Origin Energy Results for the six months ended 31 December 2008
Management Discussion and Analysis

All figures in this report relate to businesses of the Origin Energy Group ("Origin") for the six months ended 31 December 2008 ("the half year") compared with the six months ended 31 December 2007 (the "prior half year"), except where otherwise stated. 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. 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 the page due to rounding of individual components.

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The Statutory Profit of Origin Energy Group ("Origin") detailed below includes the contribution resulting from the transaction with ConocoPhillips ("COP") to form Australia Pacific LNG Ltd ("APLNG") – Australia's largest proposed coal seam gas ("CSG") to liquefied natural gas ("LNG") joint venture - together with a number of other items as detailed in Section 1.4 which have in aggregate a significant positive impact on the half year result.

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

Following completion of the APLNG 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 Declaration

1.1 Statutory Profit – $6,663 million, up from $335 million

Origin reported a net profit after tax and Minority Interests ("Statutory Profit") of $6,663 million for the six months ended 31 December 2008, an increase of over 1800% compared with $335 million reported in the prior half year.

1.2 Earnings per share – 761.0 cents per share (cps), up from 38.3 cps

Basic earnings per share (EPS) calculated from Statutory Profit increased by over 1800% to 761.0 cps from 38.3 cps in the prior half year. This was achieved on an expanded weighted average capital base of 876 million shares up from 874 million in the prior half year.

1.3 Interim Dividend – 25 cps fully franked, up 108%

An interim fully franked dividend of 25 cps will be paid on 25 March 2009 to shareholders of record on 10 March 2009. This compares with 12 cps in the prior half year, an increase of 108%. Origin shares will trade ex-dividend from 3 March 2009.

1.4 Underlying Profit - $277 million, up 38%

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 APLNG transaction ($6,706 million);

- reductions to profit from:
  - the net impact of changes in the fair value of financial instruments ($102 million in total); and
  - impairment of assets ($217 million).

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

These significant items provide an overall benefit of $6,386 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 half year ended **31 December 2008** was therefore $277 million.

Origin's Statutory Profit for the six months to **31 December 2007** also contained a number of significant items that had a net positive impact of $134 million as outlined in the table below.

Origin's Underlying Profit therefore increased 38% half year to half year from $200 million to $277 million.

Reconciliation of Statutory and Underlying Profit

	Dec 2008		Dec 2007		
($millions)	**Impact After Tax & MI**	**NPAT**	**Impact After Tax & MI**	**NPAT**	**Change (%)**
Statutory Profit		**6,663**		**335**	**1,891**
Significant items					
Net impact of APLNG transaction	6,706				
Impairment of assets	(217)				
Changes in fair value of financial instruments					
- Commodity instruments	(25)		(10)		
- Financing instruments	(77)		1		
Asset Sales			156		
Other			(13)		
Total significant items	**6,386**	**(6,386)**	**134**	**(134)**	**4,653**
Underlying Profit		**277**		**200**	**38**
Statutory EPS (cents per share)		*761.0*		*38.3*	1,887
Underlying EPS (cents per share)		*31.6*		*22.9*	38

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

1.5 Underlying EPS – 31.6 cps, up from 22.9 cps

Basic EPS calculated on the Underlying Profit increased by 38% to 31.6 cps from 22.9 cps on an expanded capital base of 876 million shares.

Origin's dividend represents a payout ratio of 79% based on Underlying EPS, and a dividend payout ratio of 3% of Statutory EPS. The Dividend Reinvestment Plan is currently suspended and will not apply with respect to this dividend. Origin has rebased its annual dividend to 50 cps and will target an increased dividend payout ratio of at least 60% of Underlying EPS.

1.6 EBITDAF - $686 million, up 12%

EBITDAF for the half year to 31 December 2008 was $686 million, a 12% increase compared with the EBITDAF from continuing businesses of $614[2] million last half year.

[2] Origin now discloses its equity accounted results in two lines "Share of EBITDAF of equity accounted investees" included in EBITDAF and "Share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees" included between EBITDAF and EBIT. As a consequence EBITDAF for the prior half year has increased to $614 million from $608 million.

The increase in EBITDAF was attributable to higher contributions from the Retail segment (+$99 million) and Exploration and Production segment (+$42 million) partially offset by a significantly lower contribution from Contact Energy (-$58 million) and the Generation segment (-$11 million).

Further details are available in Section 4.3 and Section 11.

2. Australia Pacific LNG (APLNG)

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

Under the agreement COP became a 50% shareholder in APLNG (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.

APLNG 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 to Origin on their pre-existing contractual terms. Origin will also provide a market for ramp-up gas that may be produced in the development phase of the project.

The investment by 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 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 APLNG by 50% and as a result has recognised a significant pre-tax gain on dilution of $7,413 million. This gain is subject to a tax expense of $723 million resulting in an after tax gain of $6,690 million. The transaction has also resulted in Origin recognising a net after tax gain of $16 million arising from the unwinding of the discount on the payables to and receivables within APLNG for the period between completion of the transaction and 31 December 2008, relating to contractually agreed capital expenditure 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 gain from the transaction of $6,706 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 APLNG. As such, Origin will record the EBITDAF contribution of its 50% interest in APLNG at the EBITDAF line, and will not consolidate any line items 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 APLNG will therefore be recorded at the EBIT line.

Origin's share of APLNG EBITDAF from completion of the transaction on 29 October 2008 to the end of the half year ended 31 December 2008 is $6 million.

Origin has recorded a one line asset on its Balance Sheet "Investments accounted for using the equity method" of $4,978 million at 31 December 2008 to account for Origin's 50% interest in the net assets of APLNG. The net assets of APLNG has property, plant and equipment recorded at historical cost ($1.0 billion), and primarily comprises of receivables recorded in APLNG in relation to contractually agreed capital expenditure from its shareholders ($8.7 billion).

Further details of the transaction from an accounting perspective are contained within the document "Origin Energy Limited and Controlled Entities, Directors' Report and Consolidated Interim Financial Report, 31 December 2008" lodged with the ASX on 26 February 2009.

Since forming the APLNG joint venture with ConocoPhillips substantial progress has been made towards the goal of establishing the largest CSG to LNG project in Australia.

Origin and ConocoPhillips senior executives have been appointed to the APLNG Board, which has in turn appointed the Project Director, Chief Financial Officer, Commercial Manager and LNG Marketing Manager. The $2.3 billion work program required to reach a Final Investment Decision in late 2010 is approved and underway, covering upstream planning and appraisal, front end engineering and design, marketing and approvals processes. LNG technology has been selected, an Initial Advice Statement seeking Major Project Status has been submitted to the Queensland Government, marketing and shipping studies are underway, and in the six months to 31 December proved, probable and possible (3P) reserves of CSG attributable to APLNG have increased by almost 1,000 PJ.

3. Outlook

In the second half of the financial year, a number of development projects and acquisitions are expected to make initial, or significantly increased, contributions to Origin's financial performance compared to the first half of the year. These include the Uranquinty Power Station and the expanded Quarantine Power Station as well as continuing increases in CSG production.

Following completion of the APLNG transaction, Origin has reduced debt and has a significant cash balance. As a result, second half earnings will also benefit from reduced interest expense and increased interest revenues although to a lesser extent than previously anticipated due to falling interest rates.

The following factors are likely to offset these increases:

- Margins in the retail business are expected to be substantially lower in the second half due to increases in the wholesale cost of electricity, although margins for the full year are expected to be consistent with the prior year;
- Exploration expense will be higher in the second half as a result of the renegotiation of a number of well commitments in future years into less expensive seismic exploration during this period; and
- Earnings from oil and condensate production in the second half are likely to be lower than previously expected due to the fall in oil prices during the past few months.

When compared with the prior year, it is now expected that Contact will make a materially lower contribution due to the impact of adverse hydrology and transmission constraints.

Taking all these factors into account and based on current market conditions, Origin now expects the Underlying Profit for the 2009 financial year to be 20 to 25 per cent higher than the prior year.

In the 2010 financial year the following projects will contribute to increased earnings:

- The Kupe Gas Project in New Zealand which is targeting to commence gas production in mid calendar year 2009;
- Continued development of domestic CSG production, which is expected to more than double from current levels and reach over 100 PJ per annum for APLNG by 2011 (Origin share 50%);
- The 126 MW expansion of the Mt Stuart Power Station in Townsville – due for completion in late calendar year 2009;
- Construction of the 30 MW Cullerin Range Wind Farm in NSW due for completion in mid calendar year 2009; and
- Completion of the 630 MW combined cycle, base load, gas fired Darling Downs Power Station in Queensland which is expected to commence commissioning in late 2009

The company also looks forward to the contribution from Contact recovering to more normal levels.

Perhaps most importantly in a more challenging economic environment Origin (excluding Contact) has access to approximately $6.4 billion of cash and uncommitted debt facilities to fund its existing capital program and the many opportunities which Origin expects to emerge over the coming year.

4. Financial Review of Performance

4.1 Financial Review Summary

Half year ended 31 December	**2008 ($m)**	**2007 ($m)**	**Change (%)**
Total external revenue	4,216	3,817	10
EBITDAF	686	614	12
EBIT	7,590	634	1,098
Net profit after tax before elimination of Minority Interests	6,679	384	1,639
Minority Interests	(16)	(49)	(68)
Statutory Profit	6,663	335	1,891
Significant items	(6,386)	(134)	4,653
Underlying Profit	277	200	38
Basic earnings per share on Statutory Profit (cents)	761.0	38.3	1,887
Basic earnings per share on Underlying Profit (cents)	31.6	22.9	38
Free cash flow[3]	216	259	(17)
Capital expenditure	1,275	714	79
OCAT Ratio[4] - 12 months to 31 December	11.8%	11.8%	n/a
Origin Cash (excluding Contact)	4,073	135	2,917
Origin Debt (excluding Contact)	(2,264)	(2,439)	(7)
Contact Net Debt	(915)	(552)	66

4.2 Revenue - $4,216 million, up 10%

Total external revenue increased by $399 million or 10% to $4,216 million from $3,817 million.

This primarily reflected higher revenues from the Retail segment after increases in gas and electricity tariffs across all major markets, higher revenues for Contact in New Zealand and record production and revenues in the Exploration and Production segment in the first half of the financial year.

4.3 EBITDAF - $686 million, up 12%

For the half year to 31 December 2008 EBITDAF was $686 million, a 12% increase from the prior half year EBITDAF of $614 million.

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

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

Half year ended 31 December	**2008 ($m)**	**2007 ($m)**	**Change (%)**
Exploration & Production	175	133	32
Generation	21	33	(34)
Retail	300	201	49
Contact Energy	190	248	(24)
EBITDAF	686	614	12

[3] 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.
[4] OCAT Ratio = (OCAT – interest tax shield) / funds employed excluding capital work in progress and the APLNG investment for calendar year 2008 and 2007 respectively.

Exploration & Production EBITDAF increased 32% to $175 million from $133 million. This reflected record first half production and revenue together with lower average unit operating costs. This increase in EBITDAF was achieved despite the 50% reduction in Origin's interest in its CSG holding following completion of the APLNG transaction on 29 October 2008.

Further details are available in Section 11.1.

Generation EBITDAF decreased $11 million or 34% from $33 million to $21 million mainly due to a significantly lower contribution from the Worsley plant in Western Australia, together with higher operating costs as the capabilities of the business are increased in anticipation of new power stations coming on line.

Further details are available in Section 11.2.

In **Retail,** EBITDAF grew by $99 million or 49% from $201 million to $300 million. This was primarily due to higher revenues in gas and electricity retailing, recouping increased wholesale cost of goods sold. The LPG business recorded a lower contribution reflecting a lag in the ability to pass on the record high wholesale cost of LPG experienced in the September Quarter, which led to margin contraction.

Further details are available in Section 11.3.

Contact Energy contributed $190 million to EBITDAF, 24% lower than the $248 million recorded for the half year ended 31 December 2007. This was primarily due to an unusual combination of weather events and transmission constraints between the North and South Islands which adversely impacted wholesale costs and generating revenue.

Further details are available in Section 11.4.

4.4 EBIT - $7,590 million, up from $634 million

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

Half year ended 31 December	**2008 ($m, before tax)**	**2007 ($m, before tax)**
EBITDAF	**686**	**614**
- Depreciation and amortisation expense	(189)	(171)
- Change in fair value of non-financing cost related financial instruments	(39)	(14)
- Share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees	30	(6)
- Gain on dilution of Origin's interest in APLNG	7,413	-
- Impairment of assets	(310)	-
- Gain on sale of significant businesses and assets	-	243
- Other	-	(32)
Total	*6,904*	*19*
EBIT	**7,590**	**634**

Together these items provided a benefit of $6,904 million in the half year to 31 December 2008, compared with $19 million in the prior half year and are described in more detail below.

Depreciation and amortisation expense (expense of $189 million)

Depreciation and amortisation expense increased by 10% to $189 million compared with $171 million in the prior half year. It primarily reflects a full six months of production and depreciation from both the Otway Gas Project and the onshore Taranaki Basin oil and gas fields together with higher depreciation in the Cooper Basin.

Changes in fair value of non-financing cost related financial instruments (expense of $39 million)

An expense of $39 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 $14 million in the prior half year.

An explanation of the accounting treatment of these instruments is provided in Section 7.

Share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees (benefit of $30 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 NPAT for its investments in equity accounted investees.

For the half year a net benefit of $30 million was recognised comprising:

- the interest benefit in relation to the unwinding of the discount on the receivables from APLNG shareholders (+$40 million);
- -$4 million in relation to APLNG ongoing business activities;
- -$7 million attributable to the remaining equity accounted investments in the Generation segment and Contact.

This compared to the prior half year which recorded an expense of $6 million attributable to the Generation segment and Contact.

Gain on dilution of Origin's interest in APLNG (benefit of $7,413 million)

On 29 October 2008 Origin completed a transaction with COP whereby that company became a 50% shareholder in APLNG, the company that owns all of Origin's CSG interests. As a consequence of this transaction Origin has diluted its interest in APLNG by 50% and has recognised a significant pre-tax gain on dilution of $7,413 million.

Further detail is available in Section 2.

Impairment of assets (expense of $310 million)

Following an assessment of the carrying values of Origin's assets, an impairment charge totalling $310 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 and capitalised costs for the potential Spring Gully Power Station.

Further details of these impairments are provided in Appendix 2.

Other prior half year items

In the six months to 31 December 2007, a net gain of $243 million was recognised in relation to the sale of the remainder of the Networks business and Mokai geothermal assets. In addition, an expense of $27 million was recognised in relation to the New Plymouth Power Station in New Zealand and a $5 million expense was recognised in relation to one-off costs associated with the Sun Retail business.

The items described above contribute to an EBIT for this half year of $7,590 million compared with $634 million in the prior half year.

4.5 Net financing costs - $95 million, down 9%

Net financing costs for the half year were $95 million, down 9% from $104 million in the prior half year. This includes an expense of $102 million in relation to interest bearing liabilities, interest revenue of $55 million and non cash expenses of $47 million being the unwinding of the discounted liability payable to APLNG ($35 million - recorded as a significant item) and the unwinding of the discount on restoration provisions ($13 million).

The overall reduction in net financing costs was primarily due to the repayment of $2.1 billion of debt upon receipt of the funds from the APLNG transaction and $55 million of interest revenue from cash on deposit primarily associated with the proceeds from the APLNG transaction.

Excluding the $35 million non cash significant item expense, net financing costs are $60 million down 42% from the prior half year.

4.6 Fair value of financing cost related financial instruments - $139 million

Changes in the fair value of financial instruments relating to financing costs amounted to $139 million. This included costs associated with treasury instruments employed by Origin ($81 million) and Contact ($58 million).

The fair value of financing costs is included in the calculation of Statutory Profit and is excluded from the calculation of Underlying Profit.

Further details are provided in Section 7.

4.7 Tax Expense

4.7.1 Statutory Tax Expense - $676 million, up 363%

Tax expense for the half year was $676 million, 363% higher than the $146 million in the six months to 31 December 2007. Prima facie tax was higher reflecting the higher pre-tax profits as a result of the APLNG transaction.

4.7.2 Underlying Tax Expense - $110 million, up 33%

Tax expense excluding tax related significant items for the half year was $110 million, 33% higher than the $83 million in the six months to 31 December 2007. The underlying effective tax rate was 25.9% compared with the effective tax rate of 24.9% in the prior half year.

4.8 Minority Interests - $16 million, down 68%

Profit attributable to minority interests reduced to $16 million for this half year from $49 million for the prior half year reflecting the lower contribution of Contact.

4.9 Underlying Profit - $277 million, up 38%

As outlined in Section 1.4 the Statutory Profit contains a number of significant items totalling $6,386 million. Removing these items provides an Underlying Profit of $277 million, 38% higher than the Underlying Profit of $200 million last half year.

5. Cash flow

The operating cash flow after tax of $363 million for the first half was 6% lower than the prior first half of $385 million.

EBITDAF for Origin (excluding Contact) was up by $130 million for the half year offset by a reduction in EBITDAF for Contact of $58 million. When compared to the prior half year, Origin recorded an improved movement in working capital (+$51 million), offset by higher stay-in-business capital expenditure (-$46 million), higher tax payments (-$34 million) and higher prepayments for energy hedging and renewable energy instruments (-$54 million).

Cash flow available for funding growth and distributions to shareholders (free cash flow) was $216 million for the half year compared with $259 million for the prior half year. Net interest paid of $147 million for the current half year was $21 million higher than the prior half year. Included in the net interest paid amount for the current half year was interest received in cash of $17 million ($6 million prior half year). Origin held a significant cash balance as at 31 December 2008 on term deposit. An amount of $38 million in interest earned on term deposits was accrued in the income statement but was not received in cash during the current half year.

Origin's OCAT Ratio for the calendar year 2008 remained in line with the prior year at 11.8%. Average funds employed excluding CAPWIP increased marginally by 3%.

6. Capital expenditure and divestments

Capital expenditure on stay-in-business and growth projects was $1,144 million.

Stay-in-business capital expenditure associated with the maintenance of ongoing operations was $115 million compared with $70 million in the prior year. The main increases were in Contact and the Exploration and Production segment.

Growth capital expenditure was $1,029 million, 61% higher than in the prior half year. This included expenditure on significant projects of $10 million or more in the following areas:

- Generation Projects ($554 million in total) – including:
  - Darling Downs Power Station ($269 million);
  - Uranquinty Power Station ($123 million);
  - Mortlake Power Station ($63 million);
  - Mt Stuart Power Station ($33 million);
  - Expansion of the Quarantine Power Station ($26 million); and
  - Cullerin Range Wind Farm ($15 million).
- Contact – including Stratford Power Station and Geothermal drilling ($129 million);
- CSG assets in Queensland ($137 million);
- The Darling Downs pipeline ($61 million);
- The Kupe Gas Project ($63 million);
- Retail systems development and LPG assets ($46 million);
- The Geodynamics geothermal joint venture ($15 million); and
- Cooper Basin ($13 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 $123 million is recorded as growth capital expenditure for the period ended 31 December 2008, a net $126 million cash paid on acquisition and assumption of existing debt facilities and obligations.

Capital expenditure on acquisitions totalled $131 million, including the net $126 million described above in relation to the Uranquinty Power Station.

Total capital expenditure including acquisitions was $1,275 million, compared with $714 million last half year.

7. 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. 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 change in fair value of these instruments is recognised in the Income Statement.

The most notable instruments that do not qualify for hedge accounting are electricity cap products. These 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 31 December 2008 and compares them with the balances at 30 June 2008:

Summary of movements in financial instruments

Balance Sheet	**Net Assets ($m)**		**Change ($m)**
	Dec 2008	**June 2008**	
Commodity Risk Management	69	273	(204)
Contact	(253)	(212)	(41)
Treasury and Other	(191)	(16)	(175)
Origin Total	**(375)**	**45**	**(420)**

Reconciliation of Balance Sheet and Income Statement items associated with movements in financial instruments	**($m)**	**($m)**
Change in net assets		(420)
Recognition of "effective" instruments in Balance Sheet		**(242)**
Recognised in Equity (Hedge Reserve post tax)	(165)	
Recognised in Deferred Tax Liability	(77)	
Recognition of "ineffective" instruments in the Income Statement		**(178)**

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 six months ended 31 December 2008 was $420 million of which $242 million qualified for hedge accounting and is recognised in the Equity Hedge Reserve. The balance of $178 million is recognised as an expense in the Income Statement and is attributable to:

- Commodity risk management instruments ($39 million) – predominantly electricity caps and the decrease in forward market prices of energy commodities during the period. Of the total of $39 million, $7 million is attributable to Contact and $32 million is attributable to Origin (excluding Contact);

- Interest rate risk management instruments ($139 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 $139 million, $58 million is attributable to Contact and $81 million is attributable to Origin (excluding Contact).

The expense in the Income Statement of $178 million in this half year compares with an expense of $13 million in the prior half year, which was predominantly attributable to commodity risk management instruments.

8. Funding and capital management

8.1 Net Debt, Equity and Interest Cover

Under Australian accounting standards the net balance of debt and cash for the consolidated entity improved to a net cash balance of $894 million at 31 December 2008 from a net debt balance of $3,283 million at 30 June 2008. The calculation of these positions includes an unfavourable mark-to-market adjustment of $9 million (a favourable adjustment of $325 million at 30 June 2008) which acts to reduce the debt quoted. Excluding this mark-to-market adjustment, the "adjusted net debt" for Origin was an adjusted cash balance of $903 million at 31 December 2008 compared with a $3,608 million adjusted net debt balance at 30 June 2008.

Shareholder's equity increased from $5,176 million at 30 June 2008 to $11,269 million at 31 December 2008. This is predominantly due to the APLNG transaction, share buyback and dividends paid. In addition, there was a decrease in the Hedge Reserve of $170 million to $25 million and a decrease in the Available-For-Sale Reserve of $0.1 million to $9 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 $11,236 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 Interim Financial Report:

	Dec 2008 ($m)	Jun 2008 ($m)	Dec 2007 ($m)
Net (cash)/debt as reported	(894)	3,283	2,855
Equity as reported	11,269	5,176	5,660
Net debt to (net debt + equity)	n/a	39%	34%

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

	Dec 2008 ($m)	Jun 2008 ($m)	Dec 2007 ($m)
Adjusted net (cash)/debt	(903)	3,608	3,171
Adjusted equity	11,236	4,972	5,076
Adjusted [net debt to (net debt + equity)]	n/a	42%	38%

EBIT cover of interest[5] is 70.9 times, compared with 4.2 times at 30 June 2008 and 5.3 times at 31 December 2007.

[5] Includes capitalised interest, excludes unwinding discounts on provisions and liability payable.

Origin owns 51.3% of the 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 31 December 2008 of $1,767 million compared with an adjusted net debt position of $2,911 million as at 30 June 2008.

Following completion of the transaction with COP, Origin has 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.

8.2 Share Capital

8.2.1 Share Buyback

As part of its capital management initiative following completion of the APLNG transaction, on 30 October 2008, Origin lodged a notice with ASIC of its intention to conduct a share buyback of up to $1.275 billion. At 31 December 2008 Origin had bought 12,120,880 shares for a total consideration of $195 million.

Since 19 December Origin has not purchased any shares on market. The Board and management have determined that in the current market conditions where the global availability of capital has been severely reduced it is prudent for Origin to retain its funding capacity to enable it to invest in growth opportunities. Origin has now decided to terminate the buyback program. Assessment of further capital management initiatives will be made at an appropriate time in the future, taking into consideration growth opportunities and market conditions.

8.2.2 Share Capital Movements

During the period an additional 4.8 million shares were issued. This included 1.1 million shares issued under the Dividend Reinvestment Plan (DRP) which raised $19 million and 3.6 million shares issued as the result of the exercise of options which raised $20 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 31 December 2008 reduced by 7,365,741 shares to 873,407,981 from 880,773,722 at 30 June 2008. The weighted average number of shares used to calculate basic earnings per share increased to 875,603,411 from 873,628,684 as at 31 December 2007.

9. Risk management

9.1 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.

9.2 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.

9.3 Oil

Each year Origin assesses its anticipated medium term production volumes and forward oil prices and enters into hedges for a portion of this volume. Of Origin's production for the six months to December 2008, approximately 43% of oil and condensate had been previously hedged over a number of years at an average price of US$71.43 per barrel, a price increase of 17% compared with the prior half year.

Looking forward Origin currently has 300,000 barrels of its anticipated production for the six months to June 2009 hedged at an average oil price of approximately US$66 per barrel and US/AUD of $0.79.

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.

9.4 Foreign Exchange

With regard to foreign exchange, Origin is prudently hedged over the next 12 months 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 $0.4 million reduction in Origin's Australian dollar profit after tax and Minority Interests for the six months ending June 2009.

9.5 Interest Rates

Upon receipt of the funds from APLNG, Origin repaid $2.1 billion of its outstanding debt obligations where the debt facilities are available to be redrawn in the future. The remaining consolidated debt obligations outstanding at December 2008 comprise Origin's bank and capital market facilities that are not available to be redrawn once repaid and Contact's outstanding debt obligations.

Origin's consolidated average interest rate paid on debt for the six months to December 2008 is 7.5%. This includes Contact's NZ dollar denominated debt and Origin's AUS dollar, US dollar and NZ dollar debt obligations. Looking forward, approximately 60% of Origin's consolidated debt obligations are hedged to June 2009 at an average rate of 6.8% including margin. This hedge percentage gradually reduces over the following five plus years.

As at December 2008, Origin held cash on deposit of approximately $4.1 billion. This cash was invested at an average rate of 6.1% for the period from receipt to 31 December 2008. Looking forward, $2.5 billion of this amount is invested in fixed rate term deposits with maturities from April to June 2009 at an average rate of approximately 4.0% and the balance held at call.

10. People, Health, Safety & Environment

People

Origin's employee numbers (excluding Contact) increased by 146 to 4,086 from 30 June 2008. The majority of this increase was associated with the Generation and the Exploration and Production businesses as Origin further builds its capabilities in delivering major developments in these areas.

Health and Safety

Origin uses as its primary safety performance measurement the industry standard measure of Total Recordable Incident Frequency Rate (TRIFR). This measure increased by 8% from 8.5 at 30 June 2008 to 9.2 at 31 December 2008. 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.

Environment

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

For the six month period ended 31 December 2008, there was one reportable environmental incident involving 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 will assess and implement further site management recommendations.

11. Operational Review

11.1 Exploration & Production

Half year ended 31 December	2008 ($m)	2007 ($m)	Change (%)
Total revenue	298	260	14
EBITDAF	175	133	32
EBIT	7,369	59	-

Sales Volumes

Half year ended 31 December	2008	2007	Change (%)
Natural gas (PJ)	50	39	26
Crude oil (kbbls)	683	665	3
Condensate/naphtha (kbbls)	427	428	-
LPG (ktonnes)	45	37	23
Ethane (ktonnes)	1	1	-
Total (PJe)	**59**	**48**	**23**

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, sales volumes, revenue and EBITDAF for the December half year reflecting strong aggregate growth in Origin's upstream assets. These records were achieved despite the 50% reduction in Origin's interest in its CSG and Denison Trough assets as a consequence of the APLNG transaction with COP in late October.

EBIT for the Exploration and Production segment includes a significant gain on completion of the APLNG transaction as discussed in Section 11.1.3.

For further detail on the significant items refer to Section 4.4 and Appendix 2.

11.1.1 Production, Sales and Revenues

Production and sales volumes below include Origin's share in APLNG after completion of the transaction on 29 October 2008. However, revenue quoted here excludes Origin's share of revenue from the APLNG joint venture whose financial contribution to Origin is equity accounted. Further details of production may be found in the Quarterly Production Report for the Quarter ended 31 December 2008, released on 30 January 2009.

Sales volumes increased by 23% to 59 PJe from 48 PJe compared with the prior half year. Sales increased from the Otway Gas Project (+10.3 PJe), CSG assets (+3.3 PJe), the Taranaki Basin (initial contribution 1.2 PJe) and the Cooper Basin (+0.6 PJe). These increases more than offset declines from the Surat Basin (-1.3 PJe), the Perth Basin (-1.1 PJe), the Bass Basin (-1.0 PJe) and the sale of the onshore Otway Basin (-0.3 PJe).

Sales of natural gas increased by 26% as higher sales from the Otway Basin and CSG combined with an initial contribution from the Taranaki Basin to offset the decline from other mature producing areas. Steady sales of condensate and marginally higher sales of crude oil (+3%) resulted in combined sales of oil and condensate of 1,110 kbbls compared with 1,093 kbbls in the prior half year. Sales of LPG increased 23% to 2.2 PJe or 45 ktonnes compared with 37 ktonnes, in the last half year. The increase in LPG sales was predominantly due to a six month contribution from the Otway Gas Project.

Total revenue (excluding Origin's share of APLNG revenues) increased by 14% as a result of aggregate higher sales volumes together with higher prices realised for gas and LPG. The average price received for sales of oil, condensate and naphtha over the period including the impact of hedging was $90 per barrel – marginally higher than the average price received in the prior year.

Despite this increase, prices for these commodities have declined significantly since the end of the financial year ended 30 June 2008. Condensate pricing was particularly weak in the December Quarter as the discount at which benchmark condensates in the Asian region trade relative to crude oil benchmarks widened. The discount of the North West Shelf (NWS) condensate benchmark to the Tapis oil benchmark widened from an historical average of less that US$5 per barrel between 2004 and June 2007 to US$16 per barrel in the December Quarter 2008. Approximately 40% of Origin's liquid production is condensate and much of this is settled against the NWS condensate benchmark, with local adjustments. Origin was therefore adversely impacted by this change in spreads relative to producers who have a higher ratio of crude oil to condensate in their production mix.

11.1.2 Expenses

Total costs within the Exploration and Production business increased 7% compared with the prior half year as outlined in the table below.

The main source of variance compared with the prior half year was a reversal in stock movements (-$13 million), lower exploration write-offs (+$11 million) and a net $8 million increase in general operating costs. The increase in general operating cost reflects new producing assets (the Otway Gas Project and Taranaki Basin operations which together added $16 million) and an $8 million reduction in operating costs due to the 50% reduction in Origin's interests in CSG assets. This 11% increase in general costs compares favourably with a 23% increase in production when measured against the prior half year.

Exploration and Production costs	**2008 ($m)**	**2007 ($m)**	**Change (%)**
Cost of Goods sold	19	19	-
Stock Movements	4	(9)	147
Royalties and tariffs	29	30	(2)
General costs (Labour, JV costs, etc)	79	71	11
Exploration write-downs	4	16	(71)
Total Costs	**136**	**128**	**7**

11.1.3 Earnings

EBITDAF

As a consequence of record production, a 14% increase in revenues and a 7% increase in underlying costs, EBITDAF increased by 32% to $175 million from $133 million in the prior half year.

Depreciation and Amortisation

Depreciation and amortisation charges increased 22% to $89 million from $73 million. This is in line with the 23% increase in production over the prior half year and reflects a full six months of production and depreciation from the offshore Otway Gas Project and Taranaki Basin together with higher depreciation in the Cooper Basin.

EBIT

EBIT for the six months was $7,369 million reflecting the gain on dilution of Origin's interest in APLNG of $7,413 million and asset impairment charges of $173 million. In addition, depreciation charges of $89 million (as discussed above), a benefit from the change in fair value of financial instruments of $7 million and a $36 million gain on the share of interest, tax, depreciation, amortisation and financial instruments of equity accounted investees. This is predominantly related to the unwinding of an interest discount in relation to APLNG.

This compares with EBIT for the prior half year which was $59 million.

11.1.4 Reserves

Origin undertakes a full assessment of its reserves on an annual basis coinciding with the end of the financial year. Due to the rapid maturation of the CSG industry Origin has undertaken to update the market on its CSG reserves position on a six monthly basis.

Origin now holds all its interests in CSG assets through its 50% interest in the APLNG joint venture. During the period APLNG has increased its 1P, 2P and 3P reserves by 11%, 15% and 10% respectively.

The change in APLNG's CSG reserves and resources for the half year ending 31 December 2008 is detailed below:

APLNG CSG Reserves (PJ)[6]	Reserves June 2008	Gross Increase	Production	Net Increase	Reserves Dec 2008	Increase %
Proved (1P)	1,375	178	26	152	1,527	11
Proved and Probable (2P)	4,751	757	26	731	5,482	15
Proved, Probable and Possible (3P)	10,138	998	26	972	11,110	10

APLNG CSG Resources (PJ)	Resources June 2008	Net Increase/ (Decrease)	Resources Dec 2008	Increase %
Contingent Resources (2C)	15,869	(905)	14,964	(6)
Prospective Resources	17,947	-	17,947	-

The information in this Reserves Statement has been compiled by Tim Scholefield, a full-time employee of Origin. Tim Scholefield is qualified in accordance with ASX listing rule 5.11 and has consented to the form and context in which this statement appears.

The 2008 assessment of Origin's CSG reserves has been prepared by internationally recognised petroleum consultant Netherland, Sewell & Associates, Inc. (NSAI) as per their report dated 23 February 2009, compiled by Mr John G. Hattner, a full-time employee of NSAI. Mr John G. Hattner has consented to the statements based on this information, and to the form and context in which these statements appear.

[6] Some of APLNG's CSG interests are subject to reversionary rights. Reversion only occurs when cumulative revenue exceeds cumulate expenditure plus an uplift factor (which is calculated monthly at a rate of 8% per annum on cumulative capital, operating and overhead expenditure) and only applies to the reserves and resources remaining at that future date. This test is applied on an aggregated basis across the entire portfolio of interests which are subject to reversionary rights. Origin believes that under current market conditions and planned developments, none of APLNG's 3P CSG reserves will revert.

A factor of 1.045 petajoules per billion cubic feet of gas has been used in the conversion of volumetric petroleum product measures to the energy measure of petajoules

Origin will provide a full update of its reserves position across CSG and conventional resources in association with its full year results.

11.1.5 Producing Assets

CSG and Denison Trough[7] (Queensland)

Prior to completion of the APLNG 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 reduced by 50% and the holding company was renamed to APLNG. All of Origin's interests in CSG are now held through APLNG (50% interest).

Despite the 50% reduction in Origin's CSG interests, production net to Origin increased by 24% to 20.9 PJ for the half year from CSG assets compared with 16.9 PJ for the prior half year. Conventional production net to Origin in the Denison Trough, which also includes the APLNG Joint Venture, reduced by 32% to 1.9 PJ compared with 2.8 PJ in the prior half year.

APLNG's equity share of CSG production reached 135 TJ/d at the end of 2008. The Joint Venture is the largest CSG producer in Australia.

By the end of 2008, Phase 5 of the Spring Gully project to deliver plant processing capacity of 150 TJ/d was close to completion. The 5th compressor was installed at the Strathblane Gas Plant and the Taloona Gas Plant, which will initially use 3 compressors, was largely 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.

Construction of the APLNG operated Talinga Gas Plant and Water Treatment Plant commenced in the December Quarter of 2008 following a public consultation period and 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 half year and full development drilling will commence in April 2009. Production of 90 TJ/d is targeted by early 2011.

At Fairview the operator, Santos, has continued with expansion plans which are designed to increase production capacity to 110 TJ/d during. A new gas plant is scheduled to be commissioned in the March Quarter 2009.

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. APLNG holds a number of interests of up to 41% in these areas. Gross gas production from these fields currently stands at around 25 TJ/day with the Kenya Gas Plant scheduled to be commissioned in the March Quarter 2009. Targeted production rates are 120 TJ/day by 2010 and 160 TJ/day by 2012.

Applications were made for 6 petroleum leases in the Queensland Walloon CSG areas and remain pending approval.

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

Bass Basin (Victoria/Tasmania)

Net Production to Origin was down 18% to 4.9 PJe from 6.0 PJe when compared with the prior half year. This was primarily due to the failure of a hydraulic control valve on the Yolla 4 well in early November which resulted in the well being shut in and production being restricted to the Yolla 3 well only. Remedial work was completed and production was restored to normal operating levels in late December. Production rates prior to the control valve failure were at or around the design capacity.

Otway Gas Project (Victoria/Tasmania)

The Otway Gas Project produced reliably during the period. It operated over extended periods at or around peak design during times of high seasonal demand in the September Quarter prior to the onset of lower seasonal demand over the spring and summer.

Production net to Origin for the half year was in line with expectations at 10.3 PJe.

Cooper Basin (Queensland/South Australia)

Production from the Cooper Basin declined marginally to 13.3 PJe during the half year compared with 13.4 PJe in the comparable period in 2007. Gas production fell by 4% to 10.3 PJ and was offset by increased production from the oil program which rose by 51% to 219 kbbls. Purchases of oil and gas from third parties of 1.7 PJe were 5% higher than the 1.6 PJe in the prior half year.

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 decreased by 46% from 329 kbbls to 177 kbbls for the half year.

Origin's net share of gas production from the Perth Basin decreased from 2.2 PJe to 2.0 PJe due to well constraints at the Beharra Springs field. A workover is scheduled for early in 2009 to rectify the production constraint.

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. Production for the six months to 31 December 2008 was 1.6 PJe comprising of 1.3 PJ of natural gas, 44.8 kbbls of crude, 4.6 kbbls of condensate and 1.0 ktonne of LPG.

During the first half the onshore assets have been reviewed to identify and develop new opportunities. This has involved field remapping, reservoir modelling and engineering studies. An eight well workover program that commenced in November 2008 aimed at lifting production rates is ongoing and three development wells are planned for 2009.

As part of the Swift acquisition, Origin is developing the Ahuroa Gas Storage Project on behalf of Contact. Conservation of 'pad gas' for the storage project has resulted in some assets being temporarily shut in, including the Waihapa Production Station (WPS) and TAWN oil fields. Consequently production for the half year ended 31 December 2008 was lower than expected under a normal operating regime. 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.

Other Producing areas

In the Surat Basin area of Queensland Origin diverted significant volumes of gas from producing fields into gas storage. 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 3.3 PJe in the prior half year to 1.7 PJe in this half year.

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. Origin does not have any ongoing exploration and production interest in this area.

11.1.6 Development Projects

Kupe Gas Project (New Zealand)

The Kupe Gas Project remains on track for commercial gas sales to commence in the September Quarter 2009.

During the half year the main offshore operations associated with development of the Kupe field were completed. Progress at the onshore Production Station was hampered due to unusually harsh winter conditions and some delays in committed delivery dates of equipment and bulk materials. Construction of two large condensate storage tanks on land at the Omata Tank Farm near New Plymouth was commenced during the half year. Installation of the sales gas pipeline and the 33 kilovolt power supply line was completed.

11.1.7 Exploration

Australia

Exploration in the offshore Otway Basin has focussed on generation of drilling targets from the interpretation of recently acquired and reprocessed seismic data. The Razorback prospect which straddles the boundary between T/30P and T/34P has been approved for drilling in 2009 subject to the availability of a suitable offshore drilling rig.

Also in the Otway Basin, Retention Lease VIC/RL2(V) over the Halladale/Black Watch gas discovery was granted to Origin in September 2008.

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

Origin surrendered two permits, EP 413 in the Perth Basin and Vic/P37(V) in the Otway Basin, Victoria.

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 and acquire 150km of seismic within the new larger permit area. Farminees will be sought before drilling commences.

Origin successfully renegotiated work program commitments for Canterbury Basin permit PEP 38262, such that it will acquire 3D seismic in the coming year instead of drilling a well in this deep water permit. Acquisition of the 1,145 sq km Waka 3D Seismic Survey over the Carrack-Caravel prospect complex has commenced. Further 2D seismic is being also acquired in the neighbouring PEP 38264.

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

Kenya

Origin and its joint venture partners have agreed to surrender the L9 block and to enter into a second additional exploration period of four years in respect of the L8 block under revised PSC work program conditions. These revised conditions are the result of negotiations with, and are still subject to the approval of, the Kenyan Government. If approved, 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 it will either commit to drill in the third year 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 is awaiting its approval. Origin is planning to acquire a 550 km 2D seismic survey in the permit area and will reprocess 3,900 km of existing seismic.

11.1.8 Drilling Activity

During the half year Origin participated in the drilling of 133 exploration, appraisal, and development wells across its areas of interests, of which 118 were cased for future production.

An active drilling program is planned in the second half of the 2008/09 financial year, including 148 CSG wells, 13 wells in the Cooper Basin, four wells in the Perth Basin, two wells in the Bass Basin and three development wells in the Taranaki Basin.

11.2 Generation

Half year ended 31 December	2008 ($m)	2007 ($m)	Change (%)
Total revenue	30	43	(30)
EBITDAF	21	33	(34)
EBIT	(51)	20	(356)

Sales Volumes

Half year ended 31 December	2008	2007	Change (%)
Total Sales (GWh)	677	667	2

EBITDAF for the Generation segment was $21 million, $11 million lower than the prior half year primarily due to an extended outage of the Worsley cogeneration plant in Western Australia following the failure of the third stage blades in the power turbine in mid August.

Origin acquired the 640 MW gas-fired open cycle Uranquinty Power Station from Babcock and Brown Power in July 2008, and continued with major power project developments at Quarantine, Mt Stuart, Darling Downs, Mortlake and Cullerin Range. By mid 2010 these projects will have increased Origin's generation capacity from around 1,340 MW to 2,800 MW.

11.2.1 Production Sales and Revenue

Revenue in the Generation segment for the half year decreased by 30% to $30 million from $43 million. The key driver for this decrease was the outage of the Worsley cogeneration plant.

Total sales volumes were up by 2%. This was predominantly due to the increased generation from the Osborne and Roma Power Stations. Osborne Power Station's operating regime is determined under a PPA arrangement and Roma Power Station operates to provide a hedge for the Retail business. These run hours more than offset the significantly reduced generation from the Worsley cogeneration plant.

11.2.2 Earnings

EBITDAF decreased by 34% from $33 million to $21 million, mainly due to the outage at Worsley from mid August ($9.5 million) together with increased operational costs as Origin increased capabilities in the generation area in preparation for new power projects coming online. An insurance claim for business interruption and capital repair costs will be pursued in relation to the Worsley power turbine failure.

Depreciation expense decreased by 39% to $5.1 million, from $8.4 million, primarily due to Origin reviewing the residual value assumption in its depreciation calculation.

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). Further details are provided in Appendix 2. As a consequence of the operational performance of the business and these impairments the Generation segment recorded an EBIT loss of $51 million; $70 million lower than in the prior half year.

11.2.3 Generation in a low carbon economy

In late December 2008, the Federal Government issued the Carbon Pollution Reduction Scheme ("CPRS") White Paper and announced a 2020 emissions reduction target of 5% below 1990 levels. A likely impact of the 5% emission reduction target and associated regulation is to provide strong support for a long-term shift towards lower emission gas-fired power generation in preference to the use of coal for generating electricity.

Origin's integrated energy business which includes its own gas supplies, a portfolio of 1,340 MW of existing gas-capable generation assets and a development pipeline of over 1,400 MW of gas-capable power generation provide it with a strong competitive position.

In addition, Origin has been investing in renewable energy technologies that have the potential to provide Origin with a broad portfolio of opportunities in the transition to a lower carbon economy. This includes Origin's first wind farm which is expected to begin commissioning in 2009, agreements for additional wind sites with wind generation developers Epuron, investments in geothermal technologies and ongoing development of its SLIVER solar photovoltaic technology.

11.2.4 Power Generation Developments

The Uranquinty Power Station, which was purchased on a partially constructed basis in July 2008, reached its rated 640 MW output on 16 December 2008 with full commissioning achieved on schedule.

Origin also commenced construction of the 120 MW expansion of its Quarantine Power Station near Adelaide, South Australia in December 2007. The turbine achieved its rated output in early February 2009 and the plant will be fully commissioned by early March 2009. The open cycle gas-fired turbine will supplement peaking capacity in the South Australian market. The project will be completed on budget.

An expansion of Mt Stuart Power Plant peaking facility was announced on 1 February 2008. Origin has purchased a 126 MW 9E gas turbine from GE Energy for the development. The construction phase is well advanced and on schedule with completion targeted for late 2009.

The Darling Downs Power Station (DDPS) project began construction in November 2007. At 630 MW, the DDPS will be Australia's largest combined cycle gas-fired power plant. The operations office was opened in Dalby in August 2008. All gas turbines are now installed on site with construction of boilers and condensers well advanced. The pre-operations project schedule remains on track with commissioning expected to commence in early 2010.

On 4 July 2008 Origin advised it would proceed with development of a 550 MW open cycle power station at Mortlake in Victoria. Origin has permitted the Mortlake site for around 1000 MW and the design of Mortlake incorporates features to allow for the expansion of capacity and conversion of the power station to a highly efficient base load combined cycle power station at a later date. The power station, and its ability to be expanded at a later date, provides optionality and flexibility to Origin's electricity supply portfolio in Southern Australia. The project is expected to be completed in the middle of the 2011 financial year.

11.2.5 Growth in Renewable Energy

Wind

On 22 January 2008 Origin entered into a strategic relationship with wind generation developers Epuron, acquiring an option to develop up to 590 MW of wind farm projects starting with the construction of the first 30 MW wind farm at Cullerin Range which continued during the period. The development will be completed in 2009.

On 20 October 2008 Origin Energy and ACCIONA Energy 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. The agreement demonstrates Origin's strategy of supporting a broad range of renewable energy sources and its portfolio approach to managing its renewable energy exposure.

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. 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. Fabrication and installation of the above ground pilot plant continues with commissioning of the 1 MW power plant expected in 2009. Origin has invested $76 million to date in the joint venture and has committed to invest a total of approximately $150 million in the Geodynamics joint venture.

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. 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. Pilot production of 92W panels started in June and achieved international certification in November 2008. The first commercial panels are being installed during March and April 2009 at key sites around Australia.

11.3 Retail

Half year ended 31 December	2008 ($m)	2007 ($m)	Change (%)
Total revenue	2,988	2,641	13
EBITDAF	300	201	49
Underlying EBIT	271	177	53
EBIT	157	158	(1)

During the six months to December 2008 the Retail segment increased its revenues and margins across natural gas and electricity while maintaining its clearly established leadership position in green energy products with over 35% market share of accredited GreenPower accounts[8]. Sales volumes, revenues and margins across natural gas and electricity were records for the first half, while margins in the LPG business were placed under pressure by record wholesale purchasing costs during the middle of 2008.

11.3.1 Sales and Revenue

During the period, the Retail segment recorded revenues of approximately $3 billion, an increase of 13% on the prior half year. This was driven by higher sales volumes across natural gas, electricity and LPG coupled with 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 half year

Half year ended 31 December 2008	Natural Gas	Electricity	LPG
Revenue ($m)	539 *(+12%)*	1,972 *(+12%)*	353 *(+22%)*
Gross Profit ($m)	89 *(+46%)*	377 *(+46%)*	73 *(+18%)*
EBITDAF ($m)	291 *(+64%)*		8 *(-65%)*
Underlying EBIT ($m)	274 *(+67%)*		(4) *(-129%)*
Sales – (PJ)	68 *(+2%)*		
Sales – (TWh)		16 *(+2%)*	
Sales – (ktonnes)			245 *(+5%)*
Total Sales (PJe)	68 *(+2%)*	57 *(+2%)*	12 *(+5%)*
Customer accounts ('000) – *(Change from 30 June 2008)*	878 (-)	1,735 (-)	338 (+1%)

Customer numbers in the above table have been revised following a detailed assessment of the conversion of marketing wins into billing accounts. This has caused a downward adjustment to opening customer numbers for electricity (-28,814), natural gas (-15,906) and LPG (-21,538). For further details see "Market Churn" below.

Electricity

The average wholesale price of electricity in the NEM has increased significantly over the last two years. In the half year to 31 December 2007 spot electricity prices in the NEM reached the highest average level experienced to date. In the half year to 31 December 2008 average spot prices decreased 19% compared with the last half year, and yet remained significantly above the long run average. While spot prices have decreased from this peak, electricity purchasing costs as represented by the forward contract price in the electricity

[8] Source: GreenPower Website Quarterly Report (September 2008).

market continue to rise, reflecting tightening market conditions and the long run marginal cost of new generation.

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. However Origin will remain subject to long run average wholesale electricity cost increases.

The long run average cost increases described above are evident in the higher purchasing costs of $1.6 billion for the half year ended 31 December 2008 compared with $1.5 billion in the prior half year. Tariff increases and margin management strategies through 2007 and 2008 have reflected these increasing wholesale electricity costs.

Compared to December 2007 electricity customer sales volumes increased by 2% to 15.8 TWh and revenues increased 12% to $1,972 million. As a result gross profit was $377 million or 19% of revenue.

Natural Gas

Natural gas sales volumes increased marginally from 67 PJ to 68 PJ. This was mainly the result of increased sales to large commercial customers and power generators and increased mass market usage due to favourable weather patterns. Revenues of $539 million were 12% higher than prior half year ($481 million) reflecting increased volumes, tariff increases and C&I contracts that were struck during the drought induced period of high gas prices. Gross Profit improved 46% from $61 million to $89 million reflecting mass market tariff increases and margin management as higher wholesale purchasing costs were passed through to C&I customers.

Market Churn

Origin has consistently positioned its business to provide a broad range of products to address customer requirements and maintain customer account numbers in the face of market competition without unnecessarily escalating churn activity.

Origin's efforts in this area resulted in it winning 238,000 new accounts across its gas and electricity businesses to record a net increase of 5,000 accounts. This compares to the prior first half in which Origin won 236,000 accounts and increased account numbers by 4,000.

As part of the data cleansing phase of the retail transition and transformation Origin undertook a review of its customer data. Origin reports on customers within its billing system, together with new accounts signed and accounts lost or notified to have churned to other retailers. In situations where a signed customer fails to be established in the billing system within a specified timeframe, Origin will not recognise that customer account. Following a review of activities Origin lowered its historical gas and electricity customer numbers by 45,000 in recognition of the number of customers that had not been established in the billing system within the necessary timeframe.

Origin's LPG customer base includes customers billed directly by Origin and customers serviced and billed by Origin's agents. Indirect customer numbers are estimated on the basis of average volume usage. A review of billing arrangements during the period has highlighted an historical overstatement of indirect customer numbers by around 21,000 accounts. Origin has therefore reduced its 30 June 2008 LPG customer accounts by this amount.

Adjustments to customer numbers in gas, electricity and LPG have not impacted on the volumes, revenues or costs reported by the business. It will, however, impact on metrics calculated on a per customer basis (such as cost to serve and average consumption per customer).

The table below reflects these changes together with the win-loss activity for the half year.

	Jun 2008	Adjustments	Revised Jun 2008	Wins/Losses	Dec 2008
Electricity	1,757,630	(28,814)	1,728,816	6,539	1,735,355
Gas	895,710	(15,906)	879,804	(1,587)	878,217
LPG	357,999	(21,538)	336,461	1,775	338,236
Total	**3,011,339**	(66,258)	**2,945,081**	6,727	**2,951,808**

At the end of the period Origin had around 2,614,000 customer accounts across electricity and natural gas. This compares with a revised assessment of 2,609,000 accounts in June 2008. Origin's customer account numbers at 31 December 2008 include 479,000 signed green customers, an increase of 34% compared with the prior half year (see Section 11.3.2).

Cost to serve - Electricity and Natural Gas

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 24% from $142 million to $176 million. The increase included an additional corporate allocation of $14 million compared to the prior half year together with an additional $20 million of costs incurred directly within the Retail segment. Of the additional costs $10 million reflects an increase in costs due to increasing numbers of customers experiencing payment difficulties. The balance of the increase covers a variety of activities that have led to an increase in contractor numbers, predominantly associated with systems upgrades and continuing costs associated with the Managed Evolution project and migration of Sun Retail accounts on to Origin systems.

Consequently, Origin's cost to serve per customer for its retail gas and electricity business increased 29% across the two half year periods, from $53 per customer to $67 per customer.

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. In addition, a number of back office and IT process activities will be outsourced to WIPRO. This transition of services will commence in the June Quarter 2009 and is scheduled to be completed through 2010.

Electricity and Natural Gas Margins

EBITDAF across the gas and electricity business increased by 64% from $177 million to $291 million while EBITDAF margins improved from 7.9% to 11.6%. This predominantly reflected tariff increases to domestic customers required to recoup long term increases in wholesale purchasing costs, higher margins from C&I customers reflecting the benefit of risk management activities undertaken by the business in more volatile markets and reversion of wholesale electricity purchasing costs to more normal levels following the sharp increase and peak in 2007.

Underlying Retail EBIT across electricity and natural gas increased 67% from $164 million to $274 million primarily reflecting the same factors as above. Margins at this level improved from 7.3% to 10.9%.

While this is a strong first half result, rising purchasing costs are expected to result in lower electricity and gas margins in the second half of the year. This should result in margins per customer for the full year to 30 June 2009 being similar to margins experienced in the year ended 30 June 2008.

LPG

The LPG business recorded sales volumes of 245 ktonnes, 12 ktonnes or 5% higher than the prior half year.

Sales revenue increased 22% to $353 million from $289 million in the prior half year. This reflected the pass through of higher prices to recoup higher purchasing costs compared with the prior half year.

Unfavourable impact of stock revaluations due to the decline in CP prices together with higher fuel and shipping costs from US denominated fuel and charter costs were somewhat offset by higher gross margins resulting in EBITDAF for the LPG business of $8 million for the period, 65% lower than the prior half year.

After adjusting customer numbers for an historical overstatement at the beginning of the period (see Market Churn above), LPG account numbers remained steady at approximately 338,000 over the period.

11.3.2 Green Energy and Carbon Offsets

Origin continues to maintain market leadership of accredited GreenPower products with around 479,000 signed green energy accounts comprising 367,000 electricity and 112,000 gas customer accounts. As at September 2008 Origin had 35%[9] market share of accredited GreenPower products, more than double Origin's nearest competitor. Origin is also continuing to grow its carbon offset business with sales 80% higher than the prior half year.

Origin continues to invest in, and grow its solar installation business. Sales of grid-connected solar photovoltaic installations grew strongly during the period with over 330% increase in unit sales and 230% in PV watts. During the period Origin sold its 5,000th solar system.

The Adelaide Solar City Project (ASC) has passed its twelve month milestone with the solar PV product offerings fully subscribed ahead of schedule. A selection of residential customers are currently being billed under an innovative "time of use" pricing model with consumption reports accessible to them through the internet. A broader roll out of time of use and select critical peak pricing customers is scheduled for the first half of calendar year 2009.

Origin signed agreements in late 2008 in relation to the Central Victorian Solar Cities program which will result in Origin installing two 300kW grid connected solar farms at Bendigo and Ballarat during 2009.

[9] Source: GreenPower Website Quarterly Report (September 2008).

11.4 Contact Energy

Half year ended 31 December	2008 ($m)	2007 ($m)	Change (%)
Total revenue	1,015	965	5
EBITDAF	190	248	(24)
EBIT	115	171	(33)

Performance of operations

Half year ended 31 December	2008	2007	Change (%)
Electricity Generated (GWh)	5,054	5,874	(14)
Customer Electricity Sales (GWh)	4,047	4,064	-
Gas Sales (retail and wholesale) (PJ)	8.6	8.8	(2)
LPG Sales (Tonnes)	41,800	46,000	(9)
Electricity Customers	499,000	514,000	(3)
Gas Customers	70,000	74,000	(5)
LPG Customers (including franchisees)	54,400	50,900	7
Total Customers	623,400	638,900	2

Origin owns a 51.3% 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 six months ended 31 December 2008" was issued by Contact Energy to the New Zealand Stock Exchange on Wednesday 24 February 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 half year.

In consolidating Contact Energy's results, Origin has used an average exchange rate for the period of NZ$1.21 to the A$, compared with NZ$1.15 to the A$ for the prior half year.

On consolidation Contact Energy contributed $190 million to Origin's EBITDAF 24% or $58 million lower than the prior half year of $248 million.

Significant volatility in the wholesale electricity market has been the primary driver of the financial performance.

During August and September 2008, wholesale electricity prices in the South Island were significantly higher than those in the North Island driven by a combination of material factors:

- ongoing drought conditions in the South Island;
- the loss of pole one of the high voltage transmission cable between the North and South Islands which limited the ability to move lower cost North Island energy to the South Island; and
- relatively wet conditions in the North Island which resulted in much lower wholesale prices in the North Island than the South Island.

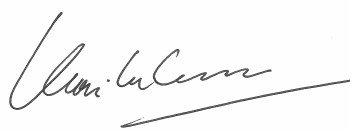
The drought conditions in the South Island during this time constrained Contact's ability to generate electricity and, with the North-South Island transmission also constrained, left it short of electricity to service its South Island customer base. This, combined with high prices in the South Island, resulted in Contact paying considerably more for its purchases of energy for its retail customer base than it was earning for its generation.

Towards the end of the six month period ended 31 December 2008, conditions reversed in the South Island with a significant increase in hydro flows and storage. At around the same time the Tiwai Aluminium Smelter in the South Island experienced a transformer outage that closed one of its production lines and resulted in a loss of 180 MW of demand. Local transmission constraints in the Otago/Southland region limiting transmission of energy to Benmore and the inter-island transmission constraint (pole 1 outage) resulted in an excess of generation in the South Island, leading to hydro spill and very low prices. Contact accordingly generated much less in the South Island than it would expect to in similar hydro conditions, while the lower demand and excess of supply during this period also depressed the wholesale prices received for generation.

While it is anticipated that the transmission constraint between the North and South Islands will take some years to resolve, the transmission constraint in the Benmore area is likely to be resolved by Spring of 2009.

Further details on how these market dynamics have impacted the financial performance of Contact are available in the reports it has lodged with the NZX.

At the EBIT level Origin has consolidated $115 million from Contact Energy for the six months ended 31 December 2008, $56 million lower than the $171 million in the prior half year.



H Kevin McCann
Chairman

Sydney, 25 February 2009

12. Origin Energy Key Financials

Half year ended 31 December	2008 ($m)	2007 ($m)	Change (%)
Total external revenue	4,216	3,817	10
EBITDAF	686	614	12
EBIT	7,590	634	1098
Profit after tax	6,679	384	1639
Minority Interests	16	49	(68)
Statutory Profit	6,663	335	1891
Underlying Profit	277	200	38
Free cash flow	216	259	(17)
OCAT ratio including CAPWIP (12 months to 31 December)[10,11]	8.8%	10.1%	n/a
OCAT ratio excluding CAPWIP (12 months to 31 December)[10,11]	11.8%	11.8%	n/a
Average Funds Employed including CAPWIP (12 months to 31 December)[11]	8,872	7,612	17
Average Funds Employed excluding CAPWIP (12 months to 31 December)[11]	6,675	6,473	3
Capital expenditure (including acquisitions)	1,275	714	79
Total assets	22,038	12,310	79
Adjusted total assets[12]	21,192	10,836	96
Net (cash)/debt	(894)	2,855	-
Adjusted net debt[12]	(903)	3,171	-
Shareholders equity	11,269	5,660	117
Adjusted shareholders equity[12]	11,236	5,076	121
Key Ratios			
Earnings per share - Statutory	761.0¢	38.3¢	1887
Earnings per share – Underlying	31.6¢	22.9¢	38
Free cash flow per share	24.7¢	29.6¢	(17)
Total dividend per share	25¢	12¢	108
Net asset backing per share	$12.90	$6.47	100
Adjusted net asset backing per share[12]	$12.86	$5.80	122
Net debt to debt plus equity	n/a	33.5%	n/a
Adjusted net debt to debt plus equity[12]	n/a	38.4%	n/a
Interest cover[13]	70.9x	5.3x	n/a
Segment Analysis (EBITDAF)			
Exploration & Production	175	133	32
Generation	21	33	(34)
Retail	300	201	49
Contact Energy	190	248	(24)
EBITDAF	**686**	**614**	**12**

[10] OCAT Ratio = (OCAT – interest tax shield)/Average funds employed. CAPWIP is capital work in progress
[11] Average funds employed excludes the investment in APLNG.
[12] Adjusted to exclude impact of derivative financial instruments.
[13] EBIT/Interest – Includes capitalised interest, excludes unwinding discounts on provisions and liability payable.

13. Appendix 1 – Reconciliation of Statutory to Underlying Profit

Reconciliation half year ended 31 December 2008	Before Tax Impact ($m)	Tax ($m)	Minority Interests ($m)	After Tax Impact ($m)	NPAT ($m)
Statutory Profit					**6,663**
Significant items					
Gain on dilution of Origin's interest in APLNG	7,413	(723)	-	6,690	
Unwinding of discounted liability payable to APLNG	(35)	10	-	(24)	
Share of unwinding of discounted receivables within APLNG	40	-	-	40	
Impairment of assets	(310)	93	-	(217)	
Changes in fair value of financial instruments					
- Commodity instruments	(39)	12	2	(25)	
- Financing instruments	(139)	42	20	(77)	
Total significant items	**6,930**	**(566)**	**22**	**6,386**	**6,386**
Underlying Profit					**277**
Underlying Basic EPS (cps)					**31.6**

Reconciliation half year ended 31 December 2007	Before Tax Impact ($m)	Tax ($m)	Minority Interests ($m)	After Tax Impact ($m)	NPAT ($m)
Statutory Profit					**335**
Significant Items					
Asset Sales					
- Networks	225	(78)	-	147	
- Mokai geothermal assets	18	-	(9)	9	
Changes in fair value of financial instruments					
- Commodity instruments	(14)	4	-	(10)	
- Financing instruments	1	(0)	(0)	1	
New Plymouth asbestos removal and related costs	(27)	9	9	(9)	
Sun Retail one-off costs	(5)	2	-	(4)	
Total significant items	**198**	**(63)**	**(0)**	**134**	**(134)**
Underlying Profit					**200**
Underlying Basic EPS (cps)					**22.9**

14. Appendix 2 – Impairment of assets

During the period ended 31 December 2008 the consolidated entity reviewed the carrying amount of its assets. The review led to the recognition of an impairment loss of $310 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.

Assets	Pre-tax Impairment $ million	Post-tax Impairment $ million
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	20	14
Total	**310**	**217**

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 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 $173 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 $20 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.