

Key markets

This diagram shows the key markets in which AGL does business.

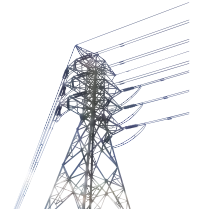
ELECTRICITY MARKET



GENERATION/ WHOLESALE

Power plants generate electricity for supply to the national electricity market.

AGL owns peaking gas-fired power generation plants in Victoria and South Australia and 32.5% of Loy Yang Power, a base load generator in Victoria's Latrobe Valley.



TRANSMISSION

Transmission networks transport electricity from generators to population centres.

AGL does not have any electricity transmission investments.

■ AGL business areas

• AGL shareholding

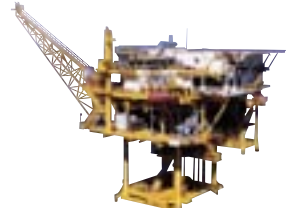
* Business contracts held with Power Generation, APA, Energy Networks, ActewAGL, LPG and other third parties.



POWER GENERATION

APA (30%) •

NGC NZ (66%) •



GAS MARKET

PRODUCTION/ WHOLESALE

Remote onshore and offshore gas fields are drilled to access gas reserves.

AGL does not have investments in natural gas exploration or production.



TRANSMISSION

Large high pressure pipelines carry gas from the gas fields.

AGL has a 30% interest in the Australian Pipeline Trust (APA), Australia's largest owner/operator of gas transmission pipelines, and a 66% interest in NGC Holdings Limited (NGC), a major New Zealand energy company.

EBIT CONTRIBUTION

POWER GENERATION

APA

NGC





DISTRIBUTION

Low voltage electricity distributed via a network of poles and wires to consumers. AGL owns the electricity distribution network that supplies Melbourne's north-western suburbs and is joint venture partner with Actew in the ACT.

RETAIL

Residential, commercial and industrial consumers buy electricity from retailers. AGL is the leading electricity retailer in Australia.

SERVICES

Design, construct, operate, maintain and manage electricity infrastructure. Agility has contracts in Tasmania and provides a full suite of services for AGL assets in Victoria and South Australia.



ENERGY NETWORKS

ACTEWAGL (50%) •

ENERGY SALES & MARKETING

AGILITY*

ELGAS (50%) • HCE

GASVALPO CHILE



DISTRIBUTION

Low pressure gas distributed via a network of pipelines to consumers. AGL owns the major gas network that distributes gas in NSW and is joint venture partner with Actew in the ACT. NGC distributes gas in the North Island of New Zealand.

RETAIL

Residential, commercial and industrial consumers buy gas from retailers. AGL is the leading gas retailer in Australia.

SERVICES

Design, construct, operate, maintain and manage gas infrastructure. Agility has contracts across Australia for gas transmission and for distribution in NSW, the ACT and Tasmania.



ENERGY NETWORKS

ACTEWAGL

ES&M

AGILITY

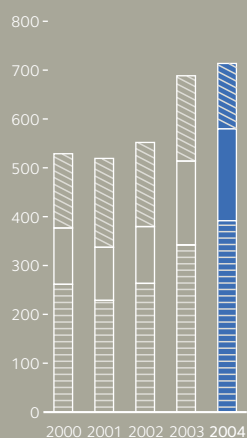
LPG

GASVALPO

Key matters

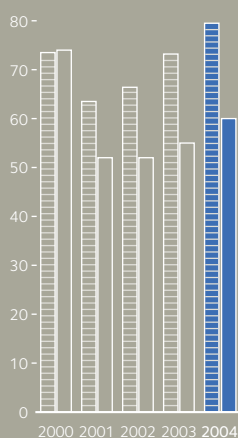
During the year we:

- Achieved a profit attributable to Shareholders of \$349.5 million compared with \$295.0 million for the previous year;
- Declared a final dividend of 31 cents, franked to 23 cents per share (74.2% of dividend) payable on 24 September 2004;
- Introduced diversity into our Power Generation portfolio with the purchase on 8 April 2004 of a 32.5% interest in Loy Yang A power station and adjacent coal mine for \$210 million;
- Successfully negotiated a four-year price path for gas and electricity in Victoria and three years for gas in NSW, to provide AGL with revenue certainty and customers with pricing certainty;
- Maintained our 'A' credit rating following the Loy Yang Power transaction;
- Completed a NZ\$525 million capital return to shareholders in our New Zealand subsidiary, NGC Holdings Limited;
- Announced plans to expand the Hallett peaking power plant by an additional 250 MW, as required;
- Implemented a Corporate Social Responsibility programme within the Company;
- Expanded Agility into Tasmania and the water industry, giving AGL's infrastructure services business a presence in all three utility sectors;
- Worked with gas retailers, South Australian and NSW Governments to minimise disruptions to NSW industrial and commercial gas customers following the loss of gas supply at Santos' Moomba plant in January 2004;
- Added an additional 67,700 dual fuel gas and electricity customers; and
- Continued to decrease the Lost Time Injury Frequency Rate from 3.8 last year to 3.6 this year, maintaining our position as an energy industry leader in employee safety.



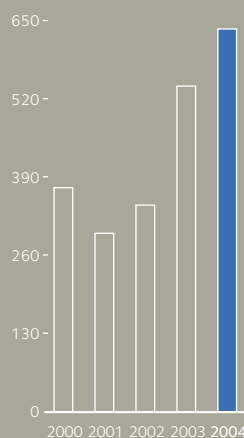
Profit before borrowing costs and tax (excluding significant items) (\$ million)

- Net borrowing costs
- Tax expense
- Profit after tax

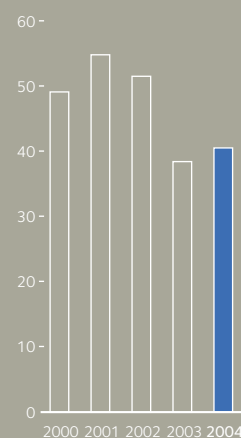


Earnings per share (excluding significant items) (cents)

Dividends per share (cents)



Operating cash flow (\$ million)



Debt : debt plus equity (percentage)

Financial summary

Year ended 30 June 2004

(\$ million unless indicated)

	2004	2003	Change %
Revenue*	4,201.7	4,687.8	(10.4)
Profit before borrowing costs and tax*	701.0	687.3	2.0
Borrowing costs	(134.0)	(174.6)	(23.3)
Income tax expense*	(187.5)	(172.8)	8.5
Profit before outside equity interests*	379.5	339.9	11.7
Outside equity interests*	(30.0)	(44.9)	(33.2)
Profit attributable to Shareholders*	349.5	295.0	18.5
Total assets	6,574.1	6,394.5	2.8
Total liabilities	(3,419.5)	(3,241.5)	5.5
Net assets	3,154.6	3,153.0	0.1
Shareholders' equity	3,049.8	2,896.8	5.3
Outside equity interests	104.8	256.2	(59.1)
Total equity	3,154.6	3,153.0	0.1
Cash flow from operating activities	637.2	542.2	17.5
Capital expenditure	211.8	266.2	(20.4)
Net borrowings	2,159.1	1,977.5	9.2
Earning per share* (¢)	76.8	67.3	14.1
Dividends per share (¢)	60.0	55.0	9.1
Earnings on Shareholders' equity* (%)	11.8	11.8	-
Debt : debt plus equity (%)	40.6	38.5	5.5
Net borrowing costs cover (times)	5.7	4.1	39.0
Net tangible assets per share (\$)	3.15	2.77	13.7
Net assets per share (\$)	6.69	6.43	4.0

*Including significant items

Gas Energy Units

The basic unit of energy used in the gas industry is a joule.

1 megajoule (MJ)	= 1 million joules
1 gigajoule (GJ)	= 1 thousand megajoules
1 terajoule (TJ)	= 1 million megajoules
1 petajoule (PJ)	= 1 billion megajoules

It takes approximately one megajoule to boil enough hot water for 14 cups of tea.

Electricity Energy Units

The basic unit of energy used in the electricity industry is a watt hour.

1 kilowatt hour (kWh)	= 1 thousand watt hours
1 megawatt hour (MWh)	= 1 thousand kilowatt hours
1 gigawatt hour (GWh)	= 1 thousand megawatt hours

It takes approximately 300 watt hours to boil enough hot water for 14 cups of tea.

Conversion from electricity (kilowatt hours) to gas (megajoules):

1 kilowatt hour	= 3.6 megajoules
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