

Appendix 4E

Preliminary final report

Period ended 31 December 2003

Introduced 1/1/2003.

Name of entity

Woodside Petroleum Ltd

ABN or equivalent company reference

55 004 898 962

Results for announcement to the market+

\$A'000

Revenues from ordinary activities (<i>item 2.1</i>)	Decreased	8.1%	to	2,059,282
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Increased	-	to	526,685
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	Increased	-	to	526,685
Dividends (<i>item 2.4</i>)				
	Amount per security			Franked amount per security
2003 Final dividend	25 cents			25 cents
2003 Interim dividend	21 cents			21 cents
Previous corresponding period:				
2002 Final dividend	41 cents			41 cents
2002 Interim dividend	21 cents			21 cents
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	5 March 2004			
Significant items in 2002 were changes to accounting policy for exploration & evaluation costs to now closely align with the US GAAP Successful Efforts approach and the writedown in value of the investment in Oil Search Limited. Refer Notes to the Statement of Financial Performance.				

Commentary on the Results for the Period

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.

Statement of Financial Performance

	2003 \$000	2002 \$000
Revenues from oil & gas operations	2,059,282	2,240,603
Cost of sales	(799,849)	(946,966)
Gross profit	1,259,433	1,293,637
Other revenues from ordinary activities	152,398	96,110
Share of associates' net profits/(losses)	(5,859)	(6,306)
Borrowing costs expensed	(54,036)	(78,635)
Other expenses from ordinary activities	(524,008)	(1,237,077)
Profit from ordinary activities before income tax	827,928	67,729
Income Tax attributable to ordinary activities	(301,243)	(159,721)
Net Profit/(Loss) attributable to members of Woodside Petroleum Ltd.	526,685	(91,992)
Basic and diluted earnings per share (cents)	79.0	(13.8)
Dividend per share (cents/share)	46.0	62.0

Notes to the Statement of Financial Performance

	2003	2002
	\$000	\$000
PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax is arrived at after taking into account:		
(a) Revenues from oil & gas operations		
Sales revenue		
Liquefied Natural Gas and Domestic Gas	707,660	665,669
Condensate	415,244	397,721
Oil – Laminaria	347,594	565,337
Oil – NWS	286,961	296,419
Oil – Legendre	204,341	208,527
Liquefied Petroleum Gas	56,727	58,650
	2,018,527	2,192,323
LNG ship charter revenue	40,755	48,280
Total revenues from oil & gas operations	2,059,282	2,240,603
(b) Cost of sales		
Cost of production		
Production costs	(134,276)	(179,864)
Royalty and excise	(214,036)	(205,265)
Petroleum Resource Rent Tax	(66,922)	(147,916)
Third party gas	(4,759)	(5,662)
Insurance	(17,155)	(21,444)
Product inventory movement	(19,117)	18,113
	(456,265)	(542,038)
Shipping and Marketing Costs		
LNG shipping	(80,448)	(88,930)
Other liquids shipping	(6,997)	(6,979)
Marketing/sales administration	(3,545)	(11,121)
	(90,990)	(107,030)
Oil & Gas Property, Depreciation / Amortisation		
Land and buildings	(10,951)	(10,606)
Transferred exploration and evaluation	(30,283)	(25,931)
Plant and equipment	(177,177)	(237,786)
Marine vessels and carriers	(4,707)	(1,490)
	(223,118)	(275,813)
Provision for restoration of operating locations	(29,476)	(22,085)
Total cost of sales	(799,849)	(946,966)
Gross profit	1,259,433	1,293,637

Notes to the Statement of Financial Performance (Continued)

	2003 \$000	2002 \$000
PROFIT FROM ORDINARY ACTIVITIES (Continued)		
(c) Other revenues from ordinary activities		
Interest received/receivable		
Controlled entities	-	-
Other entities	27,756	32,690
Dividends received/receivable		
Controlled entities	-	-
Other entities	9,029	9,695
Management and other fees		
Other entities	42,765	46,875
Proceeds on sale (See Note 6)		
Investments	62,179	2,195
Exploration & evaluation	9,089	3,141
Oil & Gas Properties	1,580	1,514
Total other revenues from ordinary activities	152,398	96,110
(d) Share of associates' net profit/(loss)	(5,859)	(6,306)
(e) Borrowing costs		
Interest paid/payable – other entities	(56,206)	(76,222)
Borrowing costs (interest) capitalised	4,435	-
Other debt servicing costs	(1,292)	(1,460)
Amortisation of debt establishment costs	(973)	(953)
Total borrowing costs	(54,036)	(78,635)
(f) Other expenses from ordinary activities		
Exploration		
Current year	(270,919)	(165,057)
Amortisation of licence acquisition costs	(24,578)	(1,715)
Prior years expenditures	-	(812,528)
Total exploration	(295,497)	(979,300)
Corporate		
Administration	(38,801)	(28,858)
Depreciation	(12,950)	(11,930)
Total corporate	(51,751)	(40,788)

Notes to the Statement of Financial Performance (Continued)

	2003	2002
	\$000	\$000
PROFIT FROM ORDINARY ACTIVITIES (Continued)		
(f) Other expenses from ordinary activities (Continued)		
New business development and venture management	(34,909)	(57,140)
Other costs		
Diminution in value of investments		
Controlled entities	-	-
Other entities	(19,565)	(106,045)
Reversal of prior period diminution in value of investments upon sale	15,732	-
Exchange gains/(losses)		
Cash balances	(21,178)	1,709
Other items (including fx hedges)	(26,245)	(30,441)
Total exchange gains/(losses)	(47,423)	(28,732)
Financial instruments no longer specific hedges	425	116
Written down value of assets sold		
Investments	(62,179)	(3,200)
Exploration and evaluation	-	-
Oil and gas properties	(2,406)	(3,931)
Other	(26,435)	(18,057)
Total other costs	(141,851)	(159,849)
Total other expenses from ordinary activities	(524,008)	(1,237,077)
Profit from ordinary activities before income tax	827,928	67,729

Notes to the Statement of Financial Performance (Continued)

	2003	2002
	\$000	\$000
INCOME TAX		
<p>The reconciliation of the prima facie tax charge on operating profit with the income tax expense in the Statement of Financial Performance is as follows:</p>		
Prima facie tax on operating profit at 30% (2002: 30%)	248,378	20,319
Permanent differences:		
Non-allowable depreciation	1,324	3,053
Non-deductible exploration and evaluation adjustments, write-offs and disposals	1,788	30,743
Foreign exploration tax losses not brought to account	61,281	71,822
Research and development	(630)	(449)
Rebateable dividends	-	4
Diminution in value of investments – other entities	1,201	31,813
Tax rate differential on non-Australian income	(4,949)	(5,944)
Other	437	14,076
Under/(over) provision from prior year	(7,587)	(5,716)
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Income tax expense/(benefit) attributable to profit from ordinary activities	301,243	159,721
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Income tax expense/(benefit) comprises:		
Provision attributable to future years		
Deferred tax liability	(18,219)	(171,123)
Future income tax benefit	-	(247)
Current income tax payable	319,462	331,091
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Income tax expense/(benefit)	301,243	159,721
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Notes to the Statement of Financial Performance (Continued)

	2003 \$000	2002 \$000
SPECIFIC ITEMS WITHIN PROFIT FROM ORDINARY ACTIVITIES		
<p>Profit from ordinary activities after income tax, <i>includes</i> the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity.</p>		
(a) Individually significant items		
(i) Adoption of revised exploration and evaluation policy		
Exploration & Evaluation Oil & Gas Properties	-	(386,356)
Projects in Development	-	(235,094)
Producing Projects	-	(191,078)
	-	(812,528)
Applicable income tax benefit	-	168,789
	-	(643,739)
(ii) Impact of revised exploration and evaluation policy on 2002 performance		
Oil & Gas Property, Depreciation /Amortisation – transferred exploration and evaluation	-	51,362
Exploration expense current year	-	(126,445)
Exploration expense – amortisation licence acquisition costs	-	(1,715)
	-	(76,798)
Applicable income tax benefit	-	5,186
	-	(71,612)
(iii) Investment in Oil Search Limited		
Diminution in value of investment	-	(106,045)
Applicable income tax benefit	-	-
	-	(106,045)
(b) Gains (losses) from sale of assets		
Exploration and evaluation	9,089	-
Oil and gas properties	(826)	724
Investments	-	(1,005)
Total gains/(losses) on sale of assets	8,263	(281)

Notes to the Statement of Financial Performance (Continued)

	2003 \$000	2002 \$000
EARNINGS PER SHARE		
Basic earnings per share and diluted earnings per share are identical.		
Earnings/(loss) used in calculating basic and diluted earnings per share	526,685	(91,992)
Weighted average number of shares on issue used in calculating basic and diluted earnings per share	666,666,667	666,666,667
Basic earnings per share (cents)	79.0	(13.8)
There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.		
DIVIDENDS PAID		
(a) Interim dividends paid 26 September 2003 21.0 cents (2002 paid 5 September 2002: 21.0 cents) Franked	140,000	140,000
	140,000	140,000
(b) Previous year final dividend paid 21 March 2003 41.0 cents (2002 paid 21 March 2002: 46.0 cents) Franked	273,333	306,667
	273,333	306,667
(c) Summary of dividends in relation to reported periods (either proposed or paid) Interim dividend 21.0 cents (2002: 21.0 cents) Final dividend Declared February 2003 Paid 21 March 2003 : 41 cents Declared February 2004 Payable 26 March 2004: 25 cents	140,000 - 166,667	140,000 273,333 -
	306,667	413,333
Dividend in respect of financial year	46 cents	62 cents

These dividends are all Australian sourced.

There are no dividend or distribution plans in operation.

Statement of Financial Position

	2003 \$000	2002 \$000
CURRENT ASSETS		
Cash assets	177,601	155,352
Receivables	260,878	298,361
Inventories	14,007	39,381
Other financial assets	73,123	102,516
Other assets	11,342	20,894
TOTAL CURRENT ASSETS	536,951	616,504
NON CURRENT ASSETS		
Receivables	307,252	347,016
Inventories	18,264	12,364
Equity accounted investments	9,096	29,666
Other financial assets	106,034	146,756
Exploration & evaluation	653,518	556,019
Oil & gas properties	2,985,154	2,866,808
Other plant and equipment	137,910	79,277
Deferred tax assets	649	649
Other assets	27,471	355,509
TOTAL NON CURRENT ASSETS	4,245,348	4,394,064
TOTAL ASSETS	4,782,299	5,010,568
CURRENT LIABILITIES		
Payables	335,783	317,032
Current tax liabilities	100,992	105,152
Provisions	55,064	56,848
Other liabilities	86,747	117,746
TOTAL CURRENT LIABILITIES	578,586	596,778
NON CURRENT LIABILITIES		
Interest bearing liabilities	1,068,376	1,429,580
Deferred tax liabilities	455,090	473,309
Provisions	156,552	123,345
Other liabilities	90,164	67,174
TOTAL NON CURRENT LIABILITIES	1,770,182	2,093,408
TOTAL LIABILITIES	2,348,768	2,690,186
NET ASSETS	2,433,531	2,320,382
EQUITY		
Contributed equity	706,491	706,491
Reserves	-	-
Retained profits	1,727,040	1,613,891
TOTAL EQUITY	2,433,531	2,320,382

Notes to the Statement of Financial Position

	2003 \$000	2002 \$000
RECEIVABLES (CURRENT)		
Trade debtors	171,021	173,761
Other debtors-other entities	79,289	112,955
Dividend receivable – other entities	7,342	9,752
Accrued interest income	3,226	1,893
	260,878	298,361

Australian dollar equivalent of amounts included in receivables above in (US) dollars not effectively hedged	95,214	110,538
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Within the Economic Entity trade debtors are denominated in a mixture of Australian and US dollars and are on settlement terms of between 10 and 30 days. Other debtors represent other receivables with various maturities.

Dividends receivable from other entities are receivable within 30 days of period end. Accrued interest is receivable within 30 days of entitlement.

RECEIVABLES (NON CURRENT)

Loans for employee share plan	128,538	128,266
Deferred settlement on sale – other entity	178,714	218,750
	307,252	347,016

Advances – other entities are denominated in Australian dollars, are interest bearing at commercial rates, with settlement required on or before 2015.

For significant terms and conditions relating to the employee share plan refer Note 33 to the Full Financial Report.

Deferred settlement on sale – other entity represents proceeds on 2001 sale of part interest in Sunrise Gas Project. It is denominated in US dollars and is escalating at an agreed rate, with settlement due in 2005. If commitment to the Sunrise Gas Project is made before the settlement date this receivable will be settled through the acquirer meeting, to the extent of the receivable, Woodside's capital costs in the project.

Notes to the Statement of Financial Position (Continued)

	2003	2002
	\$000	\$000
INVENTORIES (CURRENT)		
Petroleum products - at cost		
Work in progress	166	296
Finished stocks	10,986	29,973
Warehouse stores and materials at cost	2,855	9,112
	14,007	39,381

INVENTORIES (NON CURRENT)

Warehouse stores and materials at cost	18,264	12,364
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OTHER FINANCIAL ASSETS (CURRENT)

Unrealised cost on open oil price hedges	31,010	82,614
Unrealised cost on open fx hedges	-	12,581
Unrealised receivable on open fx hedges	38,589	-
Unrealised receivable on open interest rate hedges	1,234	1,841
Unrealised cost on gas purchase commitments	2,290	5,480
	73,123	102,516

Realisation and settlement of open hedges is dependent upon the settlement date of each instrument.

Unrealised cost on gas purchases is in accordance with an agreement to draw on a committed gas purchase that is expected to be settled within the next 12 months.

OTHER FINANCIAL ASSETS (NON CURRENT)

Investments – Not equity accounted

Shares in listed entities - at cost		
Oil Search Limited 2002: 6.88%, Oil & Gas	-	152,491
Less: Provision for diminution in value	-	(106,045)
	-	46,446
Ocean Power Technologies Inc. (wave energy power systems - 2.98%)	5,825	-
Less: Provision for diminution in value	(1,362)	-
	4,463	-
Hardman Resources (Oil & Gas, 10.05% (2002: 11.38%))	45,437	45,437
Total shares in listed entities	49,900	91,883

Notes to the Statement of Financial Position (Continued)

	2003 \$000	2002 \$000
OTHER FINANCIAL ASSETS (NON CURRENT)		
(Continued)		
Other entities – at cost		
Ocean Power Technologies Inc. (wave energy power systems – 2002: 5.00%)	-	5,825
Ocean Power Technologies (Australasia) Pty. Ltd. (wave energy power systems – 11.76%) (2002: 11.76%)	2,000	2,000
Less provision for diminution in value	(2,000)	-
	-	2,000
Other entities	2,846	2,846
Less: Provision for diminution in value	(2,772)	(2,772)
	74	74
Total shares in unlisted entities	74	7,899
Total investments	49,974	99,782
Financial instruments (hedges) - at fair value		
Unrealised cost on open oil price hedges	497	10,548
Unrealised cost on open fx hedges	-	9,171
Unrealised receivable on open fx hedges	28,762	-
Unrealised receivable on open interest rate hedges	5,797	3,705
	35,056	23,424
Other financial assets		
Greenhouse gas options – at cost	1,204	1,204
Less: Provision for diminution in value	(1,204)	-
	-	1,204
Unrealised cost on gas purchase commitments - at fair value	21,004	22,346
	21,004	23,550
	106,034	146,756

Unrealised cost on gas purchases is in accordance with an agreement to draw on a committed gas purchase that is expected to be settled between 12 months and 16 years.

Realisation and settlement of open hedges is dependent upon the settlement date of each hedge instrument.

Notes to the Statement of Financial Position (Continued)

	2003	2002
	\$000	\$000
OTHER ASSETS (CURRENT)		
Deferred cost on realised oil price hedge settlements	3,717	6,250
Deferred premiums on oil and fx options	1,558	1,780
Prepayments	6,067	12,864
	11,342	20,894
OTHER ASSETS (NON CURRENT)		
Debt establishment costs	10,688	11,560
Less: Accumulated amortisation	(3,548)	(4,601)
	7,140	6,959
Deferred exchange loss on borrowings	-	332,472
Deferred cost of settled interest rate hedges	2,089	2,576
Prepayments	7,793	3,209
Deferred employee benefit expense	10,449	10,293
	27,471	355,509
Deferred interest rate hedge settlements will be amortised to expense through to 2008.		
EQUITY ACCOUNTED INVESTMENTS		
Investments - at equity accounted amount	24,096	29,666
Less: Provision for diminution in value	(15,000)	-
	9,096	29,666

Notes to the Statement of Financial Position (Continued)

	2003 \$000	2002 \$000
EXPLORATION & EVALUATION (NON CURRENT)		
(a) Regions of Focus at cost		
<i>Australia</i>		
Browse	6,010	5,737
Carnarvon	350,044	276,576
Timor Sea	63,606	56,334
Victoria (Gippsland, Otway)	89,255	70,172
<i>United States</i>		
Gulf of Mexico	60,455	79,175
<i>Africa</i>		
West Africa (Mauritania)	105,582	71,859
North Africa (Algeria, Libya)	4,717	-
	679,669	559,853
Total exploration and evaluation	679,669	559,853
Less accumulated amortisation	(26,151)	(3,834)
	653,518	556,019
(b) Reconciliations of the carrying amounts of capitalised exploration and evaluation at the beginning and end of the current financial year are set out below		
Consolidated		
Carrying amount at 1 January 2003	556,019	730,512
Additions	194,102	213,579
Amortisation	(24,578)	(3,834)
Expensed during the year	(66,860)	-
Transferred to Oil & Gas Properties – Projects in Development	(5,165)	-
Policy change adjustment	-	(384,238)
Carrying amount at 31 December 2003	653,518	556,019

Notes to the Statement of Financial Position (Continued)

	2003 \$000	2002 \$000
OIL & GAS PROPERTIES (NON CURRENT)		
Producing projects at cost		
Land and buildings	312,589	312,361
less: Accumulated depreciation	(175,977)	(165,691)
	136,612	146,670
Total land and buildings (a)		
Transferred exploration and evaluation	190,207	222,942
less: Accumulated amortisation	(109,610)	(111,775)
	80,597	111,167
Total exploration and evaluation		
Plant and equipment	4,116,346	3,749,269
less: Accumulated depreciation	(2,060,482)	(1,895,782)
	2,055,864	1,853,487
Total plant and equipment		
Marine vessels and carriers	252,687	252,599
less: Accumulated depreciation	(118,836)	(114,129)
	133,851	138,470
Total marine vessels and carriers		
Total producing projects	2,406,924	2,249,794
Projects in development at cost		
Land and buildings	1,032	862
Transferred exploration and evaluation	7,621	-
Plant and equipment (b)	532,874	596,437
Marine vessels and carriers	36,703	19,715
	578,230	617,014
Total projects in development		
Total oil and gas properties	2,985,154	2,866,808
(a)	All material land and buildings assets disclosed above are used in, or are ancillary to, the Company's extractive industry operations.	
(b)	Borrowing costs recognised during the year as part of the carrying amount of qualifying assets.	4,435
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Notes to the Statement of Financial Position (Continued)

OIL & GAS PROPERTIES (NON CURRENT) (Continued)

- (c) Reconciliations of the carrying amounts of each class of Oil and gas properties at the beginning and end of the current financial year are set out below:

	Land and buildings \$000	Transferred Exploration & Evaluation \$000	Plant and equipment \$000	Marine vessels & carriers \$000	Projects in Development \$000	Total \$000
Consolidated						
Carrying amount at 1 January 2003	146,670	111,167	1,853,487	138,470	617,014	2,866,808
Additions / Transferred in	54	-	3,708	24	342,666	346,452
Disposals (written down value)	(227)	(4,101)	(4,474)	-	-	(8,802)
Depreciation and amortisation	(10,951)	(30,283)	(177,177)	(4,707)	-	(223,118)
Completions	1,066	3,814	380,320	64	(381,450)	3,814
Carrying amount at 31 December 2003	136,612	80,597	2,055,864	133,851	578,230	2,985,154

- (d) Reconciliations of the carrying amounts of each class of Oil and gas properties at the beginning and end of the prior financial year are set out below:

	Land and buildings \$000	Transferred Exploration & Evaluation \$000	Plant and equipment \$000	Marine vessels & carriers \$000	Projects in Development \$000	Total \$000
Consolidated						
Carrying amount at 1 January 2002	156,690	488,892	1,835,459	143,032	640,140	3,264,213
Additions / Transferred in	320	3,900	(6,062)	-	310,944	309,102
Disposals (written down value)	(679)	-	(742)	(3,101)	-	(4,522)
Depreciation and amortisation	(10,606)	(25,931)	(237,786)	(1,490)	-	(275,813)
Completions	945	-	98,002	29	(98,976)	-
Adjustment	-	(191,078)	-	-	(235,094)	(426,172)
Reclassification	-	(164,616)	164,616	-	-	-
Carrying amount at 31 December 2002	146,670	111,167	1,853,487	138,470	617,014	2,866,808

Notes to the Statement of Financial Position (Continued)

	2003 \$000	2002 \$000
OTHER PLANT & EQUIPMENT (NON CURRENT)		
Plant and equipment	88,742	76,519
less: Accumulated depreciation	(52,041)	(41,070)
	36,701	35,449
<u>Assets under construction</u>	<u>101,209</u>	<u>43,828</u>
<u>Total other plant and equipment</u>	<u>137,910</u>	<u>79,277</u>
(a) Carrying amount at 1 January	79,277	57,269
Additions	71,790	34,049
Disposals (written down value)	(227)	(111)
Depreciation and amortisation	(12,930)	(11,930)
	137,910	79,277
Carrying amount at 31 December	137,910	79,277
DEFERRED TAX ASSETS (NON CURRENT)		
<u>Future income tax benefit</u>	<u>649</u>	<u>649</u>
PAYABLES (CURRENT)		
Trade creditors	181,212	181,835
Other creditors	136,184	113,219
Interest payable – other persons	18,387	21,978
	335,783	317,032

Australian dollar equivalent of amounts included in accounts payable above in US dollars not effectively hedged.

Trade and other liabilities are normally settled on 30 day terms.

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Notes to the Statement of Financial Position (Continued)

	2003 \$000	2002 \$000
TAX LIABILITIES (CURRENT)		
Income tax payable	100,992	105,152
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Current income tax liability is for fourth quarterly instalment due in January 2004 and final payment due in June 2004.		
PROVISIONS (CURRENT)		
Employee benefits	52,858	56,848
Directors' retiring allowance	161	-
Termination benefits	2,045	-
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	55,064	56,848
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PROVISIONS (NON CURRENT)		
Restoration of operating locations	141,404	111,928
Employee benefits	13,435	9,487
Directors' retiring allowance	1,713	1,930
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	156,552	123,345
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Movements In Provisions		
(a) Restoration of operating locations		
Carrying amount - opening balance	111,928	89,843
Additional provision	29,476	22,085
Amounts utilised during the year	-	-
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Carrying amount - closing balance	141,404	111,928
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(b) Directors' retiring allowance		
Carrying amount - opening balance	1,930	1,591
Additional provision	174	339
Amounts utilised during the year	(230)	-
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Carrying amount - closing balance	1,874	1,930
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Current	161	-
Non-Current	1,713	1,930
<hr/>		
	1,874	1,930
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Notes to the Statement of Financial Position (Continued)

	2003	2002
	\$000	\$000
OTHER LIABILITIES (CURRENT)		
Unrealised liability on open oil price hedges	31,010	83,817
Unrealised liability on open fx hedges	-	12,582
Unrealised revenue on open fx hedges	38,589	-
Unrealised revenue on open interest rate hedges	1,234	1,841
Unrealised liability on gas purchase commitments	2,290	5,480
Unearned revenue	13,624	14,026
	86,747	117,746

Realisation and settlement of open hedges is dependent upon the settlement date of each instrument.

Unrealised liability on gas purchases is in accordance with an agreement to draw on a committed gas purchase that is expected to be settled within the next 12 months.

OTHER LIABILITIES (NON CURRENT)

Unrealised liability on open oil price hedges	497	10,548
Unrealised liability on open fx hedges	-	9,171
Unrealised revenue on open fx hedges	28,762	-
Unrealised revenue on open interest rate hedges	5,797	3,704
Deferred revenue on settled interest rate hedges	838	691
Deferred exchange gain on borrowings	20,386	-
Unrealised liability on gas purchase commitments	21,004	22,346
Unearned revenue	12,880	20,714
Amounts payable – controlled entities	-	-
	90,164	67,174

Realisation and settlement of open hedges is dependent upon the settlement date of each instrument.

Unrealised liability on gas purchases is in accordance with an agreement to draw on a committed gas purchase that is required to be settled between 12 months and 16 years.

Deferred revenue on interest rate hedge settlements will be amortised against expense through to 2011.

INTEREST BEARING LIABILITIES (NON CURRENT)

Corporate facility	-	352,983
Bonds	1,068,376	970,702
Bilaterals	-	105,895
	1,068,376	1,429,580

Notes to the Statement of Financial Position (Continued)

	2003 \$000	2002 \$000
DEFERRED TAX LIABILITIES (NON CURRENT)		
Deferred income tax liability	455,090	473,309
CONTRIBUTED EQUITY		
(a) Issued and fully paid up		
666,666,667 ordinary shares	706,491	706,491
(b) Movement in contributed equity		
Opening balance	706,491	708,291
Adjustment to contributed equity for Economic Entity	-	(1,800)
Closing balance	706,491	706,491
The number of ordinary shares on issue has not changed in the past 2 years.		
(c)	All shares are a single class with equal rights to dividends, capital distributions and voting. There are no shares reserved for share options or other arrangements.	
RESERVES		
(a)	Movement in capital profits reserve	
Opening balance	-	81,907
Transfer to retained earnings	-	(81,907)
Closing balance	-	-
(b)	This reserve previously recorded capital gains on the sale of interests in other entities and was transferred to retained profits in the prior year.	
RETAINED PROFITS		
Movements in retained profits		
Balance at beginning of year	1,613,891	1,763,976
Adjustment arising from adoption of revised accounting standard AASB 1028 Employee Benefits	(203)	-
	1,613,688	1,763,976
Net profit/(loss) attributable to members of Woodside Petroleum Ltd.	526,685	(91,992)
Dividends provided for or paid	(413,333)	(140,000)
Aggregate of amounts transferred from the capital profits reserve.	-	81,907
Balance at end of year	1,727,040	1,613,891

Statement of Cash Flows

	2003 \$000	2002 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,123,110	2,388,888
Interest received	12,112	9,472
Dividends received	12,150	9,183
Payments to suppliers and employees	(333,556)	(488,092)
Borrowing costs paid (net of capitalised amounts)	(66,725)	(79,839)
Management and other fees	44,095	52,050
Royalty, Excise and PRRT payments	(271,388)	(373,688)
Income tax/GST paid	(316,925)	(311,123)
Net Cash from Operating Activities	1,202,873	1,206,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital and exploration expenditure	(812,104)	(691,255)
Proceeds from sale of investments	62,179	2,195
Proceeds from sale of exploration and evaluation	9,089	3,039
Proceeds from sale of oil and gas properties	1,580	1,514
Investments in other entities	(1,000)	(9,950)
Advances (to) employees relating to share plan	(23,434)	(50,586)
Repayments from employees relating to share plan	23,006	15,128
Net Cash used in Investing Activities	(740,684)	(729,915)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	1,190,901	364,327
Repayment of borrowings	(1,195,177)	(434,162)
Advances(to)/from other entities	-	32,653
Dividends paid	(413,333)	(446,667)
Debt establishment costs paid	(1,153)	-
Net Cash used in Financing Activities	(418,762)	(483,849)
NET DECREASE IN CASH HELD	43,427	(6,913)
CASH AT BEGINNING OF FINANCIAL YEAR	155,352	160,556
Effects of exchange rate changes on the balances of cash held in foreign currencies	(21,178)	1,709
CASH AT THE END OF THE FINANCIAL YEAR	177,601	155,352

Notes to the Statement of Cash Flows

	2003 \$000	2002 \$000
(a) Components of Cash		
Cash at bank	4,073	4,434
Commercial Paper	10,000	-
Money market deposits	163,528	150,918
	177,601	155,352

Commercial Paper: 2003 \$10 million (2002 Nil) is denominated in A\$ with a maturity of 7 days and effective interest rate of 5.42%.

Money market deposits are denominated in A\$ and US\$ with an average maturity of 3.5 days (2002: 1 day) and effective interest rate of 1.1% to 5.25% (2002: 1.2% to 4.7%).

(b) Reconciliation of net cash from operating activities to operating profit after income tax

<i>Operating profit after income tax</i>	526,685	(91,992)
Depreciation and amortisation	261,619	290,411
Exchange (gains)/losses on cash balances	21,178	(1,709)
Exchange (gains)/losses on USD deferred settlement	56,097	21,259
Unrealised Exchange (gains)/losses	(7,938)	17,491
(Profit)/loss on sale of exploration and evaluation	(9,089)	(3,141)
(Profit)/loss on sale of oil and gas properties	826	2,417
Unearned income	(8,246)	(14,191)
Diminution in value of investments – other entities	3,833	106,045
Prior years exploration	-	976,447
Transfer of exploration activities to investing	270,919	-
Share of associates net (profit)/loss	6,569	6,306
<i>Decrease/(increase) in assets</i>		
Trade debtors	2,739	77,445
Interest receivable	(1,334)	(35)
Prepayments	2,595	(2,446)
Dividends receivable	2,410	(513)
Inventories	18,226	(12,417)
Other assets	(5,331)	40,052
<i>(Decrease)/increase in liabilities</i>		
Income tax – current liability	(4,160)	10,494
Income tax – deferred liability / benefit	(18,219)	(173,477)
Provisions	30,740	28,043
Creditors and other items	52,754	(69,638)
	1,202,873	1,206,851

Other Significant Information

Basis of Preparation of Accounts

This financial report has been prepared in accordance with the Corporations Act 2001 which includes Accounting Standards and Urgent Issues Group Consensus Views. Unless otherwise stated, the accounting policies adopted are consistent with those of the Full Financial Report and those of the preceding year, except for the change described below.

Change in accounting policy regarding employee benefit provisions

Description of and Reason for Change

The economic entity has adopted the revised Accounting Standard AASB 1028 "Employee Benefits", which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously, the economic entity measured the provision for employee benefits based on remuneration rates applicable as at the reporting date. In accordance with the requirements of the revised Standard, the provision for the employee benefits is now measured based on the remuneration rates expected to be paid when the liability is settled.

Financial Effect of Change

The effect of the revised policy has been to increase employee benefit liabilities at the beginning of the year by \$676 thousand, decrease opening consolidated retained profits by \$203 thousand and increase receivables by \$473 thousand. In addition, current year profits have decreased by \$19 thousand due to an increase in the employee benefits expense. Current provisions at 31 December 2003 have also increased by \$429 thousand and non-current provisions have increased by \$311 thousand as a result of the change in accounting policy.

Revised Policy

Provision is made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include wages and salaries, annual leave, long service leave and the provision of interest free loans under the Woodside Employee Share Plan. Liabilities arising in respect of wages and salaries, annual leave, sick leave (regardless of whether they are expected to be settled within 12 months) and other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the end of the reporting period.

In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used. Rates which approximate the Economic Entity's incremental borrowing rate are used to determine the present value of cash inflows arising from the employee share plan receivable.

The cost of providing interest free loans to employees under the Woodside Employee Share Plan affects Woodside's reported performance through increased employee benefit costs each period. Any costs arising from the limited-recourse component of the plan are recognised as an employee expense in the period that they are incurred. The option value to the employee of the limited-recourse nature of the Plan is not charged as an employee benefit expense. The costs to the company of providing the Share Plan benefit to employees is included in determining the remuneration of relevant employees as disclosed in the Economic Entity's Full Financial Report.

Contributions to the Economic Entity's superannuation plans by entities within the Economic Entity are charged against profit when due. The Economic Entity does not record excesses of assets over accrued membership benefits of the superannuation funds' defined benefits categories as an asset in the Financial Report.

Control Gained over Entities

Name of entity	N/A		
Date from which control was gained	N/A		
Consolidated profit (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired	N/A		
Profit (loss) from ordinary activities after tax of the controlled entity for the whole of the previous corresponding period	N/A		

Loss of Control of Entities

Name of entity	Australia LNG Pty. Ltd.		
Date from which control was lost	31 October 2003		
Consolidated profit (loss) from ordinary after tax of the controlled entity for the current period to the date of loss of control	\$Nil		
Consolidated profit (loss) from ordinary activities after tax of the controlled entity while controlled during the whole of the previous corresponding period	\$Nil		

NTA backing

	Current period	Previous corresponding Period
Net tangible assets per ordinary security	N/A	N/A

Details of Associates and Joint Venture Entities

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
Ceramic Fuel Cells Ltd	44.0%	31.8%	(6,195)	(6,949)
HR Connect Pty Ltd	33.3%	33.3%	150	316
North West Utilities Pty Ltd	46.0%	46.0%	-	-
Geodynamics Ltd	18.3%	31.6%	(136)	-
Adesi Solutions (Partnership)	-	50.0%	322	327
Total			(5,859)	(6,306)
Other material interests			-	-
Total			(5,859)	(6,306)

Segment Reporting

(a) Business Segments

The Economic Entity has the following reportable segments.

North West Shelf Ventures

Exploration, evaluation, development, (LNG, Domgas, Condensate, LPG and Crude Oil) from the North West Shelf Ventures.

Oil Business Unit

Exploration, evaluation, development, production and sale of crude oil, in assigned permit areas and from the Laminaria and Legendre developments and the Mauritanian project.

Group and Unallocated

This segment comprises the activities undertaken by all other business units and corporate costs.

(b) Geographical Segments

The Economic Entity's divisions operate in two main geographical segments. These segments are derived on the basis of revenue and the location of the customer.

Australia

The main operating activities of the entity, producing assets and a significant portion of sales are within Australia.

Asia

The majority of the entity's sales are made to customers within this region.

Other

Exploration, evaluation and development activities outside of Australia ie. Mauritania, Algeria and Gulf of Mexico. It also reflects sales to customers in the United States.

Segment Reporting (Continued)

Primary Reporting - Business Segments

	North West Shelf Ventures		Oil Business Unit		Group and Unallocated		Consolidated	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Revenue								
Revenue from oil & gas operations	1,498,897	1,466,739	551,935	773,864	8,450	-	2,059,282	2,240,603
Cost of Sales								
Production costs	(106,160)	(123,548)	(68,352)	(65,309)	(795)	-	(175,307)	(188,857)
Royalties, Excise and PRRT	(185,552)	(190,980)	(95,406)	(162,201)	-	-	(280,958)	(353,181)
Shipping and marketing	(79,946)	(106,058)	(11,044)	(972)	-	-	(90,990)	(107,030)
Depreciation and amortisation	(102,654)	(113,794)	(115,176)	(162,019)	(5,288)	-	(223,118)	(275,813)
Restoration provision	(23,127)	(14,104)	(6,349)	(7,981)	-	-	(29,476)	(22,085)
Total cost of sales	(497,439)	(548,484)	(296,327)	(398,482)	(6,083)	-	(799,849)	(946,966)
Gross Profit	1,001,458	918,255	255,608	375,382	2,367	-	1,259,433	1,293,637
Other revenue	19,783	3,732	3,904	7,868	128,711	84,510	152,398	96,110
Share of net profit of equity accounted associates	-	-	-	-	(5,859)	(6,306)	(5,859)	(6,306)
Borrowing costs expensed	2,030	(602)	(32)	-	(56,034)	(78,033)	(54,036)	(78,635)
Other expenses from ordinary activities	(30,888)	(103,377)	(60,631)	(291,187)	(432,489)	(842,513)	(524,008)	(1,237,077)
Segment result	992,383	818,008	198,849	92,063	(363,304)	(842,342)	827,928	67,729
Income tax expense							(301,243)	(159,721)
Net profit / (loss)							526,685	(91,992)
Segment Assets	2,842,718	2,524,445	853,007	560,843	1,086,574	1,925,280	4,782,299	5,010,568
Segment Liabilities	763,216	385,823	500,766	314,830	1,084,786	1,989,533	2,348,768	2,690,186
Other segment information								
Associates & other investments	-	-	-	-	59,070	129,448	59,070	129,448
Acquisition of oil & gas property assets, intangible assets and other non-current assets (excluding exploration)	243,374	161,670	127,998	124,817	144,724	195,581	516,096	482,068
Non-cash expenses other than depreciation and amortisation	91,838	73,143	37,949	351,165	207,279	826,653	337,066	1,250,961

Secondary Reporting - Geographical Segments

	Australia		Asia		Other		Consolidated	
	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Segment Revenue	460,191	296,416	1,439,620	1,690,976	159,471	253,211	2,059,282	2,240,603
Segment Assets	4,196,297	4,145,221	116,123	233,877	469,869	631,470	4,782,299	5,010,568
Other Segment Information								
Acquisition of oil & gas property assets, intangible assets and other non-current assets	440,799	338,515	-	-	75,297	143,553	516,096	482,068

Subsequent Events

Dividends

Since the reporting date, the Directors have declared a fully franked dividend of 25 cents (2002: 41 cents), payable in March 2004. The amount of this dividend will be \$166,666,667 (2002: \$273,333,333). No provision has been made for this dividend in the financial report as the dividend was not declared or determined by the Directors on or before the end of the financial year.

China Equity Sale

The North West Shelf participants and CNOOC Limited (a listed subsidiary of China National Offshore Oil Corporation) announced on 16 May 2003 the formalisation of agreements to provide for CNOOC subsidiary CNOOC NWS Private Ltd. to acquire an interest in the NWS Venture titles and to secure rights to use NWS Venture infrastructure to process gas. Regulatory and other approvals required to complete these agreements remain outstanding at year end.

Subsequent to year end, CNOOC has, in relation to these agreements, paid US\$80.5 million to Woodside but the agreements remain conditional with an anticipated completion in the first half of 2004. Accordingly this transaction has not been recognised in these financial statements. US\$53 million of the payment is a deposit of 90% of the purchase consideration which will be recognised upon completion together with attributable costs, US\$27.5 million is a portion of the tariff for future gas processing services which will be recognised over the 25 year period of supply. In the event that the agreements are not completed these amounts are refundable to CNOOC.

Acquisition of AGIP Mauritania BV

On 13 January 2004, Woodside concluded the acquisition of AGIP Mauritania BV from ENI, this transaction included the pro rata sale of interests among the other Joint Venturers. AGIP Mauritania BV held a 35% interest in the Mauritanian PSC Area A and PSC Area B both of which are operated by Woodside. The net cost to Woodside, after the pro rata allocation to joint venturers on 30 January 2004, will be US\$33.4 million, plus Woodside's share of adjustments for activities after an effective date of 1 August 2003 totalling US\$19.4 million. Woodside's interest in the two PSC Areas after the transaction is 53.846%. There is also a further three US\$5 million contingent payments that may be incurred if certain milestones are reached. Woodside's share of these is about US\$8 million.

Contingent Liabilities

- (a) The Economic Entity has guarantees of \$4,000,000 (2002: \$4,000,000) in place in relation to workers' compensation.
- (b) Woodside Petroleum Ltd., together with certain of its controlled entities have guaranteed the discharge by Woodside Finance Ltd. of its financial obligations under debt facilities (see Note 29 of the Full Financial Report). See also Note 43 of the Full Financial Report for information concerning the deed of cross guarantee.
- (c) In accordance with the terms and conditions of the employee share plan (see Note 33 to the Full Financial Report) loans to employees are limited-recourse. The Economic Entity is therefore potentially exposed to losses on termination of employees dependent upon the market value of the shares at that time. The value of the interest-free benefit and limited-recourse benefit attached to the loans has been recognised in the balance sheet as a deferred employee benefit expense (refer Note 12 to the Full Financial Report).

Compliance statement

This report is based on accounts which have been audited.