
Origin Energy Contact Finance No.2 Limited

Half Year Report

For the period from 1 July 2008 to 31 December 2008

The Directors are pleased to present the half year report including the interim financial statements of Origin Energy Contact Finance No.2 Limited for the period from 1 July 2008 to 31 December 2008.

For and on behalf of the Board of Directors

Director



Date: 18 MARCH 2009

Director



Date:

17 MARCH 2009

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Directory

Nature of business	Offering preference shares to the public
Registered office	Level 3, Energy House 32 Molesworth Street New Plymouth, 4310 New Zealand
Incorporation number	1973687
IRD number	97-818-673
Directors	Grant King Owen Poole Christopher Bush (appointed 6 December 2007) William Hundy (appointed alternative for Grant King 14 September 2007)
Auditor	KPMG
Banker	Westpac Banking Corporation
Solicitor	Bell Gully
Business location	Wellington

Income statement

For the period ended 31 December

in New Zealand Dollars (\$'000)

	Note	Unaudited 6 Months Ended 31 December 2008	Unaudited Period 8 August 2007 to 31 December 2007
Dividend income		6,854	225
Administrative expenses		(6)	-
Other expenses	1	(40)	-
Operating profit before financing income		6,808	225
Financial income		12	-
Net financing income	2	12	-
Profit before tax		6,820	225
Income tax benefit	3	11	-
Profit after tax for the period	6	6,831	225

Statement of recognised income and expenses

For the period ended 31 December

in New Zealand Dollars (\$'000)

	Note	Unaudited 6 Months Ended 31 December 2008	Unaudited Period 8 August 2007 to 31 December 2007
Profit for the period	6	6,831	225
Total recognised income and expense for the period	6	6,831	225

The accompanying notes to the statements form an integral part of these interim financial statements.

Balance sheet

Note

As at 31 December 2008

in New Zealand Dollars (\$'000)

		Unaudited December 2008	Audited June 2008	Unaudited December 2007
Assets				
Cash and cash equivalents	4	406	439	1,144
Other current assets		11	11	118
Total current assets		417	450	1,262
Investments in related Group Companies	5	200,000	200,000	200,000
Total non-current assets		200,000	200,000	200,000
Total assets		200,417	200,450	201,262
Equity				
Share capital	6	200,368	200,368	200,196
Retained earnings	6	32	55	-
Total equity		200,400	200,423	200,196
Liabilities				
Current tax liability		15	27	-
Provisions		2	-	-
Loans to related Group Companies	7	-	-	1,066
Total current liabilities		17	27	1,066
Total liabilities		17	27	1,066
Total equity and liabilities		200,417	200,450	201,262
Net Tangible Assets per Security		\$1.00	\$1.00	\$1.00

The accompanying notes to the statements form an integral part of these interim financial statements.

Statement of cash flows

For the period ended 31 December

in New Zealand Dollars (\$'000)

	Note	Unaudited 6 Months Ended 31 December 2008	Unaudited Period 8 August 2007 to 31 December 2007
Cash flows from operating activities			
Dividends received		6,854	225
Gross interest received		12	-
Other operating cashflows		(46)	-
Net cash flows from operating activities	12	6,820	225
Cash flows from investing activities			
Cash paid for purchases of equity investments in related Group Companies		-	(200,000)
Loans received from related parties		-	1,066
Net cash flows from investing activities		-	(198,934)
Cash flows from financing activities			
Cash proceeds from issue of Ordinary Shares		-	6,000
Cash proceeds from issue of Preference Shares		-	200,000
Preference Shares issuance costs		-	(5,804)
Dividends paid		(6,854)	(225)
Other financing cashflows		1	(118)
Net cash flows from financing activities		(6,853)	199,853
Net increase/(decrease) in cash and cash equivalents		(33)	1,144
Cash and cash equivalents at beginning of period		439	-
Cash and cash equivalents at end of period		406	1,144

The accompanying notes to the statements form an integral part of these interim financial statements.

Notes to the interim financial statements

Significant accounting policies

Origin Energy Contact Finance No.2 Limited (the "Company") is a company incorporated and domiciled in New Zealand. The Company is an issuer in terms of the Financial Reporting Act 1993.

The interim financial statements of the Company are for the period ended 31 December 2008. In this report the "Period" includes the results for the period from 1 July 2008 to 31 December 2008. Comparative figures are from date of incorporation, 8 August 2007 to 31 December 2007. In relation to the balance sheet and corresponding balance sheet notes the audited 30 June 2008 figures have been included as per *NZIAS 34* requirements.

The core business of the Company is offering preference shares to the public.

Statement of compliance and basis of preparation

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for interim financial statements and in particular *NZIAS 34 – Interim Financial Reporting*.

The interim financial statements have been approved by the Board of Directors on 17 March 2009.

The interim financial statements have been prepared on the historical cost basis (going concern) except equity investments classified as available-for-sale which are measured as stated below.

The interim financial statements are presented in New Zealand Dollars (NZD), the Company's functional currency and rounded to the nearest thousand dollars, unless otherwise stated.

The accounting policies set out below have been applied consistently throughout the period presented in these interim financial statements.

Investments

Investments held by the Company are classified as available-for-sale and are stated at fair value. Unquoted equity investments are stated at cost because their fair value cannot be measured reliably.

Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses. Bad debts are written off during the period in which they are identified.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

Trade and other payables

Trade and other payables are stated at cost.

Revenue

Dividend income

Dividend income is recognised on the date that the Company's right to receive payment is established.

Expenses

Net financing income

Interest income is recognised in the income statement as it accrues, using the effective interest method

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Notes to the interim financial statements

Significant accounting policies

Income Tax (continued)

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

New standards adopted and interpretations not yet adopted

The Company has elected not to early adopt the following standards considered relevant to the interim financial statements, which have been issued but are not yet effective.

NZIFRS 2 Share-Based Payments – revisions approved February 2008 and effective for annual reporting periods beginning on or after 1 July 2009.

NZIFRS 8 Operating Segments – approved December 2006 and effective for annual reporting periods beginning on or after 1 January 2009.

NZIAS 1 Presentation of Financial Statements – revisions approved September 2007 and effective for annual reporting periods beginning on or after 1 January 2009.

NZIFRS 3 Business Combinations – revisions approved June 2007 and effective for annual reporting periods beginning on or after 1 July 2009.

NZIAS 23 Borrowing Costs – approved July 2007 and effective for annual reporting periods beginning on or after 1 January 2009.

Notes to the interim financial statements

in New Zealand Dollars (\$'000)

	Unaudited 6 Months Ended 31 December 2008	Unaudited Period 8 August 2007 to 31 December 2007
1 Other expenses		
Directors fees	(8)	-
Audit fees	(3)	-
Share register maintenance fees	(29)	-
	(40)	-
2 Net financing income		
Interest income	12	-
Net financing income	12	-
3 Income Tax Benefit		
Current tax benefit		
Current period	11	-
Total income tax benefit in the income statement	11	-
Reconciliation of effective tax rate		
Profit before tax	6,820	225
Income tax using the company tax rate (2008: 30%, 2007: 33%)	(2,046)	(74)
Tax exempt revenues	2,057	74
	11	0
Imputation credit balance		
Opening balance	-	-
Imputation credits attached to dividends received during the period	3,376	111
Imputation credits attached to dividends paid during the period	(3,376)	(111)
Closing balance	-	-
4 Cash and cash equivalents		
Cash at bank	406	1,144
	406	1,144
5 Investments in related Group Companies		

The Company holds preference shares in Origin Energy Pacific Holdings Limited, a related Group Company. The rights attached to the preference shares are equal and opposite to the listed preference shares issued by the Company.

Notes to the interim financial statements

in New Zealand Dollars (\$'000)

6 Capital and reserves

Reconciliation of movement in share capital and reserves

	Ordinary Share Capital ⁽ⁱ⁾	Preference Share Capital ⁽ⁱⁱ⁾	Retained earnings	Total equity
Balance at 1 July 2008	6,500	193,868	55	200,423
Issued during the period	-	-	-	-
Profit for the period	-	-	6,831	6,831
Dividend paid	-	-	(6,854)	(6,854)
Balance at 31 December 2008	6,500	193,868	32	200,400
Share capital (number of shares)	Ordinary Shares	Preference Shares		
Balance at 1 July 2008	100,000,100	200,000,000		
Issued during the period	-	-		
On issue at 31 December 2008	100,000,100	200,000,000		

Reconciliation of movement in share capital and reserves

	Ordinary Share Capital	Preference Share Capital	Retained earnings	Total equity
Balance at 8 August 2007	-	-	-	-
Issued during the period	6,000	194,196	-	200,196
Profit for the period	-	-	225	225
Dividend paid	-	-	(225)	(225)
Balance at 31 December 2007	6,000	194,196	-	200,196
Share capital (number of shares)	Ordinary Shares	Preference Shares		
Balance at 8 August 2007	-	-		
Issued during the period	10,000,100	200,000,000		
On issue at 31 December 2007	10,000,100	200,000,000		

⁽ⁱ⁾ All ordinary shares are owned by Origin Energy Universal Holdings Limited a related Group Company. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

⁽ⁱⁱ⁾ The Preference Shares carry a dividend payable semi-annually in arrears. The Dividend Rate is reset each year on 15 October (or the next Business Day) based on the Benchmark Rate determined on the Dividend Reset Date plus the Margin of 1.50% per annum. Dividends are calculated by multiplying the Dividend Rate by the issue price of the Preference Shares. The dividends may consist of a combination of cash payments and imputation credits. If not cancelled, Dividends are paid semi-annually on 15 October and 15 April of each year (or the next Business Day). The Preference Shares have no fixed term. The Preference Shares can be redeemed at the discretion of the Company (or purchased by Origin Energy Limited or a subsidiary of Origin Energy Limited) in certain circumstances.

Details and the Terms of the Preference Shares are contained in the Investment Statement and Prospectus dated 30 August 2007.

Dividends paid on the listed preference shares during the period were:

- 15 October 2008 - \$6,854,100.00 (for the period 16/04/2008 to 15/10/2008) at \$0.03427 per Preference Share

Notes to the interim financial statements

in New Zealand Dollars (\$'000)

6 Capital and reserves (continued)

The Preference Shares rank after all creditors of, and in priority to ordinary shareholders of, the Company. The Preference Shares do not carry the right to vote except for matters which change the terms of the Preference Shares or the Deed Poll.

Funding for the Preference Shares issued to the public was within New Zealand and within the commercial and financial sector.

	Note	Unaudited December 2008	Audited June 2008	Unaudited December 2007
7 Loans payable to related Group Companies				
Current				
Related party loans	13	-	-	1,066
		-	-	1,066

The inter-company balance was payable to Origin Energy New Zealand Limited and was initiated to enable the Company to pay certain costs prior to the issue of the preference shares.

8 Financial instruments

Exposures to credit and interest rate risks arise in the normal course of the Company's business. No hedging is undertaken.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Company. Transactions involving derivative financial instruments are with counterparties with whom the Company has a signed netting agreement as well as sound credit ratings.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Company's investments in fixed rate debt securities and its borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's investments in variable rate debt securities and its variable borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not exposed to interest rate risk.

Liquidity risk

Liquidity risk represents the Company's ability to meet its contractual obligations. The company evaluates its liquidity requirements on an ongoing basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

Sensitivity analysis

In managing interest rate risks, the Company aims to reduce the impact of short-term fluctuations on the Company's earnings.

Capital management

The Company's capital includes share capital, redeemable preference shares and retained earnings. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Notes to the interim financial statements

in New Zealand Dollars (\$'000)

8 Financial instruments (continued)

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts as shown in the balance sheet, are as follows:

	Note	Loans and receivables	Other amortised costs	Available-for-sale	Carrying amount 2008	Fair value 2008
31 December 2008						
Cash and cash equivalents	4	406	-	-	406	406
Other current assets		11	-	-	11	11
Total current assets		417	-	-	417	417
Investments in related Group Companies	5	-	-	200,000	200,000	200,000
Total non-current assets		-	-	200,000	200,000	200,000
Total Assets		417	-	200,000	200,417	200,417
Current tax liability		-	15	-	15	15
Provisions		-	2	-	2	2
Total current liabilities		-	17	-	17	17
Total liabilities		-	17	-	17	17
30 June 2008						
Cash and cash equivalents	4	439	-	-	439	439
Other current assets		11	-	-	11	11
Total current assets		450	-	-	450	450
Investments in related Group Companies	5	-	-	200,000	200,000	200,000
Total non-current assets		-	-	200,000	200,000	200,000
Total Assets		450	-	200,000	200,450	200,450
Current tax liability		-	27	-	27	27
Total current liabilities		-	27	-	27	27
Total liabilities		-	27	-	27	27

Notes to the interim financial statements

in New Zealand Dollars (\$'000)

8 Financial instruments (continued)

	Note	Loans and receivables	Other amortised costs	Available-for-sale	Carrying amount 2007	Fair value 2007
31 December 2007						
Cash and cash equivalents	4	1,144	-	-	1,144	1,144
Other current assets		118	-	-	118	118
Total current assets		1,262	-	-	1,262	1,262
Investments in related Group Companies	5	-	-	200,000	200,000	200,000
Total non-current assets		-	-	200,000	200,000	200,000
Total Assets		1,262	-	200,000	201,262	201,262
Loans from related parties	7	1,066	-	-	1,066	1,066
Total current liabilities		1,066	-	-	1,066	1,066
Total liabilities		1,066	-	-	1,066	1,066

9 Commitments

As at the balance date the Company has no commitments.

10 Contingencies

As at the Balance Sheet date no significant contingencies exist. The Company has issued a bond in favour of the New Zealand Stock Exchange (\$75,000.00) to cover listing and other regulatory costs.

11 Segment reporting

The Company operates in one geographic segment (New Zealand) in the finance industry.

12 Reconciliation of the profit for the period with net cash from operating activities

	Unaudited 6 Months Ended 31 December 2008	Unaudited Period 8 August 2007 to 31 December 2007
Profit for the period	6,831	225
Increase / (decrease) in current tax payable	(11)	-
Net cash inflows from operating activities	6,820	225

Notes to the interim financial statements

in New Zealand Dollars (\$'000)

13 Related parties

Identity of related parties

The Company is a subsidiary company of Origin Energy Universal Holdings Limited (an entity incorporated in New Zealand). The ultimate parent company is Origin Energy Limited, domiciled in Australia.

Transactions between the Company and its related parties are outlined below. All transactions are conducted on an arms-length basis (except secretarial services, which are provided at no charge) and are settled in cash.

Related Party	Relationship	Service Provided / Received
Origin Energy Pacific Holdings Limited	Common parent company	Preference shares issued by Origin Energy Pacific Holdings Limited to the Company.
Origin Energy Universal Holdings Limited	Parent company	Origin Energy Universal Holdings Limited holds ordinary shares in the Company.
Origin Energy New Zealand Limited	Parent company of Origin Energy Universal Holdings Limited	Loan provided by Origin Energy New Zealand Limited Origin Energy New Zealand Limited pays audit fees (for audit of financial statements) on behalf of the Company

Outstanding balances to related parties	Note	Unaudited December 2008	Audited June 2007	Unaudited December 2007
Origin Energy New Zealand Limited		-	-	1,066
				1,066
Comprising				
Borrowings	7	-	-	1,066
		-	-	1,066