ASX ANNOUNCEMENT

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Wednesday, 20 February 2008

WOODSIDE REPORTS NET PROFIT of A$1,030 MILLION

Key Points

- **Reported net profit** after tax of $1,030 million was 28% lower than the previous year's reported profit of $1,427 million, after realising a net loss on significant items in 2007 versus 2006.
- **Underlying net profit** after tax of $1,182 million was 15% lower than the 2006 underlying profit of $1,396 million. The result was affected by adverse AUD/USD movement, higher exploration expenses and increased depreciation and amortisation which outweighed the benefits of both higher production and commodity prices.
- **Production** of 70.6 million barrels oil equivalent (MMboe), up 4%, extending an upward trend since 2004.
- **Annual revenue,** including discontinued operations, of $4,004 million, up 5%.
- **Net operating cash flow** of $2,967 million, up 26%.
- **A final dividend** of 55 cents per share was declared, fully franked. The **2007 dividend** totals 104 cents per share, fully franked.
- **Reserve[1] additions of 108 MMboe** (net Proved and Probable) increased the organic 3 year rolling reserves replacement ratio to 334% (excluding acquisitions and divestments).
- **Strategic focus.** Pluto LNG Project received Board approval on 27 July 2007. Good results were also achieved in LNG marketing while several non-core assets (Legendre, PNG, Jahal, Mauritania) were sold.

All amounts are rounded in A$ unless otherwise stated.
(1) Reserve details are included in the Woodside 2007 Reserves Statement released to the ASX on 20 February 2008.

FINANCIAL RESULTS

The 2007 reported net profit after tax (NPAT) of $1,030.2 million includes a net loss of $152.2 million on significant items (after tax) relating to the sale of various assets (refer table 1 over page). By comparison, allowance was made in the 2006 reported net profit after tax of $1,427.0 million for significant items relating to the sale of Kipper interests, which resulted in a gain of $31.1 million (refer table 1).

After removing the effect of the one-off gains or losses from the sale of various assets, Woodside's 2007 underlying net profit after tax of $1,182.4 million was 15% lower than the comparable profit number in 2006. This was largely due to a higher AUD/USD exchange rate, higher exploration expenses and increased depreciation and amortisation charges which outweighed the benefits of both higher production and commodity prices.

A copy of the results presentation and Woodside's 2007 Annual Report, which includes the full 2007 report on operations and Financial Report, will be available on the company's web site (www.woodside.com.au).

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Table 1 – Result comparison: 2007 to 2006	2007 A$M[1]	2006 A$M[1]	Variance %
Production volume (MMboe) [4]	70.6	67.9	4%
Sales volume (MMboe) [4]	69.7	67.7	3%
Oil & gas revenue [4]	4,004.3	3,810.4	5%
EBITDAX [2], [4]	3,034.2	2,978.5	2%
Exploration and evaluation expensed [4]	(524.1)	(422.0)	24%
Depreciation and amortisation expensed [4]	(733.3)	(545.8)	34%
EBIT [3], [4]	1,776.8	2,010.7	-12%
Net finance income/(costs) [4]	(10.5)	(26.1)	-60%
Income tax expense before significant items [4]	(583.9)	(588.7)	-1%
NPAT all operations before significant items[4]	**1,182.4**	**1,395.9**	-15%
Less NPAT: loss/(profit) on discontinued Mauritanian operations	5.8	(65.0)	n.m.[8]
Significant items:			
Gain on sale of Legendre assets	56.8	-	n.m.[8]
Gain on sale of PNG assets	7.9	-	n.m.[8]
Gain on sale of Jahal assets	16.2	-	n.m.[8]
Gain on sale of Kipper assets	-	31.1	n.m.[8]
Profit from continuing operations (after significant items)	**1,269.1** [5]	**1,362.0**	-7%
Discontinued operations:			
Mauritanian operating result	(5.8)	65.0	n.m.[8]
Significant item:			
Book loss on sale of Mauritania assets	(233.1)		n.m.[8]
Reported Profit (after significant items) [4]	**1,030.2** [6]	**1,427.0**	-28%
Annual dividend (c.p.s)	104	126	-17%
Net operating cash flow	2,967.1	2,348.7	26%
Gearing (%)[7]	14.9	26.4	-43%
Long term debt (US$M)	550.0	1,198.0	-54%
Short term debt (US$M)	363.0	247.0	47%
Cash and cash equivalent	138.0	313.7	-56%

(1) All amounts are in A$M unless otherwise stated.
(2) EBITDAX = earnings before interest, tax, depreciation, amortisation and exploration (before significant items).
(3) EBIT = earnings before interest and tax (before significant items).
(4) Includes contribution from the discontinued operations in Mauritania, which were sold in Dec 2007. Further details on the contribution from these discontinued operations are disclosed in Appendix 1.
(5) To determine the 2007 NPAT for continuing operations after significant items, the amount of A$5.8 million is added to the A$1,182.4 million NPAT (all operations, before significant items) along with the A$80.9 million of significant items from the sale of Legendre, PNG and Jahal assets, in order to derive the 2007 NPAT (continuing operations after significant items) as shown in the financial accounts as A$1,269.1 million.
(6) To determine the A$1,030.2 million reported profit (after tax and significant items for all operations), the amounts in the discontinued operations (i.e. A$5.8 million loss plus the significant item of A$233.1 million for the book loss on the sale of Mauritanian assets) need to be included to get from the A$1,269.1 million profit from continuing operations, to the bottom-line reported profit number.
(7) Gearing = (net debt) divided by (net debt + equity).
(8) n.m. = not meaningful.

OPERATIONAL OVERVIEW

Continued production growth

Production of 70.6 MMboe during 2007 was 4% higher than 2006, largely due to improved production from Enfield, continued strong NWSV production and the start up of Stybarrow. These projects offset the natural field decline of some of our older fields and the sale of non-core assets. Our 2007 performance continued a trend of production increases since 2004.

Revenue

Woodside achieved record revenue this year. The 5% increase in sales revenue resulted from both higher production and commodity prices, which outweighed adverse AUD/USD exchange rate movement.

Strong reserves growth

Woodside added over 108 MMboe to its proved plus probable reserves during 2007. Taking production into account, we had a 3 year average organic reserves replacement ratio of 334%. Reserves growth resulted from new bookings for NWS and Pluto volumes.

Pluto project approval

In July, Woodside's Board approved the Pluto LNG project in Australia. This project involves developing the Pluto field located offshore in the Carnarvon Basin and building LNG processing infrastructure on the Burrup Peninsula with an initial effective capacity of 4.3 mtpa.

This was a great achievement given that the Pluto field was discovered in April 2005 and was one of only three LNG projects world-wide to achieve final investment approval in the previous three years.

Outstanding LNG sales achieved

Woodside has enjoyed a highly successful year of LNG marketing. All eight original Japanese customers have recontracted for NWSV LNG. With additional contracts signed with Kogas of Korea and Tokyo Gas of Japan, sales now total over 40 million tonnes to be delivered over a period of 6-12 years after 2009, as existing LNG supply contracts expire.

In addition, Woodside received very positive market responses to the potential Browse LNG development and as a result signed Key Terms Agreements with PetroChina Corporation Ltd in September and CPC Corporation, Taiwan in November 2007. Key Terms Agreements set the key commercial terms to underpin good faith negotiations.

New projects starting up

Woodside delivered first production from the Otway project in September 2007. Start-up issues caused the plant to be shut down for much of Q4, but production was successfully restored in February 2008. First production from the non-operated Stybarrow development was achieved at the end of 2007. In 2008, Woodside anticipates additional production from four projects: Neptune, Vincent, NWSV Train 5 and Angel.

Improving our sustainability

During 2007, Woodside's Board revised the Company's Business Principles and established a new Sustainability Committee. We were proud to receive notice that Woodside will be listed on the Dow Jones Sustainability Index. Woodside's 2007 Sustainable Development Report will be available on the Woodside website by the end of Q1 2008 *(www.woodside.com.au).*

Strong operating cash flow

Net cash from operating activities of $2,967.1 million was 26% higher than the previous year, largely due to increased sales volumes and commodity prices.

Dividend payout ratio maintained

The Directors declared a fully-franked final dividend of 55 cents per share (77 cents per share in 2006). The dividend will be paid on 31 March 2008, resulting in a full-year dividend of 104 cents per share (compared to 126 cents per share in 2006). The dividend equates to a payout ratio of 60%, in line with Woodside's historical practice.

Given Woodside’s current gearing and the continuing strength in commodity prices, the Board has decided to suspend the use of the Dividend Reinvestment Program (DRP) for the 2007 final dividend. The Board currently intends to reactivate the DRP for the 2008 interim dividend.

Board changes

Mr Charles Goode retired as a non-executive director and Chairman of the Board on 31 July 2007. His enormous contribution to Woodside over nearly two decades is reflected in the growth of our Company since he joined the Board in 1988.

In December 2007, Mr Din Megat was appointed as an independent non-executive director, following the resignation of Mr Russell Caplan on 11 October.

Dr Ashton Calvert resigned from the Board on 7 November 2007, due to ill health and, sadly, passed away soon afterwards. He had been a member of the Board since 2005 and made a significant contribution to Woodside during his time as a Director. His wisdom and insights were invaluable.

Outlook

In 2008 Woodside targets full year production of 80 to 86 MMboe (an increase of 13% to 22% over 2007).

The production increase will be achieved with a full year of Stybarrow oil, the ramping up of Otway gas plus the start-up of four new projects: Neptune oil, Vincent oil, Angel gas and NWSV Train 5. The 2008 target takes into account the sale in 2007 of Legendre oil production assets and total assets in Mauritania.

Subsequent to year-end, Woodside announced on 11 February 2008 that it had agreed to buy Shell’s North West Shelf oil assets for US$398.5 million. The asset transfer and completion date is subject to standard regulatory and joint venture participant approvals, approval by the Company shareholders, as well as the Board of Shell. Woodside will review its 2008 production target after the completion of the transaction.

The 37th Annual General Meeting of Woodside Petroleum Ltd. will be held in Perth, Western Australia on Thursday, 1 May 2008.

The Board anticipates that the 2008 interim dividend will be declared on 27 August 2008 and paid on 1 October 2008 to shareholders registered on 5 September 2008.

A full review of Woodside’s operations and financial results can be obtained by accessing the 2007 Annual Report which is posted on the Woodside website (www.woodside.com.au).