Director

Perth, Western Australia
Dated this 25th day of February 2010