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Santos

News Release

Issued by Investor Relations

6 March 2000

SANTOS FULL YEAR PROFIT

- **Record earnings of $219 million, up 24%.**
- **Earnings per share up 24% to a record 36 cents before abnormals.**
- **Final dividend up 2 cents to 15 cents per share, making a total 1999 dividend of 27 cents per share, fully franked**
- **Operating cash flow up 16% to a record $530m (87 cents per share), $64 million above previous peak in 1990.**
- **Gearing (net debt to equity) down to 63%.**

Santos today announced a record after-tax profit for the 1999 full year of $219.2 million before abnormals, a 24.3% increase on the 1998 result.

These results reflect the record level of production (up by 7.9% from 1998) and higher oil prices in the second half of the year.

The Company recorded an abnormal tax gain of $89.9 million, which resulted in a profit after tax and abnormals of $309.1 million.

Operating cash flow increased by 15.8% to a record $529.9 million.

The net debt to equity ratio fell from 66.0% to 63.3%, notwithstanding spending of $436 million on exploration, development and acquisitions.

Earnings per share before abnormals were 36.2 cents compared with 29.1 cents in 1998. Net operating cash flow per share was 87.4 cents compared with 75.6 cents in 1998.

In view of the strong profit result in 1999, the good results so far in 2000 and the outlook for the year as a whole, Directors have declared a final ordinary dividend of 15 cents per share, fully franked. The final dividend brings Santos' total 1999 dividend to 27 cents per share, two cents higher than the 1998 total dividend of 25 cents per share. The final dividend will be paid on 28 April 2000 to shareholders registered in the books of the Company at the close of business on 3 April 2000.

Milestones achieved during the year include:

- The acquisitions of interests in gas fields in Papua New Guinea and onshore and offshore Victoria, continuing the strategy of diversifying the Company's interests;
- The commitment to the Bayu-Undan liquids and Legendre oil development projects;
- The commencement of Santos' first production in Victoria; and
- The commencement of new gas contracts in Queensland and Western Australia.

Reserves of 18 million boe were discovered in 1999 and a further 18 million boe were added to reserves as a result of a further review of 1998 discoveries. The average finding cost for 1999 was $2.17 per boe ($1.65 per boe five year average). Total proved and probable reserves fell from 966 million boe to 941 million boe reflecting record production and some field revisions. The exploration success rate during the year was 41%.

Commenting on the results the Managing Director of Santos, Mr Ross Adler, said:

> "1999 was a good year for Santos and Directors are particularly pleased to be able to pass on the benefits to shareholders through an increase of two cents in the final dividend.
>
> While the record profits reflect improved oil prices in the second half of the year, they are also due to our own efforts in further increasing production. Over the last five years production has increased by one third.
>
> We also achieved record operating cash flow and successfully reduced gearing.
>
> While 1999 was good, we expect 2000 to be significantly better than 1999 and performance in the first two months supports this view. Following successful drilling, oil production has increased considerably from both the Stag and Elang oil fields and the recently discovered Moomba 104 oil pool is expected to go into production this month.
>
> Gas production is also expected to increase further in 2000.
>
> Total production for 2000 is expected to exceed 51.0 million boe prior to the benefit of any acquisitions completed during 2000.
>
> We also plan to increase spending on exploration this year, by 28%, with a total program of 54 wells."

For clarification contact:
Dr Graeme Bethune – General Manager, Finance and Investor Relations on
08 8218 5157 or 0419 828 617.

Financial Summary

	Full Year Ended 31/12/99	Full Year Ended 31/12/98	% Increase (Decrease)
PROFIT AND DIVIDEND ***($ million)***			
Sales Revenue	944.5	769.4	22.8
Proceeds on sale of Santos Europe Ltd	-	137.0	
Other Revenue	53.4	96.4	(44.6)
Total Revenue	997.9	1002.8	(0.5)
Depreciation & Depletion	(256.8)	(225.9)	13.7
Writedown of exploration expenditure	(7.6)	(4.9)	55.1
Earnings before interest expense and tax	414.0	334.6	23.7
Interest Expense	(74.4)	(67.3)	10.5
Operating Profit before tax	339.6	267.3	27.0
Tax on operating profit	(120.4)	(91.0)	32.3
Operating profit after tax & before abnormals	219.2	176.3	24.3
Earnings per share before abnormals *(cents)*	36.2	29.1	24.4
Abnormal Income Tax item (gain)	89.9	-	
Operating profit after tax & abnormals	309.1	176.3	75.3
Earnings per share after abnormals *(cents)*	51.0	29.1	75.3
Dividends per share *(cents fully franked)*	27.0	25.0	-
CASH FLOW ***($ million)***			
Net operating cash flow after tax	529.9	457.6	15.8
- per share *(cents)*	87.4	75.6	15.6
BALANCE SHEET ***($ million)***			
Total shareholders' equity	2056.7	1939.2	6.1
Total assets	4338.7	4236.1	2.4
Net debt	1301.1	1280.0	1.6
CAPITAL EXPENDITURE			
Exploration Expenditure	78.1	180.7	(56.8)
Development expenditure (incl. plant & equip)	219.3	323.8	(32.3)
RATIOS			
Net debt/equity ***(%)***	63.3	66.0	
Return on shareholders' equity ***(%)*** **(before abnormals)**	10.7	9.1	
Return on shareholders' equity (%) (after abnormals)	15.0	9.1	

SANTOS 1999 FULL YEAR RESULTS

(Unless otherwise stated, comparisons are with the corresponding period in 1998)

1. PROFIT

Sales Volume

Sales volume increased from 45.1 million barrels of oil equivalent (boe) to a record 48.5 million boe, due to higher gas sales volumes (2.7 million boe) and increased sales of crude oil.

Sales Revenue

Sales revenue increased by 22.8% to a record $944.5 million reflecting increased sales volumes and higher prices received in the second half of the year.

Other Revenue

Other revenue fell by $43.0 million to $53.4 million. Investment income decreased by $50.2 million as a result of the sale of QCT Resources Limited Notes ($27.2 million) and the Oil Company of Australia special dividend ($6.4 million) in 1998, together with the reduced profit of QCT Resources Limited in 1999.

Expenses

Operating costs increased by $17.9 million due primarily to increased production. Average operating costs per boe produced increased slightly to $4.52 (1998 - $4.49/boe).

Depreciation and depletion increased by 13.7% to $256.8 million, reflecting mostly higher levels of production. Depreciation and depletion per boe increased to $5.22 (1998 - $4.95/boe).

There was a writedown in exploration expenditure of $7.6 million ($4.9 million in 1998) in respect of interests in the United States.

Earnings Before Interest Expense and Tax

Earnings before interest expense and tax increased by 23.7% to $414.0 million.

Interest expense increased by 10.5% to $74.4 million principally due to the reduction in capitalised interest as new development projects commenced production. Total interest expenditure (prior to capitalisation) only increased slightly.

Operating profit before income tax increased by 27.0% to $339.6 million. Income tax on operating profit increased by $29.4 million, mainly due to the higher operating profit before tax.

Operating Profit After Tax and Before Abnormals

A net profit after tax and before abnormals of $219.2 million was achieved, with earnings per share of 36.2 cents.

Operating Profit After Tax and Abnormals

An abnormal tax item of $89.9 million was recorded as a gain in 1999 reflecting the impact of the reduction in the company tax rate on net deferred tax balances. No abnormal items were recorded in 1998. An operating profit after tax and abnormals of $309.1 million was achieved.

2. CASH FLOW AND BALANCE SHEET

Cash flow from operations increased by 15.8% to a record $529.9 million.

Cash flow per share was 87.4 cents compared with 75.6 cents in 1998.

Dividends of $151.5 million (1998 - $151.4 million) were paid to shareholders.

The net debt to equity ratio at year end was 63.3% compared with 71.0% at the end of June 1999 and 66.0% at the end of 1998.

3. OTHER BUSINESS DEVELOPMENTS

(a) Acquisitions

Santos was active in further developing its gas interests during the year:

- An effective 25% interest was acquired in the Hides gas field in Papua New Guinea;
- The Company increased its interests in two permits in the Otway Basin in Victoria;
- An initial 7.5% economic interest was acquired in the Kipper gas field located in the Gippsland Basin with two subsequent pre-emptions increasing this interest to 12.9%; and
- An additional 33.3% interest was acquired in the Golden Beach gas field in the Gippsland Basin.

(b) Legendre and Bayu-Undan Development Projects

During the year the respective joint ventures gave approval for the development of the Legendre oil field in the Carnarvon Basin and the Bayu-Undan project (liquids recovery phase) in the Timor Gap.

Development of the Legendre field is expected to cost A$110 million gross (Santos share A$25 million) with production expected to commence in mid-2001.

Subsequent to year end the Bayu-Undan oil development plan was approved by the Joint Authority for the Timor Gap Zone of Co-operation. The development is expected to cost US$1.4 billion (Santos share US$170 million) with production forecast to begin in 2004.

Both projects are important for the Company and are expected to make a material contribution to Santos' production.

(c) First Victorian Gas Production

In July, Santos commenced its first gas production in Victoria from the Heytesbury Gas Facility. The gas, sourced from the Mylor and Fenton Creek fields located onshore in the Otway Basin, is sold to the Victorian Government's Gascor Pty Ltd. This project represents Santos' first production and first direct sale in Victoria.

(d) East Spar Gas Contracts

In July, gas supply to Wesfarmers CSBP Limited commenced under a new East Spar gas sale agreement. A further East Spar contract began in February 2000 under an agreement to supply gas to the South-West Cogeneration Joint Venture.

(e) South-West Queensland Gas Contract

During the year the Phase 4 expansion of the Ballera Gas Plant in south west Queensland was completed increasing Ballera's capacity to approximately 155 terajoules per day. This development was undertaken to enable a new long-term gas sale agreement to commence. This agreement, to supply gas to WMC's Phosphate Hill fertiliser project in Mt Isa, commenced in January 2000.

4. EXPLORATION

During 1999, Santos participated in the drilling of 34 wells at a total cost of $78.1 million. A success rate of 41% was achieved.

Results of the program included:

- The discovery of a new gas field (Touriga-1) and two gas field extensions (Pondrinie North-1 and Meranji East-1) in the South Australian Cooper Basin;
- The successful appraisal of the Yandina and Scotia gas fields in the Denison Trough; and
- The successful appraisal of the Segat gas field and the discovery of the Baru gas field in Indonesia.

Exploration activities in 1999 resulted in 18 million boe being booked as reserves.

An additional 18 million boe was booked as reserves from discoveries made in 1998 but not booked as reserves in that year.

Proved and probable reserves at the end of 1999 were 941 million boe, a decrease of 25 million boe from year end 1998.

The reduction in reserves reflects record production of 49.2 million boe, net acquisitions of 6 million boe and re-evaluation of reserves of 18 million boe (in Queensland and the United States).

Resources acquired in the Hides field in Papua New Guinea (estimated to be over one trillion cubic feet, Santos share, of proved and probable gas plus liquids) are not booked as reserves.

Total reserves life at the end of 1999 was 19 years at 1999 production levels.

At the end of 1999 38% of Santos' reserves were located outside the Cooper/Eromanga Basins.

Proved & Probable Hydrocarbon Reserves - Net

	Sales Gas (incl Ethane) PJ	Crude Oil Million Barrels	Condensate Million barrels	LPG '000 tonnes	Total Million boe
Estimated reserves at 31/12/98	4399	80	89	5520	966
1999 Production	(202)	(9)	(3)	(280)	(49)
Additions from 1999 Exploration	98	0	1	39	18
Additions from prior year Exploration*	97	1	0	0	18
Acquisitions/Divestments	36	(2)	1	78	6
Field revisions	(90)	0	(2)	(31)	(18)
Estimated reserves at 31/12/99	4338	70	86	5326	941

* Transfer from Resource to Reserve

5. DEVELOPMENT

Expenditure on development (including plant and equipment) in 1999 was $219.3 million, compared with $323.8 million in 1998.

The development program was focussed on major project work, remedial work undertaken on producing assets and development studies.

Major development activity included the Varanus Island second gas pipeline, the Heytesbury Gas Facility project in Victoria and completion of the Ballera Gas Plant Phase 4 expansion in south west Queensland.

Significant remedial work on the Stag and SE Gobe oil fields was also undertaken.

On the Stag field, two water injection wells were drilled, two production wells (19H and 20H) were drilled and completed, and workover activity was undertaken on four wells. This activity resulted in increased rates of production being achieved by the end of the year.

Development activity on the SE Gobe field involved workover activity on one producing well and the drilling of the Gobe 7X ST3 and SE Gobe 7 development wells. Increased rates of production were achieved following this work.

Subsequent to year end, Elang 1 was sidetracked with a successful result achieved.

Principal field development activity during the year included 31 gas development wells, 4 oil development wells and 65 other field development projects, including compression, connecting suspended wells, upgrading performance of wells already online and research into the development of low deliverability gas fields.

6. 2000 EXPLORATION PROGRAM

Exploration spending is planned to increase to approximately $100 million during 2000, a 28% increase on 1999, with an increase of almost 60% in the number of wells to be drilled. Of this expenditure it is planned that approximately half will be spent in onshore exploration.

Included in this program is a total of 54 wildcat and appraisal wells.

Features of the 2000 program include:

- 32 wells to be drilled onshore Australia with a particular focus on south west Queensland gas;
- 5 wells to be drilled Offshore Australia with a principal focus on oil prospects;
- Two gas prospects to be tested in the Sampang Block in Indonesia and one oil prospect to be targeted in Papua New Guinea; and
- A program of in excess of 10 wells to address gas prospects in south Texas.

Through the acquisition of new seismic data and further technical studies the Company will spend considerable effort in upgrading the number and quality of exploration opportunities outside its traditional Cooper Basin acreage.

Preliminary Final Report

Name of entity

SANTOS LTD

ACN, ARBN or ARSN	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
007 550 923		✓	31 December 1999

Equity accounted results for announcement to the market

				$A million
Sales revenue *(item 1.1)*	Up	22.8%	to	944.5
Abnormal items after tax attributable to members *(item 2.5)*	Gain of			89.9
Operating profit after tax (before amortisation of goodwill) attributable to members *(item 1.26)*	Up	71.7%	to	318.1
Operating profit after tax attributable to members *(item 1.10)*	Up	75.3%	to	309.1
Extraordinary items after tax attributable to members *(item 1.13)*				Nil
Operating profit and extraordinary items after tax attributable to members *(item 1.16)*	Up	75.3%	to	309.1
Exploration and development expenditure incurred:				
- non-producing areas *(item 5.2)*				24.4
- producing areas *(item 6.2)*				170.5
Total exploration and development expenditure incurred	Down	42.5%	to	194.9
Exploration and development expenditure written off:				
- non-producing areas *(item 5.3)*				7.6
- producing areas *(item 6.4)*				-
Total exploration and development expenditure written off				7.6

Dividends (distributions)	Amount per ordinary share	Franked amount per ordinary share at 36% tax
Final dividend *(item 15.4)*	15¢	15¢
Previous corresponding period *(item 15.5)*	13¢	13¢

Record date for determining entitlements to the dividend *(see item 15.2)*: 3 April 2000

Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

None

Consolidated profit and loss account

		Current period $A million	Previous corresponding period $A million
1.1	Sales revenue	944.5	769.4
	Proceeds from sale of controlled entity	-	137.0
1.2	Share of associates' net profit (loss) attributable to members" (equal to item 16.7)	2.5	-
1.3	Other revenue	50.9	96.4
1.4	**Operating profit before abnormal items and tax**	**339.6**	**267.3**
1.5	Abnormal items before tax (detail in item 2.4)	-	-
1.6	Operating profit before tax (items 1.4 + 1.5)	339.6	267.3
1.7	Less tax	(120.4)	(91.0)
	Abnormal income tax item	89.9	-
1.8	Operating profit after tax but before outside equity interests	309.1	176.3
1.9	Less outside equity interests	-	-
1.10	**Operating profit after tax attributable to members**	**309.1**	**176.3**
1.11	Extraordinary items after tax (detail in item 2.6)	-	-
1.12	Less outside equity interests	-	-
1.13	Extraordinary items after tax attributable to members	-	-
1.14	**Total operating profit and extraordinary items after tax** (items 1.8 + 1.11)	**309.1**	**176.3**
1.15	Operating profit and extraordinary items after tax attributable to outside equity interests (items 1.9 + 1.12)	-	-
1.16	**Operating profit and extraordinary items after tax attributable to members** (items 1.10 + 1.13)	309.1	176.3
1.17	Retained profits at beginning of financial period	378.3	338.6
1.18	If change in accounting policy as set out in clause 11 of AASB 1018 Profit and Loss Accounts, adjustments as required by that clause (refer comment by directors)	(28.5)	-
1.19	Aggregate of amounts transferred from reserves	-	14.9
1.20	Total available for appropriation	658.9	529.8
1.21	Dividends provided for or paid	(163.7)	(151.5)
1.22	Aggregate of amounts transferred to reserves	-	-
1.23	**Retained profits at end of financial period**	**495.2**	**378.3**

Profit restated to exclude amortisation of goodwill		Current period $A million	Previous corresponding period $A million
1.24	Operating profit after tax before outside equity interests (items 1.8) and amortisation of goodwill	318.1	185.3
1.25	Less outside equity interests	-	-
1.26	Operating profit after tax (before amortisation of goodwill) attributable to members	318.1	185.3

Intangible, abnormal and extraordinary items		*Consolidated – current period*			
		Before tax $A million	Related tax $A million	Related outside equity interests $A million	Amount (after tax) attributable to members $A million
2.1	Amortisation of goodwill	9.0	-	-	9.0
2.2	Amortisation of other intangibles	-			-
2.3	**Total amortisation of intangibles**	9.0	-	-	9.0
2.4	Abnormal items	-	-	-	-
	Abnormal income tax item	89.9	-	-	89.9
2.5	**Total abnormal items**	89.9	-	-	89.9
2.6	Extraordinary items	-	-	-	-
2.7	**Total extraordinary items**	**-**	**-**	**-**	**-**

Comparison of half year profits		Current year $A million	Previous year $A million
3.1	Consolidated operating profit after tax attributable to members reported for the *1st* half year (item 1.10 in the half yearly report)	83.6	84.2
3.2	Consolidated operating profit after tax attributable to members for the *2nd* half year	225.5	92.1

Consolidated balance sheet

		At end of current period $A million	As shown in last annual report $A million	As in last half yearly report $A million
	Current assets			
4.1	Cash	97.9	117.8	64.0
4.2	Receivables	153.7	122.0	115.8
4.3	Investments	-	-	-
4.4	Inventories	90.1	72.5	83.3
4.5	Other	-	-	-
4.6	**Total current assets**	**341.7**	**312.3**	**263.1**
	Non-current assets			
4.7	Receivables	-	-	-
4.8	Investments in associates	314.4	351.7	316.2
4.9	Other investments	34.9	35.1	34.2
4.10	Inventories	-	-	-
4.11	Exploration and development expenditure capitalised in areas in the exploration and development stage	282.0	169.3	272.5
4.12	Exploration and development expenditure capitalised in areas in which production has commenced (net)	2,076.0	2,074.1	2,075.0
4.13	Land and buildings, plant and equipment (net)	1,185.9	1,179.8	1,188.5
4.14	Intangibles (net)	44.6	53.6	49.1
4.15	Other	59.2	60.2	60.0
4.16	**Total non-current assets**	**3,997.0**	**3,923.8**	**3,995.5**
4.17	**Total assets**	**4,338.7**	**4,236.1**	**4,258.6**
	Current liabilities			
4.18	Accounts payable	121.6	151.1	120.1
4.19	Borrowings	0.4	0.4	0.4
4.20	Provisions	183.7	121.3	147.6
4.21	Other	-	-	-
4.22	**Total current liabilities**	**305.7**	**272.8**	**268.1**
	Non-current liabilities			
4.23	Accounts payable	-	-	-
4.24	Borrowings	1,398.6	1,397.4	1,427.2
4.25	Provisions	577.7	626.7	643.0
4.26	Other	-	-	-
4.27	**Total non-current liabilities**	**1,976.3**	**2,024.1**	**2,070.2**
4.28	**Total liabilities**	**2,282.0**	**2,296.9**	**2,338.3**
4.29	**Net assets**	**2,056.7**	**1,939.2**	**1,920.3**
	Equity			
4.30	Capital	1,562.6	1,555.0	1,555.3
4.31	Reserves	(1.1)	5.9	4.3
4.32	Retained profits	495.2	378.3	360.7
4.33	Equity attributable to members of the parent entity	2,056.7	1,939.2	1,920.3
4.34	Outside equity interests in controlled entities	-	-	-
4.35	**Total equity**	**2,056.7**	**1,939.2**	**1,920.3**
4.36	Preference capital included as part of 4.33	-	-	-

Exploration and development expenditure capitalised in areas in the exploration and development stage

		Current period $A million	Previous corresponding period $A million
5.1	Opening balance	169.3	248.2
5.2	Expenditure incurred during current period: - exploration - development	 18.5 5.9	 79.6 -
5.3	Expenditure written off during current period	(7.6)	(2.9)
5.4	Acquisitions, disposals, revaluation increments, etc.	108.7	(12.4)
5.5	Expenditure transferred to exploration and development in producing areas	(12.8)	(143.2)
5.6	**Closing balance as shown in the consolidated balance sheet** (item 4.11)	**282.0**	**169.3**

Exploration and development expenditure capitalised in areas in which production has commenced

		Current period $A million	Previous corresponding period $A million
6.1	Opening balance	2,074.1	1,891.7
6.2	Expenditure incurred during current period - exploration - development	 59.6 110.9	 101.2 158.1
6.3	Expenditure transferred from exploration and development in non-producing areas	12.8	143.2
6.4	Expenditure written off during current period	-	(2.0)
6.5	Acquisitions, disposals, revaluation increments, etc.	(18.3)	(70.2)
6.6	Expenditure transferred to land and buildings, plant and equipment	-	(12.0)
	Depletion	(163.1)	(135.9)
6.7	**Closing balance as shown in the consolidated balance sheet** (item 4.12)	**2,076.0**	**2,074.1**

Consolidated statement of cash flows

		Current period $A million	Previous corresponding period $A million
	Cash flows related to operating activities		
7.1	Receipts from customers	912.7	759.9
7.2	Payments to suppliers and employees	(249.7)	(218.8)
7.3	Dividends received from associates	11.3	20.0
7.4	Other dividends received	0.7	6.8
7.5	Interest and other items of similar nature received	3.8	4.7
7.6	Interest and other costs of finance paid	(84.2)	(75.3)
7.7	Income taxes paid	(45.0)	(31.5)
7.8	Other		
	- pipeline tariffs and other receipts	13.7	21.5
	- overriding royalties received	12.2	11.0
	- government royalties paid	(45.6)	(40.7)
7.9	**Net operating cash flows**	**529.9**	**457.6**
	Cash flows related to investing activities		
7.10	Payment for		
	- exploration	(95.0)	(188.4)
	- development	(118.4)	(178.2)
	- land and buildings, plant and equipment	(95.1)	(185.0)
	- acquisition of oil and gas assets	(112.5)	(1.7)
	- other investments	-	(25.4)
	- restoration	(2.2)	-
7.11	Proceeds from sale of property, plant and equipment	19.8	7.6
7.12	Payment for purchases of equity investments	(15.3)	(25.5)
7.13	Proceeds from sale of equity investments	-	137.0
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other		
	- proceeds from sale of notes	-	27.2
	- other	0.3	4.1
7.17	**Net investing cash flows**	**(418.4)**	**(428.3)**
	Cash flows related to financing activities		
7.18	Proceeds from issues of securities (shares, options, etc.)	1.9	2.2
7.19	Proceeds from borrowings	18.0	149.7
7.20	Repayment of borrowings	-	-
7.21	Dividends paid	(151.5)	(151.4)
7.22	Other	-	-
7.23	**Net financing cash flows**	**(131.6)**	**0.5**
7.24	**Net increase (decrease) in cash held**	**(20.1)**	**29.8**
7.25	Cash at beginning of period	117.8	109.8
	Cash held by controlled entity sold	-	(22.1)
7.26	Exchange rate adjustments to item 7.25.	0.2	0.3
7.27	**Cash at end of period**	**97.9**	**117.8**

Non-cash financing and investing activities

Not applicable.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current period $A million	Previous corresponding period $A million
8.1	Cash on hand and at bank	97.9	117.8
8.2	Deposits at call	-	-
8.3	Bank overdraft	-	-
8.4	Other (provide details)	-	-
8.5	**Total cash at end of period** (item 7.27)	**97.9**	**117.8**

Ratios		Current period	Previous corresponding period
	Profit before abnormals and tax / sales		
9.1	Consolidated operating profit before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	36.0%	34.7%
	Profit after tax / equity interests		
9.2	Consolidated operating profit after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	15.0%	9.1%

Earnings per security (EPS)		Current period	Previous corresponding period
10.1	Calculation of the following in accordance with *AASB 1027: Earnings per Share*		
	(a) Basic EPS	51.0¢	29.1¢
	(b) Diluted EPS	N/A	N/A
	(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	606.1 million	605.6 million

NTA backing		Current period	Previous corresponding period
11.1	Net tangible asset backing per ordinary security	N/A	N/A

Details of specific receipts/outlays, revenues/ expenses

		Current period $A million	Previous corresponding period $A million
12.1	Interest revenue included in determining item 1.4	3.8	4.7
12.2	Interest revenue included in item 12.1 but not yet received (if material)	0.1	0.1
12.3	Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	74.4	67.3
12.4	Interest costs excluded from item 12.3 and capitalised in asset values	8.0	12.7
12.5	Outlays (except those arising from the acquisition of an existing business) capitalised in intangibles	-	-
12.6	Depreciation and amortisation (excluding amortisation of intangibles)	256.8	225.9

Control gained over entities having material effect

13.1	Name of entity	N/A

		$A million
13.2	Consolidated operating profit and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was acquired	N/A
13.3	Date from which such profit has been calculated	N/A
13.4	Operating profit and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

14.1	Name of entity	N/A
		$A million
14.2	Consolidated operating profit and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	N/A
14.3	Date to which the profit in item 14.2 has been calculated	N/A
14.4	Consolidated operating profit and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
14.5	Contribution to consolidated operating profit and extraordinary items from sale of interest leading to loss of control	N/A

Reports for industry and geographical segments

Santos Ltd and its controlled entities operate predominantly in one industry, namely exploration, development, production, transportation and marketing of hydrocarbons and in one geographical segment, namely Australia. Operations are also conducted in Indonesia, Papua New Guinea and the United States but are not material to the Group results. Revenue is derived from the sale of gas and liquid hydrocarbons and transportation of crude oil.

Dividends

15.1	Date the dividend is payable	28 April 2000
15.2	Record date to determine entitlements to the dividend (ie, on the basis of registrable transfers received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	3 April 2000
15.3	If it is a final dividend, has it been declared?	Yes

Amount per security

			Amount per security	Franked amount per security at 36% tax	Amount per security of foreign source dividend
15.4	**Final dividend:**	Current year	15¢	15¢	Nil
15.5		Previous year	13¢	13¢	Nil
15.6	**Interim dividend:**	Current year	12¢	12¢	Nil
15.7		Previous year	12¢	12¢	Nil

Total dividend per security (interim *plus* final)

		Current year	Previous year
15.8	Ordinary securities	27¢	25¢
15.9	Preference securities	N/A	N/A

Preliminary final report - final dividend on all securities

		Current period $A million	Previous corresponding period $A million
15.10	Ordinary securities	91.0	78.8
15.11	Preference securities	-	-
15.12	**Total**	**91.0**	**78.8**

The dividend or distribution plans shown below are in operation.

The Santos Dividend Reinvestment Plan has been suspended until further notice.

The last date(s) for receipt of election notices for the dividend or distribution plans	N/A

Any other disclosures in relation to dividends

None

Details of aggregate share of profits of associates

	Entity's share of associates	Current period $A million	Previous corresponding period * $A million
16.1	Operating profit before income tax	9.2	26.9
16.2	Income tax expense	(6.7)	(14.6)
16.3	Operating profit after income tax	2.5	12.3
16.4	Extraordinary items net of tax	-	-
16.5	Net profit	2.5	12.3
16.6	Outside equity interests	-	-
16.7	Net profit attributable to members	2.5	12.3

* Equity accounting was adopted on 1 January 1999. The comparative amounts have been provided for information purposes only.

Material interests in entities which are not controlled entities

	Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to operating profit and extraordinary items after tax (item 1.14)	
		Current period	Previous corresponding period	Current period $A million	Previous corresponding period * $A million
17.1	**Equity accounted associates**				
	QCT Resources Limited	36.4	36.4	2.5	12.3
17.2	Total			2.5	12.3
17.3	**Other material interests**	-	-	-	-
17.4	Total			2.5	12.3

* Equity accounting was adopted on 1 January 1999. The comparative amounts have been provided for information purposes only.

Issued and quoted securities at end of current period

	Category of securities	Total number	Number quoted	Issue price per security $	Amount paid up per security $
18.1	**Preference securities**	Nil	N/A	N/A	N/A
18.2	Changes during current period	Nil	N/A	N/A	N/A
18.3	**Ordinary securities**				
	Ordinary shares	606,340,553	606,274,853	N/A	N/A
	Ordinary shares – Executive Share Plan	1,845,750	-	*	0.01
18.4	Changes during current period				
	(a) Increases through issues	55,100	-	4.41	4.41
		10,600	-	4.38	4.38
		281,808	281,808	4.85	4.85
	(b) Decreases through returns of capital, buybacks	-	-	N/A	N/A
	(c) Converted from Santos Executive Share Plan	21,000	21,000	2.47	2.47
		3,500	3,500	2.48	2.48
		5,000	5,000	2.65	2.65
		35,500	35,500	3.70	3.70
		14,000	14,000	3.72	3.72
		5,000	5,000	3.97	3.97
	(d) Quotation of employee Share Purchase Plan Shares	-	124,600	4.01	4.01
		-	71,800	5.30	5.30
18.5	**Convertible debt securities**	Nil	N/A	N/A	N/A
18.6	Changes during current period	Nil	N/A	N/A	N/A
18.7	**Options** (Santos Executive Share Option Plan)			*Exercise price ($)*	*Expiry date*
		5,000,000	-	6.32	24/07/2002
		3,150,000	-	5.59	30/04/2003
		2,775,000	-	4.84	15/06/2003
		2,925,000	-	5.12	14/06/2004
18.8	Issued during current period	2,925,000	N/A	5.12	14/06/2004
18.9	Exercised during current period	Nil	N/A	N/A	N/A
18.10	Expired during current period	100,000	N/A	6.32	24/07/2002
		50,000	N/A	4.84	15/06/2003
18.11	**Debentures**	Nil	N/A		
18.12	**Unsecured notes**	Nil	N/A		

* Balance to be called up is not quantified and will depend upon the event giving rise to the call.

Taxation

	Current period $A million	Previous corresponding period $A million
The prima facie income tax on operating profit before abnormal items differs from income tax and is calculated as follows:		
Prima facie income tax expense at 36%	122.3	96.2
Tax effect of permanent differences which increase/(decrease) income tax expense:		
Non-deductible depreciation & amortisation of buildings, plant & equipment	2.4	2.7
Non-deductible depletion of exploration and development expenditure	9.4	9.0
Write-down of exploration expenditure	2.7	1.8
Amortisation of goodwill	3.2	3.2
Non-deductible (assessable) items	(7.8)	(1.6)
Rebate on dividend Income	(0.4)	(8.4)
Research and development allowances	(6.3)	(10.5)
Net effect of permanent differences	3.2	(3.8)
Income tax expense adjusted for permanent differences	125.5	92.4
Recognition of tax benefits previously not recognised	(4.1)	-
Income tax under/(over) provided in prior years	(1.0)	(1.4)
Income tax attributable to operating profit before abnormal items	120.4	91.0
Abnormal income tax item		
Restatement of net deferred income tax due to change in future income tax rates	(89.9)	-
Income tax attributable to operating profit after abnormal items	30.5	91.0

Comments by directors

Basis of accounts preparation

Material factors affecting the revenues and expenses of the economic entity for the current period

Refer to attached commentary

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Santos Ltd has $61.1 million of franking credits available for future distribution, of franked dividends, after adjusting for franking credits which will arise from the payment of current income tax provision at 31 December 1999 and after deducting franking credits to be used in the payment of the 1999 final dividend.

Changes in accounting policies since the last annual report are disclosed as follows.

Accounting for Investments in Associates

The Directors have adopted AASB 1016 "Accounting for Investments in Associates" effective from 1 January 1999. Accordingly, the consolidated entity has applied the equity method of accounting for investments in associates for the first time. The equity method requires the carrying amount of investments in associated companies to be adjusted by the consolidated entity's share of the associates' net profit or loss after tax, amortisation of goodwill and other movements in reserves. These amounts are recognised in the consolidated profit and loss statement and consolidated reserves respectively. In previous years, the consolidated entity accounted for investments in associates using the cost method. The Company continues to use the cost method.

The consolidated carrying value of the investment in associated company and retained earnings as at the beginning of the year were decreased by $28.5 million on initial application of the standard.

The change in accounting policy has resulted in a decrease of $8.8 million in consolidated profit after tax for the period ended 31 December 1999 and a decrease of $8.8 million in the carrying value of investments in associated company for the period ended 31 December 1999.

Annual meeting

The annual meeting will be held as follows:

Place	The Auditorium at The Adelaide Town Hall Function Centre, 128 King William Street, Adelaide, South Australia
Date	5 May 2000
Time	11.00 am
Approximate date the annual report will be available	30 March 2000

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX.

Identify other standards used	Nil

2 This report, and the financial statements prepared under the Corporations Law (if separate), 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 financial statements to which one of the following applies.

- [x] The financial statements have been audited.
- [ ] The financial statements have been subject to review.
- [ ] The financial statements are in the process of being audited or subject to review.
- [ ] The financial statements have *not* yet been audited or reviewed.

5 The auditors' report is attached

6 The entity has a formally constituted audit committee.

Sign here: .... Date: ....
M G Roberts
Company Secretary

Phone: (08) 8218 5111