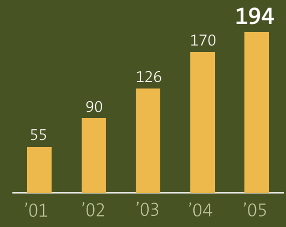
Half-year in brief

- Basic earnings per share 25.5 cents, up 4%
- Dividend of 9 cents per share fully franked to be paid on 20 March 2006
- Dividend reinvestment plan to apply with no discount

Cover: The Spring Gully coal seam gas development in central Queensland commenced production in June 2005.



Net profit after tax ($m)

$193.7 million, up 14%

Glossary

A-IFRS Australian equivalents to International Financial Reporting Standards.

EBITDA Earnings before interest, tax, depreciation and amortisation.

Operating Cash Flow After Tax (OCAT) Ratio
EBITDA
less change in working capital
less net stay-in-business capital expenditure
less tax paid
divided by average funds employed

Successful efforts accounting Under this policy all expenditure associated with exploration geoscience studies, seismic exploration and unsuccessful exploration wells is expensed. Previously such expenditure may have been capitalised and carried forward.

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Origin energy

Half Yearly Report to Shareholders

For the half-year ended 31 December 2005

Origin energy

Financial highlights

Six months to 31 December	2005 ($m)	2004 ($m)	Change %
Sales revenue and other income	**3,008**	2,291	31%
EBITDA	**589.3**	440.6	34%
Net profit after tax	**193.7**	169.8	14%
Free cash flow	**328**	247	33%
Capital expenditure	**426**	1,192	(64%)
Normalised earnings per share[1]	**25.5 cents**	23.0 cents	11%
Basic earnings per share	**25.5 cents**	24.6 cents	4%
Net debt/capitalisation	**41%**	45%	
OCAT/funds employed (calendar year)[2]	**13.6%**	13.6%	

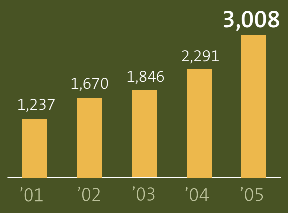
[1] Assuming rights Issue occurred on 1 October 2004.
[2] Calculated over calendar year 2005.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

Six months to 31 December	2005 ($m)	2004 ($m)	Change %
Exploration & Production	**98.7**	117.7	(16)
Retail	**142.2**	158.9	(11)
Generation	**43.1**	29.7	45
Networks	**15.8**	18.8	(16)
Contact Energy*	**289.5**	115.5	151
Total	**589.3**	440.6	34

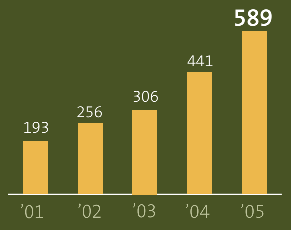
* 100 per cent of Contact Energy's EBITDA is included in the consolidated statement of financial performance.

Performance and growth



Sales revenue and other income ($m)

$3,008 million, up 31%



EBITDA ($m)

$589.3 million, up 34%

Dear Shareholders,

On 20 February we announced a net profit after tax for the six months to 31 December 2005 of $193.7 million, a 14 per cent increase on 2004.

The consolidation of Contact Energy's results for a full six-months (compared with three months for 2004) and a greater contribution from Generation contributed to the improved result.

Sales revenue and other income increased 31% to $3,008 million from $2,291 million in the prior corresponding period, while EBITDA increased 34% to $589 million from $441 million.

Dividends

Shareholders at the record date of 1 March 2006 will receive a fully franked nine-cent-per-share interim dividend on 20 March (up from seven cents for the last half of 2005).

Employees, health and safety

Our number of employees increased by 205 (total 3,357) during the half-year, mostly for the Spring Gully, Kupe and BassGas projects.

It is pleasing that during this period of growth we reduced our lost-time injury frequency rate from 2.7 at 31 December 2004 to 2.5 at 31 December 2005, and our combined medical-treatment and lost-time injuries rate from 20.4 to 19.6.

Outlook

Due to our adoption of 'successful efforts' accounting for exploration activities, our 2004 recurring earnings have been restated from $299 million to $288 million for the year ended 30 June 2005. Given this adjustment, your directors continue to expect that full-year earnings will exceed last years restated earnings base under A-IFRS by 10-15%.

On 20 February Origin Energy and Contact Energy announced a proposal to merge to create Australasia's largest integrated energy group. A dual-listed structure, with a common board and unified management team, will enable the companies to be run as one business – ContactOrigin. In the coming months you will receive more information about the proposed merger, which is subject to regulatory, court and shareholder approval.

Kevin McCann
Chairman

Grant King
Managing Director

Operations Review

Exploration and Production

EBITDA was down $19 million to $98.7 million. The reduction was largely due to non-recurring items impacting the result for December 2004. These included the sale of the Carpentaria pipeline ($10.5 million) and recognition of the proceeds from the Moomba insurance claim ($9.4 million) which was required by the adoption of A-IFRS.

Total production for the half of 39.7 PJe was 8% lower however, higher prices realised for all commodities offset these lower production levels, leading to a 5.4% increase in total sales revenue to $214 million (including intersegmental sales).

In central Queensland the Spring Gully coal seam gas development commenced production in June 2005. Production capacity will increase as the facility ramps up to service contracts with AGL, Queensland Alumina and Incitec Pivot over the next two years.

Progress continues on the BassGas Project with commissioning of the onshore plant, which is scheduled to receive raw gas during March 2006. Full production is expected during April, adding more than 8 petajoules of gas and 730,000 barrels of condensate and LPG to our annual production.

Steady progress continues at the Woodside-operated Otway Gas Project with production scheduled to begin in mid-2006, adding 18 petajoules of gas and some 500,000 barrels of condensate and LPG to our annual production.

A decision on the Kupe Gas Project is expected in the first half of 2006. If the development proceeds, we expect gas delivery to begin during 2008, and to add 10 petajoules of gas and some 1,000,000 barrels of condensate and LPG to our annual production.

Networks

EBITDA of $15.8 million represented a 16% decrease on the prior corresponding period while EBIT decreased by $2.7 million or 15% to $15.4 million.

The recognition of distributions from Envestra on an effective interest basis reduced the amount of the distributions recorded as profit by $3 million.

Contributions from our asset management business and SEA Gas Pipeline were essentially unchanged.

Total natural gas connections for gas networks under management increased by 1.2 per cent to 958,000.

The joint venture between Origin Energy and United Utilities, which manages the assets of Coliban Water in Victoria, met or exceeded all key performance targets.

Retail

Retail's EBITDA was down 11% to $142.2 million. Higher natural gas and LPG sales offset a five per cent fall in electricity volumes, due to milder weather. Modestly higher prices balanced marginally lower volumes. A tighter wholesale electricity market and higher LPG prices increased our costs by one per cent, while an additional land tax charge in Victoria of $8.8 million was incurred. Consequently, our gross margin from product sales fell three per cent.

The EBITDA margin decreased from 9.9 to 8.8 per cent reflecting a decrease in higher-margin electricity sales and tight LPG margins.

Customer numbers were significantly higher (1,813,000) than 2004 (1,774,000). Customer churn remains significant at around 20 per cent per annum. We lost gas customers in South Australia and gained higher-margin customers in Victoria. Electricity customers lost in Victoria were offset by gains in New South Wales and South Australia. Costs associated with increased customer acquisition and retention programs were expensed without consequent reduction in EBITDA.

Generation

EBITDA increased 45% to $43.1 million due to higher supplementary capacity payments and lower operating costs at Mount Stuart Power Station (+$5.3 million), higher earnings from the Osborne Cogeneration Plant (+$2.6 million) and selling a purchase option in the Challicum Hills Wind Farm (+$2.4 million).

Life-extending capital works at the Roma Power Station and the connection of a new gas supply to Ladbroke Grove Power Station, reduced depreciation and amortisation charges by 12 per cent to $10.8 million. Consequently EBIT increased 85% from $17.5 million to $32.3 million.

Power station developments

In late 2005, we released public environmental effects and impact statements for projects at Mortlake, Victoria and Spring Gully, Queensland.

Final investment decisions for both projects are expected to be made by late 2006.

Renewables

At our SLIVER photovoltaic demonstration plant in South Australia we continued development of 70 Watt and larger modules. In December 2005, we were awarded a $5 million Renewable Energy Development Initiative grant to help develop our SLIVER technology.

Contact Energy

Origin Energy's half-year result for 2004 included a three-month contribution from Contact Energy, whereas the 2005 half-year included a full six-month contribution.

EBITDA* was $289.5 million and EBIT was $226.5 million. This compares with $115.5 million EBITDA and $85.7 million EBIT in the prior corresponding period. As well as reflecting the addition of a strong September quarter to the result, the half-year also benefited from the sale of the Valley Power generator in Victoria for a profit of $31 million recorded in EBITDA and EBIT.

After recognising outside equity interests, deducting Origin Energy funding expenses of $33.1 million (before tax), and excluding the one-off Valley Power sale, Contact Energy contributed $32 million to Origin Energy's net profit after tax. This compares to $12 million for 2004.

* 100 per cent of Contact Energy's adjusted EBITDA converted to A$