Appendix 4D

AGL Energy Limited
ABN 74 115 061 375

Half Year Report

Results for announcement to the market for the half year ended 31 December 2006

Extracts from this report for announcement to the market $A Million

Revenue	**Up**	**15,914%**	To	**1,313.2**
Profit after income tax attributable to Shareholders of the Parent Entity	**Down**	**55.3%**	To	**3.4**

Dividends	Amount per ordinary share	Franked amount per ordinary share
Interim dividend	**9.5¢**	**9.5¢**
Prior interim dividend	**nil ¢**	**nil ¢**

Record date for determining entitlements to the dividends:

Interim dividend 9 March 2007 to be paid on 22 March 2007

Brief explanation of revenues, profit after income tax and dividends:

A detailed analysis of these results is found in the Directors' Report of the half year report attached to this announcement.

Profit after income tax includes significant profits and losses after income tax as detailed in Note 5.

The interim dividend in respect of ordinary shares for the half year ended 31 December 2006 has not been recognised in the half year report as it was declared subsequent to 31 December 2006.

The controlled entities of AGL Energy Limited as at 31 December 2006 were acquired by the Company at various dates prior to completion of the demerger transaction on 25 October 2006. Therefore, neither the results of the current period nor the prior year comparative are representative of what the reported results would have been if the controlled entities had been held by AGL Energy Limited for the entirety of both periods.

AGL Energy Limited and Subsidiaries
Half Year Report
For the half year ended 31 December 2006

Contents | *Page No.*

AGL Energy Limited and Subsidiaries
ABN 74 115 061 375

Directors' Report for the Half Year Ended 31 December 2006

(Incorporating the commentary by Directors and dividend announcement made to the Australian Stock Exchange Limited on 19 February 2007)

The Directors' report on AGL Energy Limited consolidated entity for the half year ended 31 December 2006 in accordance with Section 306 of the Corporations Act 2001.

Results

Underlying profit after income tax attributable to Shareholders (excluding significant items) was $60.9 million resulting in basic earnings per share from continuing operations of 44.6 cents.

The result for the half year included the following one-off significant items after tax as detailed in Note 5:

	$m
Merger / Demerger costs	48.6
Redundancy / Restructure costs	8.9
Total significant items after income tax	57.5

	Excluding Significant items		**Including Significant items**	
	31 Dec 2006 $m	31 Dec 2005 $m	**31 Dec 2006 $m**	31 Dec 2005 $m
Profit before finance costs, depreciation and amortisation and income tax (EBITDA)	**233.5**	12.8	**151.3**	12.8
Depreciation and amortisation	**(79.3)**	(1.8)	**(79.3)**	(1.8)
Profit before finance costs and income tax (EBIT)	**154.2**	11.0	**72.0**	11.0
Finance costs	**(63.4)**	(0.1)	**(63.4)**	(0.1)
Profit before income tax (PBT)	**90.8**	10.9	**8.6**	10.9
Income tax	**(29.9)**	(3.3)	**(5.2)**	(3.3)
Profit after income tax attributable to Shareholders of the Parent Entity	**60.9**	7.6	**3.4**	7.6

The controlled entities of AGL Energy Limited as at 31 December 2006 were acquired by the Company at various dates prior to completion of the demerger transaction on 25 October 2006. Therefore, neither the results of the current period nor the prior year comparative are representative of what the reported results would have been if the controlled entities had been held by AGL Energy Limited for the entirety of both periods.

AGL Energy Limited and Subsidiaries
Financial Commentary – Discussion and Analysis of Financial Statements

As required by Australian Accounting Standards, the AGL Energy Limited (AGL) consolidated financial report for the half year ended 31 December 2006 incorporates the results of AGL Energy Limited's subsidiaries from the date AGL Energy Limited obtained control of those subsidiaries through to 31 December 2006.

AGL Energy Limited obtained control of its subsidiaries at various times throughout the period (refer note 13) as a consequence of the internal restructuring that took place in preparation for the demerger of AGL Energy from The Australian Gas Light Company. Pursuant to this restructuring, the ownership of all legal entities conducting the former AGL Group's energy business was transferred to AGL Energy Limited. As a result, the Income Statement, Cash Flow Statement and Statement of Recognised Income and Expense presented in the half year financial report contain the results of those subsidiaries only from the date control was obtained and not for the full half year period.

Further, as AGL Energy Limited was a pre-existing legal entity within the former AGL Group, the comparative information presented in the half year financial report represents the financial information of AGL Energy Limited and its subsidiaries as they existed in the prior period and therefore is not directly comparable to the financial information for the current period.

Profit Attributable to Shareholders

Profit after income tax from continuing operations and excluding significant items was $60.9 million reflecting basic earnings of 44.6 cents per share. Reported profit from continuing operations was $3.4 million representing basic earnings per share of 2.5 cents per share.

Interim Dividend

The Directors have declared an interim dividend of 9.5 cents per share for the half year, franked to 9.5 cents (100%). This dividend relates to earnings of AGL Energy Limited for the period 26 October 2006 until 31 December 2006. A dividend of 25.5 cents per share was paid by The Australian Gas Light Company on 23 October 2006 in respect to earnings of The Australian Gas Light Company for the period 1 July 2006 to 25 October 2006.

The Record date to determine Shareholders' entitlements to the interim dividend is 9 March 2007 with payment on 22 March 2007. Shares will commence trading ex-dividend to the interim dividend on 5 March 2007.

Review of Operations

Profit from continuing operations (including significant items) before finance costs and income tax was $72.0 million (2005 $11.0 million) arising from the following activities:

Retail Energy EBIT $66.9 million (2005 $nil million)

During the half year to 31 December 2006, Retail Energy contributed $66.9 million to profit before finance costs. These results reflect business performance of the entities within the group from the date they were transferred to or acquired by the AGL Energy group. These transfers were all completed within the first half of the current financial year. As a result, there is no prior year comparison.

AGL's retail division is responsible for serving and growing AGL's strong cornerstone position in Australia's downstream gas and electricity markets. Retail Energy currently services 2.7 million residential, small business and commercial customers across New South Wales, Victoria, South Australia and Queensland, and a further 0.8 million customers in ACT and Western Australia through joint venture arrangements.

Key business priorities are driving down cost to serve through the Phoenix Change Program while growing its customer base including high-value dual fuel accounts.

Phoenix Change Program
Retail Energy is currently undergoing an initiative to rationalise and redesign its core operating processes. Coupled with the progressive replacement of its disparate mass-market billing systems, this strategy will drive down cost to serve while improving service capability and creating opportunities for growth.

The first significant benefits of this change program will be achieved by the end of the 2006/07 financial year with most benefits realised in the following period to 2010.

This program has already seen a significant reduction of full-time equivalent employees, with FTEs down from 1,331 at the end of December 2005 to 1,102 at December 2006, representing a reduction of 229 FTEs or 17%.

Dual Fuel Strategy
In the face of increasingly competitive markets, Retail Energy continued to grow its dual fuel customer accounts over the 6 months to 31 December 2006 and now has 1.3 million accounts (including ActewAGL) where AGL supplies both gas and electricity. Strong growth in electricity accounts in New South Wales and gas accounts in South Australia have driven improvement in dual fuel penetration.

Merchant Energy EBIT $90.2 million (2005 $11.0 million)

AGL's merchant energy activities involve power generation, electricity trading and hedging, upstream gas and oil production, gas trading, managing a portfolio of gas supply and transmission contracts as well as providing services to major and commercial customers.

For the half-year to 31 December 2006, Merchant Energy's contribution to profit before finance costs and income tax increased from $11.0 million to $90.2 million. The significant increase in profit contribution is due to the purchase of new businesses during or since the prior half year and the acquisition of existing businesses from The Australian Gas Light Company in preparation for the demerger of AGL Energy Limited.

Wholesale Energy and Power Generation EBIT $17.5 million (2005 $10.8 million)
The Wholesale Energy and Power Generation business comprises an integrated portfolio of generation, contracting and hedging activities whose primary objective is to effectively manage AGL's energy costs.

Wholesale Gas
The Wholesale Gas division is responsible for sourcing and managing AGL's gas supply and transportation portfolio to maximise wholesale price effectiveness for the Retail businesses. Wholesale Gas also supplies other retailers and internal and third party gas fired generators.

Energy Services
Energy Services division is tasked with maximising customer specific opportunities to make businesses more sustainable and energy efficient. The Energy Services business continues to build upon its centres of excellence including program maintenance, gas combustion, customer energy infrastructure, customer based asset development and energy efficiency related carbon benefits. Projects include renewable generation from landfill gas, sewerage treatment works and co-generation and compressed natural gas.

The business continues to add value to customer relationships with the most recent example being the successful commissioning of over 4.5MW gas turbine co-generation project at Symex in Melbourne, Victoria. As part of this 15 year arrangement Energy Services will build, own and operate the asset as well as secure a 15 year gas supply and co-generation agreement. Energy Services now has a portfolio of 20 significant projects with a further 4 projects under development.

Power Generation and Trading
AGL's power generation portfolio included the gas fired peaking generators, Somerton in Victoria and Hallett in South Australia, AGL's 32.5% investment in Loy Yang Power and AGL Hydro (formerly Southern Hydro).

AGL now has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation (gas and coal) as well as renewable sources (including hydro, wind, landfill gas and biogas).

Power Generation's contribution for the half-year to 31 December 2006 included a $20.5m development fee from the sale of the Hallett Wind Farm development, $4.0 million from the Loy Yang investment and a higher contribution from AGLHydro. Excluding AGLHydro, there was no contribution from the Power Generation assets or Loy Yang investment in the prior year. The substantial growth in AGL's power generation portfolio, which underpins AGL's strategy of growing its interests in upstream assets, delivered additional revenue as well as efficiency gains in relation to operating costs delivered through the increased scale and integration of the generation portfolio.

Power Generation – Wholly-Owned Gas-Fired
AGL's two gas-fired power stations, Somerton and Hallett, played an important role in mitigating AGL's potential risk to the volatility of electricity spot prices during periods of peak electricity demand. Somerton has 150 MW of installed capacity while Hallett has 180 MW. Hallett has distillate as an additional fuel supply, which enhances security of generation. These plants tend to operate during the summer and winter seasons, but are available to supply the market throughout the year.

Power Generation – Wholly-Owned Hydro
The acquisition of AGL Hydro in late 2005 significantly strengthened AGL's upstream generation capacity. The successful integration of this business into the generation portfolio enabled a positive contribution to profit before finance costs and income tax and portfolio benefits arising from this investment have accrued to AGL's retail energy segment in the form of lower electricity purchasing costs.

AGL Hydro consists of a range of hydro stations and the Wattle Point wind farm. The Wattle Point wind farm contribution to earnings during the half year was for the period 1 July 2006 to 25 October 2006 at which time it was divested to Alinta Limited as part of the demerger. Plants with significant discretionary capabilities, and the capacity to respond to high wholesale market prices, are contracted internally to offset the demand of AGL's retail customers, thus limiting AGL's exposure to volatile electricity pool price outcomes. The less discretionary plants, that are subject to run of river constraints, are largely contracted externally.

The discretionary hydro generation facilities are highly complementary with AGL's existing gas-fired peaking generation facilities at Hallett and Somerton. While the water resource available for the hydro generators may at times be limited, this capacity is supplemented by gas fired plants which have no fuel constraints. Hydro generation adds significant value to the generation portfolio as it is able to start almost instantaneously. Given that AGL operates in a market where there is a price set for each five-minute period this fast-start capability is highly desirable.

Power Generation – Investments
The EBIT contribution for the half-year from the 32.5% investment in Loy Yang Power was $4.0m million. The result comprised a share of the equity accounted profit of $1.4 million and loan note interest revenue of $2.6 million. There was no prior year contribution to earnings from this business.

Upstream Gas EBIT $72.7 million (2005 $0.2 million)
AGL's Upstream Gas business includes the Gas Development and HC Extraction operations. The business objectives are to:

- invest in upstream gas production and development assets that will underpin the Company's long-term growth;
- secure competitively-priced sources of gas;
- reduce risk by diversifying sources of supply; and
- maintain an appropriate balance between equity and contract supplies to provide portfolio flexibility and minimise cost and risk.

Gas Development
The Gas Development group was established as part of Merchant Energy with the primary task of building a substantial upstream gas business for AGL. The group has taken significant steps along the path to meeting its objectives by investing in:

- gas reserves and associated oil production joint ventures in Papua New Guinea (PNG);
- a 50% interest in the Camden Gas Project coal seam methane (CSM) production joint venture, as well as other exploration joint ventures across the Sydney Basin; and
- a 50% interest in the Moranbah Gas Project CSM production joint venture and associated agreements and exploration joint ventures.

More recently AGL announced it had entered into an agreement with Queensland Gas Company Limited (QGC) to make an investment in 27.5% of the company's shares.

The Gas Development group contributed EBIT of $68.9 million for the half year, comprising $68.4 million from PNG oil joint ventures and $0.5 million from the CSM joint ventures.

PNG Upstream Investment

AGL holds interests of 11.9% in the PDL2 joint venture, which has been producing oil since 1991, and a 66.7% interest in the PDL4 joint venture, which has been producing oil since 1996. AGL has substantially hedged its oil price exposure against its share of forecast production over the next three years with a mixture of futures and options.

AGL's share of oil production for the half year was 1.26 million barrels, while oil liftings totalled 1.40 million barrels at a realised sales price of US$69.26 per barrel after taking into account the impact of settled hedges. Gross oil sales totalled $127.5 million comprising revenue of $121.2 million and a $6.3 million gain on settled oil futures and options. The EBIT contribution for the half year was $67.4 million, comprising underlying EBIT of $61.9 million and a gain of $5.5 million in respect of the portfolio of oil hedge contracts. There was no prior period contribution from this investment.

AGL previously held a 10% interest in the upstream PNG Gas Project joint venture. However on 1 February 2007 AGL announced that the cooperative heads of agreement between the joint venture participants had lapsed. Consequently, AGL has no ongoing obligations to fund this venture, nor has it any further obligations to the vendor of its original interest (Oil Search Limited) for additional acquisition payments for gas. AGL's interests over the gas reserves have now reverted to its licence joint venture interests listed at the beginning of this section.

AGL believes that the upstream PNG Gas Project remains potentially viable in view of eastern Australia's long-term demand for natural gas. AGL will be working closely with all parties in the project to extract maximum value from its gas reserves. The future developments will include a range of other gas project concepts including liquefied natural gas (LNG) and petrochemicals and we expect to make a decision on these projects later this year.

Camden Gas Project and Other Sydney Basin Joint Ventures
AGL's 50% petroleum interests in the Sydney Basin allow it to participate in the exploration, development and production of CSM in the Camden, Sydney and Hunter Valley regions. Exploration activities continued during the half year aimed at defining and assessing the potential of additional CSM resources.

AGL's share of gas sales from the Camden Gas Project for the half year was 1.1 PJ. Current monthly sales at Camden on an annualised basis are approximately 4.5 PJ, with AGL's share being 2.25 PJ. Half year sales revenue totalled $3.5 million and EBIT contribution from all the Sydney Basin joint ventures was $0.2 million, after depreciation and amortisation of $1.9 million.

Moranbah Gas Project Joint Ventures
On 22 August 2006 AGL announced it had completed the acquisition of BHP Billiton's 50% interest in the Moranbah Gas Project for US$68.7 million (approximately $93 million). The assets acquired are operated by Arrow Energy NL, and also include a 99% interest in the ATP 364P exploration joint venture (although Arrow has sole exploration rights) and all BHP Billiton's rights including a 5% override royalty under a 50-year agreement (that began in 2000).

AGL's share of gas sales since acquisition was 2.7 PJ. The operator recently reported Moranbah production at 45 TJ per day, with AGL's share being 22.5 TJ per day. Sales revenue since acquisition totalled $5.5 million and EBIT contribution was $0.2 million, after depreciation and amortisation of $3.9 million.

QGC Share Investment
On 5 December 2006 AGL announced it had reached agreement with QGC to take a cornerstone investment of 27.5% for up to $292 million. As part of the transaction AGL will also enter into a 540 PJ, 20-year gas supply agreement with QGC, with an option to take an additional 200 PJ. Both agreements are subject to approval by QGC shareholders.

QGC subsequently issued an explanatory memorandum dated 1 February 2007, including an independent expert's report, which gives notice of a general meeting of its shareholders to be held on 2 March 2007 to consider the AGL transaction. QGC's explanatory memorandum timetable sets completion of the AGL transaction by 9 March 2007.

H C Extractions (HCE)

HCE produces LPG and naphtha by processing refinery off-gases supplied by the adjacent Caltex oil refinery in Kurnell, Sydney, with all production sold back to Caltex. During the period production was down due to the planned shutdown that is scheduled every 4 years. Production has since returned to normal operating capacity. The business benefited during the period from high Saudi Contract propane prices offset by a higher US dollar exchange rate.

Energy Investments – contribution $13.7 million (2005 $nil million)

ActewAGL (50% AGL ownership)

AGL's share of profits from its 50% investment in the ActewAGL retail partnership totalled $3.7m. The ActewAGL distribution partnership remained with The Australian Gas Light Company upon the demerger.

ActewAGL Retail earnings are tracking significantly better than expected for the six months to 31 December 2006. Warmer weather resulting in lower electricity and gas volumes has been offset by improved margins. Despite increased competitive pressure, retail customer numbers are in line with the previous period.

Elgas (50% AGL ownership)

AGL's 50% interest in Auscom Holdings (Elgas), which distributes and retails LPG in Australia, made a $2.2m equity contribution.

Elgas's earnings are in line with expectations for the six months to 31 December 2006. The supply reliability offered by the Sydney LPG Cavern led to stronger than expected volumes during the half year as a number of refineries experienced production problems.

Gas Valpo (100% AGL ownership)

AGL's wholly owned investment in Gas Valpo, a natural gas distribution company in Chile, contributed $4.0m to earnings before interest and tax.

Gas Valpo's earnings are better than expected for the six months to 31 December 2006. This increase in earnings is due to higher than anticipated margins as a result of Gas Valpo's successful mitigation of the costs associated with the restrictions impacting gas supplies from Argentina.

Alinta AGL (33.3% AGL ownership)

AlintaAGL provides Natural Gas to 566,000 customers and Electricity to 1,656 Commercial & Industrial customers within Western Australia. AlintaAGL is also the owner and developer of Cogeneration plants through its relationship with Alcoa.

The EBIT contribution from AGL's 33.3% investment in Alinta Co-generation Pty Limited was $2.7 million. This comprised of an equity share of losses of $1.7 million and loan note interest revenue of $4.4 million.

Unallocated items - expense $98.8 million (2005 expense $nil million)

Unallocated expense items of $98.8 million includes $69.5 million of Merger/Demerger costs and $4.3 million of Redundancy/Restructure costs.

Finance costs - expense $63.4 million (2005 expense $0.1 million)

Finance costs of $63.4 million includes interest expense on external borrowings and finance leases.

Income tax - expense $5.2 million (2005 expense $3.3 million)

Income tax expense of $5.2 million represents income tax on profits earned from the time entities became part of the AGL Energy group. The high effective tax rate is due to the PNG entities, with an effective tax rate of 55%, being part of the group for the full six month period.

Directors in Office

The names of Directors of the Parent Entity who held office during or since the end of the half year are:

	First Appointed
Mark Roderick Granger Johnson – Chairman	17 February 2006
Paul Anthony – Managing Director	23 May 2006
David Charles Keith Allen AO	17 February 2006
Carolyn Judith Hewson	17 February 2006
Maxwell Gilbert Ould	17 February 2006
Graham John Reaney	5 July 2006
Jeremy Charles Roy Maycock	9 October 2006
Sandra Veronica McPhee	9 October 2006
David Paul Craig	17 February 2006 (resigned 9 October 2006)

Auditor's Independence Declaration

The auditors independence declaration is set out on page 32.

Rounding of Amounts to Nearest $0.1 Million

The Company is an entity to which ASIC Class Order 98/100 applies and in accordance with that Class Order, amounts in the Financial Report and this Directors' Report have been rounded off to the nearest tenth of a million dollars, unless otherwise stated.

Mark Johnson

Mark Johnson
Chairman

AGL Energy Limited and Subsidiaries
Consolidated Income Statement
For the half year ended 31 December 2006

	Note	31 Dec 2006 $m	31 Dec 2005 $m
Revenue	2	**1,313.2**	8.2
Other income	3	**23.2**	0.2
Expenses	4	**(1,190.7)**	4.4
Share of profits of associates and jointly controlled entities using the equity method	8	**5.6**	-
Profit before finance costs, depreciation and amortisation		**151.3**	12.8
Depreciation and amortisation		**(79.3)**	(1.8)
Profit before finance costs		**72.0**	11.0
Finance costs		**(63.4)**	(0.1)
Profit before income tax		**8.6**	10.9
Income tax expense		**(5.2)**	(3.3)
Profit after tax attributable to shareholders of the Parent Entity		**3.4**	7.6
Earnings per share – including significant items			
Basic for profit for the half year (cents)		**2.5**	-[1]
Basic for profit from continuing operations (cents)		**2.5**	-[1]
Diluted for profit for the half year (cents)		**2.5**	-[1]
Diluted for profit for continuing operations (cents)		**2.5**	-[1]
Earnings per share – excluding significant items			
Basic for profit for the half year (cents)		**44.6**	-[1]
Basic for profit from continuing operations (cents)		**44.6**	-[1]
Diluted for profit for the half year (cents)		**44.6**	-[1]
Diluted for profit for continuing operations (cents)		**44.6**	-[1]
Weighted average number of ordinary shares			
Basic (millions)		**137.3**	-[1]
Diluted (millions)		**137.3**	-[1]

[1] The weighted average number of ordinary shares was 2 and earnings per share including significant items and earnings per share excluding significant items was 379,150,150 cents per share.

AGL Energy Limited and Subsidiaries
Consolidated Balance Sheet
As at 31 December 2006

	31 Dec 2006 $m	30 June 2006 $m
Current assets		
Cash and cash equivalents	**146.6**	58.5
Trade and other receivables	**829.9**	209.0
Inventories	**21.8**	21.6
Other financial assets	**378.4**	415.8
Other assets	**10.0**	3.4
Total current assets	**1,386.7**	708.3
Non-current assets		
Trade and other receivables	**0.4**	0.1
Investments accounted for using the equity method	**341.2**	-
Exploration and evaluation assets	**65.9**	51.5
Oil and gas assets	**552.8**	498.4
Property, plant and equipment	**1,133.4**	845.4
Intangible assets	**2,114.7**	847.0
Other financial assets	**424.0**	38.8
Other assets	**21.5**	4.2
Total non-current assets	**4,653.9**	2,285.4
Total assets	**6,040.6**	2,993.7
Current liabilities		
Trade and other payables	**485.7**	59.1
Borrowings	**317.4**	2,272.7
Provisions	**24.8**	9.9
Current tax liabilities	**32.6**	-
Other financial liabilities	**372.3**	154.8
Other liabilities	**0.8**	0.9
Total current liabilities	**1,233.6**	2,497.4
Non-current liabilities		
Borrowings	**1,403.1**	223.0
Provisions	**27.0**	13.5
Other financial liabilities	**40.1**	91.7
Deferred tax liabilities	**180.5**	36.8
Other liabilities	**21.0**	1.3
Total non-current liabilities	**1,671.7**	366.3
Total liabilities	**2,905.3**	2,863.7
Net assets	**3,135.3**	130.0
Equity		
Issued capital	**2,924.0**	-
Other contributed equity	**-**	123.9
Reserves	**46.9**	(17.3)
Retained earnings	**164.4**	23.4
Total equity	**3,135.3**	130.0

AGL Energy Limited and Subsidiaries
Consolidated Cash Flow Statement
For the half year ended 31 December 2006

	31 Dec 2006 $m	31 Dec 2005 $m
Cash flows from operating activities		
Receipts from customers	**1529.6**	6.3
Payments to suppliers and employees	**(1,438.4)**	(8.8)
Dividends received	**14.4**	-
Finance income received	**5.8**	0.1
Finance costs paid	**(31.2)**	(0.1)
Income tax paid	**(21.1)**	-
Net cash provided by/(used in)operating activities	**59.1**	(2.5)
Cash flows from investing activities		
Payments for property, plant and equipment	**(77.7)**	(24.1)
Payments for exploration and evaluation assets	**(17.1)**	-
Payments for oil and gas assets	**(125.5)**	-
Payments for investments	**(120.0)**	-
Payments for intangibles	**(2.7)**	(32.8)
Payments for acquisition of businesses/subsidiaries	**-**	(1,440.4)
Loans advanced	**(247.0)**	-
Proceeds from sale of property, plant and equipment	**45.3**	-
Net cash used in investing activities	**(544.7)**	(1,497.3)
Cash flows from financing activities		
Proceeds from borrowings and hedge receipts on borrowings	**1,744.8**	4.3
Repayment of borrowings and hedge payments on borrowings	**(17.9)**	-
Loans (repaid to)/advanced from controlled entities	**(1,149.7)**	1,509.1
Net cash provided by financing activities	**577.2**	1,513.4
Net increase/(decrease) in cash held	**91.6**	13.6
Cash at the beginning of the financial year	**52.9**	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(3.3)**	-
Cash at the end of the financial year	**141.2**	13.6

AGL Energy Limited and Subsidiaries
Consolidated Statement of Recognised Income and Expense
For the half year ended 31 December 2006

	31 Dec 2006 $m	31 Dec 2005 $m
Cash flow hedges:		
Gain taken to equity	**3.5**	-
Transferred to profit or loss for the period	**(12.3)**	-
Net gain on hedge of net investment in foreign operations	**34.0**	
Translation of foreign operations	**(25.7)**	-
Actuarial gain on defined benefit superannuation plans	**4.5**	-
Share of decrements in reserves and retained earnings attributable to associates and joint venture entities	**(12.0)**	-
Income tax on items taken directly to or transferred from equity	**(20.7)**	-
Other	**1.8**	-
Net income/(expenses) recognised directly in equity	**(26.9)**	-
Profit for the period	**3.4**	7.6
Total recognised income and expense for the period attributable to Shareholders of the Parent Entity	**(23.5)**	7.6

Reconciliation of Consolidated Statement of Recognised Income and Expense to equity movements

	31 Dec 2006	
	Reserves $m	**Retained earnings $m**
Opening balance at 30 June 2006	**(17.3)**	**23.4**
Hedge reserve acquired on acquisition of subsidiaries	**90.4**	**-**
Retained earnings adjustment on acquisition of subsidiaries	**-**	**137.6**
Current period adjustments	**(26.9)**	**-**
Movement in reserves and retained earnings not reflected in statement of recognised income and expense above:		
Share base payments expense	**0.7**	**-**
Profit for the period	**-**	**3.4**
Closing balance at 31 December 2006	**46.9**	**164.4**

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Note 1 – Summary of significant accounting policies

(a) Basis of preparation

This half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and with applicable Accounting Standards, including AASB *134 Interim Financial Reporting* and other mandatory professional reporting requirements.

The half year financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2006 annual financial report of The Australian Gas Light Company, together with any public announcements made by AGL Energy during the half year ended 31 December 2006.

The half year financial report has been prepared on the basis of historical cost, except for derivative financial instruments which have been measured at fair value.

AGL Energy Limited is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest tenth of a million dollars unless otherwise stated. The financial report is presented in Australian dollars.

The preparation of the half year financial report requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates. Such estimates may require review in future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

No Australian Accounting Standards issued but not yet effective have been early adopted. It is not considered early adoption of these standards would have a material impact on the results of the consolidated entity.

The following significant account policies have been adopted in the preparation and presentation of the half year financial report.

(b) Principles of consolidation

The consolidated financial statements of the consolidated entity comprise AGL Energy Limited (Parent Entity), a company domiciled in Australia and its subsidiaries.

Control exists when the Parent Entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of subsidiaries have been prepared for the same reporting period as the Parent Entity, using consistent accounting policies. Adjustments have then been made to bring into line any dissimilar accounting policies that may exist across the consolidated entity.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. In the separate financial statements of the Company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing book value of the items. Where the transaction value of common control transactions differ from their book value, the difference is recognised as a contribution or a distribution to equity participants by the transacting entities.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash in banks, cash on hand and short-term money market deposits. Bank overdrafts and short-term money market borrowings are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Note 1 – Summary of significant accounting policies (continued)

(d) Trade and other receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

An allowance for doubtful debts is raised when the collection of the full amount of the debt is no longer probable. Bad debts are written off when identified.

Unbilled revenue represents estimated gas and electricity services supplied to customers but unbilled at the end of the half year.

(e) Inventories

Stocks and materials are valued at the lower of cost and estimated net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first-in-first-out basis.

(f) Investments

Investments in associates and jointly controlled entities are shown at cost plus the consolidated entity's share of the post-acquisition undistributed profits and reserves of the associates or jointly controlled entities. The results of associates and jointly controlled entities are accounted for by using the equity method of accounting.

Interests in jointly controlled assets and operations are recognised by including in the financial report under the appropriate categories the consolidated entity's relevant proportion of joint venture revenues, expenses, assets and liabilities.

Investments in other entities are initially recognised at cost. After initial recognition, these investments are stated at fair value less any impairment.

(g) Property, plant and equipment

Purchased assets

Items of property, plant and equipment are initially brought to account at cost which includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. For major qualifying assets, cost includes, where applicable, finance and other costs incurred during construction or represents, where applicable, the fair value of assets acquired on the purchase of subsidiaries.

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the financial year the asset is derecognised.

Property, plant and equipment, other than freehold land, leasehold improvements and surplus properties held for sale, are depreciated on a straight line basis at rates based upon the expected useful lives of the assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Leasehold improvements are amortised over the periods of the relevant leases or the expected useful lives of the improvements, whichever are the shorter.

The following estimated useful lives are used in the calculation of depreciation:

Freehold buildings	- 50 years;
Leasehold improvements	- lesser of lease period or 20 years; and
Plant and equipment	- 3 to 25 years.

Leased assets

Leases are classified as finance leases when the consolidated entity assumes substantially all the risks and rewards of ownership.

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Note 1 – Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Assets held under finance leases are capitalised at the inception of the lease at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the balance sheet as a finance lease liability.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(h) Oil and gas assets

The costs of oil and gas assets in the development phase are separately accounted for as tangible assets. When commercial operation commences, the accumulated costs are transferred to oil and gas assets in production. The costs of oil and gas assets in production are separately accounted for as tangible assets and include past exploration and evaluation costs, past development costs and the ongoing costs of continuing to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings. These costs are subject to depletion using a unit of production method over the life of the estimated Proven plus Probable (2P) reserves. Depletion is not charged on costs carried forward in respect of assets in the development stage until production commences. Estimated reserves are determined on an annual basis.

(i) Exploration and evaluation assets

Exploration and evaluation expenditure for each area of interest is accounted for using the successful efforts method. This method requires all expenditure associated with exploration and evaluation to be expensed when incurred except for the costs of successful wells and acquisition of interests in new exploration assets including licences. The costs directly associated with drilling new wells are capitalised pending evaluation of the results of the well. When the oil or gas field reaches the stage of development, the accumulated exploration and evaluation assets are transferred to development assets.

(j) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting date.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised, but is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Note 1 – Summary of significant accounting policies (continued)

(j) Intangible assets (continued)

Licences

Licences are carried at cost less any accumulated impairment losses. Licences are considered to have indefinite useful lives as they were either granted in perpetuity or there is evidence that the licences will be renewed beyond the initial term and the cost of renewal is not significant. Licences with indefinite useful lives are not amortised, but are tested for impairment annually and whenever there is an indication that the licences may be impaired. Any impairment is recognised immediately in profit or loss.

(k) Impairment

At each reporting date, the consolidated entity reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication of impairment. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than the carrying amount of the asset or cash-generating unit, it is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

A reversal of an impairment loss is recognised as an increase to the estimated recoverable amount of the asset or cash-generating unit but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition and the sale of the asset or disposal group is expected to be completed within one year from the date of classification.

(m) Trade and other payables

Trade and other payables, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments principally as a result of purchases of goods and services.

(n) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Customer deposits are recognised on receipt of refundable deposits held as security over future gas and electricity usage by customers. Interest is accrued at nominal rates over the period the deposits are held.

Note 1 – Summary of significant accounting policies (continued)

(o) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

The following temporary differences are not provided for: initial recognition of goodwill, initial recognition of assets or liabilities (other than as a result of a business combination) that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates or jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Parent Entity and all its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 25 October 2006 under Australian tax law. AGL Energy Limited is the head entity in the tax-consolidated group.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand alone taxpayer' approach in accordance with UIG 1052 *Tax Consolidation Accounting.* Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the tax-consolidated group are recognised by the Parent Entity (as head entity in the tax-consolidated group).

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Note 1 – Summary of significant accounting policies (continued)

(q) Income tax (continued)

The members of the tax-consolidated group have entered into a tax sharing and tax funding agreement. The tax funding agreement requires payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity. The payments are recorded as intercompany receivables/payables. The intercompany receivables/payables are at call.

(r) Employee benefits

Liabilities for wages, salaries, annual leave and other employee benefits which are expected to be settled within twelve months of reporting date, are measured at undiscounted amounts using the remuneration wage and salary rates expected to apply at the time of settlement, plus relevant employment on-costs.

Liabilities for long service leave and other employee benefits, which are not expected to be settled within twelve months of reporting date, are measured as the present value of its estimated future cash outflows to be made by the group in respect of services provided by employees up to reporting date.

Contributions to defined contributions superannuation plans are expensed when incurred.

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in retained earnings, in the period in which they occur.

Past service cost is recognised immediately as an expense to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(s) Share-based payments

The consolidated entity provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares.

(t) Foreign currency translation

The functional and presentation currency of AGL Energy Limited and its Australian subsidiaries is Australian dollars. The functional currency of the subsidiaries in Chile is the Chilean Peso and for subsidiaries with operations in Papua New Guinea is the United States Dollar.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated at the exchange rate ruling at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the income statement in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer Note 1(u)).

Financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Australian dollars at exchange rates ruling at reporting date. Revenues and expenses of foreign operations are translated at average exchange rates ruling during the year. Exchange differences arising on translation are recognised directly in the foreign currency translation reserve and recognised in profit or loss on disposal of the foreign operation.

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Note 1 – Summary of significant accounting policies (continued)

(u) Derivative financial instruments and hedging

The consolidated entity uses derivative financial instruments to manage its exposure to interest rate, foreign exchange rate, electricity purchase price and certain commodity price risks arising in the normal course of business. The use of derivatives is subject to policies, procedures and limits approved by the Board of Directors.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are recognised in the balance sheet as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedges are classified as fair value hedges when they hedge the exposure to changes in the fair value of recognised assets or liabilities or firm commitments; cash flow hedges when they hedge exposure to variability in cash flows of recognised assets or liabilities, or highly probable forecast transactions; or hedges of net investments in foreign operations.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedge asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedge risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instruments relating to the effective portion of the hedge is recognised in the foreign currency translation reserve and the gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Gains and losses deferred in the foreign currency translation reserve are recognised immediately in profit or loss when the foreign operation is disposed of.

Note 1 – Summary of significant accounting policies (continued)

(v) Revenue recognition

Gas and electricity services revenue represents accounts rendered plus an accrual for unbilled revenue at the end of the financial period.

Revenue from the provision of services, including revenue from construction contracts, represents consideration received or receivable determined, where appropriate, in accordance with the percentage of completion method, with the stage of completion of each contract determined by reference to the proportion that contract costs for work performed to date bears to the estimated total contract costs.

Revenue from the sale of crude oil is recognised after each shipment is loaded.

Interest income is recognised as it accrues, using the effective interest method.

Dividend income is recognised when the shareholder's right to receive the payment is established.

(w) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, amortisation of borrowing costs relating to long-term financing facilities and gains and losses on certain hedging instruments that are recognised in the income statement.

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

(x) Earnings per share (EPS)

Basic EPS is calculated as profit attributable to shareholders of the Parent Entity divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as profit attributable to shareholders of the Parent Entity divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) Other contributed equity

Other contributed equity represents deemed contributions on inter entity balances which are interest free. This equity is eliminated pursuant to the internal restructuring that took place in preparation for the demerger of AGL Energy from The Australian Gas Light Company.

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

	31 Dec 2006 $m	31 Dec 2005 $m
Note 2 – Revenue		
Revenue from sales of goods	**1,250.2**	8.1
Revenue from rendering of services	**41.2**	-
Finance income		
Interest income		
Associates	**7.0**	-
Other entities	**14.8**	0.1
	1,313.2	8.2
Note 3 – Other income		
Development Fee Income	**20.5**	-
Other	**2.7**	0.2
	23.2	0.2
Note 4 – Expenses		
Cost of sales	**960.6**	(6.7)
Administration expenses	**15.6**	0.6
Demerger / Merger costs (significant items –note 5)	**69.5**	-
Employee benefits expense	**55.4**	1.4
Redundancy / Restructuring cost (significant items –note 5)	**12.7**	-
Asset write-off	**22.7**	-
Other expenses	**54.2**	0.3
	1,190.7	(4.4)
Note 5 – Significant items		
Profit before income tax includes the following significant items		
Demerger / Merger costs	**69.5**	-
(Income tax income applicable $20.9 million)		
Redundancy / Restructuring costs	**12.7**	-
(Income tax income applicable $3.8 million)		
	82.2	-
Significant items before income tax	**82.2**	-
Income tax income applicable	**(24.7)**	-
Significant items after income tax	**57.5**	-

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Seasonality of Operations

The energy business operates in an environment that is dependent upon weather as one of the key drivers of supply and demand. Fluctuations in seasonal weather patterns, particularly those over the short term, can have a positive or negative effect on the reported result. AGL Energy Limited prepares detailed forecasts of the key drivers of profitability and hedges associated risks as described in the financial statements at 31 December 2006. However, it is not possible to consistently predict this seasonality and some variability is common.

	31 Dec 2006 **$m**	31 Dec 2005 $m
Note 6 – Dividends		
Recognised amounts		
No dividends were declared or paid during the half year ended 31 December 2006 (2005 nil).	-	-
Unrecognised amounts #		
Proposed interim dividend to be paid 22 March 2007		
Franked amount (9.5 cents per share)	**35.8**	-
Unfranked amount (nil)	-	-
Total amount 9.5 cents per share	**35.8**	-

The proposed interim dividend in respect of ordinary shares for the half year ended 31 December 2006 has not been recognised in this financial report as the interim dividend was not declared on or before 31 December 2006.

Note 7 – Net tangible asset backing		
Net tangible asset backing per ordinary share	**$2.71**	$(358,500,000.00)

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Note 8 – Interests in associates, jointly controlled entities and jointly controlled operations and assets

	Ownership interest		Contribution to net profit	
	31 Dec 2006	31 Dec 2005	**31 Dec 2006**	31 Dec 2005
	%	%	**$m**	$m
Associates				
Greater Energy Alliance Corporation Pty Limited	**32.5**	32.5	**1.4**	-
Gascor Pty Limited	**33.3**	33.3	**-**	-
Alinta Co-generation Pty Limited	**33.0**	-	**(1.7)**	-
Centre for Energy and Greenhouse Technology	**40.0**	40.0	-	-
Jointly controlled entities				
ActewAGL Retail Partnership	**50.0**	50.0	**3.7**	-
Auscom Holdings Pty Limited	**50.0**	50.0	**2.2**	-
The AGL-Petronas Consortium (APC)	**50.0**	50.0	**-**	-
			5.6	-
Jointly controlled operations and assets				
Mid West Energy	**50.0**	50.0		
Sydney Exploration	**50.0**	50.0		
Hunter Exploration	**50.0**	50.0		
Camden Gas Project	**50.0**	50.0		
Moranbah Gas Project	**50.0**	-		
PNG – PDL 2 Kutubu Oil Field	**11.9**	-		
PNG – PDL 4 Gobe Main Oil Field	**66.7**	-		
PNG – PDL 2 Moran Oil Field	**11.9**	-		
PNG – Central Moran Capital Projects	**5.4**	-		
PNG – PDL 4 SE Gobe Main Oil Field	**27.3**	-		
PNG – PDL 2 SE Mananda	**11.9**	-		
PNG – PL 3 Gobe Oil Pipeline	**47.0**	-		
PNG Gas Project	**10.0**	-		

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Note 9 – Segment information

(a) Segment revenues

	External Revenues		Other Income		Inter-Segment Revenues		Equity Accounted Share of Net Profits/(Losses)		Total	
	31 Dec 2006 $m	31 Dec 2005 $m	**31 Dec 2006 $m**	31 Dec 2005 $m	**31 Dec 2006 $m**	31 Dec 2005 $m	**31 Dec 2006 $m**	31 Dec 2005 $m	**31 Dec 2006 $m**	31 Dec 2005 $m
Retail Energy	**1,073.7**	-	**-**	-	**-**	-	**-**	-	**1,073.7**	-
Merchant Energy	**179.5**	8.1	**23.2**	0.2	**392.7**	-	**1.4**	-	**596.8**	8.3
Intra Segment sales	**-**	-	**-**	-	**(392.7)**	-	**-**	-	**(321.2)**	-
	1,253.2	8.1	**23.2**	0.2	**-**	-	**1.4**	-	**1,349.3**	8.3
Energy Investments	**27.7**	-	**-**	-	**-**	-	**4.2**	-	**31.9**	-
Segment totals	**1,280.9**	8.1	**23.2**	0.2	**-**	-	**5.6**	-	**1,381.2**	8.3
Unallocated items	**10.5**	-	**-**	-	**-**	-	**-**	-	**10.5**	-
	1,291.4	8.1	**23.2**	0.2	**-**	-	**5.6**	-	**1,391.7**	8.3
Less: eliminations	**-**	-	**-**	-	**-**	-	**-**	-	**(71.5)**	-
	1,291.4	8.1	**23.2**	0.2	**-**	-	**5.6**	-	**1,320.2**	8.3

Revenue is principally derived from:

(i) *Retail Energy* – sale of natural gas and electricity.
Merchant Energy – generation and sale of electricity and wholesale sale of gas and upstream oil and gas investments.
Energy Investments – investments in energy entities.

(ii) Inter-segment pricing is made on an "arms-length" commercial basis.

(b) Segment results – profits/(losses)

	Segment Results - Profits/(Losses)		Depreciation and Amortisation		Other Non-cash Expenses	
	31 Dec 2006 $m	31 Dec 2005 $m	**31 Dec 2006 $m**	31 Dec 2005 $m	**31 Dec 2006 $m**	31 Dec 2005 $m
Retail Energy	**66.9**	-	**2.8**	-	**11.9**	-
Merchant Energy	**90.2**	11.0	**65.5**	1.8	**3.9**	-
	157.1	11.0	**68.3**	1.8	**15.8**	-
Energy Investments	**13.7**	-	**1.3**	-	**0.3**	-
Segment totals	**170.8**	11.0	**69.6**	1.8	**16.1**	-
Unallocated items	**(98.8)**	-	**9.7**	-	**2.2**	-
	72.0	11.0	**79.3**	1.8	**18.3**	-
Less: finance costs	**(63.4)**	(0.1)				
Profit before income tax	**8.6**	10.9				
Income tax expense	**(5.2)**	(3.3)				
Profit after income tax	**3.4**	7.6				

Profit before income tax includes the following significant items, detailed in Note 5, as allocated to relevant segments:

(i) Retail Energy $(4.0) million (2005 Nil)
(ii) Merchant Energy $(3.5) million (2005 Nil)
(iii) Energy Investments $(0.9) million (2005 Nil)
(iv) Unallocated $(73.8) million (2005 Nil)

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Note 9 – Segment information (continued)

(c) Segment assets and liabilities

	Assets		Liabilities		Equity Accounted Investments *		Acquisition of Non-Current Assets *	
	31 Dec 2006 $m	30 Jun 2006 $m	31 Dec 2006 $m	30 Jun 2006 $m	31 Dec 2006 $m	30 Jun 2006 $m	31 Dec 2006 $m	30 Jun 2006 $m
Retail Energy	**1,850.3**	152.6	**389.3**	183.0	**0.9**	-	**993.0**	15.2
Merchant Energy	**3,299.7**	2,821.6	**712.4**	647.4	**139.4**	-	**446.8**	956.8
	5,150.0	2,974.2	**1,101.7**	830.4	**140.3**	-	**1,439.8**	972.0
Energy Investments	**629.0**	0.3	**47.9**	-	**200.9**	-	**162.9**	-
Segment totals	**5,779.0**	2,974.5	**1,149.6**	830.4	**341.2**	-	**1,602.7**	972.0
Unallocated items	**261.6**	19.2	**1,755.7**	2033.3	**-**	-	**106.3**	-
Consolidated totals	**6,040.6**	2,993.7	**2,905.3**	2,863.7	**341.2**	-	**1,709.0**	972.0

* included in Assets total

(d) Geographical segments

	External Revenues & Other Income		Assets		Acquisition of Non-Current Assets	
	31 Dec 2006 $m	31 Dec 2005 $m	31 Dec 2006 $m	30 Jun 2006 $m	31 Dec 2006 $m	30 Jun 2006 $m
Australia	**1,288.7**	8.3	**5,868.4**	2,993.7	**1,555.8**	972.0
Other	**25.9**	-	**172.2**	-	**153.2**	-
	1,314.6	8.3	**6,040.6**	2,993.7	**1,709.0**	972.0

	31 Dec 2006 $m	30 Jun 2006 $m
Note 10 – Contingent liabilities and contingent assets		
(a) Contingent liabilities		
Bank guarantees in respect of the consolidated entity	**13.9**	9.7
Guarantees and warranties in respect of controlled entities	**22.0**	16.4
Contingent consideration under contract[1]	**51.0**	92.2
	86.9	118.3

[1]Contingent consideration under contract consists of the contingent payment of up to $51.0 million which will be made if additional reserves are proven at Camden by December 2008, based upon an agreed reserve formula with reserves verified by an independent external expert. The $41.2 million contingent consideration as at 30 June 2006 in respect of the final payment on the PNG Upstream Gas project has lapsed as a result of the PNG project not proceeding.

Other contingent liabilities

(i) Claims and possible claims, indeterminable in amount, have arisen in the course of business against entities in the consolidated entity. Based on legal advice obtained, the directors of the Parent believe that any resultant liability will not materially affect the financial position of the consolidated entity.

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Note 11 – Issued capital

Fully paid ordinary shares	2006		2005	
	No. '000	$'000	No. '000	$'000
Balance at beginning of financial period	-	-	-	-
Intragroup loans converted to capital on demerger (i)	377,000	2,924,000	-	-
Balance at end of financial period	377,000	2,924,000	-	-

(i) Issue of 377 million new shares by AGL Energy Limited to The Australian Gas Light Company shareholders in settlement of the intergroup payable to The Australian Gas Light Company on the demerger of AGL Energy Limited on 25 October 2006.

Note 12 – Change in composition of entity

On 26 April 2006, The Australian Gas Light Company and Alinta Limited agreed to merge their respective infrastructure businesses. The Australian Gas Light Company and Alinta Limited subsequently signed a relationship deed dealing with transitional and commercial issues arising from the proposed implementation of an AGL Scheme of Arrangement and an Alinta Scheme of Arrangement. These Schemes approved by shareholder vote on 6 October involved the merger of The Australian Gas Light Company and Alinta Limited's infrastructure businesses and the establishment of AGL Energy Limited as a separate listed entity.

On 25 October 2006 AGL Energy Limited separated from The Australian Gas Light Company as a result of the merger of The Australia Gas Light Company's infrastructure business assets with Alinta Limited. In preparation for the transaction a number of internal restructuring transactions took place whereby AGL Energy Limited acquired 100% of the issued capital of certain entities from The Australian Gas Light Company. The entities were acquired during the current and preceding periods for consideration equal to the book value of the underlying net assets of the entities acquired and settled via intergroup payables which were subsequently converted to share capital (see Note 11). This transaction is not reflected in the cash flow statement. The aggregate book value of the net assets acquired by AGL Energy Limited was $561 million (2005: $18 million).

As part of the transaction with Alinta Limited, on 25 October 2006 AGL acquired a 33% share in Alinta Co-generation Pty Limited for $367 million comprising a $120 million investment and $247 million long-term loan.

On 22 August 2006, AGL Energy completed its acquisition of a 50% share in the Moranbah Gas Project. A deposit of $9.3 million was initially paid and a further $83.7 million paid at completion. Together with transaction costs, the total acquisition value was $103 million.

Note 13 – Controlled Entities

	Country of incorporation	Ownership Interest 2006 %	2005 %
AGL ACT Retail Investments Pty Limited (acquired 12 October 2006)	Australia	100	-
AGL Chile Operations SA (acquired 11 October 2006)	Chile	100	-
AGL Corporate Services (acquired 1 September 2006)	Australia	100	-
AGL Electricity (VIC) Pty Limited (acquired 30 September 2006)	Australia	100	-
AGL Energy Sales & Marketing Limited (acquired 1 March 2006)	Australia	100	-
AGL Energy Services Pty Limited (acquired 1 March 2006)	Australia	100	-
AGL Finance Pty Limited (acquired 11 October 2006)	Australia	100	-
AGL Gas Developments (Hunter) Pty Limited (formerly AGL Power Corporation (Victoria) Pty Limited)	Australia	100	100
AGL Gas Developments (PNG) Pty Limited (formerly AGL Consultancy Pty Limited)	Australia	100	100

	Country of incorporation	Ownership Interest 2006 %	2005 %
AGL Gas Developments (Sydney) Pty Limited	Australia	100	100
(formerly AGL Wholesale Electricity Pty Limited)			
AGL Gas Production (Camden) Pt y Limited	Australia	100	100
(formerly CRH Holdings (Australia) Pty Limited)			
AGL Gas Trading Pty Limited (acquired 1 March 2006)	Australia	100	-
AGL HP1 Pty Limited	Australia	100	100
(formerly SHP1 Pty Limited)			
AGL HP2 Pty Limited	Australia	100	100
(formerly SHP2 Pty Limited)			
AGL HP3 Pty Limited	Australia	100	100
(formerly SHP3 Pty Limited)			
AGL Hydro Maintenance Services Pty Limited	Australia	100	100
(formerly Southern Hydro Maintenance Services Pty Limited)			
AGL Hydro Operations Pty Limited	Australia	100	100
(formerly Southern Hydro Operations Pty Limited)			
AGL Hydro Partnership	Australia	100	100
(formerly Southern Hydro Partnership)			
AGL International (acquired 11 October 2006)	Cayman Islands	100	-
AGL Pipelines Investments (QLD) Pty Limited (acquired 12 October 2006)	Australia	100	-
AGL Power Generation (NSW) Pty Limited (acquired 31 January 2006)	Australia	100	-
AGL Power Generation (QLD) Pty Limited (acquired 27 April 2006)	Australia	100	-
AGL Power Generation (SA) Pty Limited (acquired 1 October 2006)	Australia	100	-
AGL Power Generation (Victoria) Pty Limited (acquired 1 October 2006)	Australia	100	-
AGL Retail Energy Limited (acquired 1 March 2006)	Australia	100	-
AGL Sales Pty Limited (acquired 1 October 2006)	Australia	100	-
AGL (SHL) Pty Limited	Australia	100	100
AGL South Australia Pty Limited (acquired 1 October 2006)	Australia	100	-
AGL Southern Hydro Holdings Pty Limited	Australia	100	100
AGL Southern Hydro Investments Pty Limited	Australia	100	100
AGL Southern Hydro Pty Limited	Australia	100	100
AGL Southern Hydro (NSW) Pty Limited	Australia	100	100
AGL Utility Services Pty Limited (acquired 1 October 2006)	Australia	100	-
AGL Wholesale Gas (SA) Limited (acquired 24 October 2006)	Australia	100	-
AGL Wholesale Gas Limited (acquired 24 October 2006)	Australia	100	-
Dollar Wind Farm Pty Limited	Australia	100	100
Dual Fuel Systems Pt y Limited (acquired 1 September 2006)	Australia	100	-
EdgeCap Pty Limited (acquired 1 October 2006)	Australia	100	-
Empresa de Gas de la V Region SA (acquired 11 October 2006)	Chile	100	-
Essential Energy Services Pty Limited (acquired 1 March 2006)	Australia	100	-
H C Extractions Pty Limited (acquired 1 March 2006)	Australia	100	-
Inversiones AGL Chile Limitada (acquired 11 October 2006)	Chile	100	-
Macarthur Wind Farm Pt y Limited	Australia	100	100
Victorian Energy Pty Limited (acquired 1 October 2006)	Australia	100	-

AGL Energy Limited and Subsidiaries
Notes to the Financial Statements
For the half year ended 31 December 2006

Note 14 – Subsequent events

On 5 December 2006 AGL Energy Limited (AGL Energy) announced it had reached agreement with Queensland Gas Company Limited (QGC) to take a cornerstone investment of 27.5 per cent for up to $292 million. As part of the transaction AGL will also enter into a 540 petajoule (PJ), 20-year Gas Supply Agreement (GSA) with QGC. On 24 January 2007 the ACCC granted informal clearance of AGL Energy's proposed transaction to acquire up to a 30% interest in Queensland Gas Company Limited. The transaction is subject to QGC shareholder approval.

On 27 November 2006, AGL Energy Limited completed the acquisition of the Queensland Governments Sun Gas retail business which includes approximately 70,800 residential and industrial and commercial customers located primarily in South East Queensland. The $75 million transaction was completed on 1 February 2007.

On 29 January 2007, AGL Energy Limited announced it will purchase the Torrens Island Power Station from TRU Energy including all development, gas storage and transportation rights for $417 million. Also as part of the transaction AGL Energy has entered into an agreement to sell the Hallett Power Station to TRU Energy for $117 million. The completion of this transaction is anticipated to occur in July 2007. The transaction is subject to ACCC approval.

On 4 January 2007, AGL announced it had approached Origin Energy Limited (Origin) in relation to a proposed nil-premium scrip merger of AGL and Origin. On that day, Origin confirmed that it had received an unsolicited approach from AGL and was undertaking an evaluation of the proposal in order to assess whether to proceed with discussions.

On 5 February 2007, Origin confirmed that it had entered into discussions with AGL regarding its proposal to merge the two companies.

AGL believes that the business case for a merger of equals is compelling and that the benefits which would be released to both sets of shareholders are only available from an AGL / Origin merger and cannot be unlocked by either company alone.

AGL also believes that the proposed merger will deliver material and sustainable benefits to the shareholders of both AGL and Origin through the creation of a leading Australian integrated energy company with substantial financial strength, robustness in earnings and ranking in the top 20 of the ASX.

Due to the highly complementary nature of the two businesses, AGL believes that the merger could create approximately $150 million of annual synergies through the removal of duplicated effort alone and would result in EPS accretion in excess of 10% for shareholders of both companies. If it is able to work jointly with Origin, AGL believes that it could identify synergy benefits substantially in excess of these duplication benefits.

AGL remains committed to the merger of equals proposal and believes that the benefits of this proposal have been widely recognised by the market. However, given the status of discussions, a range of outcomes remain possible and there is no certainty that these discussions will result in an agreed merger of equals being announced.

On the 19th February, AGL announced it had successfully acquired Powerdirect Australia from the Queensland Government for $1.2 billion plus transaction costs. The acquisition is expected to settle on 1 March 2007. In order to partially fund the acquisition, AGL also announced on 19th February that it intends to issue 56,550,000 new shares via an institutional placement in limited jurisdictions. The balance of the funding will be sourced from general corporate facilities.

On 10 February 2006 there was a gas explosion in Valparaiso, Chile resulting in the deaths of four people. Gas Valpo, AGL's 100% owned subsidiary, distributes and retails natural gas in this area. At this stage the cause of the explosion is yet to be determined with a full investigation currently underway.

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the half year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial period.

Note 15 – Information on audits or review

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

2. This report, and the accounts upon which the report is based (if separate), 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 entity has a formally constituted Audit and Risk Management committee.

Mark Johnson
Chairman

Paul Anthony
Managing Director

19 February 2007

AGL Energy Limited and Subsidiaries

Directors' Declaration for the Half Year Ended 31 December 2006

The directors of AGL Energy Limited declare that the accompanying financial statements and the notes to the financial statements:

(a) comply with accounting standards; and

(b) give a true and fair view of the financial position and performance of the consolidated entity.

The directors also declare that, in their opinion:

(a) there are reasonable grounds to believe that the Parent Entity will be able to pay its debts as and when they become due and payable; and

(b) the accompanying financial statements and the notes thereto are in accordance with the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

Mark Johnson

Mark Johnson
Chairman

Paul Anthony

Paul Anthony
Managing Director

Sydney, 19 February 2007

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

19 February 2007

The Board of Directors
AGL Energy Limited
72 Christie Street
ST LEONARDS NSW 2065

Dear Board Members

AUDITOR'S INDEPENDENCE DECLARATION TO AGL ENERGY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of AGL Energy Limited.

As lead audit partner for the review of the financial statements of AGL Energy Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Review Report to the members of AGL Energy Limited

We have reviewed the accompanying half-year financial report of AGL Energy Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising AGL Energy Limited and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 33.

Directors' Responsibility for the Half-Year Financial Report

The directors of the AGL Energy Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the AGL Energy Limited's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AGL Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AGL Energy Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the AGL Energy Limited's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G Couttas

G Couttas
Partner
Chartered Accountants
Sydney, 19 February 2007