ASX ANNOUNCEMENT
(ASX: WPL)

WEDNESDAY, 18 AUGUST 2004
10:00AM (WST)

1954 2004
Commitment to Growth

WOODSIDE

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First Half 2004 Profit Increases

Key Points

- ***First half 2004 net profit after tax*** *was* ***A$724.6 million*** *compared to the first-half 2003 net profit after tax of A$272.2 million. The first half result includes a significant item of A$373.6 million (post-tax) being profit on the sale of a 40% interest in the Enfield oil project and WA-271-P.*
- ***The underlying net profit after tax (pre-significant items) of A$351.0 million was up 29%*** *over the previous corresponding period with contributions from unrealised foreign exchange gains. Revenue benefits from a 22% increase in average realised oil prices were largely offset by a 19% increase in the average A$/US$ exchange rate.*
- ***Interim fully franked dividend of 27 cps, up by 6 cps from first-half 2003.***
- ***Net operating cash flow of A$539.4 million was down 5% compared to A$569.6 million.***
- ***2004 aspirational production target is unchanged at 58MMboe.*** *First half production of 28 MMboe is expected to be exceeded in the second half of 2004.*
- ***Woodside committed to three major projects*** *in first half of 2004. The three projects, Enfield, Thylacine-Geographe and Chinguetti, with a total capital expenditure of approximately A$3.0 billion (Woodside share: A$1.7 billion) are on budget and on schedule to start-up in 2006.*
- ***The NW Shelf LNG expansion project is near completion.*** *First gas came to shore through the new second offshore trunkline in February, the Venture's 9th LNG carrier loaded its first cargo in April and gas was introduced into the 4.2 million tonne-a-year fourth processing train in June. LNG production from Train 4 to storage tanks is expected by September 2004.*

FINANCIAL RESULTS

The reported net profit after tax of A$724.6 million for the first half 2004 was up strongly compared with A$272.2 million for the corresponding period in 2003. The large increase in the headline result was mainly due to a significant item after tax of A$373.6 million which arose from the profit on the sale of Woodside's 40% equity in the Enfield oil development and WA-271-P.

The underlying net profit after tax (pre-significant items) of A$351.0 million for the first half 2004 was up 29% compared with A$272.2 million for the corresponding period in 2003. This increase was achieved despite lower oil and gas revenues.

During the half, the US dollar cash proceeds from the sale of a 40% participating interest in WA-271-P (including the Enfield project) were received and placed on interest bearing deposit. The translation of these US cash proceeds and deposits plus the translation gains and losses on receivables resulted in a net gain position of A$89.9 million before tax (2003: A$42.8 million loss). These unrealised gains arose from the 30 June 2004 AUD/USD exchange rate of 0.6910 (31 December 2003: 0.7488)

Revenues from oil and gas operations were A$994.4 million, down 11% from A$1,118.6 million in first half 2003. Sales volumes were down 9.6% with lower sales volumes in all products offset marginally by the introduction of volumes from the Ohanet project in Algeria, which came into production at the end of October 2003. During the period the US$ realised oil price increased to US$35.04/boe (up 22%), however increases in the average A$/US$ exchange rate to 0.7336 (up 19%) largely offset these oil price benefits.

	1H 2004 A$M (1)	1H 2003 A$M (1)	Variance %
Production volume (MMboe)	28.0	30.7	(8.8)
Sales volume (MMboe)	28.2	31.2	(9.6)
Oil & Gas Revenues	994.4	1,118.6	(11.1)
Unrealised foreign exchange gains/(losses)(2)	89.9	(42.8)	n.m. (5)
EBITDAX (3)	794.2	745.0	6.6
Exploration expensed	(98.7)	(173.4)	(43.0)
EBIT (before significant items)	553.8	451.5	22.7
NPAT (before significant items)	**351.0**	**272.2**	**28.9**
Profit on sale of 40% of Enfield / WA-271-P	373.6	-	
Reported Profit (after significant items)	**724.6**	**272.2**	**166.2**
Interim dividend (c.p.s)	27	21	28.6
Net Operating Cash Flow	539.4	568.6	(5.1)
Gearing (%)(4)	11.8	35.2	n.m. (5)
Long term debt (US$M)	800.0	850.0	(5.8)
Cash on deposit (US$M)	515.6	19.4	n.m. (5)

(1) All amounts are in A$M unless otherwise stated.
(2) Excludes foreign exchange impacts on revenue.
(3) EBITDAX = earnings before interest, tax, depreciation, amortisation and exploration (before significant items).
(4) Gearing = (net debt) divided by (net debt + equity).
(5) n.m. = not meaningful.

PRODUCTION AND SALES

Woodside's production for the first half in 2004 was 28.0 million barrels of oil equivalent (MMboe), 8.8% less than the 30.7 MMboe of the previous corresponding period. Lower production, in line with natural decline from Laminaria-Corallina, Legendre and Wanaea-Cossack, was the main reason for the lower overall produced volumes. Due to the timing of liftings, first half 2004 sales volumes of 28.2 MMboe were lower by 9.6% compared to the 31.2 MMboe sold in the first half 2003.

DIVIDEND

A total interim dividend of 27 cents per share fully franked will be paid on 24 September 2004 to all shareholders registered at 3 September 2004. This compares with a total interim dividend in the 2003 corresponding period of 21 cents per share fully franked. The dividend represents a payout ratio of 51.3% on first-half reported profits (before significant items).

SENIOR MANAGEMENT CHANGES

In February, the Board announced the appointment of Mr Don Voelte as Managing Director and Chief Executive Officer of the Woodside Group of companies. Acting Chief Executive Officer Mr Keith Spence was appointed Chief Operating Officer of Woodside Energy Ltd., the operating arm of the Group. Both appointments were effective from 5 April 2004.

1ST HALF 2004 SIGNIFICANT EVENTS AND ACHIEVEMENTS

- **Safety performance** improved by 21% with a total recordable case frequency of 5.4 for every one million hours worked, down from the 6.8 recorded in the corresponding first half of 2003.

- **Enfield development.** Approval was given to develop the A$1.48 billion Enfield oil field with first production scheduled for fourth quarter 2006. Woodside sold a 40% interest in WA-271-P exploration permit and associated Enfield production licence WA-28-L to Mitsui E&P Australia Pty Ltd for US$464.5 million (yielding a net profit after tax of A$374 million).

- **Chinguetti development**. The US$600 million Phase 1 Chinguetti oil project was approved. Drilling will occur in late 2004 and 2005 to be ready for production by March 2006. A major drilling campaign is expected to begin in September 2004 with up to six exploration wells, up to four Tiof appraisal wells plus 11 Chinguetti development wells.

- **Otway development.** The A$1.1 billion Thylacine and Geographe Gas Project was approved. Construction is on target to begin in October 2004 with production scheduled for mid-2006. TXU Electricity Ltd signed a gas sales agreement to buy Woodside's share of natural gas from Thylacine-Geographe at up to 30 petajoules a year for more than 10 years.

- **Ohanet production.** The first full six months of production from the Algerian Ohanet project (Woodside 15%) contributed to Woodside's condensate and LPG revenues.

- **NWS LNG expansion.** Gas began flowing to shore through the North West Shelf Venture's new second offshore trunkline in February. In April the venture's ninth LNG ship, *Northwest Swan,* received its first cargo of LNG. In June gas was introduced to the front end of Train 4 and will progress through the train as construction and commissioning is completed in Q3 2004. By mid-July 2004, Train 4 was 99% complete overall, with commissioning 95% complete.

- **LNG sales and purchase** agreements were signed with Chubu Electric Power Company (0.6 million tonnes a year for 15 years from 2009) and with Kansai Electric Power Company (0.5 million tonnes a year from 2009 to 2014, 0.925 million tonnes a year from 2015 to 2023).

- A **domestic gas sales and purchase** agreement was signed with Western Power for the period to the end of 2022 or until 700 petajoules of gas is consumed, whichever comes first.

- The **Blacktip gas project** was granted major project facilitation status in January. In May the joint venture entered the front-end engineering design phase of the project. A final investment decision is expected in Q2 2005 and, if approved, first gas could occur in Q4 2007.

- Late in the half, **Legendre oil** field production was boosted by the successful completion of the Legendre North-5H infill well.

- **Mutineer-Exeter oil** field production licences were awarded in offshore Western Australia. The project is on budget and on schedule for production start-up by mid 2005.

- **African exploration.** A low-cost entry into two offshore exploration blocks in Sierra Leone was secured and 3,700km of seismic was acquired. In offshore Kenya, following the acquisition of 8,000km of seismic, four exploration blocks out of seven were relinquished.

- In the **Gulf of Mexico** (USA), Neptune-7 continued the appraisal of the Neptune oil field (Atwater Valley, Woodside 20%). A joint study group is examining opportunities for development. Midway-1 discovered gas (Woodside 50%). Development of Midway will depend on the results of a production test which is planned for Q4 2004.

OUTLOOK

Production Aspiration Maintained

Woodside has an aspirational production target of 58 MMboe for calendar year 2004 which includes additional contribution from the NW Shelf Venture LNG Train 4 and higher production from the Legendre field in the second half of the year.

The NW Shelf Joint Venture is currently planning to drill in-fill wells on the Wanaea-Cossack Lambert-Hermes oil complex. A well is anticipated in August (Wanaea-8) followed by a possible second well in late 2004 (Lambert-6). Completion of both wells is expected in December 2004 and, depending on drilling success, their contribution to production from early 2005 may reduce the anticipated rate of decline from these fields.

This Announcement, Appendix 4D, Half-Yearly Report and the Investor Briefing presentation will be available on our website at www.woodside.com.au.