ASX APPENDIX 4E
FINAL REPORT

For the year ended 30 June 2005

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

APPENDIX 4E

Results for announcement to the market:				A$'000
Revenues from ordinary activities	up	38.2%	to	4,914,281
Net profit for the period attributable to members	up	29.8%	to	266,020
Earnings per share - basic	up	24.0%	to	37.2 cents
Earnings per share - diluted	up	23.8%	to	36.9 cents
Normalised earnings per share - basic	up	16.3%	to	34.9 cents
Normalised earnings per share - diluted	up	16.1%	to	34.6 cents

Dividends	Amount per security	Franked amount per security at 30% tax
Final dividend declared subsequent to 30 June 2005	8 cents	8 cents
Previous corresponding period	7 cents	7 cents

Date for determining entitlements to the dividend: 7 September 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' Review for explanations.

Discussion and Analysis of the results for the year ended 30 June 2005

Refer to the Directors' Review for commentary.

STATEMENT OF FINANCIAL PERFORMANCE

Origin Energy Limited and Controlled Entities

for year ended 30 June	Note	Consolidated 2005 $'000	2004 $'000
Revenue from ordinary activities	3(a)	4,914,281	3,556,015
Expenses from ordinary activities excluding borrowing costs	3(b)	(4,304,438)	(3,249,193)
Borrowing costs		(146,218)	(49,006)
Share of net profits of associates and joint venture entities accounted for using the equity method	8	16,464	26,012
Profit from ordinary activities before related income tax expense		480,089	283,828
Income tax expense relating to ordinary activities	4	147,418	76,905
Net profit		332,671	206,923
Net profit attributable to outside equity interests		66,651	1,982
Net profit attributable to members of the parent entity, Origin Energy Limited	11	**266,020**	**204,941**
Non-owner transaction changes in equity			
Net exchange difference relating to self-sustaining foreign operations		(9,603)	2,624
Total revenues, expenses and valuation adjustments attributable to members of Origin Energy Limited recognised directly in equity		(9,603)	2,624
Total changes in equity from non-owner related transactions attributable to members of the parent entity, Origin Energy Limited	11	**256,417**	**207,565**
Basic earnings per share	10	37.2 cents	30.0 cents
Diluted earnings per share	10	36.9 cents	29.8 cents
Normalised earnings per share - basic	10	34.9 cents	30.0 cents
Normalised earnings per share - diluted	10	34.6 cents	29.8 cents

The Statement of Financial Performance should be read in conjunction with the notes to the financial statements set out on pages 5 to 29.

STATEMENT OF FINANCIAL POSITION

Origin Energy Limited and Controlled Entities

		Consolidated	
	Note	2005	2004
as at 30 June		$'000	$'000
CURRENT ASSETS			
Cash assets		87,793	44,318
Receivables		828,461	616,971
Inventories		95,594	56,529
Other		59,555	61,466
TOTAL CURRENT ASSETS		1,071,403	779,284
NON-CURRENT ASSETS			
Receivables		5,503	5,451
Investments accounted for using the equity method		114,747	115,054
Other financial assets		163,717	169,546
Property, plant and equipment		5,242,562	1,469,593
Exploration, evaluation and development expenditure		311,163	251,620
Intangible assets		998,044	811,978
Deferred tax assets		88,211	96,680
Other		19,313	8,140
TOTAL NON-CURRENT ASSETS		6,943,260	2,928,062
TOTAL ASSETS		8,014,663	3,707,346
CURRENT LIABILITIES			
Payables		688,466	477,772
Interest-bearing liabilities		239,566	113,761
Current tax liabilities		9,112	2,680
Provisions		87,233	71,886
TOTAL CURRENT LIABILITIES		1,024,377	666,099
NON-CURRENT LIABILITIES			
Payables		6,698	3,838
Interest-bearing liabilities		2,590,745	791,076
Deferred tax liabilities		337,005	259,786
Provisions		65,976	47,092
TOTAL NON-CURRENT LIABILITIES		3,000,424	1,101,792
TOTAL LIABILITIES		4,024,801	1,767,891
NET ASSETS		**3,989,862**	**1,939,455**
EQUITY			
Contributed equity	9	1,133,890	463,208
Reserves		102,850	112,241
Retained profits	11	1,503,566	1,356,922
Total parent entity interest		2,740,306	1,932,371
Outside equity interests		1,249,556	7,084
TOTAL EQUITY	11	**3,989,862**	**1,939,455**

The Statement of Financial Position should be read in conjunction with the notes to the financial statements set out on pages 5 to 29.

Net Tangible Asset Backing

	Consolidated	
	2005	2004
Net tangible asset backing per ordinary security	$ 2.21	$ 1.68

STATEMENT OF CASH FLOWS

Origin Energy Limited and Controlled Entities

for year ended 30 June	Note	Consolidated 2005 $'000	2004 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		5,211,994	3,884,454
Cash payments in the course of operations		(4,345,052)	(3,419,007)
Dividends/distributions received from associates/joint venture entities		18,867	11,533
Other dividends received		1,141	684
Interest received		8,553	2,183
Borrowing costs paid		(158,812)	(53,245)
Income taxes refunded/(paid)		(181,213)	2,194
Subvention payments		-	(4,000)
Net cash provided by operating activities		555,478	424,796
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment		(337,673)	(195,644)
Payments for exploration, development and upstream plant and equipment		(129,488)	(127,395)
Payment for additional investment in equity accounted entities		-	(55,619)
Payment for purchase of outside equity interests in controlled entities		-	(73,944)
Payments for purchases of controlled entities (net of cash acquired)	6(c)	(942,504)	(25,248)
Payments for purchases of other investments		(2,321)	(11,809)
Payments for purchases of businesses and other assets	6(c)	(22,753)	-
Loans to equity accounted entities		(2,514)	(27,985)
Repayment of loans by associated entity		1,165	-
Net proceeds from disposal of investments		1,659	-
Proceeds from sale of non-current assets		20,593	9,377
Net cash used in investing activities		(1,413,836)	(508,267)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,684,256	582,771
Repayments of borrowings		(3,293,814)	(442,153)
Dividends paid by parent entity		(64,887)	(33,364)
Dividends paid to outside equity interests		(43,563)	(804)
Proceeds from issues of share capital	9	7,808	4,817
Proceeds from Rights Issue		630,504	-
Proceeds from issue of convertible undated preference shares (net of transaction costs)		592,885	-
Redemption of convertible undated preference shares		(619,848)	-
Net cash provided by financing activities		893,341	111,267
NET INCREASE IN CASH HELD		34,983	27,796
Cash and cash equivalents at the beginning of the year		44,318	16,431
Effect of exchange rate changes on cash		(271)	91
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6(a)	79,030	44,318

The Statement of Cash Flows should be read in conjunction with the notes to the financial statements set out on pages 5 to 29.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and Controlled Entities

FOR THE YEAR ENDED 30 JUNE 2005

1. BASIS OF PREPARATION OF THE FINAL REPORT

The ASX 4E Report has been prepared in accordance with Accounting Standard AASB 1039 "Concise Financial Reports" (excluding the discussion and analysis requirements of the standard) and applicable Urgent Issues Group Consensus Views. It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or current valuations of non-current assets. The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in an accounting policy, are consistent with those of the previous year.

Refer to Note 14 for the impact of adopting Australian equivalents to International Financial Reporting Standards.

Origin Energy Limited and Controlled Entities

2. SEGMENTS
(a) Primary reporting - geographical segments

	Australia **		New Zealand ***		Consolidated	
	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE						
Total sales	3,565,944	3,502,383	1,294,626	19,404	4,860,570	3,521,787
Intersegment sales elimination *	-	-	-	-	-	-
External sales revenue	3,565,944	3,502,383	1,294,626	19,404	4,860,570	3,521,787
Other revenue	37,877	29,649	4,716	988	42,593	30,637
Total segment revenue	3,603,821	3,532,032	1,299,342	20,392	4,903,163	3,552,424
Interest revenue					11,118	3,591
Revenue from ordinary activities					4,914,281	3,556,015
RESULT						
Segment result	335,767	301,665	262,958	1,566	598,725	303,231
Share of net profits of associates and joint venture entities	15,255	24,006	1,209	2,006	16,464	26,012
EARNINGS BEFORE INTEREST AND TAX (EBIT)	351,022	325,671	264,167	3,572	615,189	329,243
Net interest expense					(135,100)	(45,415)
Profit from ordinary activities before income tax					480,089	283,828
Income tax expense					(147,418)	(76,905)
Net profit					332,671	206,923
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	563,033	527,249	364,769	4,950	927,802	532,199
DEPRECIATION AND AMORTISATION	212,011	201,578	100,602	1,378	312,613	202,956
OTHER NON-CASH EXPENSES	34,193	35,428	4,448	1,216	38,641	36,644
ACQUISITIONS OF NON-CURRENT ASSETS (includes capital expenditure)	445,847	502,989	1,028,605	5,637	1,474,452	508,626

Origin Energy Limited and Controlled Entities

2. SEGMENTS (continued)

(a) Primary reporting - geographical segments (continued)

	Australia **		**New Zealand *****		**Consolidated**	
	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS						
Segment assets	3,807,953	3,363,646	3,915,959	87,648	7,723,912	3,451,294
Equity accounted investments	111,353	114,898	3,394	156	114,747	115,054
Total segment assets	3,919,306	3,478,544	3,919,353	87,804	7,838,659	3,566,348
Cash and deferred tax assets					176,004	140,998
Total assets					8,014,663	3,707,346
LIABILITIES						
Segment liabilities	571,097	570,150	277,276	30,438	848,373	600,588
Interest bearing liabilities and current and deferred tax liabilities					3,176,428	1,167,303
Total liabilities					4,024,801	1,767,891

* 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 nine months from the date of acquisition (1 October 2004) to the end of the year.

Origin Energy Limited and Controlled Entities

2. SEGMENTS (continued)
(b) Secondary reporting - business segments

	Exploration and Production		Retail		Generation		Networks		Contact **		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE												
Total sales	405,046	345,285	3,068,235	2,988,882	125,223	117,110	158,742	168,098	1,215,846	-	4,973,092	3,619,375
Intersegment sales elimination *	(64,606)	(54,494)	-	-	(47,916)	(43,094)	-	-	-	-	(112,522)	(97,588)
External sales revenue	340,440	290,791	3,068,235	2,988,882	77,307	74,016	158,742	168,098	1,215,846	-	4,860,570	3,521,787
Other revenue	17,809	6,612	7,145	5,377	523	2,398	15,969	16,250	1,147	-	42,593	30,637
Total segment revenue	358,249	297,403	3,075,380	2,994,259	77,830	76,414	174,711	184,348	1,216,993	-	4,903,163	3,552,424
Unallocated revenue											11,118	3,591
Revenue from ordinary activities											4,914,281	3,556,015
RESULT												
Segment result	134,434	105,113	176,010	154,432	18,414	21,460	21,159	22,226	248,708	-	598,725	303,231
Share of net profits of associates and joint venture entities	-	-	66	2,006	8,354	19,361	6,901	4,645	1,143	-	16,464	26,012
EARNINGS BEFORE INTEREST AND TAX (EBIT)	134,434	105,113	176,076	156,438	26,768	40,821	28,060	26,871	249,851	-	615,189	329,243
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	245,545	197,180	254,108	237,569	52,719	68,040	29,784	29,410	345,646	-	927,802	532,199
DEPRECIATION AND AMORTISATION	111,111	92,067	78,032	81,131	25,951	27,219	1,724	2,539	95,795	-	312,613	202,956
OTHER NON-CASH EXPENSES	7,523	20,465	22,242	14,599	3,857	880	821	700	4,198	-	38,641	36,644
ACQUISITIONS OF NON-CURRENT ASSETS (includes capital expenditure)	384,030	367,986	75,623	70,805	7,561	12,997	1,037	56,838	1,006,201	-	1,474,452	508,626

Origin Energy Limited and Controlled Entities

2. SEGMENTS (continued)
(b) Secondary reporting
- business segments(continued)

	Exploration and Production		Retail		Generation		Networks		Contact **		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS												
Segment assets	1,600,477	1,285,956	1,575,324	1,668,986	329,959	281,458	197,255	214,894	4,020,897	-	7,723,912	3,451,294
Equity accounted investments	-	-	154	156	59,270	57,517	52,083	57,381	3,240	-	114,747	115,054
Total segment assets	1,600,477	1,285,956	1,575,478	1,669,142	389,229	338,975	249,338	272,275	4,024,137	-	7,838,659	3,566,348
Unallocated assets ***											176,004	140,998
Total assets											8,014,663	3,707,346
LIABILITIES												
Segment liabilities	157,660	127,297	397,493	434,649	14,530	3,580	35,714	35,062	242,976	-	848,373	600,588
Unallocated liabilities ***											3,176,428	1,167,303
Total liabilities											4,024,801	1,767,891

* Intersegment pricing is determined on an arm's length basis. Intersegment sales are eliminated on consolidation. A tolling arrangement operates between the Retail and Generation segments. 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 nine months from the date of acquisition (1 October 2004) to the end of the 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.

Business segments:	**Products and services:**
Exploration and Production	Natural gas and oil exploration and production in Australia and New Zealand.
Retail	Natural gas, electricity and energy related products and services in Australia. LPG and related products and services in Australia and New Zealand.
Generation	Natural gas-fired cogeneration and power generation in Australia.
Networks	Infrastructure investment and management services in Australia.
Contact	Natural gas and electricity energy related products and services in New Zealand. Power generation in New Zealand.

Origin Energy Limited and Controlled Entities

	Consolidated 2005 $'000	Consolidated 2004 $'000
3. PROFIT FROM ORDINARY ACTIVITIES		
(a) Revenue from ordinary activities		
Revenue from operating activities:		
Revenue from sale of goods	4,701,861	3,353,598
Revenue from rendering of services	158,709	168,189
Total sales revenue	4,860,570	3,521,787
Interest income	11,118	3,591
Revenue from outside operating activities	42,593	30,637
Revenue from ordinary activities	4,914,281	3,556,015
(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	3,243,124	2,423,282
Advertising	32,143	25,141
Bad and doubtful debts	16,017	10,840
Consultancy costs	13,319	8,816
Contracting costs	120,439	130,987
Depreciation and amortisation	312,613	202,956
Employee expenses	264,442	206,199
Exploration and production costs	48,231	56,567
Motor vehicle expenses	19,246	15,949
Occupancy expenses	33,294	27,441
Repairs and maintenance	35,078	14,157
Royalties	30,355	25,533
Administration and other expenses from ordinary activities	136,137	101,325
Expenses from ordinary activities excluding borrowing costs	4,304,438	3,249,193
(c) Individually significant items		
Individually significant expenses included in profit from ordinary activities before income tax expense include:		
Provision for write-down of producing area of interest - Cooper Basin	-	16,212

4. INCOME TAX EXPENSE

	Consolidated 2005 $'000	Consolidated 2004 $'000
Income tax expense on pre-tax accounting profit:		
(i) at Australian tax rate of 30%	144,027	85,148
(ii) adjustment for difference between Australian and overseas tax rates	5,717	202
Income tax expense on pre-tax accounting profit at standard rates	149,744	85,350
Add/(subtract) tax effect of major items causing permanent differences:		
Non-taxable distributions received	(3,691)	(2,581)
Depreciation and amortisation	24,417	15,310
Non-deductible provision for write-down of producing areas of interest	-	4,863
Share of associates' net profit	(3,502)	(7,441)
Under/(over) provision of tax in previous years	(12,979)	384
Tax consolidation expense/(benefit)	191	(1,620)
Non-deductible redeemable preference share interest	3,152	-
Other	696	1,008
Individually significant items:		
Recognition of deferred tax assets not previously brought to account	-	(53,774)
Tax losses written off/(recouped)	(10,610)	35,406
	(2,326)	(8,445)
Income tax expense relating to ordinary activities	147,418	76,905

Origin Energy Limited and Controlled Entities

5. DIVIDENDS

Date the dividend is payable	26 September 2005
Date to determine entitlements to the dividend (ie on the basis of registrable transfers received by 5.00pm if securities are not CHESS approved, or security holding balances established by 5.00pm or such later time permitted by SCH Business Rules if securities are CHESS approved) and the last date for receipt of election notices for participation in the Dividend Reinvestment Plan.	7 September 2005

	Note	Consolidated 2005 $'000	2004 $'000
(a) Dividend reconciliation			
Final dividend of 7 cents per share, fully franked at 30%, paid 15 September 2004 (2004: Final dividend of 5 cents per share, franked to 2 cents per share at 30%, paid 3 October 2003)		46,974	33,183
Interim dividend of 7 cents per share, fully franked at 30%, paid 23 March 2005 (2004: 6 cents per share, fully franked at 30%, paid 18 March 2004)		47,355	39,960
	11	94,329	73,143
(b) Subsequent event			
Since the end of the financial year, the Directors have declared a final dividend of 8 cents per share, fully franked at 30%, payable 26 September 2005		63,177	

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2005 and will be recognised in subsequent financial reports

(c) Dividend franking account

	2005 $'000	2004 $'000
30% franking credits available to shareholders of Origin Energy Limited for subsequent financial years.	20,222	21,652

The above available amount is based on the balance of the dividend franking account at year end adjusted for:
(a) franking credits that will arise from the payment of income tax;
(b) franking debits that will arise from the payment of dividends provided at year end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables at year end; and
(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

Origin Energy Limited and Controlled Entities

6. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	2005	2004
	$'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 financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash	87,793	44,318
Bank overdrafts	(8,763)	-
	79,030	44,318
(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	29,442	39,779
Deferred settlement portion of the consideration for the acquisition of Kupe Development Ltd, Kupe Mining (No.1) Ltd, and Kupe Mining (No.2) Ltd (now known as Origin Energy Resources (Kupe) Ltd)	-	18,678

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

(c) Net assets acquired

During the year ended 30 June 2005, the consolidated entity acquired entities/businesses for a total consideration of $1,046,617,000. Of this amount, $1,023,864,000 relates to the acquisition on 1 October 2004 of a number of companies, including an interest in Contact Energy Limited, from Edison Mission Energy and additional shares in Contact Energy Limited pursuant to the subsequent Takeover Offer. The remaining amount of $22,753,000 relates to the acquisition of business assets.

During the year ended 30 June 2004, the consolidated entity acquired entities/businesses for a total consideration of $45,426,000.
Details of the acquisition and the fair value of the assets and liabilities acquired are as follows:

	Consolidated	
	2005	2004
as at 30 June	$'000	$'000
CURRENT ASSETS		
Cash assets	79,925	1,500
Receivables	141,807	2,751
Inventories	29,688	-
Other	6,361	227
TOTAL CURRENT ASSETS	257,781	4,478
NON-CURRENT ASSETS		
Investments accounted for using the equity method	2,286	-
Other financial assets	-	1,346
Property, plant and equipment	3,651,107	18,888
Exploration, evaluation and development expenditure	3,200	40,106
Intangible assets	2,795	405
Deferred tax assets	16,046	507
Other	4,280	-
TOTAL NON-CURRENT ASSETS	3,679,714	61,252
TOTAL ASSETS	3,937,495	65,730
CURRENT LIABILITIES		
Payables	154,116	2,870
Interest-bearing liabilities	50,653	2,180
Bank overdraft	2,833	-
Current tax liabilities	35,949	-
Provisions	26,792	287
TOTAL CURRENT LIABILITIES	270,343	5,337
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	1,487,249	4,359
Deferred tax liabilities	115,195	10,608
Provisions	11,482	-
TOTAL NON-CURRENT LIABILITIES	1,613,926	14,967
TOTAL LIABILITIES	1,884,269	20,304
NET ASSETS	2,053,226	45,426
Outside equity interest	(1,233,709)	-
Goodwill on acquisition	227,100	-
FAIR VALUE OF NET ASSETS ACQUIRED	1,046,617	45,426
Cashflow reconciliation:		
Total consideration	1,046,617	45,426
Cash acquired net of bank overdraft	(77,092)	(1,500)
Deferred settlement	-	(18,678)
Other amount payable	(4,268)	-
Consideration (net of cash acquired, deferred settlement and other amount payable)	965,257	25,248

Origin Energy Limited and Controlled Entities

7. ACQUISITION OF CONTROLLED ENTITIES

2005

The following entities were acquired during the financial year:

Name	Date acquired	Percentage interest acquired	Net tangible assets acquired $'000	Consideration $'000
Mission Energy Universal Holdings	1 October 2004	100%		
Mission Energy Five Star Holdings	1 October 2004	100%		
Mission Contact Finance Limited	1 October 2004	100%	796,764	1,023,864
Mission Energy Pacific Holdings	1 October 2004	100%		
Contact Energy Limited and its controlled entities	1 October 2004	51.36%		

2004

The following entities were acquired during the financial year:

Name	Date Acquired	Percentage interest acquired	Net tangible assets acquired $'000	Consideration $'000
Rockgas Limited	31 March 2004	50%	15,139	15,544
Kupe Development Ltd, Kupe Mining (No. 1) Ltd, Kupe Mining (No. 2) Ltd (now known as Origin Energy Resources (Kupe) Ltd)	13 February 2004	100%	29,882	29,882
Oil Company of Australia Ltd (now known as Origin Energy CSG Limited)	30 September 2003	14.77%	55,869	73,944

Kupe Development Limited, Kupe Mining (No. 1) Ltd, Kupe Mining (No. 2) Ltd (now known as Origin Energy Resources (Kupe) Ltd)

The consideration of $29,882,000 for the Kupe entities includes a deferred payment of NZ$21,000,000 (A$18,678,000) which was paid on 1 July 2005.

Oil Company of Australia Ltd (OCA) (now known as Origin Energy CSG Limited)

At 30 June 2003 Origin Energy Limited and its controlled entities owned 85.23% of OCA. During the period the remaining 14.77% interest in OCA was acquired. OCA 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.

Origin Energy Limited and Controlled Entities

8. INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES

	Percentage of ownership interest held at the end of the period		Contribution to net profit	
	Consolidated		Consolidated	
	2005	2004	2005	2004
	%	%	$'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	4,819	4,888
Campaspe Asset Management Services Pty Ltd	50.0	50.0	261	103
CUBE Pty Ltd*	50.0	50.0	3,535	14,473
Gas Industry Superannuation Pty Ltd	50.0	50.0	-	-
Oakey Power Holdings Pty Ltd	25.0	-	1,143	-
Rockgas Ltd**	100.0	100.0	-	1,983
Rockgas Timaru Ltd	50.0	50.0	67	23
SEA Gas Partnership	33.3	33.3	6,639	4,542
Vitalgas Pty Limited	50.0	50.0	-	-
Total			**16,464**	**26,012**
Other material interests:				
Envestra Limited	17.53%	17.53%	12,821	12,821
Total			12,821	**12,821**

* 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.

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000
9. CONTRIBUTED EQUITY			
ISSUED AND PAID-UP CAPITAL			
789,716,669 (2004: 668,688,360) ordinary shares, fully paid		1,133,890	463,208
ORDINARY SHARE CAPITAL			
Balance at the beginning of the financial year		463,208	418,612
Shares issued:			
- 3,804,700 (2004: 2,513,350) shares in accordance with the Senior Executive Option Plan		7,808	4,817
- 4,692,486 (2004: 8,465,259) shares in accordance with the Dividend Reinvestment Plan		29,442	39,779
- 112,531,123 (2004: Nil) shares in accordance with the Rights Issue, pursuant to a prospectus		633,432	-
Total movements in ordinary share capital	11	670,682	44,596
		1,133,890	463,208

Rights Issue

The Company offered all existing shareholders a pro-rata renounceable Rights Issue on the basis of one new share for every six existing shares. On 1 April 2005, the Company issued 112,531,123 shares at a price of $5.70 per share, raising $633,432,000 net of costs.

Options	Number	Exercise price	Expiry date
On issue at 30 June 2005 *	110,000	$ 2.58	31 Aug 2006
	2,280,000	$ 3.04	16 Dec 2006
	2,585,000	$ 3.40	19 Dec 2007
	3,890,000	$ 4.15	19 Dec 2008
	775,000	$ 5.98	6 Aug 2009
	2,596,000	$ 5.72	26 Nov 2009
	200,000	$ 6.75	20 May 2010
Issued during the year ended 30 June 2005	775,000	$ 6.14	6 Aug 2009
	2,596,000	$ 5.88	26 Nov 2009
	200,000	$ 6.75	20 May 2010
Exercised during the year ended 30 June 2005	329,700	$ 1.76	6 Dec 2004
	1,890,000	$ 1.27	1 Mar 2005
	385,000	$ 2.74	31 Aug 2006
	1,085,000	$ 3.20	16 Dec 2006
	85,000	$ 3.04	16 Dec 2006
	30,000	$ 3.04	14 Jan 2007
Expired during the year ended 30 June 2005	23,450	$ 1.76	6 Dec 2004
	55,500	$ 1.78	6 Dec 2004
Forfeited during the year ended 30 June 2005	45,000	$ 3.20	16 Dec 2006
	45,000	$ 3.56	19 Dec 2007
	20,000	$ 4.31	19 Dec 2008

* The exercise prices have been adjusted as a result of the Rights Issue.

Origin Energy Limited and Controlled Entities

10. EARNINGS PER SHARE (EPS)

	Consolidated	
	2005	2004
Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027 "Earnings Per Share"* are as follows.		
Basic EPS	37.2 cents	30.0 cents
Diluted EPS	36.9 cents	29.8 cents
NORMALISED EARNINGS PER SHARE*		
Basic EPS	34.9 cents	30.0 cents
Diluted EPS	34.6 cents	29.8 cents

Weighted average number of shares used as the denominator

	2005 Number	2004 Number
Ordinary Shares	715,970,440	663,160,654
Adjustment due to Rights Issue in April 2005	-	19,000,503
Number of ordinary shares for basic earnings per share calculation	715,970,440	682,161,157
Effect of executive share options on issue	5,290,084	4,923,384
Number of ordinary shares for diluted earnings per share calculation	721,260,524	687,084,541
NORMALISED WEIGHTED AVERAGE NUMBER OF SHARES*		
Ordinary Shares	715,970,440	663,160,654
Adjustment due to Rights Issue	46,528,918	19,000,503
Number of ordinary shares for basic earnings per share calculation	762,499,358	682,161,157
Effect of executive share options on issue	5,290,084	4,923,384
Number of ordinary shares for diluted earnings per share calculation	767,789,442	687,084,541

* To provide a more meaningful comparison, normalised basic and diluted earnings per share have also been disclosed. The weighted average number of shares has been notionally adjusted for the Rights Issue as if it occurred on 1 October 2004 when Contact Energy was acquired, rather than on 1 April 2005. The earnings for both basic and dilluted earnings per share remain unchanged.

Reconciliation of earnings used in calculating EPS:

	2005 $'000	2004 $'000
Basic and diluted EPS		
Net profit	332,671	206,923
Less: Outside equity interests	66,651	1,982
Amount used as numerator in calculating basic and diluted EPS	266,020	204,941

Information concerning the classification of securities

(a) Fully paid ordinary shares

Fully paid ordinary shares are classified as ordinary shares for the purposes of calculating basic and diluted earnings per share.

(b) Share Options

Share options granted under the Senior Executive Option Plan have been classified as potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share.

Origin Energy Limited and Controlled Entities

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000
11. RETAINED PROFITS AND TOTAL EQUITY			
(a) Retained profits reconciliation			
Retained profits at the beginning of the previous financial year		1,356,922	1,223,977
Dividends paid during the year	5	(94,329)	(73,143)
Net profit attributable to members of the parent entity, Origin Energy Limited		266,020	204,941
Dividends paid on redemption of convertible undated preference shares		(24,835)	-
Aggregate of amounts transferred (to)/from reserves		(212)	1,147
Retained profits at the end of the financial year		1,503,566	1,356,922
(b) Total equity reconciliation			
Total equity at the beginning of the financial year		1,939,455	1,789,604
Total changes in parent entity interest in equity recognised in the Statement of Financial Performance		256,417	207,565
Transactions with owners as owners:			
Contributions of equity	9	670,682	44,596
Dividends recognised during the year	5	(94,329)	(73,143)
Dividends paid on redemption of convertible undated preference shares		(24,835)	-
Total changes in outside equity interests		1,242,472	(29,167)
Total equity at the end of the financial year		3,989,862	1,939,455
(c) Outside equity interests reconciliation			
Outside equity interests at the beginning of the financial year		7,084	36,251
Outside equity interest in Contact Energy Limited on acquisition		1,233,709	-
Acquisition of remaining outside equity interests in Oil Company of Australia		-	(30,056)
Net profit attributable to outside equity interests		66,651	1,982
Movement in foreign currency translation reserve		(15,697)	(289)
Dividends paid		(43,563)	(804)
Foreign investor tax credit		1,372	-
Outside equity interests at the end of the financial year		1,249,556	7,084

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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	
	2005	2004
	$'000	$'000
Contingent liabilities not considered remote:		
Unsecured:		
Bank guarantees	205,323	204,741
Letters of credit *	-	9,561
	205,323	214,302

* 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 Limited as agent for the BassGas joint venturers are currently engaged in an arbitration pursuant to the terms of the EPIC Contract that relates to the construction of the BassGas project. Clough has made claims for extensions of time, extra sums pursuant to or for alleged breach of the EPIC Contract and for alleged breaches of the Trade Practices Act. In response, the BassGas joint venturers are claiming liquidated damages plus the cost of rectifying defective or incomplete work. Origin remains confident that the outcome from the dispute will not require any unfavourable adjustment to the results for Origin in this or any future financial period.

13. EVENTS SUBSEQUENT TO BALANCE DATE

Refer Note 5 for dividends declared subsequent to 30 June 2005.

Refer Note 14 for details regarding the impact of adopting Australian equivalents to International Financial Reporting Standards.

On 19 August 2005 Origin agreed to acquire a further 5% interest in the BassGas project taking its holding to 42.5%, a 5% interest in the Trefoil gas field taking its interest in that field to 46.4% and an additional 1% interest in the Otway gas project and associated exploration tenements taking its interest to 30.75%.

The financial effects of these transactions have not been brought to account in the financial statements for the year ended 30 June 2005 and will be recognised in subsequent financial reports.

14. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005, Australian companies must comply with Australian equivalents to International Financial Reporting Standards (A-IFRS) as issued by the Australian Accounting Standards Board. Accordingly, Origin will be required to prepare financial statements under A-IFRS for the first time for the half year ending 31 December 2005 and year ending 30 June 2006.

Origin has implemented A-IFRS with effect from 1 July 2005. In order to comply with A-IFRS for the first time, Origin must also 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 30 June 2005. Net profit during these periods will also be restated. Adjustments required to restate the balance sheet as at 1 July 2004 are made directly to opening retained earnings.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ended 30 June 2005. 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.

Transition Management

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 a steering committee chaired by the Chief Financial Officer.

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 substantially complete at the date of this report. The final phase includes the live implementation of systems, further detailed training for staff, embedding the new business processes across the organisation, and the review and refinement of all changes, systems and processes implemented. The project is achieving its scheduled milestones and Origin expects to be in a position to fully comply with the requirements of A-IFRS for the half year ending 31 December 2005 and year ending 30 June 2006.

Impact of Transition to A-IFRS

The impact of transition to A-IFRS, including the transitional adjustments disclosed in the tables below, are based on A-IFRS standards that are currently expected to be in place when preparing the first complete A-IFRS financial report (being the half year ending 31 December 2005). Only a complete set of financial statements and notes, together with comparative balances, can provide a true and fair presentation of Origin's financial position, results of operations and cash flows in accordance with A-IFRS. This note, therefore, only provides a summary of the potential impacts resulting from the transition to A-IFRS.

There is a significant amount of judgement involved in the preparation of the reconciliations from current Australian GAAP to A-IFRS, consequently the final reconciliations presented in the first financial report prepared in accordance with A-IFRS may vary materially from the reconciliations provided in this Note. In addition, revisions to the selection and application of the A-IFRS accounting policies may be required as a result of:

- changes in A-IFRS reporting requirements that are relevant to Origin, arising from new or revised accounting standards or interpretations issued by the Australian Accounting Standards Board; or

- additional guidance on the application of A-IFRS in the energy industry or to particular transactions.

Also, 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 impact on future years will depend on the particular circumstances prevailing in those years.

14. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The rules for first time adoption of A-IFRS are set out in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*. In general, A-IFRS accounting policies must be applied retrospectively to determine the opening A-IFRS balance sheet as at transition date, being 1 July 2004. AASB 1 allows a number of exemptions to this general principle to assist in the transition to reporting under A-IFRS. The explanatory comments below include details of the AASB 1 elections adopted.

The impact of transition to A-IFRS is set out in the following tables.

Table 1 - Impact on Origin's Balance Sheet of Initial Transition to A-IFRS at 1 July 2004

CONSOLIDATED ENTITY	Equity (incl Reserves) $000	Total Assets $000	Total Liabilities $000
Total reported under Australian GAAP	**1,939,455**	**3,707,346**	**1,767,891**
A-IFRS adjustments (net of tax where appropriate):			
1. Contingent asset	(6,579)	(9,399)	(2,820)
2. Acquisition of minority interests	(28,225)	(28,225)	-
3. Dismantling, removal & restoration provisions	(33,646)	73,097	106,743
4. Business combinations restatement	(43,562)	(41,311)	2,251
5. Deferred tax	(52,987)	2,762	55,750
6. Investments in equity accounted entities	(277)	(216)	61
Total A-IFRS adjustments	**(165,276)**	**(3,292)**	**161,985**
Total restated under A-IFRS at 1 July 2004	**1,774,179**	**3,704,054**	**1,929,876**

Table 2 - Impact on Origin's Equity Balances on Initial Transition to A-IFRS at 1 July 2004

CONSOLIDATED ENTITY	Contributed Equity $000	Reserves $000	Retained Earnings $000	Minority Interests $000	Total Equity $000
Total reported under Australian GAAP	**463,208**	**112,241**	**1,356,922**	**7,084**	**1,939,455**
A-IFRS adjustments (net of tax where appropriate):					
1. Contingent asset	-	-	(6,579)	-	(6,579)
2. Acquisition of minority interests	-	-	(28,225)	-	(28,225)
3. Dismantling, removal & restoration provisions	-	-	(33,646)	-	(33,646)
4. Business combinations restatement	-	-	(43,562)	-	(43,562)
5. Deferred tax	-	-	(52,987)	-	(52,987)
6. Investments in equity accounted entities	-	-	(277)	-	(277)
8. Share based payments	-	2,404	(2,404)	-	-
10. Property, plant and equipment	-	(103,676)	103,676	-	-
11. Foreign currency translation reserve	-	(8,565)	8,565	-	-
Total A-IFRS adjustments	**-**	**(109,837)**	**(55,439)**	**-**	**(165,276)**
Total restated under A-IFRS at 1 July 2004	**463,208**	**2,404**	**1,301,483**	**7,084**	**1,774,179**

14. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Table 3 - Impact on Origin's Balance Sheet as at 30 June 2005 and Profit for the year ended 30 June 2005 of transition to A-IFRS

CONSOLIDATED ENTITY	Equity (incl Reserves) $000	Total Assets $000	Total Liabilities $000	EBIT $000	Net Profit after Tax & Minority Interests $000
Total reported under Australian GAAP	**3,989,862**	**8,014,663**	**4,024,801**	**615,189**	**266,020**
A-IFRS adjustments (net of tax where appropriate):					
1. Contingent asset	-	-	-	9,399	6,579
2. Acquisition of minority interests	(26,978)	(26,978)	-	1,247	1,247
3. Dismantling, removal & restoration provisions	(38,923)	68,619	107,542	(501)	(5,277)
4. Business combinations restatement	(43,562)	(41,311)	2,251	-	-
5. Deferred tax	(315,807)	278,879	594,686	-	4,186
6. Investments in equity accounted entities	(335)	(277)	58	(66)	(58)
7. Goodwill and licence amortisation	39,930	39,930	-	39,930	39,930
8. Share based payments	-	-	-	(4,287)	(4,287)
9. Defined benefit superannuation plan	(3,567)	1,529	5,096	9,474	3,126
Total A-IFRS adjustments	(389,242)	320,391	709,633	55,196	45,446
Total restated under A-IFRS at 30 June 2005	**3,600,620**	**8,335,054**	**4,734,434**	**670,385**	**311,466**

1. Contingent asset

The recognition threshold 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 receivable of $9.4 million recorded at 1 July 2004 and the related tax adjustment of $2.8 million are expected to be derecognised through opening retained earnings.

As full indemnity was received by 31 December 2004 the net profit amount, including tax, of $6.6 million is expected to be recognised in A-IFRS profit for the year ended 30 June 2005.

2. Acquisition of minority interests in previously controlled entity

On 30 September 2003 Origin acquired the remaining 14.77% minority interest in Oil Company of Australia (OCA). Under current Australian GAAP the acquisition of the remaining minority interests was treated as an incremental business acquisition and resulted in a fair value adjustment to assets and additional goodwill being recognised.

Under A-IFRS, once control of an entity is obtained, further share acquisitions are not considered to be business combinations but rather equity transactions with owners. Accordingly, any excess amounts paid over the recorded carrying values attributed to minority interests are reflected in equity (i.e. retained earnings), and the fair value adjustments recorded under Australian GAAP are transferred to retained earnings.

For the consolidated entity, at 1 July 2004 property, plant and equipment (producing areas of interest) and goodwill are expected to decrease by $28.2 million with a corresponding adjustment to retained earnings.

For the financial year ended 30 June 2005, depreciation and amortisation expense will decrease by $1.2 million.

14. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

3. Dismantling, removal and restoration provisions

Under current Australian GAAP, provisions are made for restoration and environmental rehabilitation on an incremental basis during the course of the field or asset life. The provisions are determined on an undiscounted basis based on current costs, current legal requirements and current technology.

Under A-IFRS, the present value of the restoration obligations in relation to dismantling, removal and restoration, is recognised when a legal or constructive obligation arises through an asset's construction. The provision is recognised as a liability with a corresponding amount capitalised as a component of the asset. At each reporting date the restoration liability is remeasured in line with changes in discount rates, and timing or amount of the costs to be incurred. As the assets are not revalued any changes in the liability are added or deducted from the related asset, other than the unwinding of the discount which is recognised as interest expense in the income statement as it occurs.

At 1 July 2004, the provisions made for restoration and environmental rehabilitation under Australian GAAP will be adjusted to the present value of the required dismantling, removal and restoration obligations under A-IFRS. Additional components of assets will be recognised for the amount of the liabilities discounted to the date the obligations arose, and accumulated depreciation will be recalculated as at transition date. The net expected adjustment in the consolidated entity is:

- increase in dismantling, removal and restoration provisions $98.3 million;
- increase in property, plant and equipment cost $70.6 million;.
- increase in accumulated depreciation $20.4 million;
- increase in deferred tax assets $22.9 million;
- increase in deferred tax liabilities $8.4 million; and
- net decrease in retained earnings $33.6 million.

The expected decrease of $5.2 million in consolidated net profit after tax for the financial year ended 30 June 2005 is comprised of a $3.2 million increase in depreciation expense, a $7.0 million increase in interest expense, a $2.7 million decrease in restoration expense, and a $2.3 million tax benefit.

The impacts above are based on current best estimates and may be subject to change on provision of final information from the joint venture operators.

4. Business combinations restatement

AASB 1 permits companies applying A-IFRS for the first time to restate any prior business combinations using the principles outlined in A-IFRS as if they had been in place at the time of the original acquisition. Origin has elected to apply this election and expects to restate all business combinations post March 1999. All business combinations that occurred on or after 1 July 2004 will be restated to comply with A-IFRS, as described in Item 13 below.

The expected adjustments in the consolidated entity are detailed below, with the net effect being a reduction in intangible assets of $41.3 million at 1 July 2004. All adjustments discussed below, unless otherwise stated, are made through opening retained earnings at the date of transition:

- reversal of restructuring provisions recognised as part of the acquisition accounting under current Australian GAAP which do not meet the recognition requirements under A-IFRS;
- recognition of additional amortisation for Origin's retail gas and electricity licences, recognised as separate intangible assets under Australian GAAP, and the reclassification of the remaining value of all retail gas and electricity licences to goodwill as they fail to meet the criteria for separate recognition under A-IFRS;
- recognition of deferred tax liabilities and resultant goodwill attributable to the recognition of the separately identifiable intangible assets acquired;
- reversal of subsequent adjustments that had been made to the original acquisition accounting under current Australian GAAP outside the 12 month window, which are not permitted under A-IFRS; and
- reversal of accumulated amortisation of goodwill recorded under current Australian GAAP, as goodwill is no longer amortised under A-IFRS.

14. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

In June 2005, the International Accounting Standards Board (IASB) released an exposure draft with proposed amendments to IFRS 3 *Business Combinations*. The effect of these proposed amendments, if any, have not been included in the financial impacts presented above, as it is not known whether the proposed amendments will be formally adopted in their current form, and there are alternatives available in the application to historical business combinations.

5. Deferred tax

On transition to A-IFRS the balance sheet method of tax effect accounting will be adopted, rather than the liability method applied currently under Australian GAAP. Under the balance sheet approach, income tax on the profit and loss for the year comprises current and deferred taxes. Income tax will be recognised in the income statement except to the extent that it relates to items recognised directly in equity or as part of a business combination, in which case it will be recognised in equity or as part of the business combination respectively.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences will not be provided for: goodwill for which amortisation is not tax deductible; the initial recognition of assets and liabilities that affect neither accounting or taxable profit; and differences relating to investments in controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset will be 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 will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

The expected impact on the consolidated entity at 1 July 2004, of the change in basis and the transition adjustments on the deferred tax balances and the previously reported tax expense is an increase in deferred tax assets of $2.8 million, deferred tax liabilities of $55.8 million and a decrease in retained earnings of $53.0 million.

The expected impact of the change in basis on the tax expense for the financial year ended 30 June 2005 is a decrease in tax expense by $4.2 million for the consolidated entity. Deferred tax assets are expected to decrease by $10.9 million and deferred tax liabilities are expected to increase by $594.7 million as at 30 June 2005. The increase in the deferred tax liabilities was predominantly attributable to the acquisition of Contact Energy, as outlined in Item 13 below.

The consolidated entity is currently considering the impact of the different recognition requirements for tax losses under A-IFRS. As a result of uncertainty in the Australian Tax Office's (ATO's) position on a number of principles in respect of the existence of tax losses, there is uncertainty as to the existence of tax losses identified as having been incurred by entities forming part of the consolidated entity in prior financial years. The ATO's position on the existence and availability of tax losses previously incurred by entities in the consolidated entity is expected to be clarified prior to the preparation of the first financial report in accordance with A-IFRS for the half year ending 31 December 2005. Accordingly, while no financial impact in respect of the recognition of these losses has been included in the tables above, it is possible that a value for tax losses may be recognised in the actual A-IFRS opening balance sheet and disclosed in the 31 December 2005 half year financial report.

6. Investments in equity accounted entities

The application of A-IFRS by the equity accounted entities results in a direct impact on the value of the investment recognised by the consolidated entity. The expected impact on the consolidated entity at 1 July 2004 is a decrease in retained earnings of $0.3 million, a decrease of investments in equity accounted entities of $0.3 million, an increase in deferred tax assets of $0.1 million and increase in deferred tax liabilities of $0.1 million. These adjustments in the equity accounted entities are predominantly the result of recognising the impact of dismantling, removal and restoration provisions and the related deferred tax effects.

For the financial year ended 30 June 2005, the share of equity accounted entities' profit and investments in equity accounted entities are both expected to decrease by $0.1 million.

14. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

7. Goodwill and licence amortisation

Under current Australian GAAP goodwill is amortised on a straight-line basis over the period during which the benefits are expected to be received, but not exceeding twenty years. Under A-IFRS goodwill is no longer amortised but instead is 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 that it is impaired.

As the consolidated entity restated business combinations, the transition adjustments to goodwill and licence amortisation have been included in Item 4 above. For the financial year ended 30 June 2005, goodwill and licence amortisation expense will decrease by $39.9 million.

8. Share based payments

Under current Australian GAAP no expense is recognised for options issued to employees. Under A-IFRS, the fair value of the options granted under the Senior Executive Option Plan must be recognised as an employee benefit expense with a corresponding increase in equity (reserves). The fair value will be measured at grant date taking into account market performance conditions only, and recognised over the vesting period during which the employees become unconditionally entitled to the options. The amount recognised as an expense will be adjusted to reflect the actual number of options that vest except where forfeiture is due to market related conditions.

No adjustment will be made for options granted before 7 November 2002 which vested prior to 1 January 2005. Options granted after 7 November 2002 remaining unvested at 1 January 2005 will be recognised in the opening balance sheet through retained earnings resulting in a nil overall impact to equity on transition.

For the consolidated entity, at 1 July 2004 reserves are expected to increase by $2.4 million with a corresponding adjustment to retained earnings. As the adjustment is between equity accounts there is no overall impact on total equity.

For the financial year ended 30 June 2005, employee benefits expense and reserves are expected to increase by $4.3 million in the consolidated entity, representing the options expense for the period. There is no overall impact on total equity.

9. Defined benefit superannuation plan

Under A-IFRS, the consolidated entity's net obligation in respect of its defined benefit superannuation plan will be calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit will be discounted to determine its present value, and the fair value of any plan assets will be deducted. Actuarial gains and losses that arise subsequent to transition date will be recognised directly in retained earnings.

The current Australian GAAP 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.

The AASB 119 *Employee Benefits* election to recognise full actuarial gains and losses through retained earnings is expected to be adopted. At 1 July 2004 the plan had a surplus of $1.6 million, however as the consolidated entity is not entitled to reduced contributions in respect of this surplus (as it does not exceed certain minimum levels prescribed in the Trust Deed) no asset is expected to be recognised at transition.

At 30 June 2005, the plan had a deficit of $5.1 million. AASB 119 prescribes the use of "market yields on government bonds" to discount post employment benefit obligations, whereas Australian GAAP required the use of "current market-determined, risk-adjusted discount rate appropriate to the plan". The difference in discount rates is the primary cause of the difference between the surplus reported under Australian GAAP and the deficit reported under A-IFRS for the defined benefit plan at 30 June 2005.

For the financial year to 30 June 2005, the superannuation expense is expected to decrease by $9.5 million, interest expense is expected to increase by $5.0 million and tax expense is expected to increase by $1.3 million.

14. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

10. Property, plant and equipment and asset revaluation reserve

Property, plant and equipment will be measured at cost under A-IFRS. However, as permitted by the election available under AASB 1, at transition date certain items of property, plant and equipment are expected to be recognised at deemed cost, being a revalued amount prior to transition date that approximated fair value at that prior date. Accordingly, the asset revaluation reserve balance relating to prior revaluations will be derecognised at transition date and adjusted against retained earnings.

For the consolidated entity, at 1 July 2004 an amount of $103.7 million is expected to be reclassified from asset revaluation reserve to retained earnings. As the reclassification is between equity accounts there is no overall impact on total equity.

11. Foreign operations and foreign currency translation reserve

Under A-IFRS each entity in the consolidated entity determines its functional currency, the currency of the primary economic environment in which the entity operates reflecting the underlying transactions, events and conditions that are relevant to the entity. The entity maintains its books and records in its functional currency.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the entity's functional currency to the consolidated entity's presentation currency of Australian dollars at foreign exchange rates ruling at reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at the exchange rates approximating the exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity. There are no expected changes in functional currency for the company or any entities in the consolidated entity.

In accordance with the election under AASB 1, the foreign currency translation reserve balance at the date of transition of $8.6 million will be reset to nil and the existing Australian GAAP balance transferred to retained earnings.

As the reclassification is between equity accounts there is no overall impact on total equity.

12. Impairment

Under current Australian GAAP the carrying amounts of non-current assets valued on a cost basis, other than exploration and evaluation expenditure carried forward, are reviewed at each reporting date to determine whether they are in excess of their recoverable amount. Origin currently uses discounted cash flows to determine recoverable amounts.

Origin has reviewed all assets for impairment under the requirements of A-IFRS and no adjustments were identified at transition date or at 30 June 2005.

13. Business combination – Contact Energy

The acquisition of a controlling stake in Contact on 1 October 2004 is a business combination post transition into A-IFRS. Accordingly, the acquisition will be restated in the financial year ended 30 June 2005 with the only adjustment expected to be an increase in net deferred tax liabilities of $564.6 million to be recognised on acquisition, thereby increasing goodwill on acquisition by $290.0 million and reducing outside equity interests by $274.6 million.

The impact on the A-IFRS result for the financial year ended 30 June 2005 is expected to be a reduction in tax expense (and hence an increase in profit after tax) by $8.1 million with the removal of the permanent difference associated with the non-deductible depreciation. This is expected to result in an increase in profit after tax after minority interests of $4.1 million, as disclosed in Item 5.

There is not expected to be an impact on profit before tax as the additional goodwill is no longer amortised under A-IFRS (the benefit from the cessation of amortising the existing goodwill under A-IFRS is included in the goodwill and licence amortisation adjustment disclosed at Item 8 above).

14. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

In June 2005, the International Accounting Standards Board (IASB) released an exposure draft with proposed amendments to IFRS 3 *Business Combinations*. The effect of these proposed amendments, if any, have not been included in the financial impacts presented above, as it is not known whether the proposed amendments will be formally adopted in their current form, and there are alternatives available in the application to historical business combinations.

14. Financial instruments

AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* are to be applied from 1 July 2005. Origin expects to take advantage of the election in AASB 1 to not restate comparatives for the effect of these standards. In accordance with these standards, all derivatives used for hedging purposes will be recognised on the balance sheet at fair value from 1 July 2005. Where the hedge accounting requirements of the standard are not satisfied, changes in the fair value of the derivatives will impact reported profits which may result in significant volatility. 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.

In order to ensure compliance with the strict hedge accounting requirements, Origin has internally developed a system to manage its electricity derivatives and has implemented an off-the-shelf system to manage its treasury and commodity derivatives.

Electricity Derivatives

Origin uses a range of derivative instruments to manage its exposure to the risks inherent in operating its electricity businesses. The majority of derivatives in the electricity portfolio will comply with the hedge accounting requirements and be accounted for as cash flow hedges, with the changes in fair value being deferred in a separate component of equity until the underlying transaction occurs. Certain types of derivatives within the electricity portfolio are not expected to comply with the strict hedge accounting requirements, and therefore may give rise to volatility in reported profits. The net fair value of these derivatives as reported under current Australian GAAP is positive $86.9 million at 30 June 2005. The adjustment on initial application of AASB 139 is expected to incorporate the recognition of this fair value.

Treasury Derivatives

Origin uses a range of derivative instruments to manage its exposure to interest rate risk and foreign currency risk. The majority of derivatives in the treasury portfolio will comply with the hedge accounting requirements and be accounted for as cash flow hedges or fair value hedges. Some interest rate swaps within the treasury portfolio, particularly those held by Contact Energy, are not expected to comply with the strict hedge accounting requirements, and therefore may give rise to volatility in reported profits. The net fair value of these derivatives as reported under current Australian GAAP is negative $279.7 million at 30 June 2005. The adjustment on initial application of AASB 139 is expected to incorporate the recognition of this fair value.

Commodity Derivatives

Origin uses a range of derivative instruments to manage its exposure to the risks inherent in operating its upstream oil and gas businesses. The majority of derivatives in the commodity portfolio will comply with the hedge accounting requirements and be accounted for as cash flow hedges, with the changes in fair value being deferred in a separate component of equity until the underlying transaction occurs. Certain types of derivatives within the commodity portfolio are not expected to comply with the strict hedge accounting requirements, and therefore may give rise to volatility in reported profits. The net fair value of these derivatives as reported under current Australian GAAP is negative $52.0 million at 30 June 2005. The adjustment on initial application of AASB 139 is expected to incorporate the recognition of this fair value.

Available for Sale Financial Assets

It is expected that Origin will classify its investments in listed entities as “available for sale” and therefore recognise these financial assets at fair value on the balance sheet, with changes in fair value recognised in a separate component of equity.

14. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

15. Exploration and evaluation expenditure

Under A-IFRS, 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 the application of AASB 6 should provide outcomes consistent with those under the existing accounting standard AASB 1022 *Accounting for the Extractive Industries* in accounting for the initial recognition of exploration and evaluation assets.

Possible Change in Accounting Policy - Successful efforts

The expected impact of adopting A-IFRS disclosed in this note is based on work in progress of the A-IFRS project team and may be subject to change. In addition, certain choices of accounting policies and elections under A-IFRS are still being analysed to determine the most appropriate policy for the consolidated entity. Following recent announcements by other companies in the oil and gas industry one policy under specific consideration is the partial cost ("successful efforts") method of accounting for exploration and evaluation expenditure.

As part of the convergence to A-IFRS, Origin has adopted AASB 6 which effectively allows grandfathering of the existing accounting practices until such time as the accounting bodies determine a recommended approach.

Origin currently uses the "full cost" approach to recognising exploration and evaluation expenditure. However, this approach is typically used by smaller exploration and production companies in the oil and gas industry. As the main purpose behind convergence to international accounting standards is to improve comparability between companies, Origin is considering a change in its accounting policy to a "successful efforts" approach.

Annual Meeting

The annual meeting will be held as follows:

Place	Melbourne Exhibition Centre 2 Clarendon Street Southbank VIC 3006
Date	20 October 2005
Time	10:30am

Approximate date the annual report will be available is 16 September 2005.

Compliance statement

1 This report has been prepared in accordance with Accounting Standard AASB 1039 "Concise Financial Reports" (excluding the discussion and analysis requirements of the standard) and applicable Urgent Issues Group Consensus Views.

2 This report and the accounts upon which the report is based, use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts which have been audited.

5 The entity has a formally constituted audit committee.

Sign here: ______________________ Date: 29 August 2005
(Company secretary)

Print name: W M Hundy