ASX ANNOUNCEMENT
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1954 2004
Commitment to Growth

WOODSIDE

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WOODSIDE REPORTS NET PROFIT of A$527 MILLION

HIGHLIGHTS

- *Production of 58.9 million barrels of oil equivalent (MMboe) exceeded the original 2003 production target of 55MMboe by 7.1%. Record production was achieved from the North West Shelf facilities.*
- *Net profit after tax of $526.7 million. (The $92 million loss in 2002 had been affected by the one-off reduction of $715.3 million with the adoption of the Successful Efforts approach and an Oil Search Limited write-down of $106 million).*
- *Net operating cash flow of $1202.9 million, similar to 2002 ($1206.9 million).*
- *Gearing of 26.8% compared to 35.5% in previous year.*
- *A final dividend of 25 cents per share fully franked will be paid, resulting in a total dividend for 2003 of 46 cents per share, fully franked (62 cents in 2002).*

FINANCIAL RESULTS

Woodside's 2003 net profit after tax was $526.7 million. This is 19.9% lower than the comparable underlying profit in 2002 largely due to lower oil sales volumes, a negative translation effect with the stronger Australian dollar and increased exploration expense. Earnings per share was 79 cents, down 19.9% on the underlying result of 98.7 cents in 2002.

The 2003 result was not affected by significant items however the 2002 reported loss of $92 million, as stated last year, had been significantly reduced by the $106 million write-down of the company's investment in Oil Search Limited and a $715.3 million adjustment due to the adoption of the 'Successful Efforts' accounting approach. Of this $715.3 million after tax adjustment, $71.6 million related to Successful Efforts adjustments in 2002 while $643.7 million related to the prior period adjustments. To make meaningful comparisons between 2002 and 2003, the 2002 underlying result is $657.7 million and includes the $71.6 million of Successful Efforts adjustments specific to 2002 (i.e. both years now account for successful efforts).

The 2003 result was negatively affected by a higher level of exploration expense totalling $295.5 million compared to a total $166.8 million in 2002. The higher expense arose from the higher overall spend in 2003, the requirement to amortise exploration permit acquisitions made during the year, the high proportion of pre-drill expenditure and the lower drilling success rate in 2003.

The effective tax rate in 2003 of 36.4% was higher compared to 33.3% for 2002 (excluding significant items). The rise in tax rate was due to a greater exploration spend in international areas, where potential taxation credits will not be accounted for until the development of offsetting revenues.

All amounts are in A$M unless otherwise stated.

	2003 A$Million	**2002** A$Million[1]	**Variance** %
Production volume (MMboe)	58.9	64.2	(8.2)
Sales volume (MMboe)	59.0	62.7	(5.9)
Oil & Gas Revenues	2,018.5	2,192.3	(7.9)
LNG shipping revenue	40.8	48.3	(15.5)
Total revenue from oil/gas operations	2,059.3	2,240.6	(8.1)
EBITDAX	1,387.4	1,381.7	+0.4
Exploration expense	(295.5)	(166.8) [2]	+77.2
NPAT	**526.7**	**657.7** [2]	**(19.9)**
2002 Significant Items			
Writedown of Oil Search holding (post-tax)	-	(106.0)	
Successful Efforts Adjustment (post-tax)	-	(643.7) [3]	
Reported Profit (after 2002 significant items)	**526.7**	**(92.0)**	-
Total dividend (c.p.s. applicable to full year)	46	62	(25.8)
Effective tax rate (pre-significant items %)	36.4	33.3	+9.3
Net Operating Cash Flow	1,202.9	1,206.9	(0.3)
Gearing (%)	26.8	35.5	(24.5)
Long term debt (US$M)	800	810	(1.2)

(1) Restated for successful efforts accounting approach.
(2) Includes Successful Efforts accounting adjustment for 2002 only
(3) Successful efforts accounting adjustment up to end 2001.

PRODUCTION TARGET EXCEEDED

Due to natural oil field decline, Woodside's net share of production for the year was down 8.2% at 58.9 million barrels of oil equivalent (MMboe) compared to 2002. However, the 2003 production target of 55 MMboe (set at the beginning of the year) was exceeded by 7.1%, largely due to the operational performance from the North West Shelf assets, achieving in 2003 a record total annual production of 516,000 boe/day (gross).

For the year ending 31 December 2003, total sales revenue was $2059.3 million, a reduction of 8.1% compared with 2002 sales revenue of $2240.6 million. This was principally a result of lower oil production and the effect of a 19.8% increase in the average Australian/US dollar exchange rate.

These declines were partially offset by significantly higher US$ denominated selling prices. For condensate and oil the average realised oil price in 2003 was US$27.32 per barrel, up 24.6% compared with US$21.93 per barrel in 2002.

LIFTING COSTS REDUCED

Gas lifting costs decreased by 12.1% to $64.9 million. The 2002 costs were higher as a result of planned LNG maintenance and shutdowns. The gas lifting cost per barrel of oil equivalent at $1.61/boe was also lower compared to 2002 ($1.99/boe).

Oil lifting costs decreased by 11.9% to $67.4 million mainly due to Laminaria cost reductions. The unit cost/boe increased to $3.63/boe (2002 $2.83/boe) with the 31.2% decline in oil volumes outweighing the cost reductions.

LOWER ROYALTIES, EXCISE and PRRT CHARGES

Royalties, excise and Petroleum Resource Rent Tax (PRRT) of $280.9 million were lower by 20.4%, primarily due to lower oil revenues.

LOWER US$ DEBT AND GEARING

Interest bearing debt at the end of 2003 was US$800 million, a decrease of US$10 million compared with 2002. Gearing (net debt as a proportion of net debt plus equity) at the end of the year reduced to 26.8% compared with 35.5% at the end of 2002 largely due to the higher A$/US$ exchange rate resulting in a significantly lower A$ debt level.

DEPRECIATION, AMORTISATION and RESTORATION

Depreciation and amortisation decreased by $52.7 million to $223.1 million in response to declines in Laminaria volumes. With regard to restoration costs, an additional wellhead abandonment provision was made in 2003 which resulted in an increase of $7.4 million to $29.5 million.

FULLY FRANKED DIVIDEND DECLARED

The Board has approved the payment of a final dividend of 25 cents per share (fully franked). In addition to the interim dividend of 21 cents per share (fully franked), a total dividend of 46 cents per share for 2003 was achieved, down from the 62 cents per share (fully franked) for 2002.

The dividend of 46 cents per share for 2003 represents a payout ratio of 58.2%. In 2002, based on the underlying profit before significant items the payout ratio was 62.8%.

The final dividend of 25 cents per share will be paid on 26 March 2004 to shareholders registered on 5 March 2004.

PROVED RESERVES INCREASE

After taking account of 2003 production, Woodside's Proved hydrocarbon Reserves (at 31 December 2002) increased by 3.0 MMboe to 980.1 MMboe. Probable Reserves of 1303.6 MMboe were essentially unchanged, decreasing slightly by 0.5 MMboe. This represents a three-year average Reserves Replacement Ratio of 132% at the Proved level and 158% at the Probable level.

2003 HIGHLIGHTS

- North West Shelf facilities continue to provide excellent operational performance, achieving in 2003 a record total annual production of 516,000 boe/day (gross). This was assisted by an annual record gas production of 604 TJ/day (gross) and annual record LNG production of 22,280 t/day (gross).
- This record was achieved against a background of major project activity involving the construction of LNG Train 4 and the successful completion of the biggest shutdown in North West Shelf history. The 39-day shut-down was planned to allow the tie-in of the second gas trunkline. At the same time, shutdown works were carried out on Goodwyn, North Rankin, Cossack Pioneer and the Onshore Gas Plant. The successful completion of the inter-field shutdown will enable gas to flow through the second trunkline to the Karratha Onshore Gas Plant in the first half of 2004.
- Construction of the fourth LNG processing train project was 87% complete at year end and remains on target for a mid-2004 start-up. The project remains within its August 2003 revised cost estimate.
- The North West Shelf Venture shipped a record 139 LNG cargoes, 6% more than in 2002 (131 cargoes). The venture also delivered its 1500th LNG cargo to Japan.
- The North West Shelf Venture secured its first long-term contract with Korea Gas Corporation, Kogas (7 years). Sales and purchase agreements were also signed with Shizuoka Gas (24 years) and Tohoku Electric (15 years). The volumes of these contracts to Korea and Japan vary, however they collectively peak at over 1 million tonnes per year. In addition, a Heads of Agreement was signed to supply LNG to Kansai Electric from 2009.
- The North West Shelf Venture formalised conditional agreements that provide CNOOC with around 5.3% equity in reserves which support the supply of 3.3 to 3.7 million tonnes of LNG each year to China for 25 years, as well as allowing CNOOC access to the infrastructure that processes the gas to LNG.
- The Laminaria and Corallina fields achieved an excellent facility uptime of 99%. In November 2003, the 150 millionth barrel was produced.

- After acquiring Shell's interest in permit WA-279-P, offshore Northern Territory, Woodside's equity in the Blacktip gas discovery increased to 53.85%. A Heads of Agreement was signed in June 2003 to supply 40 petajoules of gas a year over 20 years from Blacktip to Alcan's Gove mine and alumina refinery.
- Woodside also acquired a 50% equity in the offshore Western Australia permit of WA-255-P, just prior to the discovery of oil at Stybarrow.
- With production starting in October 2003 at Ohanet in Algeria, Woodside achieved its first international production and revenue.
- Good progress was made with planning new oil developments. A number of contracts relating to the FPSO design and construction were awarded for the Enfield area development in offshore Western Australia. The Thylacine-Geographe concept selection was finalised for a gas field development in offshore Victoria and the development site was secured.
- In offshore Mauritania, the Chinguetti appraisal/early development well successfully flowed a maximum rate of 15,680 barrels oil per day. Subsequently a Declaration of Commerciality was made in early 2004. In 2003 additional oil discoveries were made at Tiof and Tiof West.
- In January 2004, Woodside's Mauritanian equity was increased from 35% to 53.846% through the successful acquisition of Agip Mauritania BV. Elsewhere in Africa, Woodside secured prospective deepwater exploration acreage in Kenya and Sierra Leone. In late-2003, Woodside Energy (N.A.) also signed a 30-year Exploration and Production Sharing Agreement, covering six exploration blocks plus a development feasibility study area, with the Libyan National Oil Company.
- The Neptune-5 Gulf of Mexico appraisal well was successful. Development options are being assessed.

NEW MD-CEO APPOINTED

On 17 February 2004 the Board announced the appointment of Mr Donald Voelte as Managing Director and Chief Executive Officer commencing 5 April 2004. The Board also announced the appointment of Mr Keith Spence as Chief Operating Officer.

Mr Spence was appointed Acting Chief Executive Officer from 1 September 2003 and will continue in that role until Mr Voelte arrives.

Mr Voelte has extensive global experience in the oil and gas industry having held senior positions in Mobil Corporation and the Atlantic Richfield Company. Shareholders will have the opportunity to meet Mr Voelte at the Annual General Meeting on 15 April 2004.

2004 OPERATING OBJECTIVES

- Efforts will continue to maximise production and to further reduce operating costs. Opportunities for infill drilling on our Australian oil fields will be pursued.
- A production aspiration of 58 MMboe has been set for 2004.
- As part of Woodside's "Commitment to Growth", up to seven projects will be considered for final development approval in 2004. Should all the projects receive approval and be successfully completed, Woodside's net production is projected to exceed 100 MMboe by 2007.
- LNG customers for Woodside's various gas projects will be pursued in the Asian and North American markets.
- The African business unit activity will increase with development planning, appraisal drilling plus further exploration drilling in Mauritania, exploration drilling in Algeria and the Canary Islands plus geological-geophysical activities in Libya, Kenya and Sierra Leone.
- The Tiof oil discovery in Mauritania will be appraised to determine its commercial viability.
- Activities to establish the commerciality of the Neptune oil field and the Midway gas field will be conducted in 2004. The drilling of the Neptune-6 appraisal well commenced in February 2004.
- Our exploration program of 16 exploration wells in Australia, Africa and the Gulf of Mexico will seek to increase our long-term growth portfolio.

A copy of Woodside's Financial Report and analyst presentation will be available on the company's web site (www.woodside.com.au) by 2:00pm (AEDT).