BEACH PETROLEUM LIMITED

ABN 20 007 617 969

APPENDIX 4E

Half Year Report

FOR 6 MONTHS ENDED
31 DECEMBER 2003

BEACH PETROLEUM LIMITED – APPENDIX 4E

FOR HALF YEAR ENDED 31 DECEMBER 2003

For announcement to the market

				$A'000
Revenues from ordinary activities	UP	**7%**	**to**	**18,278**
Profit from ordinary activities before tax	UP	**19%**	**to**	**5,688**
Profit from ordinary activities after tax attributable to members	UP	**30%**	**to**	**4,376**
Net profit for the period attributable to members	UP	**30%**	**to**	**4,376**

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	0.5cent	N/A

+Record date for determining entitlements to the Interim dividend,	5 March 2004

Overview of Company Results

Beach Petroleum Limited ("Beach") recorded an outstanding half-year with production reaching record levels of production, with monthly average production reaching 3,205 boe per day in the 6 month period. This is the highest monthly production achieved by Beach in its 40-year history. This significant increase in production has been due to:

- A significant new oil discovery in South Australia – Christies-1; and
- A significant extension to the Kenmore Field and the bringing of three new development wells, Kenmore 28,29 & 30, into production.

The growth of activities within the Company has been equally impressive.

During the half-year, Beach:

- successfully raised $32million, retaining over $35million in cash reserves;
- operated an extensive program of seismic and exploration drilling in both South Australia and Queensland; and
- continued to return profitable results from operations during this period. Net profit before tax for the half-year was $5.7 million ($4.4 million after tax), compared with $4.7 million for the previous corresponding period ($3.3 million after tax), an increase in operating profit after tax attributable to members of 30% as compared to the previous corresponding period.

During the 6 months, the Directors declared and paid a ½ cent final and a ½ cent special dividend based on the outstanding 2003 Full Year Results. The Directors are also pleased to announce a further ½ cent unfranked interim dividend payable on these outstanding half-year results.

STATEMENT OF FINANCIAL POSITION

	CONSOLIDATED		
	Dec 2003 $000	June 2003 $000	Dec 2002 $000
Current assets			
Cash assets	**35,957**	8,874	4,463
Receivables	**3,725**	4,181	5,279
Investments	**226**	-	-
Inventories	**2,742**	1,951	2,156
Other	**572**	484	325
Total current assets	**43,222**	15,490	12,223
Non-current assets			
Receivables	**1,479**	1,415	1,415
Property, plant and equipment	**6,140**	5,493	5,656
Petroleum licences	**29,599**	29,102	29,030
Exploration and evaluation expenditure	**22,842**	14,840	11,896
Deferred tax assets	**4,844**	4,715	6,510
Total non-current assets	**64,904**	55,565	54,507
Total assets	**108,126**	71,055	66,730
Current liabilities			
Payables	**5,053**	3,527	5,139
Interest bearing liabilities	**20**	20	20
Provisions	**463**	182	169
Total current liabilities	**5,536**	3,729	5,328
Non-current liabilities			
Interest bearing liabilities	**1,176**	1,189	1,199
Deferred tax liabilities	**7,834**	6,297	6,194
Provisions	**2,251**	2,425	2,380
Total non -current liabilities	**11,261**	9,911	9,773
Total liabilities	**16,797**	13,640	15,101
Net assets	**91,329**	57,415	51,629
Equity			
Contributed equity	**154,977**	123,807	123,586
Accumulated losses	**(65,786)**	(68,291)	(71,957)
Parent equity interest	**89,191**	55,516	51,629
Outside equity interest	**2,138**	1,899	-
Total Equity	**91,329**	57,415	51,629

Notes to and forming part of the financial statements are attached.

STATEMENT OF FINANCIAL PERFORMANCE

For the half year ended 31 December 2003 **Beach Petroleum Limited and Controlled Entities**

	Note	CONSOLIDATED	
		Dec 2003 $000	Dec 2002 $000
Revenues from ordinary activities		**18,278**	17,071
Changes in inventories of finished goods and work in progress		**791**	122
Raw materials and consumables used		**(7,557)**	(7,141)
Employee benefits expense		**(1,411)**	(1,016)
Depreciation and amortisation expense		**(4,133)**	(3,228)
Borrowing costs expense		**(50)**	(52)
Other expenses from ordinary activities		**(230)**	(983)
Profit from ordinary activities before income tax expense	2	**5,688**	4,773
Income tax expense relating to ordinary activities	3	**(1,407)**	(1,419)
Profit from ordinary activities after related income tax expense		**4,281**	3,354
Net loss attributable to outside equity interests		**95**	-
Total profit attributable to members of the parent entity		**4,376**	3,354
Basic earnings per share (cents per share)	4	**2.08¢**	1.84¢
Diluted earnings per share (cents per share)	4	**2.08¢**	1.84¢

Notes to and forming part of the financial statements are attached.

FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	Dec 2003 $'000	Dec 2002 $'000
Cash flows from operating activities		
Receipts from oil operations	**16,940**	20,579
Payments to suppliers and employees	**(7,633)**	(9,806)
Interest received	**316**	117
Interest and costs of finance paid	**(50)**	(52)
Other receipts	**92**	110
Net cash provided by (used in) operating activities	9,665	10,948
Cash flows from investing activities		
Recovery of debts previously written off	**375**	-
Proceeds of disposal of non-current assets	**361**	-
Payment for plant and equipment	**(1,215)**	(695)
Payment for exploration and development	**(11,742)**	(9,898)
Loans to other entities	**-**	-
Net cash provided by (used in) investing activities	**(12,221)**	(10,593)
Cash flows from financing activities		
Proceeds from the issue of shares	**32,010**	207
Proceeds from options converted to shares	**189**	-
Costs associated with issue of shares	**(1,782)**	-
Share Buy-back	**(3)**	-
Repayment of borrowings	**(13)**	(10)
Dividends Paid	**(762)**	(906)
Net cash provided by (used in) financing activities	**29,639**	(709)
Net increase (decrease) in cash held	**27,083**	(354)
Cash at the beginning of the half year	**8,874**	4,817
Cash at the end of the half year	**35,957**	4,463

Notes to and forming part of the financial statements are attached.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. BASIS OF ACCOUNTING

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements. It is recommended that this report be read in conjunction with the Annual Financial Report for the year ended 30 June 2003 and any public announcements made by Beach Petroleum Limited and its controlled entities during the half year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2003 Annual Report

The half year report does not include full disclosures of the type normally included in an Annual Financial Report.

	CONSOLIDATED	
	Dec 2003 $'000	Dec 2002 $'000
2. PROFIT FROM ORDINARY ACTIVITIES		
The following revenue and expense items are relevant in explaining the financial performance for the interim period.		
(a) Revenues		
- interest income	**395**	144
- rental income	**147**	164
- litigation recovery	**750**	-
- other revenue	**391**	-
	1,683	308
(b) expenses:		
- interest expense	**51**	52
3. INCOME TAX		
(a) Reconciliation of income tax expense calculated on operating profit to income tax charged in profit and loss statement		
Operating profit	**5,688**	4,773
Income tax expense calculated at 30 cents in the dollar	**1,706**	1,432
Increase in income tax expense due to:		
- legal expenses not deductible	**5**	14
- other	**7**	14
- future income tax benefit not brought to account	**59**	-
Decrease in income tax expense due to:		
- capital raising costs deductible	**(97)**	(24)
- litigation recovery not taxable	**(225)**	-
- sale of non-current assets	**(48)**	-
- future income tax benefit not previously brought to account now recognised	**-**	(17)
Income tax expense	**1,407**	1,419

	CONSOLIDATED	
	Dec 2003 $'000	Dec 2002 $'000

4. EARNINGS PER SHARE

Basic earnings per share based on operating profit after income tax attributable to members of Beach Petroleum Limited

(a) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	**209,975,914**	182,045,856

(b) Classification of securities

Diluted earnings per share is calculated after classifying all options on issue at period end as potential ordinary shares where those options have a dilutive effect. Options have a dilutive effect only when the market price exceeds the exercise price.

5. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	**(68,291)**	(74,405)
Net profit attributable to members of the parent entity	**4,376**	3,354
Dividends paid during the period:		
- Final Dividend 2001/2002	**-**	(906)
- Final Dividend 2002/2003	**(1,871)**	-
	(65,786)	(71,957)

6. SUBSEQUENT EVENTS

There has not arisen in the interval since 31 December 2003 and up to the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic entity in subsequent reporting periods.

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

2 This report, and the accounts upon which the report is based use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts to which one of the following applies.
(Tick one)

	The accounts have been audited.	✓	The accounts have been subject to review.
	The accounts are in the process of being audited or subject to review.		The accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available.

6 The entity has a formally constituted audit committee.

Sign here: (Managing Director)

Date: 20 February 2004

Print name: REG NELSON

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF BEACH PETROLEUM LIMITED

Scope

The financial report – responsibility and content
The preparation of the financial report for half-year ended 31 December 2003 is the responsibility of the directors of Beach Petroleum Limited (the Company). It includes the financial statements for Beach Petroleum Limited and the entities it controlled during the half-year ended 31 December 2003.

Audit approach
We conducted an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our role was to conduct the review in accordance with Australian Auditing Standards applicable to review engagements. Our review did not involve an analysis of the prudence of business decision made by the directors or management.

This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly a view in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and the Corporations Regulations 2001, which is consistent with our understanding of the Group's financial position, and its performance as represented by the results of its operations and cash flows.

The review procedures performed were limited primarily to:

- Inquiries of company personnel of certain internal controls, transactions and individual items
- Analytical procedures applied to financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the half-year financial report of Beach Petroleum Limited is not presented in accordance with:

(a) the Corporations Act 2001, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003, and of its performance for the half-year ended on that date; and
   ii) complying with Australian Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Act 2001; and

(b) other mandatory financial reporting requirements in Australia.

GRANT THORNTON
CHARTERED ACCOUNTANTS

S J GRAY
Partner

Signed at Adelaide this 20th day of February 2004