



**Origin Energy Limited
and its Controlled Entities**

ABN 30 000 051 696

Appendix 4D

31 December 2004

APPENDIX 4D

				A\$'000
Results for announcement to the market:				
Revenues from ordinary activities	up	24.2%	to	2,291,839
Profit from ordinary activities after tax attributable to members	up	21.1%	to	152,061
Net profit for the period attributable to members	up	21.1%	to	152,061
Earnings per share - basic	up	17.8%	to	22.6¢
Earnings per share - diluted	up	17.5%	to	22.5¢
Dividends	Amount per security		Franked amount per security at 30% tax	
Interim dividend declared	7 cents		7 cents	
Previous corresponding period	6 cents		6 cents	
Record date for determining entitlements to the dividend:			2 March 2005	
Brief explanation of any of the figures reported above or other item(s) of importance not previously released to the market:				
Refer to the Directors' Report included in the half year financial report for explanations.				
Discussion and Analysis of the results for the half year ended 31 December 2004:				
Refer to the Directors' Report included in the half year financial report for commentary.				



Origin Energy Limited and its Controlled Entities
ABN 30 000 051 696

HALF YEAR FINANCIAL REPORT
31 December 2004

DIRECTORS' REPORT

Origin Energy Limited and its Controlled Entities

STATEMENT OF FINANCIAL PERFORMANCE

Origin Energy Limited and its Controlled Entities

for half year ended 31 December	Note	Consolidated	
		2004	2003
		\$'000	\$'000
Revenue from ordinary activities	3(a)	2,291,839	1,845,755
Expenses from ordinary activities excluding borrowing costs	3(b)	(1,990,942)	(1,654,384)
Borrowing costs		(56,855)	(25,350)
Share of net profits of associates and joint venture entities accounted for using the equity method	8	7,290	15,882
Profit from ordinary activities before related income tax expense		251,332	181,903
Income tax expense relating to ordinary activities	4	(77,246)	(54,806)
Net profit		174,086	127,097
Net profit attributable to outside equity interests		(22,025)	(1,481)
Net profit attributable to members of the parent entity, Origin Energy Limited		152,061	125,616
Non-owner transaction changes in equity:			
Net exchange difference relating to self-sustaining foreign operations attributable to members of Origin Energy Limited recognised directly in equity		(3,854)	(966)
Total changes in equity from non-owner related transactions attributable to members of the parent entity, Origin Energy Limited		148,207	124,650
Basic earnings per share		22.6¢	19.2¢
Diluted earnings per share		22.5¢	19.1¢

The Statement of Financial Performance should be read in conjunction with the notes to the half year financial statements.

STATEMENT OF FINANCIAL POSITION

Origin Energy Limited and its Controlled Entities

as at 31 December	Note	Consolidated		
		December	June	December
		2004	2004	2003
		\$'000	\$'000	\$'000
CURRENT ASSETS				
Cash assets		116,330	44,318	18,912
Receivables		739,077	616,971	543,574
Inventories		93,442	56,529	54,130
Other		63,360	61,466	54,689
TOTAL CURRENT ASSETS		1,012,209	779,284	671,305
NON-CURRENT ASSETS				
Receivables		6,301	5,451	11,345
Investments accounted for using the equity method		115,053	115,054	66,145
Other financial assets		168,878	169,546	174,005
Property, plant and equipment		5,180,729	1,469,593	1,393,314
Exploration, evaluation and development expenditure		282,892	251,620	170,605
Intangible assets		989,441	811,978	848,477
Deferred tax assets		64,045	96,680	52,874
Other		18,887	8,140	5,171
TOTAL NON-CURRENT ASSETS		6,826,226	2,928,062	2,721,936
TOTAL ASSETS		7,838,435	3,707,346	3,393,241
CURRENT LIABILITIES				
Payables		568,637	477,772	394,501
Interest-bearing liabilities		812,139	113,761	160,047
Current tax liabilities		73,512	2,680	3,905
Provisions		80,319	71,886	69,286
TOTAL CURRENT LIABILITIES		1,534,607	666,099	627,739
NON-CURRENT LIABILITIES				
Payables		7,107	3,838	2,085
Interest-bearing liabilities		2,045,828	791,076	603,273
Deferred tax liabilities		256,111	259,786	229,846
Provisions		80,097	47,092	60,401
TOTAL NON-CURRENT LIABILITIES		2,389,143	1,101,792	895,605
TOTAL LIABILITIES		3,923,750	1,767,891	1,523,344
NET ASSETS		3,914,685	1,939,455	1,869,897
EQUITY				
Contributed equity	9	483,858	463,208	436,971
Reserves		108,597	112,241	109,794
Retained profits	10(a)	1,461,798	1,356,922	1,316,414
Total parent entity interest		2,054,253	1,932,371	1,863,179
Outside equity interests	10(c)	1,860,432	7,084	6,718
TOTAL EQUITY	10(b)	3,914,685	1,939,455	1,869,897

The Statement of Financial Position should be read in conjunction with the notes to the half year financial statements.

Net Tangible Asset Backing	Consolidated		
	December	June	December
	2004	2004	2003
Net tangible asset backing per ordinary security	\$ 1.58	\$ 1.68	\$ 1.53

STATEMENT OF CASH FLOWS

Origin Energy Limited and its Controlled Entities

	Note	Consolidated	
		2004	2003
for half year ended 31 December		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		2,540,930	2,101,113
Cash payments in the course of operations		(2,134,903)	(1,814,062)
Dividends/distributions received from associates/joint venture entities		9,537	5,000
Other dividends received		867	339
Interest received		2,452	23
Borrowing costs paid		(56,341)	(23,564)
Income taxes paid		(64,234)	(3,832)
Subvention payments		-	(4,000)
Net cash provided by operating activities		298,308	261,017
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(153,171)	(106,535)
Payments for exploration, development and mine properties		(78,826)	(54,421)
Payments for investments		(2,321)	(9,697)
Purchases of businesses and other assets		(22,573)	-
Purchase of controlled entities (net of cash acquired)	6(c)	(942,629)	-
Purchase of outside equity interests in controlled entity	7	-	(73,820)
Loans to associated entities		(848)	(17,438)
Repayment of loans by associated entity		275	-
Net proceeds from disposal of investments		1,198	2,671
Proceeds from sale of non-current assets		1,767	1,181
Net cash used in investing activities		(1,197,128)	(258,059)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,153,813	1,029,500
Repayment of borrowings		(1,734,542)	(1,014,714)
Dividends paid		(52,872)	(16,247)
Proceeds from issues of share capital		5,521	1,202
Proceeds from issue of convertible undated preference shares (net of transaction costs)		593,520	-
Net cash provided by/(used in) financing activities		965,440	(259)
NET INCREASE IN CASH HELD		66,620	2,699
Cash and cash equivalents at the beginning of the half year		44,318	16,431
Effect of exchange rate changes on cash		(424)	(218)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR	6 (a)	110,514	18,912

The Statement of Cash Flows should be read in conjunction with the notes to the half year financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

FOR HALF YEAR ENDED 31 DECEMBER 2004

1. BASIS OF PREPARATION OF THE HALF YEAR REPORT

The half year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This half year financial report should be read in conjunction with the 30 June 2004 Annual Report, Financial Statements and any public announcements made by Origin Energy Limited and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001. The half year report does not include full note disclosures of the type normally included in an annual financial report.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values of fair values of non-current assets.

The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2004 Financial Statements.

Refer to Note 13 for the impact of adopting AASB equivalents of International Financial Reporting Standards

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

2. SEGMENTS

(a) Primary reporting - geographical segments

	Australia **		New Zealand ***		Consolidated	
	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE						
Total sales	1,850,988	1,829,351	406,568	-	2,257,556	1,829,351
Intersegment sales elimination *	-	-	-	-	-	-
External sales revenue	1,850,988	1,829,351	406,568	-	2,257,556	1,829,351
Other revenue	27,281	15,008	3,454	-	30,735	15,008
Total segment revenue	1,878,269	1,844,359	410,022	-	2,288,291	1,844,359
Interest revenue					3,548	1,396
Revenue from ordinary activities					2,291,839	1,845,755
RESULT						
Segment result	215,718	191,444	81,631	(1,469)	297,349	189,975
Share of net profits of associates and joint venture entities	6,754	14,134	536	1,748	7,290	15,882
EARNINGS BEFORE INTEREST AND TAX (EBIT)	222,472	205,578	82,167	279	304,639	205,857
Net interest expense					(53,307)	(23,954)
Profit from ordinary activities before income tax					251,332	181,903
Income tax expense					(77,246)	(54,806)
Net profit					174,086	127,097
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	324,051	306,199	116,390	279	440,441	306,478
DEPRECIATION AND AMORTISATION	101,579	100,621	34,223	-	135,802	100,621
ACQUISITIONS OF NON-CURRENT ASSETS (includes capital expenditure)	212,440	239,772	979,089	1,446	1,191,529	241,218

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

2. SEGMENTS (continued)

(a) Primary reporting - geographical segments (continued)

ASSETS

Segment assets

Equity accounted investments

Total segment assets

Cash and deferred tax assets

Total assets

LIABILITIES

Segment liabilities

Interest bearing liabilities and current and deferred tax liabilities

Total liabilities

	Australia **		New Zealand ***		Consolidated	
	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	3,672,748	3,250,964	3,870,259	4,346	7,543,007	3,255,310
Equity accounted investments	112,152	58,439	2,901	7,706	115,053	66,145
Total segment assets	3,784,900	3,309,403	3,873,160	12,052	7,658,060	3,321,455
Cash and deferred tax assets					180,375	71,786
Total assets					7,838,435	3,393,241
Segment liabilities	517,942	522,155	218,218	4,116	736,160	526,271
Interest bearing liabilities and current and deferred tax liabilities					3,187,590	997,073
Total liabilities					3,923,750	1,523,344

* Intersegment pricing is determined on an arm's length basis. Intersegment sales are eliminated on consolidation.

** The Australian geographic segment includes operations in Australia and the Pacific.

*** The New Zealand geographic segment includes LPG and Exploration and Production activities as well as the operations of Contact Energy Limited and its controlled entities for the three months from the date of acquisition (1 October 2004) to the end of the half year.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

2. SEGMENTS (continued)

(b) Secondary reporting - business segments

	Exploration and Production		Retail		Generation		Networks		Contact **		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE												
Total sales	193,949	186,359	1,612,672	1,541,897	70,106	64,717	79,589	81,610	363,684	-	2,320,000	1,874,583
Intersegment sales elimination *	(35,881)	(24,060)	-	-	(26,563)	(21,172)	-	-	-	-	(62,444)	(45,232)
External sales revenue	158,068	162,299	1,612,672	1,541,897	43,543	43,545	79,589	81,610	363,684	-	2,257,556	1,829,351
Other revenue	17,201	2,958	3,048	2,205	421	1,220	8,666	8,625	1,399	-	30,735	15,008
Total segment revenue	175,269	165,257	1,615,720	1,544,102	43,964	44,765	88,255	90,235	365,083	-	2,288,291	1,844,359
Interest revenue											3,548	1,396
Revenue from ordinary activities											2,291,839	1,845,755
RESULT												
Segment result	67,872	56,263	120,495	105,893	13,726	15,714	12,192	12,105	83,064	-	297,349	189,975
Share of net profits of associates and joint venture entities	-	-	35	1,748	3,282	14,090	3,472	44	501	-	7,290	15,882
EARNINGS BEFORE INTEREST AND TAX (EBIT)	67,872	56,263	120,530	107,641	17,008	29,804	15,664	12,149	83,565	-	304,639	205,857
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	121,021	102,890	157,402	147,203	29,972	43,174	16,532	13,211	115,514	-	440,441	306,478
DEPRECIATION AND AMORTISATION	53,149	46,627	36,872	39,562	12,964	13,370	868	1,062	31,949	-	135,802	100,621
ACQUISITIONS OF NON-CURRENT ASSETS (includes capital expenditure)	186,000	204,921	30,420	19,722	6,323	15,618	531	957	968,255	-	1,191,529	241,218

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

2. SEGMENTS (continued)

(b) Secondary reporting

- business segments(continued)

ASSETS

Segment assets

Equity accounted investments

Total segment assets

Unallocated assets ***

Total assets

	Exploration and Production		Retail		Generation		Networks		Contact **		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	1,462,528	1,177,319	1,576,155	1,550,955	312,589	337,904	209,772	189,132	3,981,963	-	7,543,007	3,255,310
Equity accounted investments	-	-	156	7,706	56,798	58,045	55,354	394	2,745	-	115,053	66,145
Total segment assets	1,462,528	1,177,319	1,576,311	1,558,661	369,387	395,949	265,126	189,526	3,984,708	-	7,658,060	3,321,455
Unallocated assets ***											180,375	71,786
Total assets											7,838,435	3,393,241
LIABILITIES												
Segment liabilities	117,152	91,729	377,821	377,119	16,186	20,538	33,808	36,885	191,193	-	736,160	526,271
Unallocated liabilities ***											3,187,590	997,073
Total liabilities											3,923,750	1,523,344

* Intersegment pricing is determined on an arm's length basis. Intersegment sales are eliminated on consolidation. A tolling arrangement operates between the Australian Retail and Generation operations in relation to the consolidated entity's three Australian merchant power stations. The tolling arrangement pricing is at commercial rates. The external revenue from the merchant power stations is recognised in Retail's revenue while Generation receives a tolling fee from Retail for the capacity provided and costs incurred by these power stations.

** The Contact segment includes the operations of Contact Energy Limited and its controlled entities for the three months from the date of acquisition (1 October 2004) to the end of the half year.

*** Unallocated assets consists of all cash and deferred tax assets for the consolidated entity, including Contact. Unallocated liabilities consists of all current and non-current interest-bearing liabilities and current and deferred tax liabilities for the consolidated entity, including Contact.

Australian corporate revenue and expenses are allocated across all business segments, excluding Contact, on the basis of external sales revenue. Australian corporate assets and liabilities, excluding unallocated assets and liabilities, are allocated across all business segments, excluding Contact, based on their share of total assets and liabilities.

Business segments:

Exploration and Production

Retail

Generation

Networks

Contact

Products and services:

Natural gas and oil exploration and production in Australia and New Zealand.

Natural gas, electricity and energy related products and services in Australia. LPG and related products and services in Australia and New Zealand.

Natural gas-fired cogeneration and power generation in Australia.

Infrastructure investment and management services in Australia.

Natural gas and electricity energy related products and services in New Zealand. Power generation in New Zealand.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

	Consolidated	
	2004	2003
	\$'000	\$'000
3. PROFIT FROM ORDINARY ACTIVITIES		
(a) Revenue from ordinary activities		
Revenue from operating activities:		
Revenue from sale of goods	2,177,911	1,745,842
Revenue from rendering of services	79,645	83,509
Total sales revenue	2,257,556	1,829,351
Interest income	3,548	1,396
Revenue from outside operating activities	30,735	15,008
Revenue from ordinary activities	2,291,839	1,845,755
(b) Expenses from ordinary activities excluding borrowing costs		
Expenses by nature:		
Raw materials and consumables used, and changes in finished goods and work in progress	1,494,645	1,231,565
Advertising	12,597	10,697
Bad and doubtful debts	6,514	6,335
Consultancy costs	3,716	3,258
Contracting costs	57,357	63,664
Depreciation and amortisation	135,802	100,621
Employee expenses	129,703	104,704
Exploration and production costs	25,807	36,312
Motor vehicle expenses	11,017	7,929
Occupancy expenses	16,178	13,870
Repairs and maintenance	14,039	6,420
Royalties	15,878	13,882
Administration and other expenses from ordinary activities	67,689	55,127
Total expenses from ordinary activities excluding borrowing costs	1,990,942	1,654,384
(c) Individually Significant Items		
Individually significant revenues/(expenses) included in profit from ordinary activities before income tax include:		
Share of net profits of associates and joint venture entities - tax benefit arising on entry into the new tax consolidations regime	-	9,350
Provision for write-down of mine properties - Cooper Basin	-	(16,212)

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

4. INCOME TAX EXPENSE

	Consolidated	
	2004	2003
	\$'000	\$'000
Prima facie income tax expense on pre-tax accounting profit:		
(i) at Australian tax rate of 30%	75,400	54,571
(ii) adjustment for difference between Australian and overseas tax rates	1,964	130
Income tax expense on pre-tax accounting profit at standard rates	77,364	54,701
Add/(subtract) tax effect of major items causing permanent differences:		
Non-taxable distributions received	(1,655)	(1,973)
Depreciation and amortisation	12,022	6,937
Non-deductible provision for write-down of mine properties	-	4,863
Share of net profits of associates and joint venture entities	(1,873)	(5,151)
Recognition of deferred tax assets not previously brought to account	(4,471)	(4,096)
Over provision of tax in previous years	(4,119)	-
Other	(22)	(475)
	(118)	105
Income tax expense relating to ordinary activities	77,246	54,806

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

5. DIVIDENDS

Note	Consolidated	
	2004	2003
	\$'000	\$'000

(a) Dividend reconciliation

Final dividend of 7 cents per share, fully franked at 30%, paid 15 September 2004 (2003: final dividend of 5 cents per share, fully franked at 30%, paid 3 October 2003).

10	46,975	33,183
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(b) Subsequent event

Since 31 December 2004 the Directors have declared an interim dividend of 7 cents per share, fully franked at 30%, payable 23 March 2005.

47,203

The financial effect of this dividend has not been brought to account in the financial statements for the half year ended 31 December 2004 and will be recognised in subsequent financial reports.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

6. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	2004	2003
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Cash includes cash on hand, at bank and short-term deposits at call, net of outstanding bank overdrafts.		
Cash as at the end of the half year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash	116,330	18,912
Bank overdrafts	(5,818)	-
	<u>110,512</u>	<u>18,912</u>
(b) The following non-cash financing and investing activities have not been included in the Statement of Cash Flows:		
Issue of shares in respect of the Dividend Reinvestment Plan	<u>15,129</u>	<u>17,157</u>

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and Controlled Entities

6. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(c) Acquisition of controlled entities

On 1 October 2004 the consolidated entity acquired a number of companies, including an interest in Contact Energy Limited, from Edison Mission Energy (refer note 7) and additional shares in Contact Energy Limited pursuant to the subsequent Takeover Offer for a total consideration of \$1,024,436,000. Details of the acquisition and the fair value of the assets and liabilities acquired are as follows:

	Consolidated
	2004
	\$'000
Current assets	
Cash assets	79,925
Receivables	141,807
Inventories	29,688
Other	6,361
Total current assets	<u>257,781</u>
Non-current assets	
Investments accounted for using the equity method	2,256
Property, plant and equipment	3,646,602
Other	4,280
Total non-current assets	<u>3,653,138</u>
Total assets	<u><u>3,910,919</u></u>
Current liabilities	
Payables	154,116
Interest-bearing liabilities	50,623
Bank overdraft	2,833
Current tax liabilities	35,949
Provisions	13,901
Total current liabilities	<u>257,422</u>
Non-current liabilities	
Interest-bearing liabilities	1,487,249
Deferred tax liabilities	39,237
Provisions	33,280
Total non-current liabilities	<u>1,559,766</u>
Total liabilities	<u><u>1,817,188</u></u>
Net assets	<u><u>2,093,731</u></u>
Outside equity interest	(1,264,480)
Goodwill on acquisition	195,185
Fair value of net assets acquired	<u><u>1,024,436</u></u>
Cashflow Reconciliation:	
Total consideration	1,024,436
Cash acquired, net of bank overdraft	(77,092)
Other amount payable	(4,715)
Consideration (net of cash acquired and amount payable)	<u><u>942,629</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

7. ACQUISITION OF CONTROLLED ENTITIES

2004

Name	Date acquired	Percentage interest acquired	Consideration \$'000	Contribution to consolidated net profit before outside equity interest \$'000
Mission Energy Universal Holdings	1 October 2004	100.00%	1,024,436	40,257
Mission Energy Five Star Holdings	1 October 2004	100.00%		
Mission Contact Finance Limited	1 October 2004	100.00%		
Mission Energy Pacific Holdings	1 October 2004	100.00%		
Contact Energy Limited and its controlled entities	1 October 2004	51.36%		

2003

Name	Date acquired	Additional consolidated entity's interest	Consideration \$'000	Contribution to consolidated net profit \$'000
Oil Company of Australia Limited (now known as Origin Energy CSG Limited)	30 September 2003	14.77%	73,820	800

At 30 June 2003 Origin Energy Limited and its controlled entities owned 85.23% of Oil Company of Australia Limited. During the period the remaining 14.77% interest in Oil Company of Australia Limited was acquired. Oil Company of Australia Limited has been accounted for as a 100% owned controlled entity from 30 September 2003.

This acquisition resulted in a reduction to the outside equity interest in the statement of financial position of \$30,056,000.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

8. INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES

	Percentage of ownership interest held at the end of the period		Share of net profits	
	Consolidated		Consolidated	
	2004	2003	2004	2003
	%	%	\$'000	\$'000
Equity accounted associates and joint venture entities:				
BIEP Pty Ltd	50.0	50.0	-	-
BIEP Security Pty Ltd	50.0	50.0	-	-
Bulwer Island Energy Partnership	50.0	50.0	2,606	2,479
Campaspe Asset Management Services Pty Ltd	50.0	50.0	145	44
CUBE Pty Ltd*	50.0	50.0	677	11,611
Gas Industry Superannuation Pty Ltd	50.0	50.0	-	-
Oakey Power Holdings Pty Ltd	25.0	-	501	-
Rockgas Ltd**	100.0	50.0	-	1,748
Rockgas Timaru	50.0	-	35	-
SEA Gas Partnership	33.3	33.3	3,327	-
Vitalgas Pty Limited	50.0	50.0	-	-
WEBE Pty Ltd	-	50.0	-	-
Total			7,290	15,882
Other material interests:				
Envestra Limited	17.53	18.55	7,692	7,692
Total			7,692	7,692

* Osborne Cogeneration Pty Ltd, a company incorporated in SA, is a wholly owned controlled entity of CUBE Pty Ltd.

** The remaining 50% of Rockgas Ltd was acquired on 31 March 2004. Accordingly, Rockgas Ltd has been accounted for as a wholly owned controlled entity during the half year ended 31 December 2004.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

		Consolidated	
		2004	2003
		\$'000	\$'000
9. CONTRIBUTED EQUITY			
ISSUED AND PAID-UP CAPITAL			
- 674,330,397 (2003: 662,599,548) ordinary shares, fully paid		483,858	436,971
ORDINARY SHARE CAPITAL			
Balance at the beginning of the financial period		463,208	418,612
Shares issued:			
- 3,069,700 (2003: 705,350) shares in accordance with the Senior Executive Option Plan		5,521	1,202
- 2,572,337 (2003: 4,184,447) shares in accordance with the Dividend Reinvestment Plan		15,129	17,157
Total movements in ordinary share capital		20,650	18,359
Ordinary share capital at the end of the period		483,858	436,971

OPTIONS

	Number	Exercise price	Expiry date
On issue at 31 December 2004	110,000	\$ 2.74	31 Aug 2006
	2,985,000	\$ 3.20	16 Dec 2006
	30,000	\$ 3.20	14 Jan 2007
	2,585,000	\$ 3.56	19 Dec 2007
	3,890,000	\$ 4.31	19 Dec 2008
	775,000	\$ 6.14	6 Aug 2009
	2,596,000	\$ 5.88	26 Nov 2009
Issued during the half year ended 31 December 2004	775,000	\$ 6.14	6 Aug 2009
	2,596,000	\$ 5.88	26 Nov 2009
Exercised during the half year ended 31 December 2004	329,700	\$ 1.76	6 Dec 2004
	1,890,000	\$ 1.27	1 Mar 2005
	385,000	\$ 2.74	31 Aug 2006
	465,000	\$ 3.20	16 Dec 2006
Expired during the half year ended 31 December 2004	23,450	\$ 1.76	6 Dec 2004
	55,500	\$ 1.78	6 Dec 2004
Forfeited during the half year ended 31 December 2004	45,000	\$ 3.20	16 Dec 2006
	45,000	\$ 3.56	19 Dec 2007
	20,000	\$ 4.31	19 Dec 2008

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

	Note	Consolidated	
		2004 \$'000	2003 \$'000
10. RETAINED PROFITS AND TOTAL EQUITY			
(a) Retained profits reconciliation			
Retained profits at the beginning of the period		1,356,922	1,223,977
Dividends paid during the period	5	(46,975)	(33,183)
Net profit attributable to members of the parent entity, Origin Energy Limited		152,061	125,616
Aggregate of amounts transferred (to)/from reserves		(210)	4
Retained profits at the end of the period		1,461,798	1,316,414
(b) Total equity reconciliation			
Total equity at the beginning of the period		1,939,455	1,789,604
Total changes in parent entity interest in equity recognised in the Statement of Financial Performance		148,207	124,650
Transactions with owners as owners:			
Contributions of equity	9	20,650	18,359
Dividends recognised during the period	5	(46,975)	(33,183)
Total changes in outside equity interests		1,853,348	(29,533)
Total equity at the end of the period		3,914,685	1,869,897
(c) Outside equity interests reconciliation			
Outside equity interests at the beginning of the financial period		7,084	36,251
Outside equity interest in Contact Energy Limited on acquisition		1,264,480	-
Issue of convertible undated preference shares (net of transaction costs)		595,463	-
Acquisition of remaining outside equity interests in Oil Company of Australia		-	(30,056)
Net profit attributable to outside equity interests		22,025	1,481
Movement in foreign currency translation reserve		(7,605)	(737)
Dividends paid		(21,015)	(221)
Outside equity interests at the end of the financial period		1,860,432	6,718

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

11. CONTINGENT LIABILITIES

Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote are set out below, as well as details of contingent liabilities and contingent assets, which although considered remote, the Directors consider should be disclosed. The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Consolidated		
	December 2004 \$'000	June 2004 \$'000	December 2003 \$'000
Bank guarantees - unsecured	204,253	204,741	188,849
Letters of credit - unsecured [†]	1,689	9,561	-
	<u>205,942</u>	<u>214,302</u>	<u>188,849</u>

* The Origin group has provided overseas suppliers letters of credit to facilitate the importation of equipment.

The Origin group has given to its bankers letters of responsibility in respect of accommodation provided from time to time by the banks to Origin Energy Limited's wholly or partly owned controlled entities.

Warranties and indemnities have been given by entities in the consolidated entity in relation to environmental liabilities for certain properties as part of the terms and conditions of divestments.

A number of sites within the consolidated entity have been identified as contaminated, all of which are subject to ongoing environmental management programmes to ensure appropriate controls are in place and clean-up requirements are implemented. For sites where the requirements can be assessed and costs estimated, the estimated cost of remediation has been expensed or provided for.

The contamination has generally resulted from the manufacture of gas from coal and the treatment of the associated by-products, conducted at the sites. These activities ceased in the 1970's when manufactured gas was replaced with natural gas from oil and gas fields.

Certain entities within the consolidated entity are subject to various lawsuits and claims, including claims for stamp duty, penalties and native title claims. Any liabilities arising from such lawsuits and claims are not expected to have a material adverse effect on the consolidated financial statements.

Clough Engineering Limited and Origin Energy Resources as agent for the BassGas joint venturers are currently engaged in an arbitration pursuant to the terms of the EPIC Contract. Clough has made claims for extensions of time, extra sums pursuant to or for breach of the EPIC Contract and for alleged misleading and deceptive conduct. In response, the BassGas joint venturers are claiming liquidated damages of \$32.2 million plus the cost of rectifying defective or incomplete work. Origin remains confident that the matters in dispute will be resolved in favour of the BassGas joint venturers.

A Demerger Deed was entered into in the 2000 year containing certain indemnities and other agreements between Origin Energy Limited and Boral Limited and their respective controlled entities covering the transfer of the businesses, investments, debt and assets of Boral Limited and some temporary shared arrangements.

12. EVENTS SUBSEQUENT TO REPORTING DATE

Refer Note 5 for dividends declared subsequent to 31 December 2004.

The financial effects of this transaction have not been brought to account in the financial statements for the half year ended 31 December 2004 and will be recognised in subsequent financial reports.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

13. Impact of Adopting AASB Equivalents of International Financial Reporting Standards

Origin will be required to prepare financial statements under Australian equivalents of International Financial Reporting Standards (A-IFRS) for the first time for the half year ending 31 December 2005 and year ending 30 June 2006. Origin is in the process of preparing the transition of its financial reporting from current Australian Standards to these new standards. The Origin Board has established a formal A-IFRS Project, has allocated internal resources, and engaged Deloitte as its A-IFRS technical advisor to assist in the assessment of the impact of adoption of A-IFRS on Origin and to assist with the implementation of A-IFRS. The project is managed by steering committee chaired by the Chief Financial Officer and is overseen by a project manager. Sub-project teams have been established to address each potential high impact area to the consolidated entity. The Board and Audit Committee are regularly updated on the status of the A-IFRS Project.

Origin's A-IFRS project is comprised of three main phases: Scoping and Impact Analysis; Evaluation and Design; and Implementation and Review. The first two phases are complete, while the final phase is in progress and on schedule.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and A-IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and A-IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with A-IFRS.

Regulatory bodies that promulgate Australian GAAP and A-IFRS have significant ongoing projects that could affect the differences between Australian GAAP and A-IFRS described below and the impact of these differences relative to the consolidated entity's financial reports in the future. The potential impacts on the consolidated entity's financial performance and financial position of the adoption of A-IFRS have not been quantified as at the transition date of 1 July 2004 due to the short timeframe between finalisation of the A-IFRS standards and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years.

Transitional Balance Sheet

Origin will be required to restate its comparatives for its 31 December 2005 half year report and 30 June 2006 annual financial report using all A-IFRS except for AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement", which do not come into effect until 1 July 2005. Thus Origin will prepare an opening balance sheet in accordance with A-IFRS as at 1 July 2004, while further transitional adjustments relating to AASB 132 and AASB 139 will be made at 1 July 2005.

Accounting Policies

The Origin A-IFRS project team has identified a number of accounting policy changes that may be required. In some cases, choices of accounting policies are available and these are still being analysed to determine the most appropriate accounting policy for Origin. Set out below are the significant areas where accounting policies are likely to change.

Financial Instruments

- Transitional impact on retained earnings at 1 July 2005
- Potential volatility in future results
- New assets, liabilities and equity reserves recognised

Under AASB 139, financial instruments which were previously not recognised, must now be recognised in the Statement of Financial Position. All derivatives, including embedded derivatives, and most financial assets will be carried at fair value. Listed investments will most likely be classified as available for sale and measured at fair value, with changes in fair value recognised directly in equity reserves.

A-IFRS recognises fair value hedge accounting, cash flow hedge accounting and hedges of investments in foreign operations. Fair value and cash flow hedges only qualify for hedge accounting where stringent hedge effectiveness and documentation criteria are satisfied. Where the hedge accounting criteria is met, the changes in fair value are recognised directly in reserves (for cashflow hedges), while for fair value hedges, changes in fair value of both the hedged item and hedging instrument are recognised in the Statement of Financial Performance. Where the hedge accounting criteria is not met, the changes in fair value are recognised in the Statement of Financial Performance and this may result in significant volatility in reported results. Under the current accounting policy, costs or gains arising under hedge transactions, together with any realised or unrealised gains or losses from remeasurement, are deferred and included in the measurement of the hedged transaction when it occurs.

Although AASB 139 has been issued in Australia, the application of this standard to commodity contracts (eg. contracts for the sale of electricity) and electricity related derivatives is still under review by industry participants, both locally and internationally. For this reason it has not been possible to determine with any certainty the likely impact of AASB 139 on the consolidated entity's results, except that the introduction of the standard will add potential volatility to future results.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and its Controlled Entities

13. Impact of Adopting AASB Equivalents of International Financial Reporting Standards (continued)

Income taxes

- Transitional impact on retained earnings at 1 July 2004
- Potential impact not yet determinable

Under AASB 112 "Income Taxes", deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying value of assets and liabilities and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will be a change to the current accounting policy under which deferred tax balances are determined using the income statement method where items are only tax-effected if they are included in the determination of pre-tax accounting profit and taxable income, and current and deferred taxes cannot be recognised directly in equity. A-IFRS impacts arising from other areas (eg restatement of business combinations) may also result in further changes in deferred tax assets and liabilities. Accordingly, the potential financial impact on deferred tax balances is not yet determinable.

Share- Based Payment

- Transitional impact on retained earnings at 1 July 2004
- Expense recognised for share-based remuneration

Under AASB 2 "Share-Based Payment", equity-based compensation in the form of shares and options will be measured at fair value at the date of grant and recognised as expenses over the vesting period. The current accounting policy is to recognise no expense for equity-based remuneration provided under the Senior Executive Option Plan. Expenses are currently recognised for equity-based remuneration provided under the Employee Share Plan and Executive Share Plan, for which shares are purchased on-market.

Employee Benefits

- Transitional impact on retained earnings at 1 July 2004
- Potential volatility in future results

Under AASB 119 "Employee Benefits", actuarially determined gains or losses in relation to the defined benefit superannuation plan sponsored by entities within the consolidated entity can be recognised either in the Statement of Financial Performance fully or by the "corridor" approach, or directly in reserves. The current accounting policy is only to recognise deficits where there is a present obligation to make good that deficit, and to release the provision as and when additional contributions are made to eliminate the deficit or when the defined benefit superannuation plan returns to surplus.

Impairment of Assets

- Transitional impact on retained earnings at 1 July 2004
- Potential volatility in results if assets impaired

Under AASB 136 "Impairment of Assets", the recoverable amount of an asset or cash generating unit is determined as the higher of fair value less costs to sell and value in use. This will result in a change in the current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Value in use adopts a discounted cash flow methodology but has more prescriptive rules governing inputs into the impairment models.

Goodwill

- Transitional impact on retained earnings at 1 July 2004
- Lower (nil) amortisation expense
- Potential volatility in results if asset impaired

Under AASB 3 "Business Combinations", goodwill will no longer be amortised but instead will be subject to annual impairment testing focusing on the discounted cash flows of the related cash generating unit. Goodwill will only be written down to the extent it is impaired. This will result in a change in the current accounting policy which amortises goodwill on a straight line basis over the period during which the benefits are expected to arise, but not exceeding 20 years.

Exploration and Evaluation Expenditure

- No change to area of interest method of accounting
- Potential change in the value of restoration provisions and timing of expense recognition
- Expected larger initial value of capitalised exploration and evaluation expenditure

AASB 6 "Exploration for and Evaluation of Mineral Resources" permits the area of interest method of accounting to continue for exploration and evaluation expenditure and thus AASB 6 should provide outcomes consistent with those under the existing standard AASB 1022 "Accounting for the Extractive Industries" in accounting for the initial recognition of exploration and evaluation assets. AASB 6 also requires the inclusion of the cost of restoration and rehabilitation obligations in capitalised exploration and evaluation expenditure at initial recognition, while the current accounting policy recognises restoration and rehabilitation obligations as expenses progressively on the basis of physical depletion of each area of interest. The provisions are required to be measured as the present value of the estimated future obligation under AASB 137 "Provisions, Contingent Liabilities and Contingent Assets", which may potentially differ to the value recognised under the current accounting policy.

These differences may lead to a higher cost for exploration and evaluation assets recognised under AASB 6, a potentially different value recognised for restoration and rehabilitation provisions, and potentially differences in the timing of recognition of expenses from these obligations.

In addition, AASB 6 requires an annual assessment of impairment for exploration and evaluation assets using four indicators of impairment. These indicators are consistent with the initial recognition criteria of the existing standard and thus it is not expected that there will be a significant impact on results arising from the impairment testing requirements.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to A-IFRS, as not all standards have been fully analysed and some accounting policy decisions have not been made where choices are available. Therefore at this stage, Origin has not been able to reliably quantify the impact of the transition to A-IFRS on its financial report.

DIRECTORS' DECLARATION

Origin Energy Limited and its Controlled Entities

In the opinion of the Directors of Origin Energy Limited:

- a) the financial statements and notes, set out on pages 2 to 21, are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows, for the half year ended on that date; and
 - ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Kevin McCann
Chairman
Sydney, 21 February 2005

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Origin Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2004 there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

David Rogers
Partner

Sydney
21 February 2005

INDEPENDENT REVIEW REPORT

Origin Energy Limited and its Controlled Entities

Independent review report to the members of Origin Energy Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes 1 to 13 to the financial statements, and the directors' declaration for the Origin Energy Limited Consolidated Entity ("the consolidated entity"), for the half-year ended 31 December 2004. The consolidated entity comprises Origin Energy Limited ("the company") and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Origin Energy Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements in Australia.

KPMG

David Rogers
Partner

Sydney
21 February 2005