

# **MEO AUSTRALIA LIMITED**

**ABN 43 066 447 952**



## **HALF-YEAR FINANCIAL REPORT AND DIRECTORS' REPORT**

**31 DECEMBER 2009**

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## ***Corporate Information***

### **Directors**

Nicholas M Heath (Chairman)  
Jürgen Hendrich (Managing Director and Chief Executive Officer)  
Gregory A Short  
Michael J F Sweeney  
Stephen W Hopley

### **Company Secretary**

Colin H Naylor

### **Registered Office and Principal Place of Business**

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Melbourne, Victoria 3000 Australia  
Telephone +61 (3) 9614 0430  
Facsimile +61 (3) 9614 0660  
Email: [admin@meoaustralia.com.au](mailto:admin@meoaustralia.com.au)

### **Share Registrar**

Link Market Services Limited  
Level 1, 333 Collins Street  
Melbourne, Victoria 3000 Australia  
Telephone +61 (3) 9615 9800  
Facsimile +61 (3) 9615 9921

### **Auditors**

Ernst & Young  
8 Exhibition Street  
Melbourne, Victoria 3000 Australia

### **Securities Exchange Listing**

ASX Limited  
Level 45, South Tower, Rialto  
525 Collins Street  
Melbourne, Victoria 3000 Australia

MEO Australia Limited shares are listed on the Australian Securities Exchange (ASX).

ASX Code: MEO

**Website** [www.meoaustralia.com.au](http://www.meoaustralia.com.au)

**Incorporated** 14 September 1994

Victoria, Australia

## ***Directors' report***

The Directors of MEO Australia Limited (variously the "Company" and "MEO Australia") submit their report for the half-year ended 31 December 2009.

### **DIRECTORS**

The Directors of the Company during the half-year ended 31 December 2009 and until the date of this report (in office for the entire period unless otherwise stated) are:

**Chairman:** Nicholas M Heath B.Eng (Chem) (Hons)

**Non Executive Director:** Gregory A Short B.Sc (Geology) (Hons)

**Non Executive Director:** Stephen W Hopley PhC(Vic), DipFP(Deakin), GMQ (AGSM)

**Non Executive Director:** Michael J F Sweeney LLB, FIAMA, FCI Arb, Chartered Arbitrator

**Chief Executive Officer & Managing Director:** Jürgen Hendrich B.Sc. (Geology) (Hons), PDM

### **REVIEW AND RESULTS OF OPERATIONS**

The net loss of the Company for the half-year, after provision for income tax, was \$3,079,864 (2008 net profit was \$1,345,382).

The net loss for the 2009 half year included exchange losses of \$210,637 on revaluation of US dollar cash balances due to an appreciating \$A/\$US exchange rate whereas the net profit of \$1,345,382 for the six months to 31 December 2008 included exchange gains of \$3,598,506 on revaluation of US dollar cash balances due to a depreciating \$A/\$US exchange rate and higher USD cash balances. Excluding the impact of exchange fluctuations for each corresponding half year, the adjusted loss for the half-year to 31 December 2009 was \$2,869,227 which is \$616,103 higher than the adjusted loss of \$2,253,124 for the previous corresponding period. The major unfavourable variances were lower interest income (\$425,490) and an increase in exploration expenditure expensed (\$317,795).

#### **Timor Sea Exploration Permit NT/P68 (MEO 100%)**

During the half, MEO restructured its Joint Venture with Petrofac whereby the latter re-assigned its partially earned 10% interest to MEO in consideration for being relieved of the outstanding commitment to fulfil the balance of their two well farm-in obligation.

MEO submitted its acreage renewal application ahead the initial exploration term expiring in February 2010. The renewal application involves the relinquishment of half the original area and comprises a three year firm and two year optional work program.

#### **Tassie Shoal Methanol Project "TSMP" (MEO 50%)**

The Company continued to optimise the TSMP in terms of process engineering and capital costs. Concurrently, MEO held discussions with prospective partners that appreciate the ingenuity of sequestering CO<sub>2</sub> into a saleable product and the benefits of a regional development hub.

#### **Timor Sea LNG Project "TSLNGP" (MEO 100%)**

As part of the NT/P68 restructuring, MEO also regained a 100% interest in the TSLNGP. This project offers a fast track to market for stranded, high quality gas in the Timor Sea at a substantial cost saving relative to a land based development or the as yet unproven Floating LNG concept.

## ***Directors' report (continued)***

### **REVIEW AND RESULTS OF OPERATIONS (continued)**

#### **3rd Party Gas**

MEO remains a staunch supporter of a regional development approach to the remote, quality challenged, stranded Timor Sea gas fields. To that end, the Company continued to promote the virtues of the hub concept amongst the individual resource custodians. Concurrently, the Minister for Resources highlighted during the half year that the 'use-it-or-lose-it' principle in relation to resources under Retention Licence is one that the Government is serious about implementing.

#### **Northwest Shelf Exploration Permit WA-360-P (MEO 70%<sup>1</sup>, Cue Energy 15%, Moby Oil and Gas 15%)**

The focus during the half year was the ongoing technical efforts to develop the Artemis prospect in WA-360-P to a drillable prospect in order to secure a Farminee by the 31st December 2009 drill-drop date.

As part of the process, MEO received the processed 250 km<sup>2</sup> Artemis 3D dataset in early July which provided seismic velocity data to the north of the existing MEO 2007 3D dataset. The result of this new velocity data together with a thicker interpreted Jurassic aged reservoir caused an upward revision in the volumetric assessment of the Artemis prospect to a mean prospective resource of approximately 12 Tcf.

Farm-in offers were received in early September and during October MEO selected its preferred Farminee who subsequently received their Final Board of Director approval for the transaction in December. Ahead of this approval, MEO raised \$26,954,273 before costs to ensure that it had the financial ability to exercise its drill-drop option in the event that binding agreements could not be executed ahead of this time.

At calendar year end, a senior delegation from MEO visited with the preferred Farminee's executive management to discuss the implementation of the Joint Venture, including the finalisation of the requisite documentation. Given that this transaction involves a new country entry for the Farminee, this process is taking longer than originally envisaged.

#### **Northwest Shelf Exploration Permit WA-361-P (MEO 35%, RDI 35%, Cue Energy 15%, Gas Corp 15%)**

During the half, MEO continued its post Zeus-1 technical studies which focussed on investigating the extent of the Elliasen sandstone reservoirs above the Main Unconformity.

#### **Northwest Shelf Exploration Permit WA-359-P (MEO 60%<sup>2</sup>, Cue Energy 20%, Exoil 20%)**

Technical work on the Hephaestus Lead identified by MEO did not sufficiently de-risk the lead to warrant the Company exercising its option to remain in the Permit by committing to fund 100% of the Permit Year 6 (commencing 1st February 2010) obligation well. Consequently, MEO allowed its option in relation to remaining in the permit to expire on 31st December 2009 without being exercised. Its 60% interest will be re-assigned in equal proportions to Cue and Exoil.

#### **New Venture Opportunities**

In anticipation of concluding a farm-out transaction on WA-360-P, during the half, MEO began to more actively pursue future growth opportunities to supplement the existing portfolio. The genre of opportunities being screened ranges from exploration acreage with potential for extension of proven play concepts that have not yet been applied in these permits, to lower risk appraisal opportunities with the potential to deliver positive cash flow within the near to medium term.

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<sup>1</sup> MEO is offering up to 50% interest in WA-360-P to a Farminee & expects to retain a minimum 20% interest post farm-out.

<sup>2</sup> MEO allowed its drill-drop option to expire on 31<sup>st</sup> December 2009 without being exercised. Its 60% interest will be re-assigned to Cue and Exoil in equal proportions.

## ***Directors' report (continued)***

### **OTHER MATTERS**

#### **Share Issues**

During the half-year the Company raised a total of \$26,964,273 (before transaction costs of \$1,169,433) from the issue of 59,898,385 shares at \$0.45 per share.

#### **Trustee share scheme**

There were no shares sold in the six month period to 31 December 2009. At the date of this report there are 10,122,918 shares subject to the plan.

#### **Share Options**

##### *30 November 2009 Options*

3,400,000 options exercisable at a price of \$0.50 per option granted to directors and executives in prior periods lapsed unexercised in November 2009.

#### **Auditor's Independence Declaration**

The Company has obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this financial report.

Signed in accordance with a resolution of the Directors.



**Jürgen Hendrich**  
Managing Director & Chief Executive Officer  
Melbourne, 25 February 2010

## **Auditor's Independence Declaration to the Directors of MEO Australia Limited**

In relation to our review of the financial report of MEO Australia Limited for the half-year ended 31 December 2009, 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



Brett Croft  
Partner  
Melbourne  
25 February 2010

***Statement of comprehensive income***  
***For the half-year ended 31 December 2009***

		<b>Consolidated</b>	
	<b>Note</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
		<b>\$</b>	<b>\$</b>
Interest income		306,154	731,644
Other income		-	5,200
<b>Income</b>		<b>306,154</b>	<b>736,844</b>
Depreciation and amortisation expense		(60,713)	(51,994)
Directors, employees and consultants	4	(1,391,574)	(1,589,059)
Exploration expenditure written-off		(331,590)	(13,795)
Project expenditure		(260,369)	(235,432)
Other expenses	4	(808,832)	(843,711)
Foreign exchange gains/(losses)		(210,637)	3,598,506
<b>Profit/(loss) before income tax</b>		<b>(2,757,561)</b>	<b>1,601,359</b>
Income tax (expense)		(322,303)	(255,977)
<b>Net profit/(loss) for the period</b>		<b>(3,079,864)</b>	<b>1,345,382</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(3,079,864)</b>	<b>1,345,382</b>
Basic earnings (loss) per share (cents per share)		(0.72)	0.32
Diluted earnings (loss) per share (cents per share)		(0.72)	0.32

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*



***Statement of financial position***  
***As at 31 December 2009***

		<b>Consolidated</b>	
	<b>Note</b>	<b>31/12/2009</b>	<b>30/06/2009</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	40,301,891	17,200,481
Other receivables		148,667	95,916
<b>TOTAL CURRENT ASSETS</b>		<u>40,450,558</u>	<u>17,296,397</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		130,524	129,931
Leasehold improvements		13,094	31,519
Intangible assets		114,175	96,238
Exploration and evaluation costs	6	122,101,693	122,129,208
<b>TOTAL NON-CURRENT ASSETS</b>		<u>122,359,486</u>	<u>122,386,896</u>
<b>TOTAL ASSETS</b>		<u><b>162,810,044</b></u>	<u><b>139,683,293</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		968,270	1,261,299
Provisions		61,156	100,519
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,029,426</u>	<u>1,361,818</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		32,109	26,695
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>32,109</u>	<u>26,695</u>
<b>TOTAL LIABILITIES</b>		<u><b>1,061,535</b></u>	<u><b>1,388,513</b></u>
<b>NET ASSETS</b>		<u><b>161,748,509</b></u>	<u><b>138,294,780</b></u>
<b>EQUITY</b>			
Contributed equity	7	205,597,273	179,492,194
Share based payments reserve		1,078,844	1,162,356
Accumulated losses		(44,927,608)	(42,359,770)
<b>TOTAL EQUITY</b>		<u><b>161,748,509</b></u>	<u><b>138,294,780</b></u>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

***Statement of cash flows***  
***For the half year ended 31 December 2009***

	<b>Consolidated</b>	
	<b>31/12/2009</b>	<b>31/12/2008</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(2,287,703)	(2,780,492)
Cost recovery from joint venture partners	67,742	282,370
Interest received	235,960	309,721
<b>Net cash (used in) operating activities</b>	<b>(1,984,001)</b>	<b>(2,188,401)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditure on plant and equipment	(22,672)	(28,412)
Expenditure on intangibles	-	(87,122)
Expenditure on exploration tenements	(466,120)	(7,282,505)
Proceed from sale of assets	-	90,327
<b>Net cash (used in) investing activities</b>	<b>(488,792)</b>	<b>(7,307,712)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issues	26,954,273	6,265,050
Transaction costs on issue of shares	(1,169,433)	(588,253)
Purchase of shares on market in settlement of vested performance rights	-	(58,129)
Proceeds from sale of trustee shares	-	5,500,000
<b>Net cash from financing activities</b>	<b>25,784,840</b>	<b>11,118,668</b>
<b>Net increase in cash and cash equivalents</b>	<b>23,312,047</b>	<b>1,622,555</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>17,200,481</b>	<b>24,343,540</b>
Net foreign exchange differences	(210,637)	3,598,506
<b>Cash and cash equivalents at end of period</b>	<b>40,301,891</b>	<b>29,564,601</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

***Statement of changes in equity***  
***For the half year ended 31 December 2009***

	Consolidated			
	Issued Capital \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2009</b>	<b>179,492,194</b>	<b>1,162,356</b>	<b>(42,359,770)</b>	<b>138,294,780</b>
(Loss)/profit for the period	-	-	(3,079,864)	(3,079,864)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(3,079,864)</b>	<b>(3,079,864)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Cost of share based payments	-	428,514	-	428,514
Transfer of cost of unvested expired equity instruments	-	(512,026)	512,026	-
Share issue	26,954,273	-	-	26,954,273
Costs of issue (net of tax)	(849,194)	-	-	(849,194)
<b>At 31 December 2009</b>	<b>205,597,273</b>	<b>1,078,844</b>	<b>(44,927,608)</b>	<b>161,748,509</b>

	Consolidated			
	Issued Capital \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2008</b>	<b>167,726,255</b>	<b>1,047,954</b>	<b>(14,911,486)</b>	<b>153,862,723</b>
Profit for the period	-	-	1,345,382	1,345,382
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,345,382</b>	<b>1,345,382</b>
<b>Transactions with owners in their capacity as owners:</b>				
Cost of share based payments	-	517,849	-	517,849
Transfer of cost of unvested expired equity instruments	-	(147,300)	147,300	-
Transfer of cost of exercised equity instruments	170,613	(170,613)	-	-
Purchase of shares on market in settlement of vested performance rights	(58,129)	-	-	(58,129)
Share issue	6,265,050	-	-	6,265,050
Sale of Trustee Shares	5,500,000	-	-	5,500,000
Costs of issue (net of tax)	(332,276)	-	-	(332,276)
<b>At 31 December 2008</b>	<b>179,271,513</b>	<b>1,247,890</b>	<b>(13,418,804)</b>	<b>167,100,599</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## ***Notes to the financial statements*** ***For the half-year ended 31 December 2009***

### **NOTE 1 CORPORATE INFORMATION**

The financial report of MEO Australia Limited for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 25 February 2010.

MEO Australia Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of operations and principal operating segments of the Group are described in note 3.

### **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of preparation**

This general purpose financial report for the half-year ended 31 December 2009 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 be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by MEO Australia Limited and its controlled entities during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

#### *New accounting standards*

From 1 July 2009, the Group has adopted AASB 101 (revised) “Presentation of Financial Statements” which is mandatory for annual reporting periods beginning on or after 1 January 2009. The adoption of this standard has impacted the presentation of the financial statements through the replacement of the income statement, balance sheet, statement of recognised income and expense, and cash flow statement with a statement of comprehensive income, a statement of financial position, a statement of changes in equity, and a statement of cash flows.

In addition, the Group also adopted AASB 8 “Operating Segments” from 1 July 2009. The new standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. Therefore, segments are now being reported in a manner that is consistent with the internal reporting provided to the Board of Directors of the Group (the Chief Operating Decision Maker). As the basis of reporting to the Board of Directors is consistent with previous segment reporting, under AASB 114 “Segment Reporting”, there were no changes to the segments identified under the new accounting standard.

The Group considered all other changes to various accounting standards and have determined that there are no other material impacts.

**Notes to the financial statements**  
**For the half-year ended 31 December 2009 (continued)**

**NOTE 3 SEGMENT INFORMATION**

The Group's reportable segments are confined to development of methanol and LNG projects and petroleum exploration. The following tables represent revenue and profit information regarding operating segments for the half-years ended 31 December 2009 and 31 December 2008.

OPERATING SEGMENTS	METHANOL & LNG DEVELOPMENT		PETROLEUM EXPLORATION		CONSOLIDATED	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>						
Segment revenue	-	-	-	-	-	-
Non-segment revenue					306,154	736,844
Total consolidated revenue					<u>306,154</u>	<u>736,844</u>
<b>Result:</b>						
Segment (loss)	(260,369)	(235,432)	(331,590)	(13,795)	(591,959)	(249,227)
Non-segment expenses:						
- Directors, employees and consultants					(1,391,574)	(1,589,059)
- Other					(563,391)	(158,861)
Foreign exchange gains/(losses)					(210,637)	3,598,506
Profit/(loss) before income tax expense					(2,757,561)	1,601,359
Income tax expense					(322,303)	(255,977)
Net profit/(loss) for the period					<u>(3,079,864)</u>	<u>1,345,382</u>

The segment assets at 31 December 2009 for Petroleum Exploration total \$122,101,435 (30 June 2009: \$122,129,208) and there are no segment assets for Methanol and LNG Development at 31 December 2009 and 30 June 2009.

	Consolidated	
	31/12/09	31/12/08
	\$	\$
<b>NOTE 4 EXPENSES</b>		
<b>Directors, employees and consultants</b>		
Consultants fees and expenses	261,542	195,274
Directors remuneration	98,100	88,171
Salaries	603,418	787,765
Share based payments	428,514	517,849
	<u>1,391,574</u>	<u>1,589,059</u>
<b>Other expenses</b>		
Administration and other expenses	277,569	375,838
Audit review costs	29,500	37,695
Securities exchange, share registry and reporting costs	197,905	174,868
Operating lease expenses	49,507	32,492
Travel and corporate promotion costs	254,341	222,818
	<u>808,832</u>	<u>843,711</u>

***Notes to the financial statements***  
***For the half-year ended 31 December 2009 (continued)***

	<b>Consolidated</b>	
	<b>31/12/2009</b>	<b>30/6/2009</b>
	\$	\$
<b>NOTE 5 CASH AND CASH EQUIVALENTS</b>		
For the purpose of the half-year cash flow statement cash and cash equivalents comprise:		
Cash at bank	4,313,849	5,013,831
Short term bank deposits	35,988,042	12,186,650
Total cash and cash equivalents	<u>40,301,891</u>	<u>17,200,481</u>

**NOTE 6 CAPITALISED EXPLORATION AND EVALUATION COSTS**

Exploration and evaluation costs are accumulated separately for each area of interest and carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development or sale; or
- exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 31 December 2009 exploration activities in each area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to each area of interest are continuing and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved. The Directors are continually monitoring the areas of interest and are exploring alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

Capitalised exploration and evaluation costs at 31 December 2009 are \$122,101,435 which relate entirely to NT/P68 and WA-360-P (June 2009: \$122,129,208).

**NOTE 7 CONTRIBUTED EQUITY**

	<b>31/12/2009</b>	<b>30/6/2009</b>	<b>31/12/2009</b>	<b>30/6/2009</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
<b>Issued and Paid Up Capital</b>				
Ordinary shares fully paid	467,098,037	407,199,652	205,597,273	179,492,194
Ordinary shares issued pursuant to Trustee Stock Scheme	10,122,918	10,122,918	-	-
	<u>477,220,955</u>	<u>417,322,570</u>	<u>205,597,273</u>	<u>179,492,194</u>

***Notes to the financial statements***  
***For the half-year ended 31 December 2009 (continued)***

**NOTE 7 CONTRIBUTED EQUITY (continued)**

	<b>31/12/2009</b>	<b>31/12/2009</b>
	<b>Shares</b>	<b>\$</b>
<b>Movements in Ordinary Shares Fully Paid</b>		
Balance at beginning of period	417,322,570	179,492,194
Shares issued:		
By placement of 59,898,385 at \$0.45 per share	59,898,385	26,954,273
Transaction costs (net of tax)		(849,194)
	<u>477,220,955</u>	<u>205,597,273</u>
	=====	=====
	<b>31/12/2009</b>	
	<b>Shares</b>	
<b>Movements in Ordinary Shares Issued Pursuant to the Trustee Stock Scheme</b>		
Balance at beginning of period	10,122,918	
Shares sold by trustee during the period	-	
	<u>10,122,918</u>	
	=====	

**Dividends**

No dividends were declared or paid during the half year (2008: Nil).

**NOTE 8 COMMITMENTS**

Other than stated below, there have been no changes to commitments since the annual financial statements that were issued for the year ended 30 June 2009.

On 21 December 2009, MEO triggered the option to fund the Permit Year 5 (commencing 1 February 2010) commitment well in WA-360-P, thereby completing the farm-in for a 70% interest in the Permit. Discussions have commenced with drilling rig operators aimed at securing a drilling rig for the second half of 2010 to drill Artemis -1 which is targeting mean prospective resources of approximately 12Tcf.

**NOTE 9 EVENTS AFTER BALANCE DATE**

There were no significant matters that arose subsequent to 31 December 2009 and up until the date of this report.

## ***Directors' declaration***

In accordance with a resolution of the directors of MEO Australia Limited, I 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 as at 31 December 2009 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 the 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.



**Jürgen Hendrich**  
Managing Director & Chief Executive Officer  
Melbourne, 25 February 2010



To the members of MEO Australia Limited

## Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of MEO Australia 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, other selected explanatory notes 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 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 circumstances.

### 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 half-year 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 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 MEO Australia Limited and the entities it controlled during the half-year, 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 MEO Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- i) 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
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

A handwritten signature in blue ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'Brett Croft'.

Brett Croft  
Partner  
Melbourne  
25 February 2010