



Directors' Report for the year ended 30 June 2011

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Directors' Report for the year ended 30 June 2011

In accordance with the Corporations Act 2001, the Directors of Origin Energy Limited ("Company") report on the Company and the consolidated entity Origin Energy Group ("Origin"), being the Company and its controlled entities for the year ended 30 June 2011.

1. Principal activities

During the year, the principal activity of Origin was the operation of energy businesses including:

- Exploration and production of oil and gas;
- Electricity generation; and
- Wholesale and retail sale of electricity and gas.

2. Result

Statutory Profit - \$186 million, down from \$612 million

Origin reported a Net Profit After Tax and Non-controlling interests ("Statutory Profit") of \$186 million for the year ended 30 June 2011, a decrease of 70% compared with \$612 million reported in the prior year.

The key factors contributing to the year-on-year change in the Statutory Profit from \$612 million to \$186 million included a positive contribution from higher Underlying Profit (+\$88 million) offset by a higher impairment of assets (-\$137 million), a decrease in the fair value of financial instruments (-\$150 million) and higher transition and transaction costs related to the acquisition of the Integral Energy and Country Energy retail businesses as part of the NSW privatisation process (-\$215 million).

Year ended 30 June	2011 (\$m)	2010 (\$m)	Change (%)
Total external revenue	10,344	8,534	21
Underlying EBITDA	1,782	1,346	32
Underlying depreciation and amortisation	(539)	(408)	32
Underlying share of interest, tax, depreciation and amortisation of equity accounted investees	(49)	(42)	17
Underlying EBIT	1,194	896	33
Underlying net financing costs	(143)	(13)	1,000
Underlying Profit before income tax	1,051	883	19
Income tax expense on Underlying Profit	(316)	(232)	36
Underlying net profit after tax before elimination of Non-controlling Interests	735	651	13
Non-controlling Interests share of Underlying Profit	(62)	(66)	(6)
Underlying Profit	673	585	15
Items excluded from Underlying Profit	(487)	27	(1,904)
Statutory Profit	186	612	(70)
Earnings per share - Underlying	71.0¢	64.8¢ ¹	10
Earnings per share - Statutory	19.6¢	67.7¢ ²	(71)

¹ FY2010 Underlying EPS of 66.6 cps restated to 64.8 cps for the bonus element of the rights issue completed in April 2011.

² FY2010 Statutory EPS of 69.7 cps restated to 67.7 cps for the bonus element of the rights issue completed in April 2011.

Reconciliation of Underlying Profit and Statutory Profit

Statutory Profit for this year and the prior year contain the impact of a number of items, as shown in the table below, that do not portray the ongoing performance of the business.

In the year to 30 June 2011, these items amounted to an expense of \$487 million. This compared with the year to 30 June 2010 in which these items had a benefit of \$27 million.

Reconciliation of Statutory and Underlying Profit

(\$millions)	June 2011		June 2010		Change (\$m)	Change (%)
	Impact After Tax & Non-controlling Interests	NPAT	Impact After Tax & Non-controlling Interests	NPAT		
Statutory Profit		186		612	(426)	(70)
Items excluded from Underlying Profit						
Impairment of assets	(160)		(23)		(137)	596
Gain on dilution of Origin's interest in subsidiaries	-		27		(27)	(100)
Increase/(decrease) in fair value of financial instruments	(140)		10		(150)	(1,500)
Unwinding of discounts resulting from APLNG receivables and payables	12		39		(27)	(69)
Transition and transaction costs	(235)		(20)		(215)	1,075
Other	36		(6)		42	700
Less total excluded items		(487)		27	(514)	(1,904)
Underlying Profit		673		585	88	15

3. Review of operations

External revenue - \$10,344 million, up 21%

Total external revenue increased by 21% or \$1,810 million to \$10,344 million.

This reflected an increase in external revenues from the Retail business segment (\$1,679 million) predominantly associated with the acquisition of the Integral Energy and Country Energy retail businesses and entry into the Eraring GenTrader arrangements, together with increased revenues from the Exploration and Production business segment (\$145 million).

Underlying EBITDA - \$1,782 million, up 32%

For the year ended 30 June 2011, Underlying EBITDA increased 32% or \$436 million to \$1,782 million. The Underlying EBITDA contributions by business segment are presented in the following table:

Underlying EBITDA by business segment

Year ended 30 June	2011 (\$m)	2010 (\$m)	Change (%)
Exploration & Production	325	250	30
Generation	327	182	80
Retail	785	568	38
Contact	345	346	0
Underlying EBITDA	1,782	1,346	32

Exploration & Production Underlying EBITDA increased by 30% or \$75 million to \$325 million. This was driven by higher average commodity prices together with a full year contribution from the Kupe development compared with six months in the prior year, a full year contribution of an additional 36% interest in the Otway Gas Project compared with three and a half months in the prior year, higher production from BassGas and a higher contribution from Australia Pacific LNG; partially offset by significantly higher exploration expense of \$118 million in the current year from an expanded Greenfield exploration program compared with \$45 million in the prior year and a lower contribution from onshore producing assets.

Generation Underlying EBITDA increased 80% or \$145 million to \$327 million. This reflected the increase in Origin's owned and contracted generation capacity from 1,710 MW to 5,310 MW, including a full year contribution from the Darling Downs Power Station and four months' contribution from the GenTrader arrangements for Eraring and Shoalhaven power stations (\$43 million).

Retail Underlying EBITDA increased 38% or \$217 million to \$785 million. This was primarily due to the first four months' contribution from the acquired Integral Energy and Country Energy retail businesses in NSW (\$183 million), effective management of the energy portfolio and growth in non-commodity sales, predominantly solar.

Contact Underlying EBITDA decreased \$1 million to \$345 million. Higher generation volumes and increased wholesale electricity prices in New Zealand resulted in a NZ\$14 million increase in Underlying EBITDA as reported by Contact. However, the foreign exchange impact of a strengthening Australian Dollar against the New Zealand Dollar resulted in a marginal decrease in the Australian Dollar Underlying EBITDA.

Underlying depreciation and amortisation - \$539 million, up 32%

Underlying depreciation and amortisation increased by 32% or \$131 million to \$539 million. This was primarily due to the higher asset base and increased production associated with the Darling Downs, Eraring and Shoalhaven power stations and the Kupe and Otway gas developments.

Underlying share of interest, tax, depreciation and amortisation of equity accounted investees - \$49 million, up 17%

The share of Underlying interest, tax, depreciation and amortisation (ITDA) attributable to equity accounted investees increased 17% or \$7 million to \$49 million. This was primarily due to an increase of \$10 million associated with Origin's interest in Australia Pacific LNG, which had increased due to additional assets becoming operational during the period and an increase in production in the current year.

Underlying EBIT - \$1,194 million, up 33%

For the year ended 30 June 2011, Underlying Earnings Before Interest and Tax (Underlying EBIT) increased 33% or \$298 million to \$1,194 million. The Underlying EBIT contributions by business segment are presented in the following table:

Underlying EBIT by business segment

Year ended 30 June	2011 (\$m)	2010 (\$m)	Change (%)
Exploration & Production	62	48	29
Generation	208	131	59
Retail	710	503	41
Contact	214	214	-
Underlying EBIT	1,194	896	33

Underlying net financing costs - \$143 million, up \$130 million

The net financing costs for the full year comprise an interest expense of \$179 million and interest revenue of \$36 million compared with interest expense of \$126 million and interest revenue of \$113 million in the prior year.

Capitalised interest was \$153 million compared with \$156 million in the prior year.

Income tax expense on Underlying Profit - \$316 million, up 36%

Underlying income tax expense for the full year increased 36% or \$84 million to \$316 million reflecting higher Underlying profit before income tax and a higher Underlying effective tax rate of 30% compared with 26% in the prior year. The Underlying effective tax rate was higher than the prior year mainly due to tax benefits in the prior year arising from recognition of previously unbooked capital losses.

Non-controlling interests share of Underlying Profit - \$62 million, down 6%

Underlying Profit attributable to Non-controlling Interests decreased 6% to \$62 million from \$66 million.

Underlying Profit - \$673 million, up 15%

Underlying Profit for the year increased 15% or \$88 million to \$673 million from \$585 million.

4. Significant changes in the state of affairs

The following significant changes in the state of affairs of the Company occurred during the year:

Acquisitions

On 1 March 2011 Origin completed Sale and Purchase Agreements with the NSW Government to acquire the retail businesses of Integral Energy and Country Energy, and entered into GenTrader arrangements with Eraring Energy for a combined purchase consideration of \$3,259 million. Included in the purchase consideration is the estimated NSW stamp duty payable of \$134 million.

Funding

During the year, Origin strengthened its balance sheet, lengthened its debt maturity profile and increased its funding options in preparation for ongoing investment in the Australia Pacific LNG CSG-to-LNG project through the following initiatives:

Syndication of \$2.15 billion and US\$350 million bank debt facility - On 11 April 2011, Origin completed the syndication of a \$2.15 billion and US\$350 million bank debt facility with terms of between three and five years.

Renounceable equity entitlement offer - On 19 April 2011, Origin completed the 1 for 5 pro rata renounceable equity entitlement offer issuing 177,100,055 new shares and raising \$2.3 billion.

Hybrid instrument issue - On 10 June 2011, Origin completed a €500 million (A\$675 million) hybrid issue. The hybrid has been recorded as debt in the financial statements and has received 100% equity credit from Standard & Poor's and 50% equity credit from Moody's.

Commenced Operations

Darling Downs Power Station - On 1 July 2010, Darling Downs commenced commercial operations. Darling Downs Power Station is the largest gas-fired combined cycle power station in the National Electricity Market with a capacity of 630 MW.

Developments

Retail Transformation Project - In June 2011, the Retail business successfully implemented the first phase of the Retail Transformation programme, with 300,000 South Australian customer accounts transferred to the new billing system. Further account migration activities are ongoing.

The events described above and those as disclosed in the Financial Statements represent the significant changes in the state of affairs of Origin for the year ended 30 June 2011.

5. Events subsequent to balance date

Other than the items described below, no matters or circumstances have arisen since 30 June 2011, which have significantly affected, or may significantly affect:

- i) The Company's operations in future financial years;
- ii) Results of those operations in future financial years; or
- iii) The Company's state of affairs in future financial years.

Events in respect of the Australia Pacific LNG joint venture

On 28 July 2011 Australia Pacific LNG Pty Limited ('APLNG') a 50% owned and equity accounted joint venture of the consolidated entity, announced that a Final Investment Decision ('FID') had been approved initiating development of the first phase of a two train CSG to LNG project. The first phase is the development of the first train and infrastructure to support the second train. The project has a construction period over the next 4 years and total capital expenditure to first gas for the first phase is estimated to be US\$14 billion (US\$6 billion Origin's share), some of which has been committed. Additionally, under an agreement reached between Origin and ConocoPhillips, the contingent FID payment of US\$1 billion to be made by ConocoPhillips to APLNG in connection with the first LNG train has been deferred and the payment will be made when the project pays out an agreed economic return on the total investment by ConocoPhillips in APLNG.

On 9 August 2011 APLNG issued new shares to China Petroleum and Chemical Corporation ('Sinopec') resulting in Sinopec holding a 15% interest in the issued capital of APLNG. As a result of this new share issue, Origin's interest in APLNG has been diluted from 50% to 42.5%. Under the terms of the subscription agreement Sinopec paid an upfront subscription

amount of US\$1,765 million and committed to fund an additional amount of A\$1,262 million when called by APLNG. The completion of the share issue from APLNG to Sinopec results in a dilution gain recorded in statutory profit for the consolidated entity of approximately A\$0.5 billion for the year ended 30 June 2012.

At 30 June 2011 the consolidated entity recorded a loan payable to APLNG of \$3,576 million. This loan is expected to be utilised by the consolidated entity in funding expenditure for the FID approved APLNG development project; some of this expenditure has been committed by APLNG and is also subject to guarantees provided by Origin Energy Limited, as per below.

Following FID and subsequent to 30 June 2011, Origin Energy Limited (the Parent Company of the consolidated entity) provided a guarantee for Origin's share of certain contractual commitments of APLNG associated with the construction project, amounting to approximately \$3 billion (Origin's share). Origin Energy Limited also provided a guarantee of \$125 million (Origin's share) in respect of a bank guarantee facility obtained by APLNG to support the first phase of the development project. At the date of this report, no guarantees have been issued under this facility.

Following the issue of shares to Sinopec, Origin's share of the commitments and guarantees of the APLNG JV recorded at 30 June 2011, is diluted from 50% to 42.5%, resulting in commitments as at 30 June 2011 reducing by \$277 million.

Final Dividend

On 28 July 2011 the Board announced that Origin has entered an agreement to underwrite up to 100% of the interim and final dividends up to and including the period ending 31 December 2012. Origin intends to underwrite 100% of the final dividend for the period ending 30 June 2011.

On 23 August 2011 the Board declared a final fully franked dividend of 25 cents per share. Refer section 6 below for further details.

6. Dividends

Dividends paid during the year by the Company were as follows:

	\$million
Final dividend of 25 cents per ordinary share, fully franked at 30%, for the year ended 30 June 2010, paid 28 September 2010.	221
Interim dividend of 25 cents per ordinary share, fully franked at 30%, for the half year ended 31 December 2010, paid 1 April 2011.	221

In respect of the current financial year, the Directors have declared a final dividend as follows:

	\$million
Final dividend of 25 cents per ordinary share, fully franked at 30%, for the year ended 30 June 2011, payable 29 September 2011.	266

The Dividend Reinvestment Plan ("DRP") will apply to this final dividend at a discount of 2.5%.

7. Business strategies, future developments and expected results

During 2011, Origin invested \$5.0 billion in developing and growing its business. This included \$3.1 billion on the acquisition of the Integral Energy and Country Energy retail businesses and entry into the Eraring GenTrader arrangements. In addition, in July 2011, Origin committed US\$6.0 billion for the first phase of the Australia Pacific LNG project. This will drive short, medium and longer term growth for Origin.

In the coming year, Origin's Underlying EBITDA will benefit from:

- a full year contribution from the acquisition of the Integral Energy and Country Energy retail businesses;
- a full year contribution from the GenTrader arrangements covering the Eraring and Shoalhaven power stations and contributions from the Mortlake Power Station which is expected to commence commercial operations during the first half of the financial year;
- increased contribution from the Exploration and Production business due to lower levels of planned exploration expense versus the prior year; and
- improved profitability in Contact in New Zealand as the Stratford Power Station and the Ahuroa Gas Storage Project deliver flexibility to Contact's energy supply portfolio.

Depreciation and amortisation expense will continue to increase as capital intensive assets come on line or provide a full year's contribution.

Underlying net financing costs will increase associated with the funding of the NSW acquisition and completed developments. As Australia Pacific LNG is a development project, interest expense associated with its funding is excluded from the guidance of Underlying Profit.

Origin's Underlying effective tax rate is expected to remain above 30 per cent due to the non-deductibility for tax purposes of amortisation associated with the GenTrader arrangements.

Based on Origin's current assessment of operations and prevailing market conditions, Origin anticipates Underlying EBITDA to increase by around 35 per cent and Underlying Profit to increase by around 30 per cent for financial year 2012 when compared with the prior year.

In July 2011, Origin committed to fund its 42.5 per cent share of the US\$14 billion of estimated capital expenditure for the first phase of the Australia Pacific LNG project, with the option of progressing to a full two-train development. Capital has also been committed to develop the Te Mihi geothermal project via Origin's shareholding in Contact and Origin will fund the continued upgrade of capacity of the Eraring Power Station. These commitments will continue to drive growth in the medium term.

Origin is also pursuing a number of opportunities, which will expand the scale and diversity of its business and provide earnings growth in the medium to long term.

Origin has several options available to expand its generation capacity. This includes the development of Australia's largest wind farm at Stockyard Hill and the option to convert some open cycle gas turbine sites to highly efficient combine cycle gas turbines.

In addition, Origin is pursuing a range of low carbon emission and renewable energy opportunities in growing offshore markets. These include exploration and development of geothermal resources particularly in Chile and Indonesia, assessment and development of hydro resources such as the potential Purari Hydro project in Papua New Guinea and the exploration for gas particularly in the Canterbury Basin in New Zealand, in South East Asia and Kenya.

Since first listing in 2000, Origin has demonstrated the ability to deliver sustained growth in earnings which has resulted in long-term growth in shareholder value. Based on the opportunities available to the Company, Origin continues to target long term growth in Underlying EPS of 10 to 15 per cent per annum on average.

8. Directors

The Directors of the Company at any time during or since the end of the financial year are:

H Kevin McCann (Chairman)
Grant A King (Managing Director)
John H Akehurst
Bruce G Beeren
Trevor Bourne
Gordon M Cairns
Karen A Moses
Helen M Nugent
J Roland Williams (Retired 29 October 2010)

9. Information on Directors and Company Secretaries

Information relating to current Directors' qualifications, experience and special responsibilities and the qualifications and experience of the Company Secretaries is set out below.

H Kevin McCann AM
Independent Non-executive Chairman

Kevin McCann joined the Board of the Company as Chairman in February 2000. He is Chairman of the Nomination and Risk committees and a member of the Audit, Remuneration, and Health, Safety and Environment, committees.

Kevin is Chairman of Macquarie Group Ltd and Macquarie Bank Ltd and a director of BlueScope Steel Ltd and of the Australian Institute of Company Directors (AICD). He is a Council Member of the National Library of Australia, a member of the Corporate Governance Committee of the AICD and a Fellow of the Senate of the University of Sydney.

Kevin's community activities include Chairmanship of the Development Council of the National Library of Australia and membership of the Law Foundation, University of Sydney. Kevin practiced as a commercial lawyer as a partner of Allens Arthur Robinson (and its predecessor firm Allen Allen & Hemsley) from 1970 to 2004 and was Chairman of Partners from 1995 to 2004. He was previously Chairman of Healthscope Ltd and ING Management Limited, a director of Pioneer International Ltd (building materials and products), Ampol Ltd (refiner and retailer of petroleum products), a member of the Takeovers Panel, the State Rail Authority of New South Wales and served on the Defence Procurement Advisory Board. He was also previously the Chairman of the Sydney Harbour Federation Trust, a Commonwealth agency.

Kevin has a Bachelor of Arts and Law (Honours) from Sydney University and a Master of Law from Harvard University. He is a Fellow of the AICD.

Grant A King
Managing Director

Grant King was appointed Managing Director of the Company at the time of its demerger from Boral Ltd, in February 2000, and was Managing Director of Boral Energy from 1994. Grant is a member of the Company's Risk and Health, Safety and Environment committees.

Prior to joining Boral, he was General Manager, AGL Gas Companies. Grant is Chairman of Contact Energy Ltd (since October 2004), a councillor of the Australian Petroleum Production and Exploration Association, a former director of Envestra Ltd (1997-2007) and former Chairman of the Energy Supply Association of Australia Ltd.

Grant has a Civil Engineering degree from the University of New South Wales and a Master of Management from the University of Wollongong.

John H Akehurst

Independent Non-executive Director

John Akehurst joined the Board of the Company in April 2009 and is Chairman of the Health, Safety and Environment committee and a member of the Nomination and Risk committees.

His executive career was in the upstream oil and gas and LNG industries, initially with Royal Dutch Shell and then as Chief Executive of Woodside Petroleum Ltd. John is currently a member of the Board of the Reserve Bank of Australia and a director of CSL Ltd, Securrency Ltd and the University of Western Australia Business School.

He is Chairman of the National Centre for Asbestos Related Diseases and of the Fortitude Foundation, a former Chairman of Alinta Ltd and Coogee Resources Ltd and a former director of Oil Search Ltd.

John holds a Masters in Engineering Science from Oxford University and is a Fellow of the Institution of Mechanical Engineering.

Bruce G Beeren

Non-executive Director

Bruce Beeren joined the Board of the Company as an Executive Director in March 2000. He retired from this position on 31 January 2005 and continues on the Board as a Non-executive Director. He is a member of the Audit, Remuneration, Risk and Nomination committees.

With over 30 years experience in the energy industry, Bruce was Chief Executive Officer of VENCORP, the Victorian gas system operator, and held several senior management positions at AGL, including Chief Financial Officer. He is a director of Contact Energy Ltd (since October 2004), Equipsuper Pty Ltd (since August 2002), ConnectEast Group (since March 2009) and The Hunger Project Australia Pty Limited (since August 2008). He is a former director of Coal & Allied Industries Ltd (2004-2011), Envestra Ltd (2000-2007) and Veda Advantage Ltd (2004-2007).

Bruce has degrees in Science (from ANU) and Commerce and a Master of Business Administration (both from the University of New South Wales). He is a Fellow of CPA Australia and the AICD.

Trevor Bourne

Independent Non-executive Director

Trevor Bourne joined the Board of the Company in February 2000. He is Chairman of the Remuneration Committee and a member of the Risk, Audit, Nomination and Health, Safety & Environment committees.

Trevor retired in December 2003 as Chief Executive Officer of Tenix Investments Pty Ltd, prior to which he was Managing Director of Brambles Australia Ltd. Trevor is Chairman of Hastie Group Ltd (since November 2004) and a director of Caltex Australia Ltd (since March 2006). He is a former director of Coates Hire Ltd (2004-2008) and Lighting Corporation Ltd (2004-2008).

Trevor has a Mechanical Engineering degree from the University of New South Wales and a Master of Business Administration from Newcastle University.

Gordon M Cairns

Independent Non-executive Director

Gordon Cairns joined the Board of the Company on 1 June 2007. He is a member of the Remuneration, Risk, Nomination and Health, Safety and Environment committees and is Chairman of the Origin Foundation.

He has extensive Australian and international experience as a senior executive, most recently as Chief Executive Officer of Lion Nathan Ltd, and has held senior management positions in marketing and finance with Pepsico, Cadbury Schweppes and Nestlé.

Gordon is currently the Chairman of Rebel Group (since November 2010), and a director of Westpac Banking Corporation (since July 2004) and The Centre for Independent Studies and World Education Australia. He is also a senior advisor to McKinsey & Company and Caliburn Partnership.

Gordon holds a Master of Arts (Honours) from the University of Edinburgh.

Karen Moses

Executive Director, Finance and Strategy

Karen Moses joined the Board of the Company in March 2009 and is a member of the Risk Committee. She is responsible for the finance, tax and accounting functions, interactions with capital markets and for information technology. In addition to corporate strategy and transactional activity, she has oversight of overall risk including health, safety and environment, commodity risk, compliance and insurance. Karen oversees the Australia Pacific LNG project for Origin.

Prior to Origin, Karen held development and trading roles with Exxon Group (1983-1994). Karen is a director of Australian Energy Market Operator Limited (since July 2009) and Contact Energy Ltd (since October 2004). Karen is a former director of Energy and Water Ombudsman (Victoria) Ltd (October 2005-November 2010), VENCORP (2007-2009) and the Australian Energy Market Operator (Transitional) Ltd (September 2008-July 2009).

Karen holds a Bachelor of Economics and a Diploma of Education from the University of Sydney.

Helen M Nugent AO

Independent Non-executive Director

Helen Nugent joined the Board of the Company in March 2003 and is Chairman of the Audit Committee and a member of the Remuneration, Risk and Nomination committees. An experienced professional non-executive director, she is currently Chairman of Funds SA. She is also a director of Macquarie Group Ltd (since August 2007), Macquarie Bank Ltd (since June 1999) and Freehills. She is Chancellor of Bond University, President of Cranbrook School and Deputy Chairman of the National Portrait Gallery.

Previously, Helen was Chairman of Swiss Re Life and Health (Australia) (2001-2010) and a non-executive director of UNiTAB (1999-2006), Director of Strategy at Westpac Banking Corporation and a partner with McKinsey & Company, specialising in financial services and mining.

Helen has a Bachelor of Arts (Honours); a Doctorate of Philosophy; and an Honorary Doctorate in Business from the University of Queensland. She also holds a Master of Business Administration (with Distinction) from the Harvard Business School. She is a Fellow of the AICD.

Andrew Clarke

Group General Counsel and Company Secretary

Andrew Clarke joined Origin Energy in May 2009 and is responsible for the company secretarial and legal functions. He was a partner of a national law firm for 15 years and was Managing Director of a global investment bank for more than two years prior to joining Origin. Andrew has a Bachelor of Laws (Hons) and a Bachelor of Economics from Sydney University. He is admitted to practice in New South Wales and New York.

Helen Hardy
Company Secretary

Helen Hardy joined Origin Energy in March 2010. She was previously General Manager, Company Secretariat of a large ASX listed company, and has advised on governance, financial reporting and corporate law at a Big 4 accounting firm and a national law firm. Helen is a Chartered Accountant and Chartered Secretary. She holds a Bachelor of Laws and a Bachelor of Commerce from Melbourne University, and is admitted to practice in New South Wales and Victoria.

10. Directors' meetings

The number of Directors' meetings, including Board Committee meetings, and the number of meetings attended by each Director during the financial year are shown in the table below:

Directors	Scheduled Board Meetings		Unscheduled Board Meetings		Meetings of Board Committees									
					Audit		Remuneration		HSE		Nomination		Risk	
	H	H	A	A	H	A	H	A	H	A	H	A	H	A
H K McCann	11	11	5	5	4	4	4	3	4	4	3	3	3	3
G A King	11	11	5	5	-	-	-	-	4	4	-	-	3	3
J H Akehurst	11	10	5	5	-	-	-	-	4	4	3	3	3	2
B G Beeren	11	10	5	5	4	4	4	4	-	-	3	3	3	2
T Bourne	11	11	5	5	1	1	4	4	4	4	3	3	3	3
G M Cairns	11	10	5	5	-	-	4	3	4	4	3	2	3	3
K A Moses	11	10	5	5	-	-	-	-	-	-	-	-	3	2
H M Nugent	11	11	5	5	4	4	4	4	-	-	3	3	3	3
J R Williams ⁽¹⁾	4	4	1	1	1	1	-	-	1	1	1	1	2	2

H: Number of meetings held during the time that the Director held office or was a member of the committee during the year.

A: Number of meetings attended.

⁽¹⁾ Up to date of retirement 29 October 2010

The Board held three workshops during the year to consider operational and strategic matters of relevance to the Origin Group. The Board has also visited Company operations in Victoria and New South Wales and met with operational management during the year.

11. Directors' interests in shares, options and rights of Origin Energy Limited

The relevant interests of each Director in the shares and rights or options over such instruments issued by the companies within the consolidated entity and other related bodies corporate at the date of this report are as follows:

Director	Ordinary shares held directly and indirectly	Options over ordinary shares	Performance Share Rights over ordinary shares	Ordinary shares in Contact Energy Limited
H K McCann	349,012	-	-	-
G A King	1,106,611	1,368,212 ⁽¹⁾	399,750 ⁽²⁾	28,438
J H Akehurst	71,200	-	-	-
B G Beeren	1,360,015	-	-	31,762
T Bourne	53,504	-	-	-
G M Cairns	83,360	-	-	-
K A Moses	221,927	700,202 ⁽³⁾	183,779 ⁽²⁾	14,947
H M Nugent	38,204	-	-	-

Exercise price for share options and performance share rights:

(1) 300,000: \$9.86, 400,000: \$15.84, 297,000: \$15.47, 371,212: \$14.91

(2) Nil

(3) 211,000: \$6.04, 140,000: \$9.86, 89,000: \$15.84, 115,000: \$15.47, 145,202: \$14.91

12. Environmental regulation and performance

The Company's operations are subject to significant environmental regulation under Commonwealth, State and Territory legislation. In the year ended 30 June 2011, the Company recorded 30 incidents involving either water discharge criteria, air emissions or noise levels that exceeded licence conditions and resulted in regulators being notified. None of the reported environmental incidents resulted in fines or penalties being issued. Of these incidents, three involved high levels of response and interaction with regulators.

13. Indemnities and insurance for Directors and officers

Under the Company's Constitution, it must indemnify the current and past Directors, secretaries and senior managers against all liabilities to other persons (other than the Company or a related body corporate) that may arise from their positions as Directors, secretaries or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Company has entered into agreements with current Directors and certain former Directors whereby it will indemnify those Directors from all liability in accordance with the terms of the Constitution for a period of seven years after they cease to be Directors.

The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and officers' liability, and legal expense insurance contracts for current and former Directors and officers, including executive officers and Directors of the Company and executive officers and secretaries of its controlled entities.

14. Auditor independence

There is no former partner or director of KPMG, the Company's auditors, who is or was at any time during the year ended 30 June 2011 an officer of the Origin Energy Group. The auditor's independence declaration (made under section 307C of the Corporations Act) is attached to and forms part of this report.

15. Non-audit services

The amounts paid or payable to the Origin Energy Group auditor KPMG for non-audit services provided by that firm during the year are as follows (shown to nearest thousand dollar):

1.	Accounting advice	\$243,000
2.	Taxation services	\$173,000
3.	Equity and debt transactional services	\$569,000
4.	Other services	\$146,000

Further details of amounts paid to the Company's Auditors are included in Note 24 to the full financial statements.

In accordance with advice provided by the Audit Committee, the Board has formed the view that the provision of those non-audit services by the auditor is compatible with, and did not compromise, the general standards of independence for auditors imposed by the Corporations Act. The Board's reasons for concluding that the non-audit services provided did not compromise the auditor's independence are:

- All non-audit services were subject to the corporate governance procedures that had been adopted by Origin and were below the pre-approved limits imposed by the Audit Committee;
- All non-audit services provided did not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Origin, acting as an advocate for Origin or jointly sharing risks and rewards; and
- There were no known conflict of interest situations nor any circumstance arising out of a relationship between Origin (including its Directors and officers) and the auditor which may impact on auditor independence.

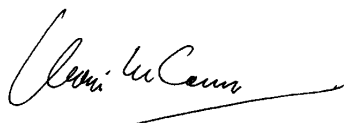
16. Rounding of amounts

The Company is a company of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the financial report and Directors' Report have been rounded off to the nearest million dollars unless otherwise stated.

17. Remuneration

The Remuneration Report is attached and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors:



Kevin McCann, Chairman
Sydney, 23 August 2011