

News Release

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INCREASE IN SANTOS INTERIM PROFIT

Santos today announced an after tax operating profit for the 1997 first half of \$102.3 million, an increase of 15.5% on the 1996 first half result of \$88.6 million.

The improved profit performance was primarily the result of increased production and higher product prices.

Managing Director, Mr Ross Adler, said that Santos' profit increase continued the positive trend in the company's overall performance.

Earnings per share increased by 13.8% from 16.0 cents to 18.2 cents.

Directors declared an increased interim dividend of 12.0 cents per share, fully franked, up from 11.0 cents per share, fully franked, in 1996. The dividend will be paid on 19 November 1997 to shareholders registered in the books of the company at the close of business on 24 October 1997.

The company's exploration spending of \$77.1 million (\$49.3 million in the 1996 first half) yielded an overall success rate of 64%.

Development expenditure increased substantially by 71.9% to \$192.5 million, reflecting the large range of projects currently in progress.

Highlights of the first half include:-

- The acquisition of petroleum interests which provide the company with additional producing interests and further exploration acreage offshore Western Australia and in the Northern Territory and the Bass Basin.
- Delivery of first gas from South West Queensland to Brisbane.

- Announcement by AGL of the first contract for sales of Cooper Basin gas to Victoria.
- Discovery of six new fields in the Cooper/Eromanga Basins in South Australia and South West Queensland.
- Two discoveries in Offshore Australia in the Zone of Cooperation.
- Substantial progress on the development of the Stag and Elang oil fields Offshore Australia and the SE Gobe oil field in Papua New Guinea, all for first production in 1998.
- In the United Kingdom, announcement of the development of the Banff oil field in the Central North Sea.
- In the United States, eight discoveries and award of interests in 9 exploration blocks in the Central Gulf of Mexico in the annual lease sale.
- In Indonesia, award of a 61.1% interest in the Korinci-Baru Production Sharing Contract in central Sumatra in Indonesia.
- A successful rights issue which raised \$270 million before costs to assist in funding the company's major expansion programme.

Commenting on the outlook for the remainder of 1997, Mr Adler said:-

“The company will strive to maintain its sound exploration performance and to ensure that the range of current development projects are completed on schedule”.

“Subject to unforeseen circumstances, it is anticipated for the full year that production and sales volumes and earnings will moderately exceed 1996 levels.”

For clarification contact:-

Mr N R. Adler - Managing Director, on 08 8218 5908.

Dr Graeme Bethune - General Manager Finance & Investor Relations, on 08 8218 5157 or 0419 828 617.

Financial Summary

	Half Year Ended 30.6.97	Half Year Ended 30.6.96	% Increase (Decrease)
Profit and Dividend (<i>\$ million</i>)			
Sales Revenue	376.2	335.4	12.2
Total Revenue	428.5	375.5	14.1
Depreciation, depletion and amortisation (plant & equip)	101.2	100.5	0.7
Earnings before interest, tax and foreign exchange	183.0	150.5	21.6
Foreign exchange gains/(losses)	3.2	22.2	(85.6)
Earnings before interest and tax	186.2	172.7	7.8
Net interest expense	(24.9)	(20.7)	20.3
Operating profit before tax	161.3	152.0	6.1
Tax on operating profit	(59.0)	(63.4)	(6.9)
Operating profit after tax	102.3	88.6	15.5
Earnings per share (<i>cents</i>)	18.2	16.0	13.8
Dividends per share (<i>cents fully franked</i>)	12.0	11.0	9.1
CASH FLOW (<i>\$ million</i>)			
Net operating cash flow after tax	197.0	198.0	(0.5)
- per share (<i>cents</i>)	35.1	35.8	(2.0)
BALANCE SHEET (<i>\$ million</i>)			
Total shareholders' equity	1886.1	1547.0	21.9
Total assets	3771.8	3239.3	16.4
Net debt	998.2	845.8	18.0
RATIOS			
Net debt/equity (%)	52.9	54.7	
Return on average shareholders' equity (annualised) (%)	12.4	11.6	

SANTOS 1997 FIRST HALF YEAR RESULTS

1. PROFIT

Sales Volume

Sales volume increased from 18.0 million barrels of oil equivalent (mmboe) to 19.8 mmboe, due primarily to higher gas and ethane sales (1.9 mmboe). The interest in East Spar contributed 0.7 mmboe to sales volumes.

Sales Revenue

Sales revenue increased by 12.2% to \$376.2 million. The \$40.8 million increase in revenue is due to an increase in sales volume of 10% and an average price increase of 2%.

Expenses

Operating costs increased by \$1.4 million principally due to the higher costs associated with the interest in East Spar.

Sales of gas to South East Queensland on a delivered basis incurred pipeline tariffs of \$3.7 million which are included in expenses.

Total royalties and Resource Rent Tax paid increased by 18.4% to \$25.7 million due to the increase in sales revenue.

There were no writedowns of exploration expenditure in the 1997 first half. By comparison the 1996 half year results included an exploration expenditure writedown of \$6.2 million before tax which was predominantly related to Malaysian exploration.

Earnings Before Interest, Tax and Foreign Exchange

Earnings before interest, tax and foreign exchange increased by 21.6% to \$183 million.

In the first half of 1996 foreign exchange gains of \$22.2 million before tax (\$14.2 million after tax) were brought to account. At that time the company had no US dollar denominated borrowings designated as a hedge of US dollar sales revenue.

In 1996 the company repaid a significant portion of its US dollar denominated borrowings, which were reduced from USD 333.4 million at the start of the year to USD 170 million at the end of December 1996. Effective 1 January 1997 the remaining US dollar denominated

borrowings have been designated as a hedge of US dollar denominated investments or future sales revenues.

As a result, in accordance with accounting standard AASB 1012 'Foreign Currency Translation', unrealised foreign exchange losses on US dollar denominated borrowings of \$8.9 million (\$5.7 million after tax) were deferred as at 30 June 1997.

The ultimate unrealised gains or losses will be brought to account in the Profit and Loss Account in the years that the specific hedged sales revenues are realised.

Earnings Before Interest and Tax

Earnings before interest and tax were up by 7.8% to \$186.2 million.

The net interest expense was \$24.9 million compared with \$20.7 million in the 1996 first half. This is mainly due to interest on increased debt levels arising from funding of acquisitions and significant capital expenditure programs, offset in part by lower interest rates and higher capitalised interest.

Operating profit before income tax increased by 6.1% to \$161.3 million.

Operating Profit After Tax

A net profit after tax of \$102.3 million was achieved. This represents a 15.5% increase on the profit of \$88.6 million achieved in the 1996 first half.

No abnormal items were recorded in either the 1996 or 1997 first half.

Net profit after tax, before foreign exchange gains or losses, increased by 34.8% from \$74.4 million in the 1996 first half to \$100.3 million in the 1997 first half.

A 12.4% return (annualised net profit after tax) on average shareholders' funds was achieved.

Earnings per share were 18.2 cents, compared with the corresponding result of 16.0 cents in 1996.

2. CASH FLOW

Cash flow from operations decreased marginally from \$198.0 million to \$197.0 million. Higher sales receipts were offset by increased income tax paid in respect of 1996 tax liabilities.

3. BALANCE SHEET

During the 1997 first half year, a one for eight renounceable rights issue raised \$270 million before costs.

Net debt stood at \$998.2 million at 30 June 1997 which was 6.3% higher than at the beginning of the year, due to funding of capital expenditure programs and acquisitions, offset in part by cash flows from operations and additional funds raised from the issue of shares.

At 30 June 1997 the net debt to equity ratio was 52.9% compared with 59.2% at the beginning of 1997.

After providing for the interim dividend of 12 cents per share, shareholders' equity at 30 June 1997 was \$1,886.1 million.

4. BUSINESS DEVELOPMENT

(a) Acquisitions

Cultus Petroleum / Boral Energy

Santos acquired interests in the Amadeus and Bass Basins from Cultus Petroleum and its associated companies, effective 1 December 1996.

Additional interests in the Palm Valley and Dingo fields were also acquired from Boral Energy.

WMC Resources Limited

Santos bought the following interests from WMC Resources Limited (WMC), effective 1 January 1997:-

- 30% interest in the East Spar gas and condensate field in the Carnarvon Basin off the Western Australian coast; and
- Interests in two exploration permits also situated in the Carnarvon Basin.

MIM Holdings Limited

The acquisition of the major petroleum assets of MIM Holdings Limited which was announced in September 1996, became effective on 21 January 1997.

(b) Banff Development Announced

The Banff oil field development project in the Central North Sea received approval in February 1997, following the successful completion of a six-month production assessment. Subsequent to

the completion of the first half, the adjacent Pierce oil field received development approval in August 1997.

(c) Central Gulf of Mexico - Expansion of Interests

In March 1997, Santos USA Corporation was successful in winning interests in 9 exploration blocks in the Central Gulf of Mexico in the annual lease sale.

(d) Korinci-Baru Production Sharing Contract (PSC) Awarded

In May 1997 the company announced that it had been awarded a 61.1% interest in the Korinci-Baru PSC in central Sumatra in Indonesia.

(e) First Gas Sales to Victoria

In June 1997 AGL announced a contract for the first sale of Cooper Basin gas to a Victorian customer. The contract, which is for five petajoules per annum for five years, is to be delivered from New South Wales to Victoria via the Wagga Wagga to Wodonga gas interconnection. First deliveries are expected in 1998.

5. EXPLORATION

During the first half of 1997, Santos participated in the drilling of 44 wells at a total cost of \$77.1 million. A success rate of 64% was recorded.

	Wells Drilled		Successful Wells		Success Rate
	Gas	Oil	Gas	Oil	
South Australia & Victoria	14	4	10	1	61%
Queensland & Northern Territory	10	1	6	1	64%
Offshore Australia	1	2	1	1	67%
South East Asia	0	0	0	0	-
Americas & Europe	11	1	8	0	67%
TOTAL	36	8	25	3	64%

Highlights of the first half exploration programme included:-

South Australia and Queensland

- Six new fields were discovered in the Cooper/Eromanga Basins.

South Australia

- Tarragon 1 (oil)
- Merindal 1 (gas)
- Goyder 2 (gas)
- Nephrite South 1 (gas)

South West Queensland

- Ghina 1 (gas)
- Ashby North 1 (gas)

- Merrimelia 37, located in the South Australian part of the Cooper Basin, was a new pool gas discovery.
- Subsequent to the completion of the first half, three additional gas fields were discovered from wells spudded in the first half - Dorrodillo 1 (South Australia) and Beeree 1 and Kappa 1 (South West Queensland).

Offshore Australia

- Kakatua North 1A located in ZOCA 91-12 in the Timor Gap was plugged and suspended for future tie-in to the Elang/Kakatua oil field development.
- Hingkip 1 which is also located in ZOCA 91-12 was cased and suspended as a future gas producer.

6. DEVELOPMENT

Expenditure on development in the first half of 1997 was \$192.5 million, compared with \$112.0 million for the corresponding period in 1996.

Principal development projects initiated during the period included 17 gas development wells, 19 oil development wells and 33 projects to either connect suspended wells or upgrade performance of wells already on line. Major development activity included work on the upgrading of the Ballera Gas Plant in South West Queensland for supply of gas to Brisbane and on development of the Stag, Elang and SE Gobe oil fields.

7. OUTLOOK

Exploration

There will be a significant increase in drilling activity in the second half of 1997. The company expects to participate in the drilling of 75 exploration wells.

	Wells to be Drilled		Total
	Gas	Oil	
Onshore Australia			
South Australia	14	2	16
South West Queensland	25	3	28
Surat/Denison	4	0	4
Offshore Australia	1	7	8
SE Asia	1	2	3
US & UK	15	1	16
Total	60	15	75 *

*Note 8 wells which were spudded in the first half, but had not completed drilling, are excluded from these numbers. These numbers are also excluded from the first half results.

Forty eight wells will be drilled onshore Australia, primarily in the Cooper Basin as part of the accelerated exploration program.

The following table provides the indicative drilling program for major wells in Offshore Australia, Papua New Guinea, Indonesia and the Gulf of Mexico.

Well	Basin	Permit	Interest %	Timing	Target
Layang-1	ZOCA	ZOCA-91-12	21.4	Drilled	Oil
Kau 1	Irian Jaya	Warim PSC	20.0	Drilling	Oil
Longhorn	Carnarvon	WA-261-P	52.1	Drilled	Oil
Tern 5	Bonaparte	WA-18-P	70.0	Sep-97	Gas
EI 335 97A	Gulf of Mexico	Eugene	20.0	Sep-97	Oil & Gas
		Island 335			
Jaubert 1 *	Carnarvon	WA-1-P	22.6	Oct-97	Oil
Psepotus	Browse	WA-242-P	20.0	Oct-97	Oil
Mangan	Central	Bentu PSC	61.1	Oct-97	Gas
	Sumatra				
Kariem	Irian Jaya	Warim PSC	20.0	Oct-97	Oil
Fish River	Timor Sea	AC/P-15	33.3	Oct-97	Oil
Kittiwake-1	Timor Sea	WA-199-P	40.9	Nov-97	Oil
EI 143 97A	Gulf of Mexico	Eugene	20.0	Nov-97	Oil
		Island 143			
Banka Banka	Timor Sea	AC/P-15	33.3	Dec-97	Oil

* Previously Legendre 3

Note: The two wells scheduled to be drilled in Irian Jaya follow a farmin to the Warim PSC which was announced in July 1997.

Production and Earnings

Subject to unforeseen circumstances, production and sales volumes and earnings for the full 1997 year are expected to moderately exceed 1996 levels.

Half yearly report

Name of entity

SANTOS LTD

ACN

007 550 923

Half yearly
(tick)

✓

Preliminary final
(tick)

Half year ended ('current period')

30 June 1997

For announcement to the market

				\$Amillion
Sales revenue (<i>item 1.1</i>)	Up	12.2%	to	376.2
Abnormal items <i>after tax</i> attributable to members (<i>item 2.5</i>)				Nil
Operating profit <i>after tax</i> (before amortisation of goodwill) attributable to members (<i>item 1.26</i>)	Up	14.7%	to	106.8
Operating profit <i>after tax</i> attributable to members (<i>item 1.10</i>)	Up	15.5%	to	102.3
Extraordinary items <i>after tax</i> attributable to members (<i>item 1.13</i>)				Nil
Operating profit and extraordinary items <i>after tax</i> attributable to members (<i>item 1.16</i>)	Up	15.5%	to	102.3
Exploration, evaluation and development expenditure incurred:				
- non-producing areas of interest (<i>item 5.2</i>)				28.0
- producing areas of interest (<i>item 6.2</i>)				131.3
Total exploration, evaluation and development expenditure incurred	Up	61.1%	to	159.3
Exploration, evaluation and development expenditure written off:				
- non-producing areas of interest (<i>item 5.3</i>)				Nil
- producing areas of interest (<i>item 6.4</i>)				Nil
Total exploration, evaluation and development expenditure written off	Down	100%	to	Nil

Dividends	Amount per ordinary share	Franked amount per ordinary share at 36% tax
Interim dividend (<i>item 15.6</i>)	12.0¢	12.0¢
Previous corresponding period (<i>item 15.7</i>)	11.0¢	11.0¢

Record date for determining entitlements to the dividend (*see item 15.2*)

24 October 1997

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

(The figures shown are not equity accounted)

		Current period \$Amillion	Previous corresponding period \$Amillion
1.1	Sales revenue	376.2	335.4
1.2	Other revenue	52.3	40.1
1.3	Total revenue	428.5	375.5
1.4	Operating profit before abnormal items and tax	161.3	152.0
1.5	Abnormal items before tax (detail in item 2.4)	-	-
1.6	Operating profit before tax (items 1.4 + 1.5)	161.3	152.0
1.7	Less tax	(59.0)	(63.4)
1.8	Operating profit after tax but before outside equity interests	102.3	88.6
1.9	Less outside equity interests	-	-
1.10	Operating profit after tax attributable to members	102.3	88.6
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)	102.3	88.6
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)	102.3	88.6
1.17	Retained profits at beginning of financial period	283.7	216.8
1.18	Change in accounting policy	-	-
1.19	Aggregate of amounts transferred from reserves	-	-
1.20	Total available for appropriation	386.0	305.4
1.21	Dividends provided for or paid	(72.6)	(59.1)
1.22	Aggregate of amounts transferred to reserves	-	-
1.23	Retained profits at end of financial period	313.4	246.3

Profit restated to exclude amortisation of goodwill

	Current period \$Amillion	Previous corresponding period \$Amillion
1.24 Operating profit after tax before outside equity interests (item 1.8) and before amortisation of goodwill	106.8	93.1
1.25 Less outside equity interests	-	-
1.26 Operating profit after tax (before amortisation of goodwill) attributable to members	106.8	93.1

Intangible, abnormal and extraordinary items

	<i>Consolidated - Current Period</i>			
	Before Tax \$Amillion	Related Tax \$Amillion	Related Outside equity interests \$Amillion	Amount (after tax) attributable to members \$Amillion
2.1 Amortisation of goodwill	4.5	-	-	4.5
2.2 Amortisation of other intangibles	-	-	-	-
2.3 Total amortisation of intangibles	4.5	-	-	4.5
2.4 Abnormal items	-	-	-	-
2.5 Total abnormal items	-	-	-	-
2.6 Extraordinary items	-	-	-	-
2.7 Total extraordinary items	-	-	-	-

Comparison of half year profits

(Preliminary final report only)

	Current year \$Amillion	Previous year \$Amillion
3.1 Consolidated operating profit after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly report)	N/A	N/A
3.2 Consolidated operating profit after tax attributable to members for the 2nd half year	N/A	N/A

Consolidated balance sheet

		At end of current period \$Amillion	As shown in last annual report \$Amillion	As in last half yearly report \$Amillion
	Current assets			
4.1	Cash	74.7	152.0	127.9
4.2	Receivables	123.4	130.4	109.4
4.3	Investments	-	-	-
4.4	Inventories	82.2	72.6	75.6
4.5	Other	-	-	-
4.6	Total current assets	280.3	355.0	312.9
	Non-current assets			
4.7	Receivables	22.1	25.1	21.9
4.8	Investments	390.7	390.7	363.6
4.9	Inventories	-	-	-
4.10	Exploration, evaluation and development expenditure capitalised in non-producing areas of interest	217.5	152.9	263.1
4.11	Exploration, evaluation and development expenditure capitalised in producing areas of interest (net)	1,744.8	1,529.4	1,284.2
4.12	Land and buildings, plant and equipment (net)	1,037.6	913.1	906.9
4.13	Intangibles (net)	67.0	71.6	76.0
4.14	Other	11.8	5.6	10.7
4.15	Total non-current assets	3,491.5	3,088.4	2,926.4
4.16	Total assets	3,771.8	3,443.4	3,239.3
	Current liabilities			
4.17	Accounts payable	115.3	78.0	72.6
4.18	Borrowings	0.4	0.4	0.5
4.19	Provisions	144.3	174.5	130.9
4.20	Other	-	-	-
4.21	Total current liabilities	260.0	252.9	204.0
	Non-current liabilities			
4.22	Accounts payable	-	-	-
4.23	Borrowings	1,072.5	1,090.2	973.2
4.24	Provisions	534.0	508.4	509.9
4.25	Other - deferred income	19.2	5.6	5.2
4.26	Total non-current liabilities	1,625.7	1,604.2	1,488.3
4.27	Total liabilities	1,885.7	1,857.1	1,692.3
4.28	Net assets	1,886.1	1,586.3	1,547.0
	Equity			
4.29	Capital	151.3	134.4	134.3
4.30	Reserves	1,421.4	1,168.2	1,166.4
4.31	Retained profits	313.4	283.7	246.3
4.32	Equity attributable to members of the parent entity	1,886.1	1,586.3	1,547.0
4.33	Outside equity interests in controlled entities	-	-	-
4.34	Total equity	1,886.1	1,586.3	1,547.0
4.35	Preference capital and related premium included as part of 4.32	-	-	-

Exploration, evaluation and development expenditure capitalised in non-producing areas of interest

		Current period \$Amillion	Previous corresponding period \$Amillion
5.1	Opening balance	152.9	172.7
5.2	Expenditure incurred during current period:		
	- exploration and evaluation	23.8	24.7
	- development	4.2	10.6
5.3	Expenditure written off during current period	-	(6.2)
5.4	Acquisitions, disposals, revaluation increments, etc.	36.6	61.3
5.5	Expenditure transferred to exploration, evaluation and development in producing areas of interest	-	-
5.6	Closing balance as shown in the consolidated balance sheet (item 4.10)	217.5	263.1

Exploration, evaluation and development expenditure capitalised in producing areas of interest

		Current period \$Amillion	Previous corresponding period \$Amillion
6.1	Opening balance	1,529.4	1,188.2
6.2	Expenditure incurred during current period:		
	- exploration and evaluation	53.3	24.6
	- development	78.0	39.0
6.3	Expenditure transferred from exploration, evaluation and development in non-producing areas of interest	-	-
6.4	Expenditure written off during current period	-	-
6.5	Acquisitions, disposals, revaluation increments, etc.	138.6	85.0
6.6	Expenditure transferred to other property, plant and equipment	-	-
	Depletion	(54.5)	(52.6)
6.7	Closing balance as shown in the consolidated balance sheet (item 4.11)	1,744.8	1,284.2

Consolidated statement of cash flows

	Current period \$Amillion	Previous corresponding period \$Amillion	
Cash flows related to operating activities			
7.1	Receipts from customers	395.5	361.9
7.2	Payments to suppliers and employees	(105.1)	(107.5)
7.3	Dividends received	13.8	13.5
7.4	Interest and other items of similar nature received	4.0	3.7
7.5	Interest and other costs of finance paid	(40.2)	(33.7)
7.6	Income taxes paid	(66.2)	(42.8)
7.7	Other		
	- pipeline tariffs and other receipts	15.4	20.7
	- overriding royalties received	5.5	4.9
	- government royalties and resource rent tax paid	(25.7)	(22.7)
7.8	Net operating cash flows	197.0	198.0
Cash flows related to investing activities			
7.9	Payment for purchases of property, plant and equipment		
	- exploration and evaluation	(62.6)	(55.8)
	- development	(59.6)	(41.4)
	- land and buildings, plant and equipment	(100.0)	(54.2)
	- acquisitions of oil and gas assets	(194.6)	(5.2)
7.10	Proceeds from sale of property, plant and equipment	12.7	0.5
7.11	Payment for purchases of equity investments	(40.0)	(161.5)
7.12	Proceeds from sale of equity investments	-	-
7.13	Loans to other entities	-	-
7.14	Loans repaid by other entities	-	-
7.15	Other	3.9	-
7.16	Net investing cash flows	(440.2)	(317.6)
Cash flows related to financing activities			
7.17	Proceeds from/(payments for) issues of securities (shares, options, etc.) and agreed conversions	267.0	(0.4)
7.18	Proceeds from borrowings (net)	-	226.0
7.19	Repayment of borrowings (net)	(35.5)	-
7.20	Dividends paid	(69.9)	(64.5)
7.21	Other	-	-
7.22	Net financing cash flows	161.6	161.1
Net increase (decrease) in cash held			
7.23	Cash at beginning of period	152.0	87.8
7.24	Exchange rate adjustments to item 7.23	4.3	(1.4)
7.25	Cash at end of period (see Reconciliation of cash)	74.7	127.9

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 \$Amillion	Previous corresponding period \$Amillion
8.1 Cash on hand and at bank	74.7	127.9
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Other	-	-
8.5 Total cash at end of period (item 7.25)	74.7	127.9

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)	42.9	45.3
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 4.32)	5.4	5.7

Earnings per security (EPS)

	Current period	Previous corresponding period
10.1 Calculation of basic, and fully diluted, EPS in accordance with <i>AASB1027: Earnings per Share</i>		
(a) Basic EPS	18.2¢	16.0¢
(b) Diluted EPS (if materially different from (a))	N/A	N/A

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 \$Amillion	Previous corresponding period \$Amillion
12.1	Interest revenue included in determining item 1.4	3.7	3.4
12.2	Interest revenue included in item 12.1 but not yet received	0.1	0.1
12.3	Interest expense included in item 1.4	28.6	24.1
12.4	Interest costs excluded from item 12.3 and capitalised in asset values	10.8	7.7
12.5	Outlays (except those arising from the acquisition of an existing business) capitalised in intangibles	-	-
12.6	Depreciation and depletion (excluding amortisation of intangibles)	101.2	100.5

Control gained over entities having material effect

13.1	Name of entity (or group of entities)	N/A
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

Nil.

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 the United States and United Kingdom 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	19 November 1997
15.2	Record date to determine entitlements to the dividend (ie, on the basis of registrable transfers received up to 5.00 pm if paper based, or by "End of Day" if a proper SCH transfer)	24 October 1997
15.3	If it is a final dividend, has it been declared?	N/A

Amount per security

		Amount per ordinary share	Franked amount per ordinary share at 36% tax
	<i>(Preliminary final report only)</i>		
15.4	Final Dividend: Current Year	N/A	N/A
15.5	Previous Year	N/A	N/A
	<i>(Half yearly and preliminary final reports)</i>		
15.6	Interim Dividend: Current Year	12¢	12¢
15.7	Previous Year	11¢	11¢

Total dividend per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 Ordinary shares	N/A	N/A
15.9 Preference securities	N/A	N/A

Half yearly report - interim dividend on all securities

	Current period \$Amillion	Previous corresponding period \$Amillion
15.10 Ordinary shares	72.6	59.1
15.11 Preference securities	-	-
15.12 Total	72.6	59.1

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

Not applicable

Any other disclosures in relation to dividends

None.

Equity accounted associated entities and other material interests

	Current period \$Amillion	Previous corresponding period \$Amillion
Investments in Associated Entity		
16.1 Statutory carrying value of investments in associated entity (SCV)	325.7	298.5
16.2 Share of associated entity's retained profits and reserves not included in SCV:		
Retained profits	(21.1)	(8.3)
Reserves	-	-
16.3 Equity carrying value of investments	304.6	290.2

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entity

Name of entity		Percentage of ownership interest (ordinary securities, units etc.) held at end of period		Contribution to operating profit and extraordinary items after tax	
		Current period	Previous corresponding period	Current period \$Amillion	Previous corresponding period \$Amillion
17.1	Equity accounted associated entities				
				Equity accounted	
	QCT Resources Limited	34.9	32.5	1.8	11.0
17.2	Other material interests			Not equity accounted (ie part of item 1.14)	
		N/A	N/A	N/A	N/A

Issued and quoted securities at end of current period

Category of Securities		Number issued	Number quoted	Par value (cents)	Paid-up value (cents)
18.1	Preference securities	Nil	N/A	N/A	N/A
18.2	Issued during current period	Nil	N/A	N/A	N/A
18.3	Ordinary securities				
	Ordinary shares	604,971,766	604,971,766	25	25
	Ordinary shares - Executive Share Plan	2,069,500	-	25	1
18.4	Issued during current period:				
	Ordinary shares	67,463,848	67,463,848	25	25
	Ordinary shares - Executive Share Plan	Nil	Nil	25	1
	Ordinary shares - converted from Executive Share Plan shares	35,000	35,000	25	25
18.5	Convertible debt securities	Nil	N/A	N/A	N/A
18.6	Issued during current period	Nil	N/A	N/A	N/A
18.7	Options	Nil	N/A	Exercise price	Expiry date
				N/A	N/A
18.8	Issued during current period	Nil	N/A	N/A	N/A
18.9	Exercised during current period	Nil	N/A	N/A	N/A
18.10	Expired during current period	Nil	N/A	N/A	N/A
18.11	Debentures	Nil	N/A		
18.12	Unsecured notes	Nil	N/A		

Income Tax

The prima facie income tax on operating profit before abnormal items differs from income tax and is calculated as follows:

	Current period \$Amillion	Previous corresponding period \$Amillion
Prima facie income tax expense at 36%	58.1	54.7
Tax effect of permanent differences which increase/(decrease) income tax expense:		
Amortisation of non-deductible property, plant and equipment	6.9	9.0
Other non-assessable income	(5.0)	(4.2)
Other non-deductible items	1.7	2.8
Net effect of permanent differences	3.6	7.6
Income tax expense adjusted for permanent differences	61.7	62.3
Income tax under/(over) provided in prior years	-	1.1
Recognition of tax benefits previously not recognised	(2.7)	-
Income tax attributable to operating profit after abnormal items	59.0	63.4

Comments by directors

Basis of accounts preparation

As this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB1029: Half Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.

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 \$203.3 million of franking credits at 36% available as at 5 September 1997. After deducting franking credits to be used in the payment of the 1997 interim dividend, \$130.7 million of franking credits will be available for future distribution of franked dividends. Santos Ltd anticipates paying fully franked dividends for at least the next year.

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

Nil.

Comparatives

Where applicable, comparatives have been adjusted to place them on a comparable basis with the current half year figures. The earnings per share amount (item 10.1) disclosed for the half year ended 30 June 1996 has been adjusted for the bonus element pursuant to a 1 for 8 renounceable rights issue of ordinary shares allotted to shareholders on 2 June 1997.

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 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.

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 As this is a half yearly report the audit report by the auditor has been attached to this report to satisfy the requirements of the Corporations Law.

6 The entity has a formally constituted audit committee.

Sign here:Date: 5 September 1997

M G ROBERTS
Company Secretary
Phone: (08) 8218 5111