

	Consolidated		Santos Ltd	
	2004	2003	2004	2003
	\$million	\$million	\$million	\$million
<b>5. Profit from Ordinary Activities</b>				
<b>(a) Profit from ordinary activities before tax includes the following items</b>				
Depreciation, depletion and amortisation:				
Depletion of exploration and development expenditure	344.3	333.8	116.5	119.7
Depreciation of plant and equipment	169.1	168.7	85.8	69.1
Depreciation of buildings	2.0	3.3	1.0	1.8
Future restoration costs	19.8	16.8	7.6	5.2
Amortisation of goodwill	4.5	9.0	–	–
	539.7	531.6	210.9	195.8
Charges to provisions:				
Doubtful debts	(0.6)	0.2	(0.2)	0.1
Stock obsolescence	6.4	1.0	3.1	0.2
Employee entitlements and non-executive Directors' retirement benefits	(0.3)	6.7	(0.3)	6.2
Operating lease rentals	42.2	45.6	21.4	22.5
Profit on disposal of non-current assets	(52.4)	(55.1)	(297.7)	(45.8)
(Profit)/loss on disposal of controlled entities	–	(4.5)	–	1.0
<b>(b) Individually significant expenses/(gains) included in profit from ordinary activities before income tax</b>				
Insurance recovery	(116.6)	–	(73.8)	–
Costs associated with Moomba liquids recovery plant fire included in cost of sales	17.5	–	11.9	–
Profit on sale of oil and gas assets	(43.9)	–	(298.4)	–
Write-down of exploration and development expenditure	22.1	59.7	4.6	6.1
Organisation restructure costs included in selling, general and administrative expenses	21.6	–	21.6	–
Accelerated depreciation – Heytesbury plant	–	20.2	–	–
Profit on sale of investment in listed shares	–	(45.8)	–	(45.8)
<b>6. Taxation</b>				
<b>Income tax attributable to profit from ordinary activities</b>				
The prima facie income tax attributable to profit from ordinary activities differs from income tax expense and is calculated as follows:				
Prima facie income tax at 30% (2003: 30%)	162.2	129.3	210.1	58.1
Tax effect of permanent and other differences which increase/(decrease) income tax expense:				
Non-deductible depletion, depreciation and amortisation	17.9	18.9	2.4	2.5
Write-down of investment in controlled entities	–	–	–	12.2
Other	0.8	10.7	6.2	(14.5)
<b>Impact of the tax consolidation system</b>				
Income tax expense allocated to wholly-owned controlled entities under tax funding agreement	–	–	(64.0)	(131.1)
Income tax expense relating to transactions, events and balances of wholly-owned controlled entities in the tax-consolidated group	–	–	60.5	138.5
Transactions within the tax-consolidated group:				
Dividends from controlled entities	–	–	(75.5)	–
Non-deductible interest	–	–	14.2	–
Profit on sale of oil and gas assets	–	–	(76.8)	–
Tax benefit arising from reduced deferred tax balances upon entering into Australian tax consolidation regime	(20.0)	(55.0)	(20.0)	(55.0)
	160.9	103.9	57.1	10.7
Income tax comprises amounts set aside to:				
Provision for current income tax	143.1	144.7	120.9	126.1
Deferred tax liability	24.6	(16.5)	0.2	15.7
Deferred tax asset	(1.6)	12.8	–	–
Foreign currency translation reserve	(5.2)	(37.1)	–	–
Tax related receivable from wholly-owned controlled entities	–	–	(64.0)	(131.1)
	160.9	103.9	57.1	10.7