



Incorporated in South Australia

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BEACH PETROLEUM N.L.
(A.C.N. 007 617 969)

Level 1, 25 Conyngham St
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AUSTRALIA

FACSIMILE: 61-8-8338 2336

FACSIMILE

BAR CODE:



TO:	Australian Stock Exchange Company Announcements Platform (CAP)	Fax No:	1300 300 021
FROM:	Beach Petroleum NL	Return Fax:	08 8338 2336
DATE:	20 February 2003	Ref. No:	#007/04
SUBJECT:	Half Year Financial Report and Directors' Report 31 December 2003	No. of Pages:	11 (including cover page)

BRIEF SUMMARY

HALF YEAR FINANCIAL REPORT AND DIRECTORS' REPORT 31 DECEMBER 2003

Please see attached Half Year Financial Report and Directors' Report 31 December 2003.

BEACH PETROLEUM LIMITED

**(A.C.N. 007 617 969)
(A.B.N. 20 007 617 969)**

HALF YEAR FINANCIAL REPORT AND DIRECTORS' REPORT

31 December 2003

DIRECTORS' REPORT**Beach Petroleum Limited and Controlled Entities**

The Directors of Beach Petroleum Limited submit the half year financial report for the period ended 31 December 2003 and report as follows:

REVIEW OF OPERATIONS**PRODUCTION**

The Group's oil production is derived from the Naccowiah and Bodalla blocks and the Selicks and Acrasia wells within the Cooper and Eromanga Basins of southwestern Queensland and northeastern South Australia.

The Group's gas production is derived from the Otway Basin in southern Victoria.

Actual Production for the half-year totalled 464,951 boe compared with 443,757 boe for the previous corresponding period.

The Group's oil and gas sales for the half year totalled 395,543 boe yielding revenue of \$16.595 million.

DIRECTORS

The names and particulars of the qualifications, experience and special responsibilities of the Directors of Beach Petroleum Limited in office during the half year and at the date of this report are:

Robert Michael Kennedy *ASAIT, Grad.Dip (Systems Analysis), FCA, ACIS, FAIM, FAICD.*
Non Executive Chairman

Reginald George Nelson *B Science (Mathematics), FAusIMM., FAICD*
Managing Director

John Charles Butler *F CPA, FAICD, FIFS*
Non-Executive Director

Michael Francis Frost *B.Sc.(Hons), FAICD*
Non-Executive Director

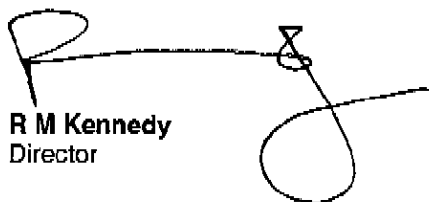
Kathryn Anne Presser *BA (Accounting) Grad Dip CSP, MAICD, CPA, ACIS*
Alternate Director to R G Nelson
Company Secretary and Group Accountant

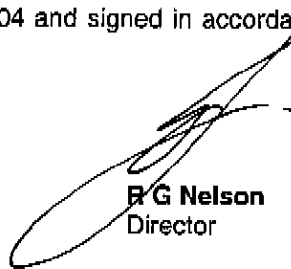
Hector Mackenzie Gordon *BSc (Hons), MAICD*
Alternate Director to J C Butler
Manager, Exploration and Production

ROUNDING OFF OF AMOUNTS

Amounts in the financial report have been rounded to the nearest thousand dollars under the option available under ASIC, class order 98/100 of the Corporations Law.

Dated at Adelaide this 20th day of February 2004 and signed in accordance with a Resolution of the Directors.


R M Kennedy
Director

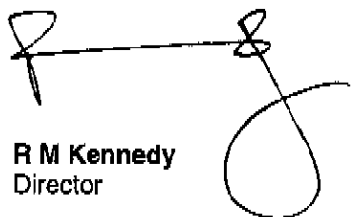

R G Nelson
Director

DECLARATION**Beach Petroleum Limited and Controlled Entities**

The Directors of the company declare that:

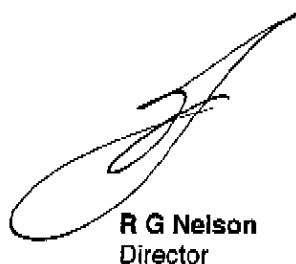
1. The financial statements and notes, as set out on pages 4 to 8:
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Act 2001 Regulations; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This Declaration is made in accordance with a resolution of the Board of Directors.



R M Kennedy
Director

Adelaide
20 February 2004



R G Nelson
Director

STATEMENT OF FINANCIAL POSITION

As at 31 December 2003

Beach Petroleum Limited and Controlled Entities

	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

For the half year ended 31 December 2003

Beach Petroleum Limited and Controlled Entities

	CONSOLIDATED	
	Dec 2003	Dec 2002
	\$'000	\$'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

For the half year ended 31 December 2003

Beach Petroleum Limited and Controlled Entities

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended 31 December 2003

Beach Petroleum Limited and Controlled Entities

CONSOLIDATED**Dec 2003**
\$'000Dec 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.

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.

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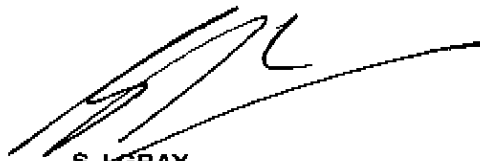
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Statement

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 *20* day of *February* 2004