Directors' Report for the year ended 30 June 2012

Contents

23 August 2012

Directors' Report for the year ended 30 June 2012

In accordance with the Corporations Act 2001, the Directors of Origin Energy Limited ("Company") report on the Company and the consolidated entity Origin Energy Group ("Origin"), being the Company and its controlled entities for the year ended 30 June 2012.

1. Principal activities

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

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

There had been no significant changes in the nature of these activities during the year.

2. Result

Statutory Profit – $980 million profit, up from $186 million

Origin reported a Net Profit After Tax (NPAT) and Non-controlling interests (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 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).

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.

The following table sets out the calculation of Underlying Profit.

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 tax	**1,381**	**1,051**	**31**
Underlying income tax expense	(415)	(316)	31
Underlying Profit before 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**
Underlying earnings per share	**82.6¢**	**71.0¢**	**16**

Reconciliation of Statutory Profit to Underlying Profit

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.

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**

3. Review of operations

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.

EBITDA

Statutory EBITDA 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.

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.

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.

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.

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.

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.

EBIT

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

Underlying EBIT increased 34% or $404 million to $1,598 million primarily due to the increase in Underlying EBITDA described 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**

Net financing costs

Statutory net financing costs 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 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.

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.

Income tax expense

The current year Statutory income tax expense 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.

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.

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.

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.

4. Significant changes in the state of affairs

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

Australia Pacific LNG

On 28 July 2011 the Australia Pacific LNG export project was sanctioned for an initial 4.5 million tonnes per annum (mtpa) LNG production train and infrastructure to support a second LNG train. On 9 August 2011, following this final investment decision, completion of an equity subscription agreement between Australia Pacific LNG and Sinopec resulted in the dilution of Origin's shareholding to 42.5%, and the completion of a marketing agreement with Sinopec for the sale of 4.3 mtpa of LNG.

A second subscription agreement between Australia Pacific LNG and Sinopec was signed on 20 January 2012 for Sinopec to increase its shareholding by 10% to 25%. This agreement was completed when Australia Pacific LNG's second train was sanctioned in July 2012, resulting in Origin's and ConocoPhillips' respective shareholdings in Australia Pacific reducing to 37.5%.

On 20 January 2012, Sinopec agreed to purchase an additional 3.3 mtpa 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 mtpa of LNG for 20 years. The above Sinopec and Kansai agreements completed the marketing of Australia Pacific LNG's second LNG train.

Funding

During the year, Origin continued to strengthen its balance sheet, and increase its funding options to ensure that it has sufficient liquidity to fund future capital expenditure requirements, including expected cash contributions via loan repayments to Australia Pacific LNG.

Underwritten dividend investment plan - In September 2011, Origin fully underwrote its dividend for the June 2011 period raising $266 million of equity finance.

Senior unsecured notes - In October 2011, Origin undertook a US$500 million ($492 million) Senior Unsecured Notes issuance in the 144A market in the United States.

Subordinated notes – In December 2011, Origin issued $900 million of Origin Energy Subordinated Notes in the Australian retail bond market. The hybrid has been recorded as debt in the financial statements and has received 100% equity credit from Standard & Poor's and 50% equity credit from Moody's.

Project Finance – In May 2012, Australia Pacific LNG signed agreements with a syndicate of domestic and international commercial banks and export credit agencies for an US$8.5 billion project finance facility subject to conditions precedent.

Developments

Retail Transformation Program – During the year, Energy Markets successfully migrated 2.6 million mass market natural gas and electricity customers not under the NSW acquisition-related TSAs to SAP via four large-scale migrations.

Mortlake Power Station – In 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 reached the final stages of commissioning at the end of the period.

The events described above and those as disclosed in the Financial Statements represent the significant changes in the state of affairs of Origin for the year ended 30 June 2012.

5. Events subsequent to balance date

Other than the items described below, no matters or circumstances have arisen since 30 June 2012, which have significantly affected, or may significantly affect:

i) the Company's operations in future financial years;
ii) results of those operations in future financial years; or
iii) the Company's state of affairs in future financial years.

Final Investment Decision on the second train of the two train Australia Pacific LNG Pty Limited Incorporated Joint Venture CSG to LNG project and issue of shares to China Petroleum and Chemical Corporation

On 4 July 2012 Australia Pacific LNG Pty Limited a 42.5 per cent owned and equity accounted incorporated joint venture of the consolidated entity, announced that a Final Investment Decision ('FID') on the second train of the two train CSG to LNG project had been approved. LNG from the previously announced first train is expected to be delivered in mid-2015, with LNG from the second train expected in early 2016.

The total capital expenditure for the FID approved two train project (100 per cent Australia Pacific LNG) is estimated to be A$23 billion, including contingencies. This excludes expected expenditure on non-project costs associated with the domestic operations, pre-LNG operating and maintenance costs and costs associated with the supply of gas to third party LNG projects.

On 12 July 2012 Australia Pacific LNG issued new shares to China Petroleum and Chemical Corporation ('Sinopec') resulting in Sinopec's equity holding increasing from 15 percent to 25 per cent. As a result of this new share issue, Origin's interest in Australia Pacific LNG has been diluted from 42.5 per cent to 37.5 per cent. Under the terms of the subscription agreement Sinopec paid net consideration to Australia Pacific LNG of US$1.4 billion. The completion of the share issue from Australia Pacific LNG to Sinopec will result in a dilution gain recorded in statutory profit for the consolidated entity of approximately A$0.4 billion for the year ended 30 June 2013.

Commitments at 30 June 2012 will reduce by $618 million as Origin's share of the commitments and guarantees of the Australia Pacific LNG joint venture will be diluted from 42.5 per cent to 37.5 per cent following the issue of shares to Sinopec to increase Sinopec's interest in Australia Pacific LNG to 25 per cent.

6. Dividends

(a) Dividends paid during the year by the Company were as follows:

	$million
Final dividend of 25 cents per ordinary share, fully franked at 30%, for the year ended 30 June 2011, paid 29 September 2011.	266
Interim dividend of 25 cents per ordinary share, fully franked at 30%, for the half year ended 31 December 2011, paid 30 March 2012	272

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

	$million
Final dividend of 25 cents per ordinary share, fully franked at 30%, for the year ended 30 June 2012, payable 27 September 2012.	272

The Dividend Reinvestment Plan ("DRP") will apply to this final dividend at no discount.

7. Business strategies, future developments and expected results

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 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.

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 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.

8. Directors

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

H Kevin McCann (Chairman)
Grant A King (Managing Director)
John H Akehurst
Bruce G Beeren
Trevor Bourne
Gordon M Cairns
Karen A Moses
Ralph J Norris (appointed 18 April 2012)
Helen M Nugent

9. Information on Directors and Company Secretaries

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

H Kevin McCann AM
Independent Non-executive Chairman

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

Kevin is Chairman of Macquarie Group Ltd and Macquarie Bank Ltd and a director of BlueScope Steel Ltd and the University of Sydney United States Studies Centre. He is a director and President of the NSW Division of the Australian Institute of Company Directors (AICD) and is a member of the AICD Corporate Governance Committee and NSW Advisory Council. Kevin is a Fellow of the Senate of the University of Sydney.

Kevin's community activities include Chairmanship of the National Library of Australia Foundation and membership of the Law Foundation, University of Sydney.

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

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

Grant A King
Managing Director

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

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

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

John H Akehurst
Independent Non-executive Director

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

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

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

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

Bruce G Beeren
Non-executive Director

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

With over 35 year's experience in the energy industry, Bruce was Chief Executive Officer of VENCorp, the Victorian gas system operator, and held several senior management positions at AGL, including Chief Financial Officer. He is a director of Contact Energy Ltd (since October 2004), Equipsuper Pty Ltd (since August 2002) and The Hunger Project Australia Pty Limited (since August 2008). He is a former director of ConnectEast Group (2009-2011), Coal & Allied Industries Ltd (2004-2011), Envestra Ltd (2000-2007) and Veda Advantage Ltd (2004-2007).

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

Trevor Bourne
Independent Non-executive Director

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

Trevor retired in December 2003 as Chief Executive Officer of Tenix Investments Pty Ltd, prior to which he was Managing Director of Brambles Australia Ltd. Trevor is a director of Caltex Australia Ltd (since March 2006). He is former Chairman of Hastie Group Ltd (2004-2012) and director of Coates Hire Ltd (2004-2008) and Lighting Corporation Ltd (2004-2008).

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

Gordon M Cairns
Independent Non-executive Director

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

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

Gordon is currently Chairman of Quick Service Restaurant Group and a director of Westpac Banking Corporation (since July 2004) and World Education Australia. He is also a senior advisor to McKinsey & Company and Caliburn Partnership. He was previously Chairman of Rebel Group (2010-2012) and a Director of The Centre for Independent Studies.

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

Karen A Moses
Executive Director, Finance and Strategy

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

Prior to Origin, Karen held development and trading roles with Exxon Group (1983-1994). Karen is a director of Contact Energy Ltd (since October 2004), SAS Trustee Corporation (since March 2012) and Sydney Dance Company (since May 2012). Karen is a former director of Australian Energy Market Operator Limited (July 2009-June 2012), Energy and Water Ombudsman (Victoria) Ltd (October 2005-November 2010), VENCorp (2007-2009) and the Australian Energy Market Operator (Transitional) Ltd (September 2008-July 2009).

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

Ralph J Norris KNZM
Independent Non-executive Director

Ralph Norris joined the Board of the Company in April 2012. He is a member of the Audit, Nomination and Risk committees.

Ralph retired as Managing Director and Chief Executive Officer of the Commonwealth Bank of Australia in November 2011 following a 40 year career in business and the banking sector in Australia and New Zealand. During his career he had a number of senior executive roles including Chief Executive Officer of ASB Bank and Air New Zealand Limited. He is a director of Fonterra Limited and a former Director of Fletcher Building Ltd, Business Council of Australia, the International Monetary Conference, Chairman of Sovereign Insurance Ltd, the New Zealand Bankers' Association, New Zealand Business Roundtable and the Australian Bankers' Association.

He is a member of the New Zealand Olympic Advisory Committee and the Juvenile Diabetes Research Foundation Advisory Board.

Ralph was made a Knight Companion of the New Zealand Order of Merit in 2009 and a Distinguished Companion of the New Zealand Order of Merit for services to business in 2006. He is a Fellow of the New Zealand Institute of Management and a Fellow of New Zealand Computer Society.

Helen M Nugent AO
Independent Non-executive Director

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

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

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

Andrew Clarke
Group General Counsel and Company Secretary

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

Helen Hardy
Company Secretary

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

10. Directors' meetings

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

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

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

The Board held two workshops during the year to consider operational and strategic matters of relevance to the Origin Group. The Board also visited Company operations in Queensland and met with operational management during the year.

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

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

Director	Ordinary shares held directly and indirectly	Subordinated Notes held directly and indirectly	Options over ordinary shares	Performance Share Rights over ordinary shares	Ordinary shares in Contact Energy Limited
H K McCann	349,012	7,070	-	-	-
G A King	1,006,611	2,000	2,096,718(1)	582,083(2)	32,353
J H Akehurst	71,200	2,000	-	-	-
B G Beeren	1,381,680	500	-	-	34,277
T Bourne	55,606	-	-	-	-
G M Cairns	83,360	-	-	-	-
K A Moses	237,374	1,000	760,695(3)	251,729(2)	20,086
R J Norris	20,000	-	-	-	-
H M Nugent	38,834	300	-	-	-

Exercise price for share options and performance share rights:
(1) 300,000: $9.86, 400,000: $15.84, 297,000: $15.47, 371,212: $14.91, 728,506: $13.01
(2) Nil
(3) 140,000: $9.86, 89,000: $15.84, 115,000: $15.47, 145,202: $14.91, 271,493: $13.01

Options and Rights granted by Origin Energy

Options and Rights granted during the financial year, including to key management personnel, are included in section 8 of the Remuneration Report which forms part of this Directors' Report.

No Options or Rights were granted since the end of the financial year.

Options and Rights granted by Contact Energy

The number of options and rights granted by Contact Energy to participants under its own long-term incentive plan during the financial year, and on issue at the end of the financial year is summarised below:

Options

Grant Date	Expiry Date	Exercise price per option	Balance at 30 June 2012
1 October 2007	30 November 2012	NZ$9.07	262,547
1 February 2008	30 November 2012	NZ$7.55	15,008
1 October 2008	30 November 2013	NZ$8.53	555,738
1 October 2009	30 November 2014	NZ$5.67	1,429,288
1 October 2010	30 November 2015	NZ$5.76	3,727,092
1 October 2011	30 November 2016	NZ$5.40	2,789,389

No Contact Energy options have been granted since the end of the financial year.

Rights

Grant Date	Expiry Date	Exercise price per right	Balance at 30 June 2012
1 October 2007	30 November 2012	NZ$0.00	46,679
1 February 2008	30 November 2012	NZ$0.00	2,846
1 October 2008	30 November 2013	NZ$0.00	79,208
1 October 2009	30 November 2014	NZ$0.00	255,571
1 October 2010	30 November 2015	NZ$0.00	839,750
1 October 2011	30 November 2016	NZ$0.00	603,142

No Contact Energy rights have been granted since the end of the financial year.

Origin Energy Shares issued on the exercise of Options and Rights

Options

The following ordinary shares of Origin were issued during the year ended 30 June 2012 on the exercise of options granted under the Senior Executive Option Plan. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
11 September 2006	$6.04	922,000
26 June 2007	$8.51	50,000
28 September 2007	$9.86	269,400

Since 30 June 2012, the following ordinary shares of Origin have been issued on the exercise of options granted under the Senior Executive Option Plan. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
28 September 2007	$9.86	40,000

Rights

The following ordinary shares of Origin were issued during the year ended 30 June 2012 on the vesting and exercise of rights granted under the Senior Executive Performance Share Rights Plan. No amount is payable on the vesting of rights and accordingly no amounts are unpaid on any of the shares.

Date Rights granted	Number of shares issued
28 September 2007	38,000
30 September 2008	113,848

Since 30 June 2012, the following ordinary shares of Origin have been issued on the vesting and exercise of rights granted under the Senior Executive Performance Share Rights Plan.

Date Rights granted	Number of shares issued
28 September 2007	6,000
30 September 2008	22,515

Contact Energy Shares issued on the exercise of Options and Rights

No Contact Energy Options or Rights have vested during or since the end of the financial year and as a result no Contact Energy shares have been issued on the vesting and exercise of Options or Rights granted under the Contact Energy Long-Term Incentive Scheme.

12. Environmental regulation and performance

The Company's operations are subject to significant environmental regulation under Commonwealth, State and Territory legislation. For the year ended 30 June 2012, the Company's Australian operations recorded 67 environmental regulatory incidents, one of which resulted in the NSW EPA issuing a A$1500 fine for a breach of storage related regulations at the Company's Newcastle LPG terminal. Appropriate remedial actions have been, or are being, undertaken in relation to all these incidents.

13. Indemnities and insurance for Directors and officers

Under the Constitution, the Company may indemnify current and past directors and officers for losses or liabilities incurred by the person as a director or officer of the Company or its related bodies corporate to the extent allowed under law. The Constitution also permits the Company to purchase and maintain a Directors' and Officers' insurance policy. No indemnity has been granted to an auditor of the Company in their capacity as auditor of the Company.

The Company has entered into agreements with current Directors and certain former Directors whereby it will indemnify those Directors from all losses or liabilities in accordance with the terms of the Constitution.

The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses to the extent allowed under law. The Company is not aware of any liability having arisen, and no claims have been made during or since the year ended 30 June 2012 under these agreements.

During the year, the Company has paid insurance premiums in respect of Directors' and officers' liability, and legal expense insurance contracts for the year ended 30 June 2012.

The insurance contracts insure against certain liability (subject to exclusions) of persons who are or have been directors or officers of the Company and its controlled entities. A condition of the contracts is that the nature of the liability indemnified and the premium payable not be disclosed.

14. Auditor independence

There is no former partner or director of KPMG, the Company's auditors, who is or was at any time during the year ended 30 June 2012 an officer of the Origin Energy Group. The auditor's independence declaration (made under section 307C of the Corporations Act) is attached to and forms part of this report.

15. Non-audit services

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

1.	Accounting advice	$nil
2.	Taxation services	$113,000
3.	Equity and debt transactional services	$530,000
4.	Other services	$286,000

Further details of amounts paid to the Company's Auditors are included in Note 26 to the full financial statements.

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

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

16. Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Company, nor have any applications been made in respect of the Company under section 237 of the Corporations Act.

17. Rounding of amounts

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

18. Remuneration

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

Signed in accordance with a resolution of Directors:

Kevin McCann, Chairman
Sydney, 23 August 2012