



**CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING
20 OCTOBER 2005**

Ladies and Gentlemen,

It has been an eventful year for Origin Energy.

Our net profit after tax increased by 30% to \$266 million and earnings per share increased 24% to 37.2 cents per share. Free cash flow was up 28% to \$447 million. A final fully franked dividend of eight cents per share was paid on 26 September 2005, increasing the total dividend to 15 cents per share. Total dividend payments have increased 27% on an expanded capital base reflecting our growth in earnings over the year.

Since the beginning of the last financial year our share price has risen 18% despite recent volatility in the market.

This growth has been accompanied by total capital expenditure of \$1,474 million which was substantially increased over \$509 million in the prior year.

Of this, \$943 million was spent on the acquisition of a 51.4% controlling interest in Contact Energy in New Zealand in October 2004. Contact is an integrated energy supplier with interests in more than 27,000 MW of hydro, geothermal, combined and open cycle gas generation with around 600,000 gas and electricity customers. Contact has made an initial contribution of \$22.3 million in net profit in the nine months following our acquisition. Contact's profit for that period was up 37% from its performance in the previous year, benefiting from increased electricity prices and increased contributions from its gas business. The Contact acquisition brings geographical diversity to our integrated energy business model and greatly increases the generating assets under our ownership. We have been very pleased with the results of Contact over the first year and its expected results going forward continue to be in line with our expectations.

Capital expenditure on growth and stay-in-business projects was \$507 million up from \$323 million in the previous year. The majority of the growth capital has been spent on the continued development of our coal seam gas, BassGas and Otway projects over the year. The Spring Gully coal seam gas project was completed in June 2005 on schedule and on budget and is now delivering gas into our long term supply contracts. Oil production in the Perth Basin has continued to grow following a successful development program. The construction of the BassGas project has been disappointing with significant construction delays and cost overruns. Remediation work to complete construction is now near to completion and the project will commence commissioning in late December this year.

Proceedings have been initiated by the Joint Venture against the contractor because of losses incurred by the delays and cost overruns. The BassGas project economics remain robust due to the significant increase in gas reserves, an increase in the price of condensate and the appreciation of the Australian dollar against the US dollar, as a significant element of the project expenditure was incurred in US dollars. The Thylacine and Geographe development in the offshore Otway basin will be completed and deliver first gas in mid 2006. Development of our retail capabilities and marketing channels has seen further improvement in the Retail results in an environment of increasing competition and customer churn.

We have funded this growth with a mixture of equity and debt.

Shareholders strongly supported a pro-rata one-for-six Renounceable Rights Issue in April this year which raised \$633 million. This capital enabled the redemption of the redeemable preference shares and repayment of debt that were issued to fund the Contact acquisition. In June we completed the placement of \$NZ422 million and US\$50 million of senior unsecured notes into the US private placement debt market, which lengthened our debt maturity profile.

Our net debt-to-capitalisation ratio has increased to 41% at 30 June 2005 from 31% in the previous year, which is in line with our target gearing ratio. Our interest cover remains strong at 4 times EBIT.

At the time of our acquisition of Contact, Origin was rated A- negative watch by Standard and Poor's. Following the equity raising in April we were re-rated but have maintained an investment grade rating of BBB+ stable.

Our balance sheet capacity remains strong and gives us funding capacity to take advantage of future growth opportunities as they arise.

During a year of significant achievement and intense activity, we have been able to continue to improve our safety performance. The lost time injury frequency rate has improved from 2.6 to 2.36 injuries per million hours worked with reduction also achieved in the severity of injuries. The total reportable case frequency rate fell from 20.7 to 17.1 per million hours worked.

Safety remains a key focus of the Board and for employees and we will continue our efforts to further improve safety over the coming year.

It has been a particularly active year for the Board. Directors have contributed a significant amount of additional time in unscheduled meetings in the consideration of the acquisition of Contact and development of major projects. They have visited operations in Australia and New Zealand, met with management on site and major customers, suppliers, regulators and government.

The Board has also overseen Origin's response to a number of new reporting requirements for this year, notably the adoption of the Australian International Financial Reporting standards (A-IFRS) and the enhanced remuneration disclosures.

I would now like to make some remarks about the outlook for the coming year. Our operational focus will be to bring a number of projects to fruition. This will include the commencement of commercial operation of the BassGas Project, completion of the Otway Gas Project, ongoing engineering and planning work on the Kupe Gas Project in New Zealand, the planning and approval of major power generation projects in Queensland and Victoria, and the ongoing development of Origin's solar business.

The financial year ending 30 June 2006 will be the first year to be reported under the new International Financial Reporting Standards (A-IFRS). These new standards may introduce a higher degree of volatility into the financial results reported by Origin, particularly in relation to the treatment of financial instruments used to hedge the company's exposure to the purchase price of electricity and in the case of Contact debt, movements in foreign exchange rates and interest rates.

The first quarter results for each year, being the winter quarter, are important in determining our overall performance for the full year. Despite a reasonably mild winter our first quarter results have been quite strong and have set us up well for the balance of the year.

At the full year we re-stated our earnings for the year at \$299 million on a recurring A-IFRS basis and projected that they will increase by approximately 10% in 2006.

Based on first quarter results and despite further delays in BassGas and an easing in oil prices, our current expectations are that recurrent earnings for the full year will be 10-15% higher than our re-stated earnings last year.

I would like to thank my fellow Directors for their contribution and support throughout the year and our Managing Director, Grant King, his executive management team and all our employees for their contribution to another successful year.

I will now introduce Grant King to speak further to you about the challenges and opportunities that have arisen this year and will shape our outlook in the years ahead.