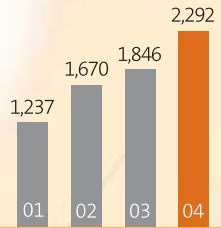


Half Yearly Report to Shareholders

For the half year ended
31 December 2004

 **origin**
energy

Revenue (\$m)

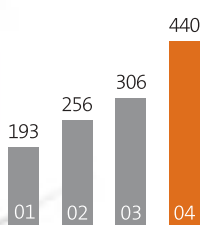


\$2,292m **UP 24%**

Half year in brief

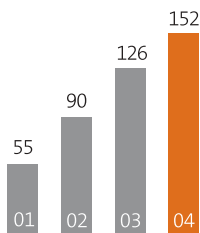
Cover: Contact Energy's Clyde Hydro Power Station is located in New Zealand's South Island and has a generating capacity of 432 MW.

EBITDA (\$m)



\$440m **UP 44%**

Profit after tax (\$m)



\$152m **UP 21%**

- Earnings per share of 22.6 cents, up 18%
- Strong balance sheet with net debt to capitalisation of 41%
- Dividend of 7 cents per share fully franked to be paid on 23 March 2005
- Dividend Reinvestment Plan to apply with no discount

Note: The bar charts above relate to financial results for the first half of the financial year. Except where otherwise stated, all figures are compared to the December 2003 half year.

Dear Shareholders,

Origin Energy reported a net profit after tax and outside equity interests of \$152.1 million for the six months ended 31 December 2004, a 21% increase on the prior corresponding period.

Basic earnings per share increased by 18% to 22.6 cents per share primarily due to increased contributions from the Retail and Exploration & Production segments, and the impact of consolidating Contact Energy's results for the period 1 October to 31 December 2004.

An interim fully franked dividend of seven cents per share will be paid on 23 March 2005 to shareholders of record on 2 March 2005. Origin shares will trade ex-dividend from 24 February 2005.

On 21 February Origin announced a rights issue for which a Prospectus was lodged with the Australian Securities and Investments Commission and the ASX. The Prospectus was forwarded to all eligible shareholders and may be viewed on Origin's website. Any eligible shareholders wishing to participate in the rights issue are advised to read the Prospectus in full and will need to follow the instructions on the application form that accompanies the written Prospectus.

The main operating factors impacting the results across Origin's existing businesses include:

- Increased oil production, higher oil prices and lower exploration write downs, partially offset by lower sales volumes of natural gas and associated liquids;
- Increased contribution from Retail primarily due to increased margins in electricity more than offsetting decreases from natural gas;
- Lower Generation earnings, reflecting the non-recurrence of tax consolidation benefits received in the prior corresponding period and lower contributions from Osborne and Mt Stuart; and
- A full six months of contribution from the SEA Gas Pipeline.

The consolidation of Contact for the three months from 1 October 2004 has increased the net profit after tax by

\$6.6 million after deducting the cost of debt funding and recognition of outside equity interests.

A one-off benefit of \$9 million after tax arose from the sale of the Carpentaria gas pipeline connecting Ballera to Mount Isa. This was partially offset by a \$2 million provision raised with respect to redundancies associated with an organisational restructure. Net one-off items therefore amount to \$7 million after tax.

Group financial performance

Total revenue increased 24% to \$ 2,291.8 million from \$1,846 million in the prior corresponding period.

This increase was primarily due to the consolidation of Contact's results, higher oil sales from Exploration & Production and higher aggregate retail sales over the half year.

EBITDA increased 44% to \$440.4 million from \$306.5 million.

6 months ended 31 December	2004	2003	Change
EBITDA	\$m	\$m	%
Exploration & Production	121.0	102.9	18%
Retail	157.4	147.2	7%
Generation	30.0	43.2	(31%)
Networks	16.5	13.2	25%
Contact*	115.5	–	–
Total	440.4	306.5	44%

* In accordance with Australian GAAP 100% of Contact's EBITDA since the acquisition on 1 October 2004 is included in the consolidated statement of financial performance.

Depreciation and amortisation expense increased by 35% to \$135.8 million reflecting depreciation and amortisation of Contact now consolidated within Origin and higher depreciation of Exploration & Production assets.

EBIT was up \$98.8 million to \$304.6 million of which \$83.6 million was attributable to Contact.

Net interest expense for the half year was \$53.3 million, up from \$24.0 million in the prior period. The increase was due to the consolidation of Contact and higher borrowings to fund the Contact acquisition.

Taxation

Tax expense for the half year was \$77.2 million, an increase of 41% over the prior corresponding period primarily resulting from the consolidation of Contact. This represents an effective tax rate of 30.7% up from 27.1% for the year ended 30 June 2004. The increase in effective tax rate reflects the higher New Zealand corporate tax rate (33%) and the effective tax rate incurred by Contact.

Funding and capital management

The Net Debt to Capitalisation Ratio was 41 % as at 31 December 2004. This compares with 31% as at 30 June 2004. A total of \$15.1 million in equity was raised through the Dividend Reinvestment Plan and \$5.5 million from the exercise of options during the half year. Interest cover including capitalised interest is 4.9 times EBIT.

Origin acquired the 51.4% interest in Contact for NZ\$5.57 per share. After deducting the NZ\$535 million of Edison Mission debt, the net consideration for the acquisition paid by Origin was \$1.0 billion.

Origin funded the acquisition through the issuance of Convertible Undated Preference Shares (CUPS) (\$595 million, net of transaction costs) and external debt facilities (\$426 million). Immediately following the acquisition Origin further drew down its external debt facilities to repay NZ\$285 million of the NZ\$535 million of debt assumed from Edison Mission.

The CUPS are classified as equity in Origin's statement of financial position in the form of outside equity interest in accordance with Australian GAAP. Accordingly the dividends in respect of the CUPS are not expensed. In addition the CUPS are not included in determining the weighted number of ordinary shares in calculating the basic EPS and diluted EPS.

The Company has announced a rights issue under which additional equity will be sought to repay the CUPS, with any balance applied to the reduction of debt.

Capital expenditure

Capital expenditure on growth and stay-in-business projects was \$224 million.

Stay-in-business capital expenditure associated with the maintenance of ongoing operations was \$56 million, or \$17 million higher than in the prior period. Of this, \$15 million was attributable to the consolidation of Contact. Growth capital expenditure was \$168 million, \$50 million higher than in the prior period. This included expenditure greater than \$10 million in the following areas:

- Coal seam gas (CSG) assets in Queensland (\$57 million);
- The BassGas Project (\$37 million);
- The offshore Otway Basin including the Thylacine and Geographe fields (\$28 million);
- Perth Basin oil and gas assets in Western Australia (\$13 million); and
- Aggregate expenditure in the Retail area on LPG reticulation and distribution assets, natural gas bus fuelling stations and systems for managing retail contestability in South Australia and NSW (in total \$11 million).

Capital expenditure on acquisitions totalled \$968 million, largely comprised of \$943 million for the 51.4% interest in Contact (net of debt and acquired cash balances) and \$20 million (net of adjustments) for assets acquired from Santos Ltd in the onshore Otway Basin.

Total capital expenditure including acquisitions was \$1,192 million, compared with \$241 million in the prior corresponding period.

Cash flow

The operating cash flow after tax has grown from \$254 million to \$301 million for the half year due to the inclusion of Contact's cash flow from 1 October. This contribution more than offsets a higher working capital requirement and higher tax payments. The increase in working capital reflects the receivable due for the sale of the Carpentaria pipeline and timing of cash calls on major development projects. Acquisitions and capital expenditure on growth projects has increased average funds employed from \$2.6 billion to \$4.5 billion.

Cash flow available for funding growth and distributions to shareholders (free cash flow) was \$247 million compared with \$230 million in the prior period.

The OCAT Ratio, in respect of the Origin business excluding Contact, for the 2004 calendar year was 13.6% compared to 16.1% for calendar year 2003. Contact has been excluded from the ratio as it only contributed three months cash flow to the result.

Risk management

Origin manages its risk exposure in energy markets through a combination of natural hedges in the business, contracts and financial hedges. Risk exposure is assessed and managed against policy limits for each commodity or relevant variable which have been established by management and approved by the Board. Regular reporting is provided to the Board to review exposures and compliance with these limits.

Consistent with this policy framework Origin hedges a significant portion of its exposure to electricity, oil and LPG prices and the USD exchange rate.

In the electricity market Origin assesses its policy limits against extreme events. Within the policy limits determined as acceptable by the Board, Origin has arrangements in place to cover extreme price and demand events as well as average forecast demand for the near term.

Origin has a policy of hedging between 30% and 80% of its anticipated production of crude oil and condensate over a rolling 12 month period. During the half year Origin had expected the BassGas Project to have commenced production and that sales of condensate would have been higher than were realised. As a consequence of this lower level of production, the relative percentage of production hedged was higher than planned at 69%. Looking forward, Origin has hedged approximately 47% of its forecast oil and condensate sales exposure for the six months to 30 June 2005 at prices above US\$28 per barrel. With regard to foreign exchange, Origin is significantly hedged over the next 12 months due to a combination of external hedging and ongoing US dollar expenditure associated

with major development projects. Origin expects that variability in the USD exchange rate will have minimal impact on group profitability.

Returns to shareholders

An interim fully franked dividend of seven cents per share has been declared, payable on 23 March 2005 to shareholders of record on 2 March 2005. The Dividend Reinvestment Plan (DRP) will apply to the current dividend without discount.

Tax legislation allows Origin to elect to pay sufficient tax to fully frank its dividends, notwithstanding the availability of carried forward tax losses.

Origin's policy is to pay annual dividends at a target level of around 40% of full year profit.

Employee Share and Option Plans

The company issued 3,371,000 options under the Senior Executive Option Plan. 775,000 were issued at an exercise price of \$6.14 each and 2,596,000 at an exercise price of \$5.88 each.

Under the Employee Share Plan up to \$1,000 of shares are granted to all eligible employees as long as the Company achieves its financial and safety targets. In 2004 all full-time qualifying employees were granted 166 shares each. These shares were acquired by the company on-market for \$2.0 million and this amount appears as an expense in the accounts for the six months ended 31 December 2004.

International financial reporting standards

The adoption of Australian equivalent International Financial Reporting Standards (A-IFRS) will apply from 1 July 2005, that is, for the year ending 30 June 2006, although retrospective application is required for comparatives (for the year ending 30 June 2005). The effective transition date to A-IFRS is therefore 1 July 2004.

Adoption of A-IFRS will require changes to Origin's current accounting policies which may impact the recognition and measurement of income, deferred tax balances, share-based payments, employee related provisions, asset valuations and the amortisation of goodwill. Accounting policy decisions will not be finalised until all standards have been agreed

internationally, accordingly the detailed impact of A-IFRS is not yet quantifiable. The amortisation of goodwill will cease under A-IFRS. Changes in asset impairment tests, hedging and documentation criteria in relation to financial instruments may introduce significant volatility into the Company's results. Although not mandatory until 2007 in New Zealand, Contact will early adopt IFRS from 1 October 2004 to coincide with Origin's transition to A-IFRS.

People, health, safety and environment

Employee numbers increased during the period by 38 to 3,249 mostly due to staffing requirements for the Spring Gully and BassGas Projects. There was also a 9% reduction in employees in the Retail division. A major restructure of the senior management reporting structure of Origin was undertaken and became effective 1 February 2005.

The Lost Time Injury Frequency Rate decreased from 2.8 at 30 June 2004 to 2.7 at 31 December 2004. The Total Reportable Case Frequency Rate, which includes medical treatment injuries as well as lost time injuries, fell from 21.0 to 20.4.

During the half year there were no significant environmental incidents and no breaches of significant environmental regulations that relate to Origin's operations.

Outlook

Origin's profit over the first half was enhanced by three months of contribution from Contact and increased contributions from the existing Exploration & Production, Retail and Networks businesses.

The results for the second half of the year are expected to be higher than the corresponding period last year due to:

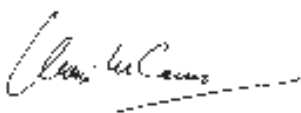
- The inclusion of a full six months contribution from Contact;
- The return to full gas and liquids processing capabilities at the Moomba gas plant (which was severely restricted in the half year to June 2004 following a fire at the plant on 1 January 2004); and
- Contributions from the BassGas Project which is currently being commissioned. The rate at which the BassGas Project progresses through commissioning will determine its contribution to the financial performance of Origin.

Assuming current market conditions prevail the Directors expect an increase in earnings for the full year.

Looking further ahead Origin continues to develop a number of major projects, which will make significant contributions in future years. These include:

- An increase in production from CSG fields in Queensland to supply long-term contracts with AGL from May 2005, QAL from November 2006 and Incitec Pivot from mid 2007;
- The Otway Gas Project which commenced development in the June quarter 2004 and is expected to deliver gas into the South Australian and Victorian markets from mid 2006;
- The Kupe Gas Project in New Zealand in which Origin acquired a 50% interest and became operator in 2004, which is expected to produce around 20 PJ of gas and 1.5 million barrels per annum of hydrocarbons from the second half of 2007.

The company also continues to progress planning for major power generation projects in Queensland and Victoria.



Kevin McCann
Chairman



Grant King
Managing Director

Detailed segment results are available on our website
www.originenergy.com.au/investor



Statement of Financial Performance

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

Statement of Financial Position

as at	Consolidated	
	Dec 2004 \$'000	Jun 2004 \$'000
Current assets		
Cash assets	116,330	44,318
Receivables	739,077	616,971
Inventories	93,442	56,529
Other	63,360	61,466
Total current assets	1,012,209	779,284
Non-current assets		
Receivables	6,301	5,451
Investments accounted for using the equity method	115,053	115,054
Other financial assets	168,878	169,546
Property, plant and equipment	5,180,729	1,469,593
Exploration, evaluation and development expenditure	282,892	251,620
Intangible assets	989,441	811,978
Deferred tax assets	64,045	96,680
Other	18,887	8,140
Total non-current assets	6,826,226	2,928,062
Total assets	7,838,435	3,707,346
Current liabilities		
Payables	568,637	477,772
Interest-bearing liabilities	812,139	113,761
Current tax liabilities	73,512	2,680
Provisions	80,319	71,886
Total current liabilities	1,534,607	666,099
Non-current liabilities		
Payables	7,107	3,838
Interest-bearing liabilities	2,045,828	791,076
Deferred tax liabilities	256,111	259,786
Provisions	80,097	47,092
Total non-current liabilities	2,389,143	1,101,792
Total liabilities	3,923,750	1,767,891
Net assets	3,914,685	1,939,455
Equity		
Contributed equity	483,858	463,208
Reserves	108,597	112,241
Retained profits	1,461,798	1,356,922
Total parent entity interest	2,054,253	1,932,371
Outside equity interests	1,860,432	7,084
Total equity	3,914,685	1,939,455

Statement of Cash Flows

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

Glossary of terms

Coal seam gas (CSG) – Natural gas contained within coal seams.

Cogeneration – The production of two or more forms of energy from one fuel source. In general, cogeneration plants operated by Origin produce steam and electricity from natural gas.

Contact – Contact Energy Limited and its controlled entities.

CUPS – Convertible Undated Preference Shares.

EBIT – Earnings before interest and tax.

EBITDA – Earnings before interest, tax, depreciation and amortisation.

EPS – Earnings per Share.

Hedge contract – A financial instrument to manage the risk created by price volatility for a commodity (such as electricity or crude oil) on a spot market. Buyers and sellers of the commodity may enter into long or short-term contracts that set an agreed price for the commodity outside the spot market.

HSE – Health, safety and environment.

LTI – Lost time injury.

LTIFR – Lost Time Injury Frequency Rate. Calculated as LTIs per million hours worked.

LPG – Liquefied petroleum gas.

Operating Cash Flow After Tax (OCAT) Ratio –

EBITDA

less change in working capital

less net stay-in-business capital expenditure

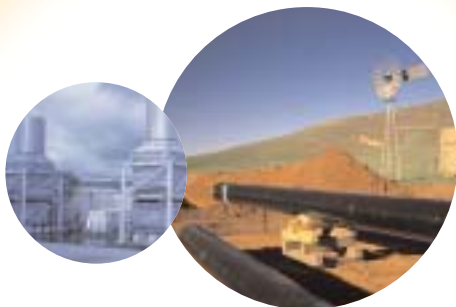
less tax paid

divided by average funds employed

Origin – Origin Energy Limited.

The company – Origin Energy Limited and its controlled entities.

TRCFR – Total Reportable Case Frequency Rate.



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