

To	Company Announcements Office	Facsimile	1300 300 021
Company	Australian Stock Exchange Limited	Date	17 August 2004
From	Bill Hundy	Pages	45
Subject	Results for Year Ended 30 June 2004		

This Transmittal is confidential. If you have received this document in error, please contact Origin Energy immediately.

We attach the following documents relating to Origin Energy's Results for the year ended 30 June 2004:

1. Media Release
2. Directors' Review
3. Final Report - ASX Appendix 4E

Regards

A handwritten signature in black ink, appearing to read "Bill Hundy".

Bill Hundy
Company Secretary

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Media Release

17 August 2004

Origin Energy delivers solid earnings growth

Origin Energy today announced a profit after tax and outside equity interests of \$205 million for the year ended 30 June 2004, a 27% increase on the prior year.

Results Summary

- Revenue up 6% to \$3,556 million.
- EBITDA up 8% to \$532 million.
- Net profit after tax up 27% to \$205 million.
- Free cash flow stable at \$350 million.
- Earnings per share increased 25% to 30.9 cents per share.
- Capital expenditure down 3% to \$509 million.
- Strong balance sheet with net debt to capitalisation of 31%.
- Final Dividend: 7 cents per share
 - Payment Date: 15 September 2004
 - Record Date: 26 August 2004
 - Ex-Dividend Date: 20 August 2004
- Total dividends for the full year up 30% to 13 cents per share fully franked.

Origin Chairman, Kevin McCann announced that a final fully franked dividend of 7 cents per share will be paid on 15 September 2004 to shareholders of record on 26 August 2004. The Dividend Reinvestment Plan will continue to apply for this dividend. As foreshadowed no discount will apply.

In commenting on the Company's performance Mr McCann said "The 30% increase in dividends for the year to 13 cents per share reflects the underlying growth in profits. This growth is based on the strength and diversity of the company's business."

Managing Director, Grant King said "The company's strategy of operating across the energy supply chain delivered earnings growth in an environment of increasing competition and unexpected events."

Increased oil sales from the Perth Basin and higher gas prices boosted the Exploration and Production result and offset a significant disruption to production as a result of a fire at the Moomba Gas Plant in January. In line with increased sales revenue, Exploration and Production EBITDA increased 5% from \$187.6 million to \$197.2 million.

The Retail business recorded a 2% increase in EBITDA to \$236 million. Tariff increases, colder winter weather and lower LPG purchasing costs more than offset increasing levels of customer churn and increased electricity purchasing costs.

A full year contribution from the Mt Stuart Power Station and a one-off tax adjustment boosted Generation EBITDA by 44% to \$69 million, while a maiden contribution from the SEA Gas Pipeline also significantly improved the Network EBITDA of \$29.8 million which is up 25% on the prior year.

“The company’s strong cash flows and balance sheet allowed us to take advantage of opportunities to grow the business. These opportunities add new revenue streams as well as scale and diversity which add to the strength of our business,” Mr King said.

“These included the purchase of the minority interests in Oil Company of Australia and in New Zealand the remaining 50% of the Rockgas LPG business, an interest in the Kupe gas field and, most recently, a conditional agreement to purchase 51.2 % of Contact Energy.”

Mr King said the return to full production at Moomba, increasing oil production from the Perth Basin and the commissioning of the BassGas Project later this year will contribute to the company’s performance over the coming year.

“The Retail business will also benefit from a full year of tariff increases and further efficiencies that will reduce the cost to serve customers,” Mr King said.

“The Otway Gas Project, contracts for coal seam gas with AGL and QAL and the Kupe Gas Project in New Zealand will drive growth in the longer-term.”

“As a result of these factors we expect that earnings from Origin’s existing business for the coming year will increase consistent with the targeted growth rate of 10-15%. Assuming the Contact acquisition proceeds, its impact on earnings is expected to be accretive at an earnings per share level in the coming year.”

For further information on this media release, please contact:

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Origin Energy Key Financials

	2003/2004 (\$m)	2002/2003 (\$m)	% change
Total revenue	3,556	3,352	6
EBITDA	532	491	8
EBIT	329	295	11
Profit before tax	284	247	15
Profit after tax	207	166	24
Profit after tax and outside equity interests	205	162	27
Free cash flow	350	350	-
OCAT ratio	14.8%	15.6%	
Capital expenditure	509	524	(3)
Total assets	3,707	3,409	9
Net debt	861	732	18
Shareholders equity	1,939	1,790	8

Key Ratios	2003/2004	2002/2003	% change
Earnings per share	30.9 cents	24.8 cents	24
Free cash flow ⁽¹⁾ per share	52.8 cents	53.7 cents	(2)
Total dividend per share ⁽²⁾	13 cents	10 cents	30
Net asset backing per share	\$2.89	\$2.67	8
Net debt to capitalisation	31%	29%	
Net debt to equity	44%	41%	8
EBIT Interest cover ⁽³⁾	6.2 times	6.0 times	4
Return on equity	11%	9%	15

Segment Analysis (EBITDA)	2003/2004 (\$m)	2002/2003 (\$m)	% change
Exploration & Production	197	188	5
Retail	236	232	2
Generation	69	48	44
Networks	29	23	25

⁽¹⁾ Cash flow available for funding growth and distributions to shareholders

⁽²⁾ Final dividend 7 cents per share (fully franked), interim dividend 6 cents per share (fully franked)

⁽³⁾ Including capitalised interest

17 August 2004

Directors' Review of Results for the year ended 30 June 2004

The Directors of Origin Energy Limited (the Company) submit their review of the results of the Company and of the consolidated entity for the year ended 30 June 2004.

Except where otherwise stated, all figures in this report relate to Origin's businesses for the 12 months ended 30 June 2004 compared with the 12 months ended 30 June 2003.

Financial Review

Profit and Dividend Declaration

Origin reported a profit after tax and outside equity interests (PAT) of \$204.9 million for the year ended 30 June 2004, a 27% increase on the profit for the prior year. Basic earnings per share increased by 25% to 30.9 cents per share.

A final fully franked dividend of 7 cents per share will be paid on 15 September 2004 to shareholders of record on 26 August 2004. Origin shares will trade ex-dividend from 20 August 2004.

The Board has also determined that the Dividend Reinvestment Plan will continue to apply for this dividend. As foreshadowed, no discount will apply.

Financial Highlights

	2003/04 (\$m)	2002/03 (\$m)	Change %
Revenue	3,556	3,352	6
EBITDA	532	491	8
Net Profit After tax	205	162	27
Free Cash Flow	350	350	stable
Capital Expenditure	509	524	(3)
Basic Earnings per share	30.9¢	24.8¢	25
Dividends per share*	13¢	10¢	30
Net Debt/Capitalisation	31%	29%	
OCAT/Funds Employed	14.8%	15.6%	

*Fully franked

The main factors contributing to the result included:

- Significantly higher oil production in the onshore Perth Basin increased Exploration and Production earnings. This was partly offset by disruption to the Moomba Gas plant reducing after tax profit by approximately \$6 million, and a provision of \$16.2 million created at the half year for the write-down of the Cooper Basin interests as a result of the restatement of reserves by operator Santos as at 31 December 2003.

- Higher gas and electricity tariffs coupled with colder winter weather resulted in higher revenues for the Retail segment partially offset by higher energy supply costs.
- Higher earnings in the LPG retail business resulting from lower purchasing costs and three months contribution from the Rockgas acquisition.
- A full year of contribution from the Mt Stuart Power Station and an additional capacity payment received, adding a total of \$8 million to profit after tax.
- A benefit of \$9.6 million being Origin's share of the reduced deferred tax liability of Osborne Cogeneration Pty Ltd (an associated entity) upon its entry into the new tax consolidation regime.
- Reduced tax expense arising largely as a result of the ATO decision in relation to the Victorian gas business.
- The acquisition of the minority interests of Oil Company of Australia Limited (now known as Origin Energy CSG Limited) reducing outside equity interests.

The following events occurred after the year end which will or may have a material effect on the Company's operations:

- **Acquisition of Contact Energy:** On 20 July 2004 Origin entered into a conditional agreement to acquire a 51.2% interest in Contact Energy Limited from Edison Mission Energy (EME) for a consideration of NZ\$1,675 million or NZ\$5.67 per share. The agreement to acquire the interest is subject to an exemption being granted by the NZ Takeovers Panel which would allow EME to sell its NZ holding company to Origin rather than its Contact shares. Should the Agreement become unconditional Origin will proceed to bid for the remaining share capital of Contact at the same price as paid to EME.
- **Acquisition of Onshore Otway Assets:** On 19 July 2004 Origin agreed to acquire the interests of Santos Limited in certain production permits in the onshore Otway basin in Victoria for \$25.8 million. The acquisition is subject to pre-emptive rights that may be exercised by existing joint venture interest holders.

Group Financial Performance

Total revenue increased 6% to \$3,556 million from \$3,352 million in the prior year. This increase was primarily due to increased oil sales and higher retail gas sales.

EBITDA of \$532 million was up 8%.

Segment contributions to EBITDA were:

	EBITDA \$m		
	2003/04	2002/03	% change
Exploration & Production	197.2	187.6	5
Retail	236.2	232.1	2
Generation	69.4	48.3	44
Networks	29.4	23.4	25
Total	532.2	491.3	8

Year on year comparisons are provided in the divisional highlights sections which follow.

Depreciation and amortisation expense increased by 4% to \$203 million. The increase was largely due to increased investment in plant and equipment and increased oil production, partially offset by lower amortisation of electricity hedging contracts.

EBIT increased 11% to \$329.2 million.

Net interest expense for the year was \$45.4 million, down from \$48.7 million in the prior year. The lower interest expense was the result of capitalising \$7.7 million of interest in relation to three exploration and production assets: the BassGas Project; the Otway Gas Project; and the Spring Gully coal seam gas development, in accordance with Australian Accounting Standards.

Taxation

Tax expense for the year was \$76.9 million a decrease of 4% from the prior year reflecting a lower effective rate of 27% compared with 33% in the prior year. The lower effective rate is primarily due to the net impact of several factors, largely relating to the Victorian gas business tax deductions, as outlined below.

As announced in February 2004, the ATO advised that it would not take any further action in relation to the tax deductions transferred to Origin in respect of the Victorian gas distribution business. The amount of unutilised losses available at 30 June 2003 in relation to this matter was \$78.5 million and this benefit has been brought to account. As a separate matter the new tax consolidation regime raises doubts over rights to future tax losses associated with this business. As a consequence Origin has taken the prudent course of writing off this asset (\$24.8 million).

Now that the Victorian gas business tax losses have become available, the utilisation of other tax losses will be deferred. As a consequence of this deferral and a detailed review of the Group's carried forward tax losses, certain losses no longer satisfy the test of "virtual certainty". Future income tax benefits of \$34.9 million have been derecognised.

Prior to year end the Company resolved that a tax consolidated group would be formed between the Company and its wholly owned Australian controlled entities effective from 1 July 2003. While this will simplify the tax affairs of the group going forward, it is not expected to have a significant impact on Origin's financial results.

Cash Flow

Operating cash flow after tax remained strong at \$402 million up from \$399 million in the prior year. Funds employed through the year increased to over \$2.6 billion producing an OCAT Ratio¹ of 14.8% well above the Company's target of 9.4%.

Cash flow available for funding growth and distributions to shareholders (free cash flow) was constant at \$350 million.

This year's cash flows have been adversely affected by:

¹ Origin's primary performance measure is operating cash flow after tax over average funds employed (referred to as the OCAT Ratio). OCAT is calculated from EBITDA as the primary source of cash contribution, but adjusted for stay-in-business capital expenditure, changes in working capital, non-cash items and tax paid. Funds employed are averaged over the relevant period.

- An increase in accrued and trade debtors of around \$16 million due to higher retail sales as the result of colder weather in the June quarter compared with the corresponding period in 2003; and
- The full impact of lost sales arising from the Moomba incident estimated at \$19 million.

Funding and Capital Management

The Company's balance sheet remains strong with a net debt to capitalisation ratio of 31% as at 30 June 2004. This compares with 29% as at 30 June 2003.

A total of \$44.6 million in equity was raised during the year through share issuances under the Dividend Reinvestment Plan (\$39.8 million) and as a result of the exercise of options (\$4.8 million).

The continued strength of the Company's cash flow over the year has meant that net borrowings increased by only \$128 million to \$861 million despite the Company spending \$509 million in capital projects and acquisitions as outlined below. Interest cover (including capitalised interest) remains robust at 6.2 times EBIT.

Capital Expenditure

Capital expenditure on growth and stay-in-business projects was \$323 million.

Stay-in-business capital expenditure associated with the maintenance of ongoing operations was \$86 million, \$11 million lower than in the prior year.

Growth capital expenditure was \$237 million, \$85 million higher than in the prior year. This included the expenditure on the following:

- Development of the coal seam gas (CSG) assets in Queensland (\$52 million);
- Exploration and development activities in the Perth Basin in Western Australia (\$28 million);
- Development of the Bass Basin including the BassGas Project (\$95 million); and
- Development of the offshore Otway Basin including the Thylacine and Geographe fields (\$23 million).

Capital expenditure on acquisitions totalled \$185 million, which mostly related to the acquisition of:

- Minority interests in Oil Company of Australia Limited (\$74 million);
- A 50% interest in the Kupe field in New Zealand (\$30 million);
- The remaining 50% interest in Rockgas Limited (\$14 million); and
- An equity contribution to the SEA Gas Partnership (\$56 million) on completion of the project.

Total capital expenditure, including acquisitions, was \$509 million or 3% lower than the prior year.

Risk Management

Consistent with its risk management policy framework Origin hedges a significant portion of its exposure to electricity, oil price and the USD exchange rate.

In the electricity market, Origin assesses its exposure limits against extreme events and a wide range of potential outcomes. Within the risk 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.

In relation to crude oil, Origin currently has hedged 58% of its oil and condensate exposure over the 12 months to 30 June 2005 at prices above US\$27 per barrel. With this level of hedging in place Origin estimates that using current foreign exchange rates a US\$1 movement in the average price of oil over the year will have an impact of approximately \$1.6 million on revenue.

With regard to foreign exchange, Origin is significantly hedged over the next 12 months due to a combination of external hedging and internal natural hedging that arises on the ongoing US dollar expenditure associated with major upstream projects and expects that variability in the US exchange rate will have minimal impact on the group.

Returns to Shareholders

A final fully franked dividend of 7 cents per share has been declared payable on 15 September 2004 to shareholders of record on 26 August 2004. The Dividend Reinvestment Plan (DRP) will apply to the dividend. The DRP shares will be issued at the volume weighted average price over the five days prior to the books close without discount.

Origin's present policy is to pay annual dividends at a target level of around 40% of net profit. Combined with the fully franked interim dividend of 6 cents per share paid on 18 March 2004, the dividend payout ratio for the year ended 30 June 2004 is 42%.

Issued Capital

An additional 10,978,609 shares were issued during the period. Of these 8,465,259 shares were issued as a result of the Company's Dividend Reinvestment Plan and 2,513,350 shares were issued as a result of the exercise of options.

As at 30 June 2004, Origin had 668,688,360 shares on issue.

Segment Results

Exploration and Production

Increased oil sales and higher gas prices lifted the contribution from the Exploration and Production segment which was partly offset by disruption to Moomba's production. The Kupe acquisition in New Zealand, additional reserves and new projects to come on stream by 2007 have positioned the business for significant growth in coming years.

Year ended 30 June	2003/04 \$m	2002/03 \$m	% Change
EBITDA	197.2	187.6	5
EBIT	105.1	103.3	2

Sales Volumes

	2003/04	2002/03	% Change
Natural gas (PJ)	67	74	(9)
Crude oil (kbbbls)	1,899	854	122
Condensate/naphtha (kbbbls)	434	644	(33)
LPG (ktonnes)	49	62	(21)
Ethane (ktonnes)	35	35	1
Total (PJe)	84.9	87.4	(3)

A fire in the Moomba Gas Plant in January 2004 caused a major disruption to gas and liquids production during the second half of the year. Gas production was reinstated to full capacity by March 2004, and liquids production capacity is being returned in stages. Full liquids production capacity is expected to be restored during August. The loss to pre-tax earnings as result of the disruption is approximately \$9 million, after taking into account expected insurance recoveries.

Sales volumes for the year were 3% lower than last year at 84.9 PJe, largely as a result of the Moomba incident. Gas sales were 9% lower than last year, reflecting constrained gas sales from Moomba over January and February, while sales of condensates and LPG were significantly lower due to the more substantial and longer task of restoring liquids production capacity. These lower production levels were partially offset by increased oil production out of the Perth Basin as the Hovea, Eremia and Jingemia fields were appraised and developed.

Total sales revenue was \$345.3 million up \$15 million or 5% on the previous period. This reflects oil sales revenue that is \$40 million higher than last year (inclusive of the impact of hedging), and higher average realised gas prices (up 3.5% on average), offset by lower sales of gas and liquids as outlined above.

In line with the increased sales revenue, EBITDA increased from \$187.6 million to \$197.2 million, an increase of \$9.6 million or 5%. Net provisioning and write-offs of \$15.5 million, mostly attributable to the Cooper Basin reserves write-down, were in line with last year (\$16.6 million). EBITDA margin was maintained at 57%.

Depreciation and amortisation (D&A) charges of \$92.1 million were up \$7.8 million or 9% from last year in line with production increases in the Perth basin and higher D&A rates in the Cooper Basin resulting from the reserves write-down in December 2003.

This higher D&A charge resulted in only a modest increase in EBIT, up \$1.8 million or 2% from \$103.3 million to \$105.1 million

Capital expenditure on growth and stay-in-business projects increased by 29% to \$262 million due to construction on the BassGas Project and development of the Spring Gully and Otway Gas Projects.

Origin participated in the drilling of 163 wells during the year. This included 83 development wells primarily in the Cooper Basin, coal seam gas (CSG) areas and the Perth Basin. Origin also participated in 80 exploration and appraisal wells including 36 in CSG areas, 27 wells in the Cooper Basin, 11 wells in the Perth Basin and one well in New Zealand. Origin achieved a success rate of 66% from these exploration and appraisal wells. In addition Origin undertook recording 3D seismic surveys in the offshore Otway Basin and Surat Basin (in progress), and will record a further 3D survey in the Perth Basin this year. The improvement in data quality provided by these surveys is expected to provide significant follow-up potential over the coming years.

Origin increased its 2P reserves by 647 PJe or 41% over the year, representing a reserves replacement ratio of over 800%.

Proved and Probable (2P) Reserves (PJe)

	PJe
2P reserves at 30 June 2003	1,573
Net effect of additions, revisions & adjustments	
plus CSG reserves additions	572
plus Kupe acquisition	169
plus other (WA, Otway, central Qld)	25
less Cooper Basin reserves write down	(39)
less production	(80)
2P reserves at 30 June 2004	2,220

Perth Basin (Western Australia): Oil production from Hovea, Eremia and Jingemia fields increased to average 6,700 barrels of oil per day (bopd) across the year (Origin share 50%), a three-fold increase on production in the prior year. During the coming year production is expected to increase towards 10,000 bopd as Jingemia 4 is fully commissioned and the Hovea field is further developed.

Three new gas discoveries at Xyris 1, Apium 1 and Tarantula 1 are planned to be brought on stream during 2004/05.

Spring Gully Project (Surat/Bowen Basin - Queensland): Scheduled for commissioning by 30 June 2005, the Spring Gully Project will supply contracts signed with AGL and Queensland Alumina Limited (QAL). The latter was signed in November 2003 for 180 PJ of gas supplied over 15 years from November 2006. Origin increased its average equity in the Spring Gully project to 96.6% by acquiring the interests of some minor parties. The engineering design phase for the project was completed and orders placed for gas plant and pipeline equipment.

Continuing exploration, appraisal and development activities across Origin's CSG tenements led to the booking of an additional 572 PJe of 2P reserves during the year.

Surat Basin (Queensland): As the result of continuing appraisal, the Myall Creek gas field now has established reserves (2P) of 52 PJe which will provide additional flexibility to Origin in managing the portfolio of contracts it supplies from central Queensland. Myall Creek 6 and 7 achieved flows of 6.5 mmscfd and 10.5 mmscfd respectively while the nearby Horseshoe 3 well flowed at 3.6 mmscfd. A 3D seismic program currently being recorded will provide the basis for ongoing appraisal and development of the field.

BassGas Project (Bass Basin - Tasmania/Victoria): During the year the BassGas platform was successfully installed and drilling operations commenced. Yolla 4 has since been successfully drilled and completed, with production tests flowing at gas and condensate at high rates from three individual gas zones. However weather related delays in completing electrical work at the onshore plant will cause project start-up to be delayed into October. Origin has a 37.5% interest in the project which will deliver 20 PJ of gas and more than 1 million barrels of liquids per annum, and has contracted to take all the sales gas produced from the field.

Otway Gas Project (Otway Basin - Victoria): In May 2004, the Otway Gas Project joint venture announced it would proceed with the development of the Thylacine and Geographe fields. Origin has a 29.75% interest in the project which will supply 60 PJ of gas, more than 100,000 tonnes of LPG and 800,000 barrels of condensate per annum once commissioned in mid 2006. Origin has signed gas purchase agreements with two of its co-venturers and will take 48.85% of the sales gas produced from the field.

Kupe Gas Project (Taranaki Basin - New Zealand): In February 2004, Origin acquired a 50% interest in, and assumed operatorship of, the Kupe gas field for \$30 million. Scheduled to be in production by mid 2007, the field is expected to produce around 20 PJ of gas and 1.5 million barrels of liquid hydrocarbons per annum. Origin's share of the gas is contracted to Genesis Power. Surveys for the platform site, pipeline routes and potential gas plant sites have been completed, and Worley has been engaged to develop the front end engineering design.

Exploration: In the coming year, Origin plans to drill two exploration wells in Vic/P37 (V) in the offshore Otway Basin and the Trefoil 1 exploration well in T/18P adjacent to the Yolla production licence in the Bass Basin.

The exploration program in the onshore Perth Basin is continuing with 12 exploration wells planned for 2004/05, while in the offshore Perth Basin the Fiddich 1 oil exploration well will be drilled during the latter half of 2004.

The momentum in the Surat and Bowen Basins will continue with 25 exploration and appraisal wells planned.

Retail

Origin supplies electricity, natural gas and LPG to more than two million customers. Of these 65% are in Victoria where colder weather and small tariff increases drove an improved result for the Retail business.

Year ended 30 June	2003/04 \$m	2002/03 \$m	% Change
EBITDA	236.2	232.1	2
EBIT	155.1	143.8	8

Energy Sales Statistics

	Natural Gas	Electricity	LPG
Revenue (\$m)	856	1,663	398
Gross Margin (\$m)	142	242	131
Sales - (PJ)	114		
Sales - (TWh)		15.9	
Sales - (ktonnes)			490
Total Sales (PJe)	114	57	24
Customer # ('000)	967	887	289

Total revenue was \$3.0 billion, up 5% on the prior year. EBITDA increased by 2% to \$236.2 million, reflecting higher purchasing costs for electricity. Lower amortisation of hedging contracts acquired from Powercor resulted in a more significant increase in EBIT of 8% to \$155.1 million.

Total Retail energy sales of natural gas, electricity and LPG of 196 PJe were 3% lower than for the same period last year, but revenue from the sale of these products increased as the result of higher unit prices derived from the mix of products sold and higher gas and electricity tariffs.

Total operating costs were flat year on year, as improved efficiencies were offset by expenditure on preparation for full gas contestability in South Australia and higher churn related costs as discussed in subsequent paragraphs.

The result is strongly seasonal due to the significant mass market demand for energy over the winter months of July, August and September, with 62% of the result coming from the first half.

Total depreciation and amortisation of \$81.1 million was \$7.1 million lower than last year, mainly as a result of lower amortisation of the Powercor hedge contracts as the volume of these contracts declined offset by an increase in amortisation of intangibles. This partially offset higher electricity purchasing costs associated with replacement contracts.

Notwithstanding small increases in tariffs and higher churn, EBIT to sales margins for the year across the Retail business were slightly higher than last year at 5.2%.

Electricity and natural gas customer numbers were maintained even though there was an increase in market churn in Victoria to an average of 13.5% across the year compared

with 9% in the previous financial year. The volume of customer transfers increased from around 50,000 in 2003 to over 140,000 during 2004. Overall customer numbers increased by 36,000 across the year. The Electricity business expanded to new geographic markets, and now has almost 35,000 customers in South Australia and more than 3,000 customers in New South Wales. Full retail contestability for South Australia commenced in July 2004.

Origin also maintained its solid market position through a number of product initiatives and affinity programs. The most high profile of these was the AFL Inside50 Program which offers Victorian and South Australian customers who sign a market contract with Origin \$50 off their 2004 and 2005 club memberships. Launched in February 2004, Inside50 has delivered more than 20,000 customers and driven a significant improvement in top-of-mind brand awareness. Origin now also has over 45,000 customers signed to its GreenEarth range of electricity offerings.

Natural gas sales were 7% lower than last year at 114 PJ, largely due to the closure of the Mobil refinery in Adelaide and loss of other major customers (-10 PJ), partially offset by increased retail gas sales as a consequence of colder winter weather (+3 PJ). Standing tariffs for natural gas were increased by 5% in Victoria and by around CPI in South Australia and Queensland. These tariff increases, and the change in customer mix, produced an increase in the average unit tariffs received and led to an increase in natural gas revenue of 2% to \$856 million for the year. The increase in revenue, coupled with the cessation of payments to the Victorian Government in the 2003 financial year led to a 9% increase in gross margin for natural gas from \$131 million to \$142 million.

Electricity sales increased 6% from 15 TWh to 15.9 TWh in the year ended 30 June 2004. Tariff increases to the mass market segment in the second half of the year, combined with the increased volumes, led to an increase in revenue of 6% to \$1.7 billion. This was offset by an increase in electricity network and energy charges and the need to replace the favourable hedge contracts acquired from Powercor with contracts at current market prices. These factors led to a 9% increase in purchasing and distribution costs and as a consequence the gross margin from electricity sales was down 9% from \$266 million to \$243 million.

LPG sales increased by 11 ktonnes as a consequence of three months contribution from the additional 50% of Rockgas purchased in March 2004, offset by a decrease in autogas volumes. Purchasing costs decreased significantly during the year, with the international Contract Price averaging A\$415 per tonne, being A\$103 per tonne or 20% lower than in 2003. However it should be expected that a portion of the benefit will be eroded as customer contracts are renewed and LPG prices move to match the recent oil price rises. Gross margin rose 15% from \$114 million to \$131 million.

Generation

The Generation segment includes a fully-contracted portfolio of peaking and base-load power plants with a total capacity of 883 MW and renewable energy developments and investments. A full year of ownership of the Mt Stuart Power Station and a one-off tax adjustment for Osborne Co-generation has lifted the business' contribution.

Year ended 30 June	2003/04 \$m	2002/03 \$m	% Change
EBITDA	69.4	48.3	44
EBIT	42.2	26.5	59

Sales Volumes

	2003/04	2002/03	% Change
Total Sales (MWh)	1.83	1.90	(4)

Total revenue was \$117 million up 20% on the prior year. EBITDA increased by 44% to \$69 million.

Origin's Generation business contracts the capacity of a number of its gas fired power plants to the Retail business, formalising the natural hedge provided by these assets. The output from these plants (Ladbroke Grove, Roma and Quarantine power stations) is sold directly into the National Electricity Market. Under this arrangement, Generation received internal revenue for the year of \$43 million.

Sales revenue from externally contracted plant increased by 36% to \$74 million largely due to inclusion of 12 months revenue from the Mt Stuart Power Station in Townsville, Queensland, which was purchased in December 2002. Mt Stuart maintained high availability. Changes in despatch levels resulted in an additional capacity payment being received under the Enertrade Power Purchase Agreement. This resulted in a \$7 million improvement to net profit complemented by an additional six months of contribution which added a further \$5 million to net profit.

Origin has a 50% share of cogeneration plants contracted to BP Bulwer Island in Queensland, Worsley Alumina and Western Power in Western Australia and NRG Flinders and Penrice Soda Products in Osborne, South Australia. All these plants recorded a high level of availability during the year.

As advised at the half-year, the application of tax consolidation rules resulted in a one-off tax adjustment for Osborne Cogeneration Pty Ltd. Origin's 50% share of this adjustment is \$9.6 million and is included on an equity accounted basis in EBITDA.

The further development of the Generation business is an ongoing focus within Origin, including the assessment and development of gas fired and renewable generation opportunities.

During the year Origin participated in the evaluation of several opportunities to invest in or construct gas fired power plants. This included an unsuccessful bid to construct a 250 MW peaking project in Western Australia and the high-grading of development sites to

permit for new combined cycle power plants in Victoria and Queensland where Origin has access to significant gas resources.

Origin has also been active in evaluating and permitting sites for the potential construction of wind generation. Two sites in South Australia, Kemiss Hill and Troubridge, are well advanced. However moves to progress to construction of these facilities will depend on the level of policy support provided by governments for renewable generation.

Construction of a \$21 million Sliver® Solar Cell demonstration plant in Regency Park, South Australia was completed during the year. The facility is focussed on commissioning cell and module lines to produce Sliver® Solar Modules for commercial sale in early 2005.

Origin holds a 17.8% interest in Geodynamics Limited which continues to develop a world class geothermal resource in South Australia's Cooper Basin. Origin contributed approximately \$8 million in funding during the year, for development of the project which included the drilling of the first well, and acquisition of rights to innovative technology which allows greater economic heat extraction from geothermal resources.

Networks

Origin's Networks business includes asset management services, an investment in Envestra Limited and a one-third interest in the SEA Gas Pipeline which delivered additional contribution to earnings over the second half of the year.

Year ended 30 June	2003/04 \$m	2002/03 \$m	% Change
EBITDA	29.4	23.4	25
EBIT	26.9	21.6	24

Networks EBITDA of \$29.4 million was 25% higher than the prior corresponding period. This reflected a maiden contribution of \$4.6 million from the SEA Gas Pipeline which was commissioned on time and on budget on 1 January 2004, and played an important role in alleviating the gas shortage in South Australia caused by the Moomba fire and subsequent supply disruption.

A colder winter in Victoria and South Australia drove an increase in network management fees from Origin's principal customer and network owner, Envestra. This was partially offset by slightly lower incentive fees received from Envestra from the year's performance. Distributions from Origin's 18% holding in Envestra contributed \$12.8 million consistent with last year.

In July 2003 Origin, in a joint venture with United Utilities, successfully took over the operations and management of the water and wastewater assets of Coliban Water in central Victoria under a 10-year contract. Management fees and an equity income share from the CAMS joint venture with United Utilities also contributed to the improved EBITDA for the Networks segment.

People, Health, Safety & Environment (HSE)

Employee numbers increased 11% to 3,211 mostly due to staffing requirements for the Spring Gully and BassGas Projects and the Rockgas acquisition in New Zealand. There was no time lost to industrial disputes.

The Lost Time Injury Frequency Rate improved from 3.1 at 30 June 2003 to 2.8 at 30 June 2004. The Total Reportable Case Frequency Rate, which includes medical treatment injuries as well as lost time injuries, improved from 24.5 to 20.8.²

On 10 June 2004 the Tarantula 1 gas well in the Perth Basin Western Australia experienced an uncontrolled gas flow, which was contained by well control experts on 23 June 2004. In the process of securing the site, four contractor personnel received scalding injuries from hot mud and required first aid treatment. Origin is co-operating with the Western Australian Department of Industry and Resources investigation, and is reviewing systems and procedures to reduce the risk of a similar incident occurring again.

Other than the Tarantula 1 gas well, there were no other significant environmental incidents that relate to the Company's operations.

Origin produced its second Sustainability Report to Stakeholders outlining the Company's environmental, social and economic impacts on the communities in which it operates. The report provides more information on the Company's health, safety and environment performance and is available at www.originenergy.com.au/sustainability.

Employee Share and Option Plans

During the year the Company issued 3,910,000 options under the Senior Executive Option Plan at an exercise price of \$4.31 each. Origin does not record an expense on either the granting of an option to employees or upon the subsequent exercise of the option by employees. Origin has estimated the cost attributable to the current year of all options issued by the Company in the current and prior years, using the guidance in Australian Accounting Standard 2 "Share Based Payment" (AASB 2) to be \$2.9 million (2003: \$1.8 million).

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 2003 all full-time qualifying employees were each granted 219 shares, which were acquired on-market for \$1.8 million.

Further details of The Executive Option Plan and Employee Share Plans will be included in Origin's 2004 Annual Report.

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 ended 30 June 2005) The effective transition date to A-IFRS is therefore 1 July 2004.

² Lost Time Injury Frequency Rate and Total Reportable Case Frequency are measured in terms of incidents per million hours worked

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. Although the amortisation of goodwill will cease under A-IFRS, changes in asset impairment tests and hedging and documentation criteria in relation to financial instruments may introduce significant volatility into the Company's results and thus it is not possible to predict the impact of A-IFRS on future earnings.

Outlook

The year ahead will see continued growth in earnings with increased contributions from Exploration and Production, Retail and Networks.

Production from the BassGas Project is expected to come on stream in October making an immediate contribution and lifting the Exploration and Production segment results in the second half. Oil production from the Perth Basin is expected to increase towards 5,000 bopd net to Origin over the next few months and the re-establishment of full production at Moomba is expected to be achieved in the September quarter which will restore production contribution over the coming year. The long-term supply contract with AGL for coal seam gas will commence in May 2005 providing a contribution to production results for the coming year.

The Retail business will benefit from a full year of tariff increases that were approved from 1 January 2004 in Victoria and from 1 August in South Australia and increased volumes from higher customer numbers.

The LPG business will benefit from a full year of contribution from the wholly owned Rockgas business in New Zealand.

The SEA Gas pipeline which commenced operation on 1 January 2004 will make a full year of contribution to Network's results.

As a result of these factors Origin expects that earnings for the coming year from its existing businesses will increase consistent with the targeted growth rate of 10-15% per annum.

Looking further ahead the Company has invested in a number of important projects, which will make significant contributions in subsequent years. These include:

- The commencement of development of the offshore Otway project in the June quarter 2004 is planned to deliver gas into the South Australian and Victorian markets from early 2006;
- The long term supply arrangements with AGL for the supply of gas over 15 years from May 2005 and QAL over 15 years from November 2006 from CSG fields in Queensland will permit accelerated development of the Company's CSG resources; and
- The Kupe gas field in New Zealand is expected to commence production of gas and liquids in mid 2007 which will add 10 PJ of gas and 750,000 of liquid hydrocarbons to Origin's annual production.

If the agreement to acquire 51.2% of Contact Energy from EME becomes unconditional and Origin proceeds with its acquisition of the interest, the effect on Origin's results is expected to be significant over future years. After goodwill amortisation the acquisition



is expected to be accretive on earnings per share over the next year. Thereafter the acquisition is expected to be significantly positive for earnings and strongly cash generative.

Funding of the acquisition will be undertaken with a combination of debt and equity. The amount of funding required will depend upon the acceptance level of the Contact minority shareholders. Origin's debt/capitalisation ratio is expected to remain below 45%.

Sydney, 17 August 2004



**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 A\$'000	2003 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

		Consolidated	Consolidated
	Note	2004	2003
		A\$'000	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	Consolidated
	2004	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	261,458	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 2004 \$'000	Consolidated 2003 \$'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 CHES approved, or security holding balances established by 5.00pm or such later time permitted by SCH Business Rules if securities are CHES approved) and the last date for receipt of election notices for the dividend.

26 August 2004

	Consolidated 2004	Consolidated 2003
Note	\$'000	\$'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
10	<u>73,143</u>	<u>32,654</u>
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	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	Consolidated
	2004	2003
Note	\$'000	\$'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	
	<u>10,978,609</u>	<u>10,978,609</u>	
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
	<u>3,910,000</u>	<u>\$ 4.31</u>	<u>19 Dec 2008</u>
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
	<u>3,910,000</u>	<u>\$ 1.66</u>	<u>4 Dec 2003</u>
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%	\$69,025,000	(\$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 2004	Consolidated 2003	Consolidated 2004	Consolidated 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 2004 \$'000	Consolidated 2003 \$'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