



**Final Results Announcement
Full-year ended 30 June 2005**

29 August 2005

Outline

- Performance Highlights
- Financial Review
- Operating Review
- Impact of A-IFRS
- Outlook

- All comparative data are in relation to the prior corresponding period, 1 July 2003 to 30 June 2004, unless otherwise stated
- All references to \$ are references to Australian dollars unless otherwise specifically marked
- A reference to Contact is a reference to Contact Energy Limited of New Zealand, a 51.4% owned subsidiary of Origin Energy. Origin acquired this interest effective 1 October 2004. Consequently the result shown for Contact represents a nine month contribution from that date.



Performance Highlights

Financial Highlights

• Revenue ⁽¹⁾	\$ 4.9 billion	up 38%
• EBITDA ⁽¹⁾	\$ 928 million	up 74%
• NPAT	\$ 266 million	up 30%
• Free cash flow (FCF) ⁽¹⁾	\$ 447 million	up 28%
• OCAT Ratio ⁽²⁾	14.4%	target 9.4%
• Debt / (debt + equity)	41%	up from 31%
• EPS - Basic	37.2 cps	up 24%
• - Normalised ⁽³⁾	34.9 cps	up 16%
• FCF per share	62.5 cps	up 22%
• Final dividend	8 cps fully franked	up from 7 cps
• Full year dividend	15 cps fully franked	up from 13 cps

(1) Contact consolidated since acquisition on 1 October 2004

(2) Ratio excludes 9 month contribution from Contact

(3) Normalised EPS uses weighted average shares assuming Rights Issue on acquisition of Contact on 1 October 2004

Operating Highlights

- Acquisition of 51.4% interest in Contact effective 1 October 2004
- Higher retail margins realised despite increased levels of churn, mild weather and higher LPG purchasing costs
- Increased oil production from the Perth Basin
- Reserves upgrades at Yolla, Kupe and Spring Gully
- Discoveries including Trefoil, Halladale/Blackwatch, & Perth Basin
- Spring Gully CSG project commenced sales to AGL
- BassGas Project experienced construction delays
- Rights Issue undertaken & private debt placement in US completed
- New management structure implemented
- Safety performance continues to improve*

* The Total Reportable Case Frequency Rate including Medical Treatment Injuries as well as Lost Time Injuries fell from 20.7 in June 2004 to 17.5 in June 2005



Financial Review

The consolidation of 100% of Contact produces a number of significant changes in the presentation of Origin's results

Consolidation of Contact

- Origin has consolidated 100% of Contact Energy as required by Australian accounting standards
- Outside equity interests are recognised in reporting of net profit after tax and total equity
- Contact's results in NZ\$ translated to A\$ at an average exchange rate of NZ\$1.08 to A\$1.00

Reporting Segments	
Primary Australia (incorporating Australian operations and LPG operations in the Pacific) New Zealand (incorporating Contact, Rockgas and Kupe)	Secondary Exploration & Production (E&P) Retail Generation Networks Contact Energy

Analysis in this presentation is based on the secondary segments



Profit & Loss	Jun 05 (\$m)	Jun 04 (\$m)	% change
Revenue	4,914.3	3,556.0	38%
EBITDA	927.8	532.2	74%
EBIT	615.2	329.2	87%
Net interest expense	(135.1)	(45.4)	197%
Tax expense	(147.4)	(76.9)	92%
Outside Equity Interests	(66.7)	(2.0)	
NPAT	266.0	204.9	30%
ROE*	9.7%	10.6%	
EPS - Basic	37.2¢	30.0¢	24%
EPS - Normalised	34.9¢	30.0¢	16%
Free cash flow per share	62.5¢	51.4¢	22%

* ROE reflects only 9 month contribution from Contact



EBITDA of \$928m up 74% led by consolidation of Contact and higher contributions from E&P and Retail

Divisions	Jun 05 (\$m)	Jun 04 (\$m)	% change
Exploration & Production	245.5	197.2	25%
Retail	254.1	237.6	7%
Generation	52.7	68.0	(23%)
Networks	29.8	29.4	1%
Contact	345.6	-	-
Total	927.8	532.2	74%

- **E&P:** Higher oil volumes and prices, CGP sale in first half (\$10.5m)
- **Retail:** Higher electricity margins
- **Generation:** Higher operating revenues offset by non-recurrence of prior tax benefit and higher costs for development projects & solar
- **Networks:** SEA Gas pipeline contribution



Depreciation & Amortisation

(\$ million)	Jun 05	Jun 04
Generation property, plant and equipment	96.7	22.5
Other buildings, plant & equipment	97.0	78.7
Amortisation in producing areas*	70.8	51.7
Electricity hedging contracts	6.7	11.3
Licences	16.1	18.6
Goodwill	23.8	18.6
Other	1.5	1.5
Total	312.6	203.0

- Contact consolidation primarily impacts depreciation of PP&E
- Amortisation in producing areas increased due to Cooper and onshore Otway reserves write-down and higher capital base in the Perth Basin
- Lower amortisation of hedge book purchased with Powercor acquisition
- Increase in goodwill amortisation reflects acquisition of Contact

* Amortisation of exploration and evaluation costs in producing areas



Funding & Interest

Financial year ended	Jun 05 (\$m)	Jun 04 (\$m)
Net debt (\$m)	2,743	861
Total equity (\$m)	3,990	1,939
Debt to (debt + equity) (%)	41%	31%
Capitalised Interest	20.0	7.7
Net interest expense (\$m)	135.1	45.4
Net interest cover (x EBIT)*	4.0	6.2
Weighted average interest rate	7.0%	6.6%

- Increase in net debt, interest expense reflects funding of the Contact acquisition. Higher New Zealand interest rates increases wght. av interest rate
- Debt to debt plus equity of 41% is lower than the 44% expected at the time of acquisition
- After 1-for-6 Rights Issue Origin's credit rating was downgraded by S&P from A-/negative watch to BBB+/stable. Fitch A- rating unchanged

* including capitalised interest

Funding of Contact acquisition

- Consideration for the acquisition was \$1.0 billion plus NZ\$535 million debt assumed from Edison Mission
- Initial Funding
 - Convertible Undated Preference Shares (CUPS) (\$595 million net of costs)
 - External Debt facilities (\$426 million)
 - Origin immediately repaid NZ\$285 million of the NZ\$535 million debt assumed from Edison Mission
- CUPS redeemed following Rights Issue
 - 1 for 6 Renounceable Rights Issue led to issuance of 112.5 million shares in April 2005 at \$5.70 raising \$633 million net of costs
 - CUPS redeemed including accrued dividends
- June 2005 completed placement of NZ\$422 million and US\$50 million of senior unsecured notes in US private placement debt market

Tax Reconciliation

(\$ million)	Jun 05	Jun 04
Profit before tax	480.1	283.8
Prima facie tax	149.7	85.4
<i>add</i> non deductible amortisation	24.4	20.2
<i>less</i> non-assessable income	(7.2)	(10.0)
<i>less</i> other permanent differences	(19.5)	(18.7)
<i>equals</i> Tax expense	147.4	76.9
Effective tax rate	30.7%	27.1%
Tax (paid) / refund	(181.2)	2.2
Subvention payments	-	(4.0)

- Increase in tax expense reflects inclusion of Contact
- Origin's effective tax rate is now higher due to impact of the higher corporate tax rate in New Zealand (33%)
- Tax paid increase reflects Origin pre-payment of tax to fully frank dividends (\$46 million) and inclusion of Contact (\$135 million)

Operating cash flow after tax has increased.....

(\$ million)	Jun 05		Jun 04
	Incl Contact	Excl Contact	
EBITDA	928	582	532
Change in working capital	(31)	(30)	(48)
Stay-in-business capex (net)	(111)	(66)	(83)
Other (incl. non-cash items)	(7)	(4)	2
Tax / subvention payments	(181)	(46)	(2)
OCAT	598	436	402
Net interest paid	(150)	(57)	(51)
Free cash flow	447	379	350
Funds Employed		2,906	2,632
OCAT Ratio ⁽²⁾		14.4%	14.8%

...despite the election to prepay tax to fully frank dividends

(1) Net of proceeds on sale

(2) OCAT Ratio = (OCAT - interest tax shield) / funds employed. Contact excluded from OCAT Ratio as only 9 month contribution



SIB increase largely Contact expenditure on generation assets. Higher growth capex is driven by E&P projects...

	Jun 05 (\$m)	Jun 04 (\$m)
Stay-in-business	132	86
Growth		
Exploration & Production	315	207
Retail	39	30
Generation	3	-
Networks	-	-
Contact	18	-
Total capital expenditure	507	323
Acquisitions (net of cash)	968	185
Capex including acquisitions	1,474	509

**....and construction of the SESA pipeline (in Retail - \$16m).
Acquisitions include Contact and the onshore
Otway Basin assets**



Cash flow return from the business segments is measured pre-tax and targets 14.3% over a full year

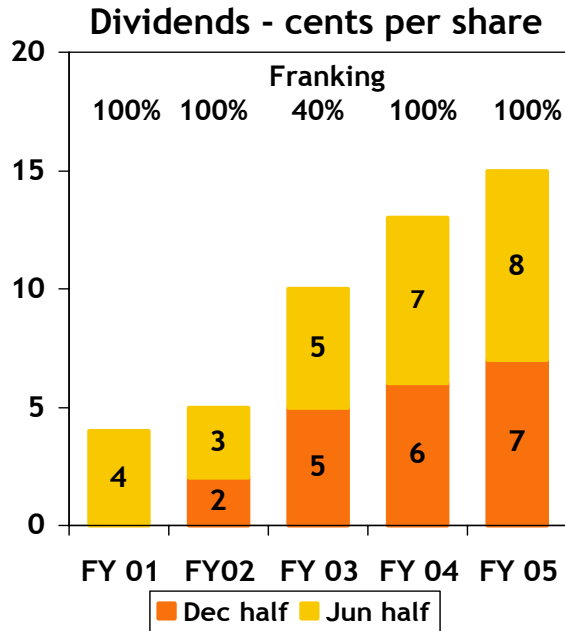
	Funds Employed (\$m)	Operating Cash flow (\$m)	OCFR Jun 05 (%)	OCFR* Jun 04 (%)
Exploration & Production	1,303	178	13.7%	13.6%
Retail	1,237	217	17.5%	14.9%
Generation	333	48	14.6%	15.0%
Networks	223	38	17.1%	14.2%

E & P is below target due to the late commencement of the BassGas Project and high levels of capital expenditure across a variety of projects



* Restated after changes in management structure

A final dividend of 8cps has been declared, bringing the full year dividend to 15cps fully franked



Payment and DRP

- Ex-dividend date 1 September 2005
- Date of record 7 September 2005
- Payable 26 September 2005
- DRP to apply at no discount

Franking

- As per recent policy Origin will pre-pay sufficient tax to ensure that the dividend is fully franked.

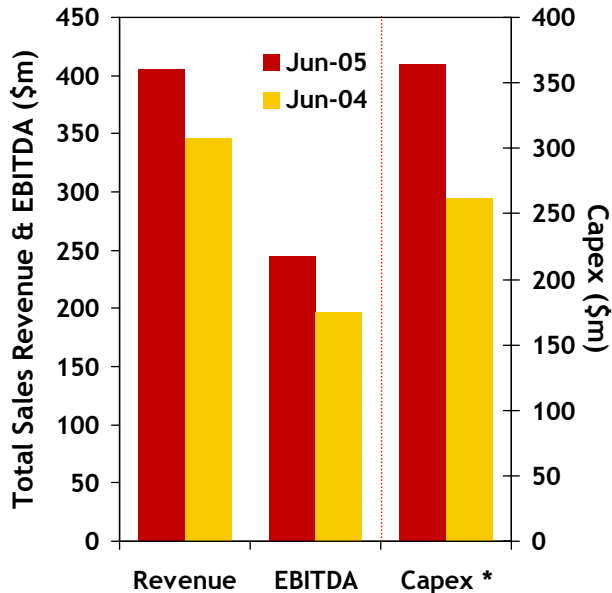
The full year dividend is up 2 cps (13%). The final dividend is paid on an expanded capital base, increasing dividends paid by 27% over the prior year





Operating Review

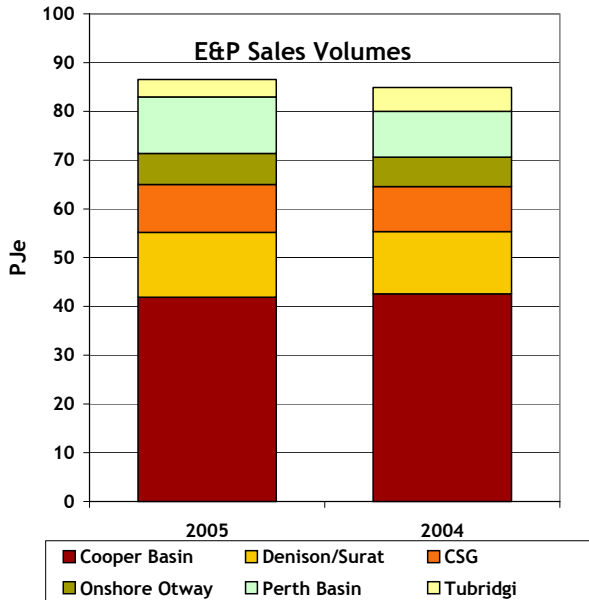
Exploration & Production: EBITDA of \$245.5m up 25% on higher liquids sales and sale of Carpentaria gas pipeline



* Does not include acquisitions

- Revenue from the sale of oil, liquids and ethane increased over 40% to \$184 million
- Liquids production up on Perth Basin production and Moomba re-instatement
- Average oil price received after hedging increased 19% to A\$49.94
- Natural gas sales volumes declined marginally but higher unit prices saw revenues rise 1%
- CGP sale added \$10.5 million to EBIT
- Spring Gully project commenced gas sales to AGL in June 2005, on time and on budget
- New CSG contracts signed
- BassGas project delayed; Solid progress on Thylacine/Geographe and Kupe projects
- 2P reserves constant at 2,220 PJ
- New gas field discoveries in the Bass, Otway and Perth Basins

Sales from the E&P segment increased overall led by higher Perth Basin oil sales and higher CSG sales.....

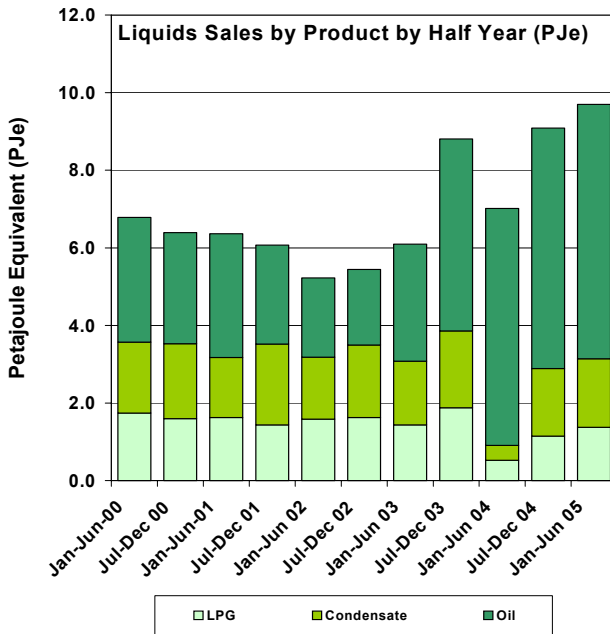


Further details on production and sales are available through Quarterly Production Reports on Origin's website and lodged with the ASX

- Total Cooper Basin sales lower. Reduced gas sales reflecting lower contract volumes and natural field decline more than offset higher liquids sales from return of Moomba LRP.
- CSG sales were up 6% on increased sales from the Fairview field and minor contribution from Spring Gully (late June 05)
- Onshore Otway sales up on inclusion of Vic fields (now depleted) and despite a decline in peak deliverability from the SA Otway fields
- Perth Basin oil sales increases offset declining gas sales. Declining trend likely to reverse with contributions from Xyris and Tarantula in FY 05/06
- Tubridgi sales declined 25%. Field divestment completed 1 July 2005

...offsetting natural field decline and lower contractual commitments for gas from the Cooper Basin, Perth Basin and Tubridgi field

Oil sales from the Perth Basin continued to rise and Moomba liquids production was restored



- Origin achieved its highest ever liquids production and sales during the year
- Perth Basin oil production averaged over 4,500 bopd as the Jingemina field was bought on line
- Sales of LPG and Condensate from the Cooper Basin returned to normal levels in mid-August 2004 (first half sales were still somewhat depressed)
- Average price received for crude oil and condensate sales inclusive of hedging increased 19% to A\$49.94

Average Price Received (A\$/bbl) (inclusive of hedging)	
Year ended 30 Jun '05	\$49.94
Year ended 30 Jun '04	\$41.96
Before tax earnings sensitivity:	
+/- 1 USD oil price ~ +/- AUD \$2 m	

Delays in BassGas production saw hedge levels higher than target

Origin's 2P reserves remained constant year on year with discoveries and upgrades offsetting production and revisions

Proved and Probable Reserves (PJe)⁽¹⁾

2P reserves at 30 June 2004	2,220
<i>add</i> reserves upgrades (Yolla, Kupe, Spring Gully)	123
<i>add</i> discoveries (Perth Basin) & misc adjustments	9
<i>less</i> production	(83)
<i>less</i> Cooper & Otway net reserves revisions	(49)
2P reserves at 30 June 2005 ⁽²⁾	2,220

(1) PJe - petajoule equivalent - a measure of energy

(2) Recently announced increases in equity in the BassGas and Otway Gas projects are not included in June 30 reserves

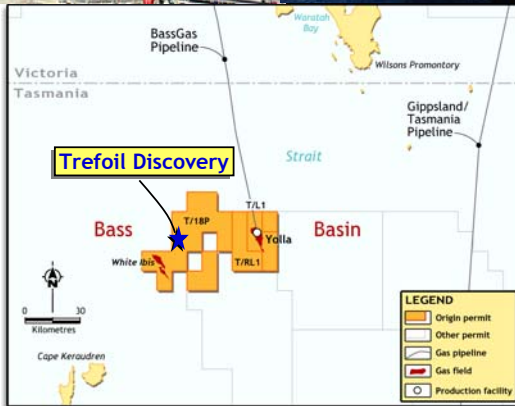
Discoveries in the offshore Bass and Otway Basins made during the year at Trefoil and Halladale/Blackwatch have yet to be booked as 2P reserves as further technical work is required

The BassGas project has experienced significant delays. Construction at the onshore plant is now essentially complete



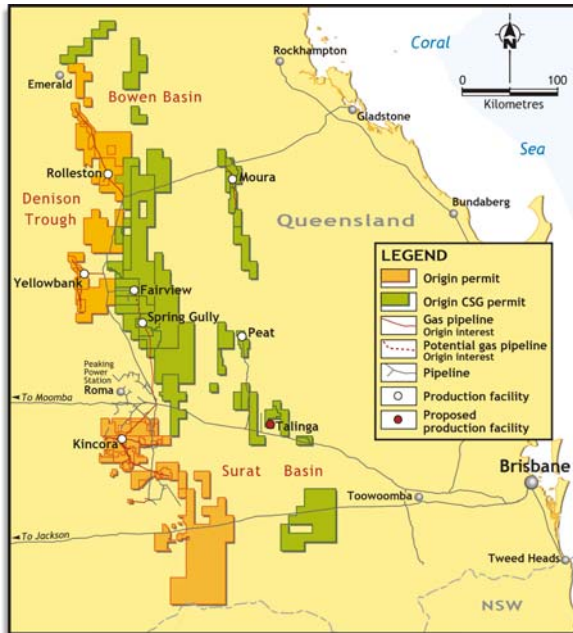
BassGas Project (42.5%)

- Development drilling completed in September 2004. Field Reserves upgraded by 19% in June 05 to 453 PJe (100%). Some impurities were detected in the gas stream which required modifications to the plant
- Dispute with lead contractor Clough Engineering Ltd over construction delays and defects ongoing.
- Final costs will overrun initial budgets but ultimate cost will depend on outcome of dispute with Clough
- Trefoil-1 exploration well 25 km west of Yolla discovered a liquids rich gas field and tested at commercial flow rates; Trefoil 3D planned for late 2005
- Origin has recently acquired an additional 5% equity in the project from CalEnergy



The Safe Concordia accommodation vessel is expected on site in mid September to facilitate defect rectification & commissioning

The Spring Gully Project was completed on time and on budget, commencing gas delivery in June 05



- Total project costs to date \$199 million to establish 13 PJ/annum of deliverability.
- 42 wells drilled, 40 wells stimulated, and 35 wells completed with excellent production results
- Infrastructure includes 89 km pipeline to Wallumbilla, processing hub and evaporation ponds and can be expanded cost-effectively
- During the year additional Heads of Agreement signed to supply Incitec Pivot 70 PJ over 10 years and Qmag with 12.6 PJ over 7 years

With infrastructure established the project will be expanded to service contracts with QAL, Incitec Pivot & Qmag



Development of the Otway Gas Project (Thylacine / Geographe) progressed steadily during the year.....

Otway Gas Project (29.75%)

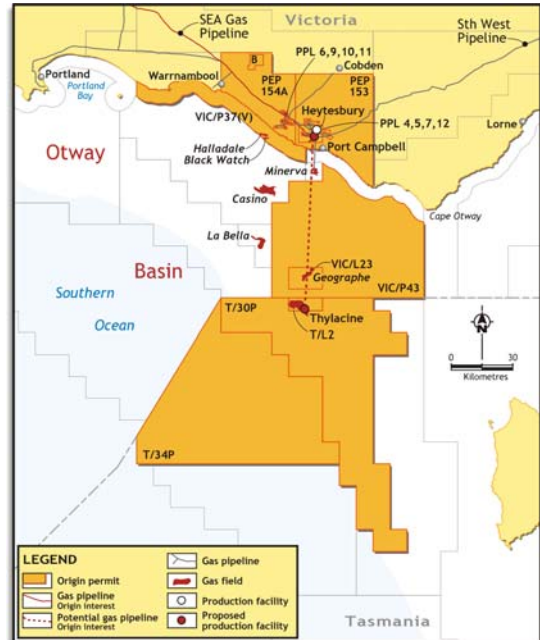
- Project 42% complete at 30 June 2005
- Project currently on schedule for commissioning in mid 2006
- Origin has come to an agreement with CalEnergy to acquire an additional 1% interest in the project to take Origin's interest to 30.75% (subject to pre-emptive rights within the Joint venture)

Onshore Otway

- Origin acquired a 100% interest in various onshore Otway permits close to Port Campbell from Santos Ltd

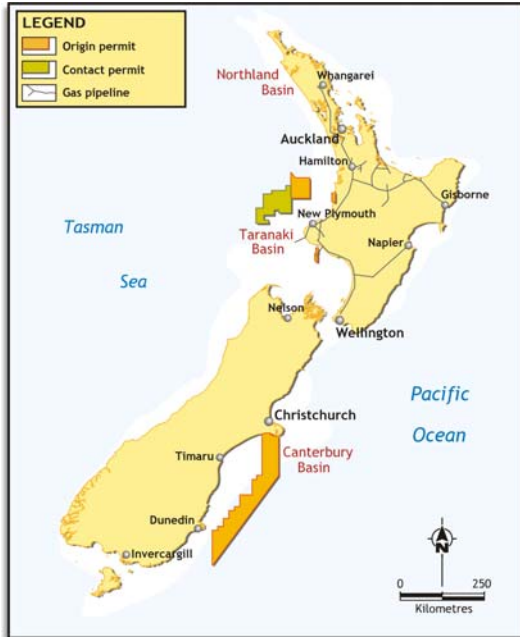
Offshore Otway

- Origin participated (37.5%) in the Halladale and Blackwatch discoveries in the near-shore Vic/P37(V)



....while discoveries at Blackwatch and Halladale further highlight the prospectivity of the area

In New Zealand Origin continues to progress planning and approvals for the Kupe development.....



Kupe Gas Project (50%)

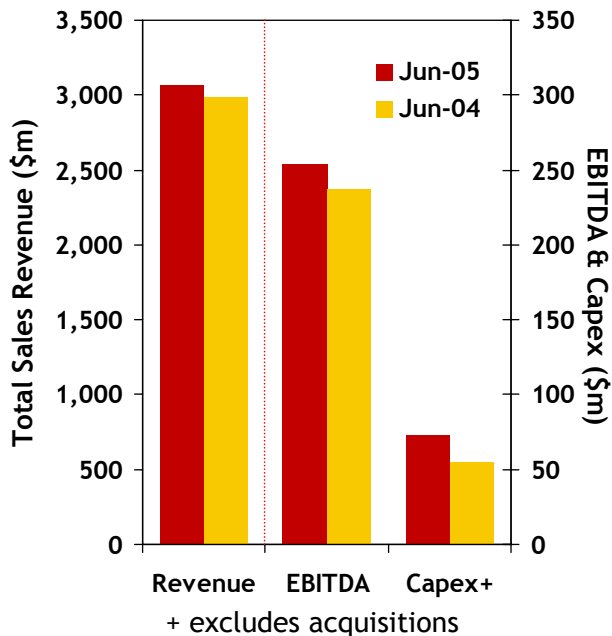
- FEED work completed and tenders sought. Responses received and being evaluated
- Confirmed (April 2005) that new purpose built onshore processing facilities will be constructed as part of the project
- Regional and District consents obtained but one appeal lodged to be heard over the coming months
- Final approvals for investment expected in early 2006

Exploration portfolio

- New permit secured in Canterbury Basin
- Shoreline “Mangatoa” permit surrendered due to lack of farm-in interest
- Exposure to offshore Taranaki permit through Contact Energy

..... and is actively seeking new opportunities to address long term gas demand in the country

Retail: EBITDA of \$254.1 million up 7% despite generally challenging conditions.....



- Segment revenues increased 3% on higher LPG revenue
- Customer churn and milder weather reduced mass market gas volumes and electricity volumes, while wholesale gas volumes were higher
- Electricity margins higher on lower purchasing costs, while natural gas margins declined on sales mix
- Despite increased churn, the gas and electricity operating costs were in line with last year (including the expense of all customer acquisition costs)
- Inclusion of Rockgas boosted LPG volumes. Lower Australian volumes, higher purchasing costs, and higher business fuel costs offset these gains

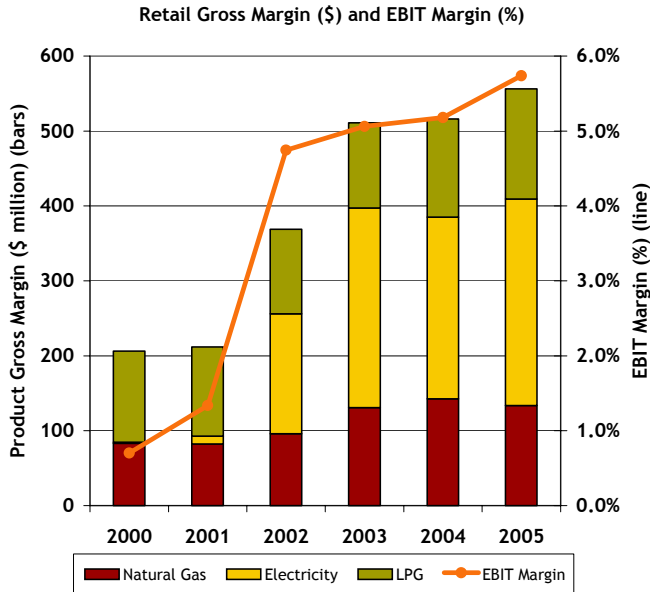
....with electricity in particular contributing to an increase in EBITDA and EBIT margins of 8.3% and 5.7% respectively

Increased contribution in electricity and LPG at the gross margin level.....

Product information and % change from Jun 04	Natural Gas	Electricity	LPG
Product Revenue (A\$m)	848 (-1%)	1,670 0%	485 (+22%)
Gross margin (A\$m)	134 (-6%)	276 (+14%)	147 (+12%)
Sales (PJ)	117 (+2%)	-	-
Sales (TWh)	-	15.7 (-1%)	-
LPG (Ktonnes)	-	-	506 (+3%)
Total sales (PJe)	117 (+2%)	56 (-1%)	25 (+3%)
Customers ('000)	900 (-8%)	913 (+2%)	289 (0%)

....in part offset by milder weather and natural gas contribution, due to customer losses (mostly SA as anticipated)

The strength of the retail business is demonstrated by the increase in overall EBIT/Sales margin from 5.2% to 5.7%....

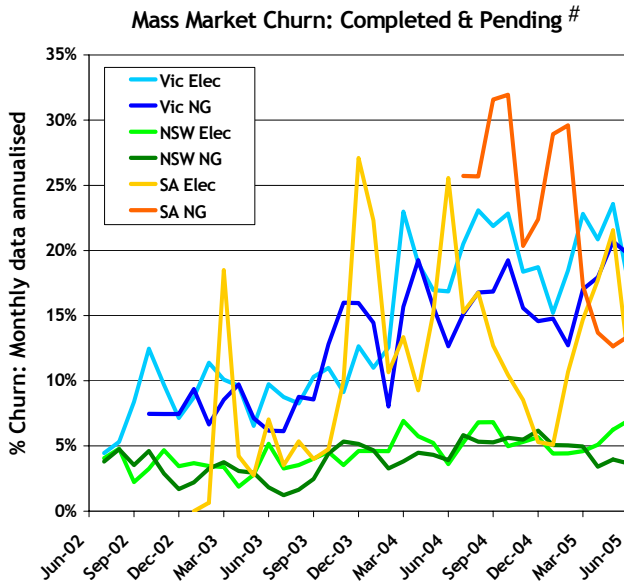


- Natural gas sales volumes marginally higher with mix of lower domestic volumes (weather, churn) and higher wholesale volumes leading to a reduced Gross Margin (Revenue - COGS)
- Electricity sales volumes marginally lower but Gross Margin higher on reduced net purchasing costs.
- LPG sales volumes boosted by a full year of Rockgas at 100%. However unit margin was lower as the rising cost of product is not immediately passed on to all customers.

....despite testing conditions associated with mild weather, customer churn and rising LPG costs



After significant customer losses in the 1st half Origin has recorded a net gain of 39,000 customers in the 2nd half



Origin Customers	Natural Gas ('000)	Electricity ('000)
Jun '04	979*	894*
Jun '05	900	913
Net Churn	(79)	19

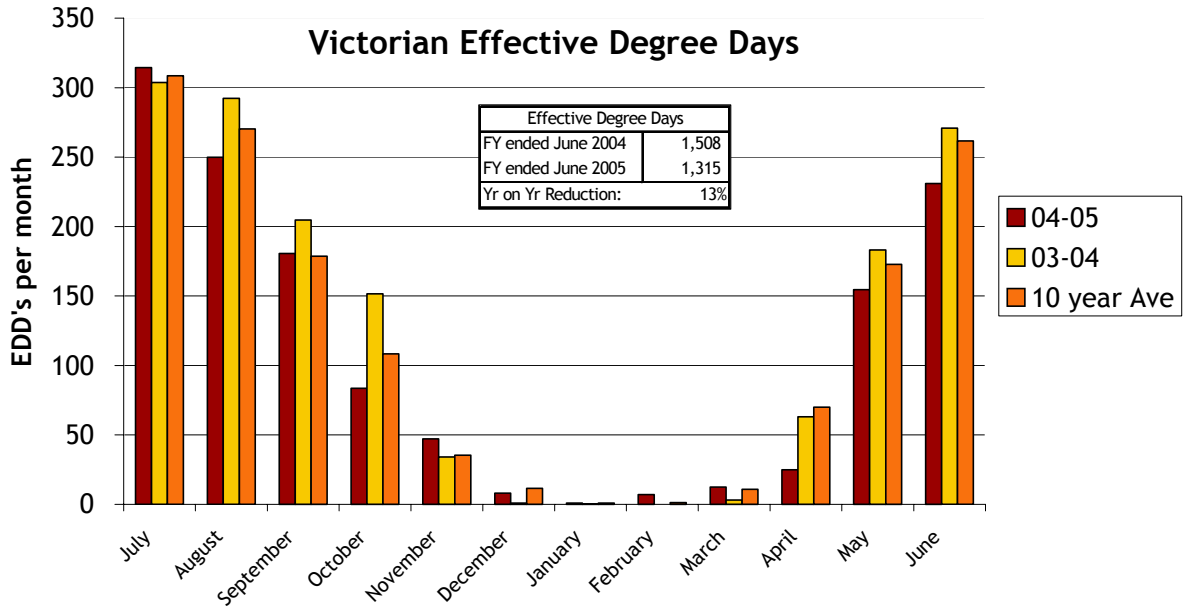
* Customer numbers revised post Jun 04 as per Dec 04 Results

- At 31 December Origin reported losses for the first half of 99,000 customers
- Disciplined acquisition and retention campaigns have seen that trend reversed with a net gain of 39,000 in the second half (net yr on yr loss 60,000)
- Market entry in NSW has secured 14,000 electricity customers and an additional 38,500 electricity customers in SA during the year. Origin remains the largest provider of Green Power products with over 62,000 customers

Churn is expected to remain high, although initial activity after gas FRC in SA is likely to subside



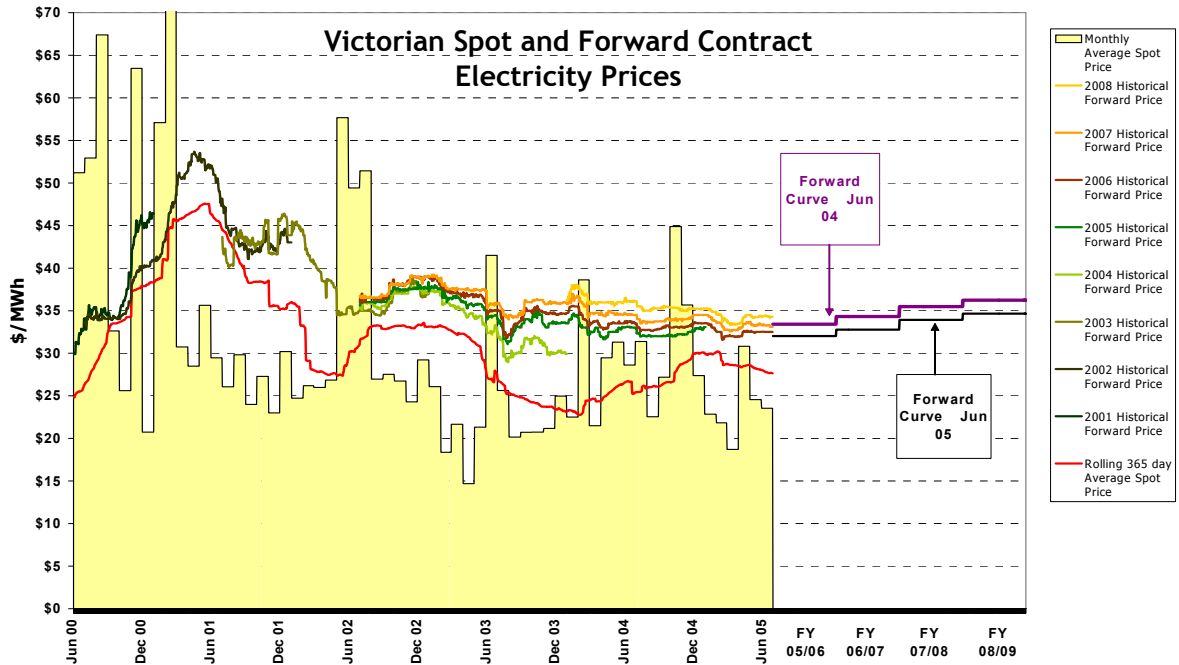
Origin has moved to adjust its tariff structure to be less susceptible to the influence of weather.....



.....but will still be impacted by mild weather conditions, particularly in the winter months



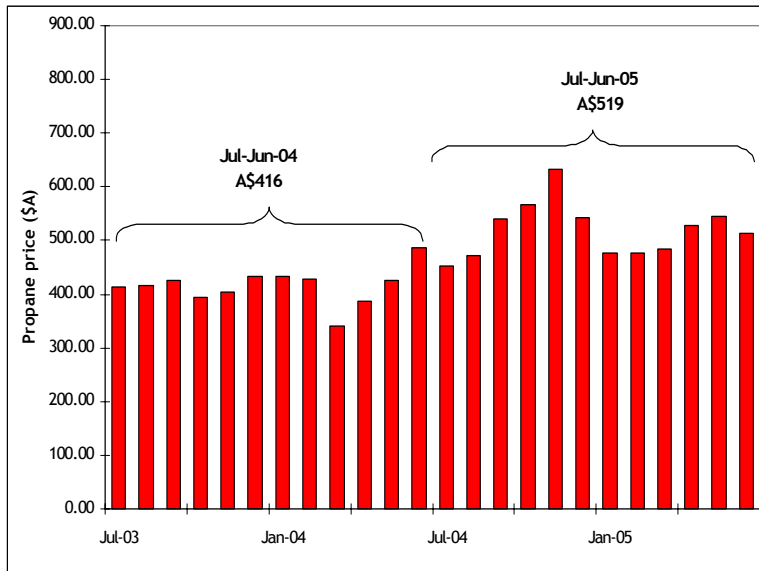
Despite some periods of higher prices the contract market has continued to soften.....



...with the forward curve at year end lower than it was at the end of FY 2004



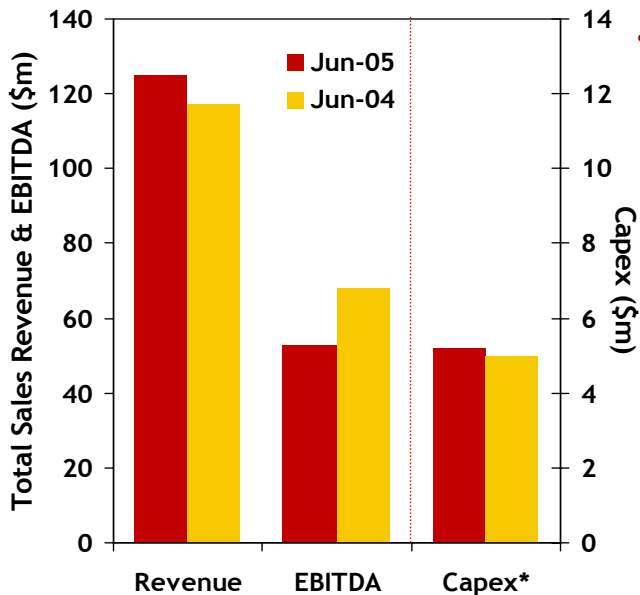
Escalating global LPG prices (CP) and transport fuel costs placed pressure on LPG margins.....



- Cost of LPG (CP) averaged A\$519/tonne over period (increase of 25% on prior year)
- New Zealand volumes added 60kt on full year comparison, offsetting lower Australian sales
- The increase in business scale with the addition of Rockgas together with fuel cost increases of 20% led to an increase in total operating costs for the business

..... partly offset by a full year contribution from Rockgas

Generation: EBITDA of \$52.7m, \$15m lower than last year due mostly to non-recurrence of Dec 03 tax benefits.....



- Lower result for Jun 05 reflects
 - Non-recurrence of Osborne tax consolidation benefit (\$9.4 m)
 - Solar PV demonstration plant produced first product available for reliability testing. Losses are expected during product proving stages and this year includes a \$5.7m adverse impact on EBIT
 - Planned major outage at Osborne, offset by improved availability at other plants
 - Lower net contribution from Mt Stuart

...coupled with higher expenses associated with both power plant planning and solar product development



* excludes acquisitions

Availability for externally contracted plants was high with the exception of Osborne (major planned outage Oct & Nov)

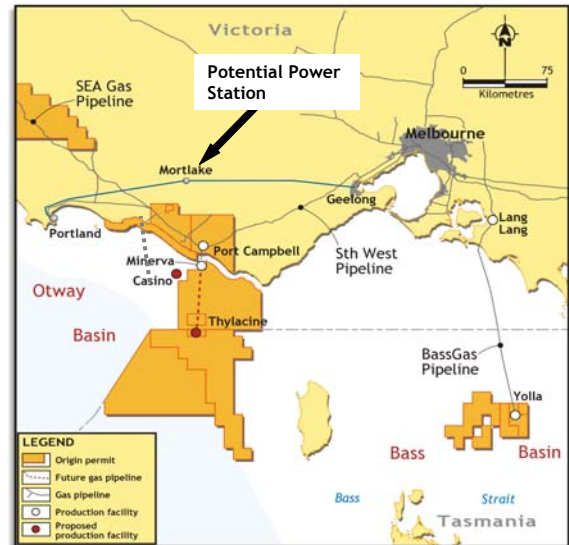
Major Origin Power Plants	Origin Int. %	Capacity MW	Type	Operation	Availability	Contracting Party
Worsley	50	120	Cogen	Base	97%	Western Power & Worsley
Bulwer Is.	50	32	Cogen	Base	95%	BP
Osborne	50	180	Cogen	Base	83%	NRG Flinders & Penrice
OneSteel	100	8	Cogen	Base	88%	OneSteel
Mt Stuart	100	288	OCGT	Peak	97%	Enertrade
Quarantine	100	96	OCGT	Peak	91%	Origin Retail
Ladbroke	100	80	OCGT	Base/ Int	73%	Origin Retail
Roma	100	74	OCGT	Peak	90%	Origin Retail

Ladbroke Grove availability was impacted by the gas supply interruption in south east South Australia



Planning and permitting approvals for the option to develop high-efficiency gas fired power stations are progressing.....

- Two projects being progressed, each up to 1000 MW, following power site optimisation studies
 - Mortlake in Victoria (shown)
 - Spring Gully in Queensland
- Both projects seek to leverage Origin's integrated fuel position
- Environmental assessment and approval processes now underway for both projects
- Projects should be progressed to point of making final investment decisions during 2006



.....with environmental and construction permitting processes for both projects around 50% complete

Origin
energy

Origin continues to support, invest in and develop renewable energy technologies.....

Solar

- Origin's investment in the solar photovoltaic SLIVER® project continues to meet significant milestones
- Modules have been progressively scaled up
- Key advantage is dramatically lower silicon usage while maintaining power output



Geothermal

- 15% investment in Geodynamics which continues to make significant progress in proving its “Hot Rock” concepts and technology

Wind

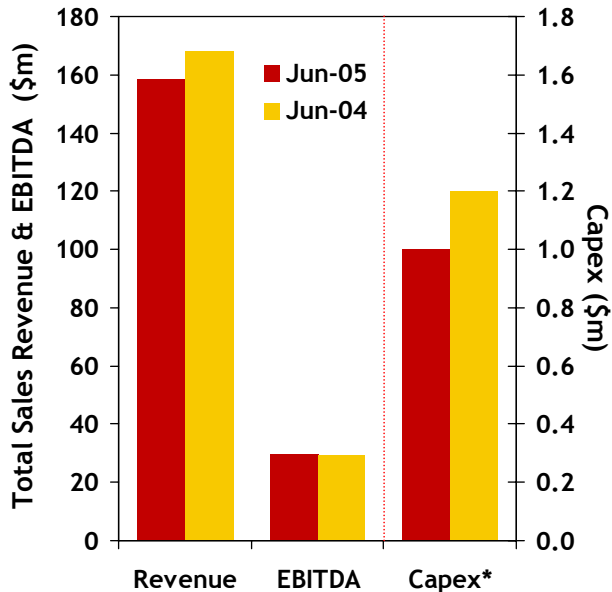
- Current development projects on hold due to lack of policy incentives
- Option to acquire a 50% interest in Chalicum Hills wind farm sold



.....where it is assessed that these technologies can provide cost effective solutions

Origin
energy

Networks: EBITDA of \$29.8 million up 1% on full year contribution from SEA Gas.....

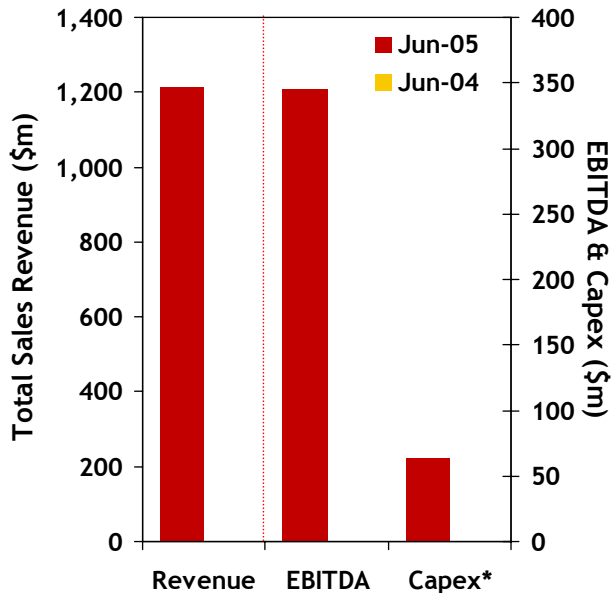


- Lower revenues due to reduced capital program and associated lower capital cost recoveries
- Full year SEA Gas contribution of \$6.7 million, compared with \$4.5 million in prior year (less than double due to higher interest charges following refinancing and replacement of some equity with debt)
- Lower contribution from Asset Management reflecting the impact of milder weather and lower incentive payments
- Coliban Water JV financial performance in line with expectations

..... partially offset by lower incentive fees from Envestra



Contact: EBITDA of \$345.6 million in line with Origin's expectations at the time of acquisition....



- Acquisition of 51.4% interest completed on 1 October 2004
- Acquisition funding (CUPS & bridging finance) replaced through Rights Issue and US private debt placement
- Change of balance date and auditors to align with Origin
- Strategic directions, financial and operational performance in line with Origin's views on acquisition, with a range of new development projects brought forward
- Details of Contact's results are available from Origin's website, Contact's website and the NZ stock exchange

...resulting in a \$22.3 million contribution to NPAT after deducting funding and recognising OEI





Impact of A-IFRS

A-IFRS for Origin

- Australian equivalents of International Financial Reporting Standards (A-IFRS) will be implemented by Origin for the first time for the half year ending 31 December 2005, and year ending 30 June 2006.
- In order to comply with A-IFRS, Origin must restate its comparative balances applying A-IFRS.
- This requires a restatement of the opening balances as at 1 July 2004, incorporating initial transitional adjustments as well as a restatement of the closing balances at 31 December 2004 and 30 June 2005.
- The majority of transitional adjustments will be recognised in retained earnings at 1 July 2004, resulting in a net reduction in equity.
- AASB 132: *Financial Instruments: Disclosures and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* are effective from 1 July 2005 only, and Origin has elected not to restate comparative information for the application of these standards.

The impact of A-IFRS on Origin's balance sheet at 30 Jun 05 and profit for the year ended 30 Jun 05 is summarised below

EBIT \$M	NPAT after OEI \$M		Total Equity \$M	Total Assets \$M	Total Liabilities \$M
615.2	266.0	Total reported under Australian GAAP	3,989.9	8,014.7	4,024.8
		<u>A-IFRS adjustments (net of tax where appropriate):</u>			
39.9	39.9	Goodwill and licence amortisation	39.9	39.9	-
(0.5)	(5.3)	Dismantling, removal & restoration provisions	(38.9)	68.6	107.5
-	4.2	Deferred tax	(315.8)	278.9	594.7
9.4	6.6	Contingent asset - Moomba claim	-	-	-
(4.3)	(4.3)	Share based payments	-	-	-
1.2	1.2	Acquisition of minority interests	(27.0)	(27.0)	-
-	-	Business combinations restatement	(43.6)	(41.3)	2.3
9.5	3.1	Defined benefits superannuation plan	(3.6)	1.5	5.1
(0.1)	(0.1)	Investments in equity accounted entities	(0.3)	(0.3)	0.1
55.2	45.4	Total A-IFRS adjustments	(389.2)	320.4	709.6
670.4	311.5	Total restated under A-IFRS at 30 June 2005	3,600.6	8,335.1	4,734.4
(9.4)	(6.6)	Contingent asset - Moomba claim ⁽¹⁾	-	-	-
(4.9)	(5.9)	Effective yield adjustment to Envestra distributions ⁽²⁾	-	-	-
40.9	33.0	Estimated recurring A-IFRS adjustments			
656.1	299.0	Estimated recurring A-IFRS earnings			

(1) This is a non-recurring adjustment

(2) This adjustment is only made from 1 July 2005 when AASB 139 is applied. No further adjustments have been made in respect of AASB 139.

Consequences for Origin

Goodwill and licence amortisation

- For the financial year ended 30 June 2005, goodwill and licence amortisation expense will decrease by \$39.9 million.
- The Goodwill and licences being amortised arose largely from the acquisition of gas and electricity retail businesses in Australia (Energy21, Powercor and CitiPower) and the acquisition of Contact Energy in New Zealand.
- Some transition adjustments are also required and are covered under the Business combinations restatement referred to in detail in the full IFRS documentation
- The elimination of goodwill and licence amortisation is expected to be a recurring increase to profit in future periods.

EBIT \$M	NPAT after OEI \$M		Total Equity \$M	Total Assets \$M	Total Liabilities \$M
39.9	39.9	Goodwill & licence amortisation	39.9	39.9	-

Consequences for Origin (continued)

Dismantling, removal and restoration provisions

- Under A-IFRS, the present value of restoration obligations is recognised and adjusted at each reporting date in line with changes in discount rates and timing or amount of the costs to be incurred (AGAAP uses undiscounted amounts based on current costings, technologies and legal requirements).
- The main assets and liabilities recognised here will be in relation to Exploration and Production operations, with the balance in the LPG, Generation and Networks businesses.
- An asset will be recognised for the amount of the liability discounted to the date the obligation arose, and accumulated depreciation will be recalculated as at transition date.
- Future depreciation expense will increase due to the additional asset value, and interest expense will increase due to the unwinding of the discount on the liability.
- The net impact is expected to be a recurring reduction to profit in future periods.

EBIT \$M	NPAT after OEI \$M		Total Equity \$M	Total Assets \$M	Total Liabilities \$M
(0.5)	(5.3)	Dismantling, removal & restoration provisions	(38.9)	68.6	107.5

Consequences for Origin (continued)

Deferred tax

- As a result of the acquisition of Contact Energy Origin has had a significant increase in deferred tax liabilities- created by the difference between accounting and tax values which arises from the revaluation of Contact's generation assets.
- Due to the recognition of the deferred tax liabilities on acquisition of Contact there is a resulting increase in goodwill, attributable to Origin's interest and a decrease in consolidated equity (minority interest).
- The recognition of the deferred tax liabilities results in a reduction in tax expense.

EBIT \$M	NPAT after OEI \$M		Total Equity \$M	Total Assets \$M	Total Liabilities \$M
-	4.2	Deferred tax	(315.8)	278.9	594.7

Consequences for Origin (continued)

Contingent Asset - Moomba Claim

- The criteria for recognising contingent assets on the balance sheet has increased from a “more probable than not” test under Australian GAAP to a “virtual certainty” test under A-IFRS.
- At 30 June 2004, under Australian GAAP, Origin had recognised a receivable in relation to the Moomba insurance claim.
- As indemnity had not been received from all insurers by 30 June 2004, the A-IFRS recognition criteria is not satisfied and the receivable of \$9.4 million recorded at 1 July 2004 is expected to be derecognised through opening retained earnings.
- As full indemnity was received by 31 December 2004 the after tax earnings amount of \$6.6 million is expected to be recognised in A-IFRS profit for the year ended 30 June 2005.
- This is a one-off item which is not expected to recur in future periods.

EBIT \$M	NPAT after OEI \$M		Total Equity \$M	Total Assets \$M	Total Liabilities \$M
9.4	6.6	Contingent asset	-	-	-

Other A-IFRS Impacts

- **Financial Instruments - AASB 132 & 139**

- Effective from 1 July 2005
 - Origin will elect not to restate comparatives
 - Listed investments are expected to be classified as “available for sale” with changes in fair value recognised in equity.
 - The application of AASB 139 is expected to result in a recurring decrease in the value of distributions from Envestra which are recognised as revenue.
 - Hedge accounting rules will give rise to some volatility in profit and equity based on future market movements:
 - Electricity portfolio contains certain instruments which will not qualify or may result in some ineffectiveness
 - Treasury portfolio - Interest rate swaps hedging foreign debt, particularly those held by Contact Energy, will result in some ineffectiveness which is expected to result in additional profit volatility.

- **Impairment**

- No adjustments identified at transition date or at 30 June 2005.

The impact of A-IFRS on Origin's balance sheet at 30 Jun 05 and profit for the year ended 30 Jun 05 is summarised below

EBIT \$M	NPAT after OEI \$M		Total Equity \$M	Total Assets \$M	Total Liabilities \$M
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		<u>A-IFRS adjustments (net of tax where appropriate):</u>			
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-	4.2	Deferred tax	(315.8)	278.9	594.7
9.4	6.6	Contingent asset - Moomba claim	-	-	-
(4.3)	(4.3)	Share based payments	-	-	-
1.2	1.2	Acquisition of minority interests	(27.0)	(27.0)	-
-	-	Business combinations restatement	(43.6)	(41.3)	2.3
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40.9	33.0	Estimated recurring A-IFRS adjustments			
656.1	299.0	Estimated recurring A-IFRS earnings			

(1) This is a non-recurring adjustment

(2) This adjustment is only made from 1 July 2005 when AASB 139 is applied. No further adjustments have been made in respect of AASB 139.

On an ongoing basis the application of A-IFRS:

- does not impact Origin's strategy or underlying business operations
- does not impact future cash flows
- does not impact capacity to pay dividends
- increases after tax earnings by approximately \$30 million
- reduces equity resulting in:
 - Increased ROE by 2%
 - Increased debt to debt + equity by 3%
- makes forecasting earnings more difficult due to increased volatility

Other Accounting Policy Considerations

- **Successful Efforts Accounting for Exploration and Evaluation**

- Origin is in the process of evaluating its current “full cost area of interest” accounting policy in relation to exploration and evaluation activities in the Exploration and Production business.
- The Oil and Gas industry appears to be embracing the Successful Efforts method with a number of Australian companies recently changing policy.
- If adopted, a successful efforts policy is expected to result in a reduction in the carrying value of exploration and evaluation assets and retained earnings at 1 July 2004.
- The policy would result in a recurring reduction in depletion expense, and an increase in annual exploration expenses (based on the level of exploration activity undertaken and the drilling success achieved).



Outlook

In the coming year, major drivers of earnings will be:

- Contact Energy will provide a full year of earnings
- Spring Gully will provide a 12 month contribution through the ramp-up phase of supplying the AGL contract
- The BassGas project will commence contributions through the commissioning phase in the December Quarter and should contribute significantly to the second half
- The Otway Gas project is likely to commence commissioning
- Retail is likely to continue to face challenging market conditions
- The contribution from Generation will again be influenced by continuing expenditure on power generation and solar developments

The implementation of A-IFRS will see an uplift in reported earnings, but make forecasting earnings more difficult

- While hedge accounting policies will be adopted there are expected to be some instruments which are regarded as ineffective and will introduce mark to market volatility to earnings

Notwithstanding this Origin is likely to deliver earnings growth in the coming year

- Earnings for the year ended 30 June 2006 will be based on A-IFRS compared to restated earnings based on A-IFRS for the year ended 30 June 2005
- Under these circumstances and based on prospects for the coming year, Directors' current expectation is that estimated recurring A-IFRS earnings of \$299 million for the year ended 30 June 2005 will increase by approximately 10% in 2006

The logo features a stylized white letter 'O' with several overlapping, thin, golden-yellow lines that swirl around it, creating a sense of motion and energy.

origin
energy