



OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)
ARBN – 055 079 868

25 August 2009

Mr Vincent Ivosa, Market Controller
PORT MORESBY STOCK EXCHANGE LIMITED
P.O. Box 1531
Level 4, Defence Haus
Port Moresby
National Capital District
PAPUA NEW GUINEA

Dear Mr Ivosa,

Oil Search Limited – 2009 First Half Results

Attached please find Oil Search Limited's 2009 First Half Results released to the Australian Securities Exchange (ASX) today.

Please release to the market.

Yours sincerely
OIL SEARCH LIMITED

STEPHEN GARDINER
Group Secretary

Encl.

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OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)

ARBN – 055 079 868

OIL SEARCH 2009 FIRST HALF RESULTS

25 August 2009

- Oil Search (ASX: OSH; ADR: OISHY) reports that profit after tax (excluding significant items) for the six months to 30 June 2009 was US\$35.6 million, compared to US\$133.3 million in the corresponding period of 2008. The fall in profits was driven by markedly weaker world oil prices, stemming from the global slowdown, and lower oil sales.
- The first half was highlighted by the major advances made by the PNG LNG Project, with all targeted milestones achieved. This included reaching alignment on commercial terms for LNG offtake with three LNG customers covering 4.3 MTPA with the balance of 2MTPA awaiting final approval by the customer's Government, the signing of an Umbrella Benefits Sharing Agreement by key PNG stakeholders and a decision to commence early construction works. Significant progress was also made on securing a project finance facility for the Project, with a comprehensive term sheet negotiated with the Export Credit Agencies during the period. The Project remains on track for a Final Investment Decision by the end of 2009.
- Oil Search is at an advanced stage of finalising the terms for the sale of an effective interest in Petroleum Development Licence 2 (PDL 2), including a 3.5% interest in the PNG LNG Project, to International Petroleum Investment Corporation (IPIC). The terms of the transaction are substantially agreed but are subject to Oil Search and IPIC Board approvals. Full details of the proposed sale will be released when Board approval has been reached by both companies. This is expected to take place in the near future.

Funds received from the sale will be used to progress a range of growth initiatives, primarily designed to lay the foundations for further expansions and growth in LNG and other gas based industries in PNG as well as help finance Oil Search's share of the capital costs of the PNG LNG Project.

- A major Strategic Review commenced in the first half of 2009 and is expected to be completed by the end of the year. Substantial work has been carried out on this review, focused on defining new, long term value and growth opportunities for the Company.
- Oil Search has recently been awarded seven mineral exploration licences in the PNG Forelands area, covering a total area of 17,500 square kilometres. These licences have been acquired to explore for coal seam gas (CSG). While relatively unexplored, substantial coal seams have been penetrated by petroleum wells in the area and initial analysis indicates the seams have the potential to contain CSG. The acreage acquired provides Oil Search with a dominant position in this new play type in PNG and complements the Company's strong position in conventional gas.
- At the end of June 2009, Oil Search had a cash position of US\$410.5 million and was debt free throughout the period.

AUSTRALIAN REGISTERED OFFICE

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- The Board has approved the payment of an unfranked interim dividend of two US cents per ordinary share, payable on 9 October 2009. The dividend payment will be funded by a fully underwritten dividend reinvestment plan.

Commenting on the first half results, Peter Botten, Oil Search's Managing Director, said:

"After seven years of strong growth, Oil Search's 2009 first half profit was impacted by the steep fall in oil prices resulting from the global financial crisis. The average realised oil price in the first half was US\$51.84 per barrel, 55% lower than in the corresponding period of 2008. Together with lower liftings, revenue fell from an all-time high of US\$466.7 million in the first half of 2008, to US\$185.1 million.

Total oil and gas production in the first half of 2009 was 3.81 million barrels of oil equivalent (mboe), 12% lower than in the first half of 2008. This reflected the sale of the producing MENA assets in 2008, natural field decline and a number of facility downtime issues, now resolved. Revenues were based on oil sales of 2.99 million barrels, compared to oil production for the period of 3.26 million barrels, due to timing of shipments. Closing oil inventory at 30 June 2009 was 420,000 barrels, which is expected to be largely unwound in the second half of the year.

While a large proportion of Oil Search's operating costs are fixed, the Company benefited from its active cost control programme, lower contractor costs and a fall in some input prices, such as fuel and consumables. Cash costs on a per barrel of oil equivalent basis declined from US\$13.96 per boe in the 2008 full year to US\$11.95 per boe. Non-cash charges also fell, reflecting a higher proportion of production from low amortisation fields, such as Kutubu. Exploration expense was lower than last year due to a reduced level of exploration activity. The effective tax rate of 51% was marginally above the PNG 50% statutory rate for oil due to the non-deductibility of exploration costs in MENA, resulting in an after tax profit for the half of US\$35.6 million.

In response to the lower level of profitability and in light of the large capital requirements of the PNG LNG Project, the Board has approved the payment of an interim 2009 dividend of two US cents per share, which will be paid to shareholders on 9 October 2009. A fully underwritten Dividend Reinvestment Plan will fund this payment."

Safety performance at record levels

"The Company's safety record in the first half of 2009 was world class and the best in the Company's recent history, with a Total Recordable Injury Frequency Rate (TRIFR) of 1.11 per million hours worked. This compares to an Oil Search TRIFR of 2.04 per million hours worked in 2008 and an APPEA 2008 TRIFR average of 6.78 per million hours worked. While these results are heartening, the Company remains very focused on continuing to reinforce and improve the existing strong safety culture within the Company."

PNG LNG Project makes steady progress towards FID

"Most of the focus during the first half of the year was on advancing the PNG LNG Project, with all critical milestones completed during the period. Two of the most important achievements were reaching alignment on commercial terms with three major Asian customers for long term LNG sales, with a fourth potential customer awaiting its Government's approval of key commercial terms for the balance of the capacity, and the signing of the Umbrella Benefits Sharing Agreement (UBSA). The UBSA provides the

framework for how a number of revenue streams from the Project will be shared between the PNG State, Provincial and Local Level Governments and Landowners. With conditional arrangements covering the total output capacity of the Project and the UBSA in place, the Project participants decided in June to invest up to US\$600 million in early construction activities, commencing in the second half of 2009. The decision to make such a significant investment in the Project, prior to the formal Final Investment Decision, is indicative of the participants' high degree of confidence that this Project will proceed.

Planning was initiated on the early works scope in the Southern Highlands and Gulf Provinces and at the LNG plant site near Port Moresby. This includes building training facilities at Port Moresby and in the Highlands, building roads, bridges and camps to open up the northern and southern supply routes, ordering long lead items of construction equipment and line pipe and site clearing at both the LNG plant site and in the Highlands. These activities provide a good opportunity to establish in-country capabilities prior to the start of full construction and also assist in achieving the schedule."

PNG LNG financing being secured

"Negotiations continued to take place between the PNG LNG Project finance team and a number of Export Credit Agencies (ECAs) during the first half of the year, on establishing a comprehensive term sheet for the proposed project finance facility. By the end of June, all key terms, including the 70:30 debt to equity gearing ratio, had been agreed. The major source of funds is expected to be the ECAs, with the balance coming from banks, partner co-lending and potentially bond markets. During August, detailed discussions with commercial banks commenced, based on the agreed ECA term sheet."

Strong Government support for PNG LNG

"The PNG Government remains strongly committed to the PNG LNG Project and has been instrumental in ensuring its progression in line with the planned timetable. The timely completion of the UBSA and the democratic and inclusive environment in which the negotiations were held was very pleasing. In late July, after lengthy public consultation required under PNG legislation, the PNG Department of Environment and Conservation granted its approval in principle of the Project's Environment Impact Statement (EIS), which describes how the Project will manage and meet its environmental commitments. This was an important milestone and enables the Project to complete the detailed environmental management plans which will guide implementation of the construction activities.

Licence applications will be submitted shortly for all the necessary upstream, pipeline and plant licences. "

Sale of interests to IPIC

"Oil Search is at an advanced stage of finalising the terms for the sale of an effective interest in PDL 2, including a 3.5% interest in the PNG LNG Project, to IPIC. The terms of the transaction are substantially agreed but are subject to Oil Search and IPIC Board approvals. It is anticipated that the transaction will be presented to the respective Boards in the near future.

Full details of the proposed sale will be released once the final terms have been approved by both companies' Boards. The successful conclusion of this transaction will represent a strengthening of the close relationship between Oil Search and IPIC. It will assist both companies in achieving full value from their interests in the PNG LNG Project as well as allowing the companies to jointly consider other regional growth opportunities.

The transaction will significantly bolster Oil Search's balance sheet. The money raised will be used partly to finance exploration and appraisal activities associated with proving up further gas resources for LNG and other gas industry expansion in PNG and partly to fund PNG LNG development expenditures. "

2009 Strategic Review studies ongoing

"A major Strategic Review was commenced in the first half of the year, focused on defining medium and long term growth opportunities for the Company, post the final investment decision for Trains 1 and 2 of the PNG LNG Project. Commitment to this Project, planned for late 2009, will fundamentally change Oil Search and PNG. The Strategic Review is designed to identify and implement ways of optimising the value of existing operations in PNG and define programmes to build on the initial LNG development in a timely way.

The results of this work will be provided to the market towards the end of 2009."

Building the portfolio for further growth

"Following the initial results of the Strategic Review, a number of initiatives were commenced in the first half, to build on the Company's existing strong licence position in PNG and prepare to drive growth and expansion in the LNG business, post commitment to Trains 1 and 2 of PNG LNG.

The focus of this work is to prove up further gas resources, through appraisal of existing fields and new exploration, to underwrite expansion of LNG and other gas commercialisation opportunities, in a timely way. This is likely to see an accelerated drilling programme over the next three years and continued optimisation of the Company's portfolio through active farm-ins and acquisitions, balanced by active licence trades.

Oil Search has been awarded seven mineral exploration licences in the PNG Foreland area, covering a total area of some 17,500 square kilometres. This area covers much of a defined basin where substantial coal seams have been intersected in a number of previous petroleum exploration wells. Although only lightly explored, initial analysis indicates that these coal seams have the potential to contain coal seam gas (CSG). The acquired acreage provides Oil Search with a dominant position in this new play type in PNG and complements the Company's strong position in conventional gas in the area. A series of test wells are planned in the area over the next two years. Any successful discovery of CSG resources in PNG could be integrated with supply from nearby conventional gas fields, thereby reducing the risks of any development.

Oil Search continues to identify material exploration opportunities to bolster its portfolio. The Company has recently been awarded a seismic option in Block K42 in Kurdistan, Iraq. Block K42 has an excellent oil and gas address, on trend with a number of very large oil fields, and provides Oil Search with its first operated role in the country. The structure of the agreement allows Oil Search to conduct a preliminary evaluation of the acreage at a relatively low cost prior to making a decision whether to take up an option to enter into a Production Sharing Contract."

OUTLOOK

On the outlook for the second half of 2009, Mr Botten said the following:

PNG LNG Project milestones between now and FID

“Key milestones that need to be achieved in the second half of 2009, before a Final Investment Decision (FID) can be made, are as follows:

- **Finalisation of capital costs.** The bids for the major construction contracts associated with the PNG LNG Project have started to be received. All tenders are expected to be submitted within the next month and the technical and commercial analysis of these bids is expected to be complete by the end of the third quarter. This will enable the Project to finalise the capital costs. Contractor selection is expected to commence in the fourth quarter of 2009, with award subject to FID.
- **Signing of binding Sales and Purchase Agreements (SPAs).** Work has commenced with the LNG customers on the preparation of binding LNG SPAs. These agreements are targeted to be in place during the fourth quarter of 2009.
- **Completion of licencing and detailed benefits sharing arrangements.** A series of individual licence-based development forums are planned to take place in September/October. At these forums, the Government and Landowners will negotiate the detailed benefits sharing arrangements within each licence area, a pre-requisite for the granting of licences. Licences will be offered immediately prior to FID and accepted by the LNG participants post FID.
- **Commitment of project finance.** The current discussions with the ECAs and commercial banks are expected to be concluded and offers of finance to be in place in the fourth quarter.

Subject to these milestones being achieved, a Final Investment Decision on the Project is expected to be taken in late 2009, with full construction commencing in early 2010 and first gas in late 2013/early 2014.”

Production outlook

“As highlighted in the quarterly report, Oil Search expects 2009 full year production to be between 8.0 – 8.3 million barrels of oil equivalent (mmbœ). Production in the second half of the year is forecast to be higher than in the first half, which was affected by a number of unscheduled shut-downs of the production and export facilities. Natural decline is expected to be offset by production from the recent development drilling at Kutubu and Moran and the well workover programme.

Development activities planned for the second half include one further development well in the Kutubu Agogo area - ADD 5 – and a workover on ADD-4.”

Exploration Activity

“The exploration focus in 2009 is to mature and drill a number of the Company’s high potential exploration prospects in the remaining Middle East licences and to define gas prospects in PNG for future drilling. Activities planned for the second half of 2009 include the following:

- Shakal-1, Iraq (OSH – 15%, Operator – Prime Natural Resources). Activities on the Shakal well, which is being drilled to test a seismically defined structure, are expected to be completed in the second half of 2009. At the request of the Kurdistan Regional Government, all activities are confidential. In the event of any material developments, Oil Search will provide further information to the market.
- A1-18/01 (Caliph), Area 18, Offshore Libya (OSH – 30%, Operator Petrobras). The Caliph well is targeting a number of different plays, including oil in the Eocene and Cretaceous carbonate and oil or gas in the Jurassic and Triassic. The well is currently at a depth of 3,289 metres.
- Tubb'a-1, Block 3, Yemen (OSH – 60%, Operator). The Tubb'a well spudded on 14 August and is currently at a depth of 268 metres. The well is designed to test the potential of the fractured basement, the producing interval in the nearby Al Uqlah oil field. Potential recoverable reserves are approximately 30 million barrels.
- Al Meashar-1, Block 7, Yemen (OSH – 34%, Operator). The first exploration well in Block 7, Al Meashar-1, with potential recoverable reserves of 20 – 25 million barrels, is expected to commence drilling in the fourth quarter.
- Wasuma, PPL 219, PNG (OSH – 71.25%, Operator). The Wasuma well is scheduled to commence drilling with Rig 103 in the fourth quarter. The well is targeting both hanging wall and footwall structures in the Toro and Iagifu reservoirs, with combined potential recoverable reserves in these stacked targets of approximately 55 million barrels.
- PPL 260, PNG (OSH – 70%, Operator). A seismic programme in PPL 260, located immediately north of the Hides gas field, has recently been completed. Based on the results, Oil Search has elected to drill a well to earn an additional 60% interest in the licence, taking its interest to 70%. It has also assumed operatorship of the licence. Preparation of a well site will commence in the second half of 2009, with drilling expected to take place in 2010. "

FINANCIAL SUMMARY

Six months to June	2009	2008	% change
SALES DATA			
Total oil and gas production (mmbobe)	3.809	4.328	-12.0
Total saleable oil production (mmbbl)	3.415	3.761	-9.2
Total oil liftings (mmbbl)	2.986	3.749	-20.4
Gas equivalent sales (mmscf)	2,953	2,719	+8.6
Realised oil price (US\$/bbl)	51.84	115.03	-54.9
FINANCIAL DATA (US\$m)			
Total Revenue	185.1	466.7	-60.3
Net Operating Expenses	(41.7)	(56.0)	-25.5
EBITDA before Exploration Expense	143.4	410.7	-65.1
Exploration Expense	(18.3)	(70.6)	-74.1
Amortisation, depreciation & site restoration	(50.8)	(68.7)	-26.1
EBIT	74.3	271.4	-72.6
Profit on sale of investments (net)	-	131.1	-
Net Interest Income/(Expense)	(1.7)	2.9	-158.6
Profit before Tax	72.6	405.3	-82.1
Taxation Expense	(37.0)	(140.9)	-73.7
Profit after tax before significant items	35.6	264.4	-86.5
Significant items after tax	-	131.1	-
Profit after tax after significant items	35.6	133.3	-73.3
PER SHARE DATA (US cents)			
Basic EPS after significant items	3.2	23.6	-86.4
Basic EPS before significant items	3.2	11.9	-73.1
Net Operating Cash Flow PS	7.3	31.1	-76.5
Interim Dividend	2.0	4.0	-50.0

Note:

1. Numbers may not add due to rounding.
2. Hides gas production restated in prior year to include sales gas and vent gas. Vent gas was not previously reported in 2008.

FACTORS AFFECTING THE RESULTS

Oil production/sales

Oil Search's oil and gas production in the first half of 2009 was 3.81 million barrels of oil equivalent, of which 87% was oil and liquids and the balance gas. After internal usage, oil

production available for sale was 3.42 million barrels, of which 2.99 million barrels was sold during the period.

Realised oil prices

Oil Search realised an average oil price of US\$51.84 per barrel for the first half of 2009, compared to US\$115.03 per barrel in the previous corresponding period. No hedging was undertaken during the period.

Revenue

Total revenue from operations was US\$185.1 million, 60% lower than in the first half of 2008. Revenue was comprised as follows:

Revenue (US\$ million)			
Six months to June	2009	2008	% change
Sale of oil	154.8	431.2	-64.1
Sale of gas and refined products	12.9	17.4	-25.9
Drilling rig revenue	13.5	11.3	+19.5
Other field revenue*	3.9	6.8	-42.6
Total	185.1	466.7	-60.3

* Primarily tariff income

Cash costs

Cash operating costs (US\$ million)			
Six months to June	2009	2008	% change
Field costs	34.8	41.4	-15.9
Other opex	5.3	9.0	-41.1
Net corporate costs	4.3	4.1	+4.9
FX losses/(gains)	(2.7)	1.5	+280.0
Cash operating costs	41.7	56.0	-25.5

On an absolute basis, total cash costs were 26% lower than in the previous corresponding period. This was due to the impact of continued cost control programmes, lower sales volumes including the sale of some high cost per barrel Middle East assets, falls in some input prices, such as fuel and consumables and, in line with the lower realised oil price, lower royalty and development levy payments.

Cash costs, on a per barrel of oil equivalent basis, declined from US\$13.96 per boe in the 2008 full year to US\$11.95 per boe in the first half of 2009.

Non-cash costs

Non-cash costs (US\$ million)			
Six months to June	2009	2008	% change
Amortisation	41.0	54.4	-24.6
Depreciation	5.9	9.2	-35.9
Site restoration	3.9	5.1	-23.5
Total	50.8	68.7	-26.1

Depreciation, amortisation and site restoration decreased 26%, from US\$68.7 million to US\$50.8 million, due to lower sales volumes, a more favourable mix of production from fields with lower amortisation rates and reduced rig depreciation charges.

Exploration expense

During the first half of 2009, Oil Search incurred US\$124.2 million on exploration and evaluation activities, including PNG LNG FEED and other gas commercialisation activities. In line with the Successful Efforts accounting policy, all costs associated with unsuccessful drilling, seismic work, new venture activities and other support costs related to exploration were expensed, resulting in a charge of US\$18.3 million. As at 30 June 2009, exploration costs capitalised pending well completion or appraisal (excluding PNG LNG FEED) totalled US\$35.0 million.

Interest Income/Expense

Interest income fell by US\$4.0 million compared to the first half of 2008, to US\$2.7 million, reflecting significantly lower US dollar deposit rates. Financing costs increased 16% to US\$4.4 million. These costs included the amortisation of an establishment fee related to the Company's new corporate borrowing facility and a time-value charge of US\$2.1 million for future site restoration commitments.

Taxation Expense

Tax expense of US\$37.0 million was 74% lower than in the corresponding period of 2008 due to lower operating earnings. The effective tax rate for the period, excluding significant items, was 51.0%. This was slightly higher than the PNG statutory rate of 50% due to the non-deductibility of MENA exploration expense, but marginally lower than the rate on core profit in the previous corresponding period.

Operating cash flows

2009 first half operating cash flows were 76% lower than in 2008, driven by the global decline in oil prices and lower liftings.

Cash Flow (US\$ million)			
Six months to June	2009	2008	% change
Net Receipts	100.3	419.2	-76.1
Net Interest income/(expense)	1.4	7.0	-80.0
Tax Paid	(19.5)	(77.7)	-74.9
Operating Cash Flow	82.2	348.5	-76.4
Net Investing cash flow	(208.6)	(231.3)	-9.8
Net financing cash flow	2.0	(61.1)	+103.3
Net Cash flow	(124.4)	56.1	-321.7
Net Operating Cash Flow/share (US cents)	7.3	31.1	-76.5

Over the first half of 2009, Oil Search's net investing cashflow included:

- Expenditure of US\$118.8 million on exploration and evaluation, down from US\$146.9 million in the first half of 2008, including US\$89.1 million on PNG LNG FEED (US\$19.3 million in 2008).
- US\$86.2 million on producing and development activities (US\$85.3 million in 2008).
- US\$3.5 million on property, plant and equipment (US\$13.4 million in 2008).

Net cashflows from financing activities included the proceeds received from the underwriter of the dividend reinvestment plan of US\$34.3 million. The balance of the dividend was funded via shareholder reinvestments.

Balance Sheet

Balance Sheet (US\$ million)			
As at	June 2009	Dec 2008	June 2008
Cash	410.5	534.9	399.6
Debt	Nil	Nil	Nil
Equity	1,634.9	1,593.2	1,602.9

At the end of June 2009, Oil Search had no debt and US\$411 million in cash.

DIVIDENDS

The Board of Directors announced an interim dividend for 2009 of two US cents per share. The record date for the dividend is 18 September 2009 and payments will be made to Shareholders on 9 October 2009.

FIRST HALF 2009 PRODUCTION SUMMARY

Six month to June	2009		2008		% Difference	
Oil production	Gross daily production (bopd)	Net to OSH (mmbbls)	Gross daily production (bopd)	Net to OSH (mmbbls)	Gross daily production	Net to OSH
Kutubu	16,166	1.757	13,205	1.443	+22.4	+21.8
Moran	12,646	1.133	18,390	1.658	-31.2	-31.7
Gobe						
Gobe Main	1,613	0.029	1,988	0.036	-18.9	-19.4
SE Gobe	4,696	0.217	5,790	0.269	-18.9	-19.3
Total Gobe	6,309	0.246	7,778	0.305	-18.9	-19.3
SE Mananda	956	0.125	1,641	0.216	-41.7	-42.1
Total PNG oil	36,072	3.262	41,013	3.622	-12.0	-9.9
Nabrajah, Yemen	0	0	5,816	0.148	-	-
Area A, Egypt	0	0	2,841	0.015	-	-
East Ras Qattara	0	0	862	0.032	-	-
Total Oil	36,072	3.262	50,534	3.817	-28.6	-14.5
Hides Liquids	398	0.072	360	0.065	+10.6	+10.8
Gas production	mmscf/d	mmscf	mmscf/d	mmscf		
Hides Produced Gas	15.77	2,855	14.78	2,690	+6.7	+6.1
Total Oil and gas production	(boepd)	(mmboe)	(boepd)	(mmboe)		
Total production	39,099	3.809	53,357	4.328	-26.7	-12.0

Notes:

1. Numbers may not add due to rounding.
2. Prior period comparatives updated for subsequent changes
3. Hides gas production restated in prior year to include sales gas and vent gas. Vent gas was not previously reported in 2008.

For more information regarding this report, please contact:

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Investor Relations Manager**

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Oil Search will be holding a presentation for analysts and fund managers at 11.00 am AEST today, 25 August 2009. The presentation will be webcast live over Oil Search's website. To listen to the webcast, please log on to www.oilsearch.com. If you have any technical difficulties, please call **+61 (0)2 9016 3140**

The webcast will be available in archive form on the Oil Search website 2 -3 hours after the completion of the presentation.

www.oilsearch.com

OIL SEARCH LIMITED
and its subsidiaries
ARBN 55 079 868

Half yearly report
30 June 2009

APPENDIX 4D

**This information should be read in conjunction with the
Financial Report for the half-year ended 30 June 2009**

Results for announcement to the market

			Half-year ended 30 June 2009		Half-year ended 30 June 2008	
			US\$'000	A\$'000 ^a	US\$'000	A\$'000 ^a
Revenue from operations	<i>down</i>	-60.3%	185,110	260,462	466,691	490,962
EBITDAX ^b	<i>down</i>	-65.1%	143,419	201,800	410,666	432,023
EBIT ^c	<i>down</i>	-72.6%	74,331	104,588	271,340	285,451
Net profit after tax, before significant items	<i>down</i>	-73.3%	35,584	50,069	133,296	140,228
Net profit after tax attributable to members	<i>down</i>	-86.5%	35,584	50,069	264,415	278,166
Net operating cash flow	<i>down</i>	-76.4%	82,195	115,654	348,494	366,618
			Half-year ended 30 June 2009		Half-year ended 30 June 2008	
			US cents	A cents	US cents	A cents
Interim dividend paid per security ^c			2.00	TBA ^d	4.00	4.78 ^d
Basic earnings per share (before significant items)	<i>down</i>	-73.4%	3.17	4.46 ^a	11.90	12.52 ^a
Net operating cash flow per share	<i>down</i>	-76.5%	7.32	10.29 ^a	31.12	32.74 ^a

a. Amounts shown have been converted from US\$ to A\$ at the average exchange rate for the half-year of 0.7107 (2008: 0.9506).

b. Earnings before interest, borrowing costs, income tax, depreciation, amortisation, exploration costs expensed, and profit on sale.

c. No franking credits available on dividends, as Oil Search Limited is incorporated in Papua New Guinea.

d. The Australian dollar amount will be fixed at the rate of exchange applicable on the day of the record date for determining entitlements to the interim ordinary dividend, being 18 September 2009 (2008: 26 September 2008).

e. Earnings before interest, borrowing costs, income tax, and profit on sale.

OIL SEARCH LIMITED
and its subsidiaries

ARBN 055 079 868

Condensed Consolidated Financial Report
for the half-year ended 30 June 2009

OIL SEARCH LIMITED
and its subsidiaries

Financial Report for the half-year ended
30 June 2009

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OIL SEARCH LIMITED
and its subsidiaries

Directors' report

The directors submit their report for the half-year ended 30 June 2009.

DIRECTORS

The names, details and shareholdings of the directors of the company in office during or since the end of the financial half-year are:

Mr BF Horwood, B.Comm., F.A.I.C.D., F.C.P.A., (Chairman), 67 years

Mr Horwood was appointed a director on 28 May 2004 and Chairman of Oil Search on 1 June 2004. Prior to joining Oil Search, Mr Horwood had 35 years experience with the Rio Tinto Group, having held executive positions in Australia, the United Kingdom and Papua New Guinea. Most recently, Mr Horwood was Managing Director, Rio Tinto-Australia. Mr Horwood was previously the Chairman of Energy Resources of Australia Limited and Coal and Allied Industries Limited. He has been a member of the Business Council of Australia and a director of the Minerals Council of Australia.

Ordinary shares, fully paid: nil; Options: nil

Mr PR Botten, CBE, B.Sc. ARSM, (Managing Director), 54 years

Mr Botten was appointed Managing Director on 28 October 1994, having previously filled both exploration and general manager roles in the company since joining in 1992. He has extensive worldwide experience in the oil and gas business, previously holding various senior technical and managerial positions in a number of listed and government owned organisations. Mr Botten is presently President of the Papua New Guinea Chamber of Mines and Petroleum and is on the Executive Committee of the Australia PNG Business Council. He was awarded Commander of the Order of the British Empire (CBE) in the 2008 Queen's Birthday Honours List for services to commerce and the mining and petroleum industry in Papua New Guinea.

Ordinary shares, fully paid: 1,040,000; Options: nil; Performance Rights: 1,356,591; Restricted shares: 200,285

Mr EF Ainsworth, AM, B.Comm., F.A.I.C.D., F.C.P.A., 63 years

Mr Ainsworth joined the Board in October 2002. Mr Ainsworth has extensive energy and resources industry experience. He spent 26 years with CSR Limited ("CSR"), mainly in CSR's resources businesses, including 7 years in CSR's Oil and Gas Division, and 5 years as Managing Director of Delhi Petroleum Pty Ltd ("Delhi"). When CSR sold Delhi he became Managing Director and CEO of Sagasco Holdings Limited, then the 4th largest oil and gas company listed on the ASX. Mr Ainsworth is Chairman of Horizon Oil Ltd and a non-executive Director of Envestra Ltd (both ASX listed companies) and, from 1 January 2006, Chairman of the unlisted Tarac Australia Ltd. He was formerly Chairman of SA Generation Corporation (the South Australian Government owned coal mining and electricity generating Corporation).

Ordinary shares, fully paid: nil; Options: nil

OIL SEARCH LIMITED
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Directors' report

Mr G Aopi, CBE, 55 years

Mr Aopi was appointed an Executive Director in May 2006 and presently fills the position of General Manager PNG (Papua New Guinea), a post he took up in August 1998. Mr. Aopi has substantial public service and business experience in Papua New Guinea, having had a long and distinguished career in government, filling a number of important positions, including Secretary for Finance and Planning and Managing Director of Telikom PNG Ltd. He is presently Chairman of Independent Public Business Corporation (IPBC) and Telikom PNG Ltd. Mr Aopi is a Director of Steamships Trading, Bank of South Pacific and a number of other private sector and charitable organisations in Papua New Guinea.

Ordinary shares, fully paid: 121,540; Options: nil; Performance Rights: 164,972; Restricted shares: 58,651

Mr KG Constantinou, OBE, 51 years

Mr Constantinou joined the Board in April 2002. Mr Constantinou is a prominent business figure in Papua New Guinea, holding a number of high level public sector and private sector appointments. He is a director of various companies, including Airways Hotel & Apartments Limited, Lamana Hotel Limited, Heritage Park Hotel and Gazelle International Hotel. He is also Deputy President of the Employers Federation of Papua New Guinea, a director of Airlines of PNG, Chairman of the National Physical Planning Board, Honorary Consul for Greece in Papua New Guinea and Trade Commissioner of Solomon Islands to Papua New Guinea.

Ordinary shares, fully paid: nil; Options: nil

Mr R Igara, CMG, M.B.A, B.E., Grad.Dip.(International Law), 56 years

Mr Igara joined the Board in April 2002. At that time he was one of Papua New Guinea's most highly placed civil servants and he has extensive experience in the public sector, in international relations and multilateral development and financial matters. He served as a diplomat in Suva and Canberra and as the Secretary to the Department of Trade & Industry. He was formerly Chief Secretary to Government in PNG, Acting Secretary for Treasury and Chairman of Mineral Resources Development Company Limited. Mr Igara was an independent director of Orogen Minerals. He has also held Chairmanships of other Boards of statutory bodies, including the PNG Investment Promotion Authority. He was a member of the Board of the Bank of Papua New Guinea from 2001 to 2005. He was the founding Chief Executive Officer of PNG Sustainable Development Program Ltd from 2002 to 2008, a company which has a 52% interest in Ok Tedi Mining Ltd, and since March 2008, the Executive Director (Strategic Investments Group) within PNGSDP Ltd. He also serves on the boards of several community and not-for-profit organisations in PNG and the Pacific.

Ordinary shares, fully paid: 10,000; Options: nil

Mr MDE Kriewaldt, B.A., LL.B., F.A.I.C.D., 59 years

Mr Kriewaldt joined the Board in April 2002. Mr Kriewaldt is a director of Suncorp Metway Limited, Campbell Brothers Limited, Macarthur Coal Limited, BrisConnections and ImpediMed Limited. He is Chairman of Opera Queensland, President of the Queensland division of the Institute of Company Directors, and provides advice to Allens Arthur Robinson. He has previously served as a director of GWA International Limited, Peptech Limited and Orogen Minerals Limited and as Chairman of Suncorp Insurance and Finance, Infratil Australia Limited, Hooker Corporation Limited and Airtrain Citylink Ltd.

Ordinary shares, fully paid: 12,000; Options: nil

OIL SEARCH LIMITED
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Directors' report

Mr JL Stitt, M.A. (Hons), F.A.I.C.D., 66 years

Mr Stitt joined the Board in April 1998. He has extensive experience in the international oil and gas business, having worked for 33 years with the Royal Dutch/Shell Group of companies including inter alia being responsible for Shell's world wide procurement, Director of Finance for Shell Australia, and President and CEO of Shell Japan. Mr Stitt is a former director of Woodside Petroleum Limited, Mitsubishi Chemicals K.K. and Showa Shell Sekiyu K.K.

Ordinary shares, fully paid: 9,600; Options: nil

Mr TN Warren, B.Sc. (Hons), 60 years

Mr Warren joined the Board in May 2006. Mr. Warren has had a long and distinguished career with the Shell Group of Companies, spanning many different areas of its business. He retired as Chairman of the Shell companies in Australia and the Pacific Islands on 1 May 2006, after more than 35 years with the Group. Prior to 2002, Mr Warren served as Business Director for Asia-Pacific and Australasia (2001-2002), Director of Exploration and Production Research and Technical Services (1995-2001), General Manager Western Division of the Shell Petroleum Development Company in Nigeria (1993-1995), and General Manager Operations for the Shell Petroleum Development Company in Nigeria (1992-1993). Mr Warren also held various other senior positions within the Group and was a member of Shell's Global Executive Committee for the Exploration and Production Business (1995-2002). Mr Warren was previously a director of Woodside Energy Ltd and was a member of the Business Council of Australia (2002-2006). He is a Director of the Save The Children International Alliance and Chairman of Energy Alliance Australia Ltd.

Ordinary shares, fully paid: nil; Options: nil

GROUP SECRETARY

Mr MG Sullivan, B.A., LL.B., LL.M., FCIS, 51 years (Resigned 18 May 2009)

Mr Sullivan joined Oil Search in 1997 as General Counsel after an extensive period in private practice specialising in banking and finance law. Mr Sullivan was a partner at Gadens Ridgeway before joining Oil Search. He assumed the role of Group Secretary in 1999. Mr Sullivan is admitted as a lawyer in New South Wales and Papua New Guinea. He is a Fellow of the Chartered Institute of Secretaries and a Public Notary in New South Wales.

Ordinary shares, fully paid: nil; Options: 2,170; Performance Rights: 173,228; restricted shares: nil

Mr SW Gardiner, B.Ec. (Hons), 51 years (Appointed 18 May 2009)

Mr Gardiner joined Oil Search Limited in 2003, after a 20 year career in finance at two of Australia's largest multinational construction materials companies and a major technology company. Stephen's roles at Oil Search have covered senior corporate finance responsibilities, including twelve months as Acting Chief Financial Officer. In addition to his current role of General Manager Corporate Finance, Stephen was appointed Group Secretary in May 2009.

Ordinary shares, fully paid: 57,000; Options: nil; Performance Rights: 127,915; restricted shares: 38,200

OIL SEARCH LIMITED
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Directors' report

RESULTS AND REVIEW OF OPERATIONS

Financial

During the period, the economic entity made a net profit after tax of US\$35.6 million (June 2008: US\$264.4 million. The June 2008 result included a profit after tax on the sale of Middle East/North Africa "MENA" assets of US\$132.1 million). The net profit was after providing for income tax of US\$37.0 million (June 2008: US\$140.9 million).

Operations

Revenue from operations for the first six months of 2009 was US\$185.1 million, 60.3% lower than the first half 2008 outcome of US\$466.7 million. This result reflected markedly weaker oil prices and lower oil sales volumes, compared to the previous corresponding period. The average realised oil price for the first half of 2009 was US\$51.84 per barrel, down US\$63.19 from the US\$115.03 price realised in the first half of 2008. The Company did not undertake any hedging activity during the period and remained unhedged to oil price movements.

Total oil, gas and condensate production for the first half of 2009 was 3.809 million barrels of oil equivalent, or 12% lower than in the first half of 2008. Production was impacted by the sale of the producing MENA assets, with effect from 1 May 2008, and unscheduled repairs to the PNG production and export facilities in the first half of 2009. Closing oil inventory at 30 June 2009 was 420,000 barrels. Operating expenses were US\$5.5 million lower at US\$37.2 million, compared to US\$42.7 million in the previous corresponding period. PNG operating costs decreased due to lower sales volumes and cost control initiatives.

Amortisation and depreciation charges decreased by 26.1% or US\$17.9 million from US\$68.7 million to US\$50.8 million, due to lower sales volumes and a more favourable mix of production from fields with lower amortisation rates.

Exploration and evaluation costs expensed in the first half of 2009 were US\$18.3 million compared to US\$70.6 million in the previous corresponding period, due to lower exploration activity. Exploration costs capitalised and awaiting well completion or appraisal at end June 2009 totalled US\$35.0 million.

Income tax expense decreased to US\$37.0 million in the first half of 2009 compared to US\$140.9 million in the prior corresponding period, in line with the lower profit from operating activities. The profit on sale of the MENA assets realised in the first half of 2008 was not subject to tax.

Operating cash flow of US\$82.2 million (June 2008: US\$348.5 million) was received during the half-year, a decrease of 76.4% on the corresponding period in 2008. At 30 June 2009 the Company held cash of US\$410.5 million (December 2008: US\$534.9 million), and was debt free.

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Directors' report

DIVIDENDS

Subsequent to balance date, the directors have approved the payment of an unfranked interim dividend of US 2 cents per ordinary share to ordinary shareholders in respect of the half-year ended 30 June 2009. The due date for payment is 9 October 2009 to all holders of ordinary shares on the Register of Members on 18 September 2009. Dividends paid and declared during the period are recorded in note 8 to the financial statements.

AUDITORS' INDEPENDENCE DECLARATION

Deloitte Touche Tohmatsu's Independence Declaration is included on page 6.

ROUNDING

The majority of amounts included in this report are rounded to the nearest US\$1,000 (where rounding is applicable).

Signed in accordance with a resolution of the Directors.

B. F. Horwood
.....

BF HORWOOD
Chairman

PR Botten
.....

PR BOTTEN
Managing Director

Sydney, 25 August 2009

The Board of Directors
Oil Search Limited
Level 27, Angel Place
123 Pitt Street
Sydney NSW 2000

25 August 2009

Dear Directors

Oil Search Limited

I am pleased to provide the following declaration of independence to the directors of Oil Search Limited.

As lead audit partner for the review of the financial statements of Oil Search Limited for the financial half-year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU



John A Leotta
Partner
Chartered Accountant

OIL SEARCH LIMITED
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Condensed consolidated statement of comprehensive income
for the half-year ended 30 June 2009

	Note	Half-year ended 30 June 2009 US\$'000	Half-year ended 30 June 2008 US\$'000
Revenue from operations	2	185,110	466,691
Operating expenses		(37,193)	(42,706)
Amortisation - site restoration		(3,934)	(5,106)
Amortisation - oil and gas assets		(41,022)	(54,405)
Depreciation - operating assets		(3,655)	(6,451)
Royalties, development and mining levies		(2,800)	(7,649)
Costs of sales		(88,604)	(116,317)
Gross profit from operating activities		96,506	350,374
Other expenses	3	(3,889)	(8,416)
Profit from operating activities		92,617	341,958
Exploration costs expensed		(18,286)	(70,618)
Contractual adjustments to profit on sale of joint venture interests	4	-	(1,000)
Profit on sale of MENA assets	4	-	132,119
Profit/(loss) on sale of other non-current assets		(59)	8
Interest income		2,677	6,627
Financing costs	5	(4,387)	(3,768)
Profit from continuing operations before income tax		72,562	405,326
Income tax expense	6	(36,978)	(140,911)
Net profit after tax		35,584	264,415
Other comprehensive income			
Foreign currency translation differences for foreign operations		3,717	2,677
Total comprehensive income for the period		39,301	267,092
		US cents	US cents
Basic earnings per share	7	3.17	23.61
Diluted earnings per share	7	3.14	23.40

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

OIL SEARCH LIMITED
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Condensed consolidated statement of financial position
as at 30 June 2009

	Note	30 June 2009 US\$'000	31 December 2008 US\$'000
Current assets			
Cash and cash equivalents		410,537	534,928
Receivables		115,320	96,132
Inventories		59,214	52,854
Other current assets		5,759	3,748
Total current assets		590,830	687,662
Non-current assets			
Receivables		42,939	42,848
Other non-current assets		1,651	1,651
Exploration and evaluation assets	10	622,036	516,256
Producing assets	11	640,859	588,133
Other property, plant and equipment		77,633	80,006
Deferred tax assets		90,494	88,901
Total non-current assets		1,475,612	1,317,795
Total assets		2,066,442	2,005,457
Current liabilities			
Payables		165,690	169,580
Provisions		11,228	12,276
Current tax liabilities		36,185	15,128
Total current liabilities		213,103	196,984
Non-current liabilities			
Provisions		119,793	114,621
Deferred tax liabilities		98,597	100,625
Total non-current liabilities		218,390	215,246
Total liabilities		431,493	412,230
Net assets		1,634,949	1,593,227
Shareholders' equity			
Share capital	9	665,217	620,491
Reserves	13	7,608	1,514
Retained profits		962,124	971,222
Total shareholders' equity		1,634,949	1,593,227

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

OIL SEARCH LIMITED
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Condensed consolidated statement of cash flows
for the half-year ended 30 June 2009

	Half-year ended 30 June 2009	Half-year ended 30 June 2008
Note	US\$'000	US\$'000
Cash flows from operating activities		
Receipts from customers	173,575	464,472
Payments to suppliers and employees	(73,241)	(45,246)
Interest received	3,456	8,009
Borrowing costs paid	(2,053)	(1,027)
Income tax paid	(19,542)	(77,714)
Net operating cash flows	82,195	348,494
Cash flows from investing activities		
Payments for property, plant and equipment	(3,532)	(13,375)
Payments for exploration and evaluation expenditure	(118,833)	(146,937)
Payments for oil and gas expenditure	(86,245)	(85,267)
Proceeds from sale of property, plant and equipment	-	8
Net cash inflow on sale of MENA assets	-	14,237
Net investing cash flows	(208,610)	(231,334)
Cash flows from financing activities		
Proceeds from underwriter of dividend reinvestment plan (DRP)	34,347	-
Dividend payments (net of DRP) ¹	(34,225)	(44,767)
Costs relating to dividend reinvestment plan	(145)	-
Repurchase of employee share options	-	(3,465)
Purchase of treasury shares	(3,074)	(10,707)
Loans to and from operated joint ventures	5,121	(2,200)
Net financing cash flows	2,024	(61,139)
Net movement in cash and cash equivalents held	(124,391)	56,021
Cash and cash equivalents balance at the beginning of the period	534,928	343,578
Cash and cash equivalents balance at end of period ²	410,537	399,599

¹ Total dividend payments including cash and dividend reinvestment was \$44.7 million. Total dividend payments net of dividends reinvested under the dividend reinvestment plan was \$34.2 million.

² Includes US\$22.5 million (2008: nil) in a debt service reserve account held with Australian & New Zealand Banking Group Limited, as required by the US\$435 million revolving facility agreement.

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

OIL SEARCH LIMITED
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Condensed consolidated statement of changes in equity
for the half-year ended 30 June 2009

Consolidated	Share capital US\$'000	Reserves US\$'000	Retained profits US\$'000	Total US\$'000
Balance at 1 January 2008	625,602	16,214	747,316	1,389,132
Transfer of vested shares	9,767	(9,767)	-	-
Settlement of equity based employee share payments	(14,878)	-	-	(14,878)
Employee share-based remuneration	-	9,690	-	9,690
Purchase of treasury shares	-	(7,666)	-	(7,666)
Net exchange differences	-	-	(41)	(41)
Net profit after tax for the year	-	-	313,362	313,362
Exchange differences on translation of foreign operations	-	(6,957)	-	(6,957)
Dividends provided for or paid	-	-	(89,415)	(89,415)
Balance at 31 December 2008	620,491	1,514	971,222	1,593,227

Consolidated	Share capital US\$'000	Reserves US\$'000	Retained profits US\$'000	Total US\$'000
Balance at 1 January 2009	620,491	1,514	971,222	1,593,227
Issue of shares through dividend reinvestment plan	44,804	-	-	44,804
Costs associated with dividend reinvestment plan share issue	(145)	-	-	(145)
Settlement of equity based employee share payments	67	-	-	67
Purchase of treasury shares	-	(3,074)	-	(3,074)
Employee share-based remuneration	-	5,451	-	5,451
Net profit after tax for the period	-	-	35,584	35,584
Exchange differences on translation of foreign operations	-	3,717	-	3,717
Dividends provided for or paid	-	-	(44,682)	(44,682)
Balance at 30 June 2009	665,217	7,608	962,124	1,634,949

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

OIL SEARCH LIMITED
and its subsidiaries

Notes to the financial statements
for the half-year ended 30 June 2009

1 Summary of significant accounting policies

(a) Reporting entity

Oil Search Limited (Oil Search) is a company domiciled in PNG. The Consolidated Interim Financial Report (Half-Year Financial Report) of Oil Search as at and for the six months ended 30 June 2009 comprises Oil Search and its subsidiaries (Oil Search Group) and the Oil Search Group's interest in jointly controlled entities.

(b) Statement of compliance

The Half-Year Financial Report is presented in US dollars and is a general purpose Financial Report which has been prepared in accordance with the reporting requirements of the Australian Securities Exchange Listing Rules and IAS 34: "Interim Financial Reporting". The Half-Year Financial Report does not include all of the information required for a full Annual Financial Report and should be read in conjunction with the Consolidated Annual Financial Report of the Oil Search Group for the year ended 31 December 2008. This report should also be read in conjunction with any public announcements made by Oil Search during the half year in accordance with the continuous disclosure requirements arising under the ASX Listing Rules. This Half-Year Financial Report was approved by the Board of Directors on 19 August 2009.

(c) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in US dollars, unless otherwise noted.

(d) Rounding of amounts

The majority of amounts included in this report are rounded to the nearest US\$1,000 (where rounding is applicable).

(e) Significant accounting policies

The accounting policies applied by the Oil Search Group in this Financial Report are the same as those applied by the Oil Search Group in the Consolidated Financial Report for the year ended 31 December 2008, except where new standards and interpretations have been adopted. Where applicable, various comparative balances have been reclassified to align with current year presentation. These amendments have no material impact on the Financial Statements.

The following standards have been early adopted at 30 June 2009:

IFRS 8 Operating Segments

This standard introduces the "management approach" to segment reporting. This standard requires a change in the presentation of and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Under the management approach, the Group will present segment information in respect of PNG - oil and gas, PNG - LNG, Middle East and North Africa (MENA) - oil and gas, and Corporate.

Revised IAS 1 Presentation of Financial Statements

This standard introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Oil Search will disclose total comprehensive income in a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement).

OIL SEARCH LIMITED
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Notes to the financial statements
for the half-year ended 30 June 2009

	Half-year ended 30 June 2009 US\$'000	Half-year ended 30 June 2008 US\$'000
2 Revenue from operations		
Oil sales	154,816	431,195
Gas and refined product sales	12,880	17,426
Drilling rig revenue	13,524	11,268
Other field revenue	3,890	6,802
	185,110	466,691
3 Other expenses		
Salaries and employee benefits	(16,475)	(22,739)
Post-employment benefits	(1,102)	(1,615)
Employee share-based remuneration	(5,451)	(5,984)
Premises, and equipment - operating leases	(1,729)	(2,197)
Other expenses	(8,482)	(15,620)
Corporate cost recoveries	28,893	44,024
Net corporate expenses	(4,346)	(4,131)
Depreciation	(2,191)	(2,746)
Foreign currency gains/(losses)	2,648	(1,539)
	(3,889)	(8,416)
4 Significant items		
Consideration on sale of MENA assets	-	225,321
Assets and liabilities disposed	-	(93,202)
Net profit on sale of MENA assets	-	132,119
Contractual adjustments to profit on sale of JV interest	-	(1,000)
Total significant items	-	131,119
5 Financing costs		
Borrowing costs	(2,278)	(1,027)
Unwinding of discount on site restoration	(2,109)	(2,741)
	(4,387)	(3,768)

OIL SEARCH LIMITED
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Notes to the financial statements
for the half-year ended 30 June 2009

	Half-year ended 30 June 2009 US\$'000	Half-year ended 30 June 2008 US\$'000
6 Income tax		
The major components of tax expense are:		
Current tax expense	42,838	157,369
Prior year adjustment	39	-
Deferred tax expense relating to the origination and reversal of temporary differences	(5,899)	(16,458)
Income tax expense	36,978	140,911
Reconciliation between tax expense and the pre-tax net profit multiplied by the applicable tax rate is set out below:		
Pre-tax net profit	72,562	405,326
Tax at PNG rate for petroleum (50%) (2008: 50%)	36,281	202,663
Effect of differing tax rates across tax regimes	(3,031)	(1,957)
	33,250	200,706
Tax effect of items not tax deductible or assessable:		
Foreign jurisdiction losses not assessable	-	5,973
Prior year adjustment	39	-
Profit on sale of MENA assets	-	(66,058)
Non-deductible expenditure	3,833	290
Other non-temporary differences	(144)	-
Income tax expense	36,978	140,911
The amount of the deferred tax (benefit)/expense recognised in the income statement in respect of each type of temporary difference and unused tax loss:		
Exploration and development	(6,031)	(10,799)
Other assets	2,487	-
Provisions	(2,014)	(5,659)
Other items	1,106	-
Tax losses	(1,447)	-
Deferred tax benefit	(5,899)	(16,458)

OIL SEARCH LIMITED
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Notes to the financial statements
for the half-year ended 30 June 2009

	Half-year ended 30 June 2009 US cents	Half-year ended 30 June 2008 US cents
7 Earnings per share		
Basic earnings per share (before significant items)	3.17	11.90
Basic earnings per share (after significant items)	3.17	23.61
Diluted earnings per share (after significant items)	3.14	23.40
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,123,481,151	1,119,841,193
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	1,132,764,617	1,130,011,239
Basic earnings per share after significant items have been calculated on a net profit after tax of US\$35.6 million (2008: US\$264.4 million).		
Diluted earnings per share have been calculated on a net profit after tax of US\$35.6 million (2008: US\$264.4 million). There are 5,604,444 options (2008: 3,182,287) and 8,352,841 performance rights (2008: 7,528,966) which are dilutive potential ordinary shares and are therefore included in the number of shares for the calculation of diluted earnings per share.		
	Half-year ended 30 June 2009 US\$'000	Half-year ended 30 June 2008 US\$'000
8 Dividends paid or proposed		
Unfranked ^b dividends in respect of the half-year, proposed subsequent to the reporting period:		
Ordinary dividends ^a	22,645	44,794
Unfranked ^b dividends paid during the period in respect of previous year	44,682	44,767

a. On 25 August 2009, the directors declared an interim unfranked dividend in respect of the current half-year, of US 2 cents per ordinary share, to be paid to the holders of ordinary shares on 9 October 2009. The proposed dividend is payable to all holders of ordinary shares on the Register of Members on 18 September 2009. The estimated dividend to be paid is US\$22,645,440 and has not been included as a liability in these financial statements.

b. As Oil Search Limited is a Papua New Guinea incorporated company, there are no franking credits available on dividends.

OIL SEARCH LIMITED
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Notes to the financial statements
for the half-year ended 30 June 2009

	Six months ended 30 June 2009 US\$'000	Twelve months ended 31 December 2008 US\$'000
9 Share capital		
(a) Issued and fully paid shares		
1,132,271,994 ordinary shares (2008: 1,119,841,193)	665,217	620,491

	Six months ended 30 June 2009 Shares	Twelve months ended 31 December 2008 Shares	Six months ended 30 June 2009 US\$'000	Twelve months ended 31 December 2008 US\$'000
(b) Movement in issued and fully paid shares				
Balance at the beginning of the period	1,119,841,193	1,119,841,193	620,491	625,602
Transfer of vested shares from employee compensation reserve	-	-	-	9,767
Settlement of equity based share based payments	-	-	67	(14,878)
DRP Underwriting agreement ¹				
Ordinary shares issued at US\$3.62 (2008 final dividend)	9,485,203	-	34,347	-
DRP ²				
Ordinary shares issued at US\$3.55 (2008 final dividend)	2,945,598	-	10,457	-
Share issue costs	-	-	(145)	-
	1,132,271,994	1,119,841,193	665,217	620,491

¹ The DRP was fully underwritten for the 2008 final dividend.

² The price for shares issued under the DRP was calculated in accordance with the DRP Rules and is the arithmetic average of the daily volume weighted average sales price of all Oil Search shares sold on the Australian Securities Exchange (excluding off-market trades) during the trading days immediately after the Record Date (17 April 2009) for the 2008 final dividend less a discount of 2.00%

OIL SEARCH LIMITED
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Notes to the financial statements
for the half-year ended 30 June 2009

	Half-year ended 30 June 2009 US\$'000	Year ended 31 December 2008 US\$'000
10 Exploration and evaluation assets		
At cost	673,479	567,699
Less impairment	(51,443)	(51,443)
	622,036	516,256
Balance at start of year	516,256	376,894
Expenditure incurred during the period	124,198	257,286
Exploration costs expensed during the period	(18,286)	(91,234)
Impairment losses	-	(17,153)
Disposals	-	(9,669)
Net exchange differences	(132)	132
Balance at end of period ¹	622,036	516,256
¹ Exploration and evaluation assets include LNG related assets of US\$342.7 million at 30 June 2009 (31 December 2008: US\$253.6 million).		
11 Producing assets		
Assets in development		
At cost	-	-
Balance at start of year	-	33,766
Additions	-	4,214
Disposals	-	(37,176)
Amortisation	-	(804)
Balance at end of period	-	-
Producing assets		
At cost	1,680,832	1,579,987
Less accumulated amortisation and impairment	(1,039,973)	(991,854)
	640,859	588,133
Balance at start of year	588,133	599,523
Additions	97,784	157,584
Disposals	-	(14,880)
Impairment losses	-	(54,590)
Changes in restoration obligations	3,061	9,146
Amortisation of site restoration	(4,215)	(9,919)
Amortisation	(43,904)	(98,731)
Balance at end of period	640,859	588,133
Total producing assets	640,859	588,133

OIL SEARCH LIMITED
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Notes to the financial statements
for the half-year ended 30 June 2009

12 Segment reporting

Information about reportable segments

The Group's segments are arranged primarily by location of operation (e.g. PNG, MENA and Australia) followed by the commodity (e.g. oil, gas or LNG). Each managed segment has a management team that is accountable to the Managing Director.

The Group's Executive Management team evaluates the financial performance of the Group and its segments principally with reference to earnings before interest and tax, and capital expenditure on exploration and evaluation assets, oil and gas assets, and property, plant and equipment.

US\$'000	PNG				MENA		Corporate		Total	
	Oil and gas		LNG		Oil and gas		30 June		30 June	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External revenues	185,110	448,142	-	-	-	18,549	-	-	185,110	466,691
Amortisation - site restoration	(3,934)	(5,106)	-	-	-	-	-	-	(3,934)	(5,106)
Amortisation - oil and gas assets	(41,022)	(48,740)	-	-	-	(5,665)	-	-	(41,022)	(54,405)
Depreciation - operating assets	(3,655)	(6,506)	-	-	(91)	(58)	(2,100)	(2,633)	(5,846)	(9,197)
Foreign currency gains/(losses)	2,420	(1,844)	-	-	(9)	(1)	237	306	2,648	(1,539)
Exploration and other costs	(11,389)	(52,062)	-	-	(6,145)	(18,520)	(752)	(36)	(18,286)	(70,618)
Employee share based remuneration	-	-	-	-	-	-	(5,451)	(5,984)	(5,451)	(5,984)
Operating costs	(40,229)	(46,328)	-	-	(370)	(5,334)	1,711	3,160	(38,888)	(48,502)
EBIT	87,301	287,556	-	-	(6,615)	(11,029)	(6,355)	(5,187)	74,331	271,340
Profit on sale of MENA assets									-	132,119
Loss on sale of joint venture interests									-	(1,000)
Profit/(loss) on sale of other non-current assets									(59)	8
Unwinding of discount on site restoration									(2,109)	(2,741)
Interest income									2,677	6,627
Interest expense									(2,278)	(1,027)
Reportable segment profit before income tax									72,562	405,326
Income tax expense									(36,978)	(140,911)
Net profit after tax									35,584	264,415
Capital expenditure										
Exploration and evaluation assets	(6,894)	(71,169)	(89,081)	(19,339)	(27,471)	(52,364)	(752)	(36)	(124,198)	(142,908)
Oil and gas assets - development and production	(97,784)	(55,368)	-	-	-	(6,683)	-	-	(97,784)	(62,051)
Property, plant and equipment	(1,242)	(11,106)	-	-	-	(49)	(5,473)	(3,862)	(6,715)	(15,017)
Total capital expenditure	(105,920)	(137,643)	(89,081)	(19,339)	(27,471)	(59,096)	(6,225)	(3,898)	(228,697)	(219,976)

Geographical segments

The Oil Search Group operates primarily in Papua New Guinea but also has activities in Yemen, Libya, Iraq, Tunisia and Australia. Production from the designated segments is sold on commodity markets and may be sold to other geographical segments.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the location of operating activity.

US\$'000	Revenues		Non-current assets	
	30 June		30 June	31 December
	2009	2008	2009	2008
PNG	185,110	448,142	1,413,358	1,278,489
Australia	-	-	10,484	8,838
MENA	-	18,549	51,770	30,468
Total	185,110	466,691	1,475,612	1,317,795

Major customers

Revenue from one customer of the Group's PNG oil and gas segment represents approximately \$115.8 million or 69% of the Group's total oil and gas sales revenues (2008: \$353.3 million, 79%) and 63% of the Group's total revenue of \$185.1 million (2008: 76% of \$466.7 million).

For the six months to 30 June 2009, revenue from two other customers represented 13% and 10% of the Group's total oil and gas sales revenues respectively. Revenue from each of the other customers is less than 10% of total revenue for the Group.

OIL SEARCH LIMITED
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Notes to the financial statements
for the half-year ended 30 June 2009

	Half-year ended	Year ended
	30 June 2009	31 December 2008
	US\$'000	US\$'000
13 Reserves		
Foreign currency translation reserve	127	(3,677)
Reserve for treasury shares	(10,740)	(7,666)
Employee equity compensation reserve	18,221	12,857
	7,608	1,514

14 Events after balance sheet date

(a) Dividends

Subsequent to balance date, the Directors declared an unfranked interim dividend of US 2 cents per share in respect of the current half-year to the holders of ordinary shares, to be paid on 9 October 2009.

(b) Dividend Reinvestment Plan (DRP)

A DRP is currently in operation. It provides shareholders with the option of reinvesting all or part of their dividends in additional Oil Search shares. The DRP will be fully underwritten for the 2009 interim dividend.

(c) Oil Search is at an advanced stage of finalising the terms for the sale of an interest in the PNG LNG Project to International Petroleum Investment Company ("IPIC"). The terms of the transaction are substantially agreed but are subject to respective Oil Search and IPIC board approvals. Full details of the proposed sale will be released once the respective companies' board approvals on the final terms have been obtained.

There were no other significant events after balance date.

OIL SEARCH LIMITED
and its subsidiaries

Directors' Declaration

In accordance with a resolution of the directors of Oil Search Limited, the directors declare that:

- (a) the attached financial statements and notes thereto of the economic entity:
 - (i) give a true and fair view of the economic entity's financial position as at 30 June 2009 and its performance for the half-year ended on that date; and
 - (ii) comply with International Financial Reporting Standards; and
 - (iii) the attached financial statements and notes thereto comply with the reporting requirements of the Australian Securities Exchange Listing Rules; and
- (b) in the opinion of the directors, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due or payable.

Signed in accordance with a resolution of the directors.

On behalf of the Board of Directors

B. F. Horwood

.....
BF HORWOOD
Chairman

PR Botten

.....
PR BOTTEN
Managing Director

Sydney, 25 August 2009

Independent Auditor's Review Report to the members of Oil Search Limited

We have reviewed the accompanying half-year financial report of Oil Search Limited, which comprises the statement of financial position as at 30 June 2009, and the statement of comprehensive income, statement of cash flows, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 18.

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 International Financial Reporting Standards (including the interpretations of the International Financial Reporting Interpretations Committee) and the *Companies Act 1997*. This responsibility includes establishing and maintaining internal control 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 International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information 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 *Companies Act 1997* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and its performance for the half-year ended on that date; and complying with International Accounting Standard IAS 34 *Interim Financial Reporting* and the *Companies Act 1997*. As the auditor of Oil Search Limited, ISRE 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 International 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.

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 Oil Search Limited is not in accordance with the *Companies Act 1997*, including:

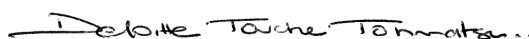
- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance for the half-year ended on that date; and
- (b) complying with International Accounting Standard IAS 34 *Interim Financial Reporting* and the *Companies Act 1997*.

Other Information

We have no interest in the company or any relationship other than that of the auditor of the company.



DELOITTE TOUCHE TOHMATSU



DELOITTE TOUCHE TOHMATSU



Suzaan Theron
Partner
Chartered Accountants
Registered under the Accountants Act, 1996
Port Moresby, 25 August 2009



John A Leotta
Partner
Chartered Accountants
Registered Company Auditor in Australia
Sydney, 25 August 2009



OIL SEARCH LIMITED

Incorporated in Papua New Guinea
ARBN 055 079 868

**OIL SEARCH LIMITED
2009 Interim Dividend**

Oil Search Limited will pay an interim dividend of US\$0.02 (two US cents) per ordinary share on Friday, 9 October 2009.

The record date is Friday, 18 September 2009 and the ordinary shares will trade "ex" dividend from Monday, 14 September 2009.

The dividend will be paid in PNG Kina for those shareholders domiciled in Papua New Guinea, in GB Pounds for those shareholders that have lodged direct credit details requesting a GB Pounds credit and in Australian dollars for all other shareholders. The exchange rates used for converting the United States dollar dividend into the payment currencies will be the closing rates on the record date.

The dividend will be unfranked and no withholding tax will be deducted.

Yours faithfully
OIL SEARCH LIMITED

STEPHEN GARDINER
Group Secretary

Tuesday, 25 August 2009