2014 HALF-YEAR REPORT

Incorporating Appendix 4D
30 June 2014

woodside

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Appendix 4D

(further details on page 33)

Results for announcement to the market

				US$ million
Revenues from ordinary activities	increased	24.3%[1]	to	3,551
Net profit for the period attributable to members (reported profit)	increased	26.6%[1]	to	1,105
Net profit after tax and before significant items (underlying profit)	increased	33.3%[1]	to	1,136
Dividends (distributions)				
Interim dividend – fully franked (US cents per share)	111 cps 1H 2014		83 cps 1H 2013	
Record date for determining entitlements to the dividend			29 August 2014	

1 *Comparisons are to the half-year period ended 30 June 2013.*

About this report

This 2014 Half-Year Report is a summary of Woodside's operations, activities and financial position as at 30 June 2014.

Woodside Petroleum Ltd (ABN 55 004 898 962) is the parent company of the Woodside group of companies. In this report, unless otherwise stated, references to 'Woodside', 'the company', 'the group', 'we', 'us' and 'our' refer to Woodside Petroleum Ltd and its controlled entities, as a whole. The text does not distinguish between the activities of the parent company and those of its controlled entities.

References to '1H' refer to the first half of the year, i.e. the period between 1 January and 30 June 2014. All dollar figures are expressed in US currency unless otherwise stated. Production and sales volumes are quoted as Woodside share.

This report should be read in conjunction with the 2013 Annual Report and the 2013 Sustainable Development Report, available on Woodside's website, www.woodside.com.au.

60 woodside YEARS OF ACHIEVEMENT

About Woodside

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Woodside is Australia's largest independent oil and gas company, with a proud history of safe and reliable operations spanning decades.

This year, we celebrated the company's 60th anniversary, 30 years of domestic gas production and 25 years of liquefied natural gas (LNG) exports. These milestones not only show how far we have come in a relatively short space of time, they are testament to the hard work and belief of everyone who has contributed to that journey.

We have an extensive portfolio of facilities which we operate on behalf of shareholders and some of the world's major oil and gas companies. Since 1984, we have been operating the landmark Australian project, the North West Shelf (NWS), and it remains one of the world's premier LNG facilities.

With the successful start-up of the Pluto LNG Plant in 2012, Woodside operates six of the seven LNG processing trains in Australia. Together with the four Woodside-operated offshore gas production platforms, these facilities help to meet the demand for cleaner energy from our pipeline gas customers in Australia and LNG customers in the Asia Pacific region.

We also operate four floating oil production, storage and offloading (FPSO) vessels in the Carnarvon Basin, NWS and the Timor Sea. This is the largest owner-operated fleet in Australia, with an excellent track record of efficiently and safely producing from current fields.

Driven by our world-class capabilities, we are pursuing expansion of our LNG portfolio through value-enhancing developments including the Browse Floating LNG (FLNG) Development. We are also seeking to expand our exploration portfolio, both within Australia and globally, to generate future growth opportunities for the company.

Pursuant to our global exploration strategy, we have exploration acreage in Myanmar, New Zealand, Ireland, Republic of Peru, Republic of Korea and Spain (Canary Islands). Subsequent to the end of the half-year, we announced acquisitions of exploration acreage in Morocco, Tanzania and Gabon.

We have other international interests in Canada and Timor-Leste. In 2013, we established a dedicated office in Singapore to support our growing LNG marketing, trading and shipping capabilities.

We remain focused on strengthening our relationships with customers, co-venturers, governments and communities to ensure that we are a partner of choice, and attain our vision of becoming a global leader in oil and gas.

Our mission

To deliver superior shareholder returns.

Vision

Our aim is to be a global leader in upstream oil and gas.

The Woodside Compass

Values

- **Integrity** – We are open, honest and fair. We do what we say we will do. We have the courage to do the right thing.
- **Respect** – We give everyone a fair go. We listen.
- **Working Sustainably** – We are here for the long term. We look after each other, our communities and our environment. We keep each other safe.
- **Working Together** – We are on the same team. We build long-term partnerships.
- **Discipline** – We play by the rules. We set goals and we hold ourselves to account.
- **Excellence** – We achieve great results. We learn. We get better.

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Directors' report half-year
Financial overview

The directors of Woodside Petroleum Ltd present their report and the consolidated financial report for the half-year ended 30 June 2014 as follows:

RECORD PRODUCTION

▲11.0%

Record 1H production of 46.5 MMboe was 11.0% higher compared to 1H 2013 primarily due to higher reliability at Pluto and NWS, a full half-year of production from the Vincent FPSO (which returned from planned shipyard maintenance and refurbishment in Q4 2013), and reduced cyclone impact across all of our assets. Partly offsetting these positive contributions was net field decline.

RECORD OPERATING REVENUE

▲24.3%

Record 1H operating revenue of $3,551 million was an increase of 24.3% compared to 1H 2013. Higher average realised prices of $75.02/boe in 1H 2014 compared to $66.70/boe in 1H 2013 were driven by the new Pluto Foundation customer pricing regime, the Vincent FPSO restarted production and average Brent prices increasing to $108.82/bbl compared to $107.88/bbl in 1H 2013.

RECORD REPORTED PROFIT

▲26.6%

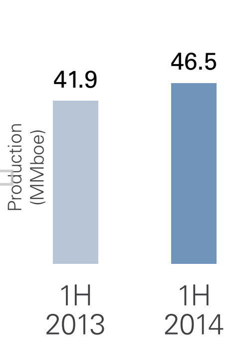
Record 1H reported net profit after tax of $1,105 million was supported by higher production, higher sales volumes, no impairment losses and lower exploration and evaluation expense. Partly offsetting these positive contributions were higher income tax, Petroleum Resources Rent Tax (PRRT) expense and depreciation and amortisation charges.

RECORD REPORTED EPS

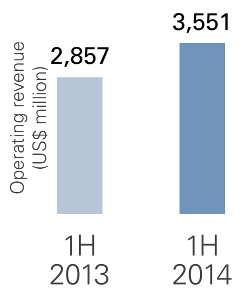
▲26.6%

Earnings per share (EPS) on a reported basis were 134 cents per share (cps), up 26.6% from 1H 2013 (106 cps). Underlying EPS increased 33.3% to 138 cps.

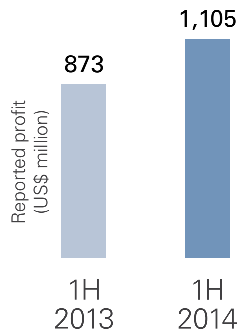
Production



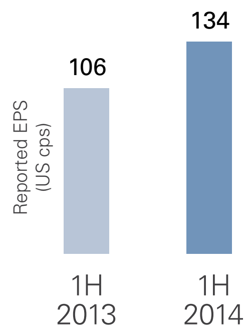
Operating revenue



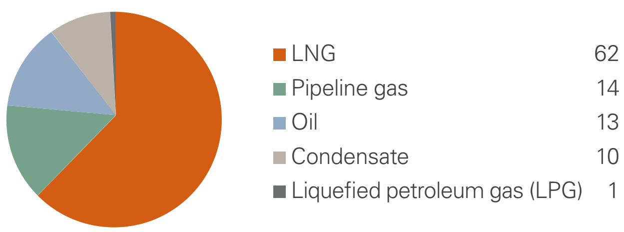
Reported profit after tax



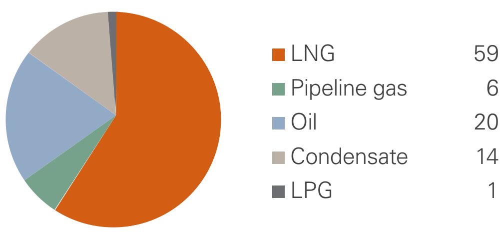
Reported EPS



1H 2014 production (%)



1H 2014 sales revenue (%)



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INTERIM DIVIDEND

▲33.7%

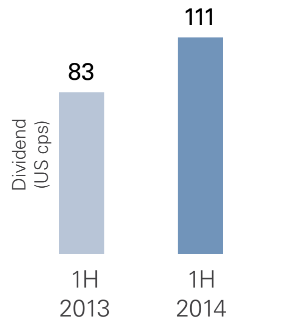
The Board has approved a fully franked interim dividend of 111 cps. This compares to 83 cps (fully franked) in 1H 2013. Further details are provided on page 30.

Woodside's dividend payout ratio of 80% of underlying net profit after tax is expected to be maintained for the foreseeable future. This is subject to the demands of significant new capital investments and business performance or external circumstances not changing materially.

Woodside's increased interim dividend and EPS in 1H 2014 reflects the increase in reported profit.

Further details on page 17.

Interim dividend per share

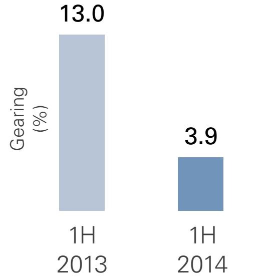


GEARING OF

3.9%

At the end of the reporting period our gearing level was 3.9%, down from 13.0% in 1H 2013. This reflects a reduction in net debt due to our strong operating cash flows and lower investment expenditure.

Gearing

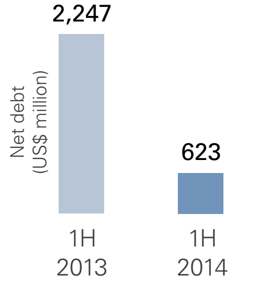


NET DEBT

▼72.3%

Woodside finished 1H 2014 in a strong liquidity position with $2.7 billion in cash and $1.6 billion in undrawn facilities. At the end of the half-year total debt was $3.3 billion and net debt was $0.6 billion. Woodside has sufficient liquidity to fully fund its committed activities.

Net debt



RESULTS FOR FIRST HALF 2014

	1H 2013 MMboe	1H 2014 MMboe	Variance %
Production volume	41.9	46.5	11.0
Sales volume	41.8	44.7	6.9
	US$m	US$m	Variance %
Operating revenue	2,857	3,551	24.3
EBITDAX[1]	2,033	2,736	34.6
Expensed exploration/evaluation (includes licence amortisation)	(197)	(146)	(25.9)
Depreciation/amortisation	(610)	(703)	15.2
EBIT[2]	1,226	1,887	53.9
Net finance costs	(85)	(89)	4.7
Income tax expense	(326)	(560)	71.8
PRRT expense	86	(89)	n.m.[8]
Non-controlling interest	(28)	(44)	57.1
Reported profit (including non-recurring items)	873	1,105	26.6
Add back/(deduct) non-recurring items after tax	(21)[3]	31[4]	n.m.[8]
Underlying profit (excluding non-recurring items)[5]	852	1,136	33.3
Reported earnings per share (eps in cents)	106	134	26.6
Underlying earnings per share (eps in cents)[5]	104	138	33.3
Interim dividend (cps)	83	111	33.7
Net cash from operating activities	1,494	2,028	35.7
Gearing (%)[6]	13.0	3.9	(70.3)
Total debt[7]	4,052	3,326	(17.9)
Cash and cash equivalents	1,805	2,703	49.8

1 EBITDAX – earnings before interest, tax, depreciation, amortisation, exploration and evaluation (includes non-recurring items).
2 EBIT – earnings before interest and tax (includes non-recurring items).
3 The non-recurring after-tax item of $21 million relates to the gain on disposal of Mutineer-Exeter.
4 The non-recurring after-tax item of $31 million relates to the loss on disposal of Woodside USA assets.
5 The underlying (non-International Financial Reporting Standards (IFRS)) profit is unaudited but is derived from auditor reviewed accounts by removing the impact of non-recurring items from the reported (IFRS) auditor reviewed profit.
6 Gearing – (net debt) divided by (net debt + net equity).
7 Total debt – total interest bearing liabilities.
8 n.m. – not meaningful.

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Directors' report half-year
Review of operations

Our strategy

During 1H 2014, Woodside remained on track to achieve its mission of delivering superior shareholder returns and its vision of becoming a global leader in upstream oil and gas. We made significant progress against the three elements of our corporate strategy: maximising our core business, leveraging our capabilities and growing our portfolio.

Maximising our core business

We achieved outstanding 1H financial results, including record production, record operating revenue, record reported profit and record earnings per share. We continued to focus on improving profitability and capturing enduring productivity benefits via operational excellence, volume uplift and savings on external spend. Our ongoing focus on health, safety and environment (HSE) keep us on track to achieve top-quartile HSE and reliability performance.

Leveraging our capabilities

Our world-class capabilities in LNG and subsea technology resulted in high reliability at the NWS Project and Pluto, leading to record 1H production.

We continued to leverage our capabilities in trading and marketing, signing two new sales and purchase agreements (SPAs) with Korea Gas and Chubu Electric for volumes primarily sourced from Pluto LNG. These agreements demonstrate the importance of Pluto LNG volumes in meeting growing regional demand for natural gas, and Woodside's increasingly diverse LNG purchasing, sales and shipping arrangements. Subsequent to the half-year, we signed an SPA with Cheniere Energy Inc. to purchase LNG from the Corpus Christi Liquefaction Project[1].

Growing our portfolio

We continued to re-balance and grow our global exploration portfolio to build a long-term foundation for growth. We placed an increased emphasis on emerging petroleum provinces characterised by materiality and growth potential. In March, we were awarded additional exploration acreage in Myanmar. Subsequent to the end of the half-year, we announced new acreage positions in Morocco, Tanzania and Gabon. Demonstrating our investment discipline, we made the difficult decision to terminate the memorandum of understanding entered into with the Leviathan joint venture (JV) as we were unable to reach a commercially acceptable outcome.

Production outlook

As advised in our Q2 Results, Woodside's production target range for 2014 has been revised to 89 to 94 MMboe (previously 86 to 93 MMboe). This reflects strong operating performance and overall improved reliability.

Marketing

Woodside expects the fundamental drivers underpinning growth in global energy demand to remain strong, with gas playing an increasingly important role in the global energy mix. Demand for LNG is forecast to increase by an average of approximately 5% per annum to 2030[2], with a growing role played by transport fuel.

The Asia Pacific region is expected to remain the core regional LNG market. The outlook for LNG demand in this region is underpinned by the ongoing need for significant incremental LNG in Japan where the timing of nuclear restarts remains uncertain. Sustained growth in regional LNG demand will be driven by China and India, and newer LNG import countries in South-east Asia including Thailand, Malaysia, Indonesia and Singapore. Across the region, all the countries that currently import LNG are expanding their import capacity. LNG importation is also being considered by countries including Pakistan, Vietnam and the Philippines.

New supplies of LNG will be required to meet demand in the longer term and to replace declining production from older projects from 2020. New greenfield and brownfield expansion projects in Australia are competing with potential new supply from North America, East Africa and Russia to secure foundation customers, and need to be cost competitive. Woodside is marketing its LNG entitlements from Browse FLNG in parallel with and consistent with progress towards final investment decision on the project. Customers recognise the importance of FLNG technology to increase supply diversity and maintain Australian LNG competitiveness.

North America is emerging as the centre of the next wave of new supply, and Woodside expects US and Canadian supplies to comprise 10 to 20% of global trade by 2030. Sales of US LNG have introduced new business models and pricing mechanisms into the Asia Pacific region, but Woodside expects that oil-indexed pricing will remain the basis for most sales.

Subsequent to the half-year, Woodside has agreed to purchase approximately 0.85 Mtpa from the Corpus Christi Liquefaction Project1 for a base period of 20 years starting in 2019. This purchase will provide a new geographic source of LNG and diversify our product offering on the basis of specification and pricing.

The current market is emerging from a period of intense construction, but there remains significant risk to the timing of start-up of new supplies. Uncommitted production from operating projects is expected to be valued by buyers. In Q1 2014, we secured three mid-term deals at robust prices with premium customers in Japan and Korea. These deals represent incremental value from Pluto production following the favourable outcome of price reviews under the foundation contracts.

1 Purchase remains subject to conditions precedent.
2 Source: Wood Mackenzie, LNG Tool, Q2 2014.

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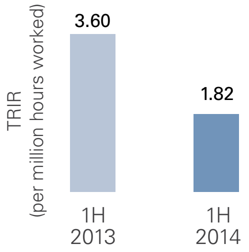
TOTAL RECORDABLE INJURY RATE (TRIR)



▼49% REDUCTION IN TRIR

As at 30 June 2014, our TRIR was 1.82 per million hours worked. This is a 49% reduction on the comparative period rate of 3.60[1].

There were zero Tier 1 Process Safety Events (PSEs) and two Tier 2 PSEs recorded in 1H 2014.

After a strong start to 2014, the spot market has weakened considerably. At the end of 1H 2014, spot prices to North Asia had fallen 30% from their peak levels. During 1H 2014, we have been active in the short-term market, trading several third-party LNG cargoes to maximise value. Some of our traded cargoes have utilised the LNG vessel, the Woodside Goode.

In addition to our LNG portfolio, we continue to maximise the value of our existing assets via the sale of domestic pipeline gas, oil, condensate and LPG to a wide range of domestic and international customers.

Health and safety

During 1H 2014, Woodside continued to implement a strategic roadmap in progress towards our goal of global top-quartile health and safety performance.

As part of our efforts to streamline processes and systems, we rolled out a simplified event reporting and investigation operating standard and a new chemical management procedure. We launched the 'Fit For Life Health Program', including the introduction of the online health portal to support and improve employee health and wellbeing.

Environment

In 1H 2014, we undertook baseline studies of marine areas located near the NWS offshore infrastructure. The studies were conducted in collaboration with the Australian Institute of Marine Science and will underpin our decision-making and management of existing and future NWS assets.

Woodside remains focused on continuing to reduce flaring rates. As at 30 June 2014, the flared gas intensity was 12.9 t/kt.

Woodside and its JV participants in Ireland, Petrel Resources plc and Strike Oil Ltd, have partnered with the Irish Marine Institute, the Galway-Mayo Institute of Technology and Curtin University's Centre for Marine Science and Technology to commence a research project that uses noise loggers to record whale activity off the Irish coastline.

The noise loggers, which provide information on the distribution and abundance of marine mammals by recording underwater noise, have been deployed up to 220 nautical miles west of Ireland. Initial results are expected in 2H 2014 and will support our exploration activities in Ireland.

People

Woodside continues to support its vision of being a global leader in upstream oil and gas through the attraction and retention of an engaged, diverse and high performing workforce.

In 1H 2014, we focused on growing our talent and meeting our diversity objectives by increasing graduate numbers. The graduate recruitment campaign resulted in the appointment of 110 graduates across both technical and non-technical disciplines for our 2015 intake, a 54% increase on the previous year. Females represent 43% of the graduate intake across all disciplines. As part of the 2015 graduate intake, four Indigenous and 13 international graduates will commence. In addition, through our Trainee and Apprenticeship program, 21 trainees were placed in Woodside roles during 1H 2014, up from eight in 1H 2013.

Education remains integral to creating a diverse workplace environment. In support of this, 56 employees completed the Recruitment and Selection training, 68 employees completed the Indigenous Cultural Awareness training and 282 employees completed the Equal Employment Opportunity training program. During the first-half, Woodside implemented a revised Diversity Awareness for Leaders Program.

We progressed our Reconciliation Action Plan commitments, with 98 Indigenous employees as at 30 June 2014. This includes 46 who participated in our Indigenous Training Pathways Program during 1H 2014. Additionally, seven scholarships have been awarded to Indigenous students.

As part of building our international capabilities around people and processes, we are finalising the implementation of our Fraud and Corruption Control Program. The program is focused on protecting the company from the threat of fraud and corruption through a framework of prevention, detection and response.

1 A TRIR of 3.46 at 1H 2013 was reported in our 1H 2013 Report. This has increased to 3.6 due to a first aid case in 1H 2013 being re-classified to a Restricted Work Case in 2H 2013.

Review of operations
Australia

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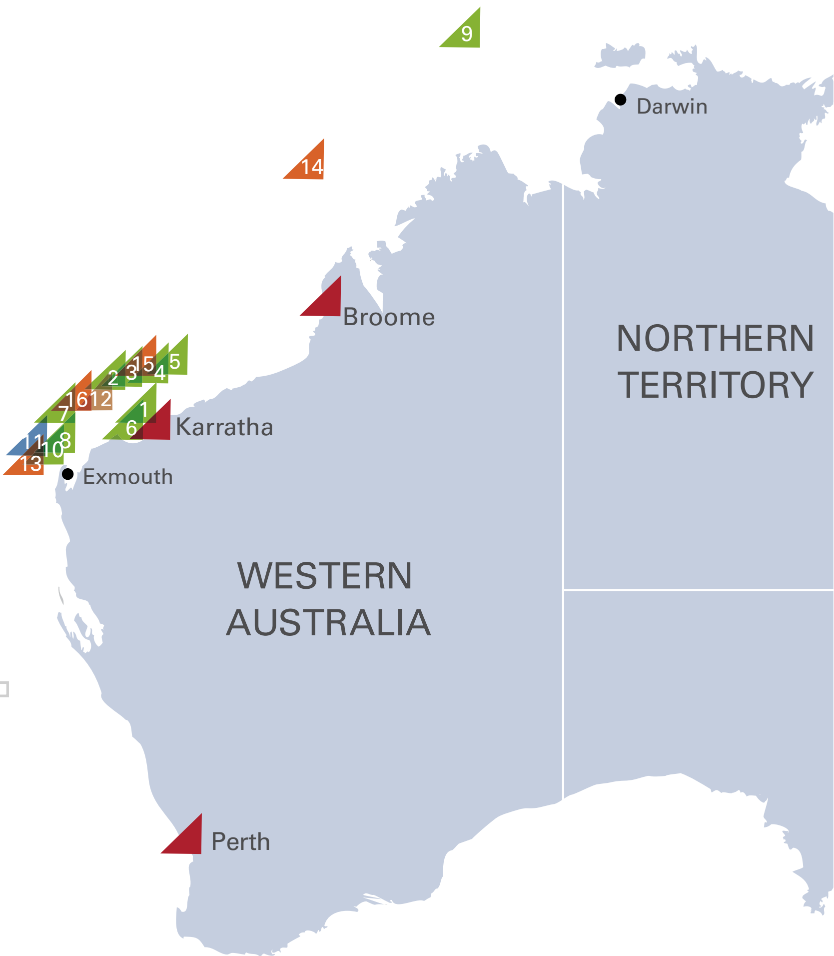
In 2014, we celebrate our 60th anniversary, 30 years of domestic gas production and 25 years of LNG exports.

Our areas of activity – Australia



Our producing assets (operated)

1	Karratha Gas Plant	NWS
2	Goodwyn A platform	NWS
3	North Rankin Complex	NWS
4	Okha FPSO	NWS oil
5	Angel platform	NWS
6	Pluto LNG Plant	Pluto LNG
7	Pluto LNG platform	Pluto LNG
8	Ngujima-Yin FPSO	Vincent oil
9	Northern Endeavour FPSO	Laminaria-Corallina oil
10	Nganhurra FPSO	Enfield oil

Our producing assets (non-operated)

11	Stybarrow Venture MV16 FPSO	Stybarrow oil

Our projects

12	Greater Western Flank Phase 1	NWS

Our developments

13	Greater Enfield Oil	Enfield
14	Browse FLNG	Browse
15	Persephone	NWS
16	Greater Western Flank Phase 2	NWS

- Our producing assets (operated)
- Our producing assets (non-operated)
- Our projects
- Our developments
- Our offices and representative offices

North West Shelf

Woodside 12.5% – 50% (operator)[1]

In 1H 2014, the Woodside-operated NWS Project continued to maximise the value of our existing business through reliable production and delivery. We continued to improve in safety, reliability and efficient operations while pursuing opportunities to extend the life of the Project.

Maximising value

In 1H 2014, NWS delivered 121 cargoes of LNG on behalf of the NWS JV participants, compared to 119 in 1H 2013. This increase is primarily attributed to higher reliability from the NWS onshore and offshore facilities.

Pipeline gas sales of 40,195 TJ (40,344 TJ 1H 2013) were lower due to the conclusion of a domestic gas contract. Condensate production of 3.0 MMbbls (3.3 MMbbls 1H 2013) and LPG production of 49,399 tonnes (55,316 tonnes in 1H 2013) decreased due to the North Rankin field being produced in preference to the richer Angel reservoir following the start-up of the North Rankin B compression platform. The Angel reservoir is being managed to best enhance long-term reservoir performance. NWS oil production of 1.6 MMbbls (1.7 MMbbls 1H 2013) decreased due to natural reservoir decline.

The North Rankin Redevelopment Project achieved steady-state production in Q1 2014 this year. North Rankin A and North Rankin B now operate as a single integrated facility known as the North Rankin Complex (NRC).

We continue to invest in refurbishment to maintain our world-class assets. In Q2 2014, we completed a major shutdown of LNG Train 3 which involved turbine and compressor overhauls, vessel inspections and a variety of maintenance activities.

Greater Western Flank Phase 1 (GWF-1) Project

The A$2.5 billion GWF-1 Project will develop the Goodwyn GH and Tidepole fields via a subsea tie-back to the existing Goodwyn A platform. At the end of 1H 2014, the project was 77% complete. Fabrication and pipeline installation were completed earlier this year, and engineering and procurement activities are progressing to plan. Subsea installation is expected to be completed by Q4 2014. The project remains on budget and on schedule for start-up in early 2016.

Exploration

The Fortuna 3D Marine Seismic Survey was completed on schedule in May, with over five months of data acquisition. This survey was commissioned to maximise the value of our existing infrastructure and potentially extend the production plateau of the NWS Project. It covered 4,050 km^2 of NWS acreage and was the largest ever undertaken by the venture participants. Data processing has commenced, and final results are expected by Q4 2015.

Future developments

Persephone is the next major gas development for the NWS Project and involves a subsea tieback to the NRC. A final investment decision is planned for 2H 2014.

The Greater Western Flank Phase 2 Project is positioned to enter front-end engineering and design (FEED) during 2H 2014 and continues to progress towards FID in 2015. The project will develop the Keast, Dockrell, Sculptor, Rankin, Lady Nora and Pemberton fields via a subsea tie-back to the existing Goodwyn A platform.

We continue to evaluate Lambert Deep as a potential tie-back to the existing Angel platform.

1 Woodside's NWS interests include: NWS LNG Venture 16.67%, Domestic Gas JV 50.00%, Incremental Pipeline Gas JV 16.67%, China LNG JV 12.50%, CWLH (crude oil) 33.33%.

Working together to ensure safe and reliable operations at Karratha.

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▲ *The Woodside Donaldson departs from the Pluto LNG plant to our customers.*

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Pluto LNG

Woodside 90% (operator)

Maximising value

Pluto LNG continued to make a strong contribution to Woodside's production during 1H 2014, with production of 2.0 million tonnes of LNG (1.7 million tonnes in 1H 2013) and 1.4 MMboe of condensate (1.3 MMboe in 1H 2013). Pluto LNG achieved capacity utilisation of 93.9% over the period, up from 85.3% in 1H 2013.

A number of factors contributed to the positive outcome, including higher reliability, the execution of a planned maintenance shutdown in April in line with expected duration. Production in the period together with higher realised pricing supported LNG sales revenue of $1,168 million from long-term contracts and spot sales. Condensate revenue was $178 million. The full effects of higher LNG realised pricing will be seen in 2H 2014.

Three SPAs were executed during the half-year and build on our long-term relationships with major Japanese and Korean energy buyers. During the period, Woodside signed SPAs with Chubu Electric (in January) and Korea Gas (in February). Both SPAs commenced in April, and LNG delivered under these agreements will primarily be sourced from Pluto LNG. In March 2014 a sales and purchase agreement was executed with Kansai Electric.

Xena

Progress on Xena Phase 1 continued during 1H 2014. Phase 1 is a one well tie-back development which is expected to cost approximately $370 million (100% project), and access 250 billion cubic feet of reserves. Xena first gas is expected in 2H 2015.

As at 30 June 2014, we have delivered 128 LNG cargoes from Pluto LNG.

Australia Oil

In 1H 2014, Australia Oil continued to identify value-adding opportunities through productivity improvements across its fleet of FPSOs. This includes improving standardisation across our fleet to realise efficiencies and synergies.

We have also worked to maximise production as the Laminaria-Corallina asset moves towards end of field life in the coming years. In addition to our production activities in the region, we completed the Centaurus and Babylon 3D marine seismic surveys to the north of North West Cape (over WA-478-P and WA-483-P respectively). These exploration activities continue to enhance our understanding of regional oil and gas characteristics.

In 1H 2014, our Greater Enfield studies focused on aggregating undeveloped oil resources, including Laverda, in the Exmouth sub-basin, through maximising existing infrastructure and capturing the best oil recovery and lowest lifetime cost through technology.

Enfield

Woodside 60% (operator)

Production of 0.6 MMbbls (0.8 MMbbls 1H 2013) was impacted by a 53 day shutdown in Q1 2014 and natural reservoir decline in 2014.

Laminaria-Corallina

Woodside 60% – 67% (operator)

Production of 0.5 MMbbls (0.6 MMbbls 1H 2013) reflects natural reservoir decline.

Stybarrow

Woodside 50% (non-operator)

Production of 0.5 MMbbls (0.7 MMbbls 1H 2013) reflects natural reservoir decline in 2014.

Vincent

Woodside 60% (operator)

Production of 2.6 MMbbls reflects an entire half-year of production from the Vincent FPSO (which returned from planned shipyard maintenance and refurbishment in Q4 2013). There was no production from Vincent in 1H 2013 (2.8 MMbbls 1H 2012). Phase IV in-fill drilling is on plan to commence in Q4 2014 for start-up in 2015.

▼ *The Ngujima-Yin was redeployed to the Vincent field at the end of 2013 following shipyard maintenance and refurbishment.*

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Browse FLNG

Woodside 31.3% (operator)[1]

▲ *FLNG facility, image courtesy of Shell.*

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The Brecknock, Calliance and Torosa fields – which are collectively known as the Browse resources – are estimated to contain gross (100%) contingent resources (2C) of 14.9 Tcf of dry gas and 441.2 million barrels of condensate (net Woodside share of 4.7 Tcf of dry gas and 138.1 million barrels of condensate).

Woodside, as operator of the Browse JV, is concluding basis of design (BOD) activities for the proposed Browse floating LNG (FLNG) Development. The BOD phase involves undertaking all of the studies and work required by the Browse JV participants to be in a position to consider entering the front-end engineering and design phase of the Development in 2H 2014.

In January, the Commonwealth Department of Environment advised Woodside that the Browse FLNG Development will be assessed by an Environmental Impact Statement (EIS). We have continued to develop the EIS and anticipate that the draft EIS will be available for public review and comment in 2H 2014.

In May, the Browse FLNG Development's Australian Industry Participation Plan (AIPP) was approved by the Australian Industry Participation Authority. The AIPP outlines the Browse JV participants' commitment to providing full, fair and reasonable opportunity for local industry to contribute to activities and to maximise local industry participation where it is capable and competitive on the basis of health, safety, environment, quality, cost and delivery.

In June, the Browse JV submitted renewal applications for the State and Commonwealth Browse retention leases in line with the requirements of the relevant State and Commonwealth legislation. The renewal applications incorporate technical and economic assumptions used to evaluate the commercial viability of a subsea and FLNG development concept.

Woodside is targeting FID for the Browse FLNG Development in 2H 2015.

1 *Woodside is the operator of the East and West Browse JVs. It holds a 34% equity interest in the East Browse JV and a 17% equity interest in the West Browse JV. Woodside's assumed total Browse unitised interest is 31.3%.*

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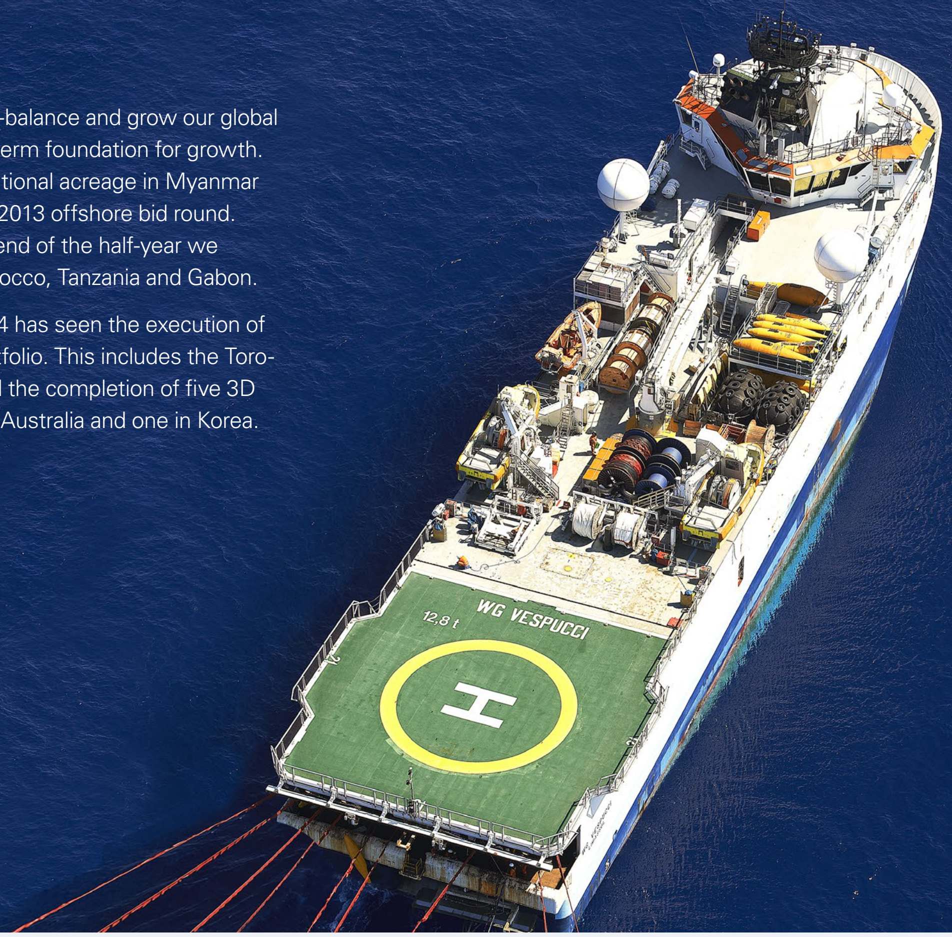
Review of operations
Global exploration



During 1H 2014, we continued to re-balance and grow our global exploration portfolio to build a long-term foundation for growth. International successes include additional acreage in Myanmar through the Myanmar Government 2013 offshore bid round. Additionally and subsequent to the end of the half-year we acquired exploration acreage in Morocco, Tanzania and Gabon.

In addition to portfolio build, 1H 2014 has seen the execution of exploration activities across the portfolio. This includes the Toro-1 exploration well gas discovery and the completion of five 3D seismic surveys as operator: four in Australia and one in Korea.

2014/2015 drilling and seismic activities

		2014		2015				Size
Drilling	Description	Q3	Q4	Q1	Q2	Q3	Q4	Volume[1]
Exmouth sub basin	Malaguti							Large
Pluto	One well							
Beagle Basin	Two wells							
Outer Canning	Hannover South							Large
	Steel Dragon							Large
	Anhalt							Large
	Outer Canning wells							
Myanmar	Saung							Large
Peru	One well							
Spain	Up to two wells							
Seismic								Sq Km
Peru	2D							720
New Zealand	3D							1800
Myanmar	2D							5900
Myanmar	3D							4000
Ireland	3D							2200
Tanzania	2D							1300

1. Target size: Gross Mean Success Volume 100%, un-risked. Small<20MMboe, Medium>20 MMboe and <100MMboe and Large>100MMboe.
Note: this is a forecast activity plan and subject to change.

Drilling Seismic

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Australian exploration

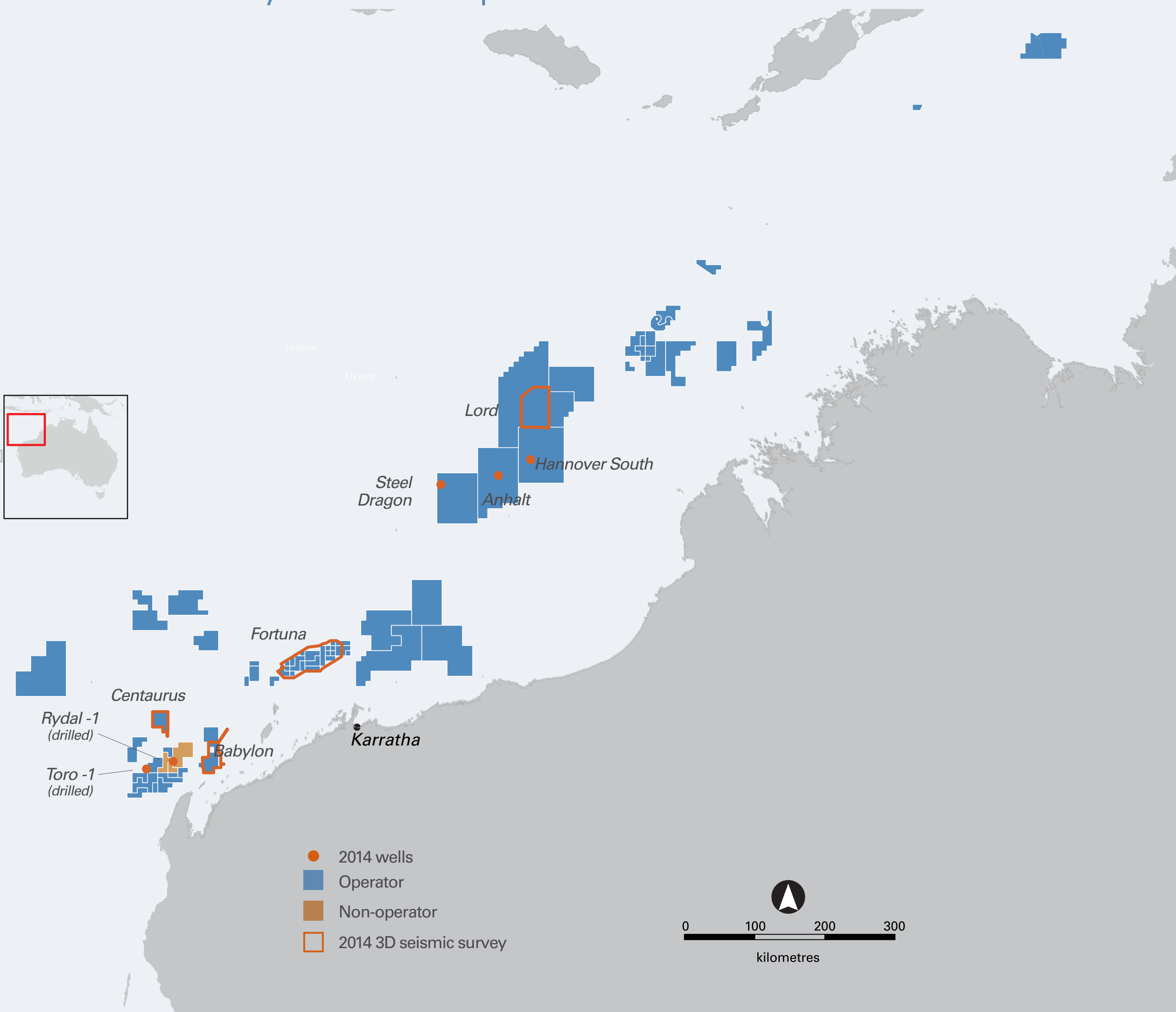
During 1H 2014, two exploration wells were drilled in the Exmouth Sub-Basin:

- In WA-430-P the Toro-1 well was spudded on 2 May 2014, resulting in a gas discovery announced subsequent to the end of the half-year on 2 July 2014. The Deepwater Millennium has transited to drill Hannover South-1 in the Outer Canning Basin.
- In WA-255-P the Rydal-1 well was spudded on 13 January 2014 and resulted in a non-commercial discovery.

During 1H 2014, four 3D marine seismic surveys were completed:

- The NWS Fortuna 3D marine seismic survey (4,058 km²) commenced on 6 January 2014 and was completed on 30 May 2014. It was acquired over the NWS Venture Petroleum titles and WA-448-P, and provides the foundation for future NWS exploration and appraisal programs.
- In the Exmouth Sub-Basin permit WA-478-P, the Centaurus 3D marine seismic survey (1,143 km²) commenced on 24 February was completed on 18 March 2014.
- In the Exmouth Sub-Basin permit WA-483-P, the Babylon 3D marine seismic survey (1,306 km²) commenced on 21 March and was completed on 14 April 2014.
- In the Browse Basin permit WA-495-P, the Lord 3D marine seismic survey (3,352 km²) commenced on 20 April 2014 and was completed on 7 June 2014.

Our areas of activity – Australian exploration



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International exploration

Myanmar

Woodside 40%–50% (operatorship, refer to *Table 1*)

On 26 March 2014, Woodside was awarded four blocks in the Myanmar Government's 2013 Offshore Bid Round. Our acreage, located in the Rakhine Basin, comprises A-7, AD-5, A-4 and AD-2. This adds to our existing acreage in the Rakhine Basin, through interests in Production Sharing Contracts for Blocks A-6 (50%, with Myanmar Petroleum Resources Limited (MPRL)) and AD-7 (40%, with Daewoo International Corporation (Daewoo)).

In March 2014, 3D seismic acquisition (1,204 km^2) was completed with our venture participants in AD-7. The joint venture will make a decision on whether to drill an exploration well in the block in 2015.

Following the interpretation of Padauk 3D seismic survey data acquired in early 2013, a decision on whether to drill an exploration well in A-6 will be made with our venture participants.

We will work with our venture participants to take forward exploration activities in blocks awarded in the 2013 Offshore Bid Round, which, following initial social and environmental impact assessments, include commitments to seismic acquisition and options for future drilling.

New Zealand

Woodside 70% (operator)

As part of the New Zealand Government's 2013 Block Offer, Woodside was awarded permit 55793 (2,418 km^2) in the Taranaki Basin and permit 55794 (9,835 km^2) in the Great South Basin. These permits came into effect on 1 April 2014.

During 1H 2014, work program commitments were progressed, including early planning to support the environmental approvals for a seismic survey in 2015.

Spain (Canary Islands)

Woodside 30% (non operator)

We are currently working with our venture participants to finalise a drilling program in 2014/2015.

Ireland

Woodside 60%–90% (operator, refer to *Table 2*)

During 1H 2014, we completed the process of converting our Licence Options in offshore Ireland to Frontier Exploration Licences (FELs). FELs granted by Ireland's Minister of State at the Department of Communications, Energy and Natural Resources included FEL 3/14, FEL 4/14 and FEL 5/14; FEL 5/13 had previously been granted at the end of 2013.

During 1H 2014, permit work program commitments were progressed through environmental studies including the deployment of passive acoustic loggers for monitoring cetacean activity. Seismic acquisition is currently targeted for 2015.

Morocco

Woodside 25% (non-operator)

Subsequent to the end of 1H, on 4 July 2014, an agreement was finalised with Chariot Oil and Gas to farm-in to the Rabat Deep offshore north western Morocco.

Under the agreement, Woodside acquires an initial 25% participating interest in the Rabat Deep offshore permits I-VI with an option for Woodside to increase its participating interest to 50% and take operatorship. The Rabat Deep farm-in is subject to government approval.

Tanzania

Woodside 70% (non-operator)

Subsequent to the end of 1H, on 14 July 2014, an agreement was finalised with Beach Energy to farm-in to the prospective basin of Lake Tanganyika in western Tanzania. Under the agreement, Woodside acquires an initial 70% participating interest in the Lake Tanganyika South Block and the respective Production Sharing Agreement. The proposed work program includes seismic studies, with an option for future drilling and operatorship. The agreement is subject to required government and regulatory approvals.

Table 1 – Myanmar acreage

Block	Woodside	MPRL	Daewoo	BG	MPEP[1]
A-6	50%[2]	50%[2]	-	-	-
AD-7	40%	-	60% (Operator)[3]	-	-
A-7	45% (Operator)			45%	10%
AD-5	55% (Operator)			45%	-
A-4	45%			45% (Operator)	10%
AD-2	45%			55% (Operator)	-

1 MPEP – Myanmar Petroleum Exploration and Production Company Limited.
2 Operatorship responsibilities are shared.
3 Woodside is technical operator for drilling.

Table 2 – Ireland acreage

Licensing Option	Frontier Exploration Licence	Woodside	JV Participants
LO 11/3	FEL 5/13	90% (Operator)	Bluestack Energy Ltd (10%)
LO 11/4	FEL 3/14	85% (Operator)	Petrel Resources P/c (15%)
LO 11/6	FEL 4/14	85% (Operator)	Petrel Resources P/c (15%)
LO 11/10	FEL 5/14	60% (Operator)	Strike Oil Ltd (40%)

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Gabon

Woodside 40% (non-operator)

Subsequent to the end of 1H 2014, Woodside acquired a 40% participating interest in an exploration, exploitation and production sharing contract (EESPC) for Block F15 in the Gabon Coastal Basin, located in the south-western offshore area of Gabon. Noble Energy has a 60% participating interest in the EESPC and will be the operator. The EEPSC has a seismic commitment and option for future drilling.

Republic of Peru

Woodside 35% (non-operator)

During 1H 2014, preparations were underway to support a 2D seismic acquisition in Block 108 (720 km), anticipated to commence in Q3 2014. The block remains in Force Majeure until all required regulatory approvals are received.

On 4 April 2014, we completed the sale and purchase transaction for the transfer of an additional 15% equity in Block 108 from JV participant Reliance Exploration and Production DMCC (Reliance), increasing our equity in the permit to 35%. The remaining 15% of Reliance's participating interest was acquired by JV participant Pluspetrol E&P S.A., who remains operator.

Republic of Korea

Woodside 50% (operator)

In the Ulleung Basin Block 8/6-1N, the Muneo 3D seismic survey (504 km^2) commenced on 31 May 2014 and was completed on 20 June 2014. Seismic data will now be processed and interpreted prior to a decision on future exploration activity within the permit area.

We continue to re-balance and grow our global exploration portfolio.

Our areas of activity – International exploration

Review of operations International

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Sunrise LNG

Woodside 33.44% (operator)

The Greater Sunrise fields hold a contingent resource of 5.13 Tcf of dry gas and 225.9 million barrels of condensate (net Woodside share of 1.7 Tcf of dry gas and 75.6 million barrels of condensate).

During 1H 2014, the Timor-Leste and Australian Governments remained engaged in a dispute relating to the Treaty on Certain Maritime Arrangements in the Timor Sea in accordance with the dispute resolution procedure in the Timor Sea Treaty. We remain committed to developing Greater Sunrise once government alignment is achieved.

Canada

During 1H 2014, we signed a Sole Proponent Agreement with the Government of British Columbia to access land at Grassy Point to undertake feasibility studies for a potential LNG development. The agreement is for three years and is subject to Woodside meeting milestones, including making annual payments, obtaining an export licence and commencing environmental approvals processes.

We have commenced consultation activities and continue to assess the technical and economic feasibility of an LNG development on Grassy Point.

Subsequent to the end of the half year, and as part of our Sole Proponent Agreement obligations, we submitted an application to the National Energy Board in July to export LNG from Grassy Point. In August, Woodside initiated the environmental assessment process by filing a Project Description with the British Columbia Environmental Assessment Office. The Project Description describes possible design and scope for a proposed LNG development at Grassy Point.

While we have produced a Project Description and submitted an application for a licence to export LNG, any decision to proceed with an LNG development at Grassy Point is subject to a variety of internal and external approvals.

United States – Gulf of Mexico

During 1H 2014, Woodside sold its 20% non-operated working interest in the producing Neptune Field - Atwater Valley (blocks 574, 575 and 618 along with an interest in the associated tension leg platform) to W & T Energy (subject to customary post-effective date adjustments and the assumption of any related asset retirement obligations).

In the near term, we are committed to continuing our presence in the United States (US) centred around utilising our US-based infrastructure to provide technical and asset-management services for other companies within the Woodside group.

Our international locations and interests

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Directors' report
Business management

Capital expenditure

Woodside's capital expenditure in 1H 2014 was $210 million, a 36% reduction from 1H 2013 ($329 million). The decrease was largely driven by lower expenditure at Australia Oil and Pluto. Capital expenditure for Australia Oil in 2013 included Vincent shipyard refurbishment, which was completed in Q4 2013.

Capital management

In June 2014, Woodside announced an integrated transaction with Shell Energy Holdings Australia Limited (Shell) to purchase 78.3 million Woodside shares from Shell through a selective buy-back, subject to shareholder approval. The buy-back was associated with an underwritten sell-down by Shell of another 78.3 million shares. Shell completed its sell-down of 78.3 million shares in June 2014 and currently holds a 13.6% stake in Woodside. The selective buy-back was not approved by the required 75% of votes of eligible shareholders (72% of votes were in favour of the transaction). Woodside remains committed to increasing shareholder value and will continue to consider the company's capital position and capital management options.

At 30 June 2014, Woodside's balance sheet reflects strong operating cash flows with net debt of $0.6 billion (down from $2.2 billion at 30 June 2013) and gearing of 3.9% (down from 13.0% at 30 June 2013).

Woodside ends 1H 2014 with $2.7 billion in cash (up from $1.8 billion at 30 June 2013) and $1.6 billion in undrawn debt (unchanged from 30 June 2013). The company's average cost of debt at 30 June 2014 was approximately 3.4% per annum on a portfolio basis and 4.0% per annum on a drawn debt basis.

In June 2014, Standard & Poor's affirmed Woodside's BBB+ credit rating, revising the outlook to stable. Moody's confirmed Woodside's Baa1 rating and stable outlook.

A fully-franked interim dividend of US 111 cps has been declared, an increase of 33.7% on 1H 2013 (US 83 cps). The increase reflects our strong financial position, increased operating cash flow and reduced short-term capital expenditure outlook.

The record date for determining entitlements to the interim dividend is 29 August, with the ex-dividend date being 27 August. The interim dividend will be paid on 24 September 2014. Woodside's dividend payout ratio of 80% of underlying net profit after tax is expected to be maintained for the foreseeable future. This is subject to the demands of significant new capital investments and business performance or external circumstances not changing materially.

Financial risk management

No commodity or currency hedges are in place and no new hedges have been entered into during 1H 2014.

Corporate activities

Leviathan

In May 2014, we advised the participants in the Leviathan JV that we had elected to terminate the memorandum of understanding entered into with the parties in February 2014. Negotiations between the parties failed to reach a commercially acceptable outcome that would have allowed fully-termed agreements to be executed.

Governance

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Board of directors

The names of the directors in office during the period and until the date of this report are as follows:

Mr M A Chaney, AO (Chairman)

Mr P J Coleman (CEO and Managing Director)

Mr R J Cole (Executive Director and Executive Vice President Corporate and Commercial)

Ms M A Cilento

Mr F C Cooper, AO

Dr C M Haynes, OBE

Dr A Jamieson, OBE

Mr D I McEvoy

Dr S E Ryan

Rounding of amounts

The amounts contained in this report have been rounded to the nearest million dollars under the option available to the Group under Australian Securities and Investments Commission Class Order 98/100.

Management assurance

Consistent with recommendation 7.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the company's half-year financial report for the period ended 30 June 2014 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Auditor's independence declaration

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on this page and forms part of this report.

Signed in accordance with a resolution of the directors.

M A Chaney

M A Chaney, AO
Chairman
Perth, Western Australia
20 August 2014

Auditor's independence declaration to the directors of Woodside Petroleum Ltd

In relation to our review of the financial report of Woodside Petroleum Ltd for the half-year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

R J Curtin
Partner
Perth, Western Australia
20 August 2014

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Financial Report

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Consolidated income statement

For the half-year ended 30 June 2014

	Notes	2014 US$m	2013 US$m
Operating revenue	4(a)	3,551	2,857
Cost of sales	4(b)	(1,441)	(1,278)
Gross profit		2,110	1,579
Other income	4(c)	24	10
Other expenses	4(d)	(247)	(363)
Profit before tax and net finance costs		1,887	1,226
Finance income	4(e)	6	5
Finance costs	4(f)	(95)	(90)
Profit before tax		1,798	1,141
Petroleum resource rent tax (expense)/benefit		(89)	86
Income tax expense		(560)	(326)
Profit after tax		1,149	901
Profit attributable to			
Equity holders of the parent		1,105	873
Non-controlling interest		44	28
Profit for the period		1,149	901
Basic and diluted earnings per share attributable to equity holders of the parent (US cents)		134	106

The accompanying notes form part of the half-year financial report.

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Consolidated statement of comprehensive income

For the half-year ended 30 June 2014

	2014 US$m	2013 US$m
Profit for the period	1,149	901
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Net change in fair value of available-for-sale financial assets	(2)	-
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement (losses)/gains on defined benefit plan	(6)	9
Other comprehensive income for the period, net of tax	(8)	9
Total comprehensive income for the period	1,141	910
Total comprehensive income attributable to		
Equity holders of the parent	1,097	882
Non-controlling interest	44	28
Total comprehensive income for the period	1,141	910

The accompanying notes form part of the half-year financial report.

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Consolidated statement of financial position

As at 30 June 2014

	Notes	30 June 2014 US$m	31 December 2013 US$m
Current assets			
Cash and cash equivalents		2,703	2,223
Receivables		407	453
Inventories		305	192
Other financial assets		-	4
Other assets		13	23
Total current assets		3,428	2,895
Non-current assets			
Inventories		9	8
Other financial assets		31	32
Other assets		2	32
Exploration and evaluation assets		1,187	1,063
Oil and gas properties		17,999	18,490
Other plant and equipment		80	80
Deferred tax assets		1,148	1,170
Total non-current assets		20,456	20,875
Total assets		23,884	23,770
Current liabilities			
Payables		490	575
Interest bearing liabilities		778	1,177
Tax payable		352	317
Other financial liabilities		2	10
Other liabilities		36	30
Provisions		196	255
Total current liabilities		1,854	2,364
Non-current liabilities			
Interest bearing liabilities		2,548	2,587
Deferred tax liabilities		1,724	1,533
Other financial liabilities		12	10
Other liabilities		128	114
Provisions		1,342	1,204
Total non-current liabilities		5,754	5,448
Total liabilities		7,608	7,812
Net assets		16,276	15,958
Equity			
Issued and fully paid shares	5(a)	6,547	6,547
Shares reserved for employee share plans	5(b)	(42)	(42)
Other reserves		941	923
Retained earnings		8,053	7,797
Equity attributable to equity holders of the parent		15,499	15,225
Non-controlling interest		777	733
Total equity		16,276	15,958

The accompanying notes form part of the half-year financial report.

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Consolidated statement of cash flows

For the half-year ended 30 June 2014

	2014 US$m	2013 US$m
Cash flows from/(used in) operating activities		
Profit after tax for the period	1,149	901
Adjustments for:		
Non-cash items		
Depreciation and amortisation	720	626
Impairment of oil and gas properties and other assets	-	128
Loss/(gain) on disposal exploration and evaluation assets	13	(3)
Loss/(gain) on disposal of oil and gas properties	14	(25)
Change in fair value of derivative financial instruments	2	43
Net finance costs	89	85
Tax expense	649	240
Exploration and evaluation written off	1	4
Other	42	(19)
Changes in assets and liabilities		
Decrease in trade and other receivables	57	124
(Increase)/decrease in inventories	(116)	71
Decrease in provisions	(10)	(81)
Increase/(decrease) in other assets and liabilities	16	(1)
Decrease in trade and other payables	(39)	(161)
Cash generated from operations	2,587	1,932
Purchases of shares and payments relating to employee share plans	(4)	(2)
Interest received	6	7
Dividends received	2	2
Interest paid	(90)	(94)
Income tax paid	(373)	(230)
Petroleum resource rent tax paid	(23)	(105)
Payments for restoration	(25)	-
Payments for carbon tax	(52)	(16)
Net cash from operating activities	2,028	1,494
Cash flows from/(used in) investing activities		
Payments for capital and exploration expenditure	(280)	(408)
Proceeds from disposal of exploration and evaluation assets	35	4
Proceeds from disposal of oil and gas properties	42	21
Income taxes paid on disposal of exploration and evaluation assets	-	(405)
Net cash used in investing activities	(203)	(788)
Cash flows from/(used in) financing activities		
Repayments of borrowings	(442)	(292)
Contributions (to)/from non-controlling interests	(58)	2
Dividends paid	(846)	(1,037)
Net cash used in financing activities	(1,346)	(1,327)
Net increase/(decrease) in cash held	479	(621)
Cash and cash equivalents at the beginning of the period	2,223	2,422
Effects of exchange rate changes	1	4
Cash and cash equivalents at the end of the period	2,703	1,805

The accompanying notes form part of the half-year financial report.

Consolidated statement of changes in equity

For the half-year ended 30 June 2014

	Issued and fully paid shares	Shares reserved for employee share plans	Employee benefits reserve	Foreign currency translation reserve	Hedge of net investment reserve	Investment fair value reserve	Retained earnings	Equity holders of the parent	Non-controlling interest	Total equity
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
At 1 January 2014	6,547	(42)	164	663	110	(14)	7,797	15,225	733	15,958
Profit for the Period	-	-	-	-	-	-	1,105	1,105	44	1,149
Other comprehensive income	-	-	(6)	-	-	(2)	-	(8)	-	(8)
Total comprehensive income for the period	-	-	(6)	-	-	(2)	1,105	1,097	44	1,141
Non-controlling interest	-	-	-	-	-	-	-	-	-	-
Employee share plan purchases	-	(4)	-	-	-	-	-	(4)	-	(4)
Employee share plan redemptions	-	4	(4)	-	-	-	-	-	-	-
Share-based payments	-	-	30	-	-	-	-	30	-	30
Dividends paid	-	-	-	-	-	-	(849)	(849)	-	(849)
At 30 June 2014	6,547	(42)	184	663	110	(16)	8,053	15,499	777	16,276
At 1 January 2013	6,547	(44)	101	663	110	(15)	7,786	15,148	679	15,827
Profit for the period	-	-	-	-	-	-	873	873	28	901
Other comprehensive income	-	-	9	-	-	-	-	9	-	9
Total comprehensive income for the period	-	-	9	-	-	-	873	882	28	910
Non-controlling interest	-	-	-	-	-	-	-	-	(5)	(5)
Employee share plan purchases	-	(2)	-	-	-	-	-	(2)	-	(2)
Employee share plan redemptions	-	1	(1)	-	-	-	-	-	-	-
Share-based payments	-	-	22	-	-	-	-	22	-	22
Dividends paid	-	-	-	-	-	-	(1,054)	(1,054)	-	(1,054)
At 30 June 2013	6,547	(45)	131	663	110	(15)	7,605	14,996	702	15,698

The accompanying notes form part of the half-year financial report.

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Notes to and forming part of the financial report

For the half-year ended 30 June 2014

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1. General information

This general purpose condensed financial report for the half-year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 20 August 2014.

Woodside Petroleum Ltd is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the ASX.

The Group is a for-profit entity and is primarily involved in hydrocarbon exploration, evaluation, development, production and marketing.

2. Summary of significant accounting policies

Basis of preparation

The general purpose condensed financial report for the half-year ended 30 June 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The financial report is presented in US dollars. The amounts contained in this report have been rounded to the nearest million dollars under the option available to the Group under Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998, unless otherwise stated.

The financial report does not include all notes of the type normally included in an Annual Financial Report. Accordingly, this financial report is to be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and any public announcements made by Woodside Petroleum Ltd during the period ended 30 June 2014 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

Changes in accounting policy

The Group has adopted all new and amended Australian Accounting Standards and Interpretations effective from 1 January 2014 including:

- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124];
- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*;
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*;
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* [AASB 139];
- AASB 1031 (2013) *Materiality*;
- AASB 1048 (2013) *Interpretation of Standards*;
- AASB 2013-9 (part B) *Amendments to Australian Accounting Standards – Materiality*; and
- Interpretation 21 Levies.

New and amended Standards and Interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not elected to early adopt any other new or amended Standards or Interpretations that are issued but not yet effective.

Notes to and forming part of the financial report

For the half-year ended 30 June 2014

3. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

(a) Revenue and profit after tax for the period ended 30 June 2014

	North West Shelf Business Unit		Pluto Business Unit		Australia Oil Business Unit		Browse Business Unit		Other [2]		Unallocated Items		Consolidated	
	30 June 2014 US$m	30 June 2013 US$m	30 June 2014 US$m	30 June 2013 US$m	30 June 2014 US$m	30 June 2013 US$m	30 June 2014 US$m	30 June 2013 US$m	30 June 2014 US$m	30 June 2013 US$m	30 June 2014 US$m	30 June 2013 US$m	30 June 2014 US$m	30 June 2013 US$m
Revenue														
Operating revenue	1,512	1,582	1,436	971	473	260	-	-	130	44	-	-	3,551	2,857
Cost of sales														
Cost of production	(343)	(353)	(96)	(124)	(121)	(127)	-	-	(5)	(6)	2	(6)	(563)	(616)
Shipping and direct sales costs	(20)	(19)	(51)	(34)	(1)	(1)	-	-	(1)	(3)	(5)	(2)	(78)	(58)
Oil and gas properties depreciation and amortisation	(145)	(124)	(403)	(391)	(132)	(69)	-	-	(17)	(20)	-	-	(697)	(604)
Trading costs	-	-	-	-	-	-	-	-	(103)	-	-	-	(103)	-
Total costs of sales	(508)	(496)	(550)	(549)	(254)	(197)	-	-	(126)	(29)	(3)	(8)	(1,441)	(1,278)
Gross profit	1,004	1,086	886	422	219	63	-	-	4	15	(3)	(8)	2,110	1,579
Exploration and Evaluation	(10)	(12)	-	4	(26)	(4)	-	(1)	(110)	(184)	-	-	(146)	(197)
Share of associates' net profit	2	2	-	-	-	-	-	-	-	-	-	-	2	2
Change in fair value of derivative financial instruments	(2)	(37)	-	-	-	-	-	-	-	-	-	(6)	(2)	(43)
(Loss)/gain on disposal of oil and gas properties	(3)	-	-	-	-	25	-	-	(11)	-	-	-	(14)	25
Depreciation of other plant and equipment	-	-	-	-	-	-	-	-	(1)	-	(5)	(6)	(6)	(6)
(Loss)/gain on disposal of exploration and evaluation assets	-	-	-	-	-	-	-	-	(13)	3	-	-	(13)	3
Net defined benefit plan expense	-	-	-	-	-	-	-	-	-	-	(1)	(6)	(1)	(6)
Exchange (loss)/gain	-	(1)	3	7	2	(1)	-	-	(1)	(2)	(17)	26	(13)	29
Impairment loss	-	-	-	(30)	-	(90)	-	-	-	(8)	-	-	-	(128)
Other fees and recoveries	8	8	1	-	4	2	-	-	-	-	9	(2)	22	8
General, administrative and other costs	7	(5)	2	6	(2)	-	-	-	(22)	(8)	(37)	(39)	(52)	(46)
Profit before tax and net finance income/(costs) [1]	1,006	1,041	892	409	197	(5)	-	(1)	(154)	(184)	(54)	(41)	1,887	1,220
Finance income													6	5
Finance costs													(95)	(90)
Profit before tax													1,798	1,135
Taxes													(649)	(240)
Profit after tax													1,149	895

1. *The performance of operating segment is evaluated based on profit before tax, finance income and finance costs. Financing requirements, finance income, finance costs and taxes are managed on a Group basis.*
2. *The composition of 'Other' has been restated in 2013 to include the USA Business Unit.*

There were no significant inter-segment transactions during the period

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Notes to and forming part of the financial report

For the half-year ended 30 June 2014

3. Operating segments (continued)

(b) Segment assets at 30 June 2014

	North West Shelf Business Unit		Pluto Business Unit		Australian Oil Business Unit		Browse Business Unit		Other		Unallocated Items		Consolidated	
	30 June 2014 US$m	31 December 2013 US$m	30 June 2014 US$m	31 December 2013 US$m	30 June 2014 US$m	31 December 2013 US$m	30 June 2014 US$m	31 December 2013 US$m	30 June 2014 US$m	31 December 2013 US$m	30 June 2014 US$m	31 December 2013 US$m	30 June 2014 US$m	31 December 2013 US$m
Segment assets	3,857	3,931	14,049	14,303	1,439	1,450	179	149	364	451	3,996	3,486	23,884	23,770

4. Revenue and expenses

	2014 US$m	2013 US$m
(a) Operating Revenue		
Revenue from sale of goods		
Liquefied natural gas		
North West Shelf	817	806
Pluto	1,168	771
	1,985	1,577
Pipeline natural gas		
North West Shelf	201	177
United States of America	1	3
	202	180
Condensate		
North West Shelf	286	368
Pluto	178	133
	464	501
Oil		
North West Shelf	166	183
Laminaria	50	43
Enfield	61	94
Vincent	298	25
Stybarrow	64	98
United States of America	22	41
	661	484
Liquefied petroleum gas		
North West Shelf	42	48
Total revenue from sale of goods	3,354	2,790
Other operating revenue		
Processing and services revenue	90	67
Trading revenue	107	-
Total other operating revenue	197	67
Total operating revenue	3,551	2,857

Notes to and forming part of the financial report

For the half-year ended 30 June 2014

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4. Revenue and expenses (continued)

		2014 US$m	2013 US$m
(b)	**Cost of sales**		
	Cost of production		
	Production costs	(355)	(354)
	Royalties and excise	(208)	(218)
	Carbon costs	(30)	(35)
	Insurance	(14)	(19)
	Inventory movement	44	10
		(563)	(616)
	Shipping and trading costs		
	Shipping and direct sales costs	(78)	(58)
	Trading costs	(103)	-
		(181)	(58)
	Oil and gas properties depreciation and amortisation		
	Land and buildings	(30)	(30)
	Transferred exploration and evaluation	(23)	(21)
	Plant and equipment	(641)	(550)
	Maine vessels and carriers	(3)	(3)
		(697)	(604)
	Total cost of sales	(1,441)	(1,278)
	Gross profit	2,110	1,579
(c)	**Other income**		
	Other fees and recoveries	22	8
	Share of associates' net profit	2	2
	Total other income	24	10
(d)	**Other expenses**		
	Exploration and evaluation		
	Exploration expensed in current period	(119)	(166)
	Exploration expensed previously capitalised	(1)	(4)
	Amortisation of licence acquisition costs	(17)	(14)
	Evaluation	(9)	(13)
	Total exploration and evaluation	(146)	(197)
	Other Costs		
	Net defined benefit plan expense	(1)	(6)
	Change in fair value of derivative financial instruments	(2)	(43)
	Depreciation of other plant and equipment	(6)	(6)
	General, administrative and other costs	(52)	(46)
	Pluto mitigation and initial start-up costs	-	6
	Exchange (loss)/gain	(13)	29
	(Loss)/gain on disposal of oil and gas properties	(14)	25
	(Loss)/gain on disposal of exploration and evaluation assets	(13)	3
	Impairment of oil and gas properties	-	(128)
	Total other costs	(101)	(166)
	Total other expenses	(247)	(363)
	Profit before tax and net finance costs	1,887	1,226

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Notes to and forming part of the financial report

For the half-year ended 30 June 2014

4. Revenue and expenses (continued)

		2014 US$m	2013 US$m
(e)	**Finance income**		
	Interest	6	5
	Total finance income	6	5
(f)	**Finance costs**		
	Unwinding of present value discount (accretion)	(19)	(13)
	Other finance costs	(76)	(77)
	Total finance costs	(95)	(90)
	Profit before tax	1,798	1,141

5. Contributed equity

		30 June 2014 US$m	31 December 2013 US$m
(a)	**Issued and fully paid shares**		
	823,910,657 (2013: 823,910,657) ordinary shares [1]	6,547	6,547
(b)	**Shares reserved for employee share plans**		
	931,293 (2013: 902,040) ordinary shares	(42)	(42)

1. *All shares are a single class with equal rights to dividends, capital distributions and voting. The company does not have authorised capital nor par value in respect of its issued shares.*

		30 June 2014 Shares	31 December 2013 Shares	30 June 2014 US$m	31 December 2013 US$m
(c)	**Movements in issued and fully paid shares**				
	At 1 January	823,910,657	823,910,657	6,547	6,547
	Balance at the end of the period	823,910,657	823,910,657	6,547	6,547

Notes to and forming part of the financial report

For the half-year ended 30 June 2014

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6. Dividends paid and proposed

		2014 US$m	2013 US$m
(a)	**Dividends paid during the financial half-year**		
	Prior year fully franked final dividend US$1.03, paid on 26 March 2014 (2013: US$0.65, paid on 3 April 2013)	849	536
	Current year fully franked special divided: nil (2013: US$0.63, paid on 29 May 2013)	-	518
		849	1,054
(b)	**Dividend declared (not recorded as liability)**		
	Current year fully franked interim dividend US$1.11 to be paid on 24 September 2014 (2013: US$0.83, paid on 25 September 2013)	915	684

7. Fair value

The fair value of financial assets and financial liabilities not measured at fair value approximates their carrying amount, with the exception of the Group's three unsecured bonds, which have a fair value of US$2.2 billion and a carrying amount of US$2.0 billion (2013: fair value of US$2.6 billion and a carrying amount of US$2.4 billion). The Group's repayment obligations remain unchanged.

8. Change in the composition of the Group

Since the last annual reporting date, there have been no significant changes in the composition of the Group.

9. Contingent liabilities and contingent assets

		30 June 2014 US$m	31 December 2013 US$m
(a)	**Contingent liabilities at reporting date**		
	Not otherwise provided for in the financial report		
	Contingent liabilities[1]	46	18
	Guarantees[2]	8	7
		54	25
(b)	**Contingent assets at reporting date**		
	Not otherwise accounted for in the financial report		
	Contingent assets relating to certain claims made or pending [3]	10	-

1. *Contingent liabilities relate predominantly to actual or potential litigation of the Group for which amounts are reasonably estimated but the liability is not probable and therefore the group has not provided for such amounts in this financial report. Additionally, there are a number of other claims and possible claims that have arisen in the course of business against entities in the Group, the outcome of which cannot be foreseen at present and for which no amounts have been included in the table above.*
2. *The Group has issued guarantees relating to workers' compensation liabilities.*
3. *Contingent assets relate predominantly to claims receivable by the Group for which amounts are reasonably estimated but the receivables is not virtually certain and therefore the group has not provided for such amounts in this financial report.*

10. Events after the end of the reporting period

Dividends

On 20 August 2014, the directors approved a fully franked interim dividend of US$1.11 per share (2013: US$0.83 per share). The dividend will be payable to shareholders registered on the record date of 29 August 2014 and will be paid on 24 September 2014.

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Directors' declaration

In accordance with a resolution of directors of Woodside Petroleum Ltd, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and

 (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that Woodside Petroleum Ltd will be able to pay its debts as and when they become due and payable.

On behalf of the Board

M A Chaney, AO
Chairman

Perth, Western Australia
20 August 2014

P J Coleman
Chief Executive Officer

Perth, Western Australia
20 August 2014

Independent review Report

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To the members of Woodside Petroleum Ltd

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Woodside Petroleum Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and other explanatory information and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at 30 June 2014 or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Woodside Petroleum Ltd and the entities it controlled during the half-year, we are required by ASRE 2410 to comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Woodside Petroleum Ltd is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

R J Curtin

Partner
Perth, Western Australia
20 August 2014

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Appendix 4D
Half-Year Report

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For 'Results for Announcement to the Market' refer to the inside cover of this Half-Year Report.

Dividends

Ex-dividend date	27 August 2014		
Record date for the interim dividend	29 August 2014		
Date the dividend is payable	24 September 2014		
		Current period	Previous corresponding period[1]
Interim dividend - fully franked	US cents per share	111	83

None of these dividends are foreign sourced.

Net tangible assets (NTA)

NTA backing	Current period US$	Previous corresponding period (US$)[1]
Net tangible assets (US$ per ordinary security)	18.81	18.20

Details of entities over which control was gained or lost

Name of entity	Date of gain or loss of control
Nil	Nil

Details of associates and joint venture entities

Name of entity	Percentage of ownership interest held at end of period or date of disposal	
	Current period	Previous corresponding period[1]
North West Shelf Gas Pty Ltd	16.67%	16.67%
North West Shelf Liaison Company Pty Ltd	16.67%	16.67%
North West Shelf Australia LNG Pty Ltd	16.67%	16.67%
International Gas Transportation Company Limited	16.67%	16.67%
North West Shelf Shipping Service Company Pty Ltd	16.67%	16.67%

1 Comparisons are to the half-year period ended 30 June 2013

Shareholder Information

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Registered office

Woodside Petroleum Ltd
Woodside Plaza
240 St Georges Terrace
Perth, Western Australia 6000

Shareholder registry: enquiries

Investors seeking information about their shareholdings should contact the company's share registry:

Computershare Investor Services Pty Limited

Level 2, 45 St Georges Terrace,
Perth, Western Australia 6000

Postal address: GPO Box 2975,
Melbourne, VIC, 3001, Australia

Telephone: 1300 558 507 (within Australia)
(+61) 3 9415 4632 (outside Australia)

Facsimile: (+61) 3 9473 2500

Email: web.queries@computershare.com.au

Website: www.investorcentre.com/wpl

The share registry can assist with queries on share transfers, dividend payments, the Dividend Reinvestment Plan, notification of tax file numbers and changes of name, address or bank details.

Investor Relations: enquiries

Requests for specific information on the company can be directed to Investor Relations at:

Investor Relations

Woodside Petroleum Ltd
Woodside Plaza
240 St Georges Terrace
Perth, Western Australia 6000

Postal address: GPO Box D188
Perth, Western Australia 6840
Telephone: (61) 8 9348 4000
Facsimile: (61) 8 9214 2777
Email: investor@woodside.com.au
For various reports and updates visit Woodside's website:
www.woodside.com.au

Event calendar 2014

27 August	Ex-dividend date for interim dividend
29 August	Record date for interim dividend
24 September	Payment date for interim dividend
16 October	Third Quarter 2014 Report
31 December	Woodside financial year end
January 2015	Fourth Quarter 2014 Report

Key ASX releases for the first half 2014

January	Woodside signs sales agreement with Chubu Electric
February	Woodside reports 2013 full year profit of US$1.75 billion
February	Woodside signs sales agreement with Korea Gas Corporation
May	Woodside terminates Leviathan MOU
May	Woodside investor briefing
June	Reduction of Shell's shareholding

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Glossary

$, $m	US dollars unless otherwise stated, millions of dollars
1H, 2H	Halves of the calendar year (i.e. 1H is 1 January to 30 June, 2H is 1 July to 31 December)
2C	Best estimate of contingent resources
AIPP	Australian Industry Participation Plan
ASX	Australian Securities Exchange
BOD	Basis of design
Brent	Intercontinental Exchange (ICE) Brent Crude deliverable futures contract (oil price)
Brownfield	An exploration or development project located within an existing province which can share infrastructure and management with an existing operation
Condensate	Hydrocarbons, which are gaseous in a reservoir, but which condense to form liquids as they rise to the surface
cps	Cents per share
Crude oil	Oil that is produced from a reservoir after any associated gas has been removed
CWLH	Cossack Wanaea Lambert Hermes
EIS	Environmental impact statement
EPS	Earnings per share
Exploration licence	A licence to explore for oil or gas in a particular area issued to a company by a governing state.
Farm-in	Where one company acquires an interest in an exploration permit or production licence by paying some of the past or future costs of another company which is relinquishing its interest.
Front-end engineering and design (FEED)	Preliminary design and cost and schedule confirmation before a final investment decision
Flaring	Flaring is the term used to describe the controlled burning of gas found in oil and gas reservoirs.
FLNG	Floating liquefied natural gas
FPSO	Floating production storage and offloading vessel
Gearing	Net debt divided by (net debt + equity)
GoM	Gulf of Mexico
Greenfield	Development or exploration located outside the area of influence of existing operations/infrastructure
GWF	Greater Western Flank
HSE	Health, safety and environment
JV	Joint Venture
KGP	Karratha Gas Plant
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
Net debt	Total debt less cash and cash equivalents
NPAT	Net profit after tax
NRB	North Rankin B platform
NRC	North Rankin Complex
NR2	North Rankin Redevelopment Project
NWS	North West Shelf
PRRT	Petroleum Resources Rent Tax
PSE	Process safety event
Q1, Q2, Q3, Q4	Quarters of the calendar year (i.e. Q1 is 1 January to 31 March, Q2 is 1 April to 30 June,Q3 is 1 July to 30 September, Q4 is 1 October to 31 December)
Shell	Shell Energy Holdings Australia Limited and other affiliates
SPA	Sales and purchase agreement
Tier 1 PSE	A typical Tier 1 PSE is loss of containment of hydrocarbons greater than 500kg (within the first hour of the event)
Tier 2 PSE	A typical Tier 2 PSE is loss of containment of hydrocarbons greater than 50kg but less than 500kg (within the first hour of the event)
TRIR	The number of recordable injuries (fatalities + lost workday cases + restricted workday cases + medical treatment cases) per 1,000,000 hours worked
US	United States
USD	US dollars

Conversion factors

Product	Factor	Conversion Factors[1]
Australian Pipeline Natural Gas	1TJ	163.6 boe
Liquefied Natural Gas (LNG)	1 tonne	8.9055 boe
Condensate	1 bbl	1.000 boe
Oil	1 bbl	1.000 boe
Liquefied Petroleum Gas (LPG)	1 tonne	8.1876 boe
Gulf of Mexico Pipeline Natural Gas	1 MMBtu	0.1724 boe

1 Minor changes to some conversion factors can occur over time due to gradual changes in the process stream.

Units

bbl	barrel
Bcf	billion cubic feet
boe	barrel of oil equivalent
kt	kilotonne
MMbbl	million barrels
MMboe	million barrels of oil equivalent
MMBtu	million British thermal units
mtpa	million tonnes per annum
t	tonnes
Tcf	trillion cubic feet
TJ	terajoules

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woodside

Half-Year Report 2014

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