



**ASX APPENDIX 4E
FINAL REPORT**

For the year ended 30 June 2004

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

Results for announcement to the market:

				A\$'000
Revenues from ordinary activities	up	6.1%	to	3,556,015
Profit from ordinary activities after tax attributable to members	up	26.5%	to	204,941
Net profit for the period attributable to members	up	26.5%	to	204,941
Earnings per share - basic	up	24.6%	to	30.9 cents
Earnings per share - diluted	up	24.3%	to	30.7 cents
Dividends		Amount per security		Franked amount per security at 30% tax
Final dividend declared subsequent to 30 June 2004		7 cents		7 cents
Previous corresponding period		5 cents		2 cents
Date for determining entitlements to the dividend				26 August 2004
Brief explanation of any of the figures reported above or other item(s) of importance not previously released to the market:				
Nil				
Discussion and Analysis of the results for the year ended 30 June 2004				
Refer to the Directors' Review for commentary.				

STATEMENT OF FINANCIAL PERFORMANCE

Origin Energy Limited and Controlled Entities

for year ended 30 June	Note	Consolidated	Consolidated
		2004	2003
		A\$'000	A\$'000
Revenue from ordinary activities	3(a)	3,556,015	3,352,303
Expenses from ordinary activities excluding borrowing costs	3(b)	(3,249,193)	(3,068,179)
Borrowing costs		(49,006)	(50,138)
Share of net profits of associates and joint venture entities accounted for using the equity method	12	26,012	12,565
Profit from ordinary activities before related income tax expense		283,828	246,551
Income tax expense relating to ordinary activities	4	76,905	80,248
Net profit		206,923	166,303
Net profit attributable to outside equity interests		1,982	4,351
Net profit attributable to members of the parent entity, Origin Energy Limited	10	204,941	161,952
Non-owner transaction changes in equity			
Net decrease in retained profits on initial adoption of revised AASB 1028 "Employee Benefits"		-	(283)
Net exchange difference relating to self-sustaining foreign operations		2,624	(1,779)
Total revenues, expenses and valuation adjustments attributable to members of Origin Energy Limited recognised directly in equity		2,624	(2,062)
Total changes in equity from non-owner related transactions attributable to members of the parent entity, Origin Energy Limited	10	207,565	159,890
Basic earnings per share	9	30.9 cents	24.8 cents
Diluted earnings per share	9	30.7 cents	24.7 cents

The Statement of Financial Performance should be read in conjunction with the notes to the financial statements set out on pages 5 to 21.

STATEMENT OF FINANCIAL POSITION

Origin Energy Limited and Controlled Entities

	Note	Consolidated 2004 A\$'000	Consolidated 2003 A\$'000
as at 30 June			
CURRENT ASSETS			
Cash assets		44,318	16,431
Receivables		616,971	621,085
Inventories		56,529	53,913
Other		61,466	43,063
TOTAL CURRENT ASSETS		779,284	734,492
NON-CURRENT ASSETS			
Receivables		5,451	31,675
Investments accounted for using the equity method		115,054	55,272
Other financial assets		169,546	170,713
Property, plant and equipment		1,469,593	1,352,527
Exploration, evaluation and development expenditure		251,620	154,300
Intangible assets		811,978	777,948
Deferred tax assets		96,680	123,192
Other		8,140	8,622
TOTAL NON-CURRENT ASSETS		2,928,062	2,674,249
TOTAL ASSETS		3,707,346	3,408,741
CURRENT LIABILITIES			
Payables		477,772	475,026
Interest-bearing liabilities		113,761	85,522
Current tax liabilities		2,680	546
Provisions		71,886	71,330
TOTAL CURRENT LIABILITIES		666,099	632,424
NON-CURRENT LIABILITIES			
Payables		3,838	11,840
Interest-bearing liabilities		791,076	663,012
Deferred tax liabilities		259,786	243,904
Provisions		47,092	67,957
TOTAL NON-CURRENT LIABILITIES		1,101,792	986,713
TOTAL LIABILITIES		1,767,891	1,619,137
NET ASSETS		1,939,455	1,789,604
EQUITY			
Contributed equity	7	463,208	418,612
Reserves		112,241	110,764
Retained profits	10	1,356,922	1,223,977
Total parent entity interest		1,932,371	1,753,353
Outside equity interests		7,084	36,251
TOTAL EQUITY	10	1,939,455	1,789,604

The Statement of Financial Position should be read in conjunction with the notes to the financial statements set out on pages 5 to 21.

Net Tangible Asset Backing

	Consolidated 2004	Consolidated 2003
Net tangible asset backing per ordinary security	\$ 1.68	\$ 1.48

STATEMENT OF CASH FLOWS

Origin Energy Limited and Controlled Entities

	Consolidated	Consolidated
Note	2004	2003
	A\$'000	A\$'000
for year ended 30 June		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	3,884,454	3,703,004
Cash payments in the course of operations	(3,419,007)	(3,193,463)
Dividends/distributions received from associates/joint venture entities	11,533	10,998
Other dividends received	684	413
Interest received	2,183	1,832
Borrowing costs paid	(53,245)	(50,571)
Income taxes refunded/(paid)	2,194	(39,619)
Subvention payments	(4,000)	(10,000)
Net cash provided by operating activities	424,796	422,594
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchases of property, plant and equipment	(195,644)	(146,776)
Payments for exploration, development and producing areas of interest	(127,395)	(132,454)
Proceeds from sale of non-current assets	9,377	3,494
Payments for additional investments in equity accounted entities	(55,619)	-
Payments for purchases of businesses	6(c) -	(131,614)
Payments for purchase of outside equity interests	(73,944)	-
Payments for purchases of controlled entities (net of cash acquired)	6(c) (25,248)	(93,107)
Payments for purchases of other investments	(11,809)	(459)
Loans to equity accounted entities	(27,985)	-
Net cash used in investing activities	(508,267)	(500,916)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	582,771	1,092,626
Repayments of borrowings	(442,153)	(987,675)
Dividends paid	(34,168)	(25,858)
Proceeds from issues of securities	7 4,817	5,417
Net cash provided by financing activities	111,267	84,510
NET INCREASE IN CASH HELD	27,796	6,188
Cash and cash equivalents at the beginning of the year	16,431	10,551
Effect of exchange rate changes on cash	91	(308)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6(a) 44,318	16,431

The Statement of Cash Flows should be read in conjunction with the notes to the financial statements set out on pages 5 to 21.

NOTES TO THE FINANCIAL STATEMENTS

Origin Energy Limited and Controlled Entities

FOR THE YEAR ENDED 30 JUNE 2004

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.

INCOME TAX: The consolidated entity has applied UIG 52 "Income Tax Accounting under the Tax Consolidation System" for the first time at 30 June 2004 with effect from 1 July 2003. The consolidated entity still applies the old (1989) tax standard AASB 1020 "Accounting for Income Tax (Tax-Effect Accounting)". The impact of entry into the new tax consolidation regime on the consolidated entity is explained in note 4.

Refer to Note 15 for the impact of adopting AASB equivalents of International Financial Reporting Standards.

Changes in Accounting Policy - Prior Year

PROVISIONS AND CONTINGENT LIABILITIES: The consolidated entity applied AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from 1 July 2002. Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial year to which they related, despite the dividends being announced after the end of that financial year. The adjustments to the consolidated financial report as at 1 July 2002 as a result of this change were an increase of \$19,435,000 in opening retained profits (refer note 10) and a corresponding reduction in the provision for dividend reported in current provisions at the beginning of the previous financial year.

EMPLOYEE BENEFITS: The consolidated entity applied the revised AASB 1028 "Employee Benefits" for the first time from 1 July 2002. The liability for wages and salaries, annual leave and sick leave is now calculated using the remuneration rates the company expects to pay as at each reporting date, not wage and salary rates current at reporting date. The initial adjustments to the consolidated financial report as at 1 July 2002 as a result of this change were an increase of \$404,000 in provision for employee benefits, a decrease of \$283,000 in opening retained profits, and an increase of \$121,000 in future income tax benefit.

Origin Energy Limited and Controlled Entities

2. SEGMENTS

(a) Primary reporting - Business segments

	Exploration and Production		Retail		Generation		Networks		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
REVENUE										
Total sales	345,285	330,302	2,988,882	2,836,474	117,110	97,308	168,098	149,270	3,619,375	3,413,354
Intersegment sales elimination *	(54,494)	(43,989)	-	-	(43,094)	(42,816)	-	-	(97,588)	(86,805)
External sales revenue	290,791	286,313	2,988,882	2,836,474	74,016	54,492	168,098	149,270	3,521,787	3,326,549
Other revenue	6,612	1,534	5,377	4,681	2,398	1,667	16,250	14,490	30,637	22,372
Total segment revenue	297,403	287,847	2,994,259	2,841,155	76,414	56,159	184,348	163,760	3,552,424	3,348,921
Unallocated revenue									3,591	3,382
Revenue from ordinary activities									3,556,015	3,352,303
RESULT										
Segment result	105,113	103,272	153,094	142,123	22,798	15,677	22,226	21,632	303,231	282,704
Share of net profits of associates and joint venture entities	-	-	2,006	1,694	19,361	10,871	4,645	-	26,012	12,565
EARNINGS BEFORE INTEREST AND TAX (EBIT)	105,113	103,272	155,100	143,817	42,159	26,548	26,871	21,632	329,243	295,269
Net borrowing costs									(45,415)	(48,718)
Profit from ordinary activities before income tax									283,828	246,551
Income tax expense									(76,905)	(80,248)
Net profit									206,923	166,303
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	197,180	187,565	236,231	232,055	69,378	48,258	29,410	23,448	532,199	491,326
DEPRECIATION AND AMORTISATION	92,067	84,293	81,131	88,238	27,219	21,710	2,539	1,816	202,956	196,057
OTHER NON-CASH EXPENSES	20,465	23,600	14,599	10,270	880	694	700	963	36,644	35,527
ACQUISITIONS OF NON-CURRENT ASSETS (includes capital expenditure)	367,986	253,604	70,805	169,628	12,997	100,579	56,838	538	508,626	524,349

Origin Energy Limited and Controlled Entities

2. SEGMENTS (continued)

	Exploration and Production		Retail		Generation		Networks		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
ASSETS										
Segment assets	1,285,956	1,081,787	1,668,986	1,633,050	281,458	309,183	214,894	189,826	3,451,294	3,213,846
Equity accounted investments	-	-	156	5,966	57,517	48,956	57,381	350	115,054	55,272
Total segment assets	1,285,956	1,081,787	1,669,142	1,639,016	338,975	358,139	272,275	190,176	3,566,348	3,269,118
Unallocated assets **									140,998	139,623
Total assets									3,707,346	3,408,741
LIABILITIES										
Segment liabilities	127,297	110,284	434,649	464,108	3,580	12,298	35,062	39,463	600,588	626,153
Unallocated liabilities **									1,167,303	992,984
Total liabilities									1,767,891	1,619,137

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

** Unallocated assets consists of cash and deferred tax assets. Unallocated liabilities consists of current and non-current interest bearing liabilities and current and deferred tax liabilities.

Corporate revenue and expenses are allocated across business segments on the basis of external sales revenue. Corporate assets and liabilities are allocated across business segments based on their share of total assets and total liabilities.

Industry segments:

Exploration and Production
Retail
Generation
Networks

Products and services:

Natural gas and oil
Natural gas, electricity, LPG, energy related products and services
Natural gas-fired cogeneration and power generation
Infrastructure investment and management services

(b) Secondary reporting - geographical segments

The consolidated entity operates predominantly in Australia. More than 90% of revenue, profit, assets and acquisition of non-current assets relate to operations in Australia.

Origin Energy Limited and Controlled Entities

	Consolidated	Consolidated
	2004	2003
	\$'000	\$'000
3. PROFIT FROM ORDINARY ACTIVITIES		
(a) Revenue from ordinary activities		
Revenue from operating activities:		
Revenue from sale of goods	3,353,598	3,176,888
Revenue from rendering of services	168,189	149,661
Total sales revenue	3,521,787	3,326,549
Revenue from outside operating activities	34,228	25,754
Revenue from ordinary activities	3,556,015	3,352,303
(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	2,423,282	2,267,139
Advertising	25,141	18,448
Bad and doubtful debts	10,840	6,760
Consultancy costs	8,816	8,297
Contracting costs	130,987	118,533
Depreciation and amortisation	202,956	196,057
Employee expenses	206,199	206,683
Exploration and production costs	56,567	57,677
Motor vehicle expenses	15,949	15,957
Occupancy expenses	27,441	26,172
Repairs and maintenance	14,157	14,854
Royalties	25,533	26,134
Administration and other expenses from ordinary activities	101,325	105,468
Expenses from ordinary activities excluding borrowing costs	3,249,193	3,068,179
(c) Profit before tax/revenue		
Profit from ordinary activities before related income tax expense as a percentage of revenue from ordinary activities	8.0%	7.4%
Profit after tax/equity interests		
Net profit from ordinary activities after tax attributable to members of the parent entity as a percentage of members equity at the end of the period	10.6%	9.2%
(d) Individually Significant Items		
Individually significant revenues/(expenses) included in profit from ordinary activities before income tax include:		
Provision for write-down of producing area of interest - Cooper Basin	(16,212)	-

Origin Energy Limited and Controlled Entities

4. INCOME TAX EXPENSE

	Consolidated	Consolidated
	2004	2003
	\$'000	\$'000
Income tax expense/(benefit) on pre-tax accounting profit:		
(i) at Australian tax rate of 30%	85,148	73,965
(ii) adjustment for difference between Australian and overseas tax rates	202	(7)
Income tax expense on pre-tax accounting profit at standard rates	<u>85,350</u>	<u>73,958</u>
Add/(subtract) tax effect of major items causing permanent differences:		
Non-taxable distributions received	(2,581)	(2,649)
Tax consolidation benefit (note (a))	(1,620)	-
Depreciation and amortisation	15,310	12,615
Non-deductible provision for write-down of producing areas of interest	4,863	-
Capital gain/(recoupment of capital losses not previously recognised)	465	(918)
Share of associates' net profit	(7,441)	(3,598)
Under provision of tax in previous years	384	733
Other	1,008	272
<u>Individually significant items:</u>		
Recognition of deferred tax assets not previously brought to account	(53,774)	-
Tax losses written-off/(recognised)	34,941	(165)
	<u>(8,445)</u>	<u>6,290</u>
Income tax expense relating to ordinary activities	<u><u>76,905</u></u>	<u><u>80,248</u></u>

(a) Impact of tax consolidation legislation

Origin Energy Limited has decided to enter the new tax consolidation regime with effect from 1 July 2003. The impact on income tax expense for the current financial year has been disclosed in the tax reconciliation above. The wholly-owned controlled entities in the tax consolidated group have fully compensated the parent entity for deferred tax liabilities assumed by the parent entity and have been fully compensated for any deferred tax assets transferred to the parent entity.

The contributing group members have agreed terms to be included in a tax sharing and funding agreement. Under the terms of this agreement, the contributing group members reimburse the parent entity for any current income tax payable by the parent entity arising in respect of their activities. All current and deferred tax balances are recorded in the accounts of Origin Energy Limited, being the head entity in the tax consolidated group, while expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense by each contributing group member in proportion to their individual respective profits or losses before tax.

Origin Energy Limited and Controlled Entities

5. DIVIDENDS

Date the dividend is payable

15 September 2004

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 the dividend.

26 August 2004

	Consolidated 2004 \$'000	Consolidated 2003 \$'000
(a) Dividend reconciliation		
Final prior year dividend over provided	-	(1)
Final dividend of 5 cents per share, franked to 2 cents per share at 30%, paid 3 October 2003 (2003: Nil)	33,183	-
Interim dividend of 6 cents per share, fully franked at 30%, paid 18 March 2004 (2003: 5 cents per share, franked to 2 cents per share at 30%, paid 24 March 2003)	39,960	32,655
Restatement adjustment: Final dividend previously recognised in the year ended 30 June 2002, now recognised in the year ended 30 June 2003 as a result of the initial adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	10 73,143	32,654
	10 -	19,435
	<u>73,143</u>	<u>52,089</u>
(b) Subsequent event		
Since the end of the financial year, the Directors have declared a final dividend of 7 cents per share, fully franked at 30% payable 15 September 2004	<u>46,808</u>	

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2004 and will be recognised in subsequent financial reports

(c) Dividend franking account

30% franking credits available to shareholders of Origin Energy Limited for subsequent financial years.

21,652

The above available amounts are 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.

Tax consolidation legislation

On 1 July 2003, Origin Energy Limited and its Australian wholly-owned controlled entities adopted the Tax Consolidation legislation which requires a tax consolidated group to keep a single franking account. The amount of franking credits available to shareholders of the parent entity (being the head entity in the tax consolidated group) disclosed at 30 June 2004 has been measured under the new legislation as those available from the tax consolidated group.

The comparative information has not been restated for this change in measurement. Had the comparative information been calculated on the new basis, the "franking credits available" balance as at 30 June 2003 would have been \$50,633,000.

Origin Energy Limited and Controlled Entities

6. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	Consolidated
	2004	2003
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Cash includes cash on hand, at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the 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	44,318	16,431
(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	39,779	28,156
Deferred settlement portion of the consideration for the acquisition of Kupe Development Limited, Kupe Mining No 1. Limited, and Kupe Mining No 2 Limited (now known as Origin Energy Resources (Kupe) Limited).	18,678	-

Origin Energy Limited and Controlled Entities

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

(c) The consolidated entity acquired entities/businesses during the year ended 30 June 2004 for a total consideration of \$45,426,000 (30 June 2003: \$224,721,000). The total assets and liabilities acquired are as follows:

	Consolidated 2004 \$'000	Consolidated 2003 \$'000
as at 30 June		
CURRENT ASSETS		
Cash assets	1,500	-
Receivables	2,751	133,327
Inventories	-	3,470
Other	227	3,377
TOTAL CURRENT ASSETS	4,478	140,174
NON-CURRENT ASSETS		
Receivables	-	363
Other financial assets	1,346	-
Property, plant and equipment	18,888	93,011
Exploration, evaluation and development expenditure	40,106	-
Intangible assets	405	-
Deferred tax assets	507	15,258
TOTAL NON-CURRENT ASSETS	61,252	108,632
TOTAL ASSETS	65,730	248,806
CURRENT LIABILITIES		
Payables	2,870	99,906
Current tax liabilities	-	81
Interest-bearing liabilities	2,180	-
Provisions	287	37,102
TOTAL CURRENT LIABILITIES	5,337	137,089
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	4,359	-
Deferred tax liabilities	10,608	-
Provisions	-	36,305
TOTAL NON-CURRENT LIABILITIES	14,967	36,305
TOTAL LIABILITIES	20,304	173,394
NET ASSETS	45,426	75,412
Goodwill on acquisition	-	149,309
FAIR VALUE OF NET ASSETS ACQUIRED	45,426	224,721
Consideration is comprised as follows:		
Cash	26,748	224,721
Deferred settlement	18,678	-
CONSIDERATION	45,426	224,721
CONSIDERATION (Net of cash acquired and deferred settlement)	25,248	224,721

Origin Energy Limited and Controlled Entities

	Consolidated 2004 \$'000	Consolidated 2003 \$'000
7. CONTRIBUTED EQUITY		
ISSUED AND PAID-UP CAPITAL		
668,688,360 (2003: 657,709,751) ordinary shares, fully paid	463,208	418,612
ORDINARY SHARE CAPITAL		
Balance at the beginning of the financial year	418,612	385,039
Shares issued:		
- 2,513,350 (2003: 2,333,300) shares in accordance with the Senior Executive Option Plan	4,817	5,417
- 8,465,259 (2003: 7,547,299) shares in accordance with the Dividend Reinvestment Plan	39,779	28,156
Total movements in ordinary share capital	44,596	33,573
	10	
	463,208	418,612

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the company, ordinary shareholders rank after creditors, and are fully entitled to any proceeds of liquidation.

Origin Energy Limited and Controlled Entities

8. ISSUED AND QUOTED SECURITIES AT 30 JUNE 2004

Category of securities	Number issued	Number quoted	
Ordinary securities	668,688,360	668,688,360	
Changes during the year ended 30 June 2004			
Increases through issues in accordance with:			
(a) the Dividend Reinvestment Plan	8,465,259	8,465,259	
(b) the Senior Executive Option Plan (refer exercised details below)	2,513,350	2,513,350	
	10,978,609	10,978,609	
Options	Number	Exercise price	Expiry date
On issue at 30 June 2004	353,150	\$ 1.76	6 Dec 2004
	55,500	\$ 1.78	6 Dec 2004
	1,890,000	\$ 1.27	1 Mar 2005
	495,000	\$ 2.74	31 Aug 2006
	3,495,000	\$ 3.20	16 Dec 2006
	30,000	\$ 3.20	14 Jan 2007
	2,630,000	\$ 3.56	19 Dec 2007
	3,910,000	\$ 4.31	19 Dec 2008
Issued during the year ended 30 June 2004	3,910,000	\$ 4.31	19 Dec 2008
Exercised during the year ended 30 June 2004	365,000	\$ 1.66	4 Dec 2003
	30,000	\$ 1.66	19 Jan 2004
	1,250,000	\$ 2.24	1 Feb 2004
	528,350	\$ 1.76	6 Dec 2004
	340,000	\$ 1.27	1 Mar 2005
Expired during the year ended 30 June 2004	50,000	\$ 1.50	4 Dec 2003

Origin Energy Limited and Controlled Entities

9. EARNINGS PER SHARE (EPS)

	Consolidated 2004	Consolidated 2003
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	30.9 cents	24.8 cents
Diluted EPS	30.7 cents	24.7 cents
Weighted average number of shares used as the denominator		
	2004 Number	2003 Number
<i>Number for basic earnings per share</i>		
Ordinary Shares	663,160,654	652,380,401
<i>Number for diluted earnings per share</i>		
Ordinary Shares	663,160,654	652,380,401
Effect of executive share options on issue	4,923,384	4,061,338
	668,084,038	656,441,739
Reconciliation of earnings used in calculating EPS:		
	2004 \$'000	2003 \$'000
Basic and diluted EPS		
Net profit	206,923	166,303
Less: Outside equity interests	1,982	4,351
Amount used as numerator in calculating basic and diluted EPS	204,941	161,952

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

		Consolidated	Consolidated
	Note	2004	2003
		\$'000	\$'000
10. RETAINED PROFITS AND TOTAL EQUITY			
Retained profits reconciliation			
Previously reported retained profits at the end of the previous financial year		1,223,977	1,095,158
Adjustment resulting from initial adoption of revised AASB 1028 "Employee Benefits"		-	(283)
Adjustment to dividends resulting from initial adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"		-	19,435
Restated retained profits at the beginning of the financial year		1,223,977	1,114,310
Dividends recognised in the year ended 30 June 2003 as a result of the initial adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	5	-	(19,435)
Dividends paid during the year	5	(73,143)	(32,654)
Net profit attributable to members of the parent entity, Origin Energy Limited		204,941	161,952
Aggregate of amounts transferred (to)/from reserves		1,147	(196)
Retained profits at the end of the financial year		1,356,922	1,223,977
Total equity reconciliation			
Total equity at the beginning of the financial year		1,789,604	1,626,039
Total changes in parent entity interest in equity recognised in the Statement of Financial Performance		207,565	159,890
Transactions with owners as owners:			
Contributions of equity	7	44,596	33,573
Dividends recognised during the year	5	(73,143)	(32,654)
Total changes in outside equity interests		(29,167)	2,756
Total equity at the end of the financial year		1,939,455	1,789,604

Origin Energy Limited and Controlled Entities

11. CONTROL GAINED OVER ENTITIES HAVING MATERIAL EFFECT

2004

Name	Date Acquired	Percentage interest acquired	Consideration	Contribution to consolidated net profit/(loss)
Rockgas Limited*	31 March 2004	50%	\$15,544,000	\$2,016,000
Kupe Development Limited, Kupe Mining No 1 Limited, Kupe Mining No 2 Limited (now known as Origin Energy Resources (Kupe) Limited)	13 February 2004	100%	\$29,882,000	(\$106,000)
Oil Company of Australia Ltd (now known as Origin Energy CSG Limited) **	30 September 2003	14.77%	\$73,944,000	\$2,726,000

* Rockgas Limited's contribution to net profit of \$2,016,000 represents the consolidated profit of Rockgas Ltd for the three months from 1 April 2004 to 30 June 2004.

**Oil Company of Australia Limited's contribution to net profit of \$2,726,000 represents the consolidated profit of 14.77% of Oil Company of Australia Limited for the nine months from 1 October 2003 to 30 June 2004.

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

The consideration of \$29,882,000 for the Kupe entities includes a deferred payment of NZ\$21,000,000 (A\$18,678,000) which will be paid on the earlier of the project sanction date or 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.

2003

Name	Date Acquired	Consolidated entity's interest	Consideration	Contribution to consolidated net profit/(loss)
Hylemit Pty Ltd	30 June 2003	100%	\$4,082,000	-
AES Australia Holding BV	13 December 2002	100%	\$89,025,000	(\$76,000)
AES Mount Stuart BV				
AES Mount Stuart General Partnership				

Origin Energy Limited and Controlled Entities

12. MATERIAL 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	Consolidated	Consolidated
	2004	2003	2004	2003
	%	%	\$'000	\$'000
Equity accounted associates and joint venture entities:				
BIEP Pty Ltd	50.0	50.0	-	-
BIEP Security Pty Ltd	50.0	50.0	-	-
Bulwer Island Energy Partnership	50.0	50.0	4,888	5,244
Campaspe Asset Management Services Pty Ltd	50.0	50.0	103	-
CUBE Pty Ltd*	50.0	50.0	14,473	5,627
Gas Industry Superannuation Pty Ltd	50.0	50.0	-	-
Rockgas Ltd**	100.0	50.0	1,983	1,694
Rockgas Timaru	50.0	-	23	-
SEA Gas Partnership	33.3	33.3	4,542	-
Vitalgas Pty Limited	50.0	50.0	-	-
WEBE Pty Ltd	-	50.0	-	-
Total			26,012	12,565
Other material interests:				
Envestra Limited	17.53%	18.55%	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.

** Rockgas Ltd is a wholly owned subsidiary of Origin Energy Industries Ltd at 30 June 2004 following the acquisition of the remaining 50% of the entity on 31 March 2004. The 2004 contribution to net profit of \$1,983,000 represents the equity accounted profit of Rockgas Ltd for the nine months from 1 July 2003 to 31 March 2004.

Origin Energy Limited and Controlled Entities

13. CONTINGENT LIABILITIES

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

	Consolidated	Consolidated
	2004	2003
	\$'000	\$'000
Contingent liabilities not considered remote:		
Unsecured:		
Bank guarantees	204,741	169,811
Letters of credit *	9,561	-
	<u>214,302</u>	<u>169,811</u>

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

Origin Energy Limited 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 and 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.

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

14. EVENTS SUBSEQUENT TO BALANCE DATE

Dividends declared subsequent to 30 June 2004

Refer Note 5(b).

Contact Energy Limited acquisition

On 20 July 2004 the company announced that a conditional Agreement had been signed to acquire Edison Mission Energy's 51.2% interest in the issued capital of Contact Energy Limited for a consideration of NZ\$1,675 million or NZ\$5.67 per share.

The consideration will be adjusted by any dividend paid by Contact prior to completion. Should the acquisition become unconditional, in accordance with the Takeovers Code in New Zealand, the company will proceed to make a bid for the remaining issued capital of Contact at the same price as paid to Edison Mission Energy.

Onshore Otway permits acquisition

On 19 July 2004 Origin Energy Resources Limited, a wholly owned controlled entity of Origin Energy Limited, signed an agreement with Santos (BOL) Pty Ltd to acquire interests in a number of petroleum exploration and production tenements in the onshore portion of the Victorian Otway Basin. Consideration for these assets is \$25.8 million.

The transaction is subject to the waiver of certain pre-emptive rights in respect of EP 154 (a) and (b) and associated PPLs by the other joint venture participant, various consents and regulatory/ministerial approvals.

The financial effects of the above transactions have not been brought to account in the financial statements for the year ended 30 June 2004.

Origin Energy Limited and Controlled Entities

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

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

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

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and 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 IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

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

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

Transitional Balance Sheet

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

Accounting Policies

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

Financial Instruments

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

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

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

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

Origin Energy Limited and Controlled Entities

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

Income taxes

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

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

Share- Based Payment

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

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

Employee Benefits

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

Under AASB 119 "Employee Benefits", surpluses and deficits in the defined benefit superannuation plan sponsored by entities within the consolidated entity will be recognised in the Statement of Financial Position and the Statement of Financial Performance. The current accounting policy is only to recognise deficits where there is a present obligation to make good that deficit, and to release the provision as and when additional contributions are made to eliminate the deficit or when the defined benefit superannuation plan returns to surplus.

Impairment of Assets

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

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

Goodwill

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

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

Exploration and Evaluation Expenditure

- Accounting policy impact unable to be determined until Accounting Standard is issued

The impact of exposure draft ED 6 "Exploration for and Evaluation of Mineral Resources" on Origin's accounting policy for the treatment of exploration and evaluation expenditure cannot be determined until the final standard is issued by the International Accounting Standards Board (IASB), and the equivalent Australian accounting standard is subsequently issued by the Australian Accounting Standards Board (AASB).

Recent announcements from the AASB indicate that the IASB will amend ED 6 and will fully grandfather Australia's existing area of interest method of accounting for exploration and evaluation expenditure. Until these proposed changes are enacted it is not possible to determine the potential impacts in this area.

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

Annual Meeting

The annual meeting will be held as follows:

Place

Wesley Conference Centre
220 Pitt Street
Sydney NSW 2000

Date

20 October 2004

Time

10:30am

Approximate date the annual report will be available

21 September 2004

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 to which one of the following applies.

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.

5 The audit report is attached.

6 The entity has a formally constituted audit committee.

Sign here:

(Company secretary)

Date:

17 August 2004

Print name:

W M Hundy

Independent audit report to members of Origin Energy Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Origin Energy Limited (the "Company") and Origin Energy Limited and its Controlled Entities (the "Consolidated Entity"), for the year ended 30 June 2004. The Consolidated Entity comprises both the company and the entities it controlled during that year.

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

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

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

Audit opinion

In our opinion, the financial report of Origin Energy Limited is in accordance with:

- a) the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the financial year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements in Australia.

KPMG

David Rogers
Partner

Sydney
17 August 2004