Origin Energy Results for the year ended 30 June 2009
Management Discussion and Analysis

All figures in this report relate to businesses of the Origin Energy Group ("Origin") for the year ended 30 June 2009 compared with the year ended 30 June 2008 (the "prior year"), except where otherwise stated. A reference to APLNG or Australia Pacific LNG is a reference to Australia Pacific LNG Pty Limited, an incorporated joint venture that Origin holds a 50% interest. A reference to Contact is a reference to Origin's subsidiary Contact Energy in New Zealand. In accordance with Australian accounting standards Origin consolidates 100% of Contact within its result and shows its 48.6% minority result. All reference to $ is a reference to Australian dollars unless specifically marked otherwise. Individual items and totals are rounded to the nearest appropriate number or decimal. Some totals may not add down or across the page due to rounding of individual components. Certain comparative amounts have been reclassified to conform with the current year's presentation.

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Report for the year ended 30 June 2009
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The Statutory Profit of Origin detailed below includes the contribution resulting from the transaction with ConocoPhillips (“COP”) to form Australia Pacific LNG – a coal seam gas (“CSG”) to liquefied natural gas (“LNG”) joint venture - which together with a number of other items as detailed in Section 1.4 has in aggregate a significant positive impact on the full year result.

Within this Management Discussion and Analysis, Origin therefore also focuses on the underlying performance of its business – particularly in the presentation of Profit and EBITDAF[1] and various measures prefaced with the term “Underlying”, such as “Underlying Profit”.

Following completion of the Australia Pacific LNG transaction, Origin has no net debt, substantial cash reserves and significant undrawn bank facilities. This strong balance sheet position, together with a strongly performing integrated energy business, will facilitate the funding of significant development and acquisition opportunities in the coming years.

1. Profit and Dividend

1.1 Statutory Profit – $6,941 million, up from $517 million

Origin reported a net profit after tax and Minority Interests (“Statutory Profit”) of $6,941 million for the year ended 30 June 2009, an increase of 1,243% compared with $517 million reported in the prior year.

1.2 Earnings per share – 791.0 cents per share (cps), up from 59.0 cps

Basic earnings per share (EPS) calculated from Statutory Profit increased by 1,241% to 791.0 cps from 59.0 cps in the prior year. This was achieved on an expanded weighted average capital base of 877 million shares up from 875 million in the prior year.

1.3 Dividends – Final Dividend of 25 cps fully franked, up 92%

A final fully franked dividend of 25 cps will be paid on 23 September 2009 to shareholders of record on 31 August 2009. This compares with a final fully franked dividend of 13 cps in the prior year, an increase of 92%. This will bring the full year dividend attributable to the 2009 financial year to 50 cps.

An additional dividend of 25 cps was paid on 21 November 2008 to rebase the 2008 financial year dividend to 50 cps. The 2009 full year dividend is therefore in line with the dividend attributable to the prior year.

Origin shares will trade ex-dividend from 25 August 2009. The dividend reinvestment plan will apply to this dividend without discount.

1.4 Underlying Profit - $530 million, up 20%

The Statutory Profit for Origin contains the impact of a number of significant items as outlined in the table below. This includes the following impacts on profit (after tax and minority interests):

- positive impacts from:
  - net impact of the dilution of APLNG ($6,724 million); and

[1] Earnings before interest, tax, depreciation, amortisation, financial instruments and significant items

- o recognition of tax benefits not previously brought to account ($25 million)
- reductions to profit from:
  - o the net impact of changes in the fair value of financial instruments ($114 million in total);
  - o impairment of assets ($218 million); and
  - o Retail transformation and transition Project ($6 million).

These significant items provide an overall benefit of $6,411 million after tax and the elimination of minority interests.

The profit after tax and minority interests and before significant items ("Underlying Profit") for Origin for the year ended 30 June 2009 was therefore $530 million.

Origin's Statutory Profit for the year to 30 June 2008 also contained a number of significant items that had a net positive impact of $74 million as outlined in the table below.

Origin's Underlying Profit therefore increased 20% year to year from $443 million to $530 million.

Reconciliation of Statutory and Underlying Profit

	June 2009		June 2008		
($millions)	**After Tax & Minority Interests**	**NPAT**	**After Tax & Minority Interests**	**NPAT**	**Change (%)**
Statutory Profit		**6,941**		**517**	**1,243**
Significant items					
Net impact of the dilution of APLNG	6,724				
Impairment of assets	(218)				
Retail transformation and transition Project	(6)				
Recognition of tax benefits not previously brought to account	25				
Changes in fair value of financial instruments					
- Commodity instruments	(43)		(57)		
- Financing instruments	(71)		(6)		
Gain on sale of significant businesses and assets			154		
Other			(17)		
Total significant items	**6,411**	**(6,411)**	**74**	**(74)**	**8,564**
Underlying Profit		**530**		**443**	**20**
Statutory EPS (cents per share)		*791.0*		*59.0*	1,241
Underlying EPS (cents per share)		*60.4*		*50.6*	19

A more detailed reconciliation of Statutory to Underlying Profit is provided in Appendix 1.

1.5 Underlying EPS – 60.4 cps, up from 50.6 cps

Basic EPS calculated on the Underlying Profit increased by 19% to 60.4 cps from 50.6 cps on an expanded weighted average capital base of 877 million shares.

Origin's dividend represents a payout ratio of 83% based on Underlying EPS, and a dividend payout ratio of 6% of Statutory EPS.

Australia Pacific LNG Transaction

On 29 October 2008 Origin completed a transaction with COP to form Australia Pacific LNG, a 50:50 CSG to LNG joint venture.

Through subscription of equity COP became a 50% shareholder in Australia Pacific LNG Pty Limited (formerly known as Origin Energy CSG Limited) which retains all of Origin's CSG interests in Queensland, together with its conventional oil and gas interests in the Denison Trough.

Australia Pacific LNG will develop these interests into a CSG to LNG project, providing a fully aligned partnership across the LNG value chain. The existing gas supply agreements in Origin's CSG business are part of the joint venture, including contracts with Origin on their pre-existing contractual terms. Origin will also provide a market for ramp-up gas that will be produced in the development phase of the project.

The investment of COP includes:

- An upfront cash payment of US$5.0 billion;
- Additional fixed contribution of $1.15 billion to carry Origin's share of costs to Final Investment Decision (FID) on development of the initial LNG project, expected by the end of 2010; and
- Additional payments of US$500 million at the point that each of the four proposed LNG trains is approved, to partly carry Origin's share of costs.

The effect of this transaction is that Origin has diluted its interest in Australia Pacific LNG by 50% and as a result has recognised a significant pre-tax accounting gain on dilution of $7,385 million. This gain is subject to a tax expense of $707 million resulting in an after tax gain of $6,678 million. The transaction has also resulted in Origin recognising a net after tax gain of $46 million arising from the unwinding of the discount on the payables by Origin and receivables held within Australia Pacific LNG for the period between completion of the transaction and 30 June 2009, relating to contractually agreed investment from its shareholders. These items are recorded as significant items and are included in Appendix 1. The combined effect of the gain on dilution and unwinding of discounts associated with receivables is a net after tax accounting gain from the transaction of $6,724 million. These items are recorded in Origin's Income Statement.

On an ongoing basis Origin will use the equity accounting method to account for its interest in Australia Pacific LNG. As such, Origin will record the EBITDAF contribution of its 50% interest in Australia Pacific LNG at the EBITDAF line, and will not consolidate any line items, such as revenue and expenses, above this level on the Income Statement. Origin will record all depreciation, amortisation, interest, tax and changes in fair value of financial instruments in a single line item called "Share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees" between EBITDAF and EBIT. Origin's share of net profit after tax from Australia Pacific LNG will therefore be recorded at the EBIT line.

Origin's share of Australia Pacific LNG EBITDAF from completion of the transaction on 29 October 2008 to 30 June 2009 is $29 million.

At 30 June 2009 Origin has recorded a one line asset on its Balance Sheet "Investments accounted for using the equity method" of $5,090 million at 30 June 2009 to account for Origin's 50% interest in the net assets of Australia Pacific LNG. The net assets of the Australia Pacific LNG joint venture has property, plant and equipment recorded at historical cost ($1,258 million) and receivables recorded in relation to contractually agreed investments from its shareholders ($8,832 million). Origin has recorded an amount of $3,452 million payable to Australia Pacific LNG.

Following the transaction Origin received $6,889 million in cash from Australia Pacific LNG by way of capital return ($2,813 million), repayment of intercompany loan ($500 million) and payable associated with future expected Australia Pacific LNG cash calls ($3,575 million). The funds were used to repay debt that could be redrawn with the balance being invested in cash deposits.

Further details of the transaction from an accounting perspective are contained within the document "Origin Energy Limited and Controlled Entities, Financial Statements, 30 June 2009" lodged with the ASX on 19 August 2009.

2. Financial Review of Performance

2.1 Financial Review Summary

Year ended 30 June	2009 ($m)	2008 ($m)	Change (%)
Total external revenue	8,042	8,275	(3)
EBITDAF	1,219	1,324	(8)
EBIT	7,961	1,091	630
Net profit after tax before elimination of minority interests	6,998	622	1,025
Minority Interests	(57)	(105)	(46)
Statutory Profit	6,941	517	1,243
Significant items	(6,411)	(74)	8,564
Underlying Profit	530	443	20
Basic earnings per share on Statutory Profit (cents)	791.0	59.0	1,241
Basic earnings per share on Underlying Profit (cents)	60.4	50.6	19
Free cash flow[2]	661	622	6
Capital expenditure	2,345	1,685	39
Group OCAT Ratio[3] - year to 30 June	10.4%	12.3%	n/a
Origin Cash (excluding Contact)	3,751	94	3,891
Adjusted Origin Debt (excluding Contact)	(2,747)	(3,005)	(9)
Adjusted Contact Net Debt	(897)	(696)	29

2.2 Revenue - $8,042 million, down 3%

Total external revenue decreased by $233 million or 3% to $8,042 million from $8,275 million.

In New Zealand, Contact is a net generator of electricity. Lower wholesale prices due to extreme hydrology conditions and transmission constraints in New Zealand led to both lower volumes generated and lower realised prices resulting in a $551 million reduction in revenues from this business.

Revenues in the balance of Origin's operations were up $300 million compared with the prior year. This was due to tariff increases in the Retail segment partially offset by lower Exploration and Production revenue as a result of equity accounting Origin's Australia Pacific LNG interest and lower oil and condensate prices. In addition the Generation segment recorded lower external revenue as a result of the outage at the Worsley Power Station.

2.3 EBITDAF - $1,219 million, down 8%

For the year to 30 June 2009 EBITDAF was $1,219 million, an 8% decrease from the prior year of $1,324 million.

The challenging circumstances faced by Contact in New Zealand were the primary driver of this reduction with the full consolidation of Contact's EBITDAF of $369 million, down $125 million on the prior year. In the balance of Origin's operations EBITDAF increased by $20 million. This was achieved despite the dilution of Origin's interests in its CSG assets as part of the Australia Pacific LNG transaction, lower oil prices and the under recovery of costs in

[2] Free cash flow is defined here as cash available to fund distributions to shareholders and growth capital expenditure. It includes deductions for stay-in-business capital expenditure, interest and tax.
[3] Group OCAT Ratio = (OCAT – interest tax shield) / productive capital includes 50% of APLNG.

the Retail segment as a result of the initial tariff decision by the Queensland Competition Authority ("QCA").

The segment contributions to this result are presented in the following table:

Earnings before interest, tax, depreciation, amortisation, financial instruments and significant items (EBITDAF)

Year ended 30 June	2009 ($m)	2008 ($m)	Change ($m)	Change (%)
Exploration & Production	264	266	(2)	(1)
Generation	107	65	42	65
Retail	479	499	(20)	(4)
Contact Energy	369	494	(125)	(25)
EBITDAF	1,219	1,324	(105)	(8)

Exploration & Production EBITDAF was similar at $264 million when compared to $266 million in the prior year. This modest reduction was achieved despite the 50% dilution of Origin's CSG interest following completion of the Australia Pacific LNG transaction and lower oil and condensate prices. Further details are available in Section 10.1.

Generation EBITDAF increased $42 million or 65% from $65 million to $107 million primarily due to the initial contributions from the 640 MW Uranquinty Power Station and the 120 MW Quarantine Power Station expansion. Further details are available in Section 10.2.

In **Retail,** EBITDAF was $479 million, a 4% decline from $499 million reported in the prior year. This was primarily due to under recovery of costs resulting from the initial QCA tariff decision. Further details are available in Section 10.3.

Contact Energy contributed $369 million to EBITDAF, 25% lower than the $494 million recorded for the year ended 30 June 2008. This was due to a significantly reduced net contribution from electricity and higher gas supply costs. Further details are available in Section 10.4.

2.4 EBIT - $7,961 million, up from $1,091 million

A number of items are recorded between EBITDAF and EBIT, as identified in the table below:

Year ended 30 June	2009 ($m)	2008 ($m)
EBITDAF	**1,219**	**1,324**
- Depreciation and amortisation expense	(369)	(345)
- Change in fair value of non-financing cost related financial instruments	(66)	(76)
- Share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees	113	(13)
- Gain on dilution of Origin's interest in APLNG	7,385	-
- Impairment of assets	(312)	-
- Retail transformation and transition project	(9)	-
- Gain on sale of significant businesses and assets	-	243
- Other	-	(42)
Total	*6,742*	*(233)*
EBIT	**7,961**	**1,091**

Together these items provided a benefit of $6,742 million in the year to 30 June 2009, compared with a $233 million expense in the prior year and are described in more detail below.

Depreciation and amortisation expense (expense of $369 million)

Depreciation and amortisation expense increased by 7% to $369 million compared with $345 million in the prior year. It primarily reflects depreciation on newly contributing assets such as the Otway Gas Project, onshore Taranaki Basin oil and gas, Uranquinty Power Station and expansion of the Quarantine Power Station. Further information is available within the segment reports.

Changes in fair value of non-financing cost related financial instruments (expense of $66 million)

An expense of $66 million is included in the Income Statement associated with the value of valid commodity hedging instruments which do not qualify for hedge accounting. This compares with an expense of $76 million in the prior year. An explanation of the accounting treatment of these instruments is provided in Section 5.

Share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees (benefit of $113 million)

The line item, "Share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees" is included between the EBITDAF and EBIT line on the Income Statement and accounts for Origin's share of all items between EBITDAF and Statutory Profit for its investments in equity accounted investees. Australia Pacific LNG, CUBE Pty Ltd (Osborne cogeneration), Bulwer Island Energy Partnership and Oakey Power Holdings Pty Ltd each recorded a benefit or expense for the year.

For the full year a net benefit of $113 million was recognised comprising:

- an interest benefit in relation to the unwinding of the discount on the receivables from Australia Pacific LNG shareholders ($144 million);
- an expense of $20 million in relation to interest, tax, depreciation, amortisation and financial instruments of the Australia Pacific LNG equity accounted investment;

- an expense of $11 million attributable to the remaining equity accounted investments in the Generation segment and Contact.

This is compared to the prior year which recorded an expense of $13 million attributable to the Generation segment and Contact.

Gain on dilution of Origin's interest in Australia Pacific LNG (benefit of $7,385 million)

On 29 October 2008 Origin completed a transaction with COP whereby COP subscribed for 50% of the share capital of Australia Pacific LNG and thereby became a 50% shareholder in Australia Pacific LNG, the company that owned all of Origin's CSG interests. As a consequence of this transaction Origin has diluted its interest in Australia Pacific LNG by 50% and has recognised a significant pre-tax accounting gain on dilution of $7,385 million. Further detail is available on page 5.

Impairment of assets (expense of $312 million)

Following an assessment of the carrying values of Origin's assets, an impairment charge totalling $312 million before tax has been raised against various oil and gas producing assets, legacy retail systems, the SLIVER photovoltaic technology development assets, the Heytesbury gas reservoir in the Otway Basin, capitalised costs for the potential Spring Gully Power Station and Contact's Gasbridge asset. Further details of these impairments are provided in Appendix 2.

Other prior year items

In the year to 30 June 2008, a net gain of $225 million was recognised in relation to the sale of the discontinued Networks business and a net gain of $18 million was recognised in relation to the sale of the Mokai geothermal assets in New Zealand. In addition, an expense of $30 million was recognised in relation to the New Plymouth Power Station in New Zealand and a $12 million expense was recognised in relation to one-off costs associated with the integration of the Sun Retail business.

The items described above contribute to an EBIT for this year of $7,961 million compared with $1,091 million in the prior year.

2.5 Net financing costs - $172 million, down 22%

The overall reduction in net financing costs was primarily due to the $6.9 billion receipt of funds following the Australia Pacific LNG transaction. The funds were used to repay debt that could be redrawn with the balance being invested in cash deposits.

2.5.1 Underlying financing costs - $32 million, down 85%

Underlying financing costs for the year excluding significant items was $32 million compared with $220 million recorded in the prior year.

Interest expense in relation to interest bearing liabilities decreased by $61 million from $211 million to $150 million as the result of significant debt repayments following completion of the Australia Pacific LNG transaction. In addition, interest revenue earned on deposits increased by $128 million from $9 million in 2008 to $137 million.

Non cash expenses on the unwinding of the discounts on restoration provision were in line with the prior year. An expense of $19 million was recorded this year compared with $18 million in the prior year.

2.5.2 Significant financing costs[4] - $140 million

A non cash interest expense of $140 million was recorded for the year. This represents the unwinding of the discounted liability payable to Australia Pacific LNG over the period from 29 October 2008 to 30 June 2009. The discount associated with the payable will be unwound over the period to November 2009 and from that time the payable will be carried at face value. The liability is payable at call after a specified notice period and has been discounted over this period.

As a consequence of these two factors net financing costs for the year were $172 million, down $48 million or 22% from $220 million in 2008.

2.6 Changes in fair value of financial instruments related to financing costs – expense of $119 million

The decrease in the fair value of financing cost related financial instruments amounted to $119 million. This included decreases associated with treasury instruments employed by Origin ($77 million) and Contact ($42 million).

The changes in fair value of financing cost related financial instruments is included in the calculation of Statutory Profit and is excluded from the calculation of Underlying Profit. Further details are provided in Section 5.

2.7 Tax Expense

2.7.1 Statutory Tax Expense - $672 million, up $437 million

Tax expense for the year was $672 million, $437 million or 186% higher than the $235 million recorded in the prior year. Prima facie tax was higher reflecting the higher pre-tax profits as a result of the Australia Pacific LNG transaction.

2.7.2 Underlying Tax Expense - $183 million, down 7%

Tax expense excluding tax related significant items for the year was $183 million, 7% lower than the $197 million in the year to 30 June 2008. The underlying effective tax rate was 23% compared with the effective tax rate of 26% in the prior year. The reduction in both the absolute and effective tax rate has resulted from:

- an increased level of research and development expenditure for the 2008 and 2009 years;
- the resolution of a number of outstanding issues with Revenue Authorities; and
- an increased level of net profits of associates (primarily APLNG) that have already been tax affected.

Origin's underlying effective tax rate for the 2010 financial year is expected to be around 27%.

2.8 Minority Interests - $57 million, down 46%

Profit attributable to minority interests reduced to $57 million for this year from $105 million for the prior year reflecting the lower contribution of Contact.

[4] The significant interest expense item is offset by the $144 million interest benefit in relation to the unwinding of the discount on the receivables from Australia Pacific LNG shareholders recorded within the line item "Share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees".

2.9 Underlying Profit - $530 million, up 20%

As outlined in Section 1.4 the Statutory Profit contains a number of significant items totalling $6,411 million. Removing these items provides an Underlying Profit of $530 million, 20% higher than the Underlying Profit of $443 million last year.

3. Cash flow

On a consolidated basis, operating cash flow after tax decreased by $78 million to $797 million from $875 million. The key drivers for the decrease were a $125 million reduction in EBITDAF from Contact which was partially offset by an improvement in working capital, an increase in stay-in-business capital expenditure by Contact and in the Generation segment and the inclusion of proceeds from the sale of the Newstead remediation site in June 2008.

Cash flow available for funding growth and distributions to shareholders (free cash flow) was $661 million compared with $622 million in the prior year reflecting the interim benefit from the cash holdings.

Productive capital[5] in the business increased by 11% primarily due to the acquisition of the Uranquinty Power Station.

The combined impact of lower OCAT and increased productive capital has resulted in a decrease in Origin's Group OCAT Ratio for the year to 30 June 2009 to 10.4%, from 12.3% in the prior year.

OCAT	June 2009 ($m)	June 2008 ($m)	Movement ($m)	Movement (%)
EBITDAF	**1,219**	**1,324**	(105)	(8)
Change in working capital	(103)	(176)	73	(41)
Stay-in-business CAPEX	(209)	(178)	(31)	17
Book value of assets sold	-	26	(26)	(100)
Other including Non-cash Items	10	22	(12)	(55)
Tax Payments	(120)	(143)	23	(16)
OCAT	**797**	875	(78)	(9)
Net Interest Paid	(136)	(253)	117	(46)
Free cash flow	**661**	**622**	39	6
Productive Capital	**7,256**	**6,516**	740	11
Group OCAT Ratio - financial year	**10.4%**	**12.3%**		

4. Capital expenditure and divestments

Capital expenditure on stay-in-business and growth projects was $2,181 million.

Stay-in-business capital expenditure associated with the maintenance of ongoing operations was $209 million compared with $178 million in the prior year. The main increases were in Contact and the Generation segment.

Growth capital expenditure was $1,972 million, 41% higher than in the prior year. This included expenditure on significant projects of $20 million or more in the following areas:

[5] Productive capital is funds employed excluding capital work in progress and including 50% of APLNG.

- Generation Projects ($990 million in total) – including:
  - Darling Downs Power Station ($445 million);
  - Uranquinty Power Station ($139 million);
  - Mortlake Power Station ($167 million);
  - Cullerin Range Wind Farm ($81 million);
  - Expansion of the Mt Stuart Power Station ($60 million); and
  - Expansion of the Quarantine Power Station ($46 million);

- Upstream Projects ($541 million in total) – including:
  - The Kupe Gas Project ($171 million);
  - CSG assets in Queensland prior to forming APLNG ($138 million);
  - Cooper Basin ($26 million); and
  - The Darling Downs pipeline ($105 million).

- Contact ($318 million) – including Stratford Power Station and Geothermal drilling;
- Retail systems development and LPG assets ($84 million); and
- The Geodynamics geothermal joint venture ($39 million).

On 4 July 2008 Origin acquired a subsidiary of Babcock and Brown Power that owned the Uranquinty Power Station. Origin's purchase was based on a fully constructed enterprise value of $700 million. This consisted of future capital expenditure to commissioning date, of which $139 million is recorded as growth capital expenditure for the period ended 30 June 2009, a net $126 million cash paid on acquisition and assumption of existing debt facilities and obligations.

Capital expenditure on acquisitions totalled $165 million, including the net $126 million described above in relation to the Uranquinty Power Station, the acquisition of the wind development company WindPower ($34 million) and the acquisition of the LPG business in Vietnam ($5 million).

Total capital expenditure including acquisitions was $2,345 million, compared with $1,685 million last year.

5. Movements in fair value of financial instruments

Origin utilises a range of financial instruments and derivatives in order to hedge the various commodity, interest rate and foreign exchange risks to which it is exposed. The intention of hedging is to reduce these risks and deliver a higher level of certainty to the cash flows of Origin's business. While Origin utilises valid economic risk management instruments to hedge these risks, these instruments must also meet the stringent criteria prescribed under accounting standards in order to qualify for hedge accounting. Changes in the fair value of instruments that qualify for hedge accounting are recognised in the Balance Sheet through the Equity Hedge Reserve. If the instruments do not qualify for hedge accounting then the changes in fair value of these instruments are recognised in the Income Statement.

The most notable instruments that do not qualify for hedge accounting are electricity cap products. These essential products are used by Origin (and other electricity retailers) to protect the Retail business from extreme price events. However, such instruments do not qualify for hedge accounting, as the timing of potential risk events they protect against cannot be predicted with sufficient certainty.

The following tables summarise the key balances at 30 June 2009 and compares them with the balances at 30 June 2008:

Summary of movements in financial instruments

Balance Sheet	Net Assets ($m) June 2009	June 2008	Change ($m)
Commodity Risk Management	(200)	273	(473)
Contact	(240)	(212)	(28)
Treasury and Other	(140)	(16)	(124)
Origin Total	**(580)**	**45**	**(625)**

Reconciliation of Balance Sheet and Income Statement items associated with movements in financial instruments	($m)	($m)
Change in net assets		(625)
Recognition of "effective" instruments in Balance Sheet		**(440)**
Recognised in Equity (Hedge Reserve post tax)	(311)	
Recognised in Deferred Tax Liability	(129)	
Recognition of "ineffective" instruments in the Income Statement		**(185)**

The fair value of financial instruments as measured against market prices is recorded in the Balance Sheet in the derivative asset and derivative liability balances.

The total decrease in the value of financial instruments for the year ended 30 June 2009 was $625 million of which $440 million qualified for hedge accounting and is recognised in the Equity Hedge Reserve. The balance of $185 million is recognised as an expense in the Income Statement and is attributable to:

- **Commodity risk management instruments ($66 million)** – predominantly electricity caps and the decrease in forward market prices of energy commodities during the period. Of the total of $66 million, $7 million is attributable to Contact and $59 million is attributable to Origin (excluding Contact);
- **Interest rate risk management instruments ($119 million)** - predominantly interest rate swaps due to decreases in forward interest rates and the depreciation of the Australian and New Zealand dollars against the US dollar during the period. Of the total of $119 million, $42 million is attributable to Contact and $77 million is attributable to Origin (excluding Contact).

The expense in the Income Statement of $185 million this year compares with an expense of $90 million in the prior year, which was predominantly attributable to commodity risk management instruments.

6. Funding and capital management

Origin owns 51.4% of the quoted ordinary shares of Contact and is therefore required under the accounting standards to consolidate all of the assets and liabilities of Contact on Origin's balance sheet. This includes consolidating 100% of Contact's outstanding debt obligations with Origin's debt obligations. Under the terms of those debt obligations Origin has no liability associated with Contact's debt obligations.

Excluding Contact's debt obligations, Origin has an adjusted net cash position as at 30 June 2009 of $1,004 million compared with an adjusted net debt position of $2,911 million as at 30 June 2008.

At the year end Origin had no net debt, substantial cash reserves and significant undrawn bank facilities. This strong balance sheet position will facilitate the funding of significant development and acquisition opportunities.

6.1 Net Debt and Equity

Under Australian accounting standards the net balance of debt and cash for the consolidated entity improved to a net cash balance of $269 million at 30 June 2009 from a net debt balance of $3,283 million at 30 June 2008. The calculation of these positions includes a favourable mark-to-market adjustment of $162 million which acts to reduce the debt quoted. This compares with a favourable adjustment of $325 million at 30 June 2008. Excluding this mark-to-market adjustment, the “adjusted net debt” for Origin was a net cash balance of $107 million at 30 June 2009 compared with a $3,608 million net debt balance at 30 June 2008.

Shareholder’s equity increased from $5,176 million at 30 June 2008 to $11,144 million at 30 June 2009. This is predominantly due to the accounting profit from Australia Pacific LNG transaction, share buyback and dividends paid. In addition, there was a decrease in the Hedge Reserve of $308 million (a $114 million deficit at 30 June 2009) and a decrease in the Available-For-Sale Reserve of $9 million (to $1 million) due to changes in the fair value of financial instruments. Removing the effects of this change in fair value, the “adjusted equity” of shareholders has increased from $4,972 million to $11,257 million.

The following tables provide two different calculations of the Net Debt to Net Debt plus Equity ratio as discussed above.

Calculation of Net Debt to Debt plus Equity as reported in the Financial Report:

	June 2009 ($m)	**June 2008 ($m)**
Net cash/(debt) as reported	269	(3,283)
Equity as reported	11,144	5,176
Net debt to (net debt + equity)	n/a	39%

Calculation of Adjusted (Net Debt to (Net Debt plus Equity)) - excluding fair value impacts:

	June 2009 ($m)	**June 2008 ($m)**
Adjusted net cash/(debt)	107	(3,608)
Adjusted equity	11,257	4,972
Adjusted (net debt to (net debt + equity))	n/a	42%

6.2 Share Capital

6.2.1 Capital Management

Following completion of the Australia Pacific LNG transaction on 30 October 2008, Origin suspended its Dividend Reinvestment Plan (DRP) and lodged a notice with ASIC of its intention to conduct a share buyback of up to $1.275 billion as part of its capital management initiative. Between 13 November and 19 December 2008 Origin had bought approximately 12.1 million shares for a total consideration of $195 million. The buyback program was terminated by the Board in February 2009 following a review of global credit conditions.

On 29 June 2009 Origin announced that its DRP would be re-activated without discount, with effect for the full year dividend.

6.2.2 Share Capital Movements

During the year ended 30 June 2009 an additional 5.7 million shares were issued. This included 1.1 million shares issued under the DRP which raised $19 million and 4.6 million shares issued as the result of the exercise of options which raised $25 million. Under the share buyback plan approximately 12.1 million shares were bought on market and subsequently cancelled.

As a consequence the total number of shares on issue at 30 June 2009 reduced by 6,391,641 shares to 874,382,081 from 880,773,722 at 30 June 2008. The weighted average number of shares used to calculate basic earnings per share increased to 877,466,617 from 875,376,019 as at 30 June 2008.

6.2.3 Dividends

With regard to the financial year ended 30 June 2008, three dividends were paid totalling 50 cps:

- An interim fully franked dividend of 12 cps paid on 4 April 2008
- A final fully franked dividend of 13 cps paid on 3 October 2008; and
- An additional fully franked dividend of 25 cps was declared on 30 October 2008 following the APLNG transaction and paid on 21 November 2008.

On 30 October 2008 Origin announced that 50 cps was a new base for future dividends and that Origin will target an increased dividend payout ratio of at least 60% of underlying profit from the 2009 financial year onwards.

With regard to the financial year ended 30 June 2009, two dividends were declared totalling 50 cps:

- An interim fully franked dividend of 25 cps was declared on 25 February 2009 paid on 25 March 2009; and
- A final fully franked dividend of 25 cps was declared on 18 August 2009 to be paid on the 23 September 2009 bringing total dividends for the year to 50 cps fully franked.

7. Risk management

7.1 General

Origin manages its risk exposure in energy markets through a combination of natural hedges in the business, contracts and financial hedges. Policy limits have been approved by the Board for products or financial variables for which there is a material risk exposure. Regular reporting is provided to the Board to review exposures and compliance with these limits.

Consistent with this policy framework Origin undertakes hedging of its exposure to electricity prices, oil prices, interest rates and foreign currency exchange rates.

7.2 Electricity and Gas

In the electricity and gas markets Origin assesses its policy limits against a combination of profit at risk and extreme events. Within the policy limits Origin has arrangements in place to cover extreme price and demand events as well as average forecast demand for the near to mid term.

7.3 Oil and Condensate

On an ongoing basis Origin assesses its anticipated medium term production volumes, the current forward oil prices and Origin's risk exposure to movement in oil prices. As a result of these assessments, and having regard to the Board approved risk limits, Origin from time to time enters into hedges for a portion of its oil and condensate production. Of Origin's production for the year to June 2009, approximately 38% of oil and condensate had been previously hedged over a number of years at an average price of US$69 per barrel, 7% higher than the average hedging price for the prior year.

Looking forward Origin currently has 480,000 barrels of its anticipated production for the year to June 2010 hedged at an average oil price of approximately US$70 per barrel and US/AUD exchange rate of $0.80 or A$87.50 per barrel.

Origin carries a residual exposure associated with the spread (premium or discount) it receives for the hydrocarbon products it sells relative to the oil benchmarks for which liquid forward markets are available to write hedges. Such spreads generally relate to the relative quality of the hydrocarbons sold, issues associated with location, transportation and contract flexibility, and supply demand balances for particular hydrocarbon blends. While for most of this decade such spreads have been modest and relatively stable, the volatility in oil markets and shifts in supply and demand patterns can lead to significant movements in such spreads.

7.4 Foreign Exchange

With regard to foreign exchange, Origin is prudently hedged over the next year through external hedging arrangements. Origin expects that variability in the US dollar and Euro exchange rates will not have a material impact on group cash flows.

Origin's foreign exchange hedge position associated with US dollar receipts from the sale of oil is reflected in the oil commentary above.

Origin is exposed to the translation of Contact's NZ dollar earnings to Australian dollars. A one cent depreciation in the NZ dollar versus the Australian dollar is expected to result in approximately $0.5 million reduction in Origin's Australian dollar profit after tax and minority interests for the year ending June 2010.

7.5 Interest Rates

Origin's consolidated average interest rate paid on debt for the year ended 30 June 2009 was 6.9%. This includes Contact's NZ dollar denominated debt and Origin's Australian dollar, US dollar and NZ dollar debt obligations. Origin's average interest rate paid excluding Contact was 6.6% for the year ended 30 June 2009.

Looking forward, approximately 57% of Origin's consolidated debt obligations are hedged to June 2010 at an average rate of 6.8% including margin. Excluding Contact, Origin has 49% of its debt obligations hedged at an average rate of 6.5% including margin to June 2010. This hedge percentage gradually reduces over the following five plus years. The majority of Origin's debt comprises bank and capital market facilities that are not available to be redrawn once repaid.

Following the Australia Pacific LNG transaction in October 2008 Origin received $6.9 billion of cash. Upon receipt, these funds were used to repay $2.1 billion in debt that was able to be redrawn, with the balance invested in cash deposits. As at 30 June 2009, Origin held cash on deposit of approximately $3.75 billion. This cash was invested at an average rate of 5.2% for the period from receipt to 30 June 2009. Looking forward, $2.0 billion of this amount is invested in fixed rate deposits with maturities ranging from December 2009 to June 2010 at an average rate of 4.1%.

8. People, Health, Safety & Environment

8.1 People

Origin's employee numbers (excluding Contact) increased by 258 to 4,198 from 30 June 2008. The majority of this increase was associated with the Generation and the Exploration and Production businesses as Origin delivers major developments in these areas. There were also increases in the Corporate area reflecting the necessary greater focus on People and Culture as Origin prepares for future growth.

8.2 Health and Safety

Origin uses as its primary safety performance measurement, for both employees and contractors, the industry standard measure of Total Recordable Incident Frequency Rate (TRIFR)[6]. This measure increased by 7% from 8.5 at 30 June 2008 to 9.1 at 30 June 2009. This disappointing result coincides with increased contractor activity at our major project sites. Origin continues to focus on the safety of its employees and contractors through ongoing reviews of its site induction processes, implementing frequent safety initiatives and conducting health and safety awareness programs as it strives towards a zero harm objective.

Origin will target a 30% improvement on this years result and aims to achieve a TRIFR of below 6.8 for the year ending 30 June 2010.

8.3 Environment

Environmental management plans and remediation strategies were developed or reviewed for relevant sites.

For the year ended 30 June 2009, there were two reportable environmental incidents. One reportable incident involved the unauthorised clearing of a small number of plants listed as vulnerable. Origin notified the relevant Government department, implemented immediate additional on-site environmental awareness and together with a consultant ecologist developed and implemented further site management recommendations. The other reportable environmental incident involved excessive smoke emissions which in turn resulted in the facility receiving a notice from the regulators. The engine was repaired immediately and the issue resolved. This was a one off incident.

[6] TRIFR is the total number of recordable injuries per million working hours. 'Recordable Injuries' are Lost Time, Restricted Work and Medical Treatment injuries. First aid injuries are not included. We classify Lost Time injuries as those preventing an employee from working on the day after the injury.

9. Outlook

Origin has commenced the 2010 financial year with its existing business well placed to contribute ongoing growth, its CSG to LNG joint venture with COP effectively established and a very strong financial position with access to $5.3 billion of cash and undrawn committed debt facilities.

In its existing businesses, a number of development projects and acquisitions are expected to make initial, or increased, contributions to Origin's financial performance.
These include:

- A full year contribution from the Uranquinty and expanded Quarantine power stations;
- Full year contribution from the 30 MW Cullerin Range Wind Farm in NSW that was completed in late June 2009;
- Continued development of domestic CSG production, which is expected to reach over 100 PJ per annum for Australia Pacific LNG by 2011 (Origin share 50%);
- The Kupe Gas Project in New Zealand which is expecting to open the wells and bring raw gas ashore in the December Quarter 2009;
- The 126 MW expansion of the Mt Stuart Power Station in Townsville – due for completion in late calendar year 2009; and
- Completion of the 630 MW combined cycle gas fired Darling Downs Power Station in Queensland which is expected to be fully commissioned in the latter half of the 2010 financial year.

Origin also expects increased contributions from Contact Energy based on the presumption that weather in New Zealand will return to more normal levels. The final Queensland Competition Authority decision for 2008/09 will result in underlying cost increases being more appropriately reflected in tariffs for the coming year.

Taking all these factors into account and based on current market conditions, Origin expects the Underlying Profit for the 2010 financial year to be around 15 per cent higher than the prior year.

During the coming year Origin has committed to a substantial program of offshore exploration in the Bass and Otway Basins in southern Australia and the Northland Basin in New Zealand. The initial program of five wells is expected to cost approximately $100 million. This program is targeting substantial reserves increases addressing opportunities near domestic markets in Australia and New Zealand.

It is possible that some elements of this program may be unsuccessful and could result in substantial write-off of exploration expense occurring in this year.

Work commenced on a number of other major projects which will contribute to growth in the years ahead including the Mortlake Power Station in Victoria and, through Contact Energy in New Zealand, the Stratford Peaking Power Station, the Ahuroa storage project and expansion of geothermal generation.

Origin has also developed a substantial portfolio of renewable energy opportunities. This includes wind, geothermal and solar photovoltaic energy. Passage of the renewable energy legislation through the Australian Parliament will generate substantial further investment in these areas.

The Australia Pacific LNG joint venture between Origin and ConocoPhilips is established and working effectively towards the development of a CSG to LNG project in Queensland. As reported by Origin at 30 June 2009 Australia Pacific LNG's Proved and Probable reserves increased by over 50 per cent to 7,265 PJe. This reserves increase demonstrates the size and quality of the CSG resource available to the joint venture. Australia Pacific LNG has secured a site for its project at Laird Point on Curtis Island in the Port of Gladstone from the Queensland Government. The project continues to target FID by the end of 2010 with production commencing at the end of 2014.

The past year has been a challenging year for financial markets and many companies have been severely constrained in accessing capital to fund their business. Following the transaction with COP to establish Australia Pacific LNG Origin begins the new financial year with $5.3 billion of cash and undrawn committed debt facilities. Origin is therefore able to fund the many opportunities it has to continue to grow and develop its business.

10. Operational Review

10.1 Exploration & Production

Year ended 30 June	2009 ($m)	2008 ($m)	Change ($m)	Change (%)
Total revenue	516[7]	527	(11)	(2)
EBITDAF	264	266	(2)	(1)
EBIT	7,440	120	7,320	6,100

Sales Volumes by Product Including 50% interest in APLNG

Year ended 30 June	2009	2008	Change	Change (%)
Natural gas (PJ)	93	84	10	8
Crude oil (kbbls)	1,358	1,252	106	8
Condensate/naphtha (kbbls)	821	762	59	8
LPG (ktonnes)	97	67	30	45
Ethane (ktonnes)	34	25	9	36
Total (PJe)	**112**	**101**	**11**	**11**

PJ = petajoules
Kbbls = 1,000 barrels
Ktonnes = 1,000 tonnes
PJe = petajoules equivalent – a measure of energy content

The Exploration and Production segment achieved record production and sales volumes for the year reflecting strong aggregate growth in Origin's upstream assets. These records were achieved despite the 50% dilution of Origin's interest in its CSG and Denison Trough assets as a consequence of the Australia Pacific LNG transaction with COP. EBITDAF was in line with the prior year despite the 50% dilution in interest in Australia Pacific LNG and lower prices received for oil and condensate due to the significant decline in international benchmark prices.

EBIT for the Exploration and Production segment includes a significant accounting gain on completion of the Australia Pacific LNG transaction as discussed in Section 10.1.3.

For further detail on the significant items refer to Section 2.4 and Appendix 1.

10.1.1 Production, Sales and Revenues

Production and sales volumes detailed below include Origin's share in Australia Pacific LNG after completion of the transaction on 29 October 2008. However, revenue quoted in the financial statements excludes Origin's share of revenue from the Australia Pacific LNG joint venture whose financial contribution to Origin is equity accounted. The table below outlines Origin's production and sales including Australia Pacific LNG. It is followed by a table which outlines Origin's effective interest in production and sales from Australia Pacific LNG.

[7] Origin's interest in APLNG is equity accounted and therefore Origin's 50% effective interest in the revenue of APLNG ($145 million gross) is excluded from the segment revenue. For reporting purposes production and sales volumes are included in the commentary provided.

Production and Sales Summary

Year ended 30 June	2009	2008	Change	Change (%)
Production including 50% of APLNG (PJe)	104	100	4	4
Sales volume including 50% of APLNG (PJe)	112	101	11	11
Sales revenue including 50% of APLNG ($m)	572	520	52	10

Australia Pacific LNG (50% Interest) Production and Sales Summary

8 months ended 30 June	2009	2008	Change	Change (%)
Production (PJe)	21	-	21	100
Sales volume (PJe)	23	-	23	100
Sales revenue ($m)	72	-	72	100

Further details of production may be found in the Quarterly Production Report for the Quarter ended 30 June 2009, released on 31 July 2009.

Sales volumes increased by 11% to 112 PJe from 101 PJe compared with the prior year. Sales increased from the Otway Gas Project (+15.7 PJe), the Cooper Basin (+3.2 PJe) and the Taranaki Basin (+2.1 PJe). Despite the 50% dilution of interest in CSG assets from the Australia Pacific LNG transaction, sales across the CSG assets and Denison Trough reached 41.3 PJe compared with 45.4 PJe in the prior year. This is only 9% lower than the prior year when Origin held an undiluted interest in these assets and reflects a significant increase in underlying CSG production capacity. These increases more than offset declines from the Surat Basin (-2.5 PJe), the Perth Basin (-2.2 PJe), the Bass Basin (-0.2 PJe) and the sale of the onshore Otway Basin (-0.7 PJe).

Natural gas sales increased by 8% compared with the prior year. This was predominantly due to higher sales from the Otway Basin. The reduction in CSG production due to the dilution of Origin's interest was mitigated by the increase in production capacity of those assets. These factors combined with an initial contribution from the Taranaki Basin offset the decline from other mature producing areas and the re-injection of gas in the Surat Basin. Sales of condensate and crude oil both increased by 8%. Higher condensate sales reflected the full year contributions from the Otway Gas Project and the Taranaki assets in New Zealand, while higher oil sales reflected higher purchases and on-sale of crude oil in the Cooper Basin. This resulted in combined sales of oil and condensate of 2,179 kbbls compared with 2,014 kbbls in the prior year.

Sales of LPG increased 45% to 96.7 ktonnes compared with 66.7 ktonnes in the prior year. The increase in LPG sales was predominantly due to a full year contribution from the Otway Gas Project.

Total sales revenue including contributions from Australia Pacific LNG increased by 10%. However, as Australia Pacific LNG is equity accounted, sales revenue from this entity is not consolidated in Origin's accounts. Total revenue in Origin's Statutory accounts for the Exploration and Production Segment therefore decreased by 2%. Lower sales volumes (through the exclusion of Origin's 50% interest in Australia Pacific LNG) and modestly lower average prices received for hydrocarbon liquids than the prior year were for the most part offset by higher realised average natural gas prices.

The average price received for sales of oil, condensate and naphtha over the period including the impact of hedging was $81.61 per barrel, 10% lower than the average price received in the prior year of $90.83. This is due to the significant decline in international benchmark prices that occurred through the first half of the financial year.

Oil purchases from third parties increased by 145 kbbls to 492 kbbls. Origin did not purchase any third party condensate for the period compared with 41 kbbls in the prior year. Including natural gas the total purchases from third parties of 4.1 PJe were 24% higher than the 3.3 PJe in the prior year. As a consequence cost of goods sold increased by $15 million from $29 million to $45 million.

10.1.2 Expenses

Total costs for Origin's Exploration and Production business excluding the equity accounted contribution from Australia Pacific LNG were $282 million compared with $261 million in the prior year.

These expenses included Cost of Goods Sold of $45 million in 2009 compared with $29 million in 2008 reflecting a 24% increase in the volume of third party purchases, in particular oil purchases, as discussed above.

Exploration write downs increased from $33 million in 2008 to $40 million in 2009 largely as a result of the increased seismic exploration program in New Zealand foreshadowed at the Origin's Interim Results in February 2009.

Expenses associated with royalties and tariffs decreased from $61 million in 2008 to $42 million in 2009 as a result of lower liquids revenues and exclusion of CSG production volumes and associated costs.

The impact of stock movement added $9 million to expenses compared with the prior year.

General operating costs excluding the above items of $162 million were therefore $6 million or 4% higher than the prior year. On a like for like basis unit costs associated with Origin's conventional producing assets increased by 5% year on year.

10.1.3 Earnings

EBITDAF

EBITDAF of $264 million was in line with the prior year of $266 million despite the 50% dilution of Origin's interests in CSG assets and lower oil and condensate prices. This strong performance reflects the full year contributions by the Otway Gas Project and the Taranaki Basin assets which more than offset the lower average realised prices for liquid hydrocarbons, the reduced production in the Perth, Surat and Cooper Basins and the increased operating costs discussed above.

Depreciation and Amortisation

Depreciation and amortisation charges increased 9% to $158 million from $145 million. This reflected a full year of production and depreciation from the offshore Otway Gas Project and the Taranaki Basin together with higher depreciation in the Cooper Basin partially offset by lower depreciation charge for CSG assets as a result of the 50% interest dilution.

EBIT

EBIT for the year was $7,440 million.

Major items contributing to EBIT were the accounting gain on dilution of Origin's interest in Australia Pacific LNG of $7,385 million, asset impairment charges of $172 million and an expense from the change in fair value of financial instruments of $3 million. In addition, EBIT includes a $124 million gain on the share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees which is predominantly related to the unwinding of an interest discount in relation to Australia Pacific LNG.

This compares with EBIT for the prior year which was $120 million.

10.1.4 Reserves[8]

Origin undertakes a full assessment of its reserves on an annual basis coinciding with the end of the financial year. A full statement of reserves attributable to Origin at 30 June 2009 is included in Origin's Annual Reserves Report released to the ASX on 31 July 2009. The following summary is extracted from that statement.

Reserves (PJ)	2P Reserves 30 June 2008	Additions (Revisions) and Prod corrections	Production	2P Reserves 30 June 2009
Queensland				
Coal Seam Gas/Denison[9]	4,793	(1,122)	(39)	3,633
Conventional Surat Basin	37	(9)	(2)	26
Cooper Basin				
SA Cooper Basin	150	11	(13)	148
SWQ Cooper Basin	52	8	(12)	49
Other Onshore Australia				
Western Australia	21	(2)	(5)	13
Otway Basin - Onshore	0	(0)	(0)	-
Offshore Basins				
Otway Basin	306	(67)	(20)	220
Bass Basin	179	-	(10)	169
New Zealand				
Offshore Taranaki (Kupe)	194	-	-	194
Onshore Taranaki	36	(2)	(2)	32
Total	5,770	(1,182)	(104)	4,484

During the year 2P reserves across the interests now held by Australia Pacific LNG increased by 52% or 2,472 petajoules equivalent (PJe) net of production to 7,265 PJe at 30 June 2009. Origin has a 50% interest in the Australia Pacific LNG Joint Venture and therefore has an effective interest of 3,633 PJe in these reserves compared with 4,793 PJe at 30 June 2008.

Origin's effective interest in 2P reserves across its conventional and CSG assets decreased over the year by 22% or 1,286 PJe from 5,770 PJe to 4,484 PJe. This included significant downward adjustments as follows:

- 1,122 PJe net decrease representing the combined impact of the dilution of interests in assets now held through APLNG (decrease of 2,388 PJe), partially offset by reserves growth of 26% or 1,266 PJe as detailed in Origin's Annual Reserves Report;
- 67 PJe decrease due to adoption of reserves revisions to the Thylacine field in the Otway Basin as previously advised by the Operator, Woodside Petroleum;
- 9 PJe decrease in the Surat Basin primarily reflecting a reduction in reserves in the Myall Creek field;
- minor reserves adjustments to fields in the onshore Perth Basin Western Australia and the onshore Taranaki Basin in New Zealand totalling 4 PJe; and
- Origin's net share of annual production of 104 PJe across its areas of interest.

These reductions were partially offset by Origin's share of reserves additions in the Cooper Basin of around 19 PJe (prior to production) being the net impact of adjustments to several fields across both the South Australian and Queensland sectors of this Basin.

During the year 3P reserves across the interests now held by Australia Pacific LNG increased by 2,405 PJe net of production to 12,627 PJe.

[8] The statements in this Report relating to reserves and resources have been compiled by Andrew Mayers, a full-time employee of Origin. Andrew Mayers is qualified in accordance with ASX listing rule 5.11 and has consented to the form and context in which these statements appear.
[9] Some of Origin's reserves of coal seam gas may be subject to reversionary rights. Further information is available in Orign's Annual Reserves Report released to the ASX on 31 July 2009.

Origin reports Contingent Resources in its CSG tenements. Origin's effective interest in 3C Contingent Resources at 30 June 2009 is 6,536 PJ, of which 3,959 PJ is in the 2C Contingent Resource category.

A number of known hydrocarbon accumulations have not been included in this assessment of reserves for either technical or commercial reasons. These include Trefoil in the Bass Basin, Halladale and Blackwatch in the offshore Otway Basin and Petrel in the Bonaparte Basin. Reserves associated with the Pangaea acquisition announced on 22 April 2009 are not included as this transaction had not completed by 30 June 2009.

10.1.5 Producing Assets

CSG and Denison Trough[10] (Queensland)

Prior to completion of the Australia Pacific LNG transaction all of Origin's CSG interests and interests in the Denison Trough were held through Origin Energy CSG Ltd. From 29 October Origin's interest in these assets was diluted by 50% and the holding company was renamed to Australia Pacific LNG. All of Origin's interests in CSG are now held through Australia Pacific LNG (50% interest).

CSG production net to Origin was 35.9 PJ for the year compared with 39.4 PJ for the prior year. This represents only a 9% decrease despite the 50% dilution of Origin's CSG interests. Conventional production net to Origin in the Denison Trough, which also includes the Australia Pacific LNG Joint Venture, reduced by 40% to 3.2 PJ compared with 5.3 PJ in the prior year.

Australia Pacific LNG's equity share of CSG production reached 142 TJ/d by the end of the financial year, maintaining its position as the largest CSG producer in Australia.

Spring Gully

The Spring Gully field in the Bowen Basin is operated by Origin on behalf of Australia Pacific LNG and now includes 3 gas plants at Spring Gully, Strathblane and Taloona.

As the wells drilled as part of the Phase 5 development of the Spring Gully project are completed, tied in and brought online, field deliverability and gas plant capacity is expected to deliver gross plant processing capacity in excess of 150 TJ/d.

The 5th compressor was installed at the Strathblane Gas Plant. The Taloona Gas Plant, which will initially use 3 compressors, was completed. The export pipeline from the Taloona Gas Plant was completed and tied into the Spring Gully to Wallumbilla pipeline.

The beneficial and commercial use of the treated water from the 9 ML reverse osmosis water treatment plant, which was commissioned in early 2008, is being investigated with a number of interested parties.

Phase 6 of the Spring Gully project has been approved and when completed is designed to increase the gross production capacity to 180 TJ/d. It will include an additional 31 wells, installation of a further 40 km of gas and water gathering lines and construction of an additional 24 TJ/d of gross production capacity at the Taloona plant.

Talinga

The Talinga field is located in the Undulla Nose region of the Walloons coal seam gas province and is operated by Origin on behalf of Australia Pacific LNG.
Construction of the Australia Pacific LNG's Talinga Gas Plant and Water Treatment Plant commenced in the December Quarter of 2008 following a public consultation period and

[10] Includes conventional production from the Denison Trough as CSG potential exists and hence Origin's interests were included in the APLNG transaction.

receipt of the necessary environmental approvals. The Talinga development program includes an initial 100 wells and the gas will supplement supply from the Spring Gully field to meet gas demand from the Darling Downs Power Station and Rio Tinto Aluminium in Gladstone. A number of pilot wells have been drilled during the year and full development drilling will commence in April 2009. Gross production of 90 TJ/d is targeted by early 2011.

Fairview

At Fairview the operator, Santos, continued with expansion plans and by the end of the period the gross production capacity reached 115 TJ/d.

Non-operated Walloons

Development agreements have been executed which will facilitate the full development of a number of CSG fields in the Walloons area operated by Queensland Gas Company. Australia Pacific LNG holds a number of interests of up to 41% in these areas. Gross gas production from these fields currently stands at around 30 TJ/day. By the end of the period the Kenya Gas Plant was in the final stages of commissioning. Targeted gross production rates are 120 TJ/day by 2010 and 160 TJ/day by 2012.

PL 215 (Talinga/Orana) was granted to Australia Pacific LNG (100%) during the period. Applications were made for 5 petroleum leases in the Queensland Walloon CSG areas and remain pending approval.

Bass Basin (Victoria/Tasmania)

Origin's net production from the Bass Basin was 3% lower at 10.2 PJe compared with 10.5 PJe in the prior year. Production was restricted to the Yolla 3 well for almost two months from early November following failure of a hydraulic control valve on the Yolla 4 well. Remedial work was completed on Yolla 4 and production was restored to normal operating levels in late December. In addition a successful 11 day shut down to conduct maintenance at the Lang Lang gas plant and a wireline campaign on Yolla 3 were undertaken. Production rates outside of these events were at or around the design capacity.

On 25 March 2009 Origin announced that an agreement was entered into with Air Liquide to supply 25% of the CO_2 output from the Lang Lang plant for commercial use. The amount of CO_2 that will be captured for re-use is approximately 70,000 tonnes which is equivalent to the annual greenhouse gas emissions of more than 21,000[11] cars.

Otway Gas Project (Victoria/Tasmania)

The Otway Gas Project delivered its first full year of production and produced reliably during the period. It operated over extended periods at or around peak design during times of high seasonal demand and during heatwave conditions over the summer. Production net to Origin for the year was 19.7 PJe, a 14.6 PJe or 286% increase on the prior year.

Cooper Basin (Queensland/South Australia)

Production net to Origin from the Cooper Basin declined marginally to 24.9 PJe during the year compared with 26.3 PJe in the prior year. Gas production fell by 9% to 18 PJ and was offset by increased production from the oil program which rose by 35% to 436 kbbls.

[11] Calculation based on greenhouse gas emissions from the petrol use of an average medium petrol fuelled car with an engine size between 1.8 to 3 litres, travelling 13,900 kms each year. Source: Australian Bureau of Statistics, *Survey of Motor Vehicle Use Average Kilometres Travelled*, 31st October 2006.

Perth Basin (Western Australia)

Oil production from the Hovea, Jingemia and Eremia fields continued on a natural decline path. Origin's net share of oil production for the year was 307 kbbls. This represents a decrease of 46% or 262 kbbls when compared to the 569 kbbls for the prior year.

Origin's net share of gas production from the Perth Basin decreased by 0.3 PJe to 3.5 PJe. A well constraint at the Beharra Springs field in the first half of the year was rectified through a workover in early 2009.

Tariki/Ahuroa/Waihapa/Ngaere (TAWN) and Rimu/Kauri

Origin assumed operatorship of these producing assets on 12 June 2008 following the acquisition of interests from Swift New Zealand and holds a 100% interest in these fields. Production for the year was 2.3 PJe comprising of 1.6 PJ of natural gas, 98.2 kbbls of crude, 4.6 kbbls of condensate and 2.0 ktonne of LPG.

During the year the onshore assets which were acquired from Swift have been fully evaluated to identify and develop new opportunities. This has involved field remapping, reservoir modelling and engineering studies and has resulted in up to seven development wells being considered for the 2010 financial year. An eight well workover program was undertaken during the period resulting in the Rimu fields producing above expectations.

As part of the Swift acquisition, Origin is developing the Ahuroa Gas Storage Project on behalf of Contact. The storage project resulted in some assets being temporarily shut in, including the Waihapa Production Station (WPS) and TAWN oil fields. The WPS was restarted late in 2008 and has recommenced supplying gas for gas lift operations at the TAWN oil fields, which have in turn recommenced production. Consequently production for the year ended 30 June 2009 was lower than expected under a normal operating regime.

Other Producing areas

In the Surat Basin area of Queensland Origin diverted the majority of the gas from producing fields into gas storage after the stripping of liquids. This gas remains counted in Origin's reserves and is not reported as production until such later date as it is retrieved from storage and sold. Predominantly as a consequence of this storage activity, Origin's share of production from the Surat declined from 5.0 PJe in the prior year to 2.4 PJe in this year. Evaluation of the Surat Basin to identify new drilling opportunities is ongoing and seismic acquisition is planned for 2009.

In the onshore Otway Basin net production of 0.1 PJe was attributable to Origin prior to completion of the sale of these assets to Adelaide Energy Ltd on 13 December 2008. Origin does not have any ongoing exploration and production interest in this area.

10.1.6 Development Projects

Kupe Gas Project (New Zealand)

The Kupe Gas Project is expecting to open the wells and bring raw gas ashore in the December Quarter 2009 thus commencing the production of hydrocarbons.

The offshore wells, wellhead platform, pipeline and controls umbilical are ready for first production and some of the systems at the onshore production station are already active as part of pre-commissioning processes. The balance of the facilities will be commissioned in the coming months. Construction of the two storage tanks and associated facilities at the Omata tank farm is also progressing well with one tank now successfully hydrotested and the second fully constructed. Laying of the light oil export pipeline from the tanks to Port Taranaki is also complete.

10.1.7 Exploration

Australia

In the Perth Basin, a four well program commenced using the Weatherford Rig 826 in June 2009. The first well, Hovea 13, encountered mechanical problems and was sidetracked. It was cased and completed and brought online as an oil producer. The second well, Apium North 1, was a gas exploration well and was plugged and abandoned after not encountering commercial hydrocarbons. The third well, Jingemia 12 was a successful oil development well in the Jingemia field.

Exploration in the offshore Otway Basin has focussed on generation of drilling targets from the interpretation of recently acquired and reprocessed seismic data. The Somerset prospect which straddles the boundary between T/30P and T/34P has been approved for drilling in late 2009 to early 2010 using the Ocean Patriot semi-submersible rig.

Also in the Otway Basin, Retention Lease VIC/RL2(V) over the Halladale/BlackWatch gas discovery was granted to Origin in September 2008. The remainder of VIC/P37(V) was surrendered after studies failed to identify economically viable targets.

In the Bass Basin, a contract has been entered into to secure the Kan Tan IV semi-submersible rig in the September Quarter 2009 to evaluate the Trefoil discovery and the Rockhopper prospect, both in T/18P.

Origin surrendered two permits, EP 413 in the Perth Basin and VIC/P37(V) in the Otway Basin, Victoria. Origin withdrew from EP 368 (Origin interest 15%) assigning its interests to continuing parties. An application to surrender EP 413 (Origin interest 49.189%) was submitted in November 2008 and is still pending.

On 22 April 2009 Origin entered into a conditional agreement to acquire a 100% interest in exploration permit ATP 788P from the Pangaea group of companies for a total consideration of $660 million. The acquisition was completed on 7 August 2009.

New Zealand

In the Northland Basin, interpretation of 2D seismic and 3D seismic has identified a number of potential drilling targets. The Ministry for Economic Development has agreed to an extension of PEP 38619 to cover the area of PEP 38618 and Origin has committed to drill two wells in early 2010 and acquire 150km of seismic within the new larger permit area. Farminees will be sought before drilling commences.

In the Canterbury Basin, Origin successfully renegotiated work program commitments for Canterbury Basin permit PEP 38262 to acquire 3D seismic instead of drilling a well. Acquisition of the 1,150 sq km Waka 3D Seismic Survey over the Carrack-Caravel prospect complex was completed and is now being interpreted. Within the neighbouring permit PEP 38264 a 940 Km 2D seismic was recorded during the year.

Following an evaluation of the Taranaki offshore permits obtained as part of the Swift transaction, exploration permits PEP 381201 and PEP 38495 have been surrendered.

Kenya

Origin and its joint venture participants have surrendered the L9 block and agreed to enter into a second additional exploration period of four years in respect of the L8 block under revised PSC work program conditions. Under these revised conditions Origin will fully fund a US$10 million 3D seismic survey over the very large Mbawa prospect within the first year of the new period. By the end of the second year Origin will either commit to drill a well in the third year of the permit term or withdraw from the joint venture.

Vietnam

A Production Sharing Contract in respect of Block 121, offshore Song Hong Basin, has been negotiated with the Vietnamese Government and was signed on 6 March 2009. Tendering for a 2D seismic survey in the permit area is underway and reprocessing of 3,900 km of existing seismic is being undertaken.

10.1.8 Drilling Activity

During the year Origin participated in the drilling of 321 exploration, appraisal, and development wells across its areas of interests, of which 287 were cased for future production. This consisted of 33 exploration wells, 130 appraisal wells and 158 development wells.

An active drilling program is planned in the 2009/10 financial year, including 400 CSG wells, 40 wells in the Cooper Basin, seven development wells in the onshore Taranaki Basin,up to six exploration/appraisal wells in the Bass Basin, three wells in the Perth Basin, two offshore exploration wells in New Zealand and one exploration well in the Otway Basin.

A contract has been entered into to secure the Kan Tan IV semi-submersible rig to evaluate the Trefoil discovery and the Rockhopper prospect in T/18P in the Bass Basin. The rig will commence operations in the September Quarter 2009. The rig will also be used in the Northland Basin in New Zealand to drill the Tarapunga-1 and Korimako-1 wells in PEP 38619 in early 2010.

10.2 Generation

Year ended 30 June	2009 ($m)	2008 ($m)	Change (%)
Total revenue	132	86	53
EBITDAF	107	65	65
EBIT	8	39	(79)

Generation Volumes

Year ended 30 June	2009	2008	Change (%)
Total Generation (TWh)	1.7	1.5	8

This has been a significant year for project development for the Generation segment with capacity more than doubling from 704 MW to 1,494 MW by the years end. Largely as a consequence of this increased capacity, EBITDAF for the Generation segment increased by $42 million or 65% to $107 million from $65 million in the prior year.

10.2.1 Production Sales and Revenue

Revenue for the Generation segment is derived from the sale of electricity and steam from externally contracted cogeneration plants and capacity payments for internally contracted plants.

Origin has interests in three externally contracted cogeneration plants, Osborne, Bulwer Island and Worsley. The Osborne and Bulwer Island power stations are held within incorporated joint ventures in which Origin has a 50% equity stake. As such, their contribution has been equity accounted and is not represented in the revenue line. The Worsley cogeneration plant is therefore the only externally contracted plant that contributes to revenue. Revenue (excluding the insurance claim) for the year from Worsley decreased to $25 million from $40 million in the prior year due to an extended outage following a major turbine failure.

Origin owns 6 internally contracted plants and derives revenue from these plants by contracting capacity to the Retail segment. Internal revenue from these plants increased to $108 million from $46 million. The key driver for this increase was the internal capacity payments for the Uranquinty Power Station and the Quarantine Power Station expansion.

Total revenue for the year in the Generation segment increased by 53% to $132 million.

Generation volume represents the volume attributable to Origin from both its internally and externally contracted plants.

Total generation volume was 1.7 TWh, an increase of 8% on the prior year. This was predominantly due to commencement of operations at the Uranquinty Power Station and the expansion of the Quarantine Power Station. This increased volume more than offset the lower generation from the Worsley cogeneration plant and the lower running hours for the Mount Stuart Power Station as result of low market volatility.

10.2.2 Earnings

EBITDAF increased by 65% from $65 million to $107 million, mainly due to the initial contribution from the Uranquinty Power Station and the Quarantine Power Station expansion. The outage at Worsley resulted in the lodgement of an insurance claim for business interruption and capital repair costs which partially covered the earnings lost due to the extended outage.

Depreciation increased by 6% from $17 million to $18 million. Increases due to the depreciation expense from the Uranquinty Power Station and Quarantine Power Station expansion were largely offset by lower depreciation on existing assets. This followed reviews of the residual value assumption in depreciation calculations.

As reported at the 2009 Interim Results, an impairment charge of $60 million has been recognised in relation to costs associated with Origin's investment in solar photovoltaic research and development ($53 million) and the potential development of a power station at Spring Gully in Queensland ($7 million).

Following these impairments the Generation segment recorded an EBIT of $8 million compared with $39 million in the prior year.

10.2.3 Power Generation Developments

During the period Origin completed the commissioning of the 640 MW Uranquinty Power Station and the 120 MW expansion of the Quarantine Power Station. These open cycle gas fired peaking power stations will supplement peaking capacity in their respective markets and assist the Retail segment in managing its exposure in these markets.

An expansion of the Mt Stuart Power Station peaking facility was announced on 1 February 2008. Origin has purchased a 126 MW 9E gas turbine from GE Energy for the development. Early phases of commissioning have commenced with project completion targeted for late 2009.

The Darling Downs Power Station project began construction in November 2007. At 630 MW, this will be Australia's largest combined cycle gas-fired power plant. All gas turbines are now installed on site, work has commenced on the installation of the steam turbine, and pre-commissioning activities are starting to take place. The power station is expected to be fully commissioned in the latter half of the 2010 financial year.

On 4 July 2008 Origin advised it would proceed with development of a 550 MW open cycle peaking power station at Mortlake in Victoria. The Mortlake site is permitted for around 1000 MW and the design of Mortlake incorporates features to allow for expansion and conversion to a highly efficient base load combined cycle power station at a later date. This will provide optionality and flexibility to Origin's electricity supply portfolio in southern Australia. The site earthworks and gas pipeline to supply the power station are largely complete and the main concrete and civil works contract has now been awarded. The project is expected to be completed in the middle of the 2011 financial year.

10.2.4 Growth in Renewable Energy

Wind

Origin's strategy is to support a broad range of renewable energy sources and to take a portfolio approach to managing its renewable energy exposure. Origin has a long history of supporting renewable energy projects, initially enabling the development of wind projects by providing financial backing to support numerous off-take agreements.

On 20 October 2008 Origin announced a long-term power purchase agreement that will see Origin play a key role in the commercialisation of Australia's largest wind farm at Waubra (192 MW) in western Victoria. Construction of the wind farm is now complete with the off-take fully contracted to Origin.

On 6 May 2009 Origin announced the acquisition of WindPower Pty Ltd, including its portfolio of high quality wind farm development sites in Victoria. WindPower has a number of premium wind resource sites including the 484 MW Stockyard Hill Wind Farm located near Ballarat. This is one of the most competitive projects of its kind in Australia with a high quality wind resource and an estimated capacity factor of 40%. Together with existing sites and options this increases Origin's access to a wind development portfolio by 1,460 MW to more than 2,000 MW.

As Origin's renewable energy exposure has increased, Origin has moved to create its own wind farm development and construction capability. In June 2009 Origin completed its first 30 MW wind farm at Cullerin Range ahead of schedule and within budget, from its existing portfolio of wind farm development projects previously acquired.

The WindPower acquisition builds on the extensive renewable energy interests already held by Origin across Australia and New Zealand including investments in wind, hydro, geothermal and solar technologies.

Geothermal

In Australia, Origin is investing in geothermal energy through a 30% interest in a joint venture covering various geothermal permits in northern South Australia held by Geodynamics Limited ("Geodynamics"). In addition, Origin holds an equity interest of approximately 7% in Geodynamics.

During the period Geodynamics commenced closed loop flow testing between the Habanero 1 and 3 wells as part of its proof of concept testing. On April 24 a well control incident occurred at Habanero 3, involving an unexpected, rapid release of steam and water. Activities then commenced to control and secure the well, including mobilisation of well control experts from the USA to the site. The well was brought under control and secured on 22 May 2009 without any injury. Commissioning of the 1 MW power plant is now delayed by 6 to 9 months and an investigation to determine the cause of the incident is currently underway. Drilling activities have ceased pending the investigation. Activity is continuing in relation to the joint venture including further appraisal, refinement and testing. Origin considers the acreage the most prospective of its kind in Australia.

Solar

Origin remains focussed on commercialising its SLIVER Solar photovoltaic technology and believes that it has an important part to play in the future of renewable energy both in Australia and globally.

As reported at the 2009 Interim Results, Origin has recognised an impairment charge in relation to the research and development of its SLIVER technology given the potential commercialisation benefits in the current economic environment.

Origin will continue with appropriate investment in SLIVER technology commensurate with the expected benefits of commercialisation. Focus has now shifted to transitioning the manufacturing process to a larger (200mm) wafer platform, a change which will have a significant impact on SLIVER's economics. We expect to see the first 200mm SLIVER wafers in the latter part of 2009.

An application (currently under assessment) was made for a SLIVER project under the Renewable Energy Fund program.

10.3 Retail

Year ended 30 June	2009 ($m)	2008 ($m)	Change (%)
Total revenue	5,869	5,506	7
EBITDAF	479	499	(4)
EBIT	291	347	(16)

In 2009 the Retail segment increased its revenues and gross margins across natural gas and LPG. While revenues increased for electricity due to tariff increases, this was not sufficient to offset increases in the wholesale cost of energy purchases including network charges, particularly in Queensland, and therefore resulted in lower gross margins for electricity. A revised tariff determination by the QCA in Queensland in June 2009 confirmed that tariff increases had not adequately reflected rising costs. The revised tariff, if correctly calculated at the start of the year, would have added $40 million to Origin's electricity revenue and gross profit.

Origin once again maintained its leadership position in green energy products with 36% market share of accredited GreenPower accounts[12], and more than 514,000 total green energy accounts. Overall customer accounts across gas, electricity and LPG remained steady at approximately 2.96 million accounts.

10.3.1 Sales and Revenue

During the period, the Retail segment recorded revenues of approximately $6 billion, an increase of 7% on the prior year. This was driven by higher sales volumes across natural gas and LPG coupled with gas and electricity tariff increases which reflected long term increases in the wholesale cost of energy procurement.

Performance is discussed and referenced to the commodity product splits in the table below.

Performance metrics by product and variance from prior year

Year ended 30 June 2009	Natural Gas	Electricity	LPG
Revenue ($m)	*966[13] (+18%)*	*3,958 (+5%)*	640 *(+4%)*
Gross Profit ($m)	170 *(+29%)*	602 *(-7%)*	152 *(+26%)*
EBITDAF ($m)	433 *(-7%)*		45 *(+34%)*
Underlying EBIT ($m)	399 *(-8%)*		22 *(+112%)*
Sales – (PJ)	134 *(+6%)*		
Sales – (TWh)		31 *(-2%)*	
Sales – (ktonnes)			479 (+4%)
Total Sales (PJe)	134 *(+6%)*	111 *(-2%)*	24 *(+4%)*
Customer accounts ('000)	867 (-2%)	1,743 (+1%)	347 (+3%)

Electricity

Electricity revenues increased 5% on the prior year reflecting increased tariffs. Gross margins were 7% lower reflecting the increased cost of wholesale electricity purchases. Sales volumes declined marginally primarily as a result of lower average usage in the commercial and Industrial (C&I) segments in the second half of the year as a result of weakened economic conditions.

[12] Source: GreenPower Website Quarterly Report (March 2009).
[13] Gas revenue excludes revenue associated with zero margin volumes such as swaps.

Origin's electricity procurement and risk management policies are designed to mitigate the downside risk of increased costs from short and medium term wholesale price volatility. As a result Origin buys the majority of its base load coverage in the forward contract market several years in advance. Average wholesale prices in the forward contract market rose significantly in 2007 and Origin is now experiencing the impact of these higher prices reflected in its average wholesale electricity purchasing cost. These costs increased this year by around 10% to $3.4 billion for the year compared with $3.1 billion in the prior year.

In regulated markets, wholesale energy costs are assessed under agreed principles when tariff determinations are made. However, as a result of an incorrect initial tariff decision in Queensland for the 2009 financial year, Origin was unable to recover rising costs during the year.

On 5 June 2009 the QCA published its revised decision in relation to the notified prices for electricity in Queensland for 2008/09 following the Supreme Court's finding that the previous 2008/09 decision was not correct. The QCA has now determined that the change in the benchmark tariff increase between 2007/08 and 2008/09 should have been 9.06%, rather than 5.38% as in the QCA's original 2008/09 decision.

The new determination reflects a higher level of underlying costs to the business than allowed for in the original decision. The revised tariff, if correctly calculated at the start of the year, would have added $40 million to Origin's electricity revenue and gross profit. While this price increase was not passed through during the 2009 financial year, the revised benchmark tariff increase was used as the basis for 2009/10 benchmark tariff increase. Consequently the 2010 financial year tariff outcome is likely to result in an appropriate recovery of the underlying costs faced by the business.

Although the National Electricity Market experienced a 14% year on year reduction in average spot prices, the benefit to prudent retailers is limited, given their forward contracting positions. While increased capacity, a delay in the implementation of the CPRS[14] and limited price volatility have resulted in a recent softening in forward electricity prices, prices are expected to trend towards the long run marginal cost of new generation as the supply/demand balance tightens.

The increase in wholesale prices towards the long run marginal cost of generation is evident in the increase in the average cost of energy versus the prior year. Tariff increases and margin management strategies have reflected these increasing wholesale electricity costs.

Natural Gas

Natural gas sales volumes increased 6% from 127 PJ to 134 PJ. This was the result of increased sales to large commercial and wholesale customers and increased mass market usage due to favourable weather patterns. This was partially offset by a decline in customer numbers.

Revenues of $966 million were 18% higher than prior year ($817 million) reflecting increased volumes and tariff increases. Gross Profit improved by 29% from $132 million to $170 million reflecting mass market tariff increases and margin management in the wholesale and C&I segments.

Market Churn

Origin has consistently positioned its business to provide a broad range of products to address customer requirements, provide customers with choice and maintain customer account numbers in the face of market competition.

Origin's market activity during the year resulted in it winning 454,000 new accounts across its gas and electricity businesses to record a net increase of 1,000 accounts. This compares to the prior year in which Origin won 482,000 accounts and recorded a decline in account

[14] Carbon Pollution Reduction Scheme

numbers by 22,000. The result reflects stronger retention activity and lower average churn activity across Origin's customer portfolio.

At the end of the period Origin had approximately 2,610,000 customer accounts across electricity and natural gas, marginally higher than the 2,609,000 accounts as at June 2008. Origin's customer account numbers at 30 June 2009 include 514,000 signed green energy customers, an increase of 21% compared with the prior year.

Cost to serve

Origin includes within its retail cost to serve all costs associated with servicing and maintaining customers, all churn and customer acquisition and retention costs, and an allocation of corporate costs.

The total cost to serve for Origin's gas and electricity retail business increased by around 7% from $316 million to $339 million. Of the $23 million increase in costs, $15 million reflects higher costs due to a growing number of customers experiencing payment difficulties. The balance of the increase covers a variety of activities incorporating increased employee and contractor numbers that were associated with managing residual operational issues driven by systems upgrade projects, including the migration of more than 800,000 Sun Retail accounts on to Origin systems.

Consequently, Origin's cost to serve per customer for its retail gas and electricity business increased 7% across the period, from $121 per customer to $130 per customer.

Operational Capability - Retail Transformation and Transition Project

Origin announced on 30 October 2008 that it had selected WIPRO as the preferred partner to conduct the transformation of Origin's Retail business processes and systems. WIPRO is a global provider of integrated business, technology and process solutions. Under this arrangement WIPRO has started working with Origin to migrate existing systems to an integrated billing and customer management system on a SAP platform. In addition WIPRO will provide IT and back-office processing support for Origin's Retail business.

The initial transition stage being undertaken consists of seven phases; three delivering applications support outsourcing and four delivering business process outsourcing. The transition of process activities to WIPRO commenced in early 2009. Transitioning of all three applications support functions and two of the four business process functions is complete. Consequently almost all of Origin's legacy retail billing, CRM and support systems are now being managed by WIPRO. Monitoring is in place to ensure systems support is effective and service levels are being met. Customer transfer processes, and credit and receipting processes, are also being managed effectively by WIPRO. A total of 158 Origin employees have transferred to WIPRO, with almost 100 more to transfer in the remaining waves between now and December 2009, when the remaining two business process functions are transitioned to WIPRO.

The transformation stage, beginning with process improvement and business simplification across marketing, sales and operations has also commenced, with system and process blueprinting design to complete in 2010. Appropriate change, business readiness and data management planning is in progress. System build will then commence. Delivery of the complete Retail Transformation and Transition program will be completed over the next three years.

Electricity and Natural Gas Margins

EBITDAF across the gas and electricity business decreased by 7% from $464 million to $433 million and EBITDAF margins reduced from 9.9% to 8.8%.

The lower EBITDAF and EBITDAF margins predominantly reflect the higher wholesale purchasing costs and increased operating costs in relation to customers experiencing payment difficulties. These factors were partially offset by tariff increases to customers; however, an incorrect initial tariff determination by the QCA meant that the tariff increases were insufficient in recovering the rising costs in Queensland. Largely as a consequence of this EBITDAF per customer was $166 compared to $178 in the prior year.

Underlying Retail EBIT across electricity and natural gas decreased by 8% from $433 million to $399 million primarily reflecting the factors as above. Margins at this level declined from 9.2% to 8.1%. EBITF per customer was $153 compared to $166 in the prior year.

LPG

The LPG business recorded sales volumes of 479 ktonnes, up 4% on the prior year. Lower average volumes as a result of the weakened economic conditions were offset by increased customer numbers and their related volume.

Sales revenue increased 4% to $640 million from $613 million in the prior year. This reflected margin management as higher prices were maintained to recoup some of the margin foregone in the prior high wholesale cost environment.

Gross margin for the LPG business increased by $32 million or 26% to $152 million.

EBITDAF for the LPG business was $45 million for the period which was 34% higher than the prior year. Higher gross margins were achieved mainly due to lower wholesale purchasing costs. These higher margins outweighed the unfavourable impacts of stock revaluations due to the decline in CP prices ($7 million) and higher fuel and shipping costs from US denominated fuel and charter fees ($6 million).

LPG account numbers increased by approximately 11,000 over the period and at the end of the year the LPG segment had approximately 347,000 accounts.

10.3.2 Green Energy, Solar Retail and Low-Carbon Trials & Development

Origin continues to maintain market leadership in green energy products for customers with around 514,000 signed green energy accounts comprising 401,000 accredited GreenPower electricity accounts and 113,000 offset green gas accounts. As at March 2009 Origin had 36%[15] market share of accredited GreenPower products, more than double Origin's nearest competitor.

Origin continues to invest in, and grow its solar installation business. Sales of grid-connected solar photovoltaic installations grew strongly during the period with our network of installers completing over 1,000 units per month by the end of the period. During the period Origin sold its 8,000th solar system.

Progress has been made in both the Adelaide and Central Victoria Solar City projects which are part of the Australian Government's $94 million Solar Cities program.

The Adelaide Solar City Project (ASC) is in its second year with the Origin solar photovoltaic product sales ahead of schedule. In April 2009 Origin launched the cost reflective pricing products. This helps residential customers better manage their electricity accounts by using smart metering that provides up-to-date access to their electricity consumption on-line. Origin has installed the first of three key solar photovoltaic installations which Origin is commissioning on behalf of three local Councils involved in the project.

In late 2008 Origin signed agreements in relation to the Central Victorian Solar City program. Under the agreement Origin will construct two 300 kW grid-connected solar parks at Bendigo and Ballarat. Origin will offer a range of cost reflective pricing products, residential solar photovoltaic and solar hot water products as part of the program.

[15] Source: GreenPower Website Quarterly Report (March 2009).

10.4 Contact Energy

Year ended 30 June	2009 ($m)	2008 ($m)	Change (%)
Total revenue	1,797	2,348	(23)
EBITDAF	369	494	(25)
EBIT	222	360	(38)

Performance of operations

Year ended 30 June	2009	2008	Change (%)
Electricity Generated (GWh)	9,948	11,035	(10)
Customer Electricity Sales (GWh)	7,609	7,800	(2)
Gas Sales (retail and wholesale) (PJ)	15	21	(29)
LPG Sales (Tonnes)	77,228	84,334	(8)
Total Sales (PJe)	46	54	(15)
Electricity Customers	479	520	(8)
Gas Customers	67	75	(11)
LPG Customers (including franchisees)	54	51	6
Total Customers	600	646	(7)

Origin owns a 51.4% interest in Contact Energy of New Zealand and consolidates 100% of Contact Energy in accordance with Australian accounting standards. The interests attributable to minority shareholders are recognised as Minority Interests in the Financial Statements.

A financial report entitled "Management discussion of financial results for the year ended 30 June 2009" was issued by Contact Energy to the New Zealand Stock Exchange on 14 August 2009 and is available on Origin's website www.originenergy.com.au. That document contains details regarding Contact's financial and operating performance during the period, including comparisons to the performance of Contact Energy in the prior year.

In consolidating Contact Energy's results, Origin has used an average exchange rate for the period of NZ$1.23 to the A$, compared with NZ$1.16 to the A$ for the prior year.

On consolidation Contact Energy contributed $369 million to Origin's EBITDAF, 25% or $125 million lower than the prior year EBITDAF of $494 million.

The key drivers of the reduction in EBITDAF were:
- a decrease in net contribution from electricity (after electricity purchase cost), as a result of high purchase costs to service retail customers in the South Island in the first quarter, and a significant drop in generation revenue in the remainder of the year due to a combination of low wholesale prices, transmission constraints (which limited hydro generation) and some unplanned thermal generation outages;
- a 25% per unit increase in gas costs and a loss of gas supply flexibility following the roll-off of gas supply contracts from the Maui field; and
- the impact of the recession which dampened demand growth and limited the ability of Contact to reflect the increased costs of generation through appropriate tariff movements.

At the EBIT level Origin has consolidated $222 million from Contact Energy for the year ended 30 June 2009, $138 million lower than the $360 million in the prior year.

Work continued on the Ahuroa gas storage project, the Stratford gas fired peaking power station and phase 1 of the Tauhara geothermal development. The gas peaker and gas storage projects will make a material difference to Contact's ability to manage and leverage wholesale price volatility while the Tauhara geothermal project is the first stage of significant programme of geothermal expansion.

Over the year, Contact undertook a number of steps to enhance the company's financial strength, including issuing $550 million of retail bonds and implementing a Profit Distribution Plan. Contact has ended the year in a strong financial position with a gearing of 27% as at 30 June 2009. This positions the company well in the current economic circumstances and preserves flexibility in executing growth options when economic conditions recover through the economic cycle.

H Kevin McCann
Chairman

Sydney, 18 August 2009

11. Origin Energy Key Financials

year ended 30 June	2009 ($m)	2008 ($m)	Change (%)
Total external revenue	8,042	8,275	(3)
EBITDAF	1,219	1,324	(8)
EBIT	7,961	1,091	630
Profit after tax	6,998	622	1,025
Minority Interests	57	105	(46)
Statutory Profit	6,941	517	1,243
Underlying Profit	530	443	20
Free cash flow	661	622	6
Group OCAT ratio (year to 30 June)	10.4%	12.3%	n/a
Productive capital (average for the year to 30 June)	7,256	6,516	11
Capital expenditure (including acquisitions)	2,345	1,685	39
Total assets	22,102	12,568	76
Adjusted total assets[16]	21,453	11,551	86
Net (cash)/debt	(269)	3,283	n/a
Adjusted net (cash)/debt[16]	(107)	3,608	n/a
Shareholders equity	11,144	5,176	115
Adjusted shareholders equity[16]	11,257	4,972	126
Key Ratios			
Earnings per share – Statutory (basic)	791.0¢	59.0¢	1,241
Earnings per share – Underlying (basic)	60.4¢	50.6¢	19
Free cash flow per share	75.6¢	70.6¢	7
Total dividend per share	50.0¢	25.0¢	100
Net tangible asset backing per share	$8.31	$1.83	354
Adjusted net tangible asset backing per share[16]	$8.44	$1.51	458
Net debt to debt plus equity	n/a	39%	n/a
Adjusted net debt to debt plus equity[16]	n/a	42%	n/a
Segment Analysis (EBITDAF)			
Exploration & Production	264	266	(1)
Generation	107	65	65
Retail	479	499	(4)
Contact Energy	369	494	(25)
EBITDAF	**1,219**	**1,324**	**(8)**

[16] Adjusted to exclude impact of derivative financial instruments.

12. Appendix 1 – Reconciliation of Statutory to Underlying Profit

Reconciliation year ended 30 June 2009	Before Tax Impact ($m)	Tax ($m)	Minority Interests ($m)	After Tax & Minority Interests ($m)	NPAT ($m)
Statutory Profit					**6,941**
Significant items					
Gain on dilution of Origin's interest in APLNG	7,385	(707)		6,678	
Unwinding of discounted liability payable to APLNG	(140)	42		(98)	
Share of unwinding of discounted receivables within APLNG	144	-		144	
Impairment of assets	(312)	93	1	(218)	
Retail transformation and transition project	(9)	3		(6)	
Recognition of tax benefits not previously brought to account		25		25	
Changes in fair value of financial instruments					
- Commodity instruments	(66)	20	3	(43)	
- Financing instruments	(119)	35	13	(71)	
Total significant items	**6,883**	**(489)**	**17**	**6,411**	**(6,411)**
Underlying Profit					**530**
Underlying Basic EPS (cps)					**60.4**

Reconciliation year ended 30 June 2008	Before Tax Impact ($m)	Tax ($m)	Minority Interests ($m)	After Tax & Minority Interests ($m)	NPAT ($m)
Statutory Profit					**517**
Significant Items					
Gain on sale of significant businesses and assets					
- Networks	225	(80)	-	145	
- Mokai geothermal assets	18	-	(9)	9	
Changes in fair value of financial instruments					
- Commodity instruments	(76)	23	(4)	(57)	
- Financing instruments	(14)	4	4	(6)	
New Plymouth asbestos removal and related costs	(30)	10	10	(10)	
Sun Retail one-off costs	(12)	5	-	(7)	
Total significant items	**111**	**(38)**	**1**	**74**	**(74)**
Underlying Profit					**443**
Underlying Basic EPS (cps)					**50.6**

13. Appendix 2 – Impairment of assets

During the year ended 30 June 2009 the consolidated entity reviewed the carrying amount of its assets. The review led to the recognition of an impairment loss of $312 million pre-tax. This amount has been included in the income statement in the line item "Impairment of assets". A summary of the impairments and their before and after tax impacts is provided below.

Asset Impairments ($ million)	Pre-tax	Post-tax
SLIVER Solar technology assets	53	37
Spring Gully Power Plant	7	5
Existing Retail Systems	78	55
Cooper Basin Assets	71	50
BassGas Assets	66	46
Perth Basin Assets	16	11
Heytesbury Gas Storage	19	13
Gasbridge asset (Contact)	2	2
Total	**312**	**219**

Generation Assets

An impairment loss of $60 million was recognised in the Generation business segment; $53 million was recognised in relation to Origin's SLIVER Solar technology assets and $7 million was recognised in relation to the initial costs incurred on the planned development of a gas fired power plant at Origin's Spring Gully site. The impairment loss of $53 million on Origin's SLIVER Solar technology followed a review of Origin's current stage of development of the technology and potential commercialisation benefits in the current environment. The impairment loss of $7 million in relation to the Spring Gully power plant development site follows the dilution of Origin's interest in its CSG assets after the COP transaction and the subsequent dedication of the CSG to LNG development. It is therefore unlikely that the Spring Gully power plant development will proceed.

Retail Assets

An impairment loss was recognised in the Retail business segment in relation to its existing Retail systems following the decision to commence the Retail System transformation and transition project. Origin announced on 30 October 2008 that it had selected WIPRO as the preferred partner to conduct the transformation of Origin's Retail business processes and systems. WIPRO is a global provider of integrated business, technology and process solutions. Under this arrangement WIPRO will work with Origin to provide an integrated billing and customer management system as well as IT and back-office processing support for Origin's Retail business. Following this announcement Origin reviewed the carrying value of its existing Retail billing systems. This review resulted in the recognition of an impairment loss of $78 million in relation to the carrying value of Origin's existing Retail systems.

Exploration and Production Assets

An impairment loss of $172 million was recognised in the Exploration and Production business segment in relation to certain areas of interest. A review of the assumptions regarding forward oil price and foreign exchange rates led to an impairment loss of $71 million on the Cooper Basin assets, $66 million on the BassGas assets and $16 million on the Perth Basin assets. Additionally an impairment loss of $19 million was recognised in relation to the Heytesbury gas storage assets located onshore Victoria following a review of Origin's potential options regarding Victorian onshore gas storage requirements.

Contact

An impairment loss of $2 million was recognised by Contact Energy Limited in relation to the Gasbridge asset.