HALF-YEAR REPORT 2017

INCORPORATING APPENDIX 4D
30 JUNE 2017

woodside

On the cover

The North Rankin Complex. A key focus of Woodside's strategy over three distinct time horizons is to leverage our existing infrastructure, such as the North Rankin Complex, to deliver increasing shareholder value.

ⓘ For more information refer to page 5.

About this report

This Half-Year Report 2017 is a summary of Woodside's operations, activities and financial position as at 30 June 2017. 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 'H1' refer to the first half of the year, i.e. the period between 1 January 2017 and 30 June 2017. All dollar figures are expressed in US currency unless otherwise stated. Production and sales volumes, reserves and resources are quoted as Woodside share. A glossary of key terms, units of measure and conversion factors is on page 30.

This report should be read in conjunction with the Annual Report 2016 and the Sustainable Development Report 2016, available on Woodside's website, www.woodside.com.au.

Forward-looking statements

This report contains forward-looking statements. Please refer to page 32, which contains a notice in respect of these statements.

About Woodside

Woodside is Australia's largest independent oil and gas company with a global portfolio, recognised for our world-class capabilities – as an explorer, a developer, a producer and supplier of energy.

ⓘ For more information about Woodside's assets and activities visit: http://www.woodside.com.au/About-Us/Profile/Pages/home.aspx

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Appendix 4D

Results for announcement to the market

More information on page 28.

				US$ million
Revenues from ordinary activities	**Decreased**	**3.6%[1]**	to	**1,869**
Net profit for the period attributable to members	**Increased**	**49.1%[1]**	to	**507**
Dividends (distributions)				
Interim dividend – fully franked	**49 US cps H1 2017**			
Record date for determining entitlements to the dividend		25 August 2017		

1. Comparisons are to the half-year period ended 30 June 2016.
2. Subsequent to the period.

Results

Net profit after tax

$507 million 49% ▲

ⓘ Refer to the Financial update on page 4 for further details.

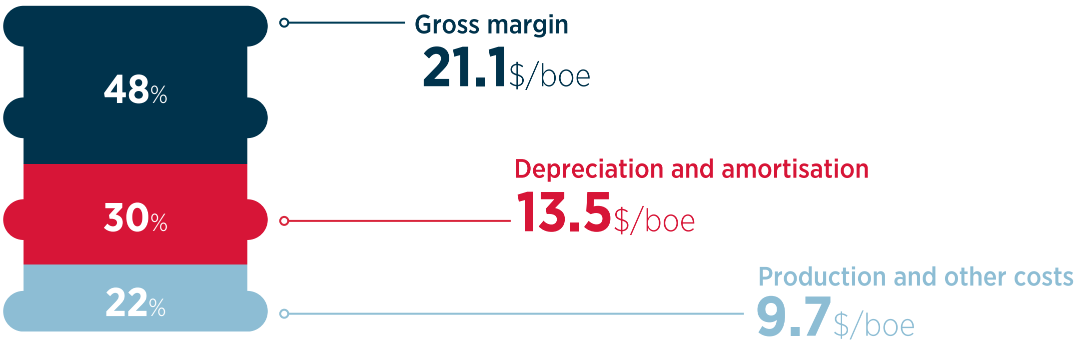
Sales revenue

$1.76 billion

Delivering 78% cash margin.

Margins

Low cost operations underpinning gross margin of 48%.

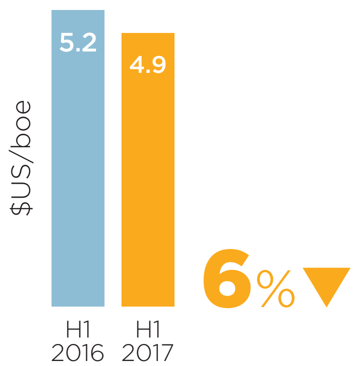


Production

42.2 MMboe

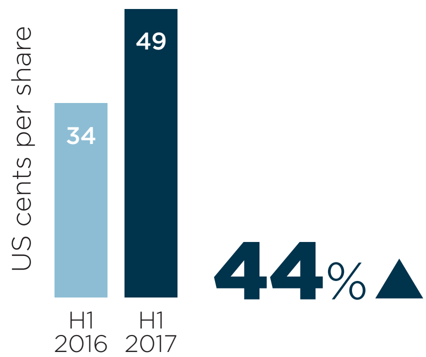
Contributors to lower production were reduced equity share of North West Shelf pipeline gas, discontinued operations and the effect of temporary unplanned outages.

Unit production cost



Sustained structural cost reductions continue to underpin low unit production costs.

Interim dividend



Maintaining high distributions while investing in growth.

NWS gas unit production cost

3.3$/boe

down 13% from H1 2016

Free cash flow

$445million

up 170% from H1 2016

Break-even oil price

34$/bbl

The average H1 2017 Brent price where free cash flow would have been zero.

Pluto LNG achieved **record daily production rate**

GWF-2 well cost on track for **25% below FID**[1]

Greater Enfield + Persephone + GWF-2 are **achieving or beating** schedule and budget

Persephone delivered **A$355 million**[2] under FID budget and **6 months** ahead of schedule

Transitioned to **Development Lead** for SNE oil in Senegal

North West Shelf **tolling proposal**

Winner APPEA 2017 awards:

+Safety Excellence
+Environment Excellence

Total recordable injury rate at a **record low**

Entered first **long-term LNG** deal with Indonesia

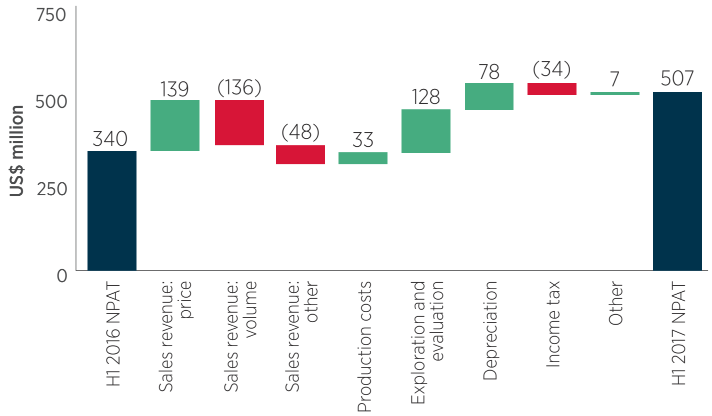
2 industry partnerships established to develop **new LNG fuel uses**

Exceeding **Indigenous contract awards** target

1. *Original budget at FID.*
2. *100% project.*

Financial update

Strong performance across the business and improved market conditions resulted in higher profit.



Key NPAT differences relative to 30 June 2016

Sales revenue: price

Sales revenue increased by $139 million due to higher prices. Our average realised price increased by 10% to $43/boe.

Sales revenue: volume

Sales volume was lower, impacting revenue by $136 million. Lower sales volume was largely due to lower LNG production, lower NWS pipeline gas volumes impacted by a change in venture equity, and oil operations discontinued in 2016. Production from continuing oil operations increased due to strong operational performance across the floating production storage and offloading (FPSO) fleet and the timing of the Okha FPSO dry dock in 2016.

Sales revenue: other

Other variances have resulted in a $48 million revenue reduction, due to 2016 NWS LNG price review payments, not impacting 2017 results.

Production costs

Production costs decreased by $33 million. The reduction was impacted by operations discontinued in 2016 and lower shutdown activity. Sustained structural cost reductions continue to underpin low unit production costs.

Exploration and evaluation

Exploration and evaluation expense decreased by $128 million. The reduction was predominantly due to reduced seismic activity and an increased proportion of capitalised drilling.

Depreciation

A reduction of $78 million was predominantly driven by reserves revisions. An increase in Greater Pluto developed reserves following start-up of the PLA05 side-track well, and an increase in Greater Enfield undeveloped reserves following final investment decision, were key contributors to this. This was partly offset by the impact of higher production volumes from the Okha FPSO and NWS LNG.

Income tax

Income tax expenses increased by $34 million due to higher pre-tax profit.

Other

Other items are predominantly made up of favourable foreign exchange movements, lower general, administrative and other costs, favourable movement in net trading margin, lower other costs and cost of sales, lower PRRT benefit and lower gains on disposals.

Capital allocation

During H1 2017, we generated $1,235 million of operating cash flow and ended the period with strong liquidity of $2,593 million, consisting of $299 million in cash and $2,294 million undrawn debt.

Debt service

As at 30 June 2017, net debt was $4,745 million. Gearing remained at 24%, within our target range of 10% to 30%. Our credit ratings remain unchanged with Moody's and S&P Global at Baa1 and BBB+ respectively.

Portfolio cost of debt is a competitive 3.4%. Near-term maturities are low, with only $42 million in debt facilities maturing before 2018.

Investment expenditure

Capital expenditure in H1 2017 was $651 million, down from H1 2016 expenditure of $754 million. Approximately 70% of this was invested in currently sanctioned projects, including Wheatstone LNG, the Greater Enfield Project and the NWS subsea tieback projects, which are expected to contribute to production growth of approximately 15% from 2017 to 2020.

We continue to invest in exploration. Exploration and appraisal wells were drilled in Senegal and Myanmar during the period.

Our operating assets have low sustaining capex requirements. Sustaining capex during the period was $32 million.

Dividend payments

A fully franked 2017 interim dividend of US 49 cps has been declared, 44% higher than H1 2016 due to higher NPAT. The dividend will be paid on 21 September 2017 to all shareholders registered on the record date of 25 August 2017. The dividend will be fully franked for Australian taxation purposes.

The value of the interim dividend payment is $413 million.

Strategy

We consider our portfolio across three distinct horizons as we target to deliver superior shareholder returns, underpinned by our outstanding base business and sustainable operations.

HORIZON I
2017–2021

CASH GENERATION

- Lower capital intensity developments
- New revenue streams
- Preparing for Horizon II growth
- New growth platforms through exploration
- Expanding the LNG market

Horizon I is characterised by increasing returns, investing in committed growth and being investment-ready for significant LNG developments.

We have committed growth from the Wheatstone LNG, Greater Enfield, Greater Western Flank Phase 2 and Persephone projects. These committed projects underpin targeted production growth of approximately 15% from 2017 to 2020.[1]

Additional production is targeted from the lower capital intensity expansion of Pluto LNG within this period. The SNE Development offshore Senegal is targeting first oil between 2021 and 2023.

The cash generated in Horizon I and continuing into Horizon II will enable us to invest in the LNG projects that will be required to meet a projected LNG supply shortfall in Horizon II.

HORIZON II
2022–2026

VALUE UNLOCKED

- Developments leveraging existing infrastructure
- Growth funded by base business and Horizon I growth
- Monetise exploration success
- Increase supply to new and traditional markets

Horizon II is targeted to deliver developments that maximise Woodside's existing infrastructure and provide additional production into a rebalancing global market through growth funded by base business and Horizon I growth.

We are targeting first production from Browse, Scarborough and Myanmar to meet growing global gas demand within this period. Our focus is on lowering the capital intensity of these projects to minimise payback periods.

We will prioritise capital efficient developments utilising existing infrastructure. The establishment of a hub on the Burrup Peninsula is a key feature of our plan to develop new resources in the Carnarvon and Browse Basins.

HORIZON III
2027+

SUCCESS REPEATED

- Capital efficient developments
- Unlock new major hubs

Horizon III will target repeating the successes of the previous horizons, with capital efficient developments in new major hubs that leverage Woodside's distinct capability set.

Kitimat and Sunrise, together with exploration success from our global portfolio, are targeted for development within this period.

A key focus is ensuring Woodside's opportunities have a globally competitive cost of supply and production.

1. *Based on existing business and project schedules of currently sanctioned projects including NWS subsea tiebacks, Wheatstone and Greater Enfield.*

OUTSTANDING BASE BUSINESS

We aim to sustain safe, reliable and low-cost production across our portfolio of world-class assets. This is supported by our continuous improvement mindset and a focus on the application of leading-edge technology, such as data analytics and cognitive computing, into our operations.

In H1 2017, portfolio unit production costs were $4.90/boe while we had gross margins of 48% and cash margins of 78%. Our high-margin base business is expected to support future investment in growth projects at the same time as supporting strong shareholder distributions.

SUSTAINABLE ENERGY

Woodside is focused on delivering energy solutions which provide sustainable value for our shareholders, partners and the communities in which we operate.

We will achieve this by reducing our flaring, improving our energy consumption across our portfolio, and assessing the application of renewable energy sources into existing operations and developments. We are also actively promoting LNG as a lower emission, cleaner energy alternative in a de-carbonising world, in such uses as a fuel for marine and onshore transportation.

Exploration

We have been executing high-impact drilling to deliver value and sustainable reserves and resources growth in our three core focus areas – Australia and Asia-Pacific, Atlantic Margins and Sub-Saharan Africa.

Australia and Asia-Pacific

Myanmar

The Pyi Thit-1 exploration well in Block A-6 was spudded in early June and intersected a gross gas column of approximately 65 m. Approximately 36 m of net gas pay is interpreted within the primary target interval in sandstone reservoir. A drill stem test was performed across a 29 m section of the reservoir in the primary target zone and flowed at approximately 50 mmscf/d on a 44/64" choke over 44 hours with strong reservoir support.

In H2 2017, we plan to drill the Pyi Tharyar-1 well, a potential play-opening multi-Tcf prospect in Block A-6. The drilling rig is planned to subsequently move to Block AD-7 to drill the Khayang Swal-1 well, which also has multi-Tcf potential in a different play from the Thalin discovery.

Woodside farmed in to Blocks AD-1, AD-6 and AD-8 in the Rakhine Basin during the period (subject to satisfaction of conditions precedent). These three additional blocks expand Woodside's position in Myanmar and provide further exploration prospects in an underexplored region close to major and growing gas markets.

ⓘ Please see page 9 for further details on Woodside's appraisal program in Myanmar in H1 2017.

Australia

The Swell-1 well, located in WA-483-P offshore Exmouth, is scheduled to spud in Q3 2017. The well is targeting a deep undrilled Triassic fault block which, if a commercial discovery is made, could tieback to existing facilities.

The proposed Achernar well in WA-28-P is a drill-ready prospect identified through interpretation of data from the Fortuna 3D marine seismic survey. WA-28-P is a North West Shelf Project permit that is located close to existing infrastructure, and the proposed Achernar well is planned for 2018.

Atlantic Margins

Senegal

Three exploration wells have been drilled in 2017.

The Vega Regulus-1 (VR-1) exploration well was drilled in March 2017 following the drilling of the SNE-5 appraisal well. VR-1 appraised the western extent of the SNE field and was drilled to a deeper carbonate exploration target. There were indications of hydrocarbons at the base of the well in tight formation that are not currently viewed as commercially viable. The SNE-6 appraisal well was subsequently drilled to complete a planned interference test with SNE-5.

ⓘ Please see page 9 for further information on the SNE-5 and SNE-6 appraisal wells.

The FAN South-1 exploration well was drilled to test a Cretaceous prospect with multi-reservoir targets in the basin oil play in the Sangomar Deep Block. The well encountered oil-bearing reservoirs, and an oil sample has been obtained. The well results did not meet pre-drilling estimates, and are being evaluated and integrated with the FAN-1 results to assess the impact on the greater FAN-1 complex and to further the understanding of the basin oil play.

Subsequent to the half-year period, the SNE North-1 exploration well was drilled. The well encountered gas and condensate at the primary target and oil in a separate and deeper reservoir than the SNE field. Further work is being undertaken to establish the potential commerciality of this discovery and to integrate the results with the block-wide information.

Completion of these drilling activities finalised the 2017 Senegal drilling campaign.

Sub-Saharan Africa

Gabon

The second azimuth of multi-client 3D seismic data for the F15 Block (Doukou Dak) was completed. The data is currently being interpreted.

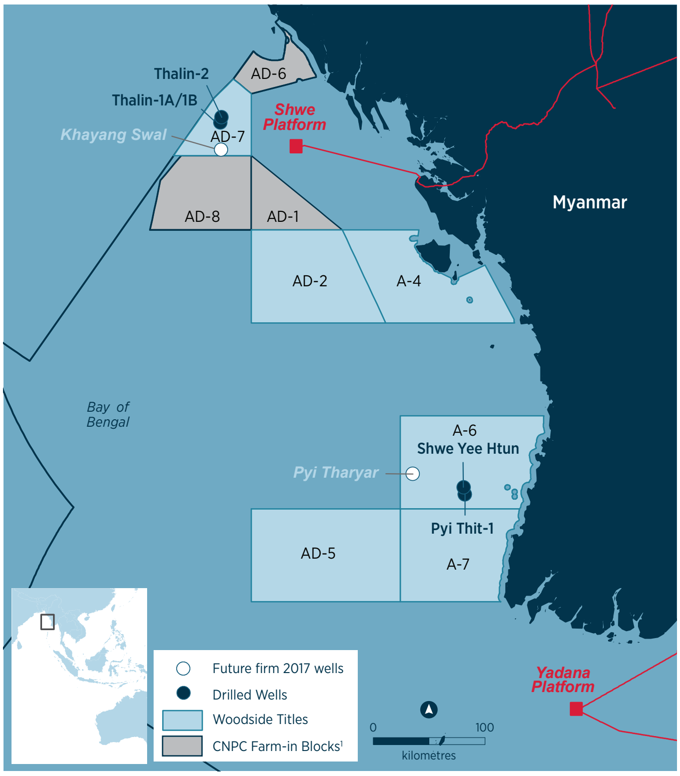
Activities to support drilling the Luna Muetse Ivela-1 prospect in the E13 Block are underway by the operator.[1] Drilling is expected to commence in late 2017/early 2018.

Woodside has farmed in to the Diaba Block, acquiring Marathon Oil's 21.25% interest.[2]

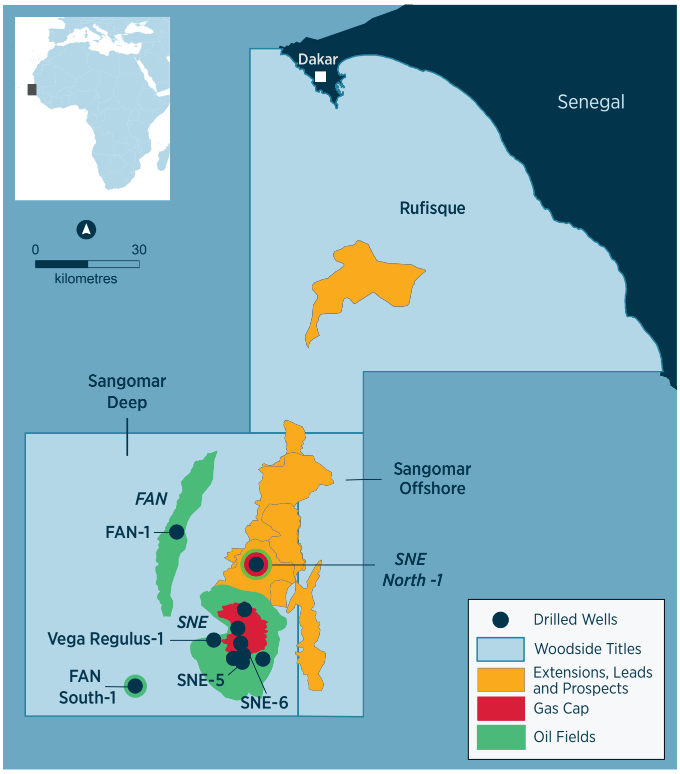
1. Woodside's farm-in to the Luna Muetse Block is awaiting final Government approval.

2. The transaction remains subject to satisfaction of conditions precedent including Government approval.

Myanmar



Senegal



2017-2018 drilling activities[2]

		2017				2018				Size
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Volume[3]
Myanmar Northern Hub	Block AD-7: Thalin-1B	✓								Appraisal
	Block AD-7: Thalin-2		✓							Appraisal
	Block AD-7: Khayang Swal			●						Large
	Block AD-7				○					Large
	Blocks AD-1, 8, 6[1]				●					Large
	Appraisal drilling					Up to 2 contingent wells				Appraisal
Myanmar Southern Hub	Block A-6: Pyi Thit-1		✓							Large
	Block A-6: Pyi Tharyar			●						Large
	Block A-7							○		Large
	Block AD-5							○		Large
	Block AD-2							○		Large
	Appraisal drilling					Up to 2 contingent wells				Appraisal
Australia	WA-483-P: Swell-1			●						Large
	WA-404-P: Ferrand						●			Large
	WA-28-P: Achernar								○	Large
Senegal	SNE-5	✓								Appraisal
	SNE-6		✓							Appraisal
	VR-1	✓								Details on page 9
	FAN South-1		✓							
	SNE North-1			✓						Large
	Rufisque Offshore						○			Large
Morocco	Rabat Deep: JP1						●			Large
Gabon[4]	Luna Muetse: Ivela				●					Large
Peru	Block 108 exploration								○	Large

Drilled
✓ Gas
✓ Oil

Firm
● Gas
● Oil

Contingent
○ Gas
○ Oil

1. *Completion of farm-in to Blocks AD-1, AD-6 and AD-8 subject to satisfaction of conditions precedent.*
2. *This is a forecast activity plan subject to change due to final approvals, weather conditions and other external circumstances.*
3. *Target size: unrisked gross mean success volume 100%. Medium >20 MMboe and <100 MMboe and large >100 MMboe.*
4. *Woodside's farm-in to Luna Muetse Block is awaiting final Government approval.*

Projects and Developments

We are unlocking significant value by pursuing capital efficient developments to meet growing demand.

Wheatstone LNG

Wheatstone LNG has made significant progress, with LNG Train 1 close to first production.

The offshore platform hook-up and commissioning, required for LNG Train 1 start-up, are complete. The trunkline is pressurised, ready to supply gas onshore. Final commissioning of onshore LNG Train 1 is also well advanced and nearing completion.

LNG Train 2 construction, and the hook-up of the domestic gas train modules, are both progressing to schedule, with LNG Train 2 start-up targeting 6–8 months after LNG Train 1 start-up.

Following the start-up of all Wheatstone LNG trains, Woodside will support the operator in optimising lifting costs and increasing production rates, to maximise the value from our investment.

The Julimar Phase 2 Development has moved into the concept definition phase. The development involves four subsea wells being tied back to existing Brunello subsea infrastructure. The development is targeting a final investment decision in 2019.

Wheatstone LNG, comprising the Wheatstone and Julimar projects, is a world-class asset and will make a significant contribution to Woodside's annual production once fully operational. The majority of Woodside's LNG volumes from Wheatstone have been sold under long-term contracts with traditional customers, entered into close to the peak of the market.

Wheatstone LNG is well advanced, with Train 1 nearing completion.

Wheatstone LNG will contribute more than 13 MMboe of annual production once fully operational.

Greater Enfield

The project was 28% complete at the end of the period, and remains on budget and on schedule for expected first oil in mid-2019. The project will develop 41 MMbbl (2P, Woodside share) and is expected to initially produce at over 40,000 bbl/d (100% project).

Detailed design is nearing completion, and manufacturing of subsea and floating production storage and offloading (FPSO) facility topsides production equipment remains on schedule to carry out offshore and shipyard construction activities in 2018. Production from the Ngujima-Yin FPSO will be suspended from Q2 2018 for approximately 12 months to enable shipyard modifications.

NWS subsea tiebacks

Persephone Project

The project achieved start-up in July 2017, six months ahead of schedule and 30% under budget. The project develops approximately 20 MMboe (2P, Woodside share) and is designed to produce at up to 475 mmscf/d (100% project).

All the wells were completed and tied in during the period, and the subsea scope was concluded following the successful installation of the umbilicals and flowlines.

The Persephone field produces using a subsea tieback to the existing North Rankin Complex.

Greater Western Flank Phase 2 (GWF-2)

The project was 50% complete at the end of the period. The project will develop approximately 50 MMboe (2P, Woodside share) and is designed to produce at up to 800 mmscf/d (100% project).

The reservoir drilling program continued at the Lady Nora Pemberton drill centre, with all top hole drilling completed.

Well completion activities commenced as planned in July 2017, while the manufacturing of subsea production equipment is ongoing and remains on track.

The project remains on budget and is on schedule for start-up in H1 2019. The project continues to pursue opportunities to accelerate completion.

Australian developments

Browse LNG

Woodside and the Browse Joint Venture have made significant progress in narrowing alternative concepts for the development of Browse.

The Browse Joint Venture and the North West Shelf (NWS) Project are progressing joint studies on the technical feasibility of NWS infrastructure processing the Browse resources.

The proposed offshore development concept involves two gas FPSOs delivering 10–12 mtpa of processed gas to existing production facilities. The development concept is based on proven technologies.

The Browse Joint Venture is aligned on Browse to NWS as the reference development concept subject to reaching acceptable terms and conditions with the NWS Project and the Governments of Australia and Western Australia.

Woodside continues to target the selection of a Browse development concept in H2 2017 and commencement of front-end engineering and design (FEED) in 2019.

Scarborough

Woodside continues to support the Scarborough operator to progress work program activities.

Development concepts comprising either an FLNG facility or use of existing LNG process infrastructure on the Burrup Peninsula continue to be investigated and assessed.

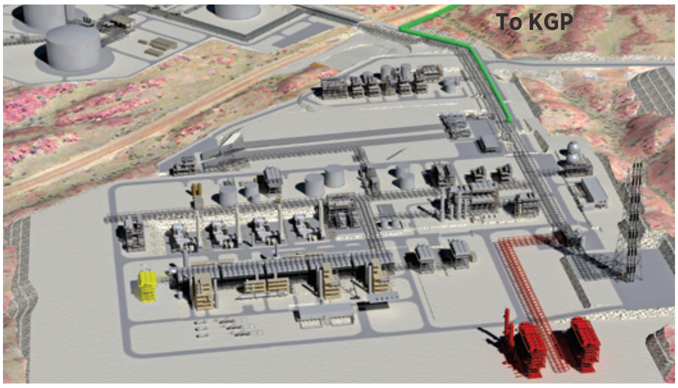
The Scarborough Joint Venture is considering a proposal from the NWS Project regarding the NWS infrastructure processing the Scarborough resources.

Pluto LNG expansion

Pluto LNG expansion studies progressed, with contractors experienced in small-scale to mid-scale LNG train technology engaged to develop concept options. Expressions of interest have been sought for FEED and the development of construction information to support finalisation of a contract execution plan and FID schedule. A transfer pipeline connecting Pluto LNG and Karratha Gas Plant (KGP) is also being investigated by Woodside. The study is considering the acceleration of Pluto production using KGP capacity.

As part of the Pluto LNG expansion studies, warm and cold high-rate trials were conducted at Pluto LNG. This demonstrated that the front end of the LNG plant is capable of processing an additional 0.7 mtpa. The focus of these trials is to consider the feasibility of developing and accelerating reserves within the Greater Pluto region.

Pluto LNG expansion options[1]



- Transfer pipeline: ~1 Mpta gas pipeline between Pluto and KGP
- Capacity enhancing: 0.7 Mtpa liquefaction module
- Standalone system: ~1.5 Mtpa integrated modules

1. Subject to relevant joint venture participant approvals and agreement being obtained.

International developments

Senegal

Two appraisal wells were completed under budget and ahead of schedule during the period in addition to the exploration wells referred to on page 6.

The SNE-5 well completed two drill stem tests in the upper reservoir (S400 series) units over gross intervals of 18 m and 8.5 m, providing further understanding of complex reservoirs.

The SNE-6 well provided insight into the level of reservoir connectivity by an interference test with SNE-5.

The Vega Regulus-1 exploration well had an appraisal element and encountered the lower (S500 series) reservoirs in the SNE field within the oil column as anticipated.

The foundation development concept for SNE is a stand-alone FPSO facility with an expansion capability for future tiebacks. A phased development initially focused on the less complex lower reservoir units is targeting first oil in 2021–2023.

Woodside is now Development Lead for SNE oil and plans to transition to operator in due course.

Myanmar

The Thalin-1B and Thalin-2 appraisal wells in the Northern Rakhine Basin were completed during the period, ending the planned Thalin field appraisal program for 2017.

The Thalin-1B appraisal well was spudded in late February 2017 and successfully acquired 99 m of core and wire line logs over the objective reservoir interval. Drill stem testing demonstrated strong flow rates.

The Thalin-2 well encountered a similar quality reservoir although with a shallower gas/water contact than Thalin-1B.

Development concepts under consideration include a new Northern or Southern Rakhine Basin hub for broader gas aggregation and export, or development as a tieback to existing infrastructure.

Potential development concepts will be informed by our exploration and appraisal activities and continuing discussions with joint venture participants and government stakeholders.

Gas sales would be aimed at both domestic and nearby growing Asian gas markets.

Operations

Pluto LNG

Pluto LNG achieved record daily and weekly production rates in H1 2017 following a successful cold high-rate trial at the onshore facility.

Operational excellence

Pluto achieved an annualised loadable LNG production rate equivalent of 4.6 mtpa (100% project) in H1 2017. In June, Pluto achieved record daily and weekly production records following the successful completion of the cold high-rate trial. Engineering assessment will determine the ongoing sustainability of this production increase.

Woodside's share of LNG production decreased to 2,066 kt (2,223 kt in H1 2016) during the period, primarily due to adverse weather-related events impacting production, including a once-in-50-year rainfall event.

Woodside's share of condensate production decreased to 1.4 MMboe (1.5 MMboe in H1 2016) in line with lower LNG production.

Pluto LNG's Gap Ridge Village, a temporary worker accommodation facility, was successfully decommissioned in H1 2017. During the decommissioning process, more than 99% of infrastructure was recycled or salvaged for third-party use. Indigenous participation accounted for more than 35% of project man hours. The site has been rehabilitated and will be monitored over the next 12 months, in accordance with our site permit conditions.

Managing risk and volatility

Pluto LNG delivered 31 cargoes (100% project) during the period. This comprised 23 sold under foundation contracts, five under mid-term contracts and three under transitional equity marketing arrangements.

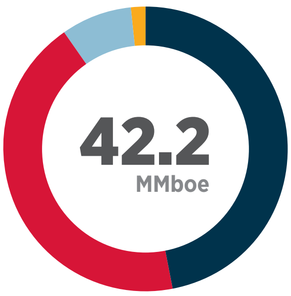
Near-term growth

An integrated subsurface study is underway to improve resource management and development planning for the Pluto, Xena and Pyxis fields. This study will incorporate recently acquired 4D seismic information and results, an Australian first for a producing gas well and fields.

Progress has been made on activities to support Pluto LNG expansion.

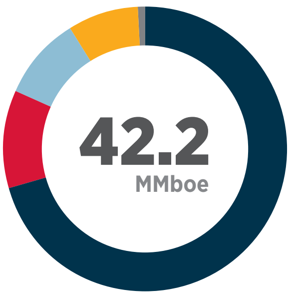
For further detail see page 9.

Woodside continues to develop proposals to construct a truck-loading facility at Pluto to support distribution of LNG as a transport fuel and for remote power generation.



Production by segment

	MMboe
Pluto LNG	19.8
NWS Project	18.3
Australia Oil	3.4
International	0.7



Production by product

	MMboe
LNG	29.8
Pipeline natural gas	4.7
Condensate	4.0
Oil	3.4
LPG	0.3

LNG for marine use

Our first dual-fuel vessel, the *Siem Thiima*, commenced operations with Woodside in January 2017. The *Siem Thiima* is the first dual-fuelled marine support vessel in the southern hemisphere.

Drilling performance

Through application of Woodside's Limit Thinking approach and with a focus on standardisation, repeatability and attention to detail, drilling and completions operations have reduced non-productive time to a historic low of below 10%.

This is driving savings in project cost. GWF-2 drilling continues to run ahead of schedule creating the opportunity to merge the two GWF-2 campaigns into a single campaign. We are on track to deliver the GWF-2 wells for a cost 25% under the FID budget.

North West Shelf (NWS) Project

NWS Project participants are progressing discussions on processing third-party gas through the Karratha Gas Plant.

Operational excellence

The NWS Project achieved an annualised loadable LNG production rate equivalent of 16.0 mtpa (100% project) in H1 2017. Our share of LNG production of 1,285 kt (1,173 kt in H1 2016) increased following the completion of major shutdowns last year and despite unplanned outages.

The NWS Project delivered 125 cargoes (100% project) during the period.

Woodside's share of pipeline gas and condensate was lower largely due to fulfillment of the Domestic Gas Joint Venture. Our share of pipeline gas sales was 24,274 TJ (40,041 TJ in H1 2016), and our share of condensate was 2.6 MMbbl (2.9 MMbbl in H1 2016).

ⓘ Refer to the Marketing and Shipping section on page 12 for further details.

Our share of LPG production decreased to 36,400 t (43,707 t in H1 2016) due to adverse weather conditions impacting operations.

Managing risk and volatility

The Karratha Life Extension (KLE) Program is focused on extending the life of the Karratha Gas Plant (KGP) and reducing risks to production through the delivery of cost-effective refurbishment scopes.

Major activities include the ongoing refurbishment of five major processing units and completion of a four-year site-wide quality measurement instrument (QMI) upgrade project. Replacement of loading arms on Berth 3 has also been completed, which marks the completion of a four-month marine facilities implementation campaign refurbishing both LNG and LPG jetties.

Near-term growth

The NWS Project participants have issued non-binding key terms to interested third-party resource owners seeking to progress discussions on processing gas through the KGP.

Additional technical studies and commercial definition will be required prior to entering into any binding arrangements.

Australia Oil

We continue to improve the operational efficiency of our oil assets, underpinning our capabilities in FPSO operations and maintenance.

Field and facility	Update
Cossack, Wannea, Lambert and Hermes (Okha FPSO)	Woodside's share of production increased to 0.9 MMbbl in H1 2017 (0.2 MMbbl in H1 2016) following the completion of planned FPSO riser replacement, facility shutdown and maintenance in 2016. Reliability for H1 2017 was approximately 96%.
Enfield (Nganhurra FPSO)	Woodside's share of production decreased to 0.5 MMbbl in H1 2017 (0.6 MMbbl in H1 2016) due to adverse weather conditions requiring the facility to temporarily shut-in production and natural reservoir decline. Due to ongoing high levels of reliability and excellent production performance, the planned cessation of production has moved from Q4 2017 to H2 2018. Reliability for H1 2017 was approximately 95%.
Vincent (Ngujima-Yin FPSO)	Woodside's share of production decreased to 2.0 MMbbl in H1 2017 (2.1 MMbbl in H1 2016) due to adverse weather conditions requiring the facility to temporarily shut-in production. Reliability for H1 2017 was approximately 96%.

International

Woodside’s share of production from the Liard basin in British Columbia, Canada was 0.7 MMboe. The third horizontal well, B-A03-K, was tied in on 19 April 2017. There are currently one vertical and three horizontal wells in production. The natural gas produced is sold into the Canadian domestic grid and is a result of the appraisal program being undertaken to support the proposed Kitimat LNG Project.

Marketing and Shipping

Woodside entered into a long-term LNG sale and purchase agreement (SPA) with Pertamina.

Operational excellence

We continue to minimise costs and add incremental value through LNG portfolio optimisation and our integrated delivery model.

In H1 2017, Woodside sold 77% of volumes under long-term contracts, 14% under short and mid-term contracts and 9% on the spot market.

Woodside's focus on ensuring that our LNG shipping fleet is operated efficiently continued during the period. A reduction in average unit shipping emissions was one of the results of these ongoing improvements in fleet efficiency.

Managing risk and volatility

In H1 2017, we executed new LNG SPAs for up to 16 cargoes from Woodside's portfolio for delivery in the period 2017–2019.

We have sold 93% of 2017 expected LNG production, with 88% being committed under oil-linked contracts. We maintain some exposure to the spot market to manage potential operational uncertainty and to protect value. At the end of the period, 83% of 2018 expected LNG production was committed under oil-linked contracts.

Pipeline gas sales during H1 2017 were primarily made under existing long-term contracts. Woodside's share of pipeline gas and associated condensate reduced relative to H1 2016 following fulfillment of the Domestic Gas Joint Venture in May 2017.[1] Woodside continues to increase equity pipeline gas sales using short-term contracts.

Near-term value growth

Woodside Energy Trading Singapore Pte Ltd (Woodside Singapore) entered into a long-term LNG SPA with PT Pertamina (Persero) (Pertamina) for the supply of LNG commencing in 2019. Initial ramp-up quantities will build to approximately 0.6 mtpa from 2022 to 2034. Woodside Singapore has the option to increase supply to approximately 1.1 mtpa from 2024 to 2038. LNG will be supplied to Pertamina from Woodside's global portfolio and will result in Woodside becoming a significant supplier of LNG to Indonesia.

Woodside continues to promote the use of LNG as a transport fuel, with a particular focus on developing a market in the Pilbara region of Western Australia. Woodside is working with mining companies looking for cleaner, lower-cost fuel alternatives to support development of this market.

At the Pluto LNG facility, we are progressing establishment of facilities to distribute LNG fuels in the Pilbara, including for use in refuelling Woodside's own marine support fleet.

1. The Domestic Gas Joint Venture (DGJV) was fulfilled on 8 May 2017. Woodside's equity share of pipeline gas and associated condensate in the DGJV was 50%. All remaining gas will be sold under the Incremental Pipeline Gas Joint Venture (IPGJV). Woodside's equity share of the IPGJV is 16.67%. Fulfillment of the DGJV had no impact on the underlying gas supply contracts.

The Woodside Rees Withers LNG ship loading at Pluto LNG.

Sustainability

Our long-term sustainability is fundamental to achieving our mission, vision and values.

Health and safety

Our performance continues to improve, consistent with our health and safety aspirations and targets.

Woodside achieved its lowest-ever total recordable injury rate (TRIR) of 0.79 per million man hours worked in H1 2017. This result demonstrates Woodside's ongoing commitment to developing a strong safety culture across the organisation. There were also no Tier 1 or Tier 2 process safety events.

Woodside's HSEQ cognitive computing system has been fully implemented. This system has been designed to use advanced data analytics to enable evidence-based decision making to improve process and personal safety and environmental performance.

In May 2017, Woodside was awarded both the Australian Petroleum Production & Exploration Association (APPEA) Safety Excellence Award and APPEA Environment Excellence Award for our performance, leadership and collaboration in safety and environmental management.

Environment

Flaring intensity was above our target in H1 2017, primarily due to two temporary unplanned outages at the Karratha Gas Plant. Woodside continues to explore opportunities to reduce flaring and energy consumption in our operations. In support of this, Woodside has endorsed the World Bank Zero Routine Flaring by 2030 Initiative.

Woodside continues to form key partnerships with government-funded agencies and biodiversity partners to collect robust environmental knowledge to support our business needs and partner-of-choice credentials. We launched a collaboration in May 2017 with the Wildlife Conservation Society to better understand the fishing communities of Myanmar. This arrangement joins other recent international collaborations with BirdLife Australia and Fauna and Flora International.

Science and technology

Woodside is leading the application of data science in the oil and gas industry, deploying cognitive computing and advanced analytics to enable data-driven decisions. Applications already in use include Willow, a digital virtual assistant which allows our employees to quickly surface insights from a wide range of company sources, and our Maximum Possible Production analytics tool, which guides production engineers in daily optimisation of LNG production based on insights generated from our extensive history of LNG operations.

In February 2017, Woodside launched a collaboration program with the US National Aeronautics and Space Administration (NASA) to develop applications for NASA's Robonaut. NASA has loaned Woodside an anthropomorphic robonaut system for a 60-month deployment in Perth to explore how the robotic technology could be used to support our existing workforce and improve safety, reliability and efficiency in Woodside's oil and gas operations.

Reconciliation Action Plan

We released our 2016–2020 Reconciliation Action Plan (RAP) as part of our National Reconciliation Week 2017 events held in June 2017. The RAP is a key step on our journey to create tangible Indigenous outcomes in Australia over the next five years. The 2016–2020 RAP is supplemented by a yearly report that measures achievements made each year. We have made strong progress in the first half of 2017, particularly with Indigenous business participation.

The RAP program is overseen by Reconciliation Australia, a national not-for-profit organisation, which awarded an 'Elevate' rating to Woodside's RAP. The rating is the highest of four ratings issued by Reconciliation Australia, and we are the 17th organisation in Australia, and the first oil and gas company, to attain this level of RAP.

Woodside has partnered with BirdLife Australia to support the conservation of one of the world's most important sites for migratory shorebirds - the Geum Estuary in South Korea.

Governance

The directors of Woodside Petroleum Ltd present their report (including the Review of Operations set out on pages 4–13) together with the Financial Statements of the Group.

Board of Directors

The names of the directors in office during or since the end of the period are as follows:

Mr Michael Chaney, AO (Chairman)

Mr Peter Coleman (CEO and Managing Director)

Mr Larry Archibald (appointed 1 February 2017)

Ms Melinda Cilento

Mr Frank Cooper, AO

Dr Christopher Haynes, OBE

Mr Richard Goyder, AO (appointed 1 August 2017)

Mr Ian Macfarlane

Mr David McEvoy (retired 5 May 2017)

Ms Ann Pickard

Dr Sarah Ryan

Mr Gene Tilbrook

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 (ASIC) Instrument 2016/191 dated 24 March 2016, unless otherwise stated.

Management assurance

Consistent with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd edition), before the adoption by the Board of the 2017 Half-Year Financial Statements, the Board received written declarations from the CEO and the Acting CFO that the financial records of the company have been properly maintained in accordance with section 286 of the *Corporations Act 2001*, and the company's financial statements and notes comply with accounting standards and give a true and fair view of the consolidated entity's financial position and performance for the financial period.

The CEO and the Acting CFO have also stated in writing to the Board that the statement relating to the integrity of Woodside's financial statements is founded on a sound system of risk management and internal control that is operating effectively.

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, AO
Chairman
Perth, Western Australia
16 August 2017

Auditor's Independence Declaration to the Directors of Woodside Petroleum Ltd

As lead auditor for the review of Woodside Petroleum Ltd for the half-year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Woodside Petroleum Ltd and the entities it controlled during the half-year.

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth, Western Australia
16 August 2017

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Half-Year Financial Statements

OPERATIONAL EXCELLENCE | MANAGING RISK AND VOLATILITY | NEAR-TERM VALUE GROWTH

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CONSOLIDATED INCOME STATEMENT

for the half-year ended 30 June 2017

	Notes	2017 US$m	2016 US$m
Operating revenue	A.1	**1,869**	1,938
Cost of sales	A.1	**(980)**	(1,102)
Gross profit		**889**	836
Other income	A.1	**22**	33
Other expenses	A.1	**(128)**	(338)
Profit before tax and net finance costs		**783**	531
Finance income		**4**	4
Finance costs	A.2	**(24)**	(27)
Profit before tax		**763**	508
Petroleum resource rent tax (PRRT) benefit		**51**	113
Income tax expense		**(262)**	(228)
Profit after tax		**552**	393
Profit attributable to:			
Equity holders of the parent		**507**	340
Non-controlling interest		**45**	53
Profit for the period		**552**	393
Basic and diluted earnings per share attributable to equity holders of the parent (US cents)		**60.3**	41.0

The accompanying notes form part of the Half-Year Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 30 June 2017

	2017 US$m	2016 US$m
Profit for the period	**552**	393
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Gain on cash flow hedges	**2**	-
Costs of hedging	**(5)**	-
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on defined benefit plan	**-**	(4)
Other comprehensive income for the period, net of tax	**(3)**	(4)
Total comprehensive income for the period	**549**	389
Total comprehensive income attributable to:		
Equity holders of the parent	**504**	336
Non-controlling interest	**45**	53
Total comprehensive income for the period	**549**	389

The accompanying notes form part of the Half-Year Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	30 June 2017 US$m	31 December 2016 US$m
Current assets			
Cash and cash equivalents		**299**	285
Receivables		**429**	446
Inventories		**162**	149
Tax receivable		**6**	2
Other assets		**26**	18
Total current assets		**922**	900
Non-current assets			
Receivables		**163**	172
Inventories		**-**	5
Other financial assets		**30**	30
Other assets		**8**	8
Exploration and evaluation assets		**3,394**	3,228
Oil and gas properties		**19,481**	19,376
Other plant and equipment		**69**	69
Deferred tax assets		**1,037**	965
Total non-current assets		**24,182**	23,853
Total assets		**25,104**	24,753
Current liabilities			
Payables		**565**	546
Interest-bearing liabilities		**76**	76
Tax payable		**53**	91
Other financial liabilities		**7**	17
Other liabilities		**30**	31
Provisions		**203**	202
Total current liabilities		**934**	963
Non-current liabilities			
Interest-bearing liabilities		**4,968**	4,897
Deferred tax liabilities		**1,682**	1,578
Other financial liabilities		**21**	20
Other liabilities		**82**	72
Provisions		**1,648**	1,561
Total non-current liabilities		**8,401**	8,128
Total liabilities		**9,335**	9,091
Net assets		**15,769**	15,662
Equity			
Issued and fully paid shares	C.1	**6,919**	6,919
Shares reserved for employee share plans	C.1	**(33)**	(30)
Other reserves		**998**	979
Retained earnings		**7,065**	6,971
Equity attributable to equity holders of the parent		**14,949**	14,839
Non-controlling interest		**820**	823
Total equity		**15,769**	15,662

The accompanying notes form part of the Half-Year Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 30 June 2017

	2017 US$m	2016 US$m
Cash flows from/(used in) operating activities		
Profit after tax for the period	**552**	393
Adjustments for:		
Non-cash items		
Depreciation and amortisation	**587**	677
Gain on disposal of oil and gas properties	**-**	(26)
Change in fair value of derivative financial instruments	**(2)**	(1)
Net finance costs	**20**	23
Tax expense	**211**	115
Exploration and evaluation written off	**5**	43
Other	**8**	40
Changes in assets and liabilities		
Decrease in trade and other receivables	**63**	82
(Increase)/decrease in inventories	**(7)**	12
Increase in provisions	**27**	2
Decrease/(increase) in other assets and liabilities	**2**	(4)
Increase/(decrease) in trade and other payables	**6**	(110)
Cash generated from operations	**1,472**	1,246
Purchases of shares and payments relating to employee share plans	**(7)**	(5)
Interest received	**4**	4
Dividends received	**4**	4
Income tax paid	**(220)**	(30)
Petroleum resource rent tax paid	**-**	(9)
Payments for restoration	**(18)**	(9)
Net cash from operating activities	**1,235**	1,201
Cash flows used in investing activities		
Payments for capital and exploration expenditure	**(689)**	(948)
Borrowing costs relating to investing activities	**(101)**	(74)
Payments for disposal of oil and gas properties	**-**	(14)
Net cash used in investing activities	**(790)**	(1,036)
Cash flows from/(used in) financing activities		
Proceeds from borrowings	**58**	78
Borrowing costs relating to financing activities	**-**	(4)
Contributions to non-controlling interests	**(79)**	(96)
Proceeds from underwriters of Dividend Reinvestment Plan (DRP)	**-**	277
Dividends paid (net of DRP)	**-**	(274)
Dividends paid outside of DRP	**(413)**	-
Net cash used in financing activities	**(434)**	(19)
Net increase in cash held	**11**	146
Cash and cash equivalents at the beginning of the period	**285**	122
Effects of exchange rate changes	**3**	1
Cash and cash equivalents at the end of the period	**299**	269

The accompanying notes form part of the Half-Year Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 30 June 2017

	Issued and fully paid shares	Shares reserved for employee share plans	Employee benefits reserve	Foreign currency translation reserve	Hedging reserves	Retained earnings	Equity holders of the parent	Non-controlling interest	Total equity
Notes	**C.1**	**C.1**							
	US$m	**US$m**	**US$m**	**US$m**	**US$m**	**US$m**	**US$m**	**US$m**	**US$m**
At 1 January 2017	**6,919**	**(30)**	**198**	**793**	**(12)**	**6,971**	**14,839**	**823**	**15,662**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**507**	**507**	**45**	**552**
Other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**(3)**	**-**	**(3)**	**-**	**(3)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(3)**	**507**	**504**	**45**	**549**
Employee share plan purchases	**-**	**(7)**	**-**	**-**	**-**	**-**	**(7)**	**-**	**(7)**
Employee share plan redemptions	**-**	**4**	**(4)**	**-**	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**26**	**-**	**-**	**-**	**26**	**-**	**26**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(413)**	**(413)**	**(48)**	**(461)**
At 30 June 2017	**6,919**	**(33)**	**220**	**793**	**(15)**	**7,065**	**14,949**	**820**	**15,769**
At 1 January 2016	6,547	(27)	187	776	-	6,743	14,226	799	15,025
Profit for the period	-	-	-	-	-	340	340	53	393
Other comprehensive income	-	-	(4)	-	-	-	(4)	-	(4)
Total comprehensive income for the period	-	-	(4)	-	-	340	336	53	389
Dividend Reinvestment Plan	372	-	-	-	-	-	372	-	372
Employee share plan purchases	-	(5)	-	-	-	-	(5)	-	(5)
Employee share plan redemptions	-	3	(3)	-	-	-	-	-	-
Share-based payments	-	-	33	-	-	-	33	-	33
Dividends paid	-	-	-	-	-	(354)	(354)	(45)	(399)
At 30 June 2016	6,919	(29)	213	776	-	6,729	14,608	807	15,415

The accompanying notes form part of the Half-Year Financial Statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the half-year ended 30 June 2017

About these statements

Woodside Petroleum Ltd (Woodside or the Group) is a for-profit entity limited by shares, incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Overview and Review of Operations and in the segment information in Note A.1.

The condensed half-year financial statements were authorised for issue in accordance with a resolution of the directors on 16 August 2017.

Statement of compliance

The half-year financial statements are condensed general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standard (AASB) 134 *Interim Financial Reporting*.

The condensed half-year financial statements do not include all notes of the type normally included in annual financial statements. Accordingly, these condensed half-year financial statements are to be read in conjunction with the Financial Statements 2016 for the year ended 31 December 2016 and any public announcements made by Woodside Petroleum Ltd during the period ended 30 June 2017 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

The accounting policies are consistent with those disclosed in the Financial Statements 2016, except for the impact of all new or amended standards and interpretations. With the exception of AASB 9 *Financial Instruments* (as revised in 2014) ('AASB 9'), the adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

AASB 9 has been early adopted with effect from 1 January 2017. AASB 9 and the related amendments to other accounting standards introduced three significant areas of change from AASB 139 *Financial Instruments: Classification and Measurement:*

- a new model for classification and measurement of financial assets and liabilities;
- a new expected loss impairment model for determining impairment allowances; and
- a redesigned approach to hedge accounting.

No change to the classification or measurement of financial assets and liabilities has been required. Based on historical losses, the expected loss impairment model has an immaterial impact on the Group. AASB hedging requirements were retrospectively applied to all qualifying hedge relationships in place as at 1 January 2017. Costs of hedging have been separated from the hedging arrangements and deferred to other comprehensive income. This had an immaterial impact on adoption. The accounting policies for financial instruments and hedging have been updated to align with AASB 9.

Except for AASB 9, the Group has not elected to early adopt any other new or amended standards or interpretations that are issued but not yet effective.

Currency

The functional and presentation currency of Woodside Petroleum Ltd and all its subsidiaries is US dollars.

Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling at that date. Exchange differences in the consolidated financial statements are taken to the income statement.

Rounding of amounts

The amounts contained in the condensed half-year financial statements have been rounded to the nearest million dollars under the option available to the Group under Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, unless otherwise stated.

Basis of preparation

The condensed half-year financial statements have been prepared on a historical cost basis, except for derivative financial instruments and certain other financial assets and financial liabilities, which have been measured at fair value or amortised cost adjusted for changes in fair value attributable to the risks that are being hedged in effective hedge relationships.

The condensed half-year financial statements comprise the financial results of the Group and its subsidiaries for the period ended 30 June 2017. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date at which the Group ceases to have control.

The subsidiaries of the Group have the same reporting period and accounting policies as the parent company. All intercompany balances and transactions, including unrealised profits and losses arising from intra-group transactions, have been eliminated in full.

Non-controlling interests are allocated their share of the net profit after tax in the consolidated income statement, their share of other comprehensive income, net of tax, in the consolidated statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

The condensed half-year financial statements provide comparative information in respect of the previous period. Reclassifications of items in the financial statements of the previous period have been made in accordance with the classification of items in the condensed half-year financial statements of the current period.

A. Earnings for the year

A.1 Segment revenue and expenses

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. The operating segments are consistent with the Financial Statements 2016, except for the transfer of North West Shelf oil revenue and expenses from the North West Shelf segment to the Australia Oil segment. Comparatives have been restated to reflect the updated operating segments reported internally. Two development segments, Browse and Wheatstone, are not disclosed in the below table, as they had no revenue or expenses for the periods ended 30 June 2016 and 2017.

	Producing						Other					
	North West Shelf		Pluto		Australia Oil		Other segments		Unallocated items		Consolidated	
	2017 US$m	2016 US$m	2017 US$m	2016 US$m	2017 US$m	2016 US$m	2017 US$m	2016 US$m	2017 US$m	2016 US$m	2017 US$m	2016 US$m
Liquefied natural gas	396	364	856	965	-	-	-	-	-	-	1,252	1,329
Pipeline natural gas	93	146	-	-	-	-	7	5	-	-	100	151
Condensate	134	117	78	51	-	-	-	-	-	-	212	168
Oil	-	-	-	-	184	143	-	-	-	-	184	143
Liquefied petroleum gas	14	16	-	-	-	-	-	-	-	-	14	16
Revenue from sale of produced hydrocarbons	637	643	934	1,016	184	143	7	5	-	-	1,762	1,807
Processing and services revenue	-	-	93	100	-	-	-	-	-	-	93	100
Trading revenue	-	-	-	-	-	-	14	31	-	-	14	31
Other revenue	-	-	93	100	-	-	14	31	-	-	107	131
Operating revenue	637	643	1,027	1,116	184	143	21	36	-	-	1,869	1,938
Production costs	(61)	(79)	(75)	(63)	(62)	(91)	(7)	(5)	(1)	(1)	(206)	(239)
Royalties and excise	(89)	(79)	-	-	(2)	1	-	-	-	-	(91)	(78)
Insurance	(2)	(3)	(7)	(5)	(2)	(3)	-	-	(6)	(1)	(17)	(12)
Inventory movement	-	4	15	(1)	(8)	(9)	-	-	-	-	7	(6)
Costs of production	(152)	(157)	(67)	(69)	(74)	(102)	(7)	(5)	(7)	(2)	(307)	(335)
Land and buildings	(4)	(4)	(12)	(32)	-	-	-	-	-	-	(16)	(36)
Transferred exploration and evaluation	(3)	(2)	(18)	(25)	(1)	-	-	-	-	-	(22)	(27)
Plant and equipment	(118)	(112)	(367)	(414)	(45)	(54)	-	-	-	-	(530)	(580)
Marine vessels and carriers	(3)	(4)	-	-	-	-	-	-	-	-	(3)	(4)
Oil and gas properties depreciation and amortisation	(128)	(122)	(397)	(471)	(46)	(54)	-	-	-	-	(571)	(647)
Shipping and direct sales costs	(29)	(15)	(44)	(50)	-	-	-	-	(9)	(5)	(82)	(70)
Trading costs	-	-	-	-	-	-	(20)	(50)	-	-	(20)	(50)
Other cost of sales	(29)	(15)	(44)	(50)	-	-	(20)	(50)	(9)	(5)	(102)	(120)
Cost of sales	(309)	(294)	(508)	(590)	(120)	(156)	(27)	(55)	(16)	(7)	(980)	(1,102)
Trading intersegment adjustments	2	-	(13)	(30)	-	-	11	30	-	-	-	-
Gross profit	330	349	506	496	64	(13)	5	11	(16)	(7)	889	836
Other income	5	7	1	1	11	27	-	-	5	(2)	22	33
Exploration and evaluation expenditure	(2)	(2)	(6)	-	-	(2)	(44)	(123)	-	-	(52)	(127)
Amortisation	-	-	-	-	-	-	(6)	(18)	-	-	(6)	(18)
Write-offs	-	-	-	-	-	-	(5)	(46)	-	-	(5)	(46)
Exploration and evaluation	(2)	(2)	(6)	-	-	(2)	(55)	(187)	-	-	(63)	(191)
General, administrative and other costs	(2)	(3)	-	1	-	(9)	(3)	(16)	(43)	(45)	(48)	(72)
Depreciation of other plant and equipment	-	-	-	-	-	-	(1)	(1)	(9)	(11)	(10)	(12)
Other[1]	-	1	(3)	(31)	1	1	5	(1)	(10)	(33)	(7)	(63)
Other costs	(2)	(2)	(3)	(30)	1	(8)	1	(18)	(62)	(89)	(65)	(147)
Other expenses	(4)	(4)	(9)	(30)	1	(10)	(54)	(205)	(62)	(89)	(128)	(338)
Profit/(loss) before tax and net finance costs	331	352	498	467	76	4	(49)	(194)	(73)	(98)	783	531

1. *Other comprises foreign exchange gains and losses, losses on disposals of investments, restructuring costs as well as other expenses not associated with the ongoing operations of the business.*

A.2 Finance costs

	2017 US$m	2016 US$m
Interest on interest-bearing liabilities	**(98)**	(76)
Accretion charge	**(20)**	(21)
Other finance costs	**(9)**	(7)
Less: Finance costs capitalised against qualifying assets	**103**	77
	(24)	(27)

A.3 Dividends paid and proposed

Woodside Petroleum Ltd, the parent entity, paid and proposed dividends set out below:

	2017 US$m	2016 US$m
(a) Dividends paid during the financial half-year		
Prior year fully franked final dividend US$0.49, paid on 29 March 2017 (2016: US$0.43, paid on 8 April 2016)	**413**	354
(b) Dividend declared subsequent to the reporting period (not recorded as a liability)		
Current year fully franked interim dividend US$0.49 to be paid on 21 September 2017 (2016: US$0.34, paid on 30 September 2016)	**413**	286
	826	640

B. Production and growth assets

B.1 Impairment of oil and gas properties

The Group assessed each cash generating unit (CGU) for indicators of impairment and impairment reversal. Where indicators are identified, recoverable amounts are determined in accordance with the recognition and measurement criteria disclosed in the Financial Statements 2016. No impairments or impairment reversals were identified in the period ended 30 June 2017 (30 June 2016: nil). The key estimates and judgements and associated sensitivities used have not materially changed from those disclosed in Note B.4 in the Financial Statements 2016.

C. Debt and capital

C.1 Contributed equity

(a) Issued and fully paid shares

	30 June 2017 US$m	31 December 2016 US$m
842,444,903 (2016: 842,444,903) ordinary shares	**6,919**	6,919

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.

(b) Shares reserved for employee share plans

	30 June 2017 US$m	31 December 2016 US$m
1,238,574 (2016: 1,151,175) reserved shares	**(33)**	(30)

C.2 Fair value of financial assets and financial liabilities

There are no material financial assets or financial liabilities carried at fair value. The carrying amount of financial assets and financial liabilities approximates their fair value, with the exception of the Group's four unsecured bonds which have a carrying amount of US$3,088 million (31 December 2016: US$3,087 million) and a fair value of US$3,192 million (31 December 2016: US$3,151 million).

D. Other assets and liabilities

D.1 Segment assets and liabilities

	30 June 2017 US$m	31 December 2016 US$m
(a) Segment assets		
NWS	**2,898**	2,952
Pluto	**12,284**	12,684
Australia Oil	**970**	838
Browse	**405**	393
Wheatstone	**4,416**	4,018
Other segments	**2,638**	2,490
Unallocated items	**1,493**	1,378
	25,104	24,753

	30 June 2017 US$m	31 December 2016 US$m
(b) Segment liabilities		
NWS	**604**	573
Pluto	**419**	378
Australia Oil	**758**	704
Browse	**13**	11
Wheatstone	**199**	188
Other segments	**177**	179
Unallocated items	**7,165**	7,058
	9,335	9,091

ⓘ Refer to Note A.1 for information relating to the Group's segments. Unallocated assets mainly comprise cash and cash equivalents and the Group's deferred tax assets. Unallocated liabilities mainly comprise interest-bearing liabilities and deferred tax liabilities.

E. Other items

E.1 Contingent liabilities and assets

	30 June 2017 US$m	31 December 2016 US$m
Contingent liabilities at reporting date		
Not otherwise provided for in the financial statements		
Contingent liabilities	**44**	44
Guarantees	**8**	6
	52	50

Contingent liabilities relate predominantly to actual or potential claims 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 these condensed half-year financial statements. 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.

The Group has issued guarantees relating to workers' compensation liabilities.

There were no contingent assets as at 30 June 2017 or 31 December 2016.

E.2 Changes to the composition of the Group

Since the last annual reporting date, the below entity was incorporated:

- Woodside Energy (Indonesia) Pty Ltd - a wholly owned subsidiary incorporated in Australia.

E.3 Events after the end of the reporting period

Since the end of the half-year reporting period and to the date of this report, no matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of the company, the results of the company or the state of affairs of the company in subsequent financial periods.

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 2017 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*;

(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
16 August 2017

P J Coleman
Chief Executive Officer and Managing Director

Perth, Western Australia
16 August 2017

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Independent Auditor's Review Report to the Members of Woodside Petroleum Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Woodside Petroleum Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial 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*.

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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and its consolidated financial 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 the Group, ASRE 2410 requires that we 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*.

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth
16 August 2017

TH:RH:WOODSIDE:011

Appendix 4D

For 'Results for announcement to the market', refer to page 1.

Dividends

Ex-dividend date	24 August 2017		
Record date for the interim dividend	25 August 2017		
Date the dividend is payable	21 September 2017		
		Current period	Previous corresponding period[1]
Interim dividend – fully franked	US cents per share	49	34

None of these dividends are foreign sourced.

Net Tangible Assets (NTA)

NTA backing	Current period US$	Previous corresponding period[1] US$
Net tangible assets (US$ per ordinary security)	17.74	17.34

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%
China Administration Company 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%
North West Shelf Lifting Coordinator Pty Ltd	16.67%	16.67%

1. *Comparisons are to the half-year period ended 30 June 2016.*

Shareholder information

Business directory

Registered Office:
Woodside Petroleum Ltd
240 St Georges Terrace
Perth WA 6000
Australia

T: +61 8 9348 4000

Postal address:
GPO Box D188
Perth WA 6840
Australia

Investor Relations enquiries

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

Postal address:
Investor Relations
Woodside Petroleum Ltd
GPO Box D188
Perth WA 6840
Australia

T: +61 8 9348 4000
E: investor@woodside.com.au
W: woodside.com.au

Share registry enquiries

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

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Postal address:
GPO Box D182
Perth WA 6840

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

E: web.queries@computershare.com.au
W: 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.

Details of shareholdings can be checked conveniently and simply by visiting the share registry website at www.investorcentre.com/wpl

Key announcements 2017

February	Richard Goyder to succeed Michael Chaney as Chairman
May	Investor Briefing Day 2017
	Change of Joint Company Secretary
June	Long-term LNG sale and purchase agreement with Pertamina
	Offshore Senegal development update
	Senegal reaffirms completion of transaction

Events calendar 2017–18

Key calendar dates for Woodside shareholders in 2017–18.

July	20	Second Quarter 2017 report
August	24	Ex-dividend date for interim dividend
	25	Record date for interim dividend
September	21	Payment date for interim dividend
October	19	Third Quarter 2017 report
December	31	Woodside financial year end
January	18	Fourth Quarter 2017 report

Please note dates are subject to review.

Glossary, units of measure and conversion factors

Term	Definition
$m, $bn	Millions of dollars, billions of dollars (in US dollars unless otherwise stated)
A$	Australian dollars
APPEA	Australian Petroleum Production & Exploration Association
Cash margin	Gross profit net of other revenue, oil and gas properties depreciation and amortisation, inventory movement and trading costs, divided by sales revenue
CNPC	China National Petroleum Corporation
Cps	Cents per share (in US cents unless otherwise stated)
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 that is relinquishing its interest
FEED	Front-end engineering and design
FID	Final investment decision
FLNG	Floating liquefied natural gas
FPSO	Floating production storage and offloading
Free cash flow	Cash flow from operating activities less cash flow from investing activities
Gearing	Net debt divided by net debt and equity attributable to the equity holders of the parent
Gross margin	Gross profit divided by operating revenue. Gross profit excludes income tax, PRRT, net finance costs, other income and other expenses
GWF	Greater Western Flank
HSEQ	Health, Safety, Environment and Quality
JV	Joint venture
KGP	Karratha Gas Plant
Kitimat	Kitimat LNG development. Refer to page 32 of the Annual Report 2016 for further information
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
NASA	National Aeronautics and Space Administration
NPAT	Net profit after tax
NWS	North West Shelf
PRRT	Petroleum resource rent tax
PSE	Process safety event
RAP	Reconciliation Action Plan
RFSU	Ready for start-up
SPA	Sales and purchase agreement
Spudded	Commenced well-drilling process
Sunrise	Sunrise LNG development. Refer to page 33 of the Annual Report 2016 for further information
Tier 1 PSE	A typical Tier 1 PSE is loss of containment of hydrocarbons greater than 500 kg (in any one-hour period)
Tier 2 PSE	A typical Tier 2 PSE is loss of containment of hydrocarbons greater than 50 kg but less than 500 kg (in any one-hour period)
TRIR	Total recordable injury rate
Unit production costs	Production costs divided by production volume

Units of measure

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
MMscf/d	million standard cubic feet per day
Mtpa	million tonnes per annum
t	tonnes
Tcf	trillion cubic feet
TJ	terajoules

Conversion factors[1]

Pipeline Natural Gas	1 TJ	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
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.

Asset facts

PRODUCING FACILITIES

Australia

	North West Shelf			
	Karratha Gas Plant	North Rankin Complex	Goodwyn A Platform	Angel Platform
Role	Operator	Operator	Operator	Operator
Equity	16.67%	16.67%	16.67%	16.67%
Product	LNG, pipeline natural gas, condensate and LPG	LNG, pipeline natural gas, condensate and LPG	LNG, pipeline natural gas, condensate and LPG	LNG, pipeline natural gas, condensate and LPG

	Pluto LNG		**Australia Oil**		
	Pluto LNG Platform	Pluto LNG Plant	Ngujima-Yin FPSO	Nganhurra FPSO	Okha FPSO
Role	Operator	Operator	Operator	Operator	Operator
Equity	90%	90%	60%	60%	33.33%
Product	LNG and condensate	LNG and condensate	Oil	Oil	Condensate and oil

International

	Canada
	Kitimat LNG
Role	Non-operator
Equity	50%
Product	Pipeline natural gas

PROJECTS

Australia

	Persephone Project	Greater Western Flank Phase 2 Project	Wheatstone LNG	Julimar Project	Greater Enfield Project
Role	Operator	Operator	Non-operator	Operator	Operator
Equity	16.67%	16.67%	13%	65%	60%
Product	LNG, pipeline natural gas and condensate	LNG, pipeline natural gas and condensate	LNG, pipeline natural gas and condensate	LNG, pipeline natural gas and condensate	Oil

DEVELOPMENTS

Australia

	Browse Development	Sunrise LNG	Scarborough
Role	Operator	Operator	Operator and non-operator
Equity	30.60%	33.44%	25%–50%

International

	USA	**Canada**	**Senegal**
	Port Arthur LNG	Kitimat LNG	SNE
Role	Non-operator	Non-operator	Non-operator
Equity	Project Development Agreement	50%	35%

EXPLORATION

Australia and Asia-Pacific

	Australia	**New Zealand**	**Myanmar**			
	Various titles[1]	PEP-55794	AD-5 and A-7	AD-7 and A-6	AD-2 and A-4	AD-1, AD-6 and AD-8[2]
Role	Operator and non-operator	Operator	Operator	Joint operator	Non-operator	Non-operator
Equity	Various equities	70%	55% and 45%	40%	45%	50%
Product	Oil or gas prone basin	Oil or gas prone basin	Gas prone basin	Gas prone basin	Gas prone basin	Gas prone basin

Atlantic margins

	Senegal	**Morocco**	**Ireland**
	Rufisque, Sangomar and Sangomar Deep	Rabat Deep I-VI	FEL 3/14, 5/13, 5/14 and LO 16/14
Role	Non-operator	Non-operator	Operator
Equity	35%	25%	60%–100%
Product	Oil prone basin	Oil prone basin	Oil or gas prone basin

Sub-Saharan Africa

	Gabon[3]
	F15 Doukou Dak and E13 Luna Muetse
Role	Non-operator
Equity	40%
Product	Oil prone basin

Latin America

	Peru
	Block 108
Role	Non-operator
Equity	35%
Product	Oil prone basin

1. *For further information on Woodside's Australian titles, please refer to the titles register website (neats.nopta.gov.au).*
2. *Completion of farm-in to Blocks AD-1, AD-6 and AD-8 subject to satisfaction of conditions precedent.*
3. *Woodside's farm-in to Luna Muetse Block is awaiting final Government approval.*

Notes on petroleum resource estimates

1. Unless otherwise stated, all petroleum resource estimates are quoted as at the balance date (i.e. 31 December) of the Reserves Statement in Woodside's most recent Annual Report released to the Australian Securities Exchange (ASX) and available at http://www.woodside.com.au/Investors-Media/Announcements, net Woodside share at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg Celsius). Woodside is not aware of any new information or data that materially affects the information included in the Reserves Statement. All the material assumptions and technical parameters underpinning the estimates in the Reserves Statement continue to apply and have not materially changed.
2. Woodside reports reserves net of the fuel and flare required for production, processing and transportation up to a reference point. For offshore oil projects and floating LNG (FLNG) projects, the reference point is defined as the outlet of the floating production storage and offloading (FPSO) facility or FLNG facility respectively, while for the onshore gas projects the reference point is defined as the inlet to the downstream (onshore) processing facility.
3. Woodside uses both deterministic and probabilistic methods for estimation of petroleum resources at the field and project levels. Unless otherwise stated, all petroleum estimates reported at the company or region level are aggregated by arithmetic summation by category. Note that the aggregated Proved level may be a very conservative estimate due to the portfolio effects of arithmetic summation.
4. 'MMboe' means millions (10^6) of barrels of oil equivalent. Dry gas volumes, defined as 'C4 minus' hydrocarbon components and non-hydrocarbon volumes that are present in sales product, are converted to oil equivalent volumes via a constant conversion factor, which for Woodside is 5.7 Bcf of dry gas per 1 MMboe. Volumes of oil and condensate, defined as 'C5 plus' petroleum components, are converted from MMbbl to MMboe on a 1:1 ratio.
5. The estimates of petroleum resources are based on and fairly represent information and supporting documentation prepared by qualified petroleum reserves and resources evaluators. The estimates have been approved by Mr Ian F Sylvester, Woodside's Vice President Reservoir Management, who is a full-time employee of the company and a member of the Society of Petroleum Engineers. Mr Sylvester's qualifications include a Master of Engineering (Petroleum Engineering) from Imperial College, University of London, England, and more than 20 years of relevant experience.

Forward-looking statements

Half-Year Report 2017

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