

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

	Consolidated		Santos Ltd	
	2004	2003	2004	2003
	\$million	\$million	\$million	\$million
2. Revenue from Ordinary Activities				
Product sales:				
Gas and ethane	680.1	720.8	294.6	306.1
Crude oil	501.8	477.7	198.5	175.7
Condensate and naphtha	228.5	150.0	44.2	63.8
Liquefied petroleum gas	90.5	116.5	31.5	70.7
	1,500.9	1,465.0	568.8	616.3
Other:				
Overriding royalties	14.3	13.3	18.7	18.4
Equipment rentals, pipeline tariffs and other	19.0	7.6	6.6	3.9
Interest revenue:				
Controlled entities	–	–	42.8	35.5
Other entities	3.5	2.5	2.3	1.4
Dividends from other entities	–	0.4	–	0.4
Dividends from controlled entities	–	–	251.7	–
Insurance recovery	116.6	–	73.8	–
Proceeds from sale of non-current assets	98.9	108.0	462.1	62.7
Proceeds from sale of controlled entities	–	22.6	–	3.9
	252.3	154.4	858.0	126.2
3. Expenses from Ordinary Activities				
Cost of sales:				
Production costs	308.5	263.6	113.8	95.2
Pipeline tariffs and tolls	32.6	33.3	7.4	3.2
Royalty, excise and PRRT	154.0	131.4	73.1	41.6
Depreciation, depletion and amortisation	536.4	528.8	209.2	194.7
Third party gas purchases	14.9	5.4	12.2	12.4
	1,046.4	962.5	415.7	347.1
Decrease/(increase) in product stock	3.4	11.9	(1.2)	9.5
	1,049.8	974.4	414.5	356.6
Other:				
Selling, general and administrative expenses:				
Operating expenses	57.1	41.6	50.3	34.1
Depreciation and amortisation	3.3	2.8	1.7	1.1
Write-down of investment in controlled entities	–	–	–	40.8
Write-down of investment in listed shares	–	4.4	–	4.4
	60.4	48.8	52.0	80.4
Book value of non-current assets sold	46.5	52.9	164.4	16.9
Book value of controlled entities sold	–	18.1	–	4.9
Write-down of exploration and development expenditure	22.1	59.7	4.6	6.1
	129.0	179.5	221.0	108.3
4. Borrowing Costs				
Interest expense:				
Controlled entities	–	–	90.7	83.6
Other entities	65.7	57.2	0.4	0.4
Less interest capitalised	(32.1)	(22.6)	–	–
	33.6	34.6	91.1	84.0