Santos Ltd
ACN 007 550 923
GPO Box 2455
Adelaide SA 5001
Telephone: 08 8218 5111
Facsimile: 08 8218 5131

Santos

News Release

Issued by Investor Relations

7 September 1998

SANTOS INTERIM PROFIT

Santos today announced an after tax profit for the 1998 first half of $84.2 million, a decrease of 17.7% on the 1997 first half result of $102.3 million.

The result reflects a reduction in the price of crude oil, mitigated by solid operational performance.

Production volumes for the first half of 1998 increased by 5.5% compared with the 1997 first half, reaching a record 21 million barrels of oil equivalent (boe).

Increased production reflected first gas delivery to Mt Isa, commencement of oil production from the SE Gobe and Stag fields and increased condensate production.

Operating costs continued to be tightly controlled.

However the interim profit was adversely affected by a fall of 32.5% in the US dollar price of crude oil and similar falls in the prices of other petroleum liquids.

Directors have maintained the interim dividend of 12.0 cents per share, fully franked, the same as the 1997 interim dividend. The dividend will be paid on 18 November 1998 to shareholders registered in the books of the company at the close of business on 23 October 1998.

Earnings per share were 13.9 cents compared with 18.2 cents in 1997. Net operating cash flow per share was 32.1 cents compared with 35.1 cents in the 1997 first half.

Exploration achieved a 48% success rate during the half, with the highlights being the Cabernet gas discovery in the South Australian Cooper Basin and the Legendre South oil and Caribou gas discoveries in the Carnarvon Basin. The Cabernet field is already on production and development planning for Legendre is underway, with first production possible by 2001.

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

"Santos continued to deliver a solid operational performance during the half but profit was inevitably affected by the adverse oil price movement.

Even after taking account of the depreciation in the Australian dollar, the fall in crude oil prices reduced Santos' revenue by $34 million compared with the 1997 first half.

However growth in production from new projects, the strength of Santos' gas business (which is largely unaffected by oil prices) and tight control over operating costs helped to mitigate this impact.

We have already announced that, based on the operators' present production forecasts for the Stag and Elang/Kakatua oil fields, we expect production and sales volumes for the year to be approximately 10% higher than in 1997. The recent production performance of both fields provides further confidence that this forecast can be achieved or possibly exceeded.

Based on this forecast, and assuming an oil price of US$14.00 per barrel (A$22.50 per barrel) earnings for the 1998 full year are expected to be approximately 12.5% below the record 1997 financial results.

Clearly, the final results for 1998 will depend upon the production volumes and oil prices actually achieved in the second half".

For clarification contact:

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

Financial Summary

	Half Year Ended 30.6.98	Half Year Ended 30.6.97	% Increase (Decrease)
PROFIT AND DIVIDEND *($ million)*			
Sales Revenue	**340.5**	376.2	(9.5)
Proceeds on sale of Santos Europe Ltd	137.0	-	100.0
Total Revenue	**511.4**	424.2	20.6
Depreciation, Depletion & Amortisation	**(113.6)**	(105.7)	7.5
Earnings before interest expense and tax	**154.0**	189.9	(18.9)
Interest expense	**(29.1)**	(28.6)	1.7
Operating profit before tax	**124.9**	161.3	(22.6)
Tax on operating profit	**(40.7)**	(59.0)	(31.0)
Operating profit after tax	**84.2**	102.3	(17.7)
Earnings per share *(cents)*	**13.9**	18.2	(23.6)
Dividends per share *(cents fully franked)*	**12.0**	12.0	-
CASH FLOW *($ million)*			
Net operating cash flow after tax	**194.2**	197.0	(1.4)
- per share *(cents)*	**32.1**	35.1	(8.5)
BALANCE SHEET *($ million)*			
Total shareholders' equity	**1924.3**	1886.1	2.0
Total assets	**4127.5**	3771.8	9.4
Net debt	**1237.2**	998.2	23.9
CAPITAL EXPENDITURE			
Exploration Expenditure	**96.3**	77.1	24.9
Development expenditure (incl. plant & equipment)	**198.7**	192.5	3.2
RATIOS			
Net debt/equity *(%)*	**64.3**	52.9	
Return on average shareholders' equity *(%)* **(annualised)**	**8.8**	12.4	

SANTOS 1998 HALF YEAR RESULTS

1. PROFIT

Sales Volume

Sales volume increased from 19.8 million barrels of oil equivalent (boe) to 20.1 million boe, due primarily to higher gas sales (1.1 mmboe), offset partially by lower sales of crude oil (0.8 mmboe).

Sales Revenue

Sales revenue decreased by 9.5% to $340.5 million, primarily due to lower liquids prices.

Expenses

Operating costs increased by $3.4 million principally due to increased production.

Total royalties decreased by $7.4 million.

Depreciation and depletion increased by 7.8% to $109.1 million, reflecting higher levels of production and increasing offshore production.

Sale of UK Assets

The contract for the sale of Santos Europe Ltd to Petrobras UK Limited was entered into on 11 June 1998. The after tax profit on sale of $7.4 million reflects sale proceeds of $137 million. (Note: The figures quoted in this report incorporate all production, sales, exploration and development activity in respect of the interests of Santos Europe Ltd through to 31 May, 1998).

Earnings Before Interest Expense and Tax

Earnings before interest expense and tax fell by 18.9% to $154.0 million.

Operating profit before income tax decreased by $36.4 million to $124.9 million. The income tax expense on operating profit was $18.3 million lower than in the first half of 1998 principally due to a lower profit before tax and the eligibility of a number of projects for the Development Allowance.

Operating Profit after Tax

A net profit after tax of $84.2 million was achieved. This compares with a result of $102.3 million in the 1997 first half.

No abnormal items were recorded in either the 1997 or 1998 first half.

An 8.8% return (annualised net profit after tax) on average shareholders' funds was achieved.

Earnings per share were 13.9 cents, compared with the corresponding result of 18.2 cents in 1997.

2. CASH FLOW

Cash flow generated from operations decreased marginally from $197.0 million to $194.2 million. Cash flow per share was 32.1 cents compared with 35.1 cents in the 1997 first half.

3. BALANCE SHEET

Net debt stood at $1,237.2 million at 30 June 1998.

The net debt to equity ratio at 30 June 1998 was 64.3% compared with 58.1% at the end of 1997.

After providing for the interim dividend of 12.0 cents per share, shareholders' equity at 30 June 1998 was $1,924.3 million.

4. OTHER BUSINESS DEVELOPMENTS

(a) Commencement of Gas Supplies to Mt Isa

In April 1998 gas sales to Mt Isa commenced under a contract to supply gas to MIM Holdings Limited for generation of power at the Mica Creek Power Station. The gas is being supplied under a 15 year contract which provides for a base supply of 15 petajoules per annum.

(b) Oil Development Projects

SE Gobe

Production from the SE Gobe oil field in Papua New Guinea commenced in April 1998, three months ahead of schedule and below budget. SE Gobe oil represents the company's first production from Papua New Guinea.

The current rate of production is 16,000 barrels of oil per day (bopd). At this stage it is anticipated that scheduled peak production of 25,000 bopd will be reached during the fourth quarter. Technical issues with gas reinjection have resulted in delays to peak production being reached.

Stag

Production from the Stag oil field in the Carnarvon Basin commenced in May 1998. Production of the gas cap associated with this field constrained the initial rate of oil production. Production is currently ranging between 15 - 16,000 bopd.

It is expected that production will remain at this level until planned workovers have been completed, with production anticipated to reach 23,000 bopd during the fourth quarter.

Elang/Kakatua/Kakatua North

Development work continued on the Elang/Kakatua/Kakatua North field (Timor Gap) with oil production commencing subsequent to the completion of the first half. Production has now stabilised at 32,500 barrels of oil per day. During August, actual production exceeded this target on nine occasions.

(c) East Spar Gas Sale Agreement

A further agreement to supply East Spar gas was announced in April 1998. The gas supply contract with Wesfarmers CSBP Limited was the fourth gas sale agreement reached since an additional 30% interest in East Spar was acquired from WMC in 1997.

(d) Acquisition of Gulf Australian Hydrocarbons Limited

The acquisition of Gulf Australian Hydrocarbons Limited from Gulf Australia Resources Limited was announced in March 1998. This included a 1.2% interest in the South West Queensland Gas Project and related interests in Authority to Prospect 259P.

(e) Central Gulf of Mexico - Expansion of Interests

In March 1998, Santos USA Corporation was successful in winning interests in 6 exploration blocks in the Central Gulf of Mexico in the US Offshore Continental Shelf Lease Sale No. 169.

5. EXPLORATION

During the first half of 1998, Santos participated in the drilling of 42 wells at a total cost of $96.3 million. A success rate of 48% was recorded.

	Wells Drilled		Successful Wells		Success Rate
	Gas	**Oil**	**Gas**	**Oil**	**%**
South Australia	13	1	7	0	50
Queensland	7	3	6	1	70
Offshore Australia	3	6	1	1	22
South East Asia	-	1	-	0	0
Americas	8	-	4	-	50
Total	**31**	**11**	**18**	**2**	**48**

Highlights of the first half exploration program included:

- The discovery of 4 gas fields in the Cooper/Eromanga Basins: Curri 1, Challum West 1 and Hera 1 in South West Queensland and Cabernet 1 in South Australia. Cabernet 1 was the largest gas discovery in South Australia since 1994.

- Caribou 1 located in WA-209-P (Carnarvon Basin) identified a 19 metre gas column within the Legendre formation. Subsequent tests of the Legendre formation in Caribou 1 confirmed the column to be the southerly extent of the Reindeer gas field.

- Legendre South 1 located in WA-1-P (Carnarvon Basin) identified a 21 metre oil column.

- Kau 2 located in Irian Jaya (Warim PSC) recovered a small amount of non-commercial oil.

In the second half of 1998 the company expects to participate in the drilling of 46 exploration wells.

	WELLS TO BE DRILLED		
	Gas	**Oil**	**Total**
Onshore Australia			
South Australia	14	0	14
South West Queensland	7	0	7
Surat/Denison	4	0	4
Offshore Australia	1	2	3
SE Asia	0	5	5
USA	10	3	13
Total	**36**	**10**	**46**

The following table provides the indicative second half drilling program for major wells in Offshore Australia, South East Asia and the Gulf of Mexico.

Well	Basin	Permit	Interest %	Timing	Target
Oseil 2	Indonesia	Seram PSC	2.5	C & S	Oil
Mutineer	Carnarvon	WA-191-P	33.4	P & A Oil Discovery	Oil
Springbok	Carnarvon	TP/12	55.0	P & A	Oil
Ewing Bank 994	Gulf of Mexico	EW994	20.0	Drilling	Oil/Gas
Oseil 4	Indonesia	Seram PSC	2.5	Drilling	Oil
John Brookes	Carnarvon	WA-214-P	20.0	Drilling	Gas
Oakura	Taranaki	PEP38712	30.0	October	Oil
Stanley	PNG	PPL 157	80.0*	November	Oil
HI A500 98A	Gulf of Mexico	High Island A500	15.0	November	Gas
EI59	Gulf of Mexico	Eugene Island 59	20.0	December	Gas
Tumuli	PNG	PPL 106	55.0*	December	Oil

C & S = Cased & Suspended
P & A = Plugged & Abandoned
* will reduce contingent on certain farm-out agreements.

6. DEVELOPMENT

Expenditure on development (including plant and equipment) in the first half of 1998 was $198.7 million, compared with $192.5 million for the corresponding period in 1997.

Major development activity included the Stag, Elang/Kakatua/Kakatua North, SE Gobe, Banff and Pierce oil field development projects, the Eugene Island 335 oil and gas development project and development work associated with the supply of gas to South Australia and South East and North West Queensland. Principal field development activity initiated during the period included 18 gas development wells, 16 oil development wells and 29 other field development projects, including compression, connecting suspended wells and upgrading performance of wells already on-line.

Half Yearly Report
(not equity accounted)

Name of entity

SANTOS LTD

ACN or ARBN	Half yearly *(tick)*	Preliminary final *(tick)*	Half year ended ('current period')
007 550 923	✓		30 June 1998

For announcement to the market

$A million

Sales revenue *(item 1.1)*	down	9.5 %	to	340.5
Abnormal items after tax attributable to members *(item 2.5)*				Nil
Operating profit after tax (before amortisation of goodwill) attributable to members *(item 1.26)*	down	17.0 %	to	88.7
Operating profit after tax attributable to members *(item 1.10)*	down	17.7 %	to	84.2
Extraordinary items after tax attributable to members *(item 1.13)*				Nil
Operating profit and extraordinary items after tax attributable to members *(item 1.16)*	down	17.7%	to	84.2
Exploration and development expenditure incurred:				
- non-producing areas *(item 5.2)*				51.0
- producing areas *(item 6.2)*				146.5
Total exploration and development expenditure incurred	up	24%	to	197.5
Exploration and development expenditure written off:				
- non-producing areas *(item 5.3)*				
- producing areas *(item 6.4)*				
Total exploration and development expenditure written off				Nil

Dividends	Amount per ordinary share	Franked amount per ordinary share at 36% tax
Interim dividend *(item15.6)*	12 ¢	12 ¢
Previous corresponding period *(item 15.7)*	12 ¢	12 ¢

Record date for determining entitlements to the dividend *(see item 15.2)*	23 October 1998

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

(The figures are not equity accounted)

		Current period - $A million	Previous corresponding period - $A million
1.1	Sales revenue	340.5	376.2
	Proceeds from sale of controlled entity	137.0	-
	Other revenue	33.9	48.0
1.2	Total other revenue	170.9	48.0
1.3	**Total revenue**	**511.4**	**424.2**
1.4	**Operating profit before abnormal items and tax**	**124.9**	**161.3**
1.5	Abnormal items before tax (detail in item 2.4)	-	-
1.6	Operating profit before tax (items 1.4 + 1.5)	124.9	161.3
1.7	Less tax	(40.7)	(59.0)
1.8	Operating profit after tax but before outside equity interests	84.2	102.3
1.9	Less outside equity interests	-	-
1.10	**Operating profit after tax attributable to members**	**84.2**	**102.3**
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)	**84.2**	**102.3**
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)	84.2	102.3
1.17	Retained profits at beginning of financial period	338.6	283.7
1.18	Change in accounting policy	-	-
1.19	Aggregate of amounts transferred from reserves	-	-
1.20	Total available for appropriation	422.8	386.0
1.21	Dividends provided for or paid	(72.7)	(72.6)
1.22	Aggregate of amounts transferred to reserves	-	-
1.23	**Retained profits at end of financial period**	**350.1**	**313.4**

Where applicable, comparatives have been adjusted to place them on a comparable basis with current year figures.

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	88.7	106.8
1.25	Less outside equity interests	-	-
1.26	Operating profit after tax (before amortisation of goodwill) attributable to members	88.7	106.8

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	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		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)	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 $A million	As shown in last annual report $A million	As in last half yearly report $A million
	Current assets			
4.1	Cash	90.3	109.8	74.7
4.2	Receivables	105.7	119.6	123.4
4.3	Investments	-	-	-
4.4	Inventories	86.3	74.8	82.2
4.5	Other	-	-	-
4.6	**Total current assets**	**282.3**	**304.2**	**280.3**
	Non-current assets			
4.7	Receivables	-	-	-
4.8	Investments	403.4	389.7	389.7
4.9	Inventories	-	-	-
4.10	Exploration and development expenditure capitalised in non-producing areas	143.6	248.2	217.5
4.11	Exploration and development expenditure capitalised in producing areas (net)	2,030.5	1,891.7	1,744.8
4.12	Land and buildings, plant and equipment (net)	1,149.8	1,084.4	1,038.6
4.13	Intangibles (net)	58.0	62.6	67.0
4.14	Other	59.9	55.4	33.9
4.15	**Total non-current assets**	**3,845.2**	**3,732.0**	**3,491.5**
4.16	**Total assets**	**4,127.5**	**4,036.2**	**3,771.8**
	Current liabilities			
4.17	Accounts payable	181.8	183.5	134.5
4.18	Borrowings	0.4	3.7	0.4
4.19	Provisions	109.7	144.8	139.8
4.20	Other	-	-	-
4.21	**Total current liabilities**	**291.9**	**332.0**	**274.7**
	Non-current liabilities			
4.22	Accounts payable	-	-	-
4.23	Borrowings	1,327.1	1,220.3	1,072.5
4.24	Provisions	584.2	564.9	538.5
4.25	Other	-	-	-
4.26	**Total non-current liabilities**	**1,911.3**	**1,785.2**	**1,611.0**
4.27	**Total liabilities**	**2,203.2**	**2,117.2**	**1,885.7**
4.28	**Net assets**	**1,924.3**	**1,919.0**	**1,886.1**
	Equity			
4.29	Capital	151.4	151.4	151.3
4.30	Reserves	1,422.8	1,429.0	1,421.4
4.31	Retained profits	350.1	338.6	313.4
4.32	Equity attributable to members of the parent entity	1,924.3	1,919.0	1,886.1
4.33	Outside equity interests in controlled entities	-	-	-
4.34	**Total equity**	**1,924.3**	**1,919.0**	**1,886.1**
4.35	Preference capital and related premium included as part of 4.32	**-**	**-**	**-**

Where applicable, comparatives have been adjusted to place them on a comparable basis with current year figures.

Exploration and development expenditure capitalised in non-producing areas

		Current period $A million	Previous corresponding period- $A million
5.1	Opening balance	248.2	152.9
5.2	Expenditure incurred during current period: - exploration - development	 51.0 -	 23.8 4.2
5.3	Expenditure written off during current period	-	-
5.4	Acquisitions, disposals, revaluation increments, etc.	(12.4)	36.6
5.5	Expenditure transferred to exploration and development in producing areas	(143.2)	-
5.6	**Closing balance as shown in the consolidated balance sheet** (item 4.10)	**143.6**	**217.5**

Exploration and development expenditure capitalised in producing areas

		Current period $A million	Previous corresponding period- $A million
6.1	Opening balance	1,891.7	1,529.4
6.2	Expenditure incurred during current period - exploration - development	 45.3 101.2	 53.3 78.0
6.3	Expenditure transferred from exploration and development in non-producing areas	143.2	-
6.4	Expenditure written off during current period	-	-
6.5	Acquisitions, disposals, revaluation increments, etc.	(75.8)	138.6
6.6	Expenditure transferred to land and buildings, plant and equipment	(12.0)	-
	Depletion	(63.1)	(54.5)
6.7	**Closing balance as shown in the consolidated balance sheet** (item 4.11)	**2,030.5**	**1,744.8**

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	350.3	395.5
7.2	Payments to suppliers and employees	(99.2)	(105.1)
7.3	Dividends received	14.9	13.8
7.4	Interest and other items of similar nature received	2.3	4.0
7.5	Interest and other costs of finance paid	(40.8)	(40.2)
7.6	Income taxes paid	(31.0)	(66.2)
7.7	Other: pipeline tariffs and other receipts	13.1	15.4
	overriding royalties received	4.8	5.5
	government royalties & resource rent tax paid	(20.2)	(25.7)
7.8	**Net operating cash flows**	**194.2**	**197.0**
	Cash flows related to investing activities		
7.9	Payment for		
	- exploration	(101.0)	(62.6)
	- development	(97.3)	(59.6)
	- land and buildings, plant & equipment	(93.6)	(100.0)
	- acquisition of oil and gas assets	-	(194.6)
	- restoration	(4.4)	-
7.10	Proceeds from sale of property, plant and equipment	2.9	12.7
7.11	Payment for purchases of equity investments	(39.1)	(40.0)
7.12	Proceeds from sale of equity investments	137.0	-
7.13	Loans to other entities	-	-
7.14	Loans repaid by other entities	-	-
7.15	Other	2.0	3.9
7.16	**Net investing cash flows**	**(193.5)**	**(440.2)**
	Cash flows related to financing activities		
7.17	Proceeds from issues of securities (shares, options, etc.)	0.4	267.0
7.18	Proceeds from borrowings	79.6	-
7.19	Repayment of borrowings	-	(35.5)
7.20	Dividends paid	(78.7)	(69.9)
7.21	Other	-	-
7.22	**Net financing cash flows**	**1.3**	**161.6**
7.23	**Net increase(decrease) in cash held**	2.0	(81.6)
7.24	Cash at beginning of period	109.8	152.0
	Cash held by controlled entity sold	(22.1)	-
7.25	Exchange rate adjustments to item 7.24.	0.6	4.3
7.26	**Cash at end of period**	**90.3**	**74.7**

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	90.3	74.7
8.2	Deposits at call	-	-
8.3	Bank overdraft	-	-
8.4	Other	-	-
8.5	**Total cash at end of period** (item 7.26)	**90.3**	**74.7**

Ratios		Current period %	Previous corresponding period %
9.1	**Profit before abnormals and tax / sales** Consolidated operating profit before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	36.7	42.9
9.2	**Profit after tax / equity interests** 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)	4.4	5.4

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	13.9 ¢	18.2 ¢
	(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	605,435,550	561,832,203

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	2.2	3.7
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	29.1	28.6
12.4	Interest costs excluded from item 12.3 and capitalised in asset values	10.4	10.8
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)	109.1	101.2

Control gained over entities having material effect

Not applicable

Loss of control of entities having material effect

14.1	Name of entity	Santos Europe Ltd

		$A Million
14.2	Consolidated operating profit and extraordinary items after tax of the entity for the current period to the date of loss of control	2.4
14.3	Date to which the profit in item 14.2 has been calculated.	31 May 1998
14.4	Consolidated operating profit and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period.	0.6
14.5	Contribution to consolidated operating profit and extraordinary items from sale of interest leading to loss of control	7.4

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, Indonesia and Papua New Guinea 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	18 November 1998
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)	23 October 1998
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
15.4	**Final dividend:** Current year	N/A ¢	N/A ¢
15.5	Previous year	N/A ¢	N/A ¢
15.6	**Interim dividend:** Current year	12 ¢	12 ¢
15.7	Previous year	12 ¢	12 ¢

Total dividend per security (interim *plus* final)

	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 $A million	Previous corresponding period - $A million
15.10 Ordinary shares	72.7	72.6
15.11 Preference securities	-	-
15.12 **Total**	**72.7**	**72.6**

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 plans	N/A

Any other disclosures in relation to dividends

None

Equity accounted associated entities and other material interests

Investments in associated entities		Current period $A million	Previous corresponding period- $A million
16.1	Statutory carrying value of investments in associated entities (SCV)	341.3	325.7
16.2	Share of associated entities' retained profits and reserves not included in SCV:		
	Retained profits	(23.7)	(21.1)
	Reserves	-	-
16.3	**Equity carrying value of investments**	**317.6**	**304.6**

Material interests in entities which are not controlled entities

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

Name of entity	Percentage of ownership interest (ordinary securities, units etc) held at end of period		Contribution to operating profit (loss) and extraordinary items after tax	
17.1 **Equity accounted associated entities**	Current period	Previous corresponding period	Current period - $A million	Previous corresponding period - $A million
			Equity accounted	
QCT Resources Ltd	35.9	34.9	7.5	1.8
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 Ordinary shares - Executive Share Plan	605,471,825 1,929,750	605,122,992 -	25 25	25 1
18.4	Issued during current period Ordinary Shares	71,800	-	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**			*Exercise price ($)*	*Expiry date*
18.8	Issued during current period	3,150,000 2,825,000	Nil Nil	5.59 4.84	30/4/2003 15/6/2003
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		

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%	45.0	58.1
Tax effect of permanent differences which increase/(decrease) income tax expense:		
Non-deductible depreciation & amortisation of buildings, plant & equipment	2.3	2.3
Non-deductible depletion of exploration and development expenditure	4.3	3.0
Amortisation of goodwill	1.6	1.6
Non-assessable income	(7.9)	(5.0)
Other non-deductible items	-	1.7
Development allowances	(4.6)	-
Net effect of permanent differences	(4.3)	3.6
Income tax expense adjusted for permanent differences	40.7	61.7
Recognition of tax benefits previously not recognised	-	(2.7)
Income tax attributable to operating profit after abnormal items	40.7	59.0

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 $102.2 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 30 June 1998 and after deducting franking credits to be used in the payment of the 1998 interim dividend.

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 year figures.

Annual meeting

The annual meeting will be held as follows:

Place	N/A
Date	N/A
Time	N/A
Approximate date the annual report will be available	N/A

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.

☐ The financial statements have been audited.

☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).

☐ 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: 7 September 1998

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