ASX ANNOUNCEMENT
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UNDERLYING PROFIT INCREASES IN FIRST-HALF 2005

Key Points

- ***1H 2005 reported profit of A$512.2 million reflects stronger production and higher prices.*** *The previous corresponding period reported profit of A$748.5 million included a significant item of A$373.7 million (after tax) for the one-off sale of Woodside's 40% equity in the Enfield area.*
- ***Underlying net profit after tax (NPAT) of A$448.5 million is up 19.7%*** *over the first-half 2004 underlying NPAT of A$374.8 million (before embedded derivatives and significant items).*
- ***Oil and gas revenue of A$1,231.9 million was up 30.2%.*** *The higher revenue was a result of stronger production and a 41% increase in average realised oil prices. These benefits were partially offset by a 5% increase in the average A$/US$ exchange rate.*
- ***Interim fully franked dividend of 35 cps, up by 8 cps from first-half 2004.***
- ***Net operating cash flow of A$672.7 million, up 3.2%*** *compared to first-half 2004 A$651.8 million.*
- ***2005 production target has been revised upward from 56 MMboe to at least 58 MMboe.***
- ***Woodside committed to 4 new projects*** *in first half of 2005 (i.e. North West Shelf Phase V LNG expansion and Perseus 1B, Gulf of Mexico Neptune and Midway).*
- ***Chinguetti, Otway and Enfield*** *projects are* ***on track and, in aggregate, on budget*** *to meet their individual schedules for start-up during 2006. These projects have a total capital expenditure of approximately A$3.0 billion (Woodside share: A$1.7 billion).*

FINANCIAL RESULTS

The reported net profit after tax (NPAT) of A$512.2 million for the first half (1H) 2005 is 31.6% lower than the A$748.5 million for the corresponding period in 2004. However the 2004 result included an after tax significant item of A$373.7 million which arose from the profit on the one-off sale of Woodside's 40% equity in the Enfield oil development and WA-271-P.

The reported NPAT of A$512.2 million includes an unrealised gain on embedded derivatives of A$63.7 million (after tax). Gains or losses on embedded derivatives within sales contracts are now recognised under AIFRS. Excluding this impact, the underlying 1H 2005 NPAT (before embedded derivatives) is A$448.5 million, 19.7% higher than the underlying 1H 2004 NPAT (before significant items) of A$374.8 million.

The overall improvement in profit was largely due to increased revenue from higher sales volumes and realised oil prices. Increases were partially offset by the stronger A$ and the higher secondary taxes that resulted from higher revenues.

Revenues from oil and gas operations were A$1,231.9 million, up 30.2% from A$946.3 million in 1H 2004. With increased production, sales volumes were up 7.5%. During the period the US$ realised oil price increased to US$49.27/boe (up 40.6%), however increases in the average A$/US$ exchange rate to 0.773 (up 5.3%) partly offset the oil price benefits.

	1H 2005 A$M[1] AIFRS[2]	1H 2004 A$M[1] AIFRS[2]	Variance %
Production volume (MMboe)	29.9	28.5	4.9
Sales volume (MMboe)	30.0	27.9	7.5
Oil & Gas Revenues	1,231.9	946.3	30.2
Unrealised foreign exchange gains/(losses)[3]	5.7	89.9	n.m. [8]
EBITDAX [4]	885.9	824.5	7.5
Exploration expensed	(104.8)	(99.7)	(5.1)
EBIT [5]	656.2	582.2	12.7
NPAT before embedded derivatives & significant items	**448.5**	**374.8**	**19.7**
Unrealised gains on embedded derivatives [6]	63.7	-	n.m. [8]
Significant Item - Enfield divestment	-	373.7	n.m. [8]
Reported Profit (after embedded derivatives & significant items)	**512.2**	**748.5**	**(31.6)**
Interim dividend (c.p.s)	35.0	27.0	29.6
Net Operating Cash Flow	672.7	651.8	3.2
Gearing (%) [7]	12.2	12.2	-
Long term debt (US$M)	800.0	800.0	-
Cash and cash equivalent	617.1	811.0	(23.9)

(1) All amounts are in A$M unless otherwise stated.
(2) The 2005 results comply with the Australian Equivalents to the International Financial Reporting Standards (AIFRS). The 2004 comparative results have been restated to comply with AIFRS.
(3) Excludes foreign exchange impacts on revenue.
(4) EBITDAX = earnings before interest, tax, depreciation, amortisation and exploration (before embedded derivatives and significant items).
(5) EBIT = earnings before interest and tax, (before embedded derivatives and significant items)
(6) From 1 Jan 2005 Woodside recognizes the value of derivatives embedded within its sales contracts. Movements in the value of these embedded derivatives are recorded in the income statement as unrealized earnings (or losses) and can create additional volatility in reported results. The value of embedded derivatives are affected by changes in commodity prices and the A$ - US$ exchange rate.
(7) Gearing = (net debt) divided by (net debt + equity). 2004 restated.
(8) n.m. = not meaningful.

PRODUCTION AND SALES

Woodside's production for 1H 2005 was 29.9 million barrels of oil equivalent (MMboe), 4.9% higher than the 28.6 MMboe of the previous corresponding period. NWS Venture LNG production was up 44.2% on the previous corresponding period, with LNG Train 4 contributing additional production during the six-month reporting period, following its start-up in September 2004.

LPG production was up 4.6% with the overall higher plant throughput while NWS Venture oil was up 8.0% with contributions from new infill wells, Wanaea-8 and Lambert-6. Volumes were also assisted by the startup of oil production at Mutineer-Exeter on 29 March 2005.

As expected, natural field decline at the Laminaria-Corallina and Legendre oil fields continued. Woodside has acquired an additional 16.7% interest in the Laminaria-Corallina production licence AC/L5 and associated exploration acreage which has assisted production allocation.

First half 2005 sales volume of 30.0 MMboe was 7.5% higher than the 27.9 MMboe sold in 1H 2004.

DIVIDEND

A total interim dividend of 35 cents per share fully franked will be paid on 23 September 2005 to all shareholders registered at 2 September 2005. This compares with a total interim dividend in the 2004 corresponding period of 27 cents per share fully franked. The dividend represents a payout ratio of 52% on first-half reported profits (before embedded derivatives and significant items).

SENIOR MANAGEMENT CHANGES

In February 2005, the company appointed Ross Carroll as Chief Financial Officer. Mr Carroll, a finance executive with 18 years experience in the resources industry, took up his position on 21 March 2005.

1ST HALF 2005 SIGNIFICANT EVENTS AND ACHIEVEMENTS

CORPORATE

- **Safety performance** improved by 21% with a total recordable case frequency of 4.5 for every one million hours worked, down from the 5.7 recorded in the corresponding first half of 2004.

- **Australian Equivalents of International Financial Reporting Standards (AIFRS)** were adopted on 1 January 2005. The impact on total equity as at 1 January 2005, was an overall reduction of $189.2 million. There is no impact on the underlying cash flows of the Group and no impact on the Group's loan covenants. The introduction of AIFRS will however introduce an increased level of volatility to future reported earnings. This could result from the future revaluation of embedded derivatives and exposure to unhedged foreign denominated debt.

  Two domestic gas sales contracts have been identified as containing embedded derivatives. These contracts contain pricing mechanisms (a linkage to certain commodity prices) not usually present in sales contracts in the Western Australian domestic gas market. Therefore, the pricing elements of these contracts, which change the nature of the contract's risk, are separately recorded at fair value with movements reported in the income statement. All other sales contracts, including export LNG, contain pricing mechanisms which are considered usual in their respective markets and therefore are determined not to contain embedded derivatives.

AUSTRALIA

- **NWS LNG expansion.** The A$2 billion NWS Venture Phase V Expansion project was approved. The project includes construction of a fifth LNG train, associated infrastructure and a second loading jetty. Site works commenced in August 2005 and commissioning is due to start around mid-2008 with first LNG cargoes planned for Q4 2008.

- **China LNG supply.** All conditions precedent in the gas sales agreement with the Guangdong Dapeng LNG Company have now been satisfied and the integration of China National Offshore Oil Corporation (CNOOC) into the NWS Venture under the China LNG (CLNG) joint venture continues to plan. In Q2 2006 CLNG is scheduled to supply first LNG to Guangdong in China. CNOOC holds a 25% interest in the CLNG venture with each existing NWS Venture participant holding 12.5%.

- **First Mutineer-Exeter oil production.** The Mutineer-Exeter oil project started production on 29 March 2005, contributing 537,654 barrels of crude oil to the company's 1H 2005 production total.

- **Laminaria-Corallina oil project.** After purchasing part of Shell's interests in March 2005, Woodside owns 66.67% of the Corallina field and the '*Northern Endeavour*' Floating Production and Storage Offtake (FPSO) vessel as well as a 59.9% interest in the Laminaria field, which is unitised over production licences AC/L5 and WA-18-L.

- **Otway gas project.** The Phase 1 budget of A$810 million for the Otway gas project over the Thylacine and Geographe gas fields remains within budget and on schedule for a mid-2006 start-up. Earthworks for the onshore gas plant are complete and fabrication of the production platform is progressing on schedule.

- **Enfield oil project.** The A$1.48 billion Enfield oil project remains within budget and on schedule for start-up in Q4 2006. The '*Nganhurra*' FPSO vessel was successfully launched in Korea in April 2005 and is due for delivery in mid-2006.

- The **Pluto gas discovery** was made in Q1 2005 and is being appraised in 2H 2005. Preliminary results indicate that the structure may contain a significant volume of gas and options to rapidly develop it for LNG markets are being investigated.

- **Browse gas development.** Drilling of the Brecknock-2 appraisal well began in July 2005. The joint venture is planning to drill a further two appraisals (Calliance-1 and Brecknock-3) and acquire 3D seismic surveys for more comprehensive definition. Pre-feasibility development studies are continuing, including options for offshore and onshore facilities, together with site selection studies for an onshore gas processing plant.

- **Sunrise gas project**. Woodside awaits agreement between the Timor-Leste and Australian governments which will conclude arrangements over maritime borders, revenue sharing and the International Unitisation Agreement. The Sunrise joint venturers also require an agreement on fiscal stability.

AFRICA

- **Chinguetti oil project.** The project remains on schedule for start-up in Q1 2006. Good progress has been achieved on the drilling and completion program. Phase 1 project costs could be in the order of 10% higher than budget, largely due to changes in the scope of drilling operations.

- The **Mauritanian joint venture** will drill three exploration wells (Sotto, Colin and Espadon) in 2H 2005.

- **African exploration.** Offshore acreage was won in Libya's EPSA IV round one (Blocks 35, 36, 52 and 53 - 55%) and in Liberia's first offshore licensing round (Block 15 - 100%). Seismic acquisition continued in Libya's onshore Sirte and Murzuq basins while the Atar 3D seismic survey in Mauritania and the Pomboo 2D seismic survey in Kenya were completed.

USA – Gulf of Mexico

- **Neptune oil and gas project** (Atwater Valley, Woodside 20%) was granted final investment approval in mid-2005 with first production expected from late 2007. The **Midway** gas project (Brazos Area, Woodside 50%) is expected to start production in 2H 2005 via tieback to a nearby production facility.

- **In January 2005, an alliance was formed with Explore Enterprises** of Louisiana to jointly conduct exploration, acquisition, development and production activities in the GoM.

OUTLOOK

Production Target Lifted

Woodside's 1H 2005 production of 29.9 MMboe was 4.9% higher than the previous corresponding period.

Woodside has lifted its 2005 production target from around 56MMboe to at least 58 MMboe. The higher production target is a consequence of increased contributions from the NWS Venture, the start-up of the Mutineer-Exeter oil field and the increased equity in the Laminaria-Corallina oil project.

The NWS Venture is planning to drill an infill well on the Wanaea oil field which, if successful, could be online by year-end. The NWS Venture's oil production is also likely to increase with the planned reinstatement of Wanaea-1 and Wanaea-7 in Q4 2005. In addition, Laminaria oil production should receive a small increase when Laminaria-2 comes back online in Q1 2006.

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

The Half Yearly Report will be mailed out to shareholders along with the interim dividend payment around 23 September, 2005.