Origin Energy Results for the year ended 30 June 2010
Management Discussion and Analysis

All figures in this report relate to businesses of the Origin Energy Group ("Origin", "Company"), being Origin Energy Limited and its controlled entities, for the year ended 30 June 2010 compared with the year ended 30 June 2009 (the "prior year"), except where otherwise stated. A reference to Contact is a reference to Origin's subsidiary Contact Energy in New Zealand. A reference to Australia Pacific LNG or APLNG is a reference to Australia Pacific LNG Pty Ltd in which Origin has a 50% equity interest. 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. All reference to debt is a reference to interest bearing debt only. 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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Management Discussion and Analysis

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Each underlying measure discussed has been adjusted to remove these items from both this year and the prior year. A detailed reconciliation and description of the items that contribute to the difference between Statutory Profit and Underlying Profit is provided in Appendix 1.

The term EBITDAF used in past reports has been replaced with the term Underlying EBITDA, both of which have the same definition. The term Underlying EBIT has been introduced and excludes the items which do not inform the ongoing performance of the business that were previously included within the EBIT line. Interest, Tax, Depreciation, Amortisation and Non-controlling Interests incorporating the term "Underlying" also exclude the benefit or cost associated with these items.

1. Profit and Dividend Declaration

1.1 Statutory Profit – $612 million, down from $6,941 million

Origin reported a Net Profit after Tax and Non-controlling Interests ("Statutory Profit") of $612 million for the year ended 30 June 2010, a decrease of 91% compared with $6,941 million reported in the prior year.

The prior year contained a number of items which did not inform the ongoing performance of the business including the gain on dilution of Origin's interest in Australia Pacific LNG which, together with other factors, resulted in a net benefit of $6,411 million to the Statutory Profit for that period. This compares with a net benefit from a number of these items totalling only $27 million this year.

1.2 Earnings per share – 69.7 cents per share ("cps"), down from 791.0 cps

Basic earnings per share (EPS) calculated from Statutory Profit decreased by 91% to 69.7 cps from 791.0 cps in the prior year. The weighted average capital base of 878 million shares was in line with the prior year, with share issuances over the last two years offsetting a reduction in capital due to the share buyback undertaken in late 2008.

1.3 Final Dividend – 25 cps fully franked

A final fully franked dividend of 25 cps will be paid on 28 September 2010 to shareholders of record on 6 September 2010. This is in line with the prior year. Origin shares will trade ex-dividend from 31 August 2010. This will bring the full year dividend attributable to the 2010 financial year to 50 cps.

The Dividend Reinvestment Plan ("DRP") will apply to this dividend without discount.

1.4 Underlying Profit - $585 million, up 10%

Underlying Profit for the year increased 10% or $55 million to $585 million. The result reflects a 10% increase in Underlying EBITDA after expensing costs related to an expanded offshore and international exploration program and the benefit of lower financing costs associated with Origin's strong balance sheet position.

Excluding offshore and international exploration program - $609 million, up 15%

During the year Origin undertook an expanded exploration program which involved expenditure for offshore drilling in Australia and the farm-in to a portfolio of oil and gas tenements in South East Asia. Origin advised the market that it was possible that some elements of this program may be unsuccessful and could result in a substantial write-off of exploration expenditure in the year.

During the year Origin participated in six wells in this exploration program. As at 30 June 2010 two of these wells were assessed as unsuccessful, resulting in additional exploration expenses amounting to $27 million before tax and $24 million after tax.

Origin's Underlying Profit excluding expenses associated with this exploration program was $609 million, up 15% on the prior year.

Further details are provided in Section 3 – Financial Review of Performance.

1.5 Underlying EPS – 66.6 cps, up 10%

Underlying EPS calculated on the Underlying Profit increased by 10% to 66.6 cps from 60.4 cps on a weighted average capital base of 878 million shares. Origin's full year dividend of 50 cps represents a payout ratio of 75% based on Underlying EPS.

1.6 Operating Cash Flow - $965 million, up 21%

Group operating cash flow after tax ("OCAT") increased by 21% or $168 million to $965 million. This was primarily due to higher Underlying EBITDA and lower stay-in-business capex.

Further details are provided in Section 4.

1.7 Reconciliation of Underlying Profit and Statutory Profit

Statutory Profits for the year and the prior year contain the impact of a number of items that do not inform the ongoing performance of the business as outlined in the table below.

In the year to 30 June 2010 these items provided an overall benefit of $27 million. This compared with the year to 30 June 2009 in which these items had a benefit of $6,411 million.

Reconciliation of Statutory and Underlying Profit

($millions)	June 2010 Impact After Tax & Non-controlling Interests	June 2010 NPAT	June 2009 Impact After Tax & Non-controlling Interests	June 2009 NPAT	Change (%)
Statutory Profit		**612**		**6,941**	**(91)**
Items excluded from Underlying Profit					
Impairment of assets	(23)		(218)		(89)
Gain on dilution of Origin's interest in subsidiaries	27		6,678		(100)
Increase (decrease) in fair value of financial instruments	10		(114)		(109)
Unwinding of discounts resulting from APLNG receivables and payables	39		46		(15)
Transition and transaction costs	(20)		(6)		233
Other	(6)		25		(124)
Less total excluded items		**27**		**6,411**	**(100)**
Underlying Profit		**585**		**530**	**10**
Underlying EPS (cps)		66.6		60.4	10

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

2. Outlook

Origin enters the 2011 financial year with continuing growth in its underlying business, a strong balance sheet and a range of opportunities for ongoing growth.

During the past two years, Origin has progressively redeployed some of the benefits of the Australia Pacific LNG transaction to fund the development of growth assets. As a result, a number of development projects and acquisitions are expected to make initial, or increased, contributions to Origin's financial performance.

These include:

- Full year contributions from the Kupe Gas Project in New Zealand and from Origin's higher equity in the Otway Gas Project which increased from 31% to 67% in March 2010;
- Full year contributions from the 630 MW Darling Downs combined cycle power station which commenced commercial operations on 1 July 2010 and from the 126 MW Mt Stuart Power Station expansion after an eight month contribution in 2010;
- An anticipated one quarter contribution from the 550 MW Mortlake peaking power station currently under development;
- Increased earnings from Contact through new investments (including the Stratford peaking power station and the Ahuroa gas storage facility) which will reduce exposure to periods of high rainfall; and
- Continued development of domestic CSG production, which is expected to reach over 100 PJ per annum for Australia Pacific LNG through the 2011 financial year.

These major projects will provide substantial additional cash flows and contribution to Underlying EBITDA, and will result in a commensurate increase in depreciation and amortisation expenses.

Origin continues to invest in the long term growth of the Company. This will include a continuation of the higher level of exploration and appraisal expenditure seen in 2010. Total expenditure on these activities will likely be around $170 million in the 2011 financial year with the majority of expenditure in the first half of the year. Embedded in guidance is an assumption that some elements of this program may be unsuccessful and will be expensed as part of the underlying performance of the business in the 2011 financial year.

Taking all these factors into account and based on current market conditions, Origin expects that Underlying EBITDA will increase by approximately 35% compared with the prior year.

The high level of investment in development projects and acquisitions over the past year has seen net debt increase to $2.8 billion. As these development projects become operational interest charges, which were capitalised during construction, will instead be recognised as an interest expense subsequent to completion. As a consequence, net interest expense will rise in 2011 partially offsetting the growth in EBITDA.

Taking these factors into consideration Origin anticipates Underlying Profit for the 2011 financial year to be around 15% higher than the prior year.

The Company enters the 2011 financial year in a strong financial position, with annual operating cash flows after tax for 2010 of nearly $1 billion, and an adjusted net-debt to net-debt-plus-equity ratio of around 20%. Over the coming year Origin will address a number of opportunities with the potential to create significant additional value for shareholders.

Origin and ConocoPhillips have made substantial progress on the Australia Pacific LNG project and continue to move towards a final investment decision. The project has established sufficient reserves and resources to cover a two train development; has undertaken a comprehensive Environmental Impact Statement incorporating the cumulative impact of the three major CSG to LNG projects currently proposed; has progressed early works contracts; is moving towards completion of Front End Engineering and Design studies;

and expects to have all technical and regulatory approvals by the end of the calendar year. Australia Pacific LNG is engaged with a number of customers with the potential to secure sufficient off-take agreements to enable a final investment decision to be made.

In July 2010 the New South Wales Government commenced a sale process for its energy retail businesses, generation development sites and Gentraders. This represents the final round of privatisation of major energy retailing assets in the National Electricity Market ("NEM"), and represents the sale of dispatch rights for around 27% of the generation assets in the NEM. The value of these assets will be assessed relative to other opportunities Origin has to undertake investments on behalf of shareholders.

Origin will continue with the transformation of its energy retailing systems to improve efficiency, optimise cost to serve and further enhance customer service. This will provide improved customer insights and processes together with better use of technology to engage with customers.

Looking further ahead Origin will continue to pursue its substantial portfolio of renewable energy opportunities and will maintain an active exploration program for energy resources close to developing markets. The renewables portfolio includes an extensive pipeline of wind development options, geothermal opportunities in Australia and overseas, and further development of solar photovoltaic technology through Transform Solar. Greenfield exploration opportunities include prospects in Australia, New Zealand, South East Asia and Kenya.

With this range of opportunities Origin is well-placed to benefit from the growing demand for energy both domestically and overseas.

3. Financial Review of Performance

Year ended 30 June	2010 ($m)	2009 ($m)	Change (%)
Total external revenue	8,534	8,042	6
Underlying EBITDA	**1,346**	**1,219**	**10**
Underlying depreciation and amortisation	(408)	(369)	11
Underlying share of interest, tax, depreciation and amortisation of equity accounted investees	(42)	(31)	35
Underlying EBIT	**896**	**819**	**9**
Underlying net financing costs	(13)	(32)	(59)
Underlying Profit before income tax	**883**	**787**	**12**
Income tax expense on Underlying Profit	(232)	(183)	27
Underlying net profit after tax before elimination of Non-controlling Interests	651	604	8
Non-controlling Interests share of Underlying Profit	(66)	(74)	(11)
Underlying Profit	**585**	**530**	**10**
Earnings per share – Underlying	66.6¢	60.4¢	10
Items excluded from Underlying Profit	27	6,411	(100)
Statutory Profit	**612**	**6,941**	**(91)**
Earnings per share - Statutory	69.7¢	791.0¢	(91)
Free cash flow	800	661	21
Capital expenditure (including acquisitions)	2,837	2,426	17
Group OCAT	965	797	21
Productive capital (year to 30 June)[1]	8,423	7,256	16
Group OCAT Ratio (year to 30 June)[2]	10.9%	10.4%	
Origin Cash (excluding Contact)	823	3,751	(78)
Origin Debt (excluding Contact)	(2,570)	(2,747)	(6)
Contact Net Debt	(1,088)	(897)	21
Adjusted [net debt to net debt plus equity][3]	19.7%	n/a	

Further segmentation of the profit and loss line items in the table above is available in note 2 in the financial statements and throughout this document.

3.1 Revenue - $8,534 million, up 6%

Total external revenue increased by 6% or $492 million to $8,534 million.

This primarily reflected an increase in external revenues from the Retail segment. There were smaller increases from the Exploration and Production and Generation segments while revenues from Contact in New Zealand were lower.

Further details are available in Section 9.

[1] Productive Capital is 12 months average funds employed excluding capital work in progress and including 50% of APLNG
[2] Group OCAT Ratio = (OCAT – interest tax shield)/Productive Capital
[3] Adjusted to exclude impact of financial instruments

3.2 Underlying EBITDA - $1,346 million, up 10%

For the year to 30 June 2010 Underlying EBITDA increased 10% or $127 million to $1,346 million. The segment contributions to this result are presented in the following table:

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)

Year ended 30 June	2010 ($m)	2009 ($m)	Change (%)
Exploration & Production	250	264	(5)
Generation	182	107	70
Retail	568	479	19
Contact	346	369	(6)
Underlying EBITDA	1,346	1,219	10

Exploration & Production Underlying EBITDA contribution was 5% or $14 million lower than the prior year. The contribution from the recently commissioned Kupe Gas Project and Origin's increased equity interest in the Otway Gas Project was more than offset by the dilution of Origin's CSG interests in Australia Pacific LNG, production constraints in the Bass and Cooper basins, production decline in the Perth Basin and expenses relating to the expanded offshore and international exploration program undertaken during the year.

Further details are available in Section 9.1.

Generation Underlying EBITDA increased 70% or $75 million to $182 million. This reflected higher capacity payments from the Retail segment as Origin increased its generation fleet. During the 2009 calendar year four new generation facilities were completed increasing generation capacity from 704 MW to 1,620 MW. This resulted in full year contributions this year from Uranquinty, Quarantine expansion and Cullerin Range and a part year contribution from the Mt Stuart expansion.

Further details are available in Section 9.2.

Retail Underlying EBITDA increased 19% or $89 million to $568 million. This was primarily due to effective management of the energy supply portfolio and increased tariffs for natural gas and electricity enabling growth in margins. Strong growth in sales of residential solar photovoltaic systems further contributed to the result.

Further details are available in Section 9.3.

Contact Underlying EBITDA decreased 6% or $23 million to $346 million. Higher than normal rainfall during the year resulted in lower wholesale electricity prices and increased retail competition. This has made it harder for Contact to recover higher gas costs and network charges.

Further details are available in Section 9.4.

3.3 Underlying depreciation and amortisation - $408 million, up 11%

Underlying depreciation and amortisation expenses increased by 11% or $39 million to $408 million. These increases reflect the deployment of the expanded fleet of power stations in Australia and the commissioning of the Kupe Gas Project in New Zealand. The increase was partially offset by the dilution of Origin's interest in Australia Pacific LNG in October 2008. Australia Pacific LNG's expense for the four months prior to dilution was accounted for in Underlying depreciation and amortisation. Subsequent to the dilution, Australia Pacific LNG's expense has been accounted for through an equity accounting line item as described in section 3.4.

3.4 Underlying share of interest, tax, depreciation and amortisation of equity accounted investees - $42 million, up 35%

The share of interest, tax, depreciation and amortisation expenses attributable to equity accounted investees increased 35% or $11 million to $42 million. This increase was primarily due to Australia Pacific LNG being equity accounted for 12 months this year compared with 8 months in the prior year. This year's expense included $32 million in relation to Australia Pacific LNG within the Exploration and Production segment, $7 million attributable to the Bulwer and Osborne power stations and Transform Solar within the Generation segment and $3 million in relation to Contact's equity accounted investment in the Oakey Power Station.

3.5 Underlying EBIT - $896 million, up 9%

For the year to 30 June 2010 Underlying EBIT increased 9% or $77 million to $896 million.

3.6 Underlying net financing costs - $13 million, down 59%

Origin's Underlying net financing cost for the year of $13 million is $19 million lower than the prior year's expense of $32 million. This year comprises interest expense of $126 million and interest revenue of $113 million compared with interest expense of $169 and interest revenue of $137 million in the prior year. Interest expense of $126 million is $43 million lower than the prior year primarily due to lower average debt balances during the year associated with operational assets, where interest incurred is expensed. Interest revenue of $113 million is $24 million lower than the prior year primarily due to a decrease in cash on hand due to payments during the year for acquisitions and the tax liability in part relating to the dilution of Australia Pacific LNG.

Capitalised interest for the year was $156 million compared with $120 million in the prior year due to higher capital balances over the year for growth projects. This included the Kupe Gas Project for six months, the Ironbark (ATP 788P) exploration permit, the Darling Downs and Mortlake power stations and Contact's generation plant and gas storage developments.

3.7 Income Tax Expense on Underlying Profit - $232 million, up 27%

Underlying income tax expense for the year increased 27% or $49 million to $232 million. The underlying effective tax rate was 26% compared with 23% in the prior year. The underlying effective tax rate was lower than the prima facie 30% corporate tax rate mainly due to the recognition of previously unbooked capital losses, the recognition of research and development qualifying expenditure and the recognition of equity accounted income.

3.8 Non-controlling Interests share of Underlying Profit - $66 million, down 11%

Underlying Profit attributable to Non-controlling Interests decreased 11% or $8 million to $66 million reflecting the lower contribution from Origin's 51.8% subsidiary, Contact.

3.9 Underlying Profit - $585 million, up 10%

Underlying Profit increased 10% or $55 million to $585 million. The result included a 10% increase in Underlying EBITDA after expensing $27 million of costs related to the expanded offshore and international exploration program and the benefit of lower financing costs associated with Origin's strong balance sheet position.

Excluding expenses associated with the offshore and international exploration program, Origin's Underlying Profit was $609 million, up 15% on the prior year.

4. Operating Cash flow After Tax (OCAT)

Year ended 30 June	2010 ($m)	2009 ($m)	Change ($m)	Change (%)
Underlying EBITDA	1,346	1,219	127	10
Change in working capital	(179)	(103)	(76)	73
Stay-in-business capex	(179)	(209)	30	(14)
Share of APLNG OCAT less EBITDA	18	(14)	32	(229)
Other	61	24	37	154
Tax paid	(102)	(120)	18	(15)
Group OCAT	965	797	168	21
Net interest paid	(165)	(136)	(29)	21
Free cash flow	800	661	139	21
Productive Capital	8,423	7,256	1,167	16
Group OCAT Ratio[4]	10.9%	10.4%		

One of Origin's internal measures of performance is its Group OCAT Ratio which is an indicator of the cash returns the Company is generating from productive funds employed within its operations.

Group operating cash flow after tax increased by 21% or $168 million to $965 million.

The key driver of the increase in OCAT was a $127 million increase in Underlying EBITDA. Other benefits included a decrease of $30 million in stay-in-business capex primarily in the Contact segment due to the timing of expenditure on geothermal power stations, and $18 million from lower tax payments from operations in the year. Origin's share of Australia Pacific LNG's OCAT also increased this year due to an improvement in Australia Pacific LNG's working capital balances through the timing of payments and higher EBITDA. These benefits were partially offset by higher working capital primarily due to increased debtors in the Retail segment as a result of electricity tariff increases. The add-back of exploration write-offs, non-cash equity accounted profits and movements in provision balances are included in the "Other" line item.

Net interest paid was $29 million higher than the prior year primarily due to payment of upfront financing costs for the $2.6 billion refinancing in April 2010 partially offset by lower average interest rates in 2010.

Free cash flow available for funding growth and distributions to shareholders increased by 21% from $661 million to $800 million.

Productive Capital in the business increased by 16% in the year. Major assets contributing to this included the Kupe Gas Project from 1 January 2010; the acquisition of an additional 36% interest in the Otway Gas Project from March 2010; and a full year impact of the Uranquinty Power Station.

The combined impact of the increased Group OCAT and Productive Capital resulted in a Group OCAT ratio for the year ended 30 June 2010 of 10.9% compared with 10.4% in the prior year.

[4] *Group OCAT Ratio = (OCAT – interest tax shield)/Productive Capital*

5. Capital expenditure and divestments

Capital expenditure below is based on cash flow amounts rather than accrual accounting.

Capital expenditure on stay-in-business and growth projects was $1,653 million for the year to 30 June 2010.

Stay-in-business capital expenditure was $179 million compared with $209 million in the prior year with the reduction primarily in the Contact segment due to the timing of expenditure on geothermal power stations.

Growth capital expenditure (including capitalised interest) was $1,474 million, 25% lower than in the prior year. This included expenditure on significant projects of $40 million or more in the following areas:

- Exploration and Production - $294 million in total, including:
  - Kupe Gas Project - $70 million; and
  - Bass Basin - $67 million.
- Generation Projects - $764 million in total, including:
  - Mortlake Power Station - $328 million; and
  - Darling Downs Power Station - $274 million.
- Retail Projects - $88 million in total, including:
  - Retail Transformation - $65 million.
- Contact - $328 million in total, including:
  - Tauhara geothermal plant and development - $124 million;
  - Stratford Power Station - $106 million; and
  - Ahuroa Gas Storage - $46 million.

Capital expenditure on acquisitions totalled $1,184 million, including $661 million in relation to the Ironbark exploration permit acquisition, $515 million in relation to the increased equity interest in the Otway Basin and $8 million in relation to the acquisition of the Cogent Tri-generation business in the Retail segment.

Total capital expenditure including acquisitions was $2,837 million, compared with $2,426 million in the prior year.

Following completion of the Australia Pacific LNG transaction, ConocoPhillips is funding capital expenditure within Australia Pacific LNG to a cumulative total of $2.3 billion. During the year to 30 June 2010 Australia Pacific LNG's gross capital expenditure was $720 million. The cumulative capital spent by Australia Pacific LNG since inception of the joint venture is $1,011 million which includes the cash flow generated from operations. Origin has a 50% equity interest in Australia Pacific LNG; however there will be no cash call on Origin until after ConocoPhillips has funded its commitment of $2.3 billion. On current estimates this is likely to occur towards the end of the 2011 financial year.

6. Funding and capital management

6.1 Net Debt and Equity

6.1.1 Net Debt

The net debt for the consolidated entity increased to $2,663 million at 30 June 2010 from a net cash balance of $269 million at 30 June 2009, a net movement of $2,932 million.

The calculation of these positions includes a favourable mark-to-market adjustment of $172 million as at 30 June 2010 compared with a favourable adjustment of $162 million as at 30 June 2009. Favourable adjustments act to decrease the net debt quoted.

Excluding these mark-to-market adjustments, the "adjusted net debt" for the consolidated entity was $2,835 million at 30 June 2010 compared with a $107 million cash balance at 30 June 2009, a net movement of $2,942 million.

The movement in the adjusted net debt of $2,942 million is primarily attributable to: cash payments for acquisitions of $1,184 million; growth and stay-in-business capex of $1,653 million; payment of tax liability of $650 million; and dividends of $409 million. These amounts were partially offset by cash flow from operations of $965 million.

6.1.2 Equity

Shareholder's equity increased 3% from $11,144 million at 30 June 2009 to $11,438 million at 30 June 2010. The increase of $294 million is predominantly due to profit after tax and before Non-controlling Interests of $680 million for the year combined with $116 million from share issuance and $11 million from share-based payments. These amounts more than offset the $511 million of dividends paid.

6.1.3 Gearing Ratios[5]

The following two tables provide different calculations of the net debt to net debt plus equity ratio based on unadjusted and adjusted positions discussed in 6.1.1 and 6.1.2 above. Using adjusted values to calculate the net debt to net debt plus equity ratio removes any short term volatility caused by changes in fair value of financial instruments and is a better long term measure of the strength of Origin's capital structure.

Calculation of Net Debt to Net Debt plus Equity:

	June 2010 ($m)	June 2009 ($m)
Net debt/(cash) as reported	2,663	(269)
Equity as reported	11,438	11,144
Net debt to (net debt + equity)	18.9%	n/a

Calculation of Adjusted [Net Debt to (Net Debt plus Equity)] - excluding movements in fair value of financial instruments:

	June 2010 ($m)	June 2009 ($m)
Adjusted net debt/(cash)	2,835	(107)
Adjusted equity	11,552	11,257
Adjusted [net debt to (net debt + equity)]	19.7%	n/a

[5] The reported numbers for net debt include interest bearing debt obligations only

6.2 Net Debt excluding Contact

Origin owns 51.8% of the quoted ordinary shares of Contact and is therefore required under the accounting standards to consolidate all of Contact's assets and liabilities on Origin's balance sheet. This includes consolidating 100% of Contact's outstanding debt obligations. However, under the terms of those debt obligations Origin has no liability associated with Contact's debt.

Excluding Contact's debt obligations, Origin has an adjusted net debt position as at 30 June 2010 of $1,747 million compared with an adjusted net cash position of $1,004 million as at 30 June 2009, a change of $2,751 million.

Origin refinanced $2.0 billion of its 2011 debt obligations and obtained an additional $0.6 billion of new financing in April 2010 which increased the average maturity of the debt portfolio from three years at 30 June 2009 to four years at 30 June 2010. Origin excluding Contact has a range of financing facilities in place with varying maturities from three months to 10 years.

6.3 Share Capital

During the year Origin issued an additional 6.3 million shares. This included 4.1 million shares issued under the DRP representing $65 million together with 2.1 million shares issued as the result of the exercise of employee options which raised $13 million.

As a consequence the total number of shares on issue at 30 June 2010 increased by 6,286,791 shares to 880,668,872 from 874,382,081 at 30 June 2009.

The weighted average number of shares used to calculate basic earnings per share increased by 505,787 to 877,972,404 from 877,466,617 as at 30 June 2009. In the prior year, 12.1 million shares were purchased by the Company through an on market share buyback and 5.7 million shares were issued under the DRP and as a result of the exercise of employee options. This resulted in a lower weighted average number of shares used to calculate basic EPS in the prior year.

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 Environmental products

As part of Origin's operations in the energy sector, it is exposed to liabilities from various state and federal based government environmental schemes. At present these liabilities accrue during a set of annual compliance periods and are typically related to electricity supply and demand. In order to reduce Origin's exposure to environmental product prices, the liabilities are first forecast and then an inventory of certificates are accrued during the period in order to meet the expected liability at the end of each compliance period.

7.4 Oil and Condensate

On an ongoing basis, Origin assesses its anticipated medium term production volumes, current forward oil prices and 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.

For the year to 30 June 2010, 480 thousand barrels were hedged at an effective price of $87.69 per barrel in Australian Dollar terms. In addition, 90 thousand barrels of oil related to production from the Kupe asset, which reports its earnings in US Dollars, was hedged at US$65.35 and did not have associated FX hedges.

For the year to 30 June 2011, Origin currently has 420 thousand barrels hedged at an effective price of $95.07 per barrel in Australian Dollar terms. In addition, 180 thousand barrels of oil related to production from the Kupe asset was hedged at US$64.44 per barrel and does not have associated FX hedges.

Origin carries a residual exposure to the spread (premium or discount) in prices it receives for the hydrocarbon products it sells relative to the oil benchmarks against which hedges can be written. 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 such spreads are usually modest and relatively stable, the volatility in oil markets and shifts in supply and demand patterns can lead to significant movements in such spreads.

7.5 Foreign Exchange

With regard to foreign exchange, Origin prudently manages its foreign exchange exposure through external hedging arrangements where appropriate.

Origin is primarily exposed to US Dollar exchange rate risk through the sale of commodities and the translation of Origin's US denominated Exploration and Production activities in New Zealand. NZ Dollar exchange rate risk arises through the translation of Contact's earnings to Australia Dollars. Origin's foreign exchange hedge position associated with US Dollar receipts from the sale of oil is reflected in the oil commentary above.

Origin's exposure to foreign exchange rates is as follows. A one cent depreciation in the US Dollar and NZ Dollar versus the Australian Dollar could reduce Origin's Australian Dollar profit after tax and Non-controlling Interests for year to 30 June 2011 by approximately $2.2 million and $0.3 million respectively.

7.6 Interest Rates

Origin's consolidated average interest rate paid on debt for the year to 30 June 2010 was 6.2%. 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 5.6% for the year to 30 June 2010.

Looking forward, approximately 46% of Origin's consolidated debt obligations are hedged to June 2011 at an average rate of 7.8% including margin. Excluding Contact, Origin has 36% of its debt obligations hedged at an average rate of 7.6% including margin to June 2011. This hedge percentage gradually reduces over the following five plus years.

As at 30 June 2010, Origin held cash on deposit of approximately $823 million compared with $3,895 million at 30 June 2009. This cash was invested at an average rate of 4.4% for the year to 30 June 2010. Looking forward, $500 million of this amount is invested in fixed rate deposits with maturities out to December 2010 at an average rate of 5.8%.

8. People, Health, Safety & Environment

8.1 People

Origin's employee numbers (excluding Contact) increased by 194 to 4,392 from 30 June 2009. Employee numbers increased in the Exploration and Production segment as Origin further builds its capabilities in delivering major developments. These increases were partially offset by reductions in the Retail segment due to general productivity improvements and the successful outsourcing of back-office business processes and Retail IT applications support to Wipro.

8.2 Health and Safety

Origin uses as its primary safety performance measure the industry standard Total Recordable Incident Frequency Rate (TRIFR). This measures the total number of recordable injuries that occur per million hours worked on a rolling 12 month basis. Recordable injuries include lost time cases, restricted work cases and medical treatment cases. This measure improved by 38% from 9.1 at 30 June 2009 to 5.6 at 30 June 2010.

Regrettably, during the year an automobile accident occurred resulting in the death of a contractor at the entrance to an Australia Pacific LNG site. An investigation into this incident is ongoing.

8.3 Environment

During the year there were 15 reported environmental incidents that involved regulatory matters and notification to environmental authorities. Ten incidents involved offsite releases of wastewater, one of which resulted in a small fine. There were two incidents involving leaks and seepage from evaporations ponds. One of the leaks resulted in minor elevated levels of salinity and long-chain hydrocarbons in a sample taken from a licensed groundwater monitoring bore located next to an evaporation pond. One incident involved vegetation clearance beyond the approved disturbance permit area. The remaining two incidents involved internal system oversights that resulted in environmental licences not being renewed on time. All incidents have been resolved in consultation with the respective authorities.

In addition to the offsite releases mentioned above, there were 16 liquid spills greater than 100 litres. These included hydrocarbons, chemicals and contaminated water. None of the recorded spills resulted in serious environmental harm. Environmental incidents have been investigated and preventative actions taken to reduce risk of recurrence.

9. Operational Review

9.1 Exploration & Production

Financial Performance

Year ended 30 June	2010 ($m)	2009 ($m)	Change (%)
Total revenue	522	516	1
Underlying EBITDA	250	264	(5)
Underlying EBIT	48	86	(44)

Operational Performance

Year ended 30 June	2010	2009	Change (%)
Total Production (PJe)	104	104	-
Total Sales (PJe)	117	112	5
Commodity Sales Revenue $m	632	572	10
Proved plus Probable Reserves (PJe)	6,207	4,484	38

Origin's Exploration and Production segment reported record annual sales volumes and commodity revenues during the year and increased Proved plus Probable ("2P") reserves by 38%.

Underlying EBITDA for the Exploration and Production segment decreased by 5% or $14 million to $250 million. The initial contribution from the Kupe Gas Project, an increased equity interest in the Otway Gas Project and a higher Underlying EBITDA contribution from Australia Pacific LNG was more than offset by the dilution of Origin's CSG interests in Australia Pacific LNG, production constraints in the Bass and Cooper basins, production decline in the Perth Basin and higher exploration expenses.

During the year Origin embarked on an expanded offshore and international exploration program over and above its usual level of activity. This included drilling four offshore wells in southern Australia and two wells in South East Asia.

As at 30 June 2010 four out of six wells completed as part of the exploration program had encountered hydrocarbons. As a consequence only two wells with total expenditure of $27 million were written off from this program - the Somerset 1 well in the Otway Basin and the Tom Su Lua-1X well in Vietnam. At 30 June 2010 the balance of the expenditure was capitalised pending the outcome of commercial and technical studies.

During the course of the year production and sales are reported to the market on a consolidated basis which includes Origin's 50% share of Australia Pacific LNG. In the statutory accounts the financial performance of Australia Pacific LNG is equity accounted. Consistent with this treatment, revenue and expenses from Australia Pacific LNG do not appear in the Exploration and Production accounts. Origin's 50% share of Australia Pacific LNG's EBITDA is however included in the EBITDA of the Exploration and Production segment. Australia Pacific LNG's depreciation, amortisation, interest and tax expenses are accounted for between EBITDA and EBIT in the line item "Share of interest, tax, depreciation and amortisation of equity accounted investees." Further commentary on Australia Pacific LNG's operational and financial performance is provided in Appendix 3.

9.1.1 Production, Sales and Revenues

Year ended 30 June 2010	APLNG (50%)	Origin		Total
		CSG*	Conventional	
Consolidated Production, Sales and Commodity Revenue				
Production (PJe)	35.5	-	68.7	104.2
Sales (PJe)	38.5	-	78.6	117.1
Commodity Sales Revenue ($m)	125	-	507	632
Statutory Revenue				
Commodity Sales Revenue ($m)		-	507	507
Other Revenue ($m)		-	15	15
Total Revenue ($m)		**-**	**522**	**522**

Year ended 30 June 2009	APLNG (50%)	Origin		Total
		CSG*	Conventional	
Consolidated Production, Sales and Commodity Revenue				
Production (PJe)	20.5	18.6	65.2	104.3
Sales (PJe)	22.6	19.8	69.5	112.0
Commodity Revenue ($m)	72	63	437	572
Statutory Revenue				
Commodity Sales Revenue ($m)		63	437	500
Other Revenue ($m)		-	16	16
Total Revenue ($m)		**63**	**453**	**516**

* CSG refers to coal seam gas assets and assets in the Denison Trough that were owned 100% by Origin until October 2008 and since that time have formed part of Australia Pacific LNG

9.1.2 Production and Sales

Origin's share of total production was in line with the prior year at 104 PJe.

The Australia Pacific LNG joint venture was established in late October 2008 with the dilution of Origin's interest from 100% to 50%. In the financial year ended 30 June 2009 Australia Pacific LNG reported production for eight months, with Origin's 50% interest totalling 20.5 PJe. This year production attributable to Origin from the joint venture increased by 15.0 PJe or 73% to 35.5 PJe reflecting both higher production rates to supply new contracts and a full year contribution.

In the prior year CSG assets, which are included in Australia Pacific LNG from the end of October 2008, contributed 18.6 PJe to production while the balance of Origin's assets (referred to as "Conventional" in the table above) contributed 65.2 PJe. Total production from Origin's assets in the prior year was therefore 83.8 PJe. Production attributable to Origin's assets this year was 68.7 PJe and represented only production from conventional assets. This was a decrease of 15.1 PJe more than accounted for by the prior year dilution of Australia Pacific LNG.

Comparing year-on-year production from Origin's conventional assets only, production increased by 5% or 3.5 PJe from 65.2 PJe to 68.7 PJe. Commencement of the Kupe Gas Project in December 2009 (+8.5 PJe), an increased equity share in production from the Otway Gas Project from March 2010 (+3.7 PJe) and higher gas production in the Surat Basin (+1.9 PJe) all added to production. These additions were partially offset by constraints in production from several assets including the BassGas Project due to an extended maintenance shut-down and subsequent unavailability of one well (-3.1 PJe), the Cooper Basin as a result of extensive flooding (-4.8 PJe), the Perth Basin due to natural decline (-2.0 PJe) and other minor reductions totalling 0.7 PJe.

In addition to sales from production, Origin purchases and on-sells production from third parties and from time to time sells production from storage. This year these sales represented 9.9 PJe compared with 4.3 PJe in the prior year.

9.1.3 Revenue and Expenses

Total Revenue increased by 1% from $516 million in the prior year to $522 million this year while sales volumes fell 12% from 89.3 PJe in the prior year to 78.6 PJe this year. Revenues increased despite the decrease in sales volumes largely because higher value liquids production and gas sales from Kupe in New Zealand partially replaced lower value sales from domestic CSG.

Year ended 30 June	2010 ($m)	2009 ($m)	%
Cost of Goods Sold	58	43	33
Stock movement	8	(11)	178
Royalties and Tariffs	40	44	(9)
General Costs	167	166	1
Exploration	45	40	11
Total Expenses	**318**	**282**	**12**

Cost of Goods Sold was $58 million this year compared with $43 million in the prior year reflecting an increase in the volume of third party purchases. Stock movements due to the sale of gas from storage in the Surat and Cooper basins resulted in an expense of $8 million for the year compared with a benefit of $11 million in the prior year, creating a $19 million year on year variance. The revenue receipts from the associated sales of third party purchases and stock more than offset these costs.

Expenses associated with royalties and tariffs decreased from $44 million to $40 million which largely reflected the lower production volumes from Origin's conventional onshore assets and equity accounting of Australia Pacific LNG from late October 2008.

General operating costs increased by $1 million to $167 million despite a reduction in production of 15.1 PJe from 83.8 PJe to 68.7 PJe to which these costs relate.

In the prior year costs associated with lower value CSG production were included for four months. The production and relatively low unit costs associated with these assets are now included in Australia Pacific LNG.

During the year Origin added production from the Kupe Gas Project and an increased interest in the Otway Gas Project to its existing portfolio of high-value liquids-rich assets. These assets incur high unit production costs.

Several assets where costs have remained relatively fixed, while production has been constrained, also recorded higher unit production costs. This includes the flood affected Cooper Basin, the Bass Basin due to the extended shut down for maintenance and Origin's onshore New Zealand assets, due to production constraints during the development of gas storage facilities.

In addition, costs have increased as Origin builds operational capabilities to match the growth in the upstream business.

Exploration expense increased to $45 million this year from $40 million in the prior year. This included $27 million from the write-off of two wells associated with the expanded offshore and international exploration program. Write-offs from normal exploration activity were somewhat lower than the prior year reflecting the success of drilling programs in the Perth and Cooper Basins and lower seismic expenditure than the prior year.

9.1.4 Earnings

Underlying EBITDA

Year ended 30 June	2010 ($m)	2009 ($m)	Change %
Total Revenue	522	516	1
less **expenses**	(318)	(282)	12
add **Share of Underlying EBITDA of APLNG**	45	29	55
Underlying EBITDA	250	264	(5)

Underlying EBITDA decreased 5% or $14 million to $250 million.

Origin's equity accounted interest in Australia Pacific LNG contribution to Underlying EBITDA increased 55% or $16 million to $45 million.

Underlying EBITDA from Origin's assets decreased 13% or $30 million to $205 million. This was due mainly to Origin's CSG production now being accounted for in Australia Pacific LNG together with production constraints in the Bass and Cooper basins, production decline in the Perth Basin and higher exploration expenses.

Underlying Depreciation and Amortisation

Underlying depreciation and amortisation charges increased 8% or $12 million to $170 million. This primarily reflects Origin's increased investment in capital intensive offshore gas-liquids assets such as the Kupe Gas Project and an increased interest in the Otway Gas Project. These increases were partially offset by depreciation and amortisation expense for assets now included in Australia Pacific LNG being recorded in the equity accounted line item described below.

Underlying share of interest, tax, depreciation and amortisation of equity accounted investees

Origin's share of interest, tax, depreciation and amortisation of Australia Pacific LNG is equity accounted and included in a single line item between Underlying EBITDA and Underlying EBIT. This includes 12 months expense in the year totalling $32 million compared with 8 months expense in the prior year totalling $20 million. Further details are provided in Appendix 3.

Underlying EBIT

Underlying EBIT for the year decreased 44% or $38 million from $86 million to $48 million.

9.1.5 Reserves

Origin undertakes a full assessment of its reserves on an annual basis at the end of the financial year. A full statement of reserves attributable to Origin at 30 June 2010 is included in Origin's Annual Reserves Report released to the ASX on 30 July 2010.

The Proved plus Probable (2P) reserves attributable to Origin across its areas of interest at 30 June 2010 totalled 6,207 petajoules equivalent (PJe), an increase of 1,723 PJe or 38% from 30 June 2009. The overall increase of 1,723 PJe included additions and revisions totalling 1,827 PJe together with production of 104 PJe.

The following summary is extracted from that statement.

Origin 2P Reserves[6] by Region (PJe)	2P Reserves 30-Jun-09	Net additions and revisions	Production	2P Reserves 30-Jun-10
Australia Pacific LNG				
Coal Seam Gas / Denison	3,633	1,474	(36)	5,071
Cooper Basin				
SA Cooper Basin	148	8	(11)	144
SWQ Cooper Basin	49	17	(9)	57
Other onshore Australia				
Western Australia	13	9	(3)	19
Conventional Surat Basin	26	(1)	(4)	21
Offshore Australia				
Otway Basin - Offshore	220	301	(23)	497
Bass Basin	169	-	(7)	162
New Zealand				
Offshore Taranaki (Kupe)	194	21	(9)	207
Onshore Taranaki	32	(2)	(2)	28
Total	4,484	1,827	(104)	6,207

9.1.6 Australia Pacific LNG

Australia Pacific LNG has made significant progress in the development of the domestic gas business and has met significant milestones in preparation for the CSG to LNG export project.

Australia Pacific LNG's equity interest in production capacity now exceeds 300 terajoules per day (TJ per day); 2P reserves have increased by 2,878 PJe or 40% to 10,143 PJe; key Front End Engineering and Design ("FEED") contracts have been awarded in relation to drilling, upstream processing facilities, major pipelines and the LNG liquefaction facility; the Environmental Impact Statement ("EIS") for the project was lodged with responses to public submissions being prepared and reviewed with Government agencies; project centres have been opened in Gladstone, Roma and Chinchilla; and an active LNG marketing program is continuing.

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[6] The information in this Reserves Statement has been compiled by Mr Andrew Mayers, a full-time employee of Origin. Mr Mayers is qualified in accordance with ASX Listing Rule 5.11 and has consented to the form and context in which these statements appear.

Origin's interests in exploration and production tenements (held directly or indirectly) may change from time to time and some of Australia Pacific LNG's CSG tenements are subject to commercial arrangements under which, after the recovery of acquisition, royalty, development and operating costs, plus an uplift on development and operating costs, a portion of some of the interests may revert to previous holders of the tenements. Origin has assessed the potential impact of reversionary rights associated with such interests based on the economic tests for reserves outlined in Origin's Annual Reserves Report dated 30 July 2010 and based on that assessment does not consider that reversion will impact the reserves quoted within this report.

Australia Pacific LNG participated in 317 wells during the year. The key focus of activity was to increase production capacity to supply new contracts during the year, together with continuing delineation of reserves and resources. Of the 317 wells drilled, 121 were development wells while 196 were exploration or appraisal wells.

Origin operates the Spring Gully and Talinga gas production facilities on behalf of Australia Pacific LNG. Development at Spring Gully and Talinga continued during the year with the gas plants achieving peaks in excess of 145 TJ per day and 74 TJ per day respectively. Capacity at each plant now stands at 150 TJ per day and 90 TJ per day respectively. Phase 6 of the Spring Gully project which is designed to increase capacity to 180 TJ per day is well advanced and the drilling and tying-in of the remaining wells to fully utilise the capacity at Talinga is on-going.

Australia Pacific LNG also has interests in non –operated producing projects in the Bowen Basin and Surat Basin. At the Fairview field in the Bowen Basin, operated by Santos, the first phase of the CSG field expansion project has been completed and is delivering approximately 30 TJ per day net to Australia Pacific LNG. On completion the project is expected to deliver approximately 50 TJ per day to Australia Pacific LNG. The QGC operated project in the Walloon coal seams of the Surat Basin covering the Kenya, Argyle and Lauren CSG fields is also progressing. At the end of the period, the Kenya gas plant was delivering approximately 24 TJ per day to Australia Pacific LNG, which is expected to increase to over 50 TJ per day when the project is complete.

Progress on these projects has allowed Australia Pacific LNG to produce at rates in excess of 270 TJ per day in aggregate, with installed capacity of over 300 TJ per day.

The exploration, appraisal and development activity undertaken, together with field development optimisation studies, has resulted in an increase in 2P reserves attributable to Australia Pacific LNG of 2,878 PJe or 40% to 10,143 PJe. Proved, Probable plus Possible ("3P") reserves increased by 16% to 14,598 PJe, while the combined reserves and resources (3P + 3C) in the Bowen and Surat basins attributable to Australia Pacific LNG increased to over 26,000 PJe. Origin has a 50% interest in these reserves and resources.

Four significant FEED and early works contracts have been awarded relating to the CSG to LNG project.

In late December 2009, Australia Pacific LNG awarded a $220 million drilling and work-over rig contract to Savanna Energy Services Pty Ltd for the provision of two proprietary hybrid drilling rigs and two work-over rigs for a five year term from September 2010. In January 2010 major contracts were signed with McConnell Dowell Constructors and Baulderstone Bilfinger Berger Services Joint Venture for the design, engineering, procurement and early works activity during the planning stages for the 450 kilometre main pipeline and upstream facilities.

In addition, work is continuing with Bechtel on FEED for the liquefaction facility at Curtis Island. The nameplate capacity of each LNG train has increased from 3.5 to 4.5 million tonnes per annum, with an initial development likely to focus on two trains. There is the potential to develop up to four trains on the site.

Australia Pacific LNG's EIS was submitted to the Queensland Co-ordinator General in February 2010 and the public consultation period was completed on 4 May 2010. Responses to public submissions are currently being prepared and reviewed with Government agencies.

In February 2010, Australia Pacific LNG and QGC agreed a framework for the development of two jointly owned CSG tenements and have entered into conditional gas sales agreements that will support the development of both Australia Pacific LNG and QGC's proposed LNG projects. The agreement covers up to 640 PJ over a period of 20 years, including approximately 190 PJ over the first two years. This will assist Australia Pacific

LNG manage the ramp up gas for its CSG to LNG project and provides an accelerated export channel to market for this gas. The agreement is conditional on QGC making a final investment decision on its proposed CSG to LNG project, and covers only a portion of Australia Pacific LNG's reserves and resources in these permits.

Australia Pacific LNG is engaged with a number of customers with the potential to secure sufficient off-take agreements to enable a final investment decision to be made.

9.1.7 Major Development Activities

Kupe Gas Project (New Zealand)

The Kupe Gas Project commenced final commissioning of its facilities in December 2009. The project contributed to Origin's financial results from 1 January 2010 and was officially opened on 18 March 2010.

By 30 June 2010 the project had produced approximately 17 PJe of gas and associated liquids and in doing so achieved the milestone of having produced its one millionth barrel of light crude oil.

A review of technical information from development wells drilled in 2008 combined with early production data and detailed reservoir modelling resulted in an increase in initial 2P reserves of 11% to 431 PJe. The initial reserves are estimated at 273 PJ of sales gas (+8%), 1,114 ktonnes of LPG (+5%) and 18.6 million barrels of light crude oil or condensate (+27%). Origin's 50% interest provided an increase in initial reserves of 21 PJe, including an additional 2 million barrels of light crude oil.

Otway Basin (Victoria/Tasmania)

On 16 March 2010 Origin increased its equity in the Otway Gas Project from 30.75 per cent to 67.23 per cent acquiring the additional interest from Woodside Energy Limited. Origin assumed operatorship on 1 July 2010 following a transition period and receipt of all required regulatory approvals.

The acquisition adds to Origin's existing expertise in operating offshore gas developments including the BassGas Project and the Kupe Gas Project in New Zealand.

During the year the Otway joint venture approved a plant inlet compression project which is expected to extend the production plateau of the field. Construction commenced in early 2010. Site works are now well advanced with fabrication and installation of pipe-work and supports in progress. Commissioning is expected in the first half of calendar year 2011.

The development of the Geographe field is now being planned with a view to progressing to a final investment decision in the first half of calendar year 2011.

In addition technical studies regarding plant turn down performance resulted in an upward revision in 2P reserves of 71 PJe (48 PJe net to Origin).

Bass Basin (Victoria/Tasmania)

A major maintenance shut-down of the BassGas Project was undertaken from 22 November 2009 to 1 April 2010. Production since the shut-down has been restricted to the Yolla 4 well only which has averaged approximately 50 TJ per day. The Yolla 3 well will remain off-line until an isolation plug installed in the well to ensure safe operation during the shut-down can be retrieved.

In April 2010, the onshore Lang Lang gas plant began supplying raw CO_2 for commercial use to a new CO_2 recovery unit built and owned by Air Liquide. The CO_2 recovery unit will re-use up to 69 thousand tonnes of CO_2 per year which previously would have been released into the atmosphere.

Planning work for the Yolla Mid-Life Enhancement (“MLE”) project is continuing following a reassessment of the sequencing and timing of the project’s key components. The project is comprised of three parts; the installation of living quarters and upgraded safety systems on the offshore platform to improve production reliability and maintenance access; the installation of compression on the platform to maximise field recovery; and the drilling of two infill wells to augment production from the existing two wells and to maximise drainage of the field.

The MLE budget will be reassessed following finalisation of the revised project plans. It is presently expected that the offshore construction phase of the project will commence in late calendar year 2011 with the timing of drilling dependent on rig availability.

9.1.8 Exploration

An active exploration program was undertaken during the year that included the offshore wells in the Bass and Otway basins and a range of exploration activities in Australia, New Zealand, Kenya and South East Asia. The Company has farmed-in to a prospective suite of exploration and appraisal opportunities across Thailand, Lao PDR and Vietnam and has farmed-out an interest in the Canterbury Basin in New Zealand where its farm-out partner Anadarko will undertake drilling in 2011.

Australia

In the Bass Basin, Origin drilled three wells in the T/18P permit using the Kan Tan IV semi-submersible rig.

The Trefoil 2 gas appraisal well intersected gas bearing sands in the targeted Eastern View Coal Measures and confirmed the southerly extent of this accumulation.

The gas exploration well Rockhopper 1, approximately 10 kilometres from Trefoil 1, encountered oil and gas in a sequence of interbedded sandstones and shales in the Lower Eastern View Coal Measures. On the basis of that result, a sidetrack appraisal well Rockhopper 1 ST1 was drilled to a location 1.3 kilometres south and down dip of Rockhopper 1. The sidetrack well confirmed hydrocarbon bearing sandstones at this location, and the results of these wells are being evaluated.

In the Otway Basin the Somerset 1 gas exploration well was drilled in T/34P. The well was not successful and was plugged and abandoned.

In May 2010 Origin commenced a program of exploration drilling and pilot production testing for the Ironbark project in ATP 788P. This will include three multi-well pilots, one single-well pilot and two exploration core holes. Two cores holes had been drilled by the end of the year. Further drilling will be undertaken during the course of the coming year.

New Zealand

In the Northland Basin, a two well drilling program targeting gas for the New Zealand market has been delayed and will commence in the September Quarter 2010.

In the Canterbury Basin offshore from Dunedin, Origin has reached agreement to farm-out a 50% interest in exploration permits PEP 38262 and PEP 38264 to Anadarko Petroleum Corporation (Anadarko). The permits contain the Carrack/Caravel prospect, which has the potential to hold recoverable resources in excess of 500 million barrels of oil equivalent. A well commitment will become due in the 12 months from August 2010 and Anadarko has agreed to fund the first US$30 million of joint venture exploration costs. Drilling is expected to commence in 2011.

Kenya

Origin has recorded an 800 square kilometre 3D marine seismic survey over the Mbawa prospect prior to the possible selection of a drilling location. The survey was the first 3D seismic survey to be recorded in Kenya. Processing of this data continued during the year. Following interpretation of this data, a decision will be made whether to drill the Mbawa prospect in the third year of the permit or to withdraw from the joint venture.

South East Asia

In Vietnam, Origin operates Block 121 in the Song Hong Basin. During the year Origin acquired 1,965 kilometres of 2D marine seismic data which is currently being processed. In addition, reprocessing of approximately 3,900 kilometres of existing 2D seismic data in the permit was completed and planning for the acquisition of a 3D survey is continuing.

On 16 December 2009, Origin and Salamander Energy plc ("Salamander") signed a farm-in agreement under which Origin will earn an interest in a portfolio of five exploration blocks operated by Salamander across north-east Thailand, Lao PDR and Vietnam. As part of the joint venture arrangement, Origin will fund US$50 million of joint venture exploration and appraisal expenditure across the five blocks. Origin may also fund up to an additional US$40 million of joint appraisal expenditure if the initial program is successful.

To 30 June 2010 two wells had been drilled as part of the farm-in arrangement. One well in the Vinh Chau Graben region, offshore Vietnam did not encounter hydrocarbons and was plugged and abandoned. In Lao PDR, the Bang Nuoan-1 was drilled to test the prospectivity of the Khorat Plateau province and encountered gas shows with an initial indication of 25 metres of potential gas pay.

Since the end of the financial year a second well has been drilled in the Vinh Chau Graben region. This well was unsuccessful and the joint venture is currently assessing the nature of future work to be undertaken in this permit area. In addition, testing of the Bang Nuoan-1 well concluded that the reservoir was tight and the well was plugged and abandoned.

Two onshore appraisal wells on the Dao Ruang gas discovery in Block L15/50, Northeast Thailand, will be drilled towards the end of calendar year 2010. These wells are also in the Khorat Plateau province and will test the same geological play as the Bang Nuoan-1 well.

9.2 Generation

Year ended 30 June	2010 ($m)	2009 ($m)	Change (%)
Internally Contracted Plant Revenue	*192*	*108*	*78*
Externally Contracted Plant Revenue	*42*	*24*	*75*
Total Revenue	**234**	**132**	**76**
Underlying EBITDA	182	107	70
Underlying EBIT	131	81	62

Generation Volumes

Year ended 30 June	2010	2009	Change (%)
Internally Contracted Sales Volume (TWh)	1.2	0.7	80
Externally Contracted Sales Volume (TWh)	1.2	1.0	17
Total Sales Volume (TWh)	**2.4**	**1.7**	**53**
Externally Contracted Steam Sold (PJ)	**4.2**	**3.1**	**37**

Underlying EBITDA increased 70% or $75 million to $182 million reflecting increased capacity payments from the Retail segment as Origin increased the operating capacity of its generation fleet to 1,620 MW.

During the 2009 calendar year commissioning of four new generation facilities was completed, that delivered initial or increased contributions to the year's result. This included the 640 MW Uranquinty Power Station, the 120 MW Quarantine and 126 MW Mt Stuart power station expansions and the 30 MW Cullerin Range Wind Farm.

Commissioning of the 630 MW Darling Downs Power Station continued through the latter part of the year. After successful handling trials and performance testing, followed by 30 days of reliability runs, the plant commenced commercial operations on 1 July 2010. This takes Origin's total operating capacity to 2,250 MW.

The 550 MW Mortlake Power Station development continues to progress with commissioning expected to commence in the December Quarter 2010 with full commercial operations targeted by the end of the March Quarter 2011.

9.2.1 Revenue

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

Capacity payments for internally contracted plant represent a fee paid for dispatch rights and also cover operating and maintenance costs associated with running the power stations. The plants are then available at call to generate electricity to contribute to risk management for the Retail segment.

Of Origin's three externally contracted plants, the Worsley cogeneration plant is the only one that contributes to reported revenue in the financial statements. The Osborne and Bulwer Island power stations are held within incorporated joint ventures in which Origin has a 50% equity stake and are therefore equity accounted.

Revenue increased by 76% or $102 million to $234 million. The key driver of the increase in revenue is the additional capacity payments received from the Retail segment reflecting the growth in internally contracted generation capacity. In addition, approximately $17 million of revenue reflects the return to service of the Worsley cogeneration plant which was subject to an extended outage in the prior year.

No major unplanned outages occurred in the generation fleet during the period. Details of the year's operational performance of Origin's power generation plants are tabulated below.

Generation Plant	Nameplate Plant Capacity MW	Type	Equivalent Reliability Factor**	Capacity Factor
Cullerin Range	30	Internal	98%	41%
Ladbroke Grove	80	Internal	93%	26%
Mt Stuart	414	Internal	99%	1%
Quarantine	216	Internal	98%	15%
Roma	74	Internal	99%	33%
Uranquinty	640	Internal	97%	6%
Bulwer Island*	32	External	97%	77%
Osborne*	180	External	100%	76%
Worsley*	120	External	98%	92%

*Origin holds a 50% equity share
** Equivalent reliability factor is the availability of the plant after scheduled outages.

9.2.2 Earnings

Underlying EBITDA increased by 70% or $75 million to $182 million. This reflected the growth in generation capacity from developments completed in the 2009 calendar year including the new Uranquinty Power Station and Cullerin Range Wind Farm and expansions at Mt Stuart and Quarantine power stations. Worsley achieved an equivalent reliability factor of 98% compared to 57% in the prior year where an outage arising from a turbine failure negatively impacted the result.

Depreciation expense increased by 144% or $26 million to $44 million reflecting the increased asset base.

The share of underlying interest, tax, depreciation and amortisation of the generation segment's equity accounted investees was $7 million compared with $8 million in the prior year.

Underlying EBIT increased by 62% or $50 million to $131 million.

9.2.3 Thermal Generation Developments

The expanded Mt Stuart peaking facility commenced commercial operation in November 2009. The original 288 MW plant was expanded to 414 MW with the addition of a GE Energy 126 MW 9E gas turbine at a capital cost of $110 million.

The Darling Downs Power Station in Queensland is Australia's largest combined-cycle power station and represents an investment of $1 billion by Origin. The plant successfully commenced commercial operations on 1 July 2010, providing an additional 630 MW of capacity to the portfolio.

Commissioning of the 550 MW open cycle power station at Mortlake in Victoria is expected to commence in the December Quarter 2010 with full commercial operations targeted by the end of the March Quarter 2011. The final project cost is expected to increase by 10% to approximately $710 million (excluding capitalised interest). All turbines have been delivered to the site and major construction work is well advanced. The Mortlake site has approval to significantly expand including conversion of the existing plant to a highly efficient combined cycle power station and the addition of extra peaking capacity.

Origin’s thermal generation pipeline now includes 2,670 MW of gas fired power plant development options comprising sites at Mortlake, Spring Gully, Quarantine and Darling Downs. These options provide flexibility to continue to enhance Origin’s electricity supply portfolio.

9.2.4 Renewable Energy Developments

Wind
The Cullerin Range Wind Farm near Goulburn in New South Wales commenced commercial operations on 1 July 2009. Over the year the wind farm operated at a 41% capacity factor.

During the year Origin exercised an option to acquire the Yass Valley Wind Farm project from Epuron. The project has a capacity of between 222 MW and 420 MW depending upon turbine numbers and the turbine technology selected. The project is located within New South Wales approximately 60 km from the Cullerin Range Wind Farm.

In addition, Origin worked actively on permitting and community engagement on the Stockyard Hill and Dundas sites in Western Victoria which were acquired as a result of the WindPower acquisition in 2009. During the year Origin completed the permitting for the 40 MW Lexton site in Victoria.

By the end of the year Origin’s portfolio of potential wind development sites included 96 MW for which Development Applications have been approved, 846 MW that are in the advanced planning and permitting stage, 1,200 MW in the planning and permitting stage and 1,314 MW undergoing feasibility studies.

Geothermal
Origin’s major geothermal energy investments to date is through a 30% interest in the Innamincka Joint Venture with Geodynamics Ltd (“Geodynamics”) and an equity interest of approximately 7% in the listed company. Research and development is based on a world class heat resource of deep fractured granites which are covered by a number of geothermal exploration permits in northern South Australia. During the year an application for $90 million funding under the Renewable Energy Demonstration Program on behalf of the joint venture was successful. The Habanero 3 failure investigation was completed and learnings and actions were built into the new program.

Origin and Geodynamics have also formed the Innamincka Shallows Joint Venture to evaluate the geothermal potential of the shallower Cooper and Eromanga basin section within the existing permit areas. Origin will be the exploration operator and over the next six months will drill and test two slim wells to depths of approximately 2,200 metres. Origin will contribute $4.5 million of project expenditure, in addition to its 50% share of project expenditure for this joint venture, in exchange for a 20% increase in its interest in the Shallows area.

On 28 September 2009 Origin entered into an agreement with Eden Energy Limited to farm-in to a geothermal licence adjoining the geothermal licences held by Geodynamics in the Cooper Basin. Origin will earn a 70% interest under the agreement and become operator of the project.

Solar
Origin and Micron Technology, Inc (“Micron”) of the United States have formed a 50:50 joint venture, Transform Solar, with a focus on the development of photovoltaic energy. Micron is a US listed company and one of the world’s leading providers of advanced semiconductor solutions. The joint venture is seeking to combine the work Origin has undertaken to date in solar development with Micron’s process and manufacturing capabilities and to examine opportunities for development and commercialisation of solar photovoltaic technology. The first 20 MW production line is being developed in Micron’s US production facilities.

9.3 Retail

Year ended 30 June	2010 ($m)	2009 ($m)	Change (%)
Total revenue	6,393	5,869	9
Underlying EBITDA	568	479	19
Underlying EBIT	503	421	19

Performance metrics by commodity and variance from prior year

Year ended 30 June 2010	Electricity	Natural Gas	LPG
Commodity Revenue ($m)	4,210 [7] *(+6%)*	1,044 [8] *(+8%)*	634 *(-1%)*
Gross Profit ($m)	652 *(8%)*	186 *(+9%)*	153 *(-)*
Underlying EBITDA ($m)	501 *(+16%)*		50 *(+11%)*
Underlying EBIT ($m)	464 *(+16%)*		25 *(+16%)*
Sales - (TWh)	30 *(-4%)*		
Sales - (PJ)		135 *(+1%)*	
Sales - (ktonnes)			491 *(+3%)*
Total Sales (PJe)	107 *(-4%)*	135 *(+1%)*	24 *(+3%)*
Customer accounts ('000) - *(Change from 30 June 2009)*	1,721 (-1%)	868 (-)	349 (+1%)

9.3.1 Retail Performance

During the period, the Retail segment revenues increased by 9% or $524 million to $6,393 million. This was driven by higher sales volumes across natural gas and LPG together with tariff increases for natural gas and electricity and strong growth in solar sales from the Customer Solutions business.

The Retail segment's Underlying EBITDA increased 19% or $89 million to $568 million. This was primarily due to effective management of the energy supply portfolio and increased tariffs for natural gas and electricity enabling growth in margins. Customer Solutions provided increased contribution underpinned by the growth in solar sales.

Electricity

Electricity revenues increased 6% or $252 million to $4,210 million due to tariff increases across all markets, including the benefit from the revised Queensland Competition Authority ("QCA") decision in June 2009. This was partially offset by a 4% reduction in sales volume to 29.7 TWh, primarily due to lower average demand from commercial and industrial customers.

Wholesale electricity, networks and related procurement costs increased 6% or $202 million to $3,558 million. This was primarily due to increases in network costs across most states, in particular Queensland, New South Wales and South Australia. In addition, higher average historic contract prices and environmental product costs were mostly offset by the benefit of lower pool prices, in particular in the second half of the financial year, and returns from periods of high pool volatility.

The Retail segment pays the Generation segment a capacity payment for the dispatch rights to five open cycle power stations and one wind farm. The Retail segment earns pool revenue when the generation plant is dispatched and is responsible for the cost of providing

[7] Excludes electricity pool revenue derived from running merchant plants
[8] Gas revenue excludes revenues associated with zero margin volumes such as swaps

fuel to run the plant. The net result of pool revenues, capacity payments and fuel costs is included in the cost of goods sold above.

The combination of factors above resulted in an 8% or $50 million increase in electricity gross profit to $652 million.

Natural Gas

Natural gas revenues increased 8% or $78 million to $1,044 million reflecting increased volumes and higher residential tariffs. Natural gas sales volumes increased 1% or 1 PJ to 135 PJ, with reduced mass market consumption due to mild weather being offset by increased sales to wholesale and power generation customers.

Sustained periods of low pool prices due to mild weather and an excess of gas in the market together with effective management of the gas portfolio resulted in a 1% reduction in the unit cost of gas. As a result, gross profit increased by 9% or $16 million to $186 million.

Gas and Electricity Market Churn

Competitor activity increased in the year across all markets, particularly in Queensland and Victoria. In Queensland, the flow through of the revised QCA tariff decision restored margins to appropriate levels and resulted in an increase in competition; while in Victoria competition remains high with deregulated pricing and many active retail competitors.

Origin won 482 thousand new accounts across its gas and electricity business compared to 454 thousand in the prior year. However, overall greater competition led to a net decrease in gas and electricity account numbers of 21 thousand to 2.59 million. Origin's customer account numbers at 30 June 2010 include approximately 519 thousand signed green energy accounts. This comprises approximately 396 thousand GreenPower electricity and 123 thousand green gas customer accounts, and reflects Origin's strong market leadership position in this area.

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 reduced marginally from $339 million to $336 million despite a higher number of customer acquisitions in the year.

Origin's cost to serve per customer for its retail gas and electricity was in line with the prior year at $130 per customer.

Electricity and Natural Gas Margins

Year ended 30 June	2010	2009	Change
Customer numbers ('000)	2,589	2,610	(21)
Underlying EBITDA/Sales	9.5%	8.8%	0.7
Underlying EBIT/Sales	8.8%	8.1%	0.7
$/Customer			
Gross Profit/Customer	323	295	28
Opex/Customer	130	130	-
Underlying EBITDA/Customer	193	166	27

Underlying EBITDA across the gas and electricity business increased by 16% or $68 million to $501 million. The higher gross profit across natural gas and electricity together with the marginal decrease in cost to serve resulted in Underlying EBITDA margins increasing from 8.8% to 9.5%.

Underlying EBIT across electricity and natural gas also increased by 16% or $65 million to $464 million. Margins at this level increased from 8.1% to 8.8%.

LPG

Sales revenue decreased 1% or $6 million to $634 million. Exports to New Zealand have decreased following commissioning of Kupe while appreciation of the Australian dollar against Pacific currencies also reduced sales revenue. This was partially offset by a 3% increase in volumes, primarily attributable to the wholesale supply business, from 479 ktonnes to 491 ktonnes.

Lower international benchmark LPG prices resulted in Origin's average unit product cost being 7% lower than the prior year. As a result, LPG gross profit increased by $1 million to $153 million.

Underlying EBITDA for the LPG business increased 11% or $5 million to $50 million predominantly due the factors described above together with lower US denominated costs due to foreign exchange movements.

LPG customer accounts increased by approximately 2 thousand compared to the prior year with approximately 349 thousand customer accounts by the end of the year.

9.3.2 Operational Capability - Retail Transformation Program

Origin is transforming all aspects of its Retail business. This will result in simplified operating processes and a single integrated SAP billing and customer management system. The infrastructure will enable improved data quality, improved customer insights and better use of technology to engage with customers. This will enable Origin to deliver the innovative energy solutions that the changing energy market will require while optimising its cost to serve.

Configuration and system build of the new SAP technology platform for electricity and natural gas products is well advanced. This is expected to be completed by the end of calendar year 2010. Following this, testing and data migration activities will be completed. The system is anticipated to be released to production around the middle of the 2011 calendar year.

The transformation program included the outsourcing of back-office business process support and Retail IT applications support to transformation partner, Wipro.

The transition was successfully completed in December 2009 as planned – to scope, on time and on budget. This was a significant achievement with 396 roles outsourced and 240 Origin people transferred to Wipro.

9.3.3 Customer Solutions Businesses

Origin has over a number of years progressively invested in creating and developing new business lines to provide a greater range of customer offerings and solutions. In particular, development is directed to understanding how customer needs will evolve in a carbon-constrained, technology-enhanced world. Origin looks to create solutions to meet those needs and then convert those solutions to standard and profitable customer offerings.

Past development has included a leading range of green products and carbon offset solutions. The current portfolio includes products such as solar hot water, solar photovoltaic rooftop systems, serviced bulk hot water systems, heat pumps, and tri-generation systems for application in commercial and industrial settings. Origin is currently investigating solutions for customers with smart meters, and options for supporting the introduction of electric vehicles to the Australian market.

Of particular importance this year, Origin's retail solar photovoltaic business has been able to capitalise on significant recent growth in the market. Following a period of capability build and business development, Origin has doubled its annual sales to in excess of $100 million. Origin is well positioned to continue its growth in this market with a strong brand and product offering. Furthermore, Origin's Serviced Hot Water business continues to profitably grow, adding 3,300 new customers during the period.

As part of its leadership of the Adelaide Solar Cities program, and to enhance its understanding of consumer behaviours as energy delivery mechanisms change, Origin signed up more than 2,000 customers on innovative "time of use" and "critical peak pricing" products. A subset of these customers will be able to monitor their electricity consumption and receive messages such as peak pricing notifications through an in-home display unit. As part of the Central Victoria Solar Cities program Origin has installed two solar farms which will provide it with experience in the deployment of large scale solar.

During the period Origin acquired and fully integrated the Cogent tri-generation business which brings innovative distributed energy solutions to the development portfolio. During the period the commissioning of two tri-generation units were completed with both generators achieving their expected output. Two additional Energy Supply Agreements were secured with major property developers during the year. In New South Wales, Kinesis and Origin successfully tendered for the development of a 2030 "master plan for distributed energy" within the City of Sydney. The vision is for a network of medium-sized tri-generation plants, totalling approximately 330 MW, within the fabric of the city.

After a portfolio review of products, that considered the most competitive channels to market, a decision was made to close 14 shops in the Origin Shops network in December 2009. Origin retains two destination energy stores – one in Melbourne and one in Adelaide.

9.4 Contact

Year ended 30 June	2010 ($m)	2009 ($m)	Change (%)
Total revenue	1,717	1,797	(4)
Underlying EBITDA	346	369	(6)
Underlying EBIT	214	231	(7)

Performance of operations

Year ended 30 June	2010	2009	Change (%)
Electricity Generated (GWh)	9,691	9,948	(3)
Customer Electricity Sales (GWh)	7,590	7,609	(-)
Gas Sales (retail and wholesale) (PJ)	13.9	15.0	(7)
LPG Sales (Tonnes)	70,327	77,082	(9)
Electricity Customers	477,000	479,000	-
Gas Customers	64,000	67,000	(4)
LPG Customers (including franchisees)	58,000	53,700	8
Total Customers	599,000	599,700	-

Origin owns a 51.8% interest in Contact of New Zealand and consolidates 100% of Contact Energy in accordance with Australian accounting standards. The interests attributable to minority shareholders are recognised as Non-controlling Interest in the Financial Statements.

A financial report entitled "Management discussion of financial results for the year ended 30 June 2010" was issued by Contact to the New Zealand Stock Exchange (NZX) on 20 August 2010 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 in the prior year.

In consolidating Contact's results, Origin has used an average exchange rate for the period of NZ$1.26 to the A$, compared with NZ$1.23 to the A$ for the prior year.

Contact's Underlying EBITDA decreased to $346 million from $369 million. This was primarily due to a lower contribution by the Electricity segment which was partially offset by a higher contribution from the Other (retail gas, wholesale gas, LPG and meters) segment.

In the Electricity segment, margins from retail electricity and hedged generation were lower. These were partially offset by higher exposed generation margins.

Retail electricity incurred significantly higher energy and network costs while intense competition resulted in higher customer acquisition costs and an inability to fully pass increased costs through to customers.

The hedged generation business incurred higher effective gas costs primarily due to take-or-pay obligations. The exposed generation segment benefited largely from higher volumes partially offset by lower average prices and higher thermal generation costs.

The EBITDA contribution from the Other segment partially offset the Electricity segment primarily due to improved retail and wholesale gas margins.

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.

Underlying EBITDA reported in Origin's accounts decreased 6% or $23 million to $346 million.

Underlying EBIT decreased 7% or $17 million to $214 million.

H Kevin McCann
Chairman

Sydney, 23 August 2010

10. Origin Energy Key Financials

Year ended 30 June	2010 ($m)	2009 ($m)	Change (%)
Total external revenue	8,534	8,042	6
Underlying EBITDA	1,346	1,219	10
Underlying depreciation and amortisation	(408)	(369)	11
Underlying share of interest, tax, depreciation and amortisation of equity accounted investees	(42)	(31)	35
Underlying EBIT	896	819	9
Underlying net financing income/(costs)	(13)	(32)	(59)
Underlying Profit before income tax	883	787	12
Income tax expense on Underlying Profit	(232)	(183)	27
Underlying net profit after tax before elimination of Non-controlling Interests	651	604	7
Non-controlling Interests share of Underlying Profit	(66)	(74)	(11)
Underlying Profit	585	530	10
Items excluded from Underlying Profit	27	6,411	(100)
Statutory Profit	612	6,941	(91)
Free cash flow	800	661	21
Group OCAT Ratio (year to 30 June)[9]	10.9%	10.4%	
Productive capital (year to 30 June)[10]	8,423	7,256	16
Capital expenditure (including acquisitions)	2,837	2,426	17
Total assets	21,834	22,102	(1)
Adjusted total assets[11]	21,194	21,453	(1)
Net debt/(cash)	2,663	(269)	
Adjusted net debt/(cash)[11]	2,835	(107)	
Shareholders' equity	11,438	11,144	3
Adjusted shareholders equity[11]	11,552	11,257	3
Earnings per share - Statutory	69.7¢	791.0¢	(91)
Earnings per share – Underlying	66.6¢	60.4¢	10
Free cash flow per share	90.8¢	75.6¢	21
Interim dividend per share	25¢	25¢	-
Final dividend per share	25¢	25¢	-
Total dividend per share	50¢	50¢	-
Net asset backing per share	$12.99	$12.75	2
Adjusted net asset backing per share[11]	$13.12	$12.87	2
Net debt to net debt plus equity	18.9%	n/a	
Adjusted [net debt to net debt plus equity][11]	19.7%	n/a	
Origin Cash (excluding Contact)	823	3,751	(78)
Origin Debt (excluding Contact)	(2,570)	(2,747)	(6)
Contact Net Debt	(1,088)	(897)	21

[9] Group OCAT Ratio = (OCAT – interest tax shield)/Productive Capital
[10] Productive Capital is 12 months average funds employed excluding capital work in progress and including 50% of APLNG
[11] Adjusted to exclude impact of financial instruments

11. Appendix 1 – Reconciliation of Statutory to Underlying Profit

Reconciliation year ended 30 June 2010	Before Tax Impact ($m)	Tax ($m)	Non-controlling Interests ($m)	After Tax & Non-controlling Interests Impact ($m)	NPAT ($m)
Statutory Profit					**612**
Impairment of assets	(33)	10	-	(23)	
Increase (decrease) in fair value of financial instruments	15	(4)	(1)	10	
Gain on dilution of Origin's interest in subsidiaries	38	(11)	-	27	
Unwinding of discounted loan payable to APLNG	(111)	33	-	(78)	
Share of unwinding of discounted receivables within APLNG	117	-	-	117	
Transition and transaction costs	(29)	8	1	(20)	
New Plymouth asbestos removal/ related costs	(4)	1	1	(2)	
Change in New Zealand corporate income tax legislation	-	8	(3)	5	
Tax expense on translation of foreign denominated tax balances	-	(9)	-	(9)	
Less total excluded items	**(7)**	**36**	**(2)**	**27**	
Underlying Profit					**585**
Underlying Basic EPS (cps)					**66.6**

A number of items are excluded from the Underlying Profit for the year to 30 June 2010. Together these items provided an after-tax and Non-controlling Interests benefit of $27 million in the year to 30 June 2010. They are excluded from Underlying Profit to better illustrate the business performance of the Company. The after tax and Non-controlling interest impacts of these items are described in more detail below.

Impairment of assets (expense of $23 million)
During the period ended 30 June 2010 a review of the carrying amount of the Company's assets led to the recognition of an impairment loss of $23 million after tax. The impairment loss followed a review of the expected production profile in relation to the Western Australian oil assets, onshore New Zealand oil and gas assets and fair value assessment of a property in South Australia and ships used in the Pacific. The asset impairments were measured using a fair value less costs to sell methodology.

Increase in fair value of financial instruments (benefit of $10 million)
During the period an increase in the fair value of financial instruments resulted in a benefit of $10 million.

Gain on dilution of Origin's interests in subsidiaries (benefit of $27 million)
In December 2009 Origin completed a transaction with Micron to form a 50:50 joint venture with a focus on the development of photovoltaic technology. As a consequence of this transaction Origin has diluted its interest in Transform Solar Pty Limited (formerly Origin Energy Solar Pty Limited) and has recognised a gain on dilution of $27 million.

Unwinding of discounted loan payable to APLNG (expense $78 million)
A non cash expense of $78 million being the unwinding of the discounted loan payable to APLNG was recorded for the year.

Share of unwinding of discounted receivables within APLNG (benefit of $117 million)
A non cash benefit of $117 million being Origin's share of the unwinding of the discounted receivables within APLNG was recorded for the year.

Transition and transaction costs (expense of $20 million)
Origin and Contact are undergoing Retail Transformation and Transition Programs which are incurring a number of project costs. As a result of this, Origin has recognised an expense of $11 million in relation to the transition component of these projects. In addition, a $4 million expense is in relation to the transition of the Otway Gas Project and a $5 million expense is in relation to the costs incurred by the consolidated entity relating to successful and unsuccessful acquisition activity.

New Plymouth asbestos removal/ related costs (expense of $2 million)
During the period an expense of $2 million was recorded in relation to asbestos removal and related costs at the New Plymouth Power Station in New Zealand.

Change in New Zealand corporate income tax legislation ($5 million benefit)
As a result of the change in the New Zealand corporate tax legislation from 30% to 28% and the change in relation to the depreciation deductions allowed on buildings, Origin has recognised a benefit of $5 million.

Tax expense on translation of foreign denominated tax balances (expense of $9 million)
During the period an expense of $9 million was recognised for the foreign currency translation to US Dollars of the long term tax bases recorded in Origin's Exploration and Production activities in New Zealand which have a US Dollar functional currency.

As a result of these factors, items excluded from Underlying Profit for the year provided an expense of $7 million before tax and a benefit of $27 million after tax. This compares with a $6,883 benefit before tax and a $6,411 benefit after tax in the prior year as detailed in the following table.

Please refer to the "Management Discussion and Analysis" report for the year ended 30 June 2009 for more details.

Reconciliation year ended 30 June 2009	Before Tax Impact ($m)	Tax ($m)	Non-controlling Interests ($m)	After Tax & Non-controlling Interests Impact ($m)	NPAT ($m)
Statutory Profit					**6,941**
Impairment of assets	(312)	93	1	(218)	
Increase (decrease) in fair value of financial instruments	(185)	55	16	(114)	
Gain on dilution of Origin's interest in subsidiaries	7,385	(707)	-	6,678	
Unwinding of discounted loan payable to APLNG	(140)	42	-	(98)	
Share of unwinding of discounted receivables within APLNG	144	-	-	144	
Transition and transaction costs	(9)	3	-	(6)	
Recognition of tax benefits not previously brought to account	-	25	-	25	
Less total excluded items	**6,883**	**(489)**	**17**	**6,411**	
Underlying Profit					**530**
Underlying Basic EPS (cps)					**60.4**

12. Appendix 2 - 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 purpose 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 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 30 June 2010 and compares them with the balances at 30 June 2009:

Summary of movements in financial instruments

Balance Sheet	Net Assets ($m)		Change in Net Assets ($m)
	June 2010	June 2009	
Commodity Risk Management	(152)	(200)	48
Contact	(234)	(240)	6
Treasury and Other	(170)	(140)	(30)
Total	**(556)**	**(580)**	**24**

Reconciliation of Balance Sheet and Income Statement items associated with movements in financial instruments		($m)
Recognition of "effective" instruments in Balance Sheet		**9**
Recognised in Equity (Hedge Reserve post tax)	*6*	
Recognised in Deferred Tax Liability	*3*	
Recognition of "ineffective" instruments in the Income Statement		**15**
Change in net assets (as above)		**24**

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 increase in the value of financial instruments for the year ended 30 June 2010 was $24 million of which $9 million qualified for hedge accounting and is recognised in Equity (Hedge Reserve). The balance of $15 million is recognised as a benefit in the Income Statement and is attributable to:

- Commodity risk management instruments ($21 million) – predominantly electricity caps partially offset by the decrease in forward market prices of carbon instruments during the period. Of the total of $21 million, $4 million is attributable to Contact and $17 million is attributable to Origin (excluding Contact);
- Interest rate risk management instruments (-$6 million) - predominantly the lower forward interest rates and the appreciation of the Australian and New Zealand Dollars against the US Dollar during the period. The total expense of $6 million is predominantly attributable to Origin.

The benefit in the Income Statement of $15 million this year compares with an expense of $185 million in the prior year, which was predominantly attributable to commodity risk management instruments.

13. Appendix 3 – Investment in Australia Pacific LNG

The following table is included in the notes to the statutory accounts and extended to provide reconciliation to Australia Pacific LNG's Statutory Profit.

Financial Performance	**Total APLNG ($m)**	**Origin's 50% interest ($m)**	**Total APLNG ($m)**	**Origin's 50% Interest ($m)**
	12 months to 30 June 2010		**8 months to 30 June 2009**	
Operating revenue	250		145	
Operating expenses	(161)		(88)	
Underlying EBITDA	**89**	**45**	**57**	**29**
Depreciation and amortisation expense	(47)		(29)	
Underlying operating profit before income tax	**42**		**28**	
Income tax expense	(15)		(9)	
Underlying operating profit after tax	**27**	**14**	**19**	**9**

Operating Performance	**Total APLNG (PJe)**	**Origin's 50% interest (PJe)**	**Total APLNG (PJe)**	**Origin's 50% Interest (PJe)**
	12 months to 30 June 2010		**8 months to 30 June 2009**	
Production Volumes	71.0	35.5	41.0	20.5
Sales Volume	77.0	38.5	45.2	22.6

The Australia Pacific LNG joint venture was formed in late October 2008. All comparatives described below will reflect a full year contribution this year compared with an eight month contribution from November to June in the prior year.

The Australia Pacific LNG joint venture increased its production by 74% or 30.2 PJe, from 41.0 PJe to 71.2 PJe. This was primarily due to the increased gas plant capacity which was brought on during the year to service the Darling Downs Power Station and prepare for delivery to the Rio Tinto Alumina contract.

Revenue increased by 72% or $105 million, from $145 million to $250 million reflecting increased production and higher realised gas prices.

Operating expenses increased 83% or $73 million, from $88 million to $161 million reflecting increased activity in ramping up operation for delivery to domestic contracts.

Depreciation and amortisation expenses increased by 62% or $18 million from $29 million to $42 million reflecting higher production and increased gas plant capacity.

Income tax expense increased in line with higher Underlying Profit before tax.

Underlying profit after tax increase by 42% or $8 million from $19 million to $27 million.