Origin Energy Results for the year ended 30 June 2012
Management Discussion and Analysis

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All figures in this report relate to businesses of the Origin Energy Group (Origin, or the Company), being Origin Energy Limited and its controlled entities, for the year ended 30 June 2012 (this year or the current year) compared with the year ended 30 June 2011 (the prior year), except where otherwise stated.

Origin's Full Year Financial Statements for the year ended 30 June 2012 are presented in accordance with Australian Accounting Standards. The Segment results, which are used to measure segment performance, are disclosed in Note 2 of the 2012 Full Year Financial Statements and are disclosed on a basis consistent with the information provided internally to the Managing Director. Origin's Statutory Profit contains a number of items that when excluded provide a different perspective on the financial and operational performance of the business. Income Statement amounts presented on an underlying basis such as Underlying Consolidated Profit, are non-IFRS financial measures, and exclude the impact of these items consistent with the manner in which the Managing Director reviews the financial and operating performance of the business. Each underlying measure disclosed has been adjusted to remove the impact of these items on a consistent basis. A detailed reconciliation and description of the items that contribute to the difference between Statutory Profit and Underlying Consolidated Profit is provided in Section 3.1.

This report also includes certain other non-IFRS financial measures. These non-IFRS financial measures are used internally by management to assess the performance of Origin's business and make decisions on allocation of resources. Further information regarding the non-IFRS financial measures and other key terms used in this presentation is included in the Glossary in Appendix 6 (footnotes reference the first time a term is used). Non-IFRS measures have not been subject to audit or review.

A reference to Contact Energy is a reference to Origin's controlled entity (53.0% ownership) Contact Energy Limited in New Zealand. In accordance with Australian accounting standards, Origin consolidates Contact Energy within its result. A reference to Australia Pacific LNG or APLNG is a reference to Australia Pacific LNG Pty Ltd in which Origin had a 50% shareholding in until 9 August 2011, when completion of a share subscription agreement between Australia Pacific LNG and Sinopec resulted in a dilution in Origin's shareholding to 42.5%. Origin's shareholding in Australia Pacific LNG, which is equity accounted in line with Origin's shareholding, was 42.5% as at 30 June 2012. This shareholding subsequently reduced to 37.5% upon completion of Sinopec's increased share subscription in Australia Pacific LNG on 12 July 2012.

A reference to the NSW acquisition or NSW energy assets is a reference to the Integral Energy and Country Energy retail businesses and the Eraring GenTrader arrangements acquired by Origin in March 2011.

A reference to $ is a reference to Australian dollars unless specifically marked otherwise. All references to debt are a reference to interest bearing debt only (excludes Australia Pacific LNG shareholder loans). 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. When calculating a percentage change, a positive or negative percentage change denotes the mathematical movement in the underlying metric, rather than a positive or a detrimental impact. Measures for which the underlying numbers change from negative to positive are labelled as not applicable.

Contents

Changes to reporting of Operating segments

Origin revised its operating segments in February 2012 for the half year ended 31 December 2011, to reflect changes in Origin's business. Origin's results for the year ended 30 June 2012 are consistent with these new operating segments.

A description of the new operating segments is provided below. Comparative segment balances for the year ended 30 June 2011 have been restated, with key reconciliations provided in Appendix 4.

Energy Markets - This segment includes Australian energy retail operations (including energy related products and services), power generation activities in Australia, and Liquefied Petroleum Gas (LPG) operations in Australia, the Pacific, Papua New Guinea (PNG) and Vietnam.

Previously, retail and generation operations were disclosed as separate segments. The previous Retail segment has been incorporated into the Energy Markets segment almost in its entirety, with the exclusion of some costs previously allocated to Retail which are now in the Corporate segment. The Generation segment previously included Origin's major generation activities and power station developments in Australia, including wind, (now in the Energy Markets segment) together with development activities in geothermal, hydro and solar and some corporate costs (now in the Corporate segment).

Exploration & Production - This segment records Origin's gas and oil exploration and production activities in Australia, New Zealand and other international areas of interest. The results of Australia Pacific LNG were previously included in this segment.

Australia Pacific LNG - This segment covers Origin's equity accounted investment in Australia Pacific LNG.

Contact Energy - This segment reports the results of Origin's investment in its 53.0% owned controlled entity, Contact Energy, involved in energy retailing, associated products and services and power generation in New Zealand.

Corporate - This segment reports corporate activities that are not allocated to other operating segments and business development activities outside of Origin's existing operations. Historically, all corporate costs were allocated to other segments. Business development activities principally include Origin's Australian geothermal activities and overseas generation development opportunities such as geothermal opportunities in Chile and Indonesia, hydro opportunities in PNG and Chile and the Transform Solar joint venture.

Net financing costs and tax specifically associated with the Australia Pacific LNG and Contact Energy segments are recorded in those segments. All other net financing costs and tax are recorded in the Corporate segment.

Report for the year ended 30 June 2012
Management Discussion and Analysis

1. Financial performance summary

1.1 Statutory Profit[1] – $980 million profit, up from $186 million

Origin reported a Net Profit After Tax (NPAT) and Non-controlling interests[1] (Statutory Profit) of $980 million for the year ended 30 June 2012, an increase of $794 million, compared with $186 million reported in the prior year.

The key factors contributing to the increase in the Statutory Profit include:

- higher Underlying Profit[1] driven by the NSW acquisition, a lower exploration expense and higher wholesale energy prices for Contact Energy (+$220 million);
- net gains on items related to Australia Pacific LNG, primarily a gain on dilution of Origin's shareholding (+$414 million);
- an increase in the fair value of financial instruments (+$258 million); and
- a lower net expense from other items including transition and transaction costs relating to the NSW acquisition (+$149 million);

partially offset by:

- a larger impairment of assets (-$247 million).

Further details are provided in Section 1.4 - Reconciliation of Statutory Profit to Underlying Profit and in Section 3.1.

1.2 Statutory earnings per share – 90.6 cps, up from 19.6 cps

Basic earnings per share (EPS) based on Statutory Profit increased by 71.0 cents per share (cps) to 90.6 cps from 19.6 cps in the prior year. The weighted average capital base of 1,082 million shares increased 14% on the prior year, mainly due to the full year impact of the $2.3 billion 1 for 5 pro rata equity offering completed in April 2011 and the $266 million share issuance resulting from the underwritten Dividend Reinvestment Plan (DRP) completed in September 2011.

1.3 Final dividend – 25 cps fully franked

A final fully franked dividend of 25 cps will be paid on 27 September 2012 to shareholders of record on 31 August 2012. Origin shares will trade ex-dividend from 27 August 2012. This will bring the total dividend attributable to the 2012 financial year to 50 cps in line with the prior year.

The DRP will apply to this dividend. No discount will be applied in the calculation of the DRP price. The final DRP for the period ended 30 June 2012 will not be underwritten.

1.4 Reconciliation of Statutory Profit to Underlying Profit

Statutory Profit for this year and the prior year contains the impact of a number of items which, when excluded, provide a different perspective on the financial and operating performance of the Origin business, consistent with the manner in which the Managing Director reviews the business. Underlying Profit excludes these items and is used internally by the Managing Director to assess the performance of Origin's business and make decisions on the allocation of resources.

[1] Refer to Glossary in Appendix 6.

In the year to 30 June 2012, items excluded in the measurement of Underlying Profit amounted to a benefit of $87 million. This compares with the year ended 30 June 2011 in which these items had an overall cost of $487 million.

Reconciliation of Statutory Profit to Underlying Profit

Year ended 30 June ($ million)	2012 Excluded items	2012 NPAT	2011 Excluded items	2011 NPAT	Change ($m)
Statutory Profit		**980**		**186**	**794**
APLNG related items	430		16		414
Increase/(decrease) in fair value of financial instruments	119		(139)		258
Impairment of assets	(407)		(160)		(247)
Other	(55)		(204)		149
Less total excluded items	**87**		**(487)**		**574**
Underlying Profit		**893**		**673**	**220**

A more detailed reconciliation of Statutory Profit to Underlying Profit is provided in Section 3.1.

1.5 Underlying Profit - $893 million, up 33%

Underlying Profit for the year increased 33% or $220 million to $893 million, from $673 million in the prior year. The result primarily reflects a 27% or $475 million increase in Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA[2]) due in part to contributions from the NSW energy assets, a lower exploration expense and higher wholesale energy prices in the Contact Energy segment. The increase in Underlying EBITDA was partially offset at the Underlying Profit level by higher depreciation and amortisation charges primarily in the Energy Markets segment (primarily due to a full year of operations at the Eraring and Shoalhaven power stations) and in the Contact Energy segment (-$75 million), and an increase in Underlying net financing costs[2] (-$74 million).

Further details are provided in Section 3.

1.6 Underlying EPS – 82.6 cps, up 16%

Underlying EPS[2] calculated on Underlying Profit was 82.6 cps on a weighted average capital base of 1,082 million shares. This represents a 16% increase from 71.0 cps on a weighted average capital base of 948 million shares in the prior year. The lower increase in Underlying EPS of 16% compared with the increase in Underlying Profit of 33% reflects the increase in the weighted average capital base, due predominantly to the full year impact of the $2.3 billion 1 for 5 pro rata equity offering completed in April 2011 to support the NSW acquisition and the $266 million share issuance from the underwritten DRP for the 2011 financial year final dividend, completed in September 2011.

Origin's total dividend of 50 cps attributable to the 2012 financial year represents a payout ratio of 61% based on Underlying EPS.

[2] Refer to Glossary in Appendix 6.

1.7 Operating Cash Flow After Tax (OCAT) - $1,781 million, up 12%

Group OCAT[3] increased by 12% or $196 million to $1,781 million. This was primarily due to the $475 million increase in Underlying EBITDA partially offset by the utilisation of $235 million of provisions relating to the NSW acquisition, including $98 million for the Transitional Services Agreements (TSAs, discussed in further detail in Section 5.1.6) and $137 million for onerous hedge contracts, and by higher working capital requirements.

Further details are provided in Section 4.2.

1.8 Capital expenditure and Origin cash contributions to Australia Pacific LNG - $2,847 million[4]

Capital expenditure for the year (including capitalised interest and cash received on settlement of the NSW acquisition of $75 million) was $1,680 million. This was down 66% from $4,954 million in the prior year, which included $3,125 million relating to the NSW energy assets acquired in March 2011.

In addition, Origin contributed $1,167 million to Australia Pacific LNG via loan repayments to fund its share of Australia Pacific LNG capital expenditure not otherwise met by cash available to Australia Pacific LNG.

Further details are provided in Section 4.3.

2. Outlook

A key focus for the Company over the next few years is on delivering the Australia Pacific LNG project on schedule and on budget. To fund Origin's share of that investment the Company has been significantly reducing its committed capital expenditure on other projects, will be focusing on maximising cash flow from the existing business and managing the maturity of its existing debt facilities.

The outlook for the coming year is more challenging than in prior years with less growth coming from new capital investments, regulatory uncertainty, particularly related to pricing decisions made by the Queensland Competition Authority for which the Company has initiated a judicial review, as well as more uncertainty in forecasting earnings, driven by volatile global commodity prices and changing patterns in the demand for energy in Australia.

In **Energy Markets**, Origin will respond to the uncertainties by focusing on reducing costs, winning and retaining customers, realising benefits from the new SAP billing and customer relationship management system, and continuing to capture the benefits from Origin's integrated portfolio. In this segment, Origin's intention is to maintain customer numbers throughout the coming year, and it is targeting an Underlying EBIT margin[3] of around 11%.

In **Exploration & Production**, production is forecast to increase with BassGas expected to recommence production in the September 2012 Quarter, partially offset by reduced production at Otway due to a scheduled shutdown.

Contact Energy is expected to see an increased earnings contribution as it continues to benefit from greater flexibility in its generation portfolio and its gas purchasing position.

Depreciation and amortisation costs will increase in line with the increased asset base, following completion of the Mortlake Power Station, upgrades to the Eraring Power Station, implementation of the new SAP billing and customer relationship management system, depreciation of Phase 1 of the BassGas Mid-Life Enhancement project and increased production.

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[3] Refer to Glossary in Appendix 6.

[4] Includes a benefit of $75 million in the 2012 financial year relating to a working capital settlement for the NSW acquisition.

Underlying net financing costs are expected to increase substantially in the 2013 financial year compared with the prior year due to interest on completed projects and the Ironbark development no longer being capitalised. Interest associated with Origin's cash contributions to Australia Pacific LNG will continue to be excluded from Underlying Profit.

Origin's Underlying effective tax rate[5] is expected to remain around 30% for the coming year.

Taking all these factors into account, and based on prevailing market conditions, Origin anticipates Underlying EBITDA for the 2013 financial year to increase by around 10% and Underlying Profit to be in line with the 2012 financial year.

While Origin intends to reduce its shareholding in Australia Pacific LNG to below 37.5%, this guidance does not include any impact of a change in Origin's shareholding.

Future growth opportunities

Origin continues to pursue a number of opportunities in Australia and internationally that will drive growth in the medium to longer term.

Origin is well positioned to capitalise on the expected rise in domestic gas prices, with a diverse and flexible portfolio of physical and contracted fuel resources, as evidenced by the recent gas sale to the GLNG project at international oil-linked pricing.

Gas demand in eastern Australia is expected to triple over the next five years, and Origin continues to invest in a targeted number of exploration opportunities in and around existing permits in anticipation of this growth.

Origin is also exploring for resources in attractive international markets including New Zealand, South East Asia, Kenya and Botswana, providing access to both potential resources and growing demand.

Origin continues to develop a portfolio of high quality, large-scale renewable energy opportunities in offshore markets which offer strong growth prospects. This includes a potential hydro project and geothermal exploration in Chile, geothermal exploration in Indonesia and a potential hydro project in PNG.

Based on the opportunities available to the Company, Origin continues to target long term growth in Underlying EPS of 10% to 15% per annum on average.

[5] Refer to Glossary in Appendix 6.

3. Review of Financial Performance

Income Statement

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)	Section reference
External revenue	12,935	10,344	25	3.2
EBITDA	**2,290**	**1,114**	**106**	**3.3**
Depreciation and amortisation	(614)	(539)	14	3.4
Share of interest, tax, depreciation and amortisation of equity accounted investees	(27)	(25)	8	3.5
EBIT	**1,649**	**550**	**200**	**3.6**
Net financing costs	(289)	(155)	86	3.7
Profit before income tax	**1,360**	**395**	**244**	**-**
Income tax expense	(302)	(147)	105	3.8
Net profit after tax before Non-controlling interests	**1,058**	**248**	**327**	**-**
Non-controlling interests share of Statutory Profit	(78)	(62)	26	3.9
Statutory Profit	**980**	**186**	**427**	**3.10**
Statutory earnings per share	**90.6¢**	**19.6¢**	**362**	

The above table is derived from the Income Statement and Notes to the Financial Statements. The Company excludes certain items (described in detail below) from Statutory Profit in order to calculate Underlying Profit, which the Managing Director uses to assess the financial and operational performance of the business.

3.1 Reconciliation of Statutory Profit to Underlying Profit

Reconciliation year ended 30 June 2012 ($ millions)	EBITDA	EBIT	Net financing costs	Tax	Non-controlling Interests	NPAT
Statutory measure	**2,290**	**1,649**	**(289)**	**(302)**	**(78)**	**980**
Gain on dilution of Origin's shareholding in APLNG	436	437	-	-	-	437
Interest expense related to APLNG funding	-	-	(72)	22	-	(50)
Unwinding of discount on APLNG receivable balances	-	21	-	-	-	21
APLNG foreign currency impacts	40	40	-	(13)	-	27
Share of tax expense on translation of foreign denominated tax balances within APLNG (equity accounted)	-	(5)	-	-	-	(5)
APLNG related items	**476**	**493**	**(72)**	**9**	**-**	**430**
Increase/(decrease) in fair value of financial instruments	**166**	**166**	**-**	**(50)**	**3**	**119**
Impairment of assets	**(512)**	**(512)**	**-**	**104**	**1**	**(407)**
Other						
Transition and transaction costs	(119)	(119)	-	36	1	(82)
Contact Energy's exiting of investment in Oakey Power Holdings Pty Ltd	23	23	-	(1)	(10)	12
Petroleum Resource Rent tax	-	-	-	16	-	16
Other	-	-	-	(1)	-	(1)
Less total excluded items	**33**	**51**	**(72)**	**113**	**(5)**	**87**
Underlying measure	**2,257**	**1,598**	**(217)**	**(415)**	**(73)**	**893**
Underlying Basic EPS (cps)						**82.6**

Australia Pacific LNG related items (+$430 million)

Gain on dilution of Origin's shareholding in Australia Pacific LNG (+$437 million)
As a result of Australia Pacific LNG issuing shares to Sinopec in August 2011 (15% equity interest) causing Origin's ownership percentage to decrease 7.5% from 50% to 42.5%, Origin has recorded a gain on diluting its shareholding in Australia Pacific LNG.

Interest expense related to Australia Pacific LNG (-$50 million)
Origin recorded an after-tax interest expense relating to Australia Pacific LNG funding of $50 million. This interest would otherwise be capitalised except for Origin's investment in Australia Pacific LNG being an equity accounted investment. If the project was directly held by Origin, the interest would be capitalised.

Unwinding of discount on Australia Pacific LNG receivable balances (+$21 million)
A non cash benefit of $21 million was recorded for the year attributable to Origin's share of the unwinding of the discounted loans receivable within Australia Pacific LNG.

Australia Pacific LNG foreign currency (+$27 million)
Foreign currency gain incurred by Origin and Australia Pacific LNG in relation to funding and development of Australia Pacific LNG. The gain was attributable to appreciation of the Australian dollar against the Euro and depreciation of the Australian dollar against the US dollar.

Share of tax expense on foreign currency translation (-$5 million)
An expense of $5 million was recognised for Origin's share of the foreign currency translation to US dollars of the long-term tax balances within Australia Pacific LNG associated with its downstream activities.

Increase in fair value of financial instruments (+$119 million)
Although the fair value movements in Origin's financial instruments are included every financial period, the quantum of the movements is subject to significant volatility. During the period, an increase in the fair value of financial instruments, primarily relating to those not qualifying for hedge accounting, resulted in a post-tax benefit of $119 million.

Impairment of assets (-$407 million)
A review of the carrying amount of the Company's assets led to a recognition of an impairment loss of $407 million after tax compared with $160 million in the prior year. The Company has determined that continued investment in certain activities is not warranted in the near term, particularly given the requirement to fund Origin's share of its investment in Australia Pacific LNG. The details of this impairment are set out below:

$ million	Gross	Tax	Non-controlling interests	Net
Transform Solar	(153)	18	-	(135)
Geothermal development opportunities	(44)	11	-	(33)
Wind development opportunities	(65)	5	-	(60)
Gas fired development site in central NSW	(5)	2	-	(3)
Worsley generation plant	(17)	-	-	(17)
Ironbark	(198)	59	-	(139)
Surat assets	(27)	8	-	(19)
Clutha hydro site (Contact Energy)	(3)	1	1	(1)
Total	**(512)**	**104**	**1**	**(407)**

- $153 million: Origin's 50% investment in the Transform Solar joint venture following a scale-back of operations;
- $44 million: Innamincka joint ventures with Geodynamics and other South Australian geothermal tenements;
- $65 million: Origin's wind development opportunities following the de-prioritisation of certain sites;

- $5 million: following the de-prioritisation of a prospective gas fired generation development site in central NSW;
- $17 million: Origin's 50% interest in the Worsley generation plant reflecting a revised view of the plant's future contracted capacity;
- $198 million: Origin's Ironbark permit areas with the realisation of an upfront tax deduction for the permit acquisition;
- $27 million: resulting from the unlikelihood of realising value from the Surat assets with negligible reserves at 30 June 2012; and
- $3 million: recorded by Contact Energy relating to a potential hydro generation development on the Clutha Hydro site.

Transition and transaction costs (-$82 million)
Origin recorded a $74 million expense for the year relating to transition and integration costs primarily relating to the Retail Transformation Program and the transition of the acquired NSW energy assets. Origin recorded an $8 million expense for the year relating to transaction costs for acquisition activity.

Contact Energy's exiting of its investment in Oakey Power Holdings Pty Ltd (+$12 million)
Origin recorded a $12 million net gain for the year resulting from Contact Energy exiting its 25% interest in Oakey Power Holdings Pty Ltd.

Petroleum Resource Rent Tax (+$16 million)
Origin recorded a $16 million deferred tax benefit resulting from the extension of the Petroleum Resource Rent Tax (PRRT) legislation which took effect on 1 July 2012. In accordance with the legislation, Origin has adopted tax starting bases for existing projects that are deductible against future assessable receipts. A deferred tax asset of $16 million has been recorded in the Financial Statements based on the estimated utilisation of the tax starting bases considering future deductible amounts.

As a result of the above factors, items excluded from Underlying Profit for the year provided a benefit of $87 million after tax and Non-controlling interests, compared with an expense of $487 million in the prior year. Refer to Appendix 2 of this document and the "Management Discussion and Analysis" report for the 2011 financial year for more details.

Underlying performance

The following table provides an alternate reconciliation of Underlying Profit and Statutory Profit.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)	Section reference
External revenue	12,935	10,344	25	3.2
Underlying EBITDA	**2,257**	**1,782**	**27**	**3.3**
Underlying depreciation and amortisation	(614)	(539)	14	3.4
Underlying share of interest, tax, depreciation and amortisation of equity accounted investees	(45)	(49)	(8)	3.5
Underlying EBIT[6]	**1,598**	**1,194**	**34**	**3.6**
Underlying net financing costs	(217)	(143)	52	3.7
Underlying Profit before tax	**1,381**	**1,051**	**31**	**-**
Underlying income tax expense[6]	(415)	(316)	31	3.8
Underlying Profit before Non-controlling interests	**966**	**735**	**31**	**-**
Non-controlling interests share of Underlying Profit	(73)	(62)	18	3.9
Underlying Profit	**893**	**673**	**33**	**3.10**
Items excluded from Underlying Profit	87	(487)	N/A	3.1
Statutory Profit	**980**	**186**	**427**	**3.10**
Underlying earnings per share	**82.6¢**	**71.0¢**	**16**	

The key line items are explained below.

3.2 External revenue

External revenue increased by 25% or $2,591 million to $12,935 million.

This increase primarily reflects the impact of revenues from the NSW energy assets acquired in March 2011 in the Energy Markets segment, together with higher commodity prices in the Exploration & Production segment and higher wholesale electricity prices in the Contact Energy segment. Further details are available in Section 5.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Energy Markets	10,250	8,109	26
Exploration & Production	583	527	11
Australia Pacific LNG	-	-	-
Contact Energy	2,102	1,708	23
Corporate	-	-	-
Revenue	**12,935**	**10,344**	**25**

3.3 EBITDA

Statutory EBITDA[6] increased 106% or $1,176 million to $2,290 million from $1,114 million. Underlying EBITDA increased 27% or $475 million to $2,257 million from $1,782 million.

[6] Refer to Glossary in Appendix 6.

The Underlying EBITDA contributions by business segment are presented in the following table:

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Energy Markets	1,562	1,174	33
Exploration & Production	329	268	23
Australia Pacific LNG	47	63	(25)
Contact Energy	400	345	16
Corporate	(81)	(68)	19
Underlying EBITDA	**2,257**	**1,782**	**27**
Items excluded from Underlying EBITDA	33	(668)	N/A
EBITDA	**2,290**	**1,114**	**106**

Energy Markets: Underlying EBITDA increased by 33% or $388 million to $1,562 million. This was largely attributable to a full year contribution from the acquired NSW energy assets. Increased energy sales were partially offset by a reduction in both electricity customers and usage per customer. Further details are available in Section 5.1.

Exploration & Production: Underlying EBITDA increased by 23% or $61 million to $329 million, primarily due to a lower exploration expense (+$69 million) and higher commodity prices, partially offset by higher operating costs and lower production. Further details are available in Section 5.2.

Australia Pacific LNG: Underlying EBITDA decreased by 25% or $16 million to $47 million. This was primarily due to the dilution of Origin's shareholding in Australia Pacific LNG from 50% to 42.5% following the first Sinopec subscription in August 2011, together with higher operating costs to support the expanded operations and meet increased regulatory requirements. Further details are available in Section 5.3.

Contact Energy: Underlying EBITDA increased by 16% or $55 million to $400 million. This was primarily due to reductions in gas and carbon unit costs and improved commercial and industrial margins. While higher South Island hydro storage levels resulted in higher wholesale electricity prices, this was largely offset by a 25% decrease in hydro generation being covered by the use of more expensive thermal generation. Further details are available in Section 5.4.

Corporate: Underlying EBITDA loss increased 19% or $13 million resulting in an Underlying EBITDA loss of $81 million. The largest contributor to this variance was increased expenditure on development opportunities in Chile, Indonesia and PNG. Further details are available in Section 5.5.

3.4 Depreciation and amortisation

Depreciation and amortisation (Statutory and Underlying) increased by 14% or $75 million to $614 million. This was primarily due to a full year of operations from the Eraring and Shoalhaven power stations and the growth of the Contact Energy asset base with the inclusion of the Stratford peaker plant and Ahuroa gas storage facility.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Energy Markets	(237)	(189)	25
Exploration & Production	(224)	(221)	1
Australia Pacific LNG	-	-	-
Contact Energy	(151)	(128)	18
Corporate	(2)	(1)	100
Depreciation and amortisation	**(614)**	**(539)**	**14**

3.5 Share of interest, tax, depreciation and amortisation of equity accounted investees (ITDA)

The Statutory share of ITDA[7] expense of $27 million for the year was $2 million higher than a $25 million expense in the prior year.

Origin's Underlying share of ITDA[7] attributable to equity accounted investees decreased 8% or $4 million to $45 million due to dilution of Origin's shareholding in Australia Pacific LNG.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Energy Markets	(8)	(7)	14
Exploration & Production	-	-	-
Australia Pacific LNG	(33)	(42)	(21)
Contact Energy	(1)	(3)	(67)
Corporate	(3)	3	(200)
Underlying share of ITDA	**(45)**	**(49)**	**(8)**
Items excluded from Underlying share of ITDA	18	24	25
Statutory Share of ITDA	**(27)**	**(25)**	**8**

3.6 EBIT

Statutory EBIT[7] increased by $1,099 million or 200% from $550 million to $1,649 million.

Underlying EBIT[7] increased 34% or $404 million to $1,598 million primarily due to the increase in Underlying EBITDA described in Section 3.3 above.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Energy Markets	1,317	978	35
Exploration & Production	105	47	123
Australia Pacific LNG	14	21	(33)
Contact Energy	248	214	16
Corporate	(86)	(66)	30
Underlying EBIT	**1,598**	**1,194**	**34**
Items excluded from EBIT	51	(644)	N/A
EBIT	**1,649**	**550**	**200**

3.7 Net financing costs

Statutory net financing costs[7] increased by 86% or $134 million to $289 million from $155 million in the prior year.

Underlying net financing costs increased by 52% or $74 million to $217 million in the current year. The increase in Underlying net financing costs was predominantly due to a higher average Net Debt[7] balance for the year as a result of increased debt used to partially fund the NSW acquisition and for capital expenditure incurred during the period.

[7] Refer to Glossary in Appendix 6.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Australia Pacific LNG	-	-	-
Contact Energy	(67)	(60)	(12)
Corporate	(150)	(83)	81
Underlying net financing costs	**(217)**	**(143)**	**52**
Items excluded from Underlying net financing costs	(72)	(12)	500
Statutory net financing costs	**(289)**	**(155)**	**86**

Capitalised interest for the year was $142 million compared with $153 million in the prior year and is not included in the calculation of net financing costs.

3.8 Income tax expense

The current year Statutory income tax expense[8] of $302 million results in an effective tax rate of 22%, which is lower than the company tax rate of 30%, mainly due to the non tax-assessable gain arising on dilution of Origin's shareholding in Australia Pacific LNG, partially offset by non-deductible impairment losses.

The prior year Statutory income tax expense of $147 million resulted in an effective tax rate of 37%, which was higher than the company tax rate of 30%, due to non-deductible costs associated with stamp duty for the acquired NSW energy assets and the impairment of Origin's 30% interest in the Innamincka geothermal joint venture, partially offset by a tax benefit arising on the translation of foreign denominated tax balances.

Underlying income tax expense for the year increased 31% or $99 million to $415 million, in line with an increase in Underlying profit before tax. The Underlying effective tax rate was 30% in the current and the prior year.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Australia Pacific LNG	-	-	-
Contact Energy	(51)	(47)	9
Corporate	(364)	(269)	35
Underlying income tax expense	**(415)**	**(316)**	**31**
Items excluded from Underlying income tax expense	113	169	(33)
Statutory income tax expense	**(302)**	**(147)**	**105**

Origin recorded a $16 million deferred tax benefit resulting from the extension of the PRRT legislation which took effect on 1 July 2012. This benefit has been excluded from Underlying income tax expense. In accordance with the legislation, Origin has adopted tax starting bases for existing projects that are deductible against future assessable receipts. A deferred tax asset of $16 million has been recorded in the Financial Statements based on the estimated utilisation of the tax starting bases considering future deductible amounts. Origin also has an unrecorded deferred tax benefit of $1,027 million referable to the extended PRRT legislation which, considering estimated future assessable and deductible amounts, has not been recognised as an asset in Origin’s 30 June 2012 Consolidated Financial Statements.

Australia Pacific LNG is also subject to the extended PRRT legislation and has an unrecorded deferred tax benefit balance of $2,426 million (100% Australia Pacific LNG).

The deferred tax amounts referable to the extended PRRT legislation are disclosed in Notes 4 and 15 of Origin’s Consolidated Financial Statements.

[8] Refer to Glossary in Appendix 6.

3.9 Non-controlling interests share of profit

Statutory Profit attributable to Non-controlling interests increased by $16 million, or 26% to $78 million primarily relating to Contact Energy exiting its investment in Oakey Power Holdings Pty Ltd, which increased Contact Energy's earnings but is excluded from Underlying Profit.

Underlying Profit attributable to Non-controlling interests increased 18% to $73 million due to an increased contribution from the Contact Energy segment.

Year ended 30 June	**2012 ($m)**	**2011 ($m)**	**Change (%)**
Contact Energy	(70)	(61)	15
Corporate	(3)	(1)	200
Underlying Profit attributable to Non-controlling interests	**(73)**	**(62)**	**18**
Items excluded from Non-controlling interests	(5)	-	N/A
Statutory Profit attributable to Non-controlling interests	**(78)**	**(62)**	**26**

3.10 Underlying Profit

Statutory Profit for the year increased by 427%, or $794 million to $980 million.

Underlying Profit for the year increased 33% or $220 million to $893 million. The segment contribution to Underlying Profit is set out below and commented on in detail in Section 5.

Year ended 30 June	**2012 ($m)**	**2011 ($m)**	**Change (%)**
Energy Markets	1,317	978	35
Exploration & Production	105	47	123
Australia Pacific LNG	14	21	(33)
Contact Energy	60	46	30
Corporate	(603)	(419)	44
Underlying Profit	**893**	**673**	**33**
Items excluded from Underlying Profit	87	(487)	N/A
Statutory Profit	**980**	**186**	**427**

4. Review of cash flows

4.1 Statement of Cash Flows

Year ended 30 June	2012 ($m)	2011 ($m)	Change ($m)	Change (%)
Cash and cash equivalents at the start of the period	724	819	(95)	(12)
Cash flows from operating activities	1,822	1,401	421	30
Cash flows used in investing activities	(2,626)	(4,758)	2,132	(45)
Cash flows from financing activities	434	3,266	(2,832)	(87)
Net decrease in cash and equivalents	(370)	(91)	(279)	307
Effect of foreign exchange rates on cash	3	(4)	7	N/A
Cash and cash equivalents at end of the period	**357**	**724**	**(367)**	**(51)**

The above table is an extract from the Statement of Cash Flows in Origin's Financial Statements.

Cash flows from operating activities reflect the cash generated from Origin's operations and excludes investing and financing activities. Cash flows from operating activities increased 30% or $421 million to $1,822 million in the year. For more detail, see Section 4.2.

Cash flows used in investing activities were down 45% or $2,132 million at $2,626 million. Cash flows used in investing activities primarily relate to capital and investment expenditure, which is discussed in more detail in Section 4.3.

Cash flows from financing activities include net cash flows relating to Origin's funding activities, including the payment of interest and dividends. This amounted to a net cash flow of $434 million for the year. Section 4.4 provides more details on Origin's funding initiatives during the period.

4.2 Operating Cash Flow After Tax

Year ended 30 June	2012 ($m)	2011 ($m)	Change ($m)	Change (%)
Underlying EBITDA	**2,257**	**1,782**	**475**	**27**
Change in working capital	(120)	(37)	(83)	224
Stay-in-business capex	(194)	(203)	9	(4)
Share of APLNG OCAT less EBITDA	7	11	(4)	(36)
Exploration expense	49	118	(69)	(58)
NSW acquisition-related liabilities	(235)	(128)	(107)	84
Other[9]	56	39	17	44
Tax (paid) / received	(39)	3	(42)	N/A
Group OCAT (including share of APLNG)	**1,781**	**1,585**	**196**	**12**
Net interest paid	(366)	(269)	(97)	36
Free cash flow[10]	**1,415**	**1,316**	**99**	**8**
Productive Capital[10]	**14,523**	**11,571**	**2,952**	**26**
Group OCAT Ratio[10]	**11.5%**	**13.0%**	**(1.5%)**	**(12)**

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 Capital. Group OCAT, Productive Capital, and the Group OCAT Ratio are discussed below.

The key difference between Group OCAT and statutory cash flows from operating activities is that Group OCAT includes stay-in-business capital expenditure and Origin's share of Australia Pacific LNG's OCAT, and excludes transition and transaction costs.

Group OCAT increased by 12% or $196 million to $1,781 million. This increase was largely attributable to an increase in Underlying EBITDA of $475 million and was partially offset by:
- A $107 million increase in the utilisation of non-cash provisions for transitional services agreements and onerous hedge contracts relating to the NSW acquisition;
- An $83 million increase in working capital requirements compared with the prior year due to a reversal of the temporary increase in network creditors in the prior year, higher wholesale electricity prices and increased gas storage inventory at Contact Energy; partially offset by a benefit from the small-scale and large-scale renewable energy schemes; and
- A $69 million reduction in exploration expense reflecting reduced exploration activity.

Net interest paid was $97 million higher than the prior year reflecting higher average Net Debt balances in the underlying business and higher funding costs associated with the Australia Pacific LNG segment, including a full 12 months of interest paid on the €500 million hybrid issue and six months interest paid on the $900 million retail subordinated notes.

Free cash flow available for funding growth and distributions to shareholders increased by 8% from $1,316 million to $1,415 million.

Productive Capital in the business, calculated on a 12 month weighted average basis, increased by 26% to $14,523 million. Major assets contributing to this increase were the full year inclusion of the NSW energy assets, and the full year inclusion of the Stratford Peaker and Ahuroa gas storage which commenced operations for Contact Energy in the March Quarter of the 2011 financial year.

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9 The add-back of non-cash equity accounted profits excluding Australia Pacific LNG and movements in other provision balances are included within the "Other" line item.
10 Refer to Glossary in Appendix 6.

The benefit of the higher Group OCAT is outweighed by higher Productive Capital resulting in a lower Group OCAT Ratio for the twelve months ended 30 June 2012 of 11.5% compared with 13.0% in the twelve months ended 30 June 2011.

4.3 Capital expenditure and Origin's cash contributions to Australia Pacific LNG[11]

4.3.1 Capital expenditure

Total capital expenditure for the year (including capitalised interest of $142 million and cash received on settlement of NSW acquisition of $75 million) was $1,680 million. This was 66% down from $4,954 million in the prior year, which included $3,125 million relating to the NSW energy assets acquired in March 2011.

Stay-in-business capital expenditure was $194 million, compared with $203 million in the prior year.

Growth capital expenditure (including capitalised interest) was $1,561 million compared with $1,626 million in the prior year. This included expenditure of $35 million or more in the following areas:

- Energy Markets – $592 million in total, including:
  - Mortlake Power Station – $165 million;
  - Eraring Power Station – $176 million;
  - Retail Transformation Program – $71 million;
- Exploration & Production – $421 million in total, including:
  - Ironbark – $75 million;
  - BassGas – $115 million;
  - Otway Project – $103 million;
- Contact Energy – $402 million in total, including:
  - Te Mihi geothermal development – $308 million; and
- Corporate – $146 million in total, including:
  - Energía Austral – $40 million.

Capitalised interest of $142 million, disclosed in Note 3(c) of the Financial Statements, is primarily associated with the Mortlake Power Station, Ironbark and Contact Energy projects.

4.3.2 Origin's cash contributions to Australia Pacific LNG[11]

Origin is required to contribute cash to Australia Pacific LNG (in proportion to its equity holding) where Australia Pacific LNG has insufficient cash from other sources to fund its activities. In previous periods, Australia Pacific LNG has had sufficient cash from the proceeds of the issue of equity to other shareholders and from operating cash flows to fund its activities, and Origin has made no cash contributions as all expenditure was met through these sources. During the 2012 financial year, Origin contributed $1,167 million to Australia Pacific LNG via loan repayments to fund its activities.

4.4 Funding and capital management

4.4.1 Capital management initiatives

During the 2012 financial year, Origin undertook a number of capital management initiatives to strengthen its balance sheet and ensure that it has sufficient liquidity to fund future capital expenditure requirements, including its expected cash contributions to Australia Pacific LNG.

[11] The capital expenditure above is based on cash flow amounts rather than accrual accounting amounts, and includes growth and stay-in-business capital expenditure, capitalised interest and Origin's cash contributions (via loan repayments) to Australia Pacific LNG.

In September 2011, Origin fully underwrote its final dividend for the 2011 financial year raising $266 million of equity finance.

In October 2011, Origin undertook a US$500 million ($492 million) Senior Unsecured Notes issuance in the 144A market in the United States. In December 2011, Origin issued $900 million of Origin Energy Subordinated Notes in the Australian retail bond market. Origin also raised an additional $750 million of debt facilities[12] during the twelve month period, and repaid $566 million of debt and capital market facilities which matured during the period. These initiatives assisted in diversifying Origin's funding portfolio in terms of currency, market and tenor, and strengthened Origin's liquidity position.

Australia Pacific LNG signed project finance agreements during the second quarter of 2012, which are subject to certain conditions precedent. Following completion of the US$8.5 billion project finance facility, which Australia Pacific LNG expects to begin drawing on in the December Quarter of 2012, and the payment of Sinopec's equity subscription amount associated with its increased shareholding in Australia Pacific LNG from 12 July 2012, Origin's remaining funding requirement for its 37.5% shareholding in Australia Pacific LNG for the period from 1 July 2012 to first production from both LNG trains is approximately $3.6 billion based on current estimates. This funding requirement will be met from Origin's existing committed undrawn debt facilities and cash, which totals $4.2 billion (excluding Contact Energy) as at 30 June 2012. A portion of these existing committed undrawn debt facilities mature within the period to first production from both LNG trains and will be refinanced as required. In addition, Origin's Free Cash Flow ($1.4 billion for the 2012 financial year) provides a further funding source for Origin's Australia Pacific LNG obligations, the payment of Origin's dividends and other growth opportunities.

Origin currently holds BBB+ (negative outlook) and Baa1 (negative outlook) long-term credit ratings with Standard & Poor's and Moody's respectively.

4.4.2 Share capital

During the 2012 financial year, Origin issued an additional 25.1 million shares, raising a total of $316 million. This included 23.7 million shares issued under the DRP which raised $306 million ($266 million from the DRP underwrite of the 2011 financial year final dividend and $40 million from the 2012 financial year interim DRP), and 1.4 million shares issued as the result of the exercise of long-term employee incentives which raised $10 million.

As a consequence, the total number of shares on issue increased from 1,065 million at 30 June 2011 to 1,090 million at 30 June 2012.

The weighted average number of shares used to calculate basic EPS at 30 June 2012 increased by 134 million to 1,082 million from 948 million as at 30 June 2011. This increase of 134 million shares from the prior year primarily reflects a full year of the $2.3 billion 1 for 5 pro rata equity entitlement offer completed in April 2011 and $266 million share issuance from the underwritten DRP for the 2011 financial year final dividend completed in September 2011.

4.4.3 Net Debt[13] and equity

Net Debt

The Net Debt for the consolidated entity increased by 36% or $1,462 million to $5,522 million from $4,060 million at 30 June 2011.

Equity

Shareholders' Equity[14] increased by 7% or $942 million from $13,516 million at 30 June 2011 to $14,458 million at 30 June 2012.

[12] Excludes debt facilities raised by Contact Energy during the 2012 financial year.

[13] The reported numbers for Net Debt include interest-bearing debt obligations only.

[14] Refer to Glossary in Appendix 6.

The increase of $942 million is predominantly due to the Statutory Profit before Non-controlling interests of $1,058 million and $316 million of share issuance, partially offset by $538 million of dividends paid.

Gearing Ratio[15]

The following table provides the calculation of the Gearing ratio based on the reported Net Debt and the reported Shareholders' Equity:

As at	30 June 2012	30 June 2011
Net Debt as reported ($m)	5,522	4,060
Shareholders' Equity as reported ($m)	14,458	13,516
Net Debt to (Net Debt + Shareholders' Equity)	**28%**	**23%**

4.4.4 Adjusted Net Debt[15] calculations

The calculation of Net Debt above includes a favourable mark-to-market adjustment of $216 million as at 30 June 2012 compared with a favourable adjustment of $223 million as at 30 June 2011. Favourable adjustments act to decrease the net debt quoted. Excluding these mark-to-market adjustments, the "Adjusted Net Debt" for the consolidated entity was $5,738 million at 30 June 2012 compared with a $4,283 million Adjusted Net Debt balance at 30 June 2011, a net increase of $1,455 million.

Origin owns 53.0% of the ordinary shares of Contact Energy and is therefore required under Australian accounting standards to consolidate all of Contact Energy's assets and liabilities in Origin's Statement of Financial Position. This includes consolidating 100% of Contact Energy's outstanding debt obligations. However, under the terms of those debt obligations Origin has no liability associated with Contact Energy's debt. Excluding Contact Energy's Adjusted Net Debt obligations, Origin had an Adjusted Net Debt position as at 30 June 2012 of $4,617 million compared with $3,365 million as at 30 June 2011, a change of $1,252 million.

4.5 Interest rates

Origin's Underlying average interest rate[15] incurred on debt for the current year was 7.4% compared with 7.1% for the prior year. The higher Underlying average interest rate is primarily due to amortisation of up-front costs associated with additional debt facilities raised during the year and higher funding costs in Contact Energy. Underlying net financing costs used to calculate the Underlying average interest rate includes interest on Contact Energy's New Zealand dollar denominated debt, Origin's Australian dollar, US dollar and New Zealand dollar debt obligations and includes commitment fees incurred on undrawn committed debt facilities associated with Origin's underlying business.

Origin's Underlying average interest rate incurred excluding Contact Energy and funding costs related to Australia Pacific LNG was 7.3%.

Drawn debt and commitment fees paid on undrawn committed debt facilities, which act to support Origin's future funding commitments to Australia Pacific LNG, are excluded from Underlying net financing costs (Section 3.7) and from the interest rate quoted above. These excluded amounts would otherwise be capitalised except for Origin's investment in Australia Pacific LNG being equity accounted.

As at 30 June 2012, Origin held cash and cash equivalents of $357 million compared with $728 million at 30 June 2011, including Contact Energy. This cash was invested at an average rate of 5.4% for the year ended 30 June 2012. Excluding Contact Energy, Origin held cash on deposit and cash equivalents of $352 million compared with $692 million at 30 June 2011.

[15] Refer to Glossary in Appendix 6.

Approximately 51% of Origin's consolidated debt obligations are fixed to 30 June 2013 at an average rate of 6.3% including margin. Excluding Contact Energy, Origin has 41% of its debt obligations fixed at an average rate of 5.8% including margin.

5. Review of Segment Operations

The Review of Segment Operations is a discussion on the underlying performance of each of Origin's business segments. The financial performance metrics and segmental discussion reflect the results of Origin's underlying business and therefore exclude a number of items to provide a different perspective of the financial and operating performance of the Origin business, consistent with the manner in which the Managing Director reviews the financial and operational performance of the business. A detailed reconciliation between Statutory Profit and Underlying Profit is provided in Section 3.1. Further non-IFRS measures, such as Gross Profit[16], are utilised to explain segment performance. These measures are a component of the Segment Result and are defined in the Glossary in Appendix 6.

5.1 Energy Markets

Origin's Energy Markets business is an integrated provider of energy solutions to consumer and business markets in Australia and the Pacific. As well as being Australia's leading electricity, gas and LPG retailer, with 4.4 million customer accounts, Energy Markets also operates a flexible and diverse, owned and contracted generation portfolio and continues to increase its product and service offerings to customers.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Total Segment Revenue[16]	10,250	8,109	26
Underlying EBITDA	1,562	1,174	33
Underlying EBIT	1,317	978	35
Segment Result[17]	1,317	978	35
Items excluded from Underlying EBIT and Segment Result	(20)	(465)	(96)
Growth capital expenditure	592	864	(31)

- Underlying EBITDA up 33% to $1,562 million
- Electricity volumes up 26% to 42.7 TWh[16] following the NSW acquisition
- Underlying EBIT margin improved from 12.7% to 13.6%
- 2.6 million customers migrated to the new billing and customer relationship management system
- Net loss of 160,000 customer accounts with improved customer win and retention performance in the second half of the year
- Integration of Country Energy and Integral Energy proceeding in line with expectations

[16] Refer to Glossary in Appendix 6.

[17] Segment Result for Energy Markets does not include the impact of taxation and financing costs, which are included in the Corporate segment.

Segment financial performance

Year ended 30 June 2012	Natural Gas	Electricity	Non-commodity	LPG
Revenue ($m)[18,19]	1,203 (+2%)	7,566 (+40%)	213 (-50%)	706 (+5%)
Cost of goods sold ($m)	(970) (-1%)	(5,769) (+39%)	(178) (-50%)	(528) (+6%)
Gross Profit ($m)	233 (+14%)	1,797 (+41%)	35 (-45%)	178 (+3%)
Total operating costs ($m)	(682) (+27%)			
Underlying EBITDA ($m)	1,562 (+33%)			
Underlying EBIT ($m)	1,317 (+35%)			
Underlying EBIT Margin (%)	13.6% (June 2011: 12.7%)			
Volumes sold[20]	130 PJ (-8%)	43 TWh (+26%)	N/A	502 kT[21] (+5%)
Year-end customer accounts ('000)	963 (+4%)	3,014 (-6%)	N/A	382 (+5%)
Average customer accounts[22] ('000)	943 (+6%)	3,114 (+40%)	N/A	368 (+4%)
Gross Profit per customer (average accounts, $)	509 (+3%)			484 (-1%)
Underlying EBITDA per customer (average accounts, $)	373 (+4%)			129 (-12%)
Underlying EBIT per customer (average accounts, $)	319 (+5%)			60 (-24%)

Energy Markets' Underlying EBITDA increased 33% or $388 million to $1,562 million. This growth was largely attributable to the full year contribution from the acquired Integral Energy and Country Energy retail businesses and the Eraring GenTrader arrangements.

Electricity volumes grew by 8.7 TWh or 26% to 42.7 TWh in the year, primarily due to the acquired volumes gained through the NSW acquisition. Mass market electricity usage declined at a customer level due to the increased penetration of solar photovoltaic (PV) installations, consumer responses to rising electricity prices, mild summer temperatures and responses to the changed economic outlook. Gas volumes declined by 8% to 130 PJ despite a 6% increase in average customer accounts due to a 13 PJ reduction in wholesale trading volumes.

Energy Markets' Underlying EBIT margin was 13.6% for the year, higher than the prior year of 12.7% due to a full year's contribution from the NSW acquisition.

Origin lost 160,000 customers during the 2012 financial year, of which 112,000 were in the first half of the year. This was due to restricted customer win and retention activities as a result of the migration of customer accounts to the new SAP billing and customer relationship management system (SAP system) in the first half of the year. Customer losses were expected following the purchase of the large incumbency position in NSW. Origin's customer churn rates improved in the second half of the year following the completion of the SAP system migration as the business was able to return its focus to customer win and retention activities.

Retail Transformation continues to be a key priority as Origin is committed to delivering an improved customer experience and creating a more efficient and flexible operating model, delivering lower cost to serve.

[18] Energy Markets Total Segment Revenue includes pool revenue from the sale of electricity when Origin's internal generation portfolio, including Eraring and Shoalhaven power stations, is dispatched. These pool revenues, along with the associated fuel costs, are netted off in Electricity cost of goods sold.

[19] Energy Markets Total Segment Revenue includes revenue from the sale of gas swaps to major customers at no margin. These revenues are netted off with the associated cost in Natural Gas cost of goods sold.

[20] Does not include internal sales for Origin's gas-fired generation portfolio (2012: 31 PJ, 2011: 31 PJ).

[21] Refer to Glossary in Appendix 6.

[22] Average Customer Accounts is calculated as the average of the month-end customer numbers for each month of the year.

The new SAP system was implemented and 2.6 million customers were migrated onto this new platform during the year. Normal post "go-live" stabilisation activities associated with this new system are now well underway with a focus on improving billing, exception management and contact centre processes to take advantage of the new system capabilities. A number of legacy systems have now been decommissioned. The rollout of the new online functionality has also commenced and will continue over the coming months. Concurrently cost reduction initiatives are also underway.

Integration of the acquired NSW energy assets is progressing well. The Integral Energy customer base is expected to migrate over in the second half of the 2013 financial year, with Country Energy to follow. Mass market sales volumes in NSW have declined since Origin's acquisition of the NSW retail businesses. This reduction is due to lower usage per customer as a result of trends seen across the NEM, including the high level of rooftop solar PV installations during 2010 and 2011, and a reduction in mass market customer numbers. The Eraring GenTrader Arrangements have performed better than expectations, providing increased portfolio benefits and delivering improvements in Origin's energy procurement costs.

Origin successfully prepared and implemented systems and processes to comply with the requirements of the introduction of the Clean Energy Future package.

Segment operating cash flows

Year ended 30 June	2012	2011	Change (%)
Operating Cash Flow[23] ($m)	1,141	892	28
Productive Capital ($m)	8,651	6,342	36
OCFR[23] (%)	13.2%	14.1%	(6)

Energy Markets' operating cash flow increased by 28% or $249 million to $1,141 million, primarily due to an increase in Underlying EBITDA associated with the NSW acquisition. While operating cash flow increased by 28% on the prior year, it was reduced by $235 million of non-cash provision movements related to the NSW acquisition in the current year, comprising $137 million of onerous hedge contracts and $98 million of TSAs, together with a temporary increase in network-related creditors arising from the NSW acquisition in the prior year.

Operating cash flow return[23] (OCFR) declined from 14.1% to 13.2% during the year, due to a full year impact of the NSW acquisition-related non-cash provision adjustments in the current year compared to a four month impact in the prior year, as well as an increased negative working capital movement.

[23] Refer to Glossary in Appendix 6.

5.1.1 Natural gas

Year ended 30 June	2012	*$/GJ*[24]	2011	*$/GJ*	Change (%)	*Change ($/GJ)*
Volumes sold (PJ)	**161**		**173**		**(7)**	
C&I	91		98		(7)	
Mass Market	39		44		(11)	
Total external volumes	**130**		**142**		**(8)**	
Internal sales[25]	31		31		(0)	
Revenue ($m)	**1,203**	*9.3*	**1,180**	*8.3*	**2**	*1.0*
C&I	500	*5.5*	486	*5.0*	3	*0.5*
Mass Market	703	*17.9*	694	*15.9*	1	*2.0*
Cost of goods sold[26] ($m):	**(970)**	*(7.5)*	**(975)**	*(6.9)*	**(1)**	*(0.6)*
Network costs	(513)	*(4.0)*	(462)	*(3.3)*	11	*(0.7)*
Energy procurement costs	(457)	*(3.5)*	(513)	*(3.6)*	(11)	*0.1*
Gross Profit ($m)	**233**	*1.8*	**205**	*1.4*	**14**	*0.4*
Gross Margin (%)	*19.4%*		*17.4%*		*2.0%*	
Year-end customer accounts ('000)	**963**		**923**		**4**	
Average customer accounts ('000)	**943**		**889**		**6**	
Gross Profit per customer (average accounts, $)	**247**		**231**		**7**	

Natural gas volume and revenue

Origin sold 130 PJ of natural gas to customers in the year, while an additional 31 PJ was used as fuel in Origin's generation portfolio, primarily at the Darling Downs Power Station in south east Queensland.

External sales of natural gas reduced by 8% or 12 PJ compared with the prior year. The decline of 5 PJ in Mass Market volumes was primarily due to milder winter temperatures in Victoria and South Australia compared with the prior year. A 7 PJ decline in C&I volumes was attributable to a reduction in wholesale trading volumes of 13 PJ, with core C&I customer volumes increasing during the period.

Despite a decline in volumes, natural gas revenue increased by $23 million or 2% to $1,203 million due to higher tariffs including the pass through of increased network costs.

Natural gas customers increased by 4% or 40,000 accounts to 963,000 customer accounts as at 30 June 2012, supported by strong growth in NSW dual fuel customers.

[24] Refer to Glossary in Appendix 6.

[25] Internal sales represent volume used in Origin's gas-fired generation portfolio. The cost of the gas is included at cost in the electricity cost of goods sold.

[26] For the period ending December 2011, the cost of goods sold for natural gas was $498m of which $256m related to network costs and $242m procurement costs.

Natural gas volumes by state and by segment are detailed in the table below:

Year ended 30 June	2012	2011	Variance	%
NSW	3.8	2.5	1.3	52
Victoria	26.8	31.6	(4.8)	(15)
Queensland	2.2	2.2	(0)	(0)
South Australia	6.5	7.3	(0.8)	(11)
Mass Market	**39.3**	**43.6**	**(4.3)**	**(10)**
C&I	90.5	98.0	(7.5)	(8)
External volumes	**129.8**	**141.6**	**(11.8)**	**(8)**
Internal generation	31.2	31.3	(0.1)	(0)
Total Natural Gas Volume (PJ)	**161.0**	**172.9**	**(11.9)**	**(7)**

Natural gas cost of goods sold

Natural gas cost of goods sold increased by $0.60/GJ, primarily due to higher network and transmission costs relating to the Queensland - South Australia - New South Wales pipeline link (QSN). Spot market gas prices reduced during winter 2011 reflecting low seasonal demand, and then increased in the second half of the financial year as coal-fired generation outages led to higher gas demand, leading to a net increase in spot prices over the year. Despite these market price increases, Origin was able to marginally reduce gas procurement costs by $0.10/GJ to $3.50/GJ due to its integrated fuel procurement strategy.

Natural gas Gross Profit

Despite lower volumes, Natural gas Gross Profit improved 14% or by $28 million to $233 million, an improvement of $0.40/GJ. This was attributable to increased tariffs in line with market prices, including the recovery of network cost increases, while gas purchase costs remained steady due to Origin's integrated fuel procurement strategy.

GLNG gas supply agreement

During the year, Origin announced a gas supply agreement with GLNG for the supply of 365 PJ of gas over 10 years at international oil-linked prices, commencing in 2015.

5.1.2 Electricity performance

Year ended 30 June	2012	*$/MWh*[27]	2011	*$/MWh*	Change %	*Change $/MWh*
Volumes sold (TWh)	**42.7**		**34.0**		**26**	
C&I	20.6		16.8		23	
Mass Market	22.1		17.2		28	
Revenue ($m)	**7,566**	*177*	**5,410**	*159*	**40**	*18*
C&I	2,385	*116*	1,846	*110*	29	*6*
Mass Market	5,114	*231*	3,502	*204*	46	*27*
Other income	22		25		(12)	
Externally contracted generation	45		37		22	
Cost of goods sold ($m):	**(5,769)**	*(135)*	**(4,138)**	*(122)*	**39**	*(13)*
Network costs	(3,453)	*(81)*	(2,339)	*(69)*	48	*(12)*
Wholesale energy costs	(2,063)	*(48)*	(1,653)	*(49)*	25	*1*
Generation operating costs	(252)	*(6)*	(146)	*(4)*	73	*(2)*
Energy procurement costs	(2,316)	*(54)*	(1,799)	*(53)*	29	*(1)*
Gross Profit ($m)	**1,797**	*42*	**1,272**	*37*	**41**	*5*
Gross Margin (%)	*23.8%*		*23.5%*		*0.3%*	
Average customer accounts ('000)	**3,114**		**2,228**		**40**	
Gross Profit per customer (average accounts, $)	**577**		**571**		**1**	

Electricity volumes and revenue

Origin's electricity volumes increased by 26% or 8.7 TWh to 42.7 TWh, primarily due to the acquired customer load from Integral Energy and Country Energy.

Energy consumption in the National Electricity Market was down on the prior year. Reduced market demand is primarily attributable to a slowing in economic activity in the business market and lower household usage.

Mass market electricity volumes by state and by segment are detailed in the table below:

Year ended 30 June	2012	2011	Variance	Change (%)
NSW	10.9	5.0	5.9	118
Victoria	4.1	4.5	(0.4)	(9)
Queensland	6.2	6.7	(0.5)	(7)
South Australia	0.9	1.0	(0.1)	(10)
Mass Market	**22.1**	**17.2**	**4.9**	**28**
C&I	20.6	16.8	3.8	23
Total Electricity Volumes (TWh)	**42.7**	**34.0**	**8.7**	**26**

Electricity revenue increased 40% or $2.2 billion to $7.6 billion**.** This was primarily due to increased volumes on the back of the NSW acquisition, together with higher tariffs owing to the pass through of increased network charges and the recovery of costs associated with various environmental schemes.

[27] Refer to Glossary in Appendix 6.

Electricity cost of goods sold

Electricity cost of goods sold comprises three main elements: network costs, wholesale energy costs, and generation operating costs. Network costs reflect the pass through of charges for the transportation and distribution of electricity to the end customer. Wholesale energy costs relate to the mix of physical and financial instruments used in procuring electricity, including fuel (gas and coal) used in Origin's generation portfolio. Generation operating costs relate to the operating and maintenance costs of Origin's generation portfolio, including the costs associated with the GenTrader arrangements. In combination, wholesale energy costs and generation operating costs determine the procurement cost of energy.

Overall, Electricity cost of goods sold increased by $13/MWh, primarily owing to increases in network costs of $12/MWh.

Energy procurement costs, increased by $1/MWh to $54/MWh. Wholesale energy costs were relatively stable, decreasing by $1/MWh on the prior year from $49/MWh to $48/MWh. Origin achieved this slight reduction in wholesale energy costs compared with the prior year despite an increase in the energy component of wholesale prices and a decrease in volatility. Generation operating costs increased by $2/MWh from $4/MWh to $6/MWh due to a full year of costs for the Eraring GenTrader arrangements.

Included within wholesale energy costs are costs associated with the onerous hedge contracts and green rights contracts relating to the NSW acquisition. A benefit of $137 million from the unwind of these liabilities was recorded within wholesale energy costs (prior year $93 million). The unwind ensures that the earnings impact in the Income Statement reflects market prices at the acquisition date.

Electricity cost of goods sold excludes any capital charge for Origin's investment of $3.3 billion in its generation portfolio.

Refer Section 5.1.5 for information on the performance of Origin's internal generation portfolio.

Electricity Gross Profit

Electricity Gross Profit increased by 41% or $525 million to $1,797 million. This was primarily due to a full year of earnings contribution from the NSW acquisition, as well as effective management of energy procurement costs. Gross Profit per megawatt hour increased $5/MWh from $37/MWh to $42/MWh.

5.1.3 Non-commodity sales

Revenue for the non-commodity businesses reduced by 50% or $209 million to $213 million, reflecting fewer installations of rooftop solar PV systems in comparison with the prior year. Policy changes, including changes to the Renewable Energy Certificate multiplier and feed-in tariff schemes across all states, had a significant impact on demand over the period. Consequently, Origin completed 16,009 installations during the year compared with 36,840 in the prior year.

The substantial reduction in solar PV installations led to a 45% reduction in Non-commodity Gross Profit from $64 million to $35 million.

Energy Markets' other product offerings such as solar hot water, serviced bulk hot water systems and heat pumps performed well and continue to complement the core Electricity and Natural gas businesses. Origin is playing a leading role in supporting the adoption of electric vehicles in Australia and is the preferred charging provider for the Nissan LEAF. Origin ChargePoints have been installed at Nissan LEAF dealerships across Australia, and Origin has a range of fully installed residential and commercial charging packages to support electric vehicle owners.

The trigeneration business continues to pursue a number of key contracts and, in particular, announced a Heads of Agreement with the City of Sydney in April 2012. Under the Heads of

Agreement, four trigeneration precincts will be built across central Sydney with Origin to invest $100 million over a ten-year period (through its 100% owned controlled entity, Cogent).

5.1.4 LPG

LPG sales volumes increased 5% to 502 kT compared to the prior year and customer accounts increased by 5% to 382,000. This growth was largely driven by the Autogas segment with Origin's expansion into the NSW market, and increased wholesale volumes following the unwind of Origin's share in the Vitalgas joint venture with Caltex in November 2011.

LPG Gross Profit growth of 3% or $6 million to $178 million, with active sales price management more than offsetting the fluctuations in the procurement cost of LPG. An increase in operating costs and depreciation saw Underlying EBIT decline $6 million or 23% to $22 million compared to the previous year.

5.1.5 Internal generation portfolio

Energy Markets' generation portfolio continued to achieve high levels of availability and reliability during the period, with availability of 95% versus 90% in the prior year, unplanned outages of 2.0% down from 3.3% in the prior year, and an equivalent reliability factor[28] (ERF) of at least 97% was achieved for all peaking sites for the year.

The ERF for Eraring Power Station was 90.2% during the year, primarily due to a fire in the 2B transformer of Unit 2 in October 2011. Unit 2 returned to service in February 2012 and became unavailable again in March 2012 due to a failure within the 2A transformer. The transformer was replaced and Unit 2 returned to service at a reduced capacity of 540 MW in March 2012. It is expected that Unit 2 will return to full load of 720 MW by the end of the 2012 calendar year. Liquidated damages in relation to the fire are continuing to be pursued from Eraring Energy and have not been recognised in Origin's Consolidated Financial Statements.

[28] Refer to Glossary in Appendix 6.

Performance of the internal generation portfolio and externally contracted plant is summarised in the following table:

Year ended 30 June 2012	Nameplate Plant Capacity (MW)	Equivalent Reliability Factor	Capacity Factor	Electricity Output (MWh)	Pool revenue ($m)	Pool revenue ($/MWh)
Base Load						
Eraring (Contracted)	2,770	90.2%	46%	11,099	338	30
Darling Downs	630	97.0%	54%	3,207	92	29
Peaking						
Mt Stuart	414	99.5%	0%	6	-	64
Uranquinty	640	100%	3%	171	9	55
Roma	74	99.8%	2%	16	1	56
Ladbroke Grove	80	99.6%	11%	79	4	49
Quarantine	216	98.7%	3%	64	3	48
Mortlake (1)	550	97.1%	7%	89	4	39
Renewable						
Cullerin Range	30	96.7%	36%	98	3	29
Shoalhaven (Contracted)	240	97.3%	3%	57	3	46
Internal Generation	**5,644**			**14,886**	**457**	**31**
Externally Contracted						
Bulwer Island (2)	32	99.4%	40%			
Osborne (2,3)	180	99.2%	37%			
Worsley (2)	120	94.9%	45%			
TOTAL (equity %)	**5,900**					

(1) Mortlake Power Station commenced commercial operation on 21 August 2012. Generation statistics are for one unit during commissioning testing.
(2) Origin holds a 50% share.
(3) For Osborne, Origin holds a 50% share and contracts 100% of the output.

On 3 January 2012, the first of two units at the 550 MW gas-fired Mortlake Power Station was available for dispatch into the Victorian electricity market. The second unit was available for dispatch on 21 August 2012, signalling the formal completion of the 550 MW development and representing an investment by Origin of $810 million (excluding $160 million of capitalised interest).

Origin has 30 MW of operating wind capacity at Cullerin Range and a number of contractual wind off-take power purchase agreements to support the Company's renewable energy obligations under the Federal Government's Large-Scale Renewable Energy Target, as well as provide GreenPower to retail customers. While Origin's wind development strategy has been to maintain the option to build wind generation by holding development sites, recent contracting activity has led to the de-prioritisation of certain sites for development, amounting to a gross impairment loss of $65 million.

Origin's most advanced wind development project is Stockyard Hill in western Victoria, which was granted conditional wind farm planning permits during the year. The 154 wind turbine project has a forecast capacity of around 300 to 500 MW and an expected average capacity factor of 36%. Origin recently commenced a process to assess a range of options to ensure the optimal development at Stockyard Hill, including third party proposals for engineering, procurement and construction of the wind farm on Origin's behalf or providing equity for the wind farm's development while Origin supports it through a power purchase agreement.

5.1.6 Operating costs, customer accounts and churn

Year ended 30 June ($ million)	2012	2011	Change %
Natural gas, Electricity & non-commodity operating costs	(551)	(419)	32
LPG operating costs	(131)	(120)	9
Total operating costs	**(682)**	**(539)**	**27**

Natural gas, Electricity and Non-commodity operating costs

Energy Markets includes within its Electricity, Natural gas and Non-commodity operating costs, all costs associated with servicing and maintaining customers, all customer acquisition and retention costs, and all costs associated with delivering new product lines within the Non-commodity business.

Natural gas, Electricity and Non-commodity operating costs increased by 32% or $132 million to $551 million, largely reflecting costs associated with the increased scale of the business following the NSW acquisition in the prior year.

At the time of the NSW acquisition, Origin entered into TSAs with the NSW distribution network businesses to continue to provide services such as customer billing, collections, debtor management, call centre and other customer services. As these services are at a cost which is higher than the incremental cost Origin would have incurred internally, a provision was raised on acquisition. The unwind of this provision for the year to 30 June 2012 was $98 million ($35 million in the prior year), which is shown as a reduction in Natural gas, Electricity and Non-commodity cost-to-serve.

Year ended 30 June	2012	2011	Change	Change %
Natural Gas, Electricity & non-commodity cost to serve (excl. TSA unwind) ($m)	(649)	(454)	(195)	43
TSA provision unwind ($m)	98	35	63	180
Total Electricity, Natural gas & Non-commodity operating costs ($m)	**(551)**	**(419)**	**(132)**	**32**
Maintenance costs ($m)	(465)	(351)	(114)	32
Acquisition & retention costs ($m)	(86)	(68)	(18)	26
Average customer accounts ('000)	**4,057**	**3,117**	**940**	**30**
Cost to serve ($ per customer)	**(136)**	**(134)**	**(2)**	**1**
Cost to maintain ($ per average customer)	*(115)*	*(112)*	*(3)*	*3*
Cost to acquire/retain ($ per average customer)	*(21)*	*(22)*	*1*	*(5)*
Cost per acquisition / retention[29] ($ per win/retain)	*(70)*	*(64)*	*(6)*	*9*

Cost to maintain increased by 32% or $114 million to $465 million, after the unwind of the TSAs, primarily due to a full year of servicing the expanded customer base following the NSW acquisition. On a per customer basis, cost to maintain increased by $3 per customer, from $112 to $115 per customer. Cost per customer increases were driven primarily by the establishment of systems, functionality and processes to comply with carbon-related requirements and investment in capability to service C&I customers.

[29] Cost per acquisition/retention = Acquisition and Retention Costs divided by the sum of customer wins (545,000; 567,000 prior year) and retains (679,000; 494,000 prior year).

Origin's acquisition and retention costs increased by 26% or $18 million to $86 million. Gross cost increases were primarily driven by a full year of acquisition and retention costs relating to the newly-acquired NSW customer base. The increase in annual acquisition and retention costs included the launch of new products and promotions, including price discounts, flexible payment options and rate freezes, focused on customer retention. Increased costs were also experienced in the door-to-door acquisition channel with competition among retailers for resources increasing sales commission rates.

Notwithstanding the gross increase in cost to acquire and retain, on a per customer level it reduced by $1 per customer from $22 to $21 per customer. This reflects the benefit of a higher proportion of low-churning customers from the acquired NSW retail businesses.

LPG operating costs

LPG operating costs increased by 9% or $11 million to $131 million, driven principally by an investment in labour and other operating costs to support the Country Energy acquisition and temporary service related distribution costs in Queensland and Victoria.

5.1.7 Customer accounts and churn

Natural gas, Electricity and LPG customer accounts and churn

The net impact of wins and losses resulted in a 160,000 decrease in Origin's total electricity and natural gas customer accounts from 4,137,000 at 30 June 2011 to 3,977,000 at 30 June 2012. The full year net customer loss of 160,000 was split 112,000 in the first half and 48,000 in the second half.

Following the SAP migration, win activities increased in the second half of the financial year. Win rates improved and customer losses reduced against the first half as new campaigns were launched to focus on customer retention.

Overall, competitive activity has been consistently high over the last two years, with national market churn stable at 20.4%. Origin's churn is lower than the market, and improved during the period from 18.5% to 17.1%. The improvement in Origin churn levels was attributable to the incumbency benefits of the NSW acquisition and a strong retention focus.

NSW market churn increased to 16.7% from 12.8% in the prior year. This increase is typical for a recently privatised market, with Queensland experiencing a similar trend following the privatisation of Sun Retail in 2007.

Customer account movement from 30 June 2011 to 30 June 2012 ('000)

Year ended 30 June	2012			2011			
	Electricity	Natural Gas	Total	Electricity	Natural Gas	Total	Change
NSW	1,425	157	1,582	1,532	120	1,652	(70)
Victoria	641	475	1,116	690	466	1,156	(40)
Queensland	795	130	925	834	129	963	(38)
South Australia	153	201	354	158	208	366	(12)
Customer accounts	**3,014**	**963**	**3,977**	**3,214**	**923**	**4,137**	**(160)**

As at 30 June 2012, Origin held 942,000 dual fuel (electricity and gas) customer accounts. Dual fuel accounts increased by 11,000 accounts in the second half of the year from 931,000 accounts at 31 December 2011, however year-on-year the balance was down 15,000 accounts from 957,000 customer accounts.

As at 30 June 2012, Origin held 382,000 LPG customer accounts. This was an increase of 17,000 or 5% on the prior year.

5.1.8 Retail Transformation Program

Retail Transformation continues to be a key priority as Origin is committed to delivering an improved customer experience and creating a more efficient and flexible operating model, delivering lower cost to serve.

The new SAP billing and customer relationship management system was introduced and 2.6 million customers were migrated onto this new platform during the year. Normal post "go-live" stabilisation activities associated with this new system are now well underway with a focus on improving billing, exception management and contact centre processes to take advantage of the new system capabilities. A number of legacy systems have now been decommissioned. The rollout of the new online functionality has commenced and will continue over the coming months. Concurrently cost reduction initiatives are also underway.

Capital spend for the life of the Retail Transformation Program to 30 June 2012, including capitalised interest, was $241 million.

Energy Markets is well placed for the future, with industry leading core billing and customer management technology, new online functionality and continued investment in developing innovative energy solutions.

5.1.9 Segment Result

The Energy Markets Segment Result was up 35% or $339 million to $1,317 million on the prior year from $978 million.

Items excluded from the Energy Markets Segment Result totalled an expense of $20 million during the year, which included an increase in the fair value of financial instruments, offset by an impairment loss relating to Origin's portfolio of wind and gas fired generation development opportunities and its 50% equity interest in the Worsley generation plant, and transition and transaction costs associated with the Retail Transformation Program and the integration of the acquired NSW energy assets. This compares with an expense of $465 million in the prior year, which was primarily due to transition and transaction costs relating to the NSW acquisition and a decrease in the fair value of financial instruments.

Growth capital expenditure, including capitalised interest, was $592 million, down 31% from $864 million in the prior year, primarily comprised of spending on Mortlake Power Station, upgrades to the Eraring Power Station and the Retail Transformation Program.

5.2 Exploration & Production

Origin has exploration and production interests in eastern and southern Australia, the Perth Basin in Western Australia and in New Zealand. Origin also has international exploration interests in South East Asia, Kenya and Botswana. These activities are reported within the Exploration & Production segment. Australia Pacific LNG activities are reported separately and discussed in Section 5.3.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Total Segment Revenue	735	701	5
Underlying EBITDA before exploration expense	378	386	(2)
Underlying EBITDA	329	268	23
Underlying EBIT	105	47	123
Segment Result [30]	105	47	123
Items excluded from Segment result	(223)	1	N/A
Growth capital expenditure	421	335	26

- Underlying EBITDA up 23% or $61 million to $329 million
- Higher revenue driven by a 12% increase in commodity unit prices (mainly crude oil and condensate)
- Production volumes from most fields steady with the exception of BassGas due to extended shutdown from Yolla MLE project; overall production volumes lower by 4%
- Lower exploration expense
- Higher non-routine general operating costs
- Origin's 2P Reserves[31] (excluding Origin's share of Australia Pacific LNG) increased by 7% or 81 PJe to 1,235 PJe

5.2.1 Financial Performance

Production, Sales and Revenue

Year ended 30 June	2012	2011	Change (%)
Total Production (PJe[31])	83	86	(3)
Total Sales (PJe)	90	96	(6)
Commodity Sales Revenue ($m)	700	667	5
Proved plus Probable (2P) Reserves (PJe)[32]	1,235	1,154	7

Origin's share of total production in the Exploration & Production segment was down 3 PJe or 3% to 83 PJe. This was mainly due to the extended shutdown of the BassGas plant arising from Phase 1 of the Yolla MLE project.

Sales volumes were also lower reflecting lower production together with lower sales from third party purchases. Of the total sales of 90 PJe, 28 PJe was sold internally to Origin, a 4 PJe decline from the prior year of 32 PJe.

[30] Segment result for Exploration & Production does not include the impact of taxation and financing costs, which are included in the Corporate segment.

[31] Refer to Glossary in Appendix 6.

[32] Excludes Origin's share of Australia Pacific LNG reserves. Including Origin's share of Australia Pacific LNG's reserves, Origin's 2P Reserves decreased from 7,041 PJe to 6,807 PJe, or 3%, which includes Origin's dilution in Australia Pacific LNG from 50% to 42.5%.

Total revenue increased by 5% from $701 million in the prior year to $735 million. Commodity sales revenues increased by 5% compared to the prior year from $667 million to $700 million. Higher commodity prices more than offset 4% lower production volumes and 6% lower sales volumes.

Further information regarding production, sales volumes and revenues is provided in Origin's June 2012 Quarterly Production Report, available at www.originenergy.com.au.

Operating costs

Total operating costs including exploration expense reduced by 6% from the prior year. Expenses excluding exploration costs increased by 15% to $359 million from $313 million in the prior year, as detailed in the table below.

Year ended 30 June	2012 ($m)	2011 ($m)	Change %
Cost of goods sold	(100)	(70)	43
Stock movement	5	(1)	N/A
Royalties, tariffs and freight	(62)	(57)	9
General operating costs	(202)	(185)	9
Expenses	(359)	(313)	15
Exploration	(49)	(118)	(58)
Total operating costs	**(407)**	**(431)**	**(6)**

For the current year, cost of goods sold was $100 million compared with $70 million in the prior year. This reflects an increase in the proportion of crude oil to total product purchases (from 38% to 51% of total product purchases) combined with an increase in the average product purchase cost (in particular, crude oil which increased by 18%) for product purchases from the Cooper Basin.

Stock movement expense reduced by $6 million from the prior year reflecting an increase in inventory volumes held and inventory value due to the higher cost of third party purchases.

Royalties, tariffs and freight increased by $5 million, or 9%. This increase is primarily due to an increase in royalties paid by Kupe (+$6 million) due to the exhaustion of the benefit from royalty deductions for construction deductibles in the prior year.

General operating costs increased by 9% or $17 million to $202 million in the current year. Routine general operating costs increased by $1 million. However, non-routine general operating costs were $16 million higher than the prior year primarily due to an increase in planned shutdown activity at Kupe, Otway and BassGas ($5 million), one-off repairs to the Kupe offshore umbilical cable ($5 million), increased costs at non-operated Cooper Basin assets predominantly due to increased flood recovery costs ($4 million) and contract costs to accelerate production from Manutahi ($2 million). Origin's general operating costs per unit of production increased by $0.28 per GJe, or 13%, compared with the prior year to $2.43 per GJe, mainly due to lower production volumes.

Exploration expenses

For the current year, exploration expenses were $49 million, comprised primarily of a $27 million expense for Thistle-1 in Bass Basin, compared with $118 million in the prior year. The significant decrease relates to lower exploration activity domestically and internationally, reduced expense for unsuccessful wells compared with the prior year, and dilutions in several offshore tenements in Kenya providing farmin income and thereby reducing exploration expense. During the year, there was a focus on reducing Origin's risk exposure across a number of its exploration areas with farmout agreements.

Segment Result

For the reasons set out above, Underlying EBITDA increased by 23% or $61 million to $329 million in the current year.

Underlying depreciation and amortisation charges were slightly higher than the prior year at $224 million, primarily due to an increase in the capital value of the Cooper Basin assets and higher depreciation for the Perth Basin and New Zealand Onshore assets compared with the prior year. Reduced production resulted in a 5% increase to $2.69 per GJe on a unit of production basis on the prior year.

Underlying EBIT increased by $58 million from $47 million to $105 million for the current year. This represents the Segment Result for the Exploration & Production segment.

Items excluded from the Exploration & Production Segment Result include an expense of $223 million in the current year, of which $198 million relates to a gross impairment loss on the Ironbark CSG permit area reflecting the realisation of an upfront tax deduction for the permit acquisition, $27 million relates to a gross impairment loss recorded against property, plant and equipment resulting from the unlikelihood of realising value for the Surat Basin conventional assets, partially offset by a $2 million financial instrument gain on revaluation.

Capital expenditure

Growth capital expenditure (which included capitalised interest for the Ironbark CSG project in the first half of the year) increased 26% or $86 million to $421 million in the current year. This primarily reflected expenditure in the Otway, Bass and Cooper basins the Ironbark CSG project, and ongoing exploration and evaluation activities.

5.2.2 Reserves

The 2P Reserves attributable to Origin across its areas of interest (excluding its shareholding in Australia Pacific LNG) increased by 7% or 81 PJe to 1,235 PJe[33] at 30 June 2012. Significant changes in 2P Reserves net of production were recorded for Ironbark (+61 PJe), Cooper Basin (+57 PJe), Conventional Surat Basin (-15 PJe) and Offshore Taranaki Basin (Kupe, +14 PJe).

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 2012 is included in Origin's Annual Reserves Report released to ASX on 31 July 2012 and available on Origin's website at http://www.originenergy.com.au/news/files/120731_2012_Reserves_Report.pdf.

5.2.3 Operations

Australia

Origin's Australian operations include producing assets in the Bass and Otway Basins off the south coast of Victoria, the Cooper Basin in central Australia, the Surat Basin in Queensland and the Perth Basin in Western Australia.

Collectively, these assets produced 65 PJe net to Origin during the current year, a decrease of 4 PJe or 6% on the prior year, due mainly to an extended shutdown of BassGas for Phase 1 of the Yolla MLE project. Production for the year included 55 PJ of sales gas, 1,129,000 barrels of crude oil and condensate and 79 kT of LPG.

[33] The statements in this Management Discussion & Analysis relating to reserves and resources as at 30 June 2012 for the Ironbark asset are based on information in the Netherland, Sewell & Associates, Inc. (NSAI) report dated 23 July 2012, compiled by Mr. John G. Hattner, a full-time employee of NSAI. Mr. John G. Hattner has consented to the statements based on this information, and to the form and context in which these statements appear. The statements in this document relating to reserves and resources for other assets have been compiled by Andrew Mayers, a full-time employee of Origin. Andrew Mayers is qualified in accordance with ASX listing rule 5.11 and has consented to the form and context in which these statements appear.

Offshore Australia

Production from Origin's offshore Australian assets in the Otway and Bass basins of 40 PJe was 12% lower than in the prior year primarily as a result of the extended shutdown due to the Yolla MLE project. BassGas production was shutdown from December 2011 and is expected to return to a free flow production mode during the September Quarter 2012.

In October 2011, joint venture approval was obtained for development of the Geographe field as part of the Otway Gas Project. The development consists of two subsea horizontal wells and a subsea production system to link the wells to existing Thylacine production facilities. Drilling commenced in the Geographe field in late May 2012.

The Thistle-1 exploration well in VIC/P43 permit area was plugged and abandoned during the year after no significant hydrocarbons were encountered. Evaluation studies of the Speculant Transition Zone 3D seismic survey over the near-shore waters of VIC/RL2 (V) and the adjacent onshore areas are continuing.

Onshore Australia

Production from Origin's onshore assets increased 5% to 25 PJe on the prior year due to marginally higher production in the Cooper and Perth basins.

In the Cooper Basin, production increased marginally as lower gas production was more than offset by an increase in crude oil production. Origin participated in drilling 41 development wells in the Cooper Basin compared with only 20 wells in the prior year which was flood-affected. Production in the Perth Basin was 4 PJe or 46% higher than the prior year mainly due to a full year contribution from Redback South at Beharra Springs. Production in the Surat Basin was 2 PJe or 12% lower than the prior year due to natural field decline.

Evaluation activities continued across all areas including seismic acquisition, reprocessing and interpretation. In the Ironbark permit surface facilities are being installed together with gathering networks and pond construction to support the pilot well production facilities. This programme will continue into the 2013 financial year.

New Zealand

In New Zealand, Origin participates in production from both offshore and onshore assets in the Taranaki Basin, and has interests in exploration permits in the Canterbury and Northland basins.

Origin's share of production from these assets was 18 PJe, an increase of 5% on the prior year. Production for the year included 10 PJ of sales gas, 1,050,500 barrels of crude oil and condensate and 42 kT of LPG. Higher gas and LPG production was partially offset by lower liquid yields.

The Kupe field remaining 2P Reserves have been revised upwards to 408 PJe (Origin share 204 PJe) following further evaluation of well and field production and pressure data.

Production testing and 3D seismic analysis of three Manutahi oil wells drilled in 2011 continued during the year. Construction of the Manutahi surface production and water injection facilities has commenced.

In May 2012, Origin agreed to sell its interests in the Tariki, Ahuroa, Waihapa and Ngere (TAWN) fields together with the Waihapa Production Station for $42 million Canadian dollars (with adjustments) and a 5% overriding royalty payable to Origin on future production from the TAWN fields. The transaction is expected to complete in October 2012.

Origin is seeking to farm down its interest in the Canterbury Basin with the expectation of drilling a well during the 2014 financial year.

International oil and gas exploration

Origin is pursuing exploration activities in a number of international regions where the combination of geological prospectivity and market opportunities provides incentive to explore. Efforts to date have focussed on conventional gas exploration in a number of countries in South East Asia and in the highly prospective east coast of Africa in Kenya, and for CSG in Botswana.

In Vietnam, planning is in progress for the drilling of a well in the Song Hong Basin in the first half of the 2013 financial year. Farmout negotiations have been concluded with two farminees for a 55% equity share in Block 121 subject to government and other approvals.

In Kenya, drilling at the offshore Mbawa-1 well in Block L8 commenced in August 2012.

In Botswana, Origin entered into a 50:50 incorporated joint venture in November 2011 with Sasol Limited to explore for CSG. An aero-magnetic survey began in June 2012, the first part of a three year exploration program that will also include an extensive drilling and coring program.

5.3 Australia Pacific LNG

The Australia Pacific LNG segment includes Origin's equity accounted share of the results of Australia Pacific LNG Pty Ltd, and the financing costs, foreign exchange gains and losses and tax associated with Australia Pacific LNG.

Origin's shareholding in Australia Pacific LNG at 30 June 2011 was 50%. On 9 August 2011 completion of an equity subscription agreement between Australia Pacific LNG and Sinopec resulted in a dilution of Origin's shareholding to 42.5%. Origin recorded a $437 million gain on diluting its shareholding in Australia Pacific LNG as a result of the issue of shares to Sinopec. Origin's shareholding at 30 June 2012 was at 42.5%.

A second subscription agreement between Australia Pacific LNG and Sinopec was signed on 20 January 2012. Following the taking of FID on the second train of the Australia Pacific LNG project in July 2012, Origin's shareholding in Australia Pacific LNG was diluted on 12 July 2012 to 37.5% with completion of Sinopec's increased share subscription in Australia Pacific LNG from 15% to 25%.

In Origin's Financial Statements, the financial performance of Australia Pacific LNG is equity accounted. Consequently, revenue and expenses from Australia Pacific LNG do not appear explicitly in the Australia Pacific LNG Segment Result. Origin's share of Australia Pacific LNG's Underlying EBITDA is included in the Underlying EBITDA of the Australia Pacific LNG segment. Australia Pacific LNG's Underlying interest, tax, depreciation and amortisation expense is accounted for between Underlying EBITDA and Underlying EBIT in the line item "Share of interest, tax, depreciation and amortisation of equity accounted investees". As a result, Origin's share of Australia Pacific LNG's Underlying net profit after tax is included in the Underlying EBIT line and Segment Result line below.

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Total Segment Revenue	-	-	-
Underlying EBITDA	47	63	(25)
Underlying EBIT	14	21	(33)
Segment result	14	21	(33)
Items excluded from Underlying EBIT and Segment result	430	16	N/A
Origin cash contribution to Australia Pacific LNG[34]	1,167	-	N/A

- Underlying EBITDA of $47 million in the year, 25% lower than in the prior year reflecting Origin's reduced shareholding in Australia Pacific LNG and increased expenditure associated with meeting LNG regulatory and operating requirements for the export project
- Marketing agreements are in place with Kansai and Sinopec for two LNG trains
- FID taken on the first LNG train in July 2011 and the second LNG train in July 2012
- Australia Pacific LNG reserves increased to 13,111 PJe 2P Reserves and 16,047 PJe 3P Reserves[35] (100% basis) at 30 June 2012
- The Australia Pacific LNG project is progressing on schedule and budget to deliver first LNG in mid-2015

[34] Via loan repayments

[35] Refer to Glossary in Appendix 6.

5.3.1 Australia Pacific LNG financial performance (100% basis)

Production, Sales and Revenue

Operating Performance	Total APLNG (PJe)	Origin's interest (PJe)	Total APLNG (PJe)	Origin's Interest (PJe)
	June 2012		June 2011	
Production Volumes	108	47	97	48
Sales Volumes	115	50	109	54

Australia Pacific LNG's domestic production increased 11 PJe or 11% from 97 PJe to 108 PJe for the current year. This was despite limited average production in the Spring Gully area as it recovers from water capacity restrictions during the 2010/2011 flooding events and a temporary shutdown of the Northern Denison field to carry out upgrade activities.

Sales volumes increased by 6 PJe or 6% to 115 PJe for the current year (prior year 109 PJe) due to increased customer demand. Average gas prices were also marginally higher, and consequently revenue increased in line with sales volumes to $362 million compared with $336 million in the prior year, an increase of 8%.

Financial performance

The following information is derived from Note 11(b) to Origin's Financial Statements.

Financial Performance ($m)	Total APLNG	Origin's interest[36]	Total APLNG	Origin's interest[37]
	June 2012		June 2011	
Operating revenue	362		336	
Operating expenses	(251)		(210)	
Underlying EBITDA	**111**	**47**	**126**	**63**
Depreciation and amortisation expense	(93)		(77)	
Net financing income/ (costs)	6		(4)	
Income tax benefit/(expense)	10		(3)	
Underlying Share of ITDA	**(77)**	**(33)**	**(84)**	**(42)**
Segment Result	**34**	**14**	**42**	**21**
Items excluded from Segment Result	25	11	49	24
Statutory Profit	**59**	**25**	**91**	**45**

Australia Pacific LNG's operating expenses increased by 20% or $41 million to $251 million, compared with $210 million in the prior year. This reflected an increase in the costs associated with meeting the LNG-related regulatory and operating requirements in both operated and non-operated fields. Increased expenses relating to the LNG project office, LNG marketing, repairs and maintenance following the 2011 floods and additional preventative maintenance on key production and compression equipment were also incurred during the year.

As a result, Underlying EBITDA decreased by 12% or $15 million, from $126 million to $111 million.

Depreciation and amortisation expenses increased by 21% or $16 million from $77 million to $93 million due to an increase in assets in operation compared to the prior year.

36 Reflects Origin's 50% share in Australia Pacific LNG until 9 August 2011 at which time this was diluted to a 42.5% share, and remained at that level at 30 June 2012.

37 Reflects Origin's 50% share in Australia Pacific LNG during the prior year.

Underlying net financing income increased $10 million from an expense of $4 million to income of $6 million during the current year, due to interest earned on the proceeds received under the subscription agreement with Sinopec.

Underlying income tax benefit increased $13 million from an expense of $3 million to a benefit of $10 million compared to the prior year due to the reduction in Underlying profit before tax compared to the prior year and increased research and development deductions.

Items excluded from the Segment Result decreased 49% or $24 million from $49 million to $25 million in the current year. This was primarily due to a net foreign exchange loss ($12 million) and a foreign exchange loss on the deferred tax balances of subsidiaries in the Australia Pacific LNG consolidated group with US dollar functional currencies ($13 million), offset by higher unwinding of discounts recognised on shareholder receivables (-$10 million).

Consequently, Statutory Profit for Australia Pacific LNG decreased 35% or $32 million from $91 million to $59 million.

5.3.2 Segment Result

The Australia Pacific LNG segment recorded an Underlying EBITDA of $47 million compared with $63 million in the prior year, a decrease of 25%. This reflected higher operating costs within Australia Pacific LNG as described above, together with the dilution of Origin's shareholding in Australia Pacific LNG from 50% to 42.5% in July 2011.

Origin's Underlying share of ITDA for Australia Pacific LNG decreased from $42 million in the prior year to $33 million in the current year.

Origin's share of the Underlying Profit of Australia Pacific LNG decreased from $21 million in the prior year to $14 million in the current year. This is recorded as the Segment Result for the Australia Pacific LNG segment in Origin's Financial Statements.

Items excluded from the Australia Pacific LNG Segment Result amount to $430 million (post-tax) in the current year, as described in Section 3.1.

5.3.3 Reserves

Australia Pacific LNG increased 2P Reserves from 11,775 PJe at 30 June 2011 to 13,111 PJe at 30 June 2012, with 3P Reserves increasing from 14,742 PJe to 16,047 PJe[38]. The overall increase in 2P Reserves of 1,336 PJe included additions, revisions and corrections totalling 1,444 PJe, together with production of 108 PJe.

Origin's shareholding in Australia Pacific LNG was 50% at 30 June 2011 and was diluted to 42.5% on 9 August 2011. The tables below shows Origin's net share of reserves and resources reflective of this change. At a 2P Reserves level Origin's share of reserves has therefore decreased by 315 PJe net of production to 5,572 PJe.

[38] The June 2012 assessment of Australia Pacific LNG's CSG reserves and resources has been prepared by internationally recognised petroleum consultant Netherland, Sewell & Associates, Inc. (NSAI) as per their report dated 26 July 2012, compiled by Mr John G. Hattner, a full-time employee of NSAI. Mr John G. Hattner is qualified in accordance with ASX listing rule 5.11 and has consented to the statements made based on this information, and to the form and context in which these statements appear.
The Reserves Statement has been prepared to be consistent with the Petroleum Resources Management System 2007 published by Society of Petroleum Engineers (SPE). This document may be found at the SPE website spe.org/spe-app/spe/industry/reserves/prms.htm
A factor of 1.038 petajoules per billion cubic feet of gas was used in the conversion of volumetric petroleum product measures to the energy measure of petajoules.
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, exploration, development and operating costs, plus an uplift on exploration, 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 economic tests consistent with these reserves and based on that assessment does not consider that reversion will impact the reserves quoted within this report.

APLNG Reserves (PJe)	Reserves June 2011	Additions/Revisions	Product-ion	Reserves June 2012	Origin net Jun 2011 (50%)	Origin net June 2012 (42.5%)
Proved and Probable (2P)	11,775	1,444	(108)	**13,111**	5,887	5,572
Proved, Probable and Possible (3P)	14,742	1,413	(108)	**16,047**	7,371	6,820

APLNG Resources (PJe)	Resources June 2011	Net Increase/ (Decrease)	Resources June 2012	Origin net Jun 2011 (50%)	Origin net June 2012 (42.5%)
2C Contingent Resources	4,041	(216)	**3,825**	2,020	1,626
3C Contingent Resources	10,050	(221)	**9,829**	5,025	4,177

Australia Pacific LNG's reserves have been assessed against existing contractual arrangements, additional domestic sales and a forward price scenario based on the monetisation of the reserves through Australia Pacific LNG's CSG to LNG export project. Gas prices for the CSG to LNG export project are calculated using the Residual Pricing Method (RPM) which is described in Origin's Annual Reserves Report.

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 2012 is included in Origin's Annual Reserves Report released to the ASX on 31 July 2012 and available on Origin's website at http://www.originenergy.com.au/news/article/asxmedia-releases/1414.

5.3.4 Australia Pacific LNG export project

The Australia Pacific LNG export project was sanctioned in July 2011 for an initial 4.5 million tonnes per annum LNG production train and infrastructure to support a second LNG train of the same size. The second LNG train was sanctioned in July 2012.

On 20 January 2012, Sinopec agreed to purchase an additional 3.3 million tonnes per annum of LNG through to 2035 under its existing sale and purchase agreement with Australia Pacific LNG. On 29 June 2012, Australia Pacific LNG and The Kansai Electric Power Company signed a binding agreement for the sale and purchase of approximately 1 million tonnes of LNG per year for 20 years. The above Sinopec and Kansai agreements complete the marketing of Australia Pacific LNG's two train project.

5.3.5 Capital expenditure and funding

The two train CSG to LNG project is estimated to cost $23 billion from the taking of the first FID in July 2011 to first LNG from the second train. Since July 2011, there has been no significant change in the estimated US$20 billion project costs other than as a result of movements in foreign exchange rates, which at the time converted to $23 billion. The project is on schedule and budget to deliver first LNG in mid-2015. Over two thirds of this estimated capital cost is denominated in Australian dollars with the balance predominantly in US dollars.

The table below details Australia Pacific LNG capital expenditure (100% basis) for the 2012 financial year.

Year ended 30 June 2012	A$ million
Project costs plus capitalised O&M costs	4,710
Domestic costs	504
Exploration costs	85
Total[39]	5,299

Project costs plus capitalised O&M costs include all operated and non-operated costs associated with the LNG project plus all operating and maintenance costs associated with the LNG project which have been capitalised. These operating and maintenance costs are excluded from the LNG export project cost estimates. The operating and maintenance spend will grow with progress in the upstream project. The capitalisation of operating and maintenance costs prior to LNG start up will continue to be assessed.

Domestic costs include those from Australia Pacific LNG's domestic operations, upstream non-operated costs associated with the supply of gas to third party LNG projects and costs associated with head office and system assets.

Exploration costs relate to exploration not expected to be applied to Phase 1 of the project (pre-LNG start-up).

During the 2012 financial year, Origin contributed $1,167 million to Australia Pacific LNG via loan repayments to meet its share of Australia Pacific LNG capital expenditure not otherwise met by cash available to Australia Pacific LNG. Origin has made no cash contributions in previous periods as all expenditure was met through the proceeds from the issue of equity to other shareholders and from operating cash flows.

The non-operated joint venture operations remain on track to deliver gas when needed by Australia Pacific LNG in order to deliver LNG from mid-2015. There have been cost increases announced by third party LNG projects in which Australia Pacific LNG is a non-operating joint venture participant in specific upstream gas fields. Australia Pacific LNG's cost estimates announced in July 2011 already allowed some headroom for cost increases of this type in the period to first LNG. The impact of the other projects' cost increases on Australia Pacific LNG's existing cost estimates for its two-train project will be further assessed when more information becomes available from these projects.

5.3.6 Project performance and key milestones

The CSG to LNG project is on budget and on schedule to achieve key project milestones:

Milestone	Date
First gas field facility complete	Mid-2013
Pipeline complete	Early-2014
First LNG from Train One	Mid-2015
First LNG from Train Two	Early-2016

The Upstream Project is 14% complete and the Downstream Project is 17% complete, based on overall progress of work completed to date.

[39] Australia Pacific LNG capital expenditure is shown on an accruals basis. No revenue has been capitalised.

Key accomplishments since project commencement

Upstream Project

- **Drilling**: 68 Phase 1[40] operated wells have been drilled and Australia Pacific LNG participated in 262 non-operated wells during the 2012 financial year. Improvements to land access have been made and the project has 340 operated wells in the "land bank" (wells ready for pad preparation and drilling). A third Savanna hybrid coil-tubing rig was mobilised in July 2012 and now drilling in Condabri. Additional drilling capacity is expected to be added in the coming months.

- **Gathering**: 595 of the 1,100 (operated) wells which are required for trains 1 and 2 have been 'scouted' (land surveys, environmental studies, flow-line routes etc.) and construction drawings and work packs issued have been issued for approximately 300 of these wells. East Coast Pipelines are undertaking gathering works in the Spring Gully area, and Leighton Contractors are undertaking gathering works in the Condabri area. A third contractor is expected to be engaged shortly to install gathering lines in the Combabula area. A 400-person camp has been constructed and is operational in Condabri to house gathering construction teams.

- **Facilities:** The second set of compressor trains was shipped to Brisbane from Germany and the first two gas plant pre-assembled units were shipped from Thailand to Brisbane on schedule during June and July 2012. Site preparation works are largely complete for the first gas and water facilities at Condabri. Laing O'Rourke and Leighton Contractors are mobilising for site construction activities.

- **Pipeline**: Construction of the pipeline commenced in July 2012, following receipt of required environmental permits. Pipeline stringing commenced in August 2012, with welding on track to start in September 2012. As at 30 June 2012, 166 pipeline easements, corresponding to 240 kilometres of pipeline, had been secured. The acquisition of easements is continuing ahead of pipeline construction. The main pipeline is on track to be completed in early-2014, consistent with the project schedule and the Narrows Crossing is on track to be complete by mid-2014.

- **Electrification**: Australia Pacific LNG has contracted Powerlink to undertake the electrification sub-project. All aspects of electrification are progressing on schedule.

Downstream Project

- **Curtis Island**: Early works, including clearing, rock delivery and placement were impacted by heavier than typical rainfall during the wet season resulting in lower than anticipated productivity at the site. Notwithstanding this impact, key critical path activities are all on schedule: (i) works associated with the LNG compressors (fabrication in Italy and site works on Curtis Island); (ii) the construction of the Material Offloading Facility (MOF), which will receive the deliveries of LNG plant items in early 2013; and (iii) the construction of the LNG tanks. Pouring of concrete foundations for Train 1 commenced in June 2012. Construction of the first phase of the accommodation village on Curtis Island is on track to support initial occupancy in the September Quarter 2012, slightly behind schedule. The Curtis Island transport infrastructure is slightly behind plan, however, will not adversely impact the Australia Pacific LNG overall schedule.

- **Mainland facilities**: Key infrastructure including Roll-On Roll-Off facilities on Fishermans Landing and Curtis Island sites, which supports the delivery of people and materials from the mainland to Curtis Island, is complete and operational.

- **Dredging:** Dredging works have progressed more slowly than anticipated due to a combination of early turbidity issues, seasonal tides and lower than anticipated productivity of dredging vessels. However, Australia Pacific LNG has worked with the other proponents

[40] Phase 1 includes Australia Pacific LNG operated wells required to be online to deliver first gas to both trains of the CSG to LNG export project (in conjunction with gas from non-operated areas).

and Gladstone Port Corporation to ensure that all critical aspects of dredging are completed on time to support construction activities. All construction relating to dredging works is complete, with MOF and LNG jetty shipping channels progressing to plan following the introduction of a second suction cutter dredge.

- **Module yard**: Site works have been completed in preparation for the receipt of material and assembly of modules in Batam, Indonesia. Bechtel and Australia Pacific LNG personnel have commenced mobilisation to the module yard, and first deliveries of bulk materials have arrived on schedule. Module assembly is expected to commence in September 2012 and first module delivery is expected early in the second half of the 2013 financial year.

Project performance to 30 June 2012

	Upstream	Result		Downstream	Result
	Overall progress of work completed to date	14%		Overall progress of work completed to date	17%
Drilling	Access approvals	340	Curtis Island	Site civil construction	65%
	Operated wells drilled	68		Material Offloading Facility	On track
				Curtis Island construction dock	On track
				Curtis Island Roll on Roll off ramp Curtis Island causeway	On track
Gathering	Gathering wells scouted	595	Mainland Facilities	Fisherman's Landing Northern Extension roll on /roll off facility and ferry terminal	Complete
	Gathering well sites ready for construction	295			
	Early works	On track			
	Gathering camp	Occupied			
	Gathering construction contracts awarded to Leighton Contractors and East Cost Pipelines	Complete			
Facilities	Fabrication of pre-assembled units for Train One	76%	Dredging	Marine facilities	71%
	Delivery of the first two units	Shipped		Dredging works	34%
	Delivery of the second set of compressor trains	Shipped			
	Site preparation at Condabri Central	Complete			
	Construction contracts awarded to Lang O'Rourke (gas facilities) and Leighton Contractors (water treatment facilities)	Complete			
Pipeline	Pipeline easements	166	LNG Plant	Compressor manufacturing	On track
	Pipeline engineering completion	69%		Compressor foundations	On track
	Pipeline delivered	30%		LNG tanks	Ahead of plan
	Pipeline construction contracts awarded to McConnell Dowell, Consolidated Contracting Co. joint venture (MCJV) and NACAP	Complete			
	Construction of Narrows Crossing (performed by QCLNG)	On track			

Upstream		Result	Downstream	Result
Electrification	Eastern electrification	On track		
	Train 2 electrification	On track		

Key project goals and milestone for the 2013 financial year

Upstream	FY2013 Plan	Downstream	FY2013 Plan
200 wells drilled	Q2	Module assembly underway	Q1
100 wells with gathering lines installed	Q2	Mechanical erection begins	Q2
Condabri Central gas plant 50% complete	Q2	Material Offloading Facility complete	Q3
150km pipeline installed	Q2	First compressors shipped to site	Q3

5.4 Contact Energy

This segment reports the results of Origin's 53.0% owned controlled entity, Contact Energy, which is a natural gas, electricity, LPG and energy related products and services provider and power generator in New Zealand. Origin held a 52.6% interest in Contact Energy at 30 June 2011. The segment also includes Origin's interest and tax relating to borrowings for the investment in Contact Energy.

Financial Performance

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Total Segment Revenue	2,102	1,708	23
Underlying EBITDA	400	345	16
Underlying EBIT	248	214	16
Segment Result [41]	60	46	30
Items excluded from Segment Result [42]	6	(1)	N/A
Growth capital expenditure	402	341	18

- Underlying EBITDA up 16% to $400 million
- Higher wholesale electricity prices offset by reduced hydro generation volumes
- Improvement in generation unit costs and Commercial and Industrial margins
- Improved portfolio flexibility from the Ahuroa gas storage facility and the Stratford and Whirinaki peaker plants
- Te Mihi on track, Enterprise Transformation now focused on retail program

5.4.1 Operational Performance

Year ended 30 June	2012	2011	Change (%)
Total generation volume (GWh)	10,653	10,259	4
Retail electricity sales (GWh)	8,280	8,254	0
Gas sales (retail and wholesale) (PJ)	4.8	9.9	(52)
LPG sales (tonnes)	65,715	65,201	1
Electricity customers ('000s)	443,000	447,000	(1)
Gas customers ('000s)	62,500	60,000	4
LPG customers (including franchisees) ('000s)	61,700	59,300	4
Total customers ('000s)	567,200	566,300	0

Origin owns a 53.0% interest in and consolidates 100% of Contact Energy in accordance with the Australian accounting standards. The interests attributable to minority shareholders are recognised as Non-controlling interests in the Financial Statements.

A financial report entitled "Management discussion of financial results for the year ended 30 June 2012" was issued by Contact Energy to the New Zealand Stock Exchange (NZX) on 14 August 2012 and is available on Origin's website www.originenergy.com.au. That document contains details regarding Contact Energy's financial and operating performance during the period, including comparisons to the performance of Contact Energy in the prior year.

[41] Segment Result represents Underlying EBIT less interest, tax and non-controlling interests.
[42] Items excluded from Segment Result are net of tax and non-controlling interests.

In consolidating Contact Energy's results, Origin used an average exchange rate of NZ$1.28 to the Australia dollar, compared with NZ$1.30 to the Australian dollar in the prior year.

Contact Energy's Underlying EBITDA reported in Origin's accounts in Australian dollars increased 16% or $55 million to $400 million from $345 million, while Underlying EBIT increased in line with Underlying EBITDA to $248 million with higher depreciation and amortisation costs due to the growth of the Contact Energy asset base with the inclusion of the Stratford peaker plant and Ahuroa gas storage facility.

The Contact Energy Segment Result increased by 30% or $14 million to $60 million in the year. Improved earnings were partially offset by higher net financing costs, an increase in income tax (at a lower rate due to a decrease in the New Zealand company tax rate from 30% to 28%) and non-taxable gains on the divestment of Oakey Power Holdings Pty Ltd and the sale of Clutha land.

Items excluded from the Segment Result are net of tax and non-controlling interests and include adjustments for the removal of a gain on exit of Contact Energy's investment in Oakey Power Holdings Pty Ltd, the change in fair value of financial instruments, transition costs arising on implementation of Contact Energy's IT transformation program and associated activities in the retail business, and the net cost of not proceeding with the Clutha development.

Growth capital expenditure of $402 million (including capitalised interest) increased 18% from $341 million in the prior year primarily due to $308 million of expenditure for the Wairakei Investment Program, which includes the Te Mihi Power Station.

The commentary below relates to Contact Energy's performance in New Zealand dollar terms.

Contact Energy's Underlying EBITDA increased 15% or by NZ$67 million to NZ$509 million.

Contact Energy's Electricity business segment grew strongly, with Underlying EBITDA up 16% or NZ$63 million to NZ$468 million.

The benefits of Contact Energy's diverse generation portfolio were realised during the year with higher wholesale electricity prices due to lower hydro generation (due to record low inflows in the South Island), which increased thermal generation, including 356 GWh from Contact Energy's Stratford Peakers. The gains from higher prices were offset by an unfavourable fuel mix with Contact Energy's hydro volumes down 25% on the prior year. Improvements in the flexibility of Contact Energy's portfolio were evidenced by take-or-pay savings, lower average gas costs and increased revenue from providing more capacity to the ancillary services market. Lower international carbon prices also assisted in lowering the thermal unit generation cost.

Total electricity retail sales were in line with the prior year with continued sales growth in the C&I market offset by the impact of mass market customer losses up until August 2011. As part of a competitive focus on retaining and gaining customers, the introduction in July 2011 of a higher prompt payment discount for residential customers who receive and pay their bills online (from 12% to 22%) has been successful with a net gain of 5,000 customers since its introduction.

Underlying EBITDA from Contact Energy's Other business segment (retail and wholesale gas, LPG and meters) was up 12% or NZ$4 million to NZ$41 million, primarily due to improved LPG margins and a reduction in carbon costs for the retail, wholesale gas and LPG businesses.

Contact Energy strengthened its financial position during the year with capital initiatives including the issue of NZ$200 million of subordinated capital bonds in December 2011 and a long-term NEXI/ANZ NZ$105 million export credit agency facility for the 166 MW Te Mihi geothermal project, which has not yet been drawn down.

5.5 Corporate

This segment reports corporate activities that have not been allocated to other operating segments together with business development activities outside Origin's existing operations.

Corporate activities consist of Origin's corporate office costs including executive management, finance, strategy, legal and company secretarial costs.

Business development activities are those that do not relate directly to Origin's existing business operations, principally Origin's overseas generation development opportunities such as geothermal opportunities in Chile and Indonesia, hydro opportunities in PNG and Chile and the Transform Solar joint venture. Origin's Australian geothermal activities with Geodynamics have also been included in this segment.

With the exception of net financing costs and tax specifically associated with the Australia Pacific LNG and Contact Energy segments which are recorded in those segments, all other net financing costs and tax are recorded in the Corporate segment.

Financial Performance

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
Total Segment Revenue	-	-	-
Underlying EBITDA	(81)	(68)	19
Underlying EBIT	(86)	(66)	30
Segment Result	(603)	(419)	44
Items excluded from Segment Result	(106)	(38)	179
Growth capital expenditure	146	86	70

- Lower EBITDA largely resulting from increased expenditure relating to new international developments in PNG, Chile and Indonesia
- Underlying net financing costs were higher reflecting a higher average net debt balance for the period to 30 June 2012 as a result of debt financing for the NSW acquisition and capital expenditure incurred, and a higher average interest rate paid on debt
- Underlying income tax expense is higher reflecting higher Underlying profit before tax from the Energy Markets and Exploration & Production segments

Currently, no revenues are generated within the Corporate segment.

Underlying EBITDA loss increased by 19% or $13 million from a loss of $68 million to a loss of $81 million. The largest contributor to this variance was expenditure relating to new international developments in PNG, Chile and Indonesia. Underlying EBIT loss was 30% or $20 million higher at a loss of $86 million, driven by the lower Underlying EBITDA.

The Segment Result was 44% or $184 million lower at a loss of $603 million. This incorporates the impact of $150 million in net financing costs and $364 million of taxation expense reflecting higher earnings in other segments.

Items excluded from the segment result totalled an expense of $106 million compared with an expense of $38 million in the prior year. See Section 3 for more detail.

Growth capital expenditure increased 70% or $60 million to $146 million with the increase over the prior year being primarily due to initial cash contributions by Origin to the Energía Austral hydro joint venture in Chile.

5.5.1 Business development activities

Geothermal

Over the year, Origin has been investigating geothermal development options within Australia and internationally.

Chile

Origin holds a 40% interest in Energía Andina S.A. (EASA), Chile's leading geothermal exploration company. EASA has a portfolio of 12 geothermal exploration projects across northern and central Chile.

Over the past 18 months, EASA has successfully confirmed the presence of a geothermal system at its Tinguiririca project, near Santiago, and has successfully completed one water well and three shallow temperature gradient wells to a depth of 300 metres that can be deepened later at Pampa Lirima in northern Chile. EASA has also concluded several geophysical surveys across its other projects with positive results. In the next 18 months, EASA will commence drilling deeper slim hole wells across its projects to confirm resource presence and will progress to drilling full-size exploration wells in areas where a geothermal system has been demonstrated.

Indonesia

A consortium between OTP Geothermal Pte (a 50:50 joint venture between Origin and The Tata Power Company Limited of India) and PT Supraco Indonesia, hold the Sorik Marapi geothermal concession in Northern Sumatra, Indonesia. Origin has a 47.5% effective interest in the concession. Over the past 12 months, activities continued to focus on surface exploration in the concession, gaining necessary regulatory approvals and preparing for exploration well drilling. Construction of roads and other associated infrastructure is expected to commence in the first half of the 2013 financial year and drilling of the first exploration well is expected to commence in the second half of the same period. Negotiations for the sale of power from this project have commenced with the Indonesian State owned utility.

Australia

Within Australia, Origin's investments in geothermal opportunities are through the Innamincka "Deeps" and "Shallows" incorporated joint ventures with Geodynamics, an equity interest of approximately 4.5% in the Geodynamics ASX-listed company and a 100% interest in a geothermal exploration licence (GEL 185) adjacent to the joint venture acreage.

During the year, the Deeps joint venture (30% Origin share) completed the sale of the Rig 100 asset ($17 million, Origin share $5 million), received an insurance payout relating to the Habanero 3 well failure ($11 million, Origin share $3 million) and reached agreement with the government to bring forward the drawdown of the $90 million Renewable Energy Demonstration Program grant. In addition, a sale and purchase agreement for Rig 200 was executed, with settlement expected in September 2012 ($21 million, Origin share $6 million).

The drilling of Habanero 4 well is nearing completion. Origin does not intend to contribute further to the cost of the well but retains the right to elect to resume paying its full cost contribution and return to full participation in the well at any stage.

During the year, Origin as Operator of the Shallows joint venture (50% Origin share) conducted further desktop studies to determine whether to proceed and drill a second Shallows well. The joint venture did not identify a target with a high enough chance of success and therefore Origin has ceased activity in the Shallows project and in GEL 185.

The carrying value of Origin's share of the Deeps (30%), Shallows (50%) and GEL 185 (100%) interests was fully impaired as at 30 June 2012 (net $33 million) as joint venture activities have not met expectations for a timely and commercial development of the geothermal resources.

Solar

Transform Solar, a 50:50 incorporated joint venture between Micron Technology Inc. and Origin, decided to discontinue production of its SLIVER photovoltaic modules in Idaho, United States, in May 2012. This was in light of challenging market conditions given the global oversupply of solar photovoltaic capacity and the significant funding required to take the investment to a commercial scale. Having demonstrated SLIVER's investment proposition through its 20 MW production facility, Transform Solar will retain SLIVER's intellectual property and currently expects to continue its development at a laboratory scale. Origin's fully impaired the carrying value of its interest at 30 June 2012 (net $135 million).

Hydro

Papua New Guinea

Origin is evaluating the potential for a hydroelectric development in PNG through PNG Energy Developments Limited (PNG EDL), a 50:50 joint venture between Origin and PNG Sustainable Development Program Limited.

PNG EDL has engaged a consortium led by AECOM to undertake the project feasibility studies and social and environmental impact assessments. To date, the project feasibility work has continued to build on previous studies and to validate existing assumptions. This work has continued to bear positive results, including increasing the anticipated installed capacity of the hydroelectric scheme to 2,500 MW. The initial feasibility report will be reviewed during the first quarter of the 2013 financial year before proceeding to the next phase.

Following this review, field investigations and community consultations will continue through the 2013 financial year in PNG and northern Queensland. Feasibility studies and front-end engineering and social and environmental impact assessments are expected to continue through to the 2014 financial year.

Chile

In April 2012, Origin announced the acquisition of a 51% voting interest in one of Chile's leading hydroelectric development companies, Energía Austral (EA), from Xstrata Copper. EA is currently developing a hydroelectric project of approximately 1,000 MW in the Aysén region in southern Chile. Once completed, it will comprise up to three hydroelectric plants and a transmission system connecting the project to Chile's national central electricity grid.

Origin is taking the lead role in developing EA's hydroelectric project with Xstrata Copper retaining a 49% voting stake in the company. Origin has agreed to progressively invest project development costs of US$75 million during the next three years to complete a detailed project feasibility study, and, if the project is deemed feasible, an additional US$75 million towards a final investment decision. As at 30 June 2012, Origin had invested US$37.5 million in EA.

The project is mid way through its feasibility stage. The main hydro project (the 640 MW Cuervo project) has achieved a significant level of engineering design and permitting progress, with final environmental approval expected to be granted in the 2013 calendar year. Significant progress has also been made with the engineering design, and environmental impact assessment for the 375 MW Blanco project.

Grant King

Grant King
Managing Director

Sydney, 23 August 2012

Appendix 1 – Origin Energy Key Financials

Year ended 30 June	2012 ($m)	2011 ($m)	Change (%)
External revenue	12,935	10,344	25
Underlying EBITDA	2,257	1,782	27
Underlying depreciation and amortisation	(614)	(539)	14
Underlying share of interest, tax, depreciation and amortisation of equity accounted investees	(45)	(49)	(8)
Underlying EBIT	1,598	1,194	34
Underlying net financing costs	(217)	(143)	52
Underlying Profit before income tax and non-controlling interests	1,381	1,051	31
Income tax expense on Underlying Profit	(415)	(316)	31
Underlying net profit after tax before elimination of Non-controlling interests	966	735	31
Non-controlling interests share of Underlying Profit	(73)	(62)	18
Underlying Profit	893	673	33
Items excluded from Underlying Profit	87	(487)	N/A
Statutory Profit	980	186	427
Free cash flow	1,415	1,316	8
Group OCAT Ratio (12 months to 30 June)	11.5%	13.0%	(12)
Productive capital (12 months to 30 June)	14,523	11,571	26
Capital expenditure (including acquisitions)[43]	1,680	4,954	(66)
Total assets[44]	27,981	26,900	4
Net Debt[45]	5,522	4,060	36
Adjusted Net Debt	5,738	4,283	34
Shareholders' Equity	14,458	13,516	7
Earnings per share – Statutory	90.6¢	19.6¢	362
Earnings per share – Underlying	82.6¢	71.0¢	16
Free cash flow per share[46]	129.9¢	123.6¢	5
Interim dividend per share	25¢	25¢	-
Final dividend per share	25¢	25¢	-
Net asset backing per share	$13.27	$12.70	4
Net debt to net debt plus equity	28%	23%	22
Origin Cash (excluding Contact Energy)	352	692	(49)
Origin Debt (excluding Contact Energy)	(4,855)	(3,949)	23
Contact Energy Net Debt	(1,019)	(802)	27
Total employees (numbers)	5,941	5,213	14
Total Recordable Injury Frequency Rate (TRIFR)	8.0	6.0	33

43 Includes a benefit of $75 million in the 2012 financial year relating to a working capital settlement for the NSW acquisition.

44 Restated for the 2011 financial year for NSW acquisition adjustments.

45 The reported numbers for Net Debt include interest bearing debt obligations only.

46 Refer to Glossary in Appendix 6.

Appendix 2 – 2011 Reconciliation of Statutory Profit to Underlying Profit

Reconciliation year ended 30 June 2011 ($ millions)	EBITDA	EBIT	Net financing costs	Tax	Non-controlling interests	NPAT
Statutory Loss						**186**
Unwinding of discount liability payable to APLNG	-	-	(12)	4	-	(8)
Share of unwinding of discounted receivables within APLNG	-	20	-	-	-	20
Share of tax benefit on translation of foreign denominated tax balances within APLNG (equity accounted)	-	4	-	-	-	4
APLNG related items	**-**	**24**	**(12)**	**4**	**-**	**16**
Decrease in fair value of financial instruments	(201)	(201)	-	60	2	(139)
Impairment of assets	(214)	(214)	-	54	-	(160)
Transition and transaction costs	(253)	(253)	-	18	(2)	(237)
Tax benefit on translation of foreign denominated tax balances	-	-	-	31	-	31
Other	-	-	-	2	-	2
Less total excluded items	**(668)**	**(644)**	**(12)**	**169**	**-**	**(487)**
Underlying Profit						**673**
Underlying Basic EPS (cps)						**71.0**

Appendix 3 – Movements in fair value of financial instruments

Summary of movements in financial instruments

Statement of Financial Position	Net Assets ($m) June 2012	Net Assets ($m) June 2011	Change in Net Assets ($m)
Commodity Risk Management	140	(74)	214
Contact Energy	(54)	(60)	6
Treasury and Other	(174)	(161)	(13)
Total	**(88)**	**(295)**	**207**

Reconciliation of Statement of Financial Position and Income Statement items associated with movements in financial instruments		($m)
Recognition of "effective" instruments in the Statement of Financial Position		**41**
Recognised in Equity (Hedge Reserve post tax)	*31*	
Recognised in Deferred Tax Liability	*10*	
Recognition of "ineffective" instruments in the Income Statement		**166**
Change in net assets (as above)		**207**

The fair value of financial instruments as measured against the relevant market prices is recorded in the Statement of Financial Position in the financial asset and liability balances.

The total increase in the fair value of financial instruments for the 2012 financial year was $207 million, of which an amount of $41 million qualified for hedge accounting and is recognised in Equity (Hedge Reserve). The balance of $166 million is recognised as a gain in the Income Statement and is attributable to:

- Commodity risk management instruments (gain of $177 million) – predominantly structured energy derivatives which do not qualify for hedge accounting including electricity caps and carbon instruments. Of the total gain of $177 million, $1 million expense is attributable to Contact Energy and $178 million gain is attributable to Origin (excluding Contact Energy);

- Foreign exchange and interest rate risk management instruments (expense of $11 million) - predominantly due to the lower forward interest rates in Australia and New Zealand and the depreciation of the Australian and New Zealand dollars against the US dollar during the period. Of the total expense of $11 million, a $8 million expense is attributable to Contact Energy and a $3 million expense is attributable to Origin (excluding Contact Energy).

The gross gain in the Income Statement of $166 million this year compares with an expense of $201 million in the prior year, which was predominantly attributable to commodity risk management instruments.

Appendix 4 – Reconciliation of segment reporting as at 30 June 2011

A reconciliation between the new segments and those previously reported is shown below.

June 2011 Operating Segments Reconciliation

EBITDA	OLD SEGMENTS					NEW SEGMENTS					
Underlying segment earnings before interest, tax, depreciation and amortisation	Exploration & Production	Generation	Retail	Contact Energy	Total	Energy Markets	Exploration & Production	Australia Pacific LNG	Corporate	Contact Energy	Total
Underlying segment EBITDA as previously reported	325	327	785	345	1,782						
Reallocations between Old and New Segments to restate June 2011 results:											
Generation and Retail combined into Energy Markets		350	824		1,174	1,174					1,174
APLNG split from Exploration & Production	331				331		268	63			331
Reallocation of Corporate Costs	(6)	(23)	(39)		(68)				(68)		(68)
Total Adjustments:	325	327	785	-	1,437	1,174	268	63	(68)	-	1,437
Underlying segment EBITDA restated						1,174	268	63	(68)	345	1,782

EBIT	OLD SEGMENTS					NEW SEGMENTS					
Underlying segment earnings before interest and tax	Exploration & Production	Generation	Retail	Contact Energy	Total	Energy Markets	Exploration & Production	Australia Pacific LNG	Corporate	Contact Energy	Total
Underlying segment EBIT as previously reported	62	208	710	214	1,194						
Reallocations between Old and New Segments to restate June 2011 results:											
Generation and Retail combined into Energy Markets		229	749		978	978					978
APLNG split from Exploration & Production	68				68		47	21			68
Reallocation of Corporate Costs	(6)	(21)	(39)		(66)				(66)		(66)
Total Adjustments:	62	208	710	-	980	978	47	21	(66)	-	980
Underlying segment EBIT restated						978	47	21	(66)	214	1,194

Appendix 5 – Energy Markets table – 30 June 2011

Year ended 30 June 2011	Natural Gas	Electricity	Non-commodity	LPG
Revenue[47,48] ($m)	1,180	5,410	422	670
Total COGS ($m)	(975)	(4,138)	(358)	(498)
Gross Profit ($m)	205	1,272	64	172
Total operating costs ($m)		(539)		
Underlying EBITDA ($m)		1,174		
Underlying EBIT ($m)		978		
Underlying EBIT Margin (%)		12.7%		
Volumes sold	142 PJ	34 TWh	N/A	476 kT
Year-end customer accounts ('000)	923	3,214	N/A	365
Average customer accounts ('000)	889	2,228	N/A	353
Gross Profit per customer (average accounts, $)		494		487
Underlying EBITDA per customer (average accounts, $)		360		147
Underlying EBIT per customer (average accounts, $)		305		79

47 Energy Markets revenue includes pool revenue from the sale of electricity when Origin's internal generation portfolio, including Eraring and Shoalhaven power stations, is dispatched. These pool revenues, along with the associated fuel costs, are netted off in wholesale energy costs within Electricity cost of goods sold.

48 Energy Markets revenue includes revenue from the sale of gas swaps to major customers at no margin. These revenues are netted off with the associated cost in Natural Gas cost of goods sold.

Appendix 6 – Glossary

Financial Measures

Statutory Financial Measures

Statutory Financial Measures are measures included in the Statutory Financial Statements for the Origin Consolidated Group, which are measured and disclosed in accordance with applicable Australian Accounting Standards. Statutory Financial Measures also include measures that have been directly calculated from, or disaggregated directly from financial information included in the Financial Statements for the Origin Consolidated Group.

Term	Meaning
Net Debt	Total current and non-current interest bearing liabilities only less cash and cash equivalents.
Non-controlling interest	Economic interest in a subsidiary of the Consolidated Entity that is not held by the Parent entity or a controlled entity of the Consolidated Entity.
Statutory EBIT	Earnings before interest and tax as calculated from the Origin Consolidated Financial Statements.
Statutory EBITDA	Earnings before interest, tax, depreciation and amortisation as calculated from the Origin Consolidated Financial Statements.
Statutory effective tax rate	Statutory income tax expense divided by Statutory Profit before Tax.
Statutory EPS	Statutory profit divided by weighted average number of shares.
Statutory income tax expense	Income tax expense as disclosed in the Income Statement of the Origin Consolidated Financial Statements.
Statutory net financing costs	Interest expense net of interest revenue as disclosed in the Origin Consolidated Financial Statements.
Statutory Profit	Net profit after tax and non-controlling interests as disclosed in the Income Statement of the Origin Consolidated Financial Statements.
Statutory profit before tax	Profit before tax as disclosed in the Income Statement of the Origin Consolidated Financial Statements.
Statutory share of ITDA	The Consolidated Entity's share of interest, tax, depreciation and amortisation of equity accounted investees as disclosed in the Origin Consolidated Financial Statements.

Non-IFRS Financial Measures

This document includes certain non-IFRS Financial measures. Non-IFRS Financial measures are defined as financial measures that are presented other than in accordance with all relevant Accounting Standards. Non-IFRS Financial measures are used internally by management to assess the performance of Origin's business, and to make decisions on allocation of resources. The non-IFRS Financial measures have been derived from Statutory Financial measures included in the Origin Consolidated Financial Statements, and are provided in this report, along with the Statutory Financial measures to enable further insight and a different perspective into the financial performance, including profit and loss and cash flow outcomes, of the Origin business.

The principle non-IFRS profit and loss measure of Underlying Consolidated Profit has been reconciled to Statutory Profit in Section 3. The key non-IFRS financial measures included in this report are defined below.

Term	Meaning
Adjusted Net Debt	Net Debt adjusted to remove fair value adjustments on borrowings in hedge relationships.
Free cash flow	Cash available to fund distributions to shareholders and growth capital expenditure.
Free cash flow per share	Free cash flow divided by the closing number of shares on issue.

Term	Meaning
Gearing Ratio	Net Debt divided by Net Debt plus Shareholders' Equity.
Gross Margin	Gross profit divided by Revenue.
Gross Profit	Revenue less cost of goods sold.
Group OCAT	Group Operating cash flow after tax of the Consolidated Entity (including Origin's share of Australia Pacific LNG).
Group OCAT ratio	(Group OCAT - interest tax shield)/ Productive Capital.
Interest tax shield	The tax deduction for interest paid.
Operating cash flow	Operating cash flow before tax.
Operating cash flow return (OCFR)	Operating cash flow / Productive Capital excluding tax balances.
Productive Capital	Funds employed including Origin's share of Australia Pacific LNG and excluding capital works in progress for projects under development which are not yet contributing to earnings.
Shareholders' Equity	Shareholders' residual interest in the assets of the consolidated entity after deducting all liabilities, including non-controlling interests.
Segment result	Underlying EBIT for the Energy Markets, Exploration & Production, Australia Pacific LNG, Contact Energy and Corporate segments. Net financing costs and tax expense/(benefit) are allocated to Australia Pacific LNG, Contact Energy and the Corporate segments in measuring segment result. As disclosed in note 2 of the Origin Consolidated Financial Statements.
Total Segment Revenue	Total revenue for the Energy Markets, Exploration & Production, Australia Pacific LNG, Contact Energy and Corporate segments, including inter-segment sales, as disclosed in note 2 of the Origin Consolidated Financial Statements.
Underlying average interest rate	Underlying interest expense for the full year divided by Origin's average drawn debt during the year
Underlying profit and loss measures: EBIT EBIT margin EBITDA Effective tax rate Share of ITDA Net financing costs/income EPS Consolidated Profit Profit before tax Income tax expense / benefit Non-controlling interests	Underlying measures are measures used internally by management to assess the profitability of the Origin business. The Underlying profit and loss measures are derived from the equivalent Statutory profit measures disclosed in the Origin Consolidated Financial Statements and exclude the impact of certain items that do not align with the manner in which the Managing Director reviews the financial and operating performance of the business. Underlying EBIT, Underlying EBITDA and Underlying Consolidated Profit are disclosed in note 2 of the Origin Consolidated Financial Statements. Underlying EPS is disclosed in note 37 of the Origin Consolidated Financial Statements.

Non-Financial Terms

Term	Meaning
2P reserves	The sum of Proved plus Probable Reserves. Probable Reserves are those reserves which analysis of geological and engineering data indicate are less likely to be recovered than Proved Reserves but more certain than Possible Reserves. It is equally likely that the actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P).
3P reserves	Proved plus Probable plus Possible Reserves. Possible Reserves are those additional Reserves which analysis of geological and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario.

Term	Meaning
Equivalent reliability factor	Equivalent reliability factor is the availability of the plant after scheduled outages.
GJ	Gigajoule
kT	kilo tonnes = 1,000 tonnes
MW	Megawatt (10˄6 Watts)
MW h	Megawatt hours
PJe	Petajoules equivalent
TW h	Terawatt hours