

AGL RESULTS FOR THE 12 MONTHS TO JUNE 30 2006 HIGHLIGHTS

August 16, 2006

<u>Underlying</u>	<u>Reported</u>
<ul style="list-style-type: none"> • Revenue of \$4.25 billion, up 9.5% • Net profit after income tax from continuing operations of \$432.1 million, up 16.7% • Basic EPS of 94.7 cents from continuing operations up 13.6 cents per share 	<ul style="list-style-type: none"> • Revenue of \$4.3 billion, down 13.2% • Net profit after income tax from continuing operations of \$457.0 million, up 87.1% • Basic EPS of 100.2 cents per share from continuing operations up 46.7 cents per share
<ul style="list-style-type: none"> • Fully franked final dividend of 36.5 cents per share to be paid on September 22, 2006 	
<p>MAJOR ITEMS OF NOTE</p> <ul style="list-style-type: none"> • Underlying profit after tax from continuing operations up 16.7%. 	
<p>Retail Energy</p> <ul style="list-style-type: none"> • EBIT up 18.8% to \$262.8 million on back of more favourable energy purchase costs, favourable weather and a positive impact on earnings from electricity derivative instruments following the transition to IFRS. • Successful implementation of the dual fuel strategy delivered a net increase of 60,000 dual fuel accounts. 	
<p>Merchant Energy</p> <ul style="list-style-type: none"> • EBIT up 179.8% to \$147.2 million boosted by initial contributions from the successful integration of new businesses PNG Upstream oil and gas, Southern Hydro and Sydney Gas, as well as strong underlying performance of existing power generation, wholesale gas and energy services assets. • AGL's 32.5 % share of Loy Yang A Power Station EBIT increased 111% to \$22.8 million following favourable wholesale pool prices and successful refinancing of senior debt facilities. 	
<p>Networks</p> <ul style="list-style-type: none"> • Victorian Electricity Network underlying EBIT result increased 12.9% primarily due to an increase in total revenue on the prior year due to higher tariffs and favourable weather, slightly offset by the six month impact of the ESC regulatory reset for 2006-2010. • NSW Gas Network EBIT down 10% to \$119.2 million reflecting the full year impact of reduced network tariffs from the IPART approved regulatory reset for 2006-2010, partially offset by benefits from a colder winter. 	
<p>Agility</p> <ul style="list-style-type: none"> • EBIT up 11.6% to \$70.3 million from organic growth, ongoing cost efficiencies and acquired growth with new Queensland and WA businesses generating an additional \$32 million in revenue. Third party revenue also increased during the year accounting for 20.5% of overall revenue. 	
<p>NET POSITIVE SIGNIFICANT ITEMS OF \$24.9 million INCLUDING:</p> <ul style="list-style-type: none"> • \$46.3 million tax consolidation benefit arising from Gas Networks' increasing tax cost base. • \$(31.9) million after tax impact from costs related to the original demerger proposal and the AGL and Alinta infrastructure merger transaction. • \$(18.3) million after tax write-off of costs associated with PNG Pipeline FEED activities. 	