To	Company Announcements Office	Facsimile	1300 135 638
Company	Australian Stock Exchange Limited	Date	12 September 2008
From	Bill Hundy	Pages	179
Subject	**ANNUAL REPORT, REVIEW AND NOTICE OF MEETING**		

Attached are the following documents:

1. 2008 Shareholder Review
2. The Annual Report including Financial Statements and Directors' Report for year ended 30 June 2008
3. Notice of Annual General Meeting and Proxy Appointment Form

These documents are being sent to shareholders in accordance with their elections as to the receipt of printed reports.

Regards

Bill Hundy
Company Secretary

02 8345 5467 – bill.hundy@originenergy.com.au

SHAREHOLDER REVIEW 2008

Review 08

Delivering

STRATEGY PERFORMANCE GROWTH

Origin Energy Limited
ABN 30 000 051 696

Contents

Financial calendar 2008/2009

3/10/08	Final dividend paid
15/10/08	Annual general meeting
31/12/08	Half year end
26/2/09	Half year profit announcement
30/6/09	Financial year end

Cover photo: Tom Lynam, Spring Gully Field Operator, at a wellhead on site.

STRATEGY PERFORMANCE GROWTH

Since separately listing in 2000, Origin has pursued a strategy of developing a fuel integrated generation and retail business through acquisitions, major development projects and organic growth.

Today, Origin is...

a leading producer, wholesaler and retailer of energy in Australia and New Zealand.

the largest holder of proved and probable gas reserves in eastern Australia.

the largest owner and developer of gas fired electricity generation in Australia.

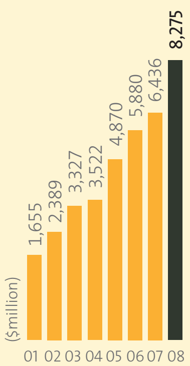
the largest green energy retailer in Australia and a leading wholesaler and retailer of energy.

Caring. Listening. Learning. **Delivering.**

OUR YEAR IN REVIEW

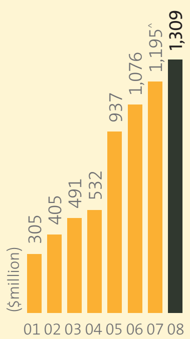
- **31 July 2007** – Announced an 80% net increase in 2P CSG reserves from the previous year.
- **29 October 2007** – Announced a strategic expansion in geothermal energy through a 30% joint venture agreement with Geodynamics.
- **2 November 2007** – Commenced construction of the 630 MW gas fired Darling Downs Power Station.
- **30 November 2007** – Awarded 'Sustainable Company of the Year' for 2007 by *Ethical Investor* magazine.
- **6 December 2007** – Commenced the 120 MW expansion of the gas fired Quarantine Power Station.
- **20 December 2007** – Acquired oil and gas production assets from Swift Energy in Taranaki, New Zealand.
- **22 January 2008** – Entered a strategic relationship with Epuron for the option to develop up to 590 MW of wind generation in New South Wales, starting with the 30 MW Cullerin Range Project.
- **1 February 2008** – Committed to a $92 million expansion of the Mt Stuart Power Station, for additional generation capacity of 126 MW.
- **14 February 2008** – Acquired balance of interests in exploration permits over the Halladale and Black Watch fields off the south west Victorian coast.
- **29 April 2008** – Proposal received from BG Group to acquire all the shares in Origin through a scheme of arrangement.
- **30 May 2008** – Rejected BG Group's scheme proposal and announced an increase in 2P and 3P CSG reserves of 91% and 121% respectively from 1 July 2007 to 15 May 2008.
- **13 June 2008** – Completed development of offshore facilities for the Kupe Gas Project.
- **24 June 2008** – BG Group announced a hostile takeover offer for Origin.
- **4 July 2008** – Announced the acquisition of the 640 MW gas fired Uranquinty Power Station and approval of the first 550 MW of the gas fired peaking power station at Mortlake. Rejected hostile takeover offer from BG Group.
- **31 July 2008** – Announced a final year-on-year net increase in 2P reserves of 66%, including a net increase of 92% in 2P CSG reserves.

Origin has an outstanding track record of delivering strong and consistent financial results.



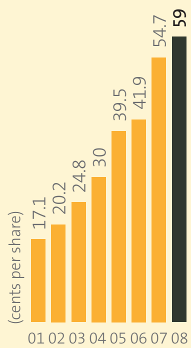
↑29%†

EXTERNAL REVENUE 2008 $8,275 MILLION



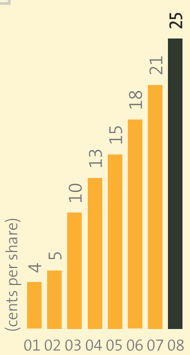
↑12%^†

EBITDAF* 2008 $1,309 MILLION



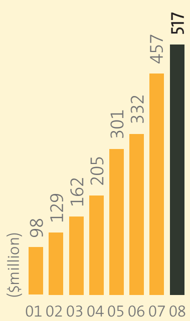
↑8%†

BASIC EARNINGS PER SHARE 2008 59 CENTS



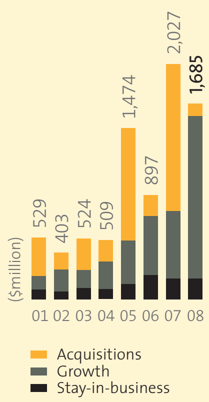
↑19%†

DIVIDENDS 2008 25 CENTS



↑13%†

STATUTORY NET PROFIT AFTER TAX# 2008 $517 MILLION



↓17%†

CAPITAL EXPENDITURE 2008 $1,685 MILLION

† *When compared to the financial results for the year ended 30 June 2007.*
* *Earnings before interest, tax, depreciation, amortisation, significant items and the impact of fair value changes to financial instruments.*
^ *EBITDAF increase of 12% based on EBITDAF from continuing businesses of $1,165 million in 2007 after elimination of contribution from the Networks segment which made no contribution to EBITDAF in 2008. Reported EBITDAF for 2007 was $1,195 million including the Networks segment.*
\# *Statutory profit before elimination of significant items.*

Kevin McCann Chairman (left)
Grant King Managing Director (right)

A MESSAGE FROM YOUR CHAIRMAN AND MANAGING DIRECTOR

Origin Energy: Continuing to deliver

This year has been significant for Origin. By pursuing our fuel integrated generator and retailer strategy Origin has become a leading integrated energy company with interests in oil and gas production, merchant and contracted power generation and energy retailing.

Our long term focus on establishing an extensive gas resource base with unequalled access to energy markets in eastern Australia is delivering significant value to you – our shareholders. As the largest holder and leading developer of CSG reserves, Origin is well placed to benefit from rising energy prices and increasing demand for gas in eastern Australia.

Your Board has been working hard to look after your interests in light of BG Group's hostile and conditional takeover offer. The Target's Statement that was recently mailed to you outlines our rationale for unanimously recommending that shareholders reject BG Group's offer.

Importantly, during this time, we have continued to deliver strong financial performance and we have further consolidated a solid platform for the ongoing growth of your company.

Financial performance

We reported an underlying profit of $443 million for the year ended 30 June 2008, up 20% on the prior year, highlighting the strength of our existing businesses.

Our statutory profit for the financial year to 30 June 2008 was $517 million, an increase of 13% compared with $457 million reported last year. In addition to the underlying profit, this statutory profit contains a number of significant items, including the sale of our Networks business and Mokai geothermal assets, the impact of fair value changes to financial instruments (predominantly associated with our energy procurement activities), and one-off costs associated with the New Plymouth Power Station and the purchase of the Sun Retail business.

Basic earnings per share calculated from the underlying profit increased 14% to 50.6 cents on an expanded weighted average capital base of 875 million shares. This compares to 44.3 cents based on the same calculation from last year.

We have declared a fully franked final dividend of 13 cents per share in view of the strength of our underlying profit and sound financial position. This brings the total fully franked dividend for the year to 25 cents per share, an increase of 19% over the prior year.

To provide a clearer understanding of operational performance for our stakeholders, we report earnings before interest, tax, depreciation, amortisation, significant items and the impact of fair value changes to financial instruments (EBITDAF). For the year to 30 June 2008, EBITDAF from continuing businesses was $1,309 million, a 12% increase from the prior year of $1,165 million.

Record production, sales and revenues have resulted in higher earnings from the Exploration and Production segment. This reflected our growing coal seam gas operations, a full year contribution from the BassGas Project and an initial contribution from the Otway Gas Project.

Earnings for the Generation business were in line with the prior year after adjusting for the Mt Stuart Power Station transition to an internal contract.

The Retail segment significantly increased earnings, predominantly due to a full year contribution from Sun Retail, despite continuing high churn in gas and electricity markets and tighter margins in the LPG business. Customer numbers were maintained across the year and dual fuel accounts increased. We continue to be the market leader in green energy customers.

Contact Energy increased its contribution to our profits primarily due to increases in retail volumes and tariffs.

The continued growth of your company requires that capital investment decisions, that will maintain and add value to your company, continue to be made. This year total capital expenditure including acquisitions was $1,685 million, compared with $2,027 million last year.

Stay-in-business capital expenditure associated with the maintenance of ongoing operations was $178 million for the year of which $80 million was attributable to Contact Energy, $49 million related to Exploration and Production and $42 million related to Retail (customer systems and LPG).

Growth capital expenditure was $1,398 million, 141% higher than the prior period. This included expenditure of over $40 million in the following areas: Kupe Gas Project ($291 million); CSG assets in Queensland ($273 million); Darling Downs Power Station ($248 million); Contact Energy ($128 million); Geodynamics ($105 million); Otway Gas Project ($48 million); and expansion of the Quarantine Power Station ($45 million).

Capital expenditure on acquisitions totalled $109 million covering acquisition of exploration and production assets from Swift Energy in New Zealand and the Halladale and Black Watch exploration leases off the south west Victorian coast. This compares with $1,268 million in the prior year, predominantly associated with the acquisition of Sun Retail.

The sale of our Networks business took place in two parts. The second part settled on 2 July 2007 and the proceeds from this part are reflected in the accounts for this year.

Coal Seam Gas

The interest of global energy companies in Australian CSG reserves has increased materially during 2008, with recent investments by BG Group, PETRONAS and Shell.

We are pleased to be able to state clearly that after more than a decade of investment in this area your company has the largest reserves and is the leading developer of CSG in Australia.

Over the year we announced a 92% increase in 2P CSG reserves to 4,751 PJ and a 121% increase in 3P CSG reserves to 10,138 PJ. The 2C or best estimate contingent resource in Origin's acreage is an

OUR PRINCIPLES

- We conduct ourselves and our business with due care and in accordance with relevant laws and regulations. We have an overriding duty to ensure the health and safety of our employees, and to minimise the health, safety and environmental impacts on our customers and the communities in which we operate.
- We will add value to the resources that come under our control.
- The value we create will be distributed to stakeholders recognising the need to ensure the sustainability of our business and its impact on the environment and the communities in which we operate.
- When faced with choices, we make decisions knowing they will be subject to scrutiny. We should be able to demonstrate the soundness of our decisions to all stakeholders.
- We encourage diversity and expression of ideas and opinions but require alignment with the company's commitments, principles and values and the policies established to implement them.

OUR COMMITMENTS

At Origin, our commitments to our key stakeholders are to:

- **Deliver market leading performance** for shareholders by identifying, developing and operating value creating businesses across the energy supply chain.
- **Deliver value to customers** by developing and procuring competitive sources of energy and related products and services that better meet customers' energy needs.

additional 15,869 PJ, over and above the 3P reserves assessment, while the assessment of prospective resources is a further 17,947 PJ, located in the Galilee Basin in Central Queensland. These reserves and resources were certified by internationally recognised petroleum consultant Netherland, Sewell & Associates, Inc. and make your company the largest holder of CSG reserves in Australia.

Origin is proud to have the longest history of CSG production experience in Australia. During the year we increased our CSG production by 75% to 39 PJ per annum when compared with production for the year ended 30 June 2007, with production reaching 131 TJ per day by 30 June 2008 – both records for Australian CSG production by one company.

Positioned for a carbon-constrained future

Since listing on the ASX in 2000 Origin has made a series of investments that, in our view, position the company well for a carbon-constrained future. In addition to gas fired generation Origin has long supported the development of renewable technologies such as wind, geothermal and solar power.

We welcomed the release of the Federal Government's Green Paper on climate change and we strongly endorse the Government's view that it is in the national interest to help forge an effective global response to climate change and to begin in earnest the transformation towards a lower-emissions future for Australia. We are also pleased to see an emissions trading scheme at the heart of the Government's plans. While we strongly support the implementation of an emissions trading scheme, we are conscious of the impact this will have on households through increased energy costs. Origin is very heartened to see that strong measures have been suggested to help vulnerable households manage under an emissions trading scheme.

Our people

The continued effort, skill and dedication of our people are paramount to our success. Origin employee numbers, excluding Contact Energy, increased by 189 to 3,940 this year, with increased staffing in the Retail business and in Exploration and Production project areas. We maintain a strong focus on the health and safety of our people. Since June 2007, our total recordable incident frequency rate has decreased from 16.3 to 8.5, improving over 47%. We would like to take this opportunity to thank our people for their ongoing contribution to Origin's continued performance year in year out.

KEVIN McCANN
Chairman

GRANT KING
Managing Director

- **Create and maintain a rewarding workplace for employees** by encouraging personal development, recognising good performance, inducing teamwork and fostering equality of opportunity.
- **Respect the rights and interests of the communities in which we operate** by working safely and being mindful of, and attentive to, the environmental and social impacts of the resources, products and services we use or provide to others.

OUR VALUES

Origin's values describe behaviours that the company expects employees to demonstrate in their actions and the decisions they make in pursuing the outcomes we are committed to achieving. Our values are:

Caring

We care about our impact on customers, colleagues, the community, environment and shareholders.

Listening

We listen to the needs of others, knowing that an unfulfilled need creates the best opportunities.

Learning

We constantly learn and implement new and better ways, sharing information and ideas effectively.

Delivering

We deliver on the commitments made in all areas of performance.

Company scorecard

Exploration and Production

2007/2008 WE SAID

- Add 500 PJ 2P CSG reserves in Queensland.
- Ramp up CSG production to 115 TJ/d. Progress construction of Spring Gully project and commence construction of Walloons production facility by June 2008.
- Continue to progress exploration, evaluation, appraisal and development activities as appropriate across Origin's exploration and production interests.
- Evaluate and secure additional exploration acreage.
- Commence full commercial production from Otway Gas Project.
- Drill Kupe Gas Project production wells, complete wellhead platform, offshore pipeline and earthworks. Commence structural piping and equipment installation at the production station.

HOW WE WENT

- 2P CSG reserves up 92% to 4,751 PJ and 3P CSG reserves up 121% to 10,138 PJ.
- Origin's share of CSG production reached 131 TJ/d. Spring Gully construction on time, within budget. Origin's Walloons drilling program commenced with construction to commence late 2008.
- Participated in 261 wells during the year including 169 CSG wells, six offshore wells, 78 wells in the Cooper Basin and eight other onshore wells. Of 134 development wells 99% were successful. Of 127 exploration and appraisal wells 90 were successful.
- Continued to evaluate both onshore and offshore Australian and Asian opportunities. Secured Block 121 in the Song Hong Basin, offshore Vietnam.
- First gas achieved at Otway Gas Project in September 2007. After remediation of commissioning issues the project was in full production by year end.
- Kupe Gas Project offshore installation program and three production wells successfully completed on schedule and onshore plant construction well advanced.

Generation

2007/2008 WE SAID

- Achieve target plant availability and reliability.
- Determine appropriate strategy for the permitted power station project at Mortlake in Victoria.
- Ensure Quarantine and Darling Downs power station projects proceed to schedule for completion by the December quarter 2008 and 2009 respectively.
- Seek additional development opportunities.
- Progress solar plant to production phase, with a decision on the next stage commitment beyond end June 2008.

HOW WE WENT

- The Ladbroke Grove, Mt Stuart and Roma power stations met or exceeded their target reliability and availability.
- Commitment made to the construction of the Mortlake Power Station on 4 July 2008 and contracts have been executed for equipment supply and long term maintenance.
- Quarantine Power Station expansion and Darling Downs Power Station scheduled to commence commissioning in December quarter 2008 and early 2010 respectively.
- Invested in Geodynamics South Australian permit areas to 30%; invested in 30 MW Cullerin Range Wind Farm targeted for completion in mid 2009. Uranquinty Power Station purchased on 4 July 2008.
- Achieved full migration to pilot production on a cheaper silicon substrate for SLIVER®.

Retail

2007/2008 WE SAID

- Maintain customer margins across natural gas, electricity and LPG and further reduce cost-to-serve per customer, including integrating Sun Retail back office processes by March 2008.
- Maintain aggregate customer numbers across the VIC, SA, QLD and NSW markets.
- Increase customers on accredited green energy by 50% to 375,000 by June 2008.
- Reduce customer complaints by 5% by June 2008 and continue to improve issues resolution, and customer hardship programs.
- Maintain national brand awareness leadership and improve customer brand preference.
- Grow both revenue and profitability in the carbon reduction and solar businesses.

HOW WE WENT

- EBITDAF margin per customer across all products was $165 in 2008 compared with $139 in 2007 (on weighted average customers numbers). Cost to serve $135 per customer in 2008 compared with $141 in 2007. Integration of Sun Retail back office processes completed in March 2008.
- Maintained aggregate Australian customer base across all products at 3.0 million despite high churn rates.
- Green energy customer accounts up 57% to 423,000 and we continue to lead with 30% of the GreenPower market.
- The targeted 5% reduction was not met. New protocols to better manage complaints have been established. Increased investment in customer hardship program to over $2 million for the year.
- Independently rated highest for top of mind awareness in south east Queensland (44%) and Victoria (44%) and second in South Australia (30%).
- Revenue from solar products increased over five fold to $21.6 million and margins grew to $3.4 million. Revenue from the carbon reduction business was $1.7 million.

Corporate

2007/2008 WE SAID

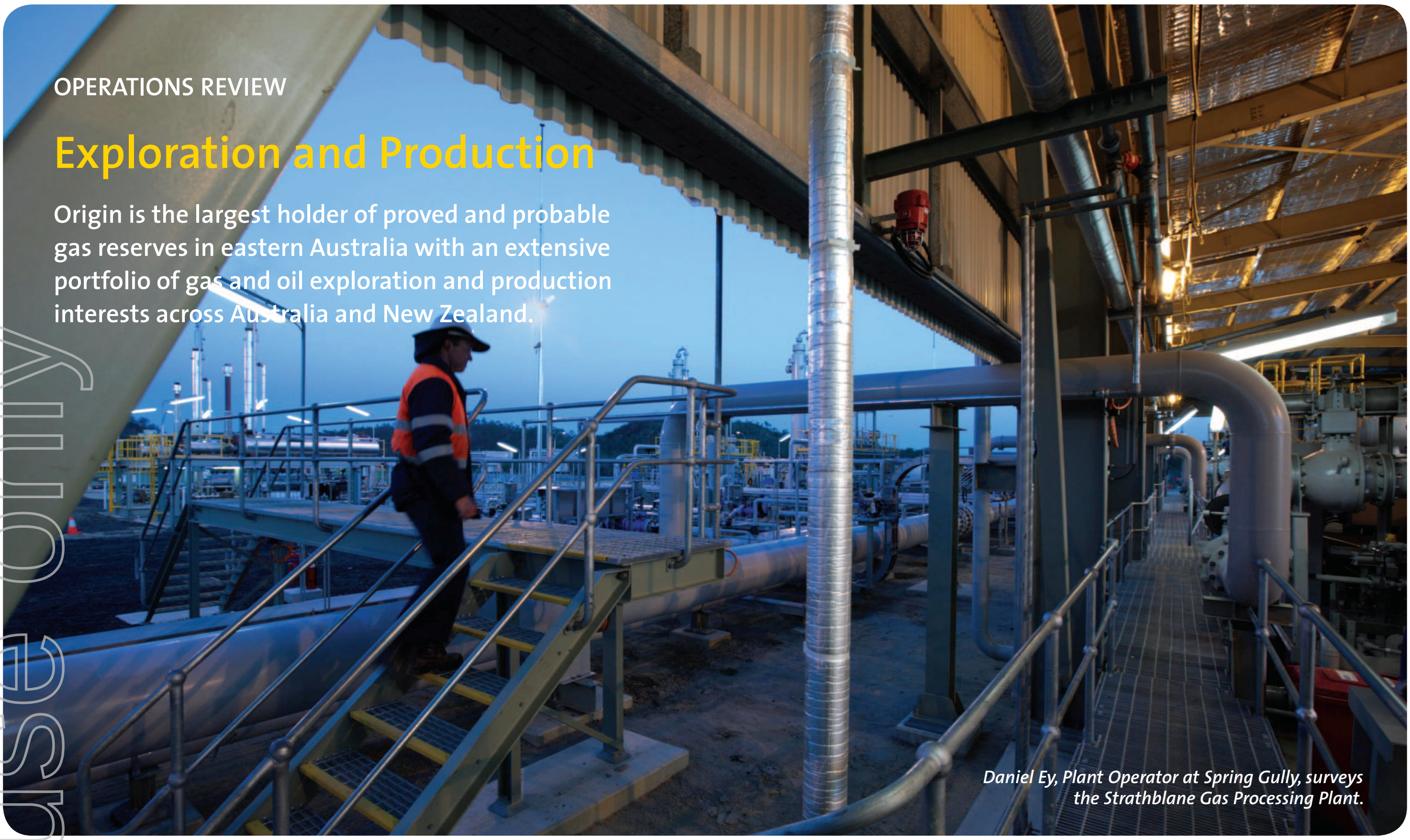
- Achieve a 20% improvement in total recordable incident frequency rate (TRIFR) to 9.8.
- Further enhance insurance program to match insurance with all business risks and reduce the total cost of insurable risk.
- Monitor risk and maintain adequate risk capacity to ensure appropriate commodity risk exposure limits are in place.
- Maintain an appropriate capital structure while continuing to fund development and acquisition opportunities.
- Continue to build leadership capability through succession management and leadership development programs.
- Contribute to a policy and industry response to climate change that delivers further certainty for low and zero-emission energy generation.
- Continue responsible management of contaminated sites. Develop remediation and development strategies where appropriate.

HOW WE WENT

- Since June 2007, TRIFR decreased from 16.3 to 8.5, an improvement of more than 47%.
- Total cost of insurable risk reduced by 11% over the 2007 year as measured against revenue. Program enhancements improved coverage for property, liability and projects cover.
- Continued to manage risk within appropriate commodity exposure risk limits.
- Maintained gearing ratio within the target range of 40% to 45%. Retained long term credit rating of BBB+. Issued NZ$200 million NZ preference share and a raising of $1.54 billion of AUD and USD bank debt.
- Leadership programs were delivered to cross functional leadership teams in major locations. Succession plans agreed and documented.
- Represented on peak industry associations including APPEA, ESAA, ERAA, ALPGA and AIGN. Made regular public statements and submissions on climate change issues.
- Environmental management plans and remediation strategies in place for all sites. Risks further managed through remediation and monitoring.

Exploration and Production

Origin is the largest holder of proved and probable gas reserves in eastern Australia with an extensive portfolio of gas and oil exploration and production interests across Australia and New Zealand.



Daniel Ey, Plant Operator at Spring Gully, surveys the Strathblane Gas Processing Plant.

During the year Origin has focused on the efficient and effective operation of our business while at the same time increasing reserves, increasing production capacity and progressing major development projects.

Exploration and Production delivered record energy sales and earnings (EBITDAF) increased by 4% to $264 million. This reflects higher CSG sales, a full year contribution from the BassGas Project and an initial contribution from the Otway Gas Project which more than offset declines in production and sales from the mature Cooper, Perth and onshore Otway basins.

We announced our annual review of reserves across our Exploration and Production interests in July 2008 and increased our 2P Reserves by 66% from 3,471 PJe to 5,770 PJe. This includes a net increase in 2P CSG reserves of 92% from 2,470 PJe to 4,751 PJe. In addition, our 3P CSG reserves increased to 10,138 PJ, a net increase of 121% on the previous year.

Over the year the Exploration and Production business achieved record production, sales and revenue. The record production of 101 PJe – 15% higher than last year's record of 87 PJe included a 75% increase in CSG production to 39 PJ per annum as development continued on our diversified CSG assets in Queensland, including the Fairview and Spring Gully fields in the Bowen Basin and the Talinga, Argyle and Kenya fields in the Walloons. Our equity share of CSG production reached 131 TJ/d by year end. These figures clearly establish Origin as the leading CSG producer and holder of reserves in Australia.

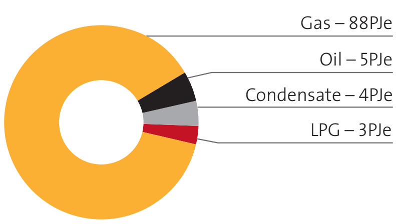
Production at BassGas reached 10.5 PJe, comprising 7.8 PJe of natural gas and ethane, 319.8 kbbls of condensate and 18.6 ktonnes of LPG following the resolution of some capacity constraints in the onshore gas processing plant at Lang Lang.

After the commissioning of production facilities was completed in June 2008, the Otway Gas Plant has been operating reliably, including a sustained period of operation at the peak design rate of 205 TJ/d.

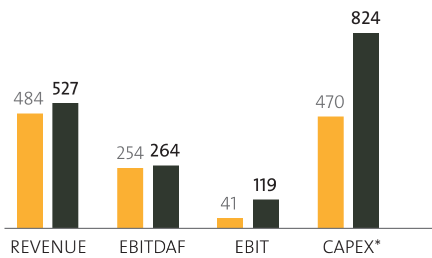
The Kupe Gas Project is progressing well, offshore operations have been completed and the project is scheduled to commence gas sales in mid 2009.

Two producing areas in the onshore Taranaki Basin were acquired from Swift Energy New Zealand. We acquired the balance of interests in exploration permits over the Halladale and Black Watch fields and we are pursuing opportunities in the Lamu Basin in Kenya and the Song Hong Basin in Vietnam. We have also committed to drill offshore wells in the Canterbury Basin in New Zealand, and the Otway and Bass basins in Australia.

PRODUCTION 2007/2008



GROWTH – KEY INDICATORS AND TRENDS ($M)

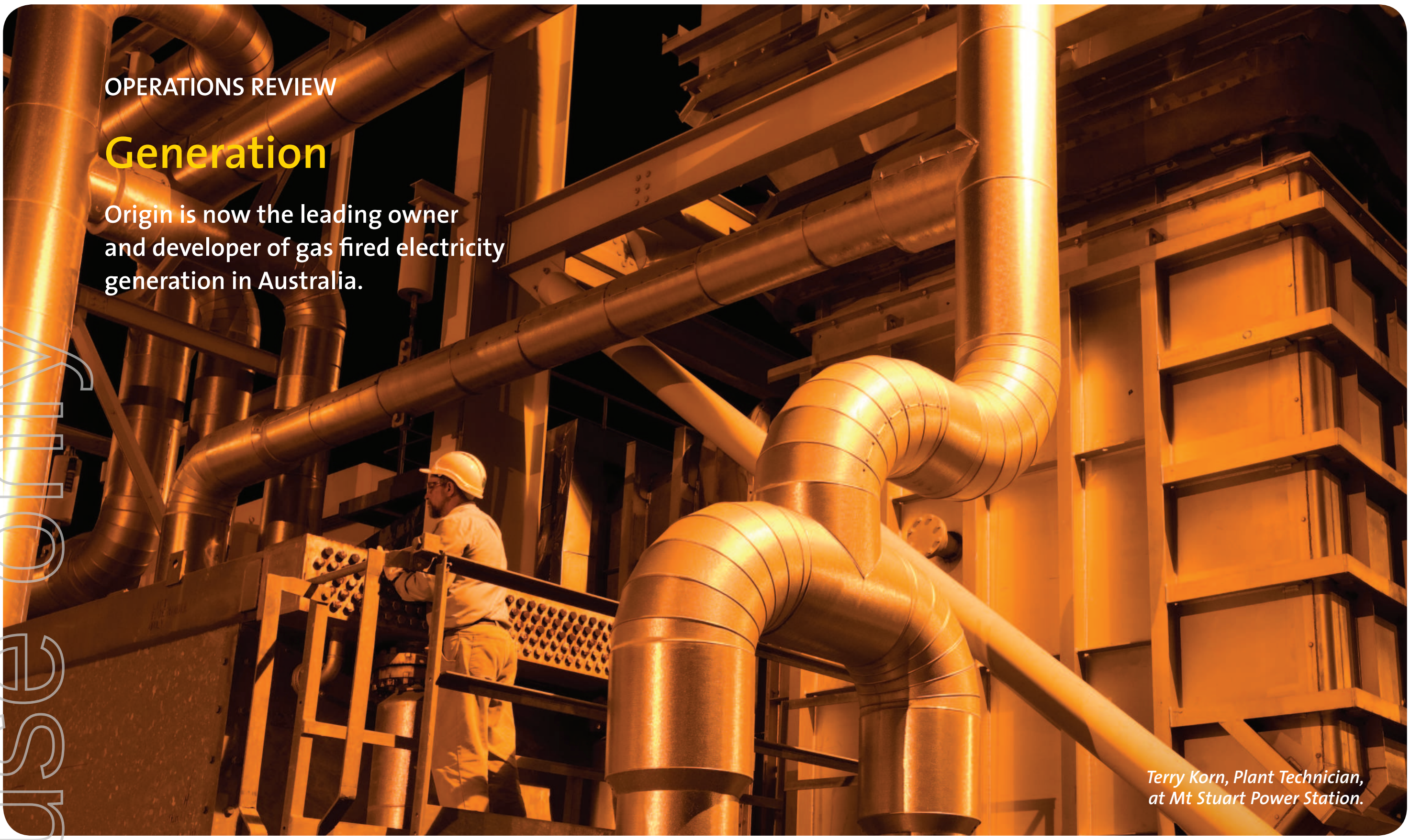


*CAPEX	2007	2008
Acquisitions	12	61
Growth	401	714
Stay-in-business	57	49

OPERATIONS REVIEW

Generation

Origin is now the leading owner and developer of gas fired electricity generation in Australia.



Terry Korn, Plant Technician, at Mt Stuart Power Station.

Origin has interests in seven operating plants in Australia including the 100% owned Mt Stuart, Quarantine, Ladbroke Grove and Roma peaking power stations and 50% interests in the Osborne, Worsley and Bulwer Island cogeneration facilities.

In 2008, Generation earnings (EBITDAF) declined by 29% to $56 million from $79 million in the prior year. Operating performance of the business was steady, with the decline in earnings due to the transition of the Mt Stuart Power Station from being externally contracted to being internally contracted to the Retail business. Mt Stuart now earns a predictable tolling income from Retail to cover its cost of capital, while Retail takes the risk-management benefits and absorbs any volatility in earnings.

We continued to pursue opportunities to enhance our integration strategy and we are currently committed to the development of 2,096 MW of generation capacity in Australia, including 2,066 MW of gas-capable power generation and a wind farm development of 30 MW at Cullerin Range.

Construction began on the 630 MW combined cycle Darling Downs Power Station in November 2007 with commissioning expected to commence in late 2009. In July 2008 we acquired the 640 MW open cycle Uranquinty Power Station in southern New South Wales which is expected to be operational by December 2008. In July 2008 we also committed to the construction of the 550 MW open cycle Mortlake Power Station to be online in 2010.

We are also expanding two of our existing open cycle power stations with an additional 120 MW at Quarantine expected to commence commissioning in December 2008 and an additional 126 MW at Mt Stuart expected to commence commissioning in mid calendar year 2009.

To help manage our wholesale electricity portfolio we have also secured long term contractual rights to 825 MW of generation capacity from Braemar 1 and 2 power stations in Queensland.

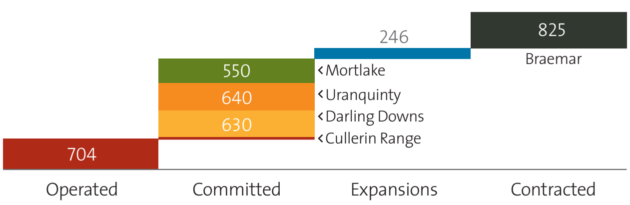
In addition to Origin's portfolio of gas fired generation and cogeneration plants, we are also developing renewable technologies which produce power with low or no greenhouse gas emissions.

This commitment includes a 30% interest in a joint venture covering various geothermal permits in South Australia held by Geodynamics. We expect to invest approximately $150 million in the joint venture over the next three years.

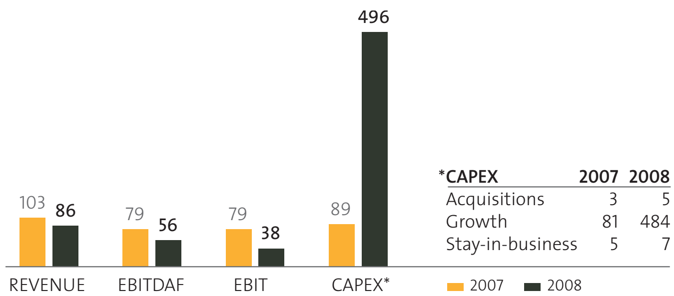
Origin has commenced construction of its first wind farm at Cullerin Range and has options to access a further 560 MW of wind from development sites.

We remain focused on commercialising SLIVER® solar photovoltaic technology and continue to work towards commercial development of the product.

ORIGIN'S GENERATION CAPACITY (MW)



GROWTH – KEY INDICATORS AND TRENDS ($M)



Retail

Origin is Australia's leading wholesaler and retailer of energy.

Nichols Point Primary School students, Matthew Dixon and Daniel Mills, helped celebrate our milestone of 250,000 green energy customers with the release of 250,000 native fish into the Lower Murray-Darling Basin in February this year.

Origin supplies electricity, natural gas and LPG to more than three million customer accounts across a diversified portfolio in Australia and the Pacific.

Over the year Origin's accredited green customer base grew by 57% to 423,000 signed customers by year end and for the fourth year we achieved the Green Electricity Watch accolade for the best green electricity product. Green Electricity Watch is a representative group of environmental NGOs, led by the Australian Conservation Foundation.

In 2008 the Retail business increased revenue by 35% to over $5.5 billion and earnings (EBITDAF) grew from $355 million to $499 million, an increase of 41%. This was primarily due to a full year contribution from the acquisition of Sun Retail, completed in February 2007, and increased risk-management benefits from Origin's extensive portfolio of physical assets and financial contracts. This was despite both continuing high customer turnover in the gas and electricity markets and tighter margins in the LPG business due to higher wholesale purchasing costs.

In the newly contestable Queensland market and in the very competitive Victorian market, a high number of customers changed retailers with Origin acquiring 482,000 electricity and natural gas customers over the year. While Origin recorded a slight decline in electricity customer numbers, we continued to increase dual fuel (combined natural gas and electricity) accounts by 98,000 to 888,000. Retail earnings before interest, tax, significant items and the impact of fair value changes to financial instruments (EBITF) margin also increased from 8.4% to 9.2% across gas and electricity.

Origin is the largest green energy retailer in Australia with a 30% market share of GreenPower customers.

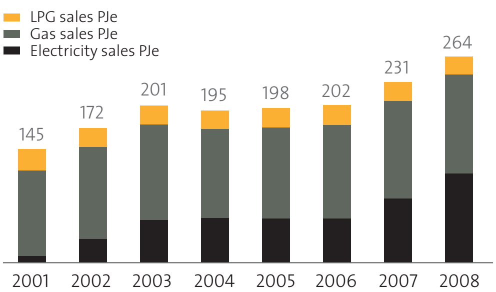
In 2008, through our Power On program, we spent over $2 million supporting our customers with payment plans, incentives and advice for managing energy bills during times of stress and hardship.

We are working to increase the low carbon solutions we offer to customers, including the installation of energy efficient appliances, solar panel systems, both gas and solar hot water systems and water tanks in order to position Origin and our customers at the forefront of climate change initiatives.

Our solar business continues to go from strength to strength with sales of both solar PV and solar hot water units increasing by over 250% on the prior year.

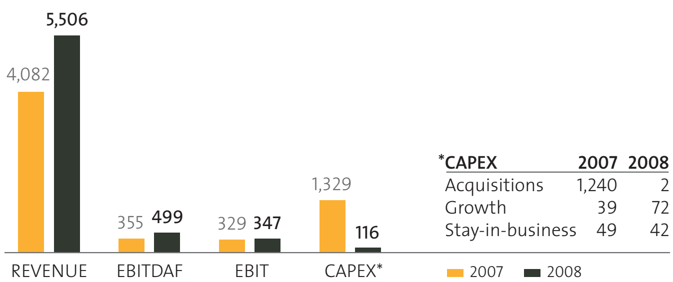
Origin's Carbon Reduction Scheme™, launched in 2007, delivered a strong performance in its first full year of operation. During the year, we sold 140,000 tonnes of carbon offsets through direct and third party retail channels.

GROWTH – KEY INDICATORS AND TRENDS ($M)



Source: Origin

GROWTH – KEY INDICATORS AND TRENDS ($M)



*CAPEX	2007	2008
Acquisitions	1,240	2
Growth	39	72
Stay-in-business	49	42

Contact Energy

Origin owns a 51.4% interest in Contact Energy, one of New Zealand's largest integrated energy companies.

Civil Engineer, Peter Silvester and Generation Assistant, Cathy Marsh stand above the Clyde Power Station's hydro dam in Central Otago.

Contact Energy has significant market share in electricity generation, electricity retailing and the wholesaling and retailing of natural gas and LPG. Contact Energy owns 10 power stations across New Zealand and provides 25-30% of New Zealand's total electricity generation capacity. Contact Energy's diverse electricity generation comes from three main sources; typically 33% is hydro, 17% is geothermal and 50% is natural gas.

Contact Energy contributed $490 million to Origin's earnings (EBITDAF), 3% higher than the prior year's contribution of $477 million and this was primarily due to increases in retail volumes and tariffs.

The significant operating factor that affected the financial performance for the 12 months ended 30 June 2008 was the 100% increase in wholesale electricity prices which drove a significant shift in the contributions between the generation and retail segments. Total wholesale electricity revenue increased by 82% but this increase was largely offset by a 21% increase in average gas cost, an increase in transmission costs and an increase in electricity purchase costs (per unit) of 114%. Retail revenue increased by 6% driven by a 3% increase in volume and 3% increase in retail prices.

Contact Energy also enjoyed the benefits of its geothermal drilling program, particularly in Ohaaki. This resulted in increased geothermal generation output which more than offset reduced hydro and thermal generation output as a result of relatively dry conditions, the reduced output of the New Plymouth Power Station and a six week outage at the Taranaki Combined Cycle Power Station.

Other contributing factors included the full year contribution of the addition of the Rockgas LPG business purchased from Origin and an increase in wholesale gas sales.

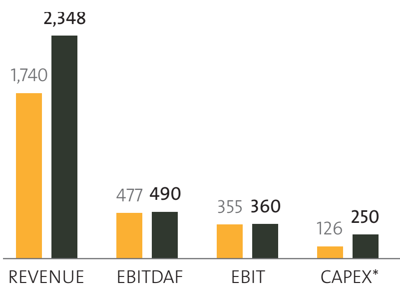
Drought conditions placed pressure on national hydro storage, resulting in an average price for generation of NZ$107 MWh almost double the price for the prior period. In addition to the low hydro conditions, transmission constraints in the lower North Island and constraints between the North Island and South Island resulted in periods where Contact Energy was unable to supply its South Island demand, and was required to purchase electricity from the spot market at a significant loss.

In June 2008, Origin and Contact Energy completed the purchase of Swift Energy's New Zealand oil and gas assets. As part of this purchase Contact Energy and Origin will jointly develop the mostly depleted Ahuroa gas field into an underground gas storage facility, which is expected to be operational by 2010.

11TWh
ELECTRICITY GENERATED

648,000
CUSTOMERS

GROWTH – KEY INDICATORS AND TRENDS ($M)



*CAPEX	2007	2008
Acquisitions	–	42
Growth	58	128
Stay-in-business	68	80

2007 2008

OPERATIONS REVIEW

Sustainability

Sustainability is one of the principles that guides our decision making at Origin.

Spring Gully's Reverse Osmosis (RO) Water Treatment Plant Supervisor, Neal Smith, oversees a trial plantation of Pongamia trees on site. Nurtured by water from the RO Plant, the trees produce oil that can be converted to biodiesel for cleaner energy production.

Our approach to sustainability is guided by our company commitments and principles as outlined on pages 4 and 5 of this Shareholder Review.

We know that fulfilling our commitments to key stakeholders often requires difficult decisions and choices to be made that may impact our areas of operation.

At the core of our principles is the recognition that we must create value from the resources that come under our control, and that the value we create is distributed to our key stakeholders, while being mindful of the need to ensure the sustainability of our business and its impact on the environment and the communities in which we operate.

The sustainability of our activities depends on the trust and goodwill of our stakeholders. We interact with a variety of stakeholders – the most important being our employees, customers, communities and investors. We rely on them to provide a skilled workforce, to buy our products and services, for access to land and resources and to fund the growth of our business.

Our employees are the key to our future performance and growth. During the year all employees were invited to take part in the "Making a Difference" culture and engagement survey, as part of our commitment to creating a rewarding workplace. The 2008 survey revealed improvements on our 2006 survey results and has provided us with some very useful insights for future planning.

The safety of our employees is paramount and since June 2007, Origin's total recordable incident frequency rate (TRIFR) has decreased from 16.3 to 8.5, an improvement of more than 47%. In the same period our lost time case frequency rate (LTCFR) decreased by around 12% from 3.3 to 2.9.

We aim to empower our customers to live more sustainably by offering solutions, services and choices that better meet their needs.

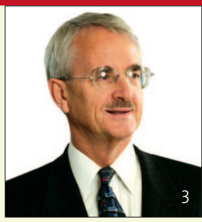
We continued our focus on reducing the greenhouse gas intensity associated with our energy production and distribution, and reducing the carbon intensity of our customers' energy consumption. All of the generation investments being undertaken will contribute to lowering the average carbon emissions intensity of the national electricity market.

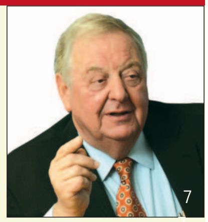
We also worked closely with the communities of which we are a part. We maintained our commitment to the communities surrounding our Spring Gully operations in south west Queensland and consulted with communities in Townsville and Cullerin. We awarded 11 apprentices community skills scholarships which will see them receive up to $13,500 each to support their career start-up in their chosen trade, and funded a defensive driving program for 167 learner drivers focussing on accident prevention. We also contributed to community ventures in the Taranaki region in New Zealand.

We focused on improving our environmental management practices to minimise any adverse impact our activities have on the environment. This year however, there were a number of spills reported that were considered potentially serious. Most spills were contained, however three spills involving loss of containment occurred at Exploration and Production's operations at Spring Gully and Surat.

In November 2007 we received the Sustainable Company of the Year award from *Ethical Investor* magazine for our broad leadership and achievements in sustainability, our workplace and community programs and our commitment in providing easy and affordable green options to customers.

Board of directors





1. H Kevin McCann AM

Independent
Non-executive Chairman

Kevin McCann joined the Board as Chairman in February 2000. He is Chairman of the Nomination Committee and a member of the Audit, Remuneration, and Health, Safety and Environment committees. Kevin is Chairman of Healthscope Limited (since March 1994) and Sydney Harbour Federation Trust. He is the lead independent director of Macquarie Group Limited (joining the board in August 2007), Independent Director of Macquarie Bank Limited (a director since December 1996) and a director of BlueScope Steel Limited (since May 2002).

He practised as a commercial and corporate lawyer at Allens Arthur Robinson, a national law firm, for over 34 years, and was Chairman of Allen Allen & Hemsley and Allens Arthur Robinson for nine years. Kevin was previously Chairman of Triako Resources Limited (1999–2006). He is also a member of the Australian Takeovers Panel and the Council of the National Library of Australia. Kevin has an Arts degree, a Law degree (Honours), a Masters in Law and is a Fellow of the Australian Institute of Company Directors.

2. Grant A King

Managing Director

Grant King was appointed Managing Director of Origin at the time of its demerger from Boral Limited, in February 2000, and was Managing Director of Boral Energy from 1994. Prior to joining Boral, he was General Manager, AGL Gas Companies. Grant is Chairman of Contact Energy Limited (since October 2004) and the Energy Supply Association of Australia Limited (since November 2005). He is a former director of Envestra Limited (1997–2007). Grant is a councillor of the Australian Petroleum Production and Exploration Association. He has a Civil Engineering degree and a Master of Management.

3. Bruce G Beeren

Non-executive Director

Bruce Beeren joined the Board as an executive director in March 2000. He retired from this position on 31 January 2005 and continues on the Origin Board as a non-executive director. He is a member of the Audit, Remuneration and Nomination committees. With over 30 years experience in the energy industry, he 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 (since October 2004), Coal & Allied Industries Limited (since July 2004) and Equipsuper Pty Limited (since August 2002). He is a former director of Envestra Limited (2000–2007) and Veda Advantage Limited (2004–2007). Bruce has degrees in Science and Commerce and a Master of Business Administration. He is a Fellow of CPA Australia and the Australian Institute of Company Directors.

4. Trevor Bourne

Independent
Non-executive Director

Trevor Bourne joined the Board in February 2000. He is Chairman of the Remuneration committee and a member of the Nomination and Health, Safety and Environment committees. He retired in December 2003 as Chief Executive Officer of Tenix Investments Pty Limited, prior to which he was Managing Director of Brambles Australia Limited. Trevor is Chairman of Hastie Group Limited (since November 2004) and a director of Caltex Australia Limited (since March 2006). He is a former director of Coates Hire Limited (2004–2008) and Lighting Corporation Limited (2004–2008). He has a Mechanical Engineering degree and a Master of Business Administration.

5. Gordon M Cairns

Independent
Non-executive Director

Gordon Cairns joined the Board on 1 June 2007 and is a member of the Remuneration, Nomination and Health, Safety and Environment committees. He has extensive Australian and international experience as a senior executive, most recently as Chief Executive Officer of Lion Nathan Limited, and has held senior management positions in marketing and finance with Pepsico, Cadbury Schweppes and Nestlé.

Gordon is currently a director of Westpac Banking Corporation (since July 2004), Opera Australia, The Centre for Independent Studies and World Education Australia and is a senior advisor to McKinsey & Company. He holds a Master of Arts (Honours) from the University of Edinburgh.

6. Helen M Nugent AO

Independent
Non-executive Director

Helen Nugent joined the Board in March 2003 and is Chairman of the Audit Committee and a member of the Remuneration and Nomination committees. An experienced professional non-executive director, she is currently Chairman of Swiss Re Life and Health (Australia) and Funds SA. She is also a director of Macquarie Group Limited (since August 2007), Macquarie Bank Limited (since June 1999) as well as Freehills.

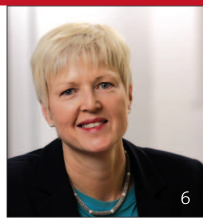
Previously, she was a director of UNiTAB (1999–2006), Director of Strategy at Westpac Banking Corporation and a partner with McKinsey & Company, specialising in financial services and mining. Helen has a Bachelor of Arts degree (Honours) and a Doctorate of Philosophy. She holds a Master of Business Administration from Harvard Business School and is a Fellow of the Australian Institute of Company Directors.

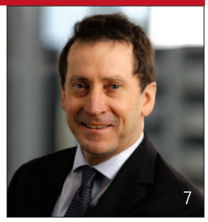
7. Roland Williams CBE

Independent
Non-executive Director

Roland Williams joined the Board in February 2000. He is Chairman of the Health, Safety and Environment Committee and a member of the Audit and Nomination committees. He retired in June 1999 as Chairman and Chief Executive of Shell Australia Limited prior to which he was Managing Director, Shell International Gas, and President, Shell Coal International. Roland is a director of Boral Limited (since 1999) and holds a Chemical Engineering degree (Honours) and a Doctorate of Philosophy. He is a Fellow of the Australian Institute of Company Directors and the Institution of Chemical Engineers and a Companion of the Institution of Gas Engineers and Managers.

Executive management team





1. Karen Moses

Chief Operating Officer

Karen Moses joined Boral Energy (now Origin) in December 1994 and is responsible for the integrated operations within Australia including oil and gas exploration and production, power generation and natural gas, electricity and LPG trading and retailing. She is also responsible for the HS&E corporate activities. Karen is a director of Contact Energy Limited, Victorian Energy Networks Corporation (VENCorp) and Energy and Water Ombudsman (Victoria) Limited. She also chairs Contact's HSE Committee and VENCorp's Safety and Emergency Committee. Karen is a member of the Australian School of Business Advisory Council and the CSIRO Energy and Transport Sector Advisory Council. Prior to joining Origin, Karen held development and trading roles with the Exxon Group (1983–1994). She has a Bachelor of Economics and a Diploma of Education from the University of Sydney, and is a member of the Australian Institute of Company Directors and Chief Executive Women.

2. Andrew Stock

Executive General Manager, Major Development Projects

Andrew Stock joined Boral Energy (now Origin) in 1984 and is responsible for Origin's major capital development projects in upstream petroleum and power generation and the low-emissions technology businesses. He is a director of Geodynamics Limited and The Climate Group. Prior to joining Origin, Andrew held senior management positions in the energy and petrochemical industries. He has a Bachelor of Engineering (Chemical – Honours) from the University of Adelaide, is a Fellow of the Institution of Engineers Australia, and a member of the Australian Institute of Company Directors and Australian Institute of Energy.

3. Robbert Willink

Executive General Manager, Exploration

Rob Willink joined SAGASCO Resources (now Origin) in 1988 and is responsible for oil and gas exploration. Prior to joining Origin, Rob spent nine years with Shell as a petroleum geologist in Australia, Oman and Turkey, and was a lecturer in petroleum geology at the National Centre for Petroleum Geology and Geophysics in Adelaide. Rob has a Bachelor of Science (Honours) from the University of Tasmania and a PhD from The Australian National University.

4. Frank Calabria

Chief Financial Officer

Frank Calabria joined Origin as Chief Financial Officer in November 2001 and is responsible for finance, information technology, investor relations and procurement. Prior to joining Origin, Frank held senior finance roles with Pioneer International Limited, Hanson plc and Hutchison Telecommunications. Frank has a Bachelor of Economics from Macquarie University and a Masters of Business Administration (Executive) from the Australian Graduate School of Management. He is an Associate of the Institute of Chartered Accountants of Australia and a Fellow of the Financial Services Institute of Australasia.

5. Carl McCamish

Executive General Manager, Corporate Development and Communications

Carl McCamish joined Origin in March 2008 and is responsible for strategy, business development and corporate communications. Before joining Origin, Carl worked for McKinsey & Co and as a strategy advisor to the United Nations. In 2004, he was appointed as Senior Advisor in the Prime Minister's Strategy Unit in the UK and was deputy head of the UK energy review which covered all aspects of energy policy. In 2007, Carl was head of strategic development at the private equity firm, Terra Firma, before deciding to return to Australia. He has a Bachelor of Arts and Law from the University of Melbourne and a Masters in Industrial Relations and Labour Economics from Oxford University where he was a Rhodes Scholar.

6. Melanie Laing

Executive General Manager, Human Resources

Melanie Laing joined Origin in November 2007 and is responsible for driving the human resources strategy. Prior to joining Origin, Melanie was Regional Human Resources Director for Unisys Asia Pacific where she built a human resources function that supported the business through major growth and change. She has also held senior HR roles with Vodafone Asia Pacific and General Re Corporation. Melanie has a Bachelor of Arts from the University of the Witwatersrand in South Africa and several qualifications in human resources management. She is a Fellow of the Australian Institute of Company Directors and a member of the Australian Human Resources Institute.

7. Bill Hundy

Company Secretary

Bill Hundy joined Origin in July 2001, and is responsible for the company secretarial, insurance, legal and compliance functions.

Prior to joining Origin, he was company secretary for Email Limited and Placer Pacific Limited.

Bill has a Bachelor of Laws and Bachelor of Commerce from the University of New South Wales. He is a Fellow of the Chartered Institute of Secretaries and the Australian Institute of Company Directors.

Financial history

five year summary

Key performance indicators	June 2008	June 2007	June 2006	June 2005	June 2004
Profit and loss ($M)					
Total external revenue	**8,275**	6,436	5,880	4,870	3,522
EBITDAF	**1,309**	1,195	1,076	937	532
Significant items – pre tax	**202**	46	31	–	–
Increase/(decrease) in fair value of non-financing cost related financial instruments – pre tax	**(77)**	32	(20)	(19)	–
Depreciation and amortisation expense	**(345)**	(330)	(297)	(262)	(203)
EBIT	**1,090**	943	791	656	329
Interest expense	**(220)**	(215)	(175)	(148)	(45)
Increase/(decrease) in fair value of financing cost related financial instruments – pre tax	**(13)**	20	7	–	–
Tax expense	**(235)**	(157)	(169)	(137)	(77)
Minority interests	**(105)**	(135)	(122)	(70)	(2)
Net profit after tax less minority interests (statutory)	**517**	457	332	301	205
Significant items – after tax less minority interests	**(74)**	(87)	6	–	–
Net profit after tax less minority interests and significant items (underlying)	**443**	370	338	301	205
Balance sheet ($M)					
Total assets	**12,568**	14,765	8,665	8,123	3,707
Net debt	**3,283**	2,958	2,411	2,743	861
Shareholders' equity – members/parent entity interest	**4,072**	5,881	2,691	2,524	1,932
Adjusted net debt[1]	**3,608**	3,389	2,637	2,743	861
Shareholders' equity – total	**5,176**	6,969	3,646	3,519	1,939
Cash flow and capital expenditure ($M)					
Operating cash flow after tax (OCAT)[2]	**875**	818	768	598	402
Free cash flow[3]	**622**	595	583	448	350
Capital expenditure	**1,685**	2,027	897	1,474	509
Stay-in-business	**178**	179	209	132	86
Growth	**1,398**	580	507	375	237
Acquisition	**109**	1,268	181	968	185
Funds employed (excl capital work in progress)	**6,516**	5,474	4,758	4,278	2,231
OCAT Ratio (%)[4] (excl capital work in progress)	**12.3**	13.7	15.0	12.9	17.5
Key ratios					
Statutory basic earnings per share (cents)	**59.0**	54.7	41.9	39.5	30.0
Underlying basic earning per share (cents)	**50.6**	44.3	42.7	39.5	30.0
Free cash flow per share (cents)	**71.0**	71.2	73.6	62.6	51.4
Total dividend per share (cents)	**25**	21	18	15	13
Net debt to net debt plus equity (adjusted) (%)[1]	**42**	42	42	44	31
Interest cover[5]	**4.2**	4.1	4.2	4.2	6.2
Adjusted return on equity (%)[1]	**13.4**	12.7	12.3	11.9	10.6
Underlying adjusted return on equity (%)[6]	**11.5**	10.3	12.9	11.9	10.6
EBITDAF by segment ($M)					
Exploration and Production	**264**	254	209	230	197
Retail	**499**	355	292	275	238
Generation	**56**	79	58	52	68
Contact Energy	**490**	477	488	346	–
Networks	**–**	30	29	34	29
General information					
Number of employees (excluding Contact Energy)	**3,940**	3,751	3,514	3,396	3,211
2P reserves (PJe)	**5,770**	3,471	2,436	2,220	2,220
Product sales volumes (PJe)	**101**	93	84	87	85
Natural gas (PJ)	**85**	74	66	66	67
Crude oil (kbbls)	**1,252**	1,540	1,780	2,187	1,899
Condensate/naphtha (kbbls)	**762**	784	495	648	434
LPG (Kt)	**67**	65	55	51	49
Ethane (Kt)	**25**	40	41	44	35
Production volumes (PJe)	**101**	87.2	77.6	83.4	81.2
Generation (MW)	**870**	870	870	870	883
Generation dispatched (TWh)	**1.55**	1.62	1.62	1.78	1.84
Number of customers ('000)	**3,011**	3,011	2,135	2,102	2,143
Electricity	**1,758**	1,786	955	913	887
Natural gas	**896**	889	880	900	967
LPG	**358**	336	300	289	289
Retail sales volumes (PJe)	**264**	231	209	198	195
Electricity (TWh)	**32**	23	16	16	16
Natural gas (PJ)	**127**	125	120	117	114
LPG (Kt)	**462**	486	522	506	490
Weighted average number of shares	**875,376,019**	835,770,613	791,873,326	715,970,440	663,160,654

[1] *Adjusted to exclude impact of derivative financial instruments.*

[2] *OCAT is calculated from EBITDA as the primary source of cash contribution, but adjusted for stay-in-business capital expenditure, changes in working capital, non-cash items and tax paid.*

[3] *Free cash flow is defined here as cash available to fund distributions to shareholders and growth capital. It includes deductions for stay-in-business capital expenditure, interest and tax.*

[4] *OCAT Ratio = (OCAT – interest tax shield)/funds employed.*

[5] *EBIT/Interest – Includes capitalised interest, excludes unwinding discounts on provision.*

[6] *Underlying adjusted return on equity excludes significant items and the impact of movement in financial instruments.*

Exploration and production data

2007/08 drilling program results

Area/Basin	Exploration	Appraisal	Development	Total	Wells cased for production
Cooper (Oil program)	19	23	16	58	42*
Cooper (Gas program)	1	2	17	20	18
Denison Trough	–	–	2	2	2
Surat	1	2	–	3	2
CSG	27	47	95	169	153†
Onshore Otway	–	–	–	–	–
Offshore Otway	–	–	–	–	–
Bass Basin	–	–	–	–	–
Onshore Perth	1	2	–	3	2
New Zealand	2	–	4	6	3
Other	–	–	–	–	–
Total	**51**	**76**	**134**	**261**	**222**

* Includes 2 wells completed as gas wells only.
† 14 wells drilled as cored slimholes and 2 wells as monitoring wells and, while successful in their objectives, not intended for production.

Potential drilling program for 2008/09

Area/Basin	No. of wells
Cooper (Oil program)	50
Cooper (Gas program)	38
Denison Trough	4
Surat	5
CSG	254
Onshore Otway	–
Offshore Otway	3
Bass Basin	2
Onshore Perth	6
New Zealand	3
Other	–
Total	**365**

2P reserves by product

	Gas (PJ)	LPG (KT)	Condensate (KBBLS)	Oil (KBBLS)	Total (PJe)
Reserves at 1/07/07	3,252	1,770	19,274	4,310	3,471
Net additions and revisions	2,373	104	127	3,645	2,400
Production	(88)	(66)	(746)	(941)	(101)
Reserves at 30/06/08	**5,537**	**1,808**	**18,655**	**7,014**	**5,770**

2P reserves by region

	Gas (PJ)	LPG (KT)	Condensate (KBBLS)	Oil (KBBLS)	Total (PJe)
Queensland CSG	4,751	–	–	–	4,751
Queensland conventional	75	54	395	247	81
Cooper Basin	157	299	2,212	3,194	203
Other onshore Australia	14	–	28	1,170	21
Otway Basin – Offshore	265	491	3,194	–	306
Bass Basin	130	399	4,964	349	179
New Zealand	147	565	7,863	2,054	231
Total	**5,537**	**1,808**	**18,655**	**7,014**	**5,770**

The information in this Reserves Statement has been compiled by Tim Scholefield, a full-time employee of the company. Tim Scholefield is qualified in accordance with the ASX Listing Rule 5.11 and has consented to the form and context in which this statement appears. For further details regarding Origin's reserves position and the basis for the reserves assessment refer to the ASX release by Origin date 31 July 2008.

Sales volume by asset (PJe)

Area/Basin	Region	2008	2007
Cooper Basin	South Australia/ Queensland	27.1	33.6
Denison Trough	Queensland	5.3	6.4
Surat Basin	Queensland	5.4	6.9
Peat (CSG)	Queensland	3.9	4.1
Fairview (CSG)	Queensland	6.3	5.9
Spring Gully (CSG)	Queensland	27.4	15.1
Argyle/Kenya/Bellevue (CSG)	Queensland	2.5	0.0
Katnook/Ladbroke Grove	South Australia	0.7	2.0
Perth Basin gas	Western Australia	4.1	4.1
Perth Basin oil	Western Australia	3.4	5.8
Bass Gas	Tasmania	10.4	8.6
Otway Gas Project	Victoria/Tasmania	4.0	0.0
Taranaki Basin (Onshore)	New Zealand	0.2	0.0
Total		**100.7**	**92.5**

Table of measures

Kbbls	Kilobarrels = 1,000 barrels
Kt	Kilotonnes = 1,000 tonnes
Barrels (bbls)	A measure used for oil production and sales. One barrel equals approximately 159 litres.
Electricity	• Watt (W) the primary measure of power in the metric system. • Megawatt Hour (MWh) Standard unit of electrical energy representing consumption of one megawatt over one hour. • Megawatt (MW) One MW = one million watts. • Gigawatt hour (GWh) One GWh = 1,000 megawatt hours. • Terawatt hour (TWh) One TWh = one million megawatt hours.
Gas measures	• Joule Primary measure of energy in the metric system. • Gigajoule (GJ) A gigajoule equals one billion joules. • Terajoule (TJ) A Terajoule is equal to 1,000 gigajoules. • Petajoule (PJ) A Petajoule is equal to one million gigajoules. • Petajoules equivalent (PJe) An energy measurement Origin uses to represent the equivalent energy in different products for comparison purposes. The factors used by Origin to convert to PJe are: one million barrels crude oil = 5.83 PJe; one million barrels condensate = 5.41 PJe; one million tonnes LPG = 49.3 PJe; one TWh of electricity = 3.6 PJe.

Share and shareholder information

Information set out below was applicable as at 3 September 2008:

Ordinary shares

Size of holding	Number of shareholders	% of issued shares
1-1,000	38,442	2.27
1,001-5,000	53,185	14.15
5,001-10,000	9,366	7.34
10,001-100,000	4,792	10.72
100,001 and above	189	65.52

1,917 shareholders hold less than a marketable parcel.

Substantial shareholders

By notice dated 3 September 2008, BG International (AUS) Investments 1 Pty Limited advised that it had a relevant interest in 1,156,005 ordinary shares or 0.13% of the issued capital.

By notice dated 28 August 2008, Commonwealth Bank of Australia advised that it had a relevant interest in 44,054,709 ordinary shares or 5.0% of the issued capital.

Twenty largest shareholders	Number of shares	% of issued shares
HSBC Custody Nominees (Australia) Limited	150,815,524	17.12
JP Morgan Nominees Australia Ltd	91,997,209	10.44
National Nominees Limited	85,550,490	9.71
Citicorp Nominees Pty Limited	74,828,444	8.49
ANZ Nominees Limited	43,847,871	4.98
Cogent Nominees Pty Limited	18,522,404	2.10
Merrill Lynch (Australia) Nominees Pty Ltd	12,875,325	1.46
Queensland Investment Corporation	10,336,119	1.17
RBC Dexia Investor Services Australia Nominees Pty Limited	9,810,444	1.11
AMP Life Limited	9,354,221	1.06
UBS Nominees Pty Ltd	7,833,816	0.89
Bond Street Custodians Limited	5,412,433	0.61
Argo Investments Limited	5,350,318	0.61
Australian Reward Investment Alliance	4,948,391	0.56
Australian Foundation Investment Company Limited	4,754,591	0.54
Pan Australian Nominees Pty Limited	4,559,289	0.52
Perpetual Trustee Co Ltd (Hunter)	3,380,124	0.38
BT Portfolio Services Limited	3,059,973	0.35
Invia Custodian Pty Limited	2,953,584	0.34
Warnford Noms Pty Ltd	2,000,000	0.23
	552,190,570	**62.67**

Shareholder enquiries

For information about your shareholding, to notify a change of address, to make changes to your dividend payment instructions or for any other shareholder enquiries, you should contact Origin Energy's share registry, Link Market Services Limited on 1300 664 446. Please note that broker sponsored holders are required to contact their broker to amend their address.

When contacting the share registry, shareholders should quote their security holder reference number, which can be found on holding or dividend statements.

Shareholders with internet access can update and obtain information regarding their shareholding online at www.originenergy.com.au/investor.

Dividends

Origin will pay a final dividend for the 2007/2008 year of 13 cents per share (fully franked) on 3 October 2008.

There are several alternatives in relation to the way shareholders can elect to receive their dividends:

- By direct credit, paid into a bank, building society or credit union account in Australia or New Zealand. For payments into New Zealand bank accounts, dividends will be paid in New Zealand dollars. The payment of dividends will be electronically credited on the dividend payment date and confirmed by payment advices sent through the mail; or
- By participation in the Dividend Reinvestment Plan (DRP). The DRP enables shareholders to use cash dividends to purchase additional fully paid Origin Energy shares. Details of the DRP can be obtained at www.originenergy.com.au/investor or by contacting the share registry; or
- By cheque paid in Australian dollars.

Tax File Number

For resident shareholders who have not provided the share registry with their Tax File Number (TFN) or exemption category details, tax at the top marginal tax rate (plus Medicare levy) will be deducted from dividends to the extent they are not fully franked. For those shareholders who have not as yet provided their TFN or exemption category details, forms are available from the share registry. Shareholders are not obliged to provide this information if they do not wish to do so.

Information on Origin

The main source of information for shareholders is the Annual Report and the Shareholder Review. Both the Annual Report and Shareholder Review will be provided to shareholders on request and free of charge. Shareholders not wishing to receive the Annual Report should advise the share registry in writing so that their names can be removed from the mailing list. Origin's website www.originenergy.com.au is another source of information for shareholders.

Securities exchange listing

Origin shares are traded on the Australian Stock Exchange Limited (ASX). The symbol under which Origin shares are traded is 'ORG'.

Voting rights of members

At a meeting of members, each member who is entitled to attend and vote may attend and vote in person or by proxy, attorney or representative. On a show of hands, every person present who is a member, proxy, attorney or representative, shall have one vote and on a poll, every member who is present in person or by proxy, attorney or representative shall have one vote for each fully paid share held.

Directory

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Secretary
William Hundy

Auditor
KPMG

Bankers
National Australia Bank
Westpac Banking Corporation

This Shareholder Review provides a company overview of the past 12 months. Further information about Origin's performance, including detail contained in our Annual Report, can be found on our website: www.originenergy.com.au

ORIGIN ENERGY LIMITED
ABN 30 000 051 696

Annual Report 2008

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This year has been significant for Origin. By pursuing our fuel integrated generator and retailer strategy Origin has become a leading integrated energy company with interests in oil and gas production, merchant and contracted power generation and energy retailing.

Our long term focus on establishing an extensive gas resource base with unequalled access to energy markets in eastern Australia is delivering significant value to you – our shareholders. As the largest holder and leading developer of CSG reserves, Origin is well placed to benefit from rising energy prices and increasing demand for gas in eastern Australia.

Your Board has been working hard to look after your interests in light of BG Group's hostile and conditional takeover offer. The Target's Statement that was recently mailed to you outlines our rationale for unanimously recommending that shareholders reject BG Group's offer.

Importantly, during this time, we have continued to deliver strong financial performance and we have further consolidated a solid platform for the ongoing growth of your company.

Financial performance

We reported an underlying profit of $443 million for the year ended 30 June 2008, up 20% on the prior year, highlighting the strength of our existing businesses.

Our statutory profit for the financial year to 30 June 2008 was $517 million, an increase of 13% compared with $457 million reported last year. In addition to the underlying profit, this statutory profit contains a number of significant items, including the sale of our Networks business and Mokai geothermal assets, the impact of fair value changes to financial instruments (predominantly associated with our energy procurement activities), and one-off costs associated with the New Plymouth Power Station and the purchase of the Sun Retail business.

Basic earnings per share calculated from the underlying profit increased 14% to 50.6 cents on an expanded weighted average capital base of 875 million shares. This compares to 44.3 cents based on the same calculation from last year.

We have declared a fully franked final dividend of 13 cents per share in view of the strength of our underlying profit and sound financial position. This brings the total fully franked dividend for the year to 25 cents per share, an increase of 19% over the prior year.

To provide a clearer understanding of operational performance for our stakeholders, we report earnings before interest, tax, depreciation, amortisation, significant items and the impact of fair value changes to financial instruments (EBITDAF). For the year to 30 June 2008, EBITDAF from continuing businesses was $1,309 million, a 12% increase from the prior year of $1,165 million.

Record production, sales and revenues have resulted in higher earnings from the Exploration and Production segment. This reflected our growing coal seam gas operations, a full year contribution from the BassGas Project and an initial contribution from the Otway Gas Project.

Earnings for the Generation business were in line with the prior year after adjusting for the Mt Stuart Power Station transition to an internal contract.

The Retail segment significantly increased earnings, predominantly due to a full year contribution from Sun Retail, despite continuing high churn in gas and electricity markets and tighter margins in the LPG business. Customer numbers were maintained across the year and dual fuel accounts increased. We continue to be the market leader in green energy customers.

Contact Energy increased its contribution to our profits primarily due to increases in retail volumes and tariffs.

The continued growth of your company requires that capital investment decisions, that will maintain and add value to your company, continue to be made. This year total capital expenditure including acquisitions was $1,685 million, compared with $2,027 million last year.

Stay-in-business capital expenditure associated with the maintenance of ongoing operations was $178 million for the year of which $80 million was attributable to Contact Energy, $49 million related to Exploration and Production and $42 million related to Retail (customer systems and LPG).

Growth capital expenditure was $1,398 million, 141% higher than the prior period. This included expenditure of over $40 million in the following areas: Kupe Gas Project ($291 million); CSG assets in Queensland ($273 million); Darling Downs Power Station ($248 million); Contact Energy ($128 million); Geodynamics ($105 million); Otway Gas Project ($48 million); and expansion of the Quarantine Power Station ($45 million).

Capital expenditure on acquisitions totalled $109 million covering acquisition of exploration and production assets from Swift Energy in New Zealand and the Halladale and Black Watch exploration leases off the south west Victorian coast. This compares with $1,268 million in the prior year, predominantly associated with the acquisition of Sun Retail.

The sale of our Networks business took place in two parts. The second part settled on 2 July 2007 and the proceeds from this part are reflected in the accounts for this year.

Coal Seam Gas

The interest of global energy companies in Australian CSG reserves has increased materially during 2008, with recent investments by BG Group, PETRONAS and Shell.

We are pleased to be able to state clearly that after more than a decade of investment in this area your company has the largest reserves and is the leading developer of CSG in Australia.

Over the year we announced a 92% increase in 2P CSG reserves to 4,751 PJ and a 121% increase in 3P CSG reserves to 10,138 PJ. The 2C or best estimate contingent resource in

OUR PRINCIPLES

- We conduct ourselves and our business with due care and in accordance with relevant laws and regulations. We have an overriding duty to ensure the health and safety of our employees, and to minimise the health, safety and environmental impacts on our customers and the communities in which we operate.
- We will add value to the resources that come under our control.
- The value we create will be distributed to stakeholders recognising the need to ensure the sustainability of our business and its impact on the environment and the communities in which we operate.
- When faced with choices, we make decisions knowing they will be subject to scrutiny. We should be able to demonstrate the soundness of our decisions to all stakeholders.
- We encourage diversity and expression of ideas and opinions but require alignment with the company's commitments, principles and values and the policies established to implement them.

OUR COMMITMENTS

At Origin, our commitments to our key stakeholders are to:

- **Deliver market leading performance** for shareholders by identifying, developing and operating value creating businesses across the energy supply chain.
- **Deliver value to customers** by developing and procuring competitive sources of energy and related products and services that better meet customers' energy needs.

Origin's acreage is an additional 15,869 PJ, over and above the 3P reserves assessment, while the assessment of prospective resources is a further 17,947 PJ, located in the Galilee Basin in Central Queensland. These reserves and resources were certified by internationally recognised petroleum consultant Netherland, Sewell & Associates, Inc. and make your company the largest holder of CSG reserves in Australia.

Origin is proud to have the longest history of CSG production experience in Australia. During the year we increased our CSG production by 75% to 39 PJ per annum when compared with production for the year ended 30 June 2007, with production reaching 131 TJ per day by 30 June 2008 – both records for Australian CSG production by one company.

Positioned for a carbon-constrained future

Since listing on the ASX in 2000 Origin has made a series of investments that, in our view, position the company well for a carbon-constrained future. In addition to gas fired generation Origin has long supported the development of renewable technologies such as wind, geothermal and solar power.

We welcomed the release of the Federal Government's Green Paper on climate change and we strongly endorse the Government's view that it is in the national interest to help forge an effective global response to climate change and to begin in earnest the transformation towards a lower-emissions future for Australia. We are also pleased to see an emissions trading scheme at the heart of the Government's plans. While we strongly support the implementation of an emissions trading scheme, we are conscious of the impact this will have on households through increased energy costs. Origin is very heartened to see that strong measures have been suggested to help vulnerable households manage under an emissions trading scheme.

Our people

The continued effort, skill and dedication of our people are paramount to our success. Origin employee numbers, excluding Contact Energy, increased by 189 to 3,940 this year, with increased staffing in the Retail business and in Exploration and Production project areas. We maintain a strong focus on the health and safety of our people. Since June 2007, our total recordable incident frequency rate has decreased from 16.3 to 8.5, improving over 47%. We would like to take this opportunity to thank our people for their ongoing contribution to Origin's continued performance year in year out.

KEVIN McCANN
Chairman

GRANT KING
Managing Director

- **Create and maintain a rewarding workplace for employees** by encouraging personal development, recognising good performance, inducing teamwork and fostering equality of opportunity.
- **Respect the rights and interests of the communities in which we operate** by working safely and being mindful of, and attentive to, the environmental and social impacts of the resources, products and services we use or provide to others.

OUR VALUES

Origin's values describe behaviours that the company expects employees to demonstrate in their actions and the decisions they make in pursuing the outcomes we are committed to achieving. Our values are:

Caring

We care about our impact on customers, colleagues, the community, environment and shareholders.

Listening

We listen to the needs of others, knowing that an unfulfilled need creates the best opportunities.

Learning

We constantly learn and implement new and better ways, sharing information and ideas effectively.

Delivering

We deliver on the commitments made in all areas of performance.

All figures in this report relate to businesses of the Origin Energy Limited Group ('Origin' or 'the Company') for the 12 months ended 30 June 2008 compared with the 12 months ended 30 June 2007 (the 'prior year'), except where otherwise stated. All reference to $ is a reference to Australian dollars unless specifically marked otherwise.

1. Profit and Dividend Declaration

1.1 Statutory Profit – $517 million up 13%

Origin reported a net profit after tax and minority interests ('Statutory Profit') of $517 million for the 12 months ended 30 June 2008, an increase of 13% compared with $457 million reported last year.

1.2 Underlying Profit – $443 million up 20%

The Statutory Profit for Origin contains the impact of a number of significant items as outlined in the table below. This includes positive impacts from the sale of the Networks business and Contact's Mokai geothermal assets. These positive impacts are partially offset by changes in fair value of financial instruments (predominantly associated with the Company's energy procurement activities), charges for asbestos removal and related costs associated with the New Plymouth Power Station and one-off costs associated with the purchase of the Sun Retail business. These significant items provide an overall benefit of $74 million after tax and the elimination of minority interests.

The profit after tax and minority interests and before significant items ('Underlying Profit') for Origin for the year ended 30 June 2008 was therefore, $443 million, an increase of 20% compared with the Underlying Profit of $370 million for the year ended 30 June 2007.

	2008 ($M)		2007 ($M)		
	AFTER TAX AND MINORITY INTERESTS IMPACT	NPAT	AFTER TAX AND MINORITY INTERESTS IMPACT	NPAT	CHANGE (%)
Statutory Profit		**517**		457	13
Significant items					
Asset Sales					
– Networks	**145**		76		
– Mokai geothermal assets	**9**		–		
Changes in FV of financial instruments					
Commodity instruments	**(58)**		23		
Financing instruments	**(5)**		7		
New Plymouth asbestos removal and related costs	**(10)**		–		
Impairment of Producing assets	**–**		(52)		
Sun Retail one-off costs	**(8)**		(10)		
Change in NZ tax rate	**–**		29		
Termination of Mt Stuart PPA	**–**		14		
Total significant items	**74**	**74**	87	87	
Underlying Profit		**443**		370	20
Statutory EPS (cents per share)		**59.0**		54.7	8
Underlying EPS (cents per share)		**50.6**		44.3	14

A more detailed reconciliation of the before and after tax impact of these significant items is provided in Appendix 1.

The increase in Underlying Profit was predominantly driven by higher earnings from the Retail segment as a result of inclusion of a full year of Sun Retail.

1.3 Earnings per share – Up 14% on Underlying Profit

Earnings per share calculated from the Underlying Profit increased 14% to 50.6 cents on an expanded weighted average capital base of 875 million shares compared with 836 million in the prior year. This compares to 44.3 cents based on the same calculation on Underlying Profit last year.

1.4 Dividends – Final dividend of 13 cents per share fully franked

A final fully franked dividend of 13 cents per share will be paid on 3 October 2008 to shareholders of record on 9 September 2008 (compared with 11 cents in the prior year). Origin shares will trade ex-dividend from 3 September 2008. This brings the total dividend for the year to 25 cents per share, an increase of 19% over the prior year. This represents a dividend payout ratio of 42% of Statutory earnings per share, or nearly 50% of Underlying earnings per share.

The Dividend Reinvestment Plan will apply to the current dividend without a discount.

1.5 EBITDAF – Up 12% to $1,309 million

With the introduction of International Financial Reporting Standards (IFRS) in recent years, the accounting standards require that changes in the fair value of certain financial instruments be reflected in the Profit and Loss statement. This can introduce significant volatility to the earnings reported for the year. To provide a clearer understanding of operational performance, the Company is reporting earnings before interest, tax, depreciation, amortisation, significant items and the impact of fair value changes to financial instruments (EBITDAF). Other significant items detailed in section 1.2 are accounted for below this line.

To best compare the operational performance of the business with the prior year all comparisons of EBITDAF will reference continuing businesses only. The prior year, therefore, excludes the contribution from the Networks business, the sale of which was settled in two tranches on 29 June and 2 July 2007.

For the year to 30 June 2008 EBITDAF was $1,309 million, a 12% increase from the prior year of $1,165 million. For more details see Section 4.3.

2. BG Takeover Offer and CSG monetisation process

2.1 BG Takeover Offer

On 29 April Origin received an unsolicited proposal from BG Group Plc. (‘BG’) for all the shares in the Company by way of a Scheme of Arrangement for a cash price of $14.70 per share (less any dividend). On 30 May 2008, Origin’s Directors rejected BG’s revised proposal of $15.50 per share (less any dividend). Origin’s Directors gave careful consideration to the proposal and concluded that it undervalued Origin.

On 24 June 2008, BG announced a hostile and conditional takeover offer for Origin, at the same price. Following consideration of BG’s proposed conditional off market takeover bid, Origin’s Directors announced on 4 July 2008 their intention to recommend that shareholders reject the bid. BG lodged a Replacement Bidder’s Statement with ASIC on 30 July 2008. Origin issued its Target’s Statement on 19 August 2008 recommending that shareholders reject the BG takeover offer.

2.2 CSG Monetisation Process

Following rejection of BG’s proposal on 30 May 2008, Origin’s Directors commenced the CSG monetisation process to seek proposals to accelerate the development of Origin’s CSG reserves. Origin has shortlisted a number of global participants in the energy industry, each of which have proposed a CSG to LNG project. Continuing this process will allow Origin to determine whether direct participation in a CSG to LNG project may deliver additional value to Origin shareholders.

Prior to the closing date of BG’s Offer, Origin’s Directors intend to provide Origin shareholders with an Independent Expert’s Report. This report will, amongst other things, include a valuation of Origin shares based on all relevant information about Origin’s value and prospects, including the outcome of the CSG monetisation process.

3. Outlook

Origin’s financial performance and business development activities in the last year have continued to build on the Company’s fuel-integrated generation and retail business.

In the coming year a number of the projects Origin has been developing are expected to make initial, or significantly increased, contributions to Origin’s financial performance. These include:

- A full year contribution from the Otway Gas Project in Victoria;
- A full year contribution from the oil and gas production assets purchased from Swift Energy in New Zealand;
- Continuing increases in CSG production to meet existing contracts;
- An initial contribution from the Uranquinty Power Station which has already commenced commissioning and which is expected to be operational by December; and
- An increased contribution from the Quarantine Power Station following the expansion which is expected to commence commissioning by the end of 2008.

These projects will more than offset the decline in contribution from mature upstream assets such as the Cooper and Perth Basins.

For these reasons and based on current market conditions the Company is targeting an increase in Underlying EPS for 2008/09 of at least 10%.

During the year it is expected that a number of developments that could create substantial opportunities for Origin will either be resolved or progressed. The completion of the CSG monetisation process will allow Origin to determine whether direct participation in a CSG to LNG project may deliver additional value for shareholders when compared with other alternatives available to Origin to monetise its CSG reserves and resources. The Federal Government will continue to formulate its Carbon Pollution Reduction Scheme. Origin believes its business strategy and investments over the last decade position the Company favourably for the transition to a lower carbon economy. These opportunities could add substantially to the longer term growth of Origin.

In addition, the Company will continue to progress the development of several major projects which are expected to make contributions following the end of the current financial year, including:

- The Kupe Gas Project in New Zealand which is targeting to commence gas production in mid calendar year 2009;
- Continued development of CSG production, which is expected to more than double and reach over 100 PJ per annum by 2011;
- The 126 MW expansion of the Mt Stuart Power Station in Townsville – due for completion in late calendar year 2009;
- Construction of the 30 MW Cullerin Range Wind Farm in NSW due for completion in mid calendar year 2009;
- Completion of the 630 MW combined cycle, base load, gas fired Darling Downs Power Station in Queensland which is expected to commence commissioning in late 2009; and
- Development of the 550 MW gas fired peaking power station at Mortlake in Victoria due for completion in late calendar year 2010.

Contact Energy of New Zealand is also planning the expenditure of over $2 billion in renewable energy projects over the next 3 to 5 years as it increases its investments in geothermal energy developments and embarks on a plan to construct up to 727 MW of wind farm capacity in New Zealand.

With this range of opportunities before it, the Company continues to target ongoing growth in Underlying EPS averaging 10-15% per annum.

4. Financial Review

4.1 Financial Review Summary

YEAR ENDED 30 JUNE 2008	2008 ($M)	2007 ($M)	CHANGE (%)
Total external revenue	**8,275**	6,436	29
EBITDAF	**1,309**	1,165	12
EBIT	**1,090**	943	16
Net profit after tax before elimination of minority interests	**622**	592	5
Minority interests	**(105)**	(135)	(22)
Statutory Profit	**517**	457	13
Significant items	**74**	87	(15)
Underlying Profit	**443**	370	20
Basic earnings per share on Statutory Profit (cents)	**59.0**	54.7	8
Basic earnings per share on Underlying Profit (cents)	**50.6**	44.3	14
Free cash flow	**622**	595	5
Capital expenditure (inc acquisitions)	**1,685**	2,027	(17)
OCAT Ratio (excl CAPWIP)	**12.3%**	13.7%	n/a
Adjusted [net debt/(debt + equity)]	**42%**	42%	n/a

4.2 Revenue – $8,275 million, up 29%

Total external revenue increased by 29% to $8,275 million. Within Origin's Australian operations, the increase primarily reflected higher revenues from the Retail segment from a full year contribution of Sun Retail and tariff increases as well as record revenues from the Exploration and Production segment. Total external revenue from Contact Energy increased by 35% as higher wholesale electricity prices in New Zealand increased the revenue earned from its generation assets.

4.3 EBITDAF[1] – $1,309 million, up 12%

For the year to 30 June 2008 EBITDAF was $1,309 million, a 12% increase from the prior year of $1,165 million. The segment contributions to this result were:

EBITDAF

YEAR ENDED 30 JUNE	2008 ($M)	2007 ($M)	CHANGE (%)
Exploration & Production	**264**	254	4
Generation	**56**	79[2]	(29)
Retail	**499**	355[3]	41
Contact Energy[4]	**490**	477	3
Networks	**–**	30	n/a
Adjustment for discontinued business	**–**	(30)	n/a
Total	**1,309**	1,165[5]	12

1 *To best compare operational performance across the periods, EBITDAF is reported here on the basis of continuing businesses. This requires the elimination of the contribution from the Networks business segment in the 2007 financial year which made no contribution to Origin's EBITDAF in the 2008 financial year. Significant items are not included in EBITDAF.*

2 *Excluding the contract termination payment of $19.6m in relation to the Mt Stuart PPA recorded as a significant item in the 2007 financial year.*

3 *Excluding the Sun Retail one-off integration costs recorded as a significant item in the 2007 financial year.*

4 *100% of Contact Energy's EBITDAF is included in the consolidated income statement.*

5 *Adjusted for items in footnotes 2 & 3. The 2007 Report recorded a total EBITDAF of $1,201 million, including the Network business contribution.*

Exploration & Production increased its EBITDAF contribution by 4% to $264 million. The business delivered record energy sales of 101 petajoules equivalent (PJe); 9% higher than the previous record set in the prior year of 93 PJe. This reflects higher CSG sales, a full year contribution from the BassGas Project and an initial contribution from the Otway Gas Project which more than offset declines in production and sales from the more mature Cooper, Perth and onshore Otway basins. Details are available in Section 11.1.

Generation EBITDAF declined by 29% to $56 million from $79 million. This primarily reflects the non-recurrence of a $20.9 million payment made under contractual arrangements which have now been terminated with respect to the Mt Stuart Power Station. Details are available in Section 11.2.

In **Retail**, EBITDAF grew by $144 million from $355 million to $499 million. This was primarily due to a full year contribution from the acquisition of the Sun Retail business. Origin's comprehensive risk management policies with respect to electricity purchasing, have resulted in a weighted average cost of electricity for the full year well below the market contract prices available at the beginning of the year. Churn rates were high in the newly contestable Queensland market and in the highly competitive Victorian market. While Origin recorded a slight decline in electricity customer numbers, it continued to increase dual fuel accounts (up by 98,000 to 888,000) and continues to be the market leader in the sale of green energy (customer numbers up by 57% to 423,000). Despite the cost of higher churn, Origin increased its Retail EBITF[6] margin from 8.4% to 9.2% across gas and electricity. Details are available in Section 11.3.

Contact Energy contributed $490 million to EBITDAF, 3% higher than the $477 million recorded last year. This was primarily due to increases in retail volumes and tariffs. While electricity wholesale prices were significantly higher than the prior period increases in wholesale revenue were largely offset by increases in gas costs and energy purchases. Details are available in section 11.4.

An agreement to sell the **Networks** business was signed on 4 April 2007 with the business sold in two tranches on the 29 June 2007 and 2 July 2007. No EBITDAF was recorded for the segment in the 2008 financial year and it is treated here as a discontinued business. Details are available in Section 11.5.

4.4 EBIT – $1,090 million, up 16%

A number of items are recorded between EBITDAF and EBIT as detailed below:

Depreciation and amortisation expense (expense of $345 million)

Depreciation and amortisation expense increased by 5% to $345 million. This was primarily related to the upstream producing assets and Contact Energy.

Changes in the fair value of commodity financial instruments (expense of $77 million)

Under IFRS a pre-tax expense of $77 million is included in the Profit and Loss associated with the value of valid commodity hedging instruments which do not qualify for hedge accounting. Further explanation of the accounting treatment of these instruments is included in Section 7. This compares with a pre-tax benefit of $32 million last year.

Gain on sale of businesses (benefit of $243 million)

During the 2007 financial year, Origin concluded an agreement to sell its Networks business to APA Group. Settlement of the transaction has taken place in two parts. Settlement for the sale of the SEA Gas Pipeline portion of this business was effected on 29 June 2007 and a pre-tax profit on sale of $114 million was included in the accounts for the financial year ended 30 June 2007. The sale of the balance of the business took place on 2 July 2007 and resulted in a pre-tax profit on sale of $225 million reported in the results for the year ending 30 June 2008. During the 2008 financial year Contact sold its Mokai geothermal assets resulting in a pre-tax profit of $18 million.

New Plymouth asbestos removal and related costs (expense of $30 million)

A charge of $30 million has been made to the Profit and Loss for costs associated with the removal of asbestos and other site related costs from Contact's New Plymouth Power Station.

Sun Retail one-off costs (expense of $12 million)

Costs associated with the integration of the Sun Retail business were charged to the Profit and Loss for the year ended 30 June 2008. No further integration expenses are expected with respect to this acquisition.

After accounting for these items, EBIT increased 16% to $1,090 million.

4.5 Interest – $220 million, up 2%

Net financing costs for the year were $220 million, up 2% from $215 million in the prior year. This does not include capitalised interest of $55 million associated with major development projects. Capitalised interest for the year ended 30 June 2007 was $30 million.

4.6 Tax – $235 million, up 50%

Tax expense for the year was $235 million, 50% higher than the prior year. Prima facie tax was higher, reflecting the higher pre-tax profits. The effective tax rate is 27.4% compared to 20.9% last year. Excluding the one-off benefit resulting from the reduction in the New Zealand tax rates from 33% to 30%, the effective tax rate last year would have been 28.5%.

4.7 Profit – Underlying Profit of $443 million, up 20%

The profit after tax for the consolidated entity for the period, prior to the elimination of minority interests, was $622 million, an increase of $30 million or 5% over the prior year.

After elimination of minority interests of $105 million, Origin recorded a Statutory Profit of $517 million, 13% higher than last year.

As outlined in Section 1.2 the Statutory Profit contains a number of significant items totalling $74 million. Removing these items provides an Underlying Profit of $443 million, an increase of 20% over the prior year.

[6] *EBITF: Earnings before interest, tax, significant items and the movement in fair value of financial instruments.*

5. Cash flow

On a consolidated basis, the operating cash flow after tax increased by 7% to $875 million from $818 million. The key drivers for the increase were a significantly higher EBITDAF partially offset by an increase in working capital requirements.

Cash flow available for funding growth and distributions to shareholders (free cash flow) was $622 million compared with $595 million in the prior year.

Funds employed excluding CAPWIP[7] in the business increased by 19% as the result of the continuing development expenditure in the Exploration and Production business and full year impact of owning Sun Retail.

Due primarily to this increase in funds employed Origin's OCAT Ratio[8] excluding CAPWIP for the year to 30 June 2008 decreased to 12.3%, from 13.7% in the prior year.

6. Capital expenditure (including acquisitions) and divestments

Capital expenditure on growth and stay-in-business projects was $1,576 million, approximately double the prior year.

Stay-in-business capital expenditure associated with the maintenance of ongoing operations was $178 million of which $80 million was attributable to Contact Energy, $49 million related to Exploration and Production (predominantly the Cooper Basin), and $42 million related to Retail (customer systems and LPG).

Growth capital expenditure was $1,398 million, 141% higher than in the prior period. This included expenditure of over $20 million in the following areas:

- Kupe Gas Project ($291 million);
- CSG assets in Queensland ($273 million);
- Darling Downs Power Station ($248 million);
- Contact Energy ($128 million including $32m for the Wairakei generation project and several projects under $20 million);
- Geodynamics ($105 million);
- Otway Gas Project including the Thylacine and Geographe fields ($48 million);
- Quarantine Power Station ($45 million);
- Cooper Basin ($35 million);
- Mt Stuart Power Station ($24 million).

Capital expenditure on acquisitions totalled $109 million covering the acquisition of Exploration and Production assets from Swift Energy in New Zealand and the Halladale and Blackwatch fields off the south west Victorian coast.

Total capital expenditure including acquisitions was $1,685 million, compared with $2,027 million last year. The 2007 financial year included the acquisition of Sun Retail for $1,240 million.

On 4 April 2007, Origin announced the sale of its Networks business to APA. This business included the Origin Energy Asset Management business that provided management and operations services to Envestra Limited, a 17% interest in Envestra Limited, a 33% interest in the SEA Gas pipeline, and a range of smaller complementary assets. The sale of the SEA Gas portion of this business was completed on 29 June 2007. Settlement on the balance of the business took place on 2 July 2007 and the proceeds are reflected in the accounts for this year ended 30 June 2008.

7. Movements in fair value of financial instruments

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

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

The following tables summarise the key balances at 30 June 2008:

Summary of derivatives movements

	NET ASSETS ($M)		CHANGE
BALANCE SHEET	2008	2007	($M)
Commodity Risk Management	**273**	3,301	(3,028)
Contact Energy	**(212)**	(258)	46
Treasury and Other	**(16)**	(13)	(3)
Origin Group	**45**	3,030	(2,985)

RECONCILIATION OF BALANCE SHEET AND PROFIT AND LOSS ITEMS ASSOCIATED WITH DERIVATIVES MOVEMENTS	($M)
Change in net assets	(2,985)
Recognised in the Balance Sheet	2,895
Recognised in the Profit & Loss	90

[7] *CAPWIP is capital work in progress.*

[8] *Operating cash flow after tax (OCAT) Ratio = (OCAT – tax shield on interest)/funds employed.*

The fair value of financial instruments as measured against market prices is recorded in the Balance Sheet in the derivative asset and derivative liability balances. The large decrease in the forward prices of electricity at 30 June 2008 compared to 30 June 2007 has resulted in a large decrease in the fair value of these financial instruments. This is effectively a reversal of the significant increase observed in the 2007 financial year when the forward prices for electricity rose steeply.

The total year-on-year decrease in the value of financial instruments is $2,985 million of which $2,895 million qualifies for hedge accounting and is recognised in the Equity Hedge Reserve. The balance of $90 million is recognised as an expense in the Profit and Loss and is predominantly associated with the value of electricity caps. This compares with a benefit of $52 million in the prior year.

8. Funding and capital management

8.1 Net Debt, Equity and Interest Cover

Under IFRS accounting standards, net debt for the consolidated entity increased 11% from $2,958 million at 30 June 2007 to $3,283 million at 30 June 2008. The Australian equivalents to International Financial Reporting Standards (A-IFRS) calculation of net debt includes mark-to-market adjustments of $325 million ($430 million in the prior year) which act to reduce the net debt quoted. Excluding these mark-to-market adjustments, the 'adjusted net debt' for the Company was $3,608 million at 30 June 2008 ($3,389 million at 30 June 2007), an increase of 6%. This best reflects the underlying debt position of the Company.

The equity of the Company has decreased from $6,969 million to $5,176 million. This was primarily due to a decrease in the Hedge Reserve of $2,030 million and a decrease in the Available-For-Sale Reserve of $52 million, primarily due to changes in the fair value of financial instruments. Removing the effects of this change in fair value, the 'adjusted equity' of shareholders has increased from $4,683 million to $4,972 million. This increase in equity reflects the earnings from Company operations, capital raised during the year through the dividend reinvestment plan, and employee share and option plans, offset by movements in the foreign currency translation reserve and dividends paid.

The following table provides two calculations of the Net Debt to Net Debt plus Equity ratio, using definitions from IFRS or the adjusted definitions discussed above.

Calculation as reported:

	2008 ($M)	2007 ($M)	CHANGE (%)
Net debt as reported	**3,283**	2,958	11
Equity as reported	**5,176**	6,969	(26)
Net debt/(net debt + equity)	**39%**	30%	

Calculation based on adjusted amounts excluding mark-to-market movements:

	2008 ($M)	2007 ($M)	CHANGE (%)
Adjusted net debt	**3,608**	3,389	6
Adjusted equity	**4,972**	4,683	6
Adjusted [net debt/(net debt + equity)]	**42%**	42%	

Origin believes that the calculation based on adjusted values provides the best long term measure of the strength of the Company's Balance Sheet.

EBIT cover of interest (including capitalised interest) is 4.2 times, compared with 4.1 times at 30 June 2007.

8.2 Share Capital

During the period an additional 8,485,266 shares were issued. This included 4,767,266 shares issued under the Company's Dividend Reinvestment Plan (DRP) which raised $45 million and 3,718,000 shares issued as the result of the exercise of options which raised $19 million.

As a consequence the total number of shares on issue at 30 June 2008 rose to 880,773,722 from 872,288,456 at 30 June 2007. The weighted average number of shares used to calculate basic earnings per share increased 5% to 875,376,019.

9. Risk management

9.1 General

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

Consistent with this policy framework Origin hedges a significant portion of its exposure to electricity and oil prices and the US dollar exchange rate.

9.2 Electricity and Gas

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

9.3 Oil

Each year Origin assesses its anticipated medium term production volumes and forward oil prices and enters into hedges for a portion of this volume. Of Origin's 2008 production, approximately 1,065,000 barrels of oil and condensate had been previously hedged over a number of years at an average price of US$64.48 per barrel. The average price received for sales of oil, condensate and naphtha over the period including the impact of hedging was A$96.54 per barrel – an increase of 30% over the average price received in the prior year.

Origin currently has 690,000 barrels of its anticipated production for the financial year ending 30 June 2009, subject to hedges previously entered into by the Company at an average price of around US$69.00 per barrel and AUD/USD of $0.82.

9.4 Foreign Exchange

With regard to foreign exchange, Origin is prudently hedged over the next 12 months through external hedging arrangements. Origin expects that variability in the US dollar exchange rate will not have a material impact on group cash flows.

10. People, Health, Safety & Environment

Employee numbers (excluding Contact) increased during the year by 189 to 3,940. This included increased staffing in the Retail business and in Exploration and Production project areas.

Origin maintains a strong focus on the health and safety of its employees. Since June 2007, Origin's Total Recordable Incident Frequency Rate (TRIFR) has decreased from 16.3 to 8.5, which represents an improvement of more than 47%.

In the same period Origin's Lost Time Case Frequency Rate (LTCFR) decreased by around 12% from 3.3 to 2.9.

Origin is committed to minimising its impact on the environment around its producing facilities and ensures that all significant environmental incidents are reported. This year there were a number of spills reported that were considered potentially serious. Most spills were contained, but three spills involving loss of containment occurred at Exploration and Production's operations during the 2008 financial year:

- Approximately 20,000 litres of produced water was discharged onto a dirt road at Spring Gully as a result of the failure of a pump discharge hose fitting.
- Approximately 800 litres of oil were reported as being spilled to ground at Spring Gully following the overfilling of an oil tank and subsequent failure of the waste handling 'humeceptor'. Approximately 400 litres of the spilled oil was recovered.
- Approximately 790 litres of crude oil was spilt at Surat when a tilt tray truck operator opened a discharge valve on a test tank in the vicinity of the rig. It is estimated that approximately 320 litres was recovered.

Following Origin's opening of a reverse osmosis water treatment plant at Spring Gully in May of this year, Origin has called for submissions from companies interested in partnering with Origin to optimise the commercial and beneficial use of the water. Origin was awarded the 2008 Australian Petroleum Production and Exploration Association (APPEA) environment award for this water treatment facility.

In December 2007 Origin was awarded Sustainable Company of the Year by Ethical Investor Magazine. This award recognises Origin's broad leadership and achievements in sustainability, its workplace and community programs and the Company's commitment to providing easy and affordable green options to customers.

11. Operational Review

11.1 Exploration & Production

YEAR ENDED 30 JUNE	2008 ($M)	2007 ($M)	CHANGE (%)
Total revenue	**527**	484	9
EBITDAF	**264**	254	4
EBIT	**119**	41[9]	189

Sales Volumes

YEAR ENDED 30 JUNE	2008 ($M)	2007 ($M)	CHANGE (%)
Natural gas (PJ)	**85**	75	14
Crude oil (kbbls)	**1,252**	1,540	(19)
Condensate/naphtha (kbbls)	**762**	784	(3)
LPG (ktonnes)	**67**	65	3
Ethane (ktonnes)	**25**	31	(19)
Total (PJe)[10]	**101**	93	9

In 2008 the Exploration and Production division achieved record production, sales and revenues; increased CSG production by 75% to 39PJ per annum; increased 2P reserves by 66% and clearly established the Company as the leading CSG producer and holder of the largest CSG reserves in Australia.

11.1.1 Production, Sales and Revenues

Details of production may be found in the final Quarterly Production Report for the year to 30 June 2008 which was released on 31 July 2008.

Sales volumes increased by 9% to 101 PJe from 93 PJe. Sales increased from CSG assets (+15 PJe) and the BassGas Project (+2 PJe). Full commercial operation of the Otway Gas Project was achieved late in the year and resulted in sales of 4 PJe while an initial contribution was made from assets in the onshore Taranaki Basin in New Zealand (+0.2PJe). These gains more than offset declines from the Cooper Basin (-7 PJe), the Perth Basin (-2 PJe), the Denison Trough/Surat Basin (-3 PJe) and the onshore Otway Basin (-1 PJe).

Total revenue increased by 9% as a result of higher sales volumes and higher prices realised for oil, condensate and LPG. This more than offset a modest decline in average gas prices primarily reflecting the lower unit price of gas associated with an increasingly industrial load profile.

9 *Includes impairment of assets totalling $74 million in 2007.*

10 *Petajoule equivalents – a measure of energy.*

11.1.2 Expenses

The following table outlines the major categories of expenses within the Exploration and Production business. Year-on-year total costs have increased by around 14% or $33 million including higher general operating costs ($27 million) associated with higher production, employee numbers and wage inflation, partially offset by a favourable movement in tariff costs.

EXPLORATION AND PRODUCTION COSTS	2008 ($M)	2007 ($M)	CHANGE (%)	COMMENTS
Cost of goods sold	**(29)**	(19)	53	Higher COGS in line with higher oil prices for third party purchases together with inventory adjustments primarily in the Cooper Basin.
Royalties and tariffs	**(59)**	(64)	(8)	Lower production in royalty subject areas. No royalty or PRRT for BassGas or the Otway Gas Project.
General costs (Labour, JV costs, etc)	**(142)**	(115)	23	Main contributions to higher costs include higher production (up 16%); higher employee numbers (up 22%) and sector wage inflation (approx 10%).
Exploration write-downs	**(33)**	(32)	3	Consistent with overall activity.
	(263)	(230)	14	

11.1.3 EBITDAF

EBITDAF increased 4% to $264 million from $254 million in the prior year.

11.1.4 Depreciation, Amortisation and Impairment

Depreciation and amortisation charges increased 7% to $144 million from $135 million. This reflects commencement of production from the Otway Gas Project (and hence depreciation of its asset base) and a full year depreciation of the BassGas Project.

In the 2007 financial year a review of the carrying value of upstream assets resulted in an impairment charge of $74 million recorded across the Cooper Basin and onshore Otway Basin assets. There is no similar charge this year.

11.1.5 EBIT

EBIT for the 2008 financial year was $119 million compared with $41 million for the year ended 30 June 2007. EBIT for the year ended 30 June 2007 was adversely impacted by an impairment charge of $74 million. When excluding this impairment charge EBIT increased by 3% when compared to the prior year.

11.1.6 Reserves

Origin announced its annual review of reserves across its Exploration and Production interests in July 2008 and increased its 2P Reserves by 66% from 3,471 PJe to 5,770 PJe. This includes a net increase in 2P CSG reserves of 92% from 2,470 PJe to 4,751 PJe.

ORIGIN 2P RESERVES BY REGION (PJE)	2P RESERVES 30 JUNE 2007	ADDITIONS (REVISIONS)	PRODUCTION	2P RESERVES 30 JUNE 2008
Queensland				
Coal Seam Gas	2,470	2,320	(39)	**4,751**
Conventional (Surat/Denison)	84	8	(11)	**81**
Cooper Basin				
SA Cooper Basin	143	21	(14)	**150**
SWQ Cooper Basin	60	5	(13)	**52**
Other Onshore Australia				
Western Australia	22	6	(7)	**21**
Otway Basin – Onshore	0	1	(1)	**0**
Offshore Basins				
Otway Basin – Offshore	315	(4)	(5)	**306**
Bass Basin	183	6	(11)	**179**
New Zealand				
Offshore Taranaki (Kupe)	194	–	–	**194**
Onshore Taranaki	–	37	(0)	**36**
Total	3,471	2,400	(101)	**5,770**

The reserves increase has been achieved mainly through the additions in Origin's CSG tenements in Queensland. Origin has replaced production in the Cooper Basin this year, and further reserves have been added through the acquisition of producing assets from Swift Energy in New Zealand.

The change in Origin's CSG reserves and resources across the year is further detailed below:

ORIGIN EQUITY INTEREST CSG RESERVES (PJ)[11]	RESERVES 30 JUNE 2007	NET INCREASE	RESERVES 30 JUNE 2008	INCREASE (%)
Proved (1P)	1,107	268	**1,375**	24
Proved and Probable (2P)	2,470	2,281	**4,751**	92
Proved, Probable and Possible (3P)	4,578	5,560	**10,138**	121

ORIGIN EQUITY INTEREST CSG RESOURCES (PJ)[11]	RESOURCES 30 JUNE 2008
Contingent Resources (2C)	**15,869**
Prospective Resources	**17,947**

The 2008 assessment of Origin's CSG reserves has been prepared by internationally recognised petroleum consultant Netherland, Sewell & Associates, Inc.(NSAI).

Due to the extensive nature of the coal seams within Origin's CSG tenement areas Origin has extended reporting of its CSG resource to include 3P reserves, Contingent Resources and Prospective Resources.

NSAI has assessed Origin's 3P reserves position at 30 June 2008 as 10,138 PJ, a net increase of 121% compared with Origin's assessment at 30 June 2007.

The 2C or best estimate Contingent Resource in Origin's acreage is an additional 15,869 PJ, over and above the 3P reserves assessment, while the assessment of Prospective Resources is a further 17,947 PJ, located in the Gallilee basin in Central Queensland.

For more information on the reserves upgrade, please see Origin's release to the ASX on the 31 July 2008 accessible on the Origin website.[12]

11.1.7 Producing Assets

Coal Seam Gas (Queensland)

Origin is developing a diversified and flexible portfolio of producing assets in central Queensland with coal seam assets in both the Bowen Basin (Fairview and Spring Gully fields) and the Walloons (Talinga, Argyle and Kenya fields). By 30 June 2008 Origin's net Coal Seam Gas production had increased by 75% to 39.4 PJ from 22.5 PJ for the year ended 30 June 2007.

Origin's equity share of CSG production reached 131 TJ/d by the year ending 30 June 2008, reinforcing the Company's position as the largest CSG producer in Australia.

At Spring Gully production continued to ramp up and achieved peak gas sales of 105 TJ/d (Origin share approximately 97%). Phase 5 of the Spring Gully project is progressing; this is designed to increase plant processing capacity to 150 TJ/d to service contractual commitments to the Darling Downs Power Station. A reverse osmosis unit, designed to treat nine megalitres of water per day, commenced operations in late December 2007. Origin drilled a total of 43 wells in the Spring Gully area during the year.

At Fairview the operator, Santos, announced a development and exploration program aimed at increasing gross production capacity to 110 TJ/d by 2009. Origin participated in 42 wells drilled in the Fairview field as part of an ongoing program designed to underwrite future production and reserves growth.

Gas sales from Origin's interests in CSG fields operated by Queensland Gas Company (QGC) in the Walloons area commenced early in the 2008 financial year. Production from this area will service a 7 PJ per annum contract with Incitec Pivot (Origin interest 41%). Origin participated in 62 wells operated by QGC in this area during the year.

Origin approved the first major phase of its 100% owned development at Talinga in December 2007. The program includes an initial 100 wells together with gas and water processing facilities to achieve production of 90 TJ/d. Origin drilled 18 wells in this area during the year. The gas from Talinga will supplement supply from the Spring Gully field to meet contractual commitments.

In total, Origin participated in 169 CSG wells during the financial year ended 30 June 2008, including 4 wells outside the areas included above. This included 74 exploration and appraisal wells and 95 development wells.

Otway Gas Project (Victoria/Tasmania)

After an initial delay due to rectification of a pipeline leak and equipment repairs, commissioning of the production facilities commenced in earnest in March 2008 and was completed in June 2008. The production facilities have operated reliably throughout and the acceptance testing included a sustained period of operation at the peak design rate of 205 TJ/day. Origin has booked its share of revenues, costs and production from the project from the start of the fourth Quarter of the 2008 financial year.

Bass Basin (Victoria/Tasmania)

For the year ended 30 June 2008, the BassGas Project produced a total of 10.5 PJe comprised of 7.8 PJe of natural gas and ethane, 319.8 kbbls of condensate and 18.6 ktonnes of LPG. The BassGas Project has returned to full production capacity following the resolution of some capacity constraints in the onshore gas processing plant at Lang Lang during the June Quarter of the 2008 financial year. The Yolla 3 well was shut-in during the first half of the financial year pending remedial work which was completed in February 2008. Liquids production was lower than anticipated due to these constraints.

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

12 *http://www.originenergy.com.au/files/ReservesRelease31-7-08.pdf*

Cooper/Eromanga Basin (Queensland/South Australia)

Production from the Cooper Basin continued to decline during the year. Origin's share of total production decreased 13% for the 2008 financial year to 26.3 PJe compared with 30.4 PJe in the prior year. Gas production fell by 15% from 24.6 PJ to 20.9 PJ. However, oil production rose by 7% from 308 kbbls to 330 kbbls for the year ended 30 June 2008 reflecting the success of the accelerated oil production programme. Origin participated in 78 wells in the Cooper Basin during the year, including 58 wells associated with the oil program (42 exploration and appraisal wells and 16 development wells) and 20 gas wells of which 17 were development wells.

Perth Basin (Western Australia)

Oil production from the Hovea, Jingemia and Eremia fields continued on a natural decline. Origin's net share of oil production from these fields decreased by 43% from 997 kbbls to 568 kbbls.

Gas production remained flat at around 4 PJ per annum. Declining gas rates from the established fields were offset with the connection of the successful Apium 2 and Beharra Springs 4 wells.

Other Producing areas

In the Surat Basin and Denison Trough areas of Queensland, Origin's share of production for the 2008 financial year was 10.9 PJe compared with 12.9 PJe in the prior year, a 16% decrease. A drilling program commenced in December 2007 with the drilling of the successful Emu Apple 2 and 3 appraisal wells, both of which have been cased as future oil producing wells.

Production from the onshore Otway Basin continued to decline with total production of 0.7 PJe compared with 2.1 PJe for the year ended 30 June 2007. This reflected the cessation of production from the Ladbroke Grove field and the continuing natural decline of the remaining conventional gas fields in the area. These have now been sold.

11.1.8 Development Projects

Kupe Gas Project (New Zealand)

In July 2007, the Kupe JV advised that the expected completion cost of the Kupe Gas Project had increased by around 10%.

Following completion of the offshore drilling and construction programme, the Kupe JV has reviewed cost and advises that the expected completion cost has risen by around a further 10%.

Of the overall increase since project sanction, around 40% of the cost increase is due to changes to the project scope that have enhanced project value. The balance is due to higher than expected rig mobilisation costs and weather downtime, growth in quantities and higher than expected equipment, material and labour costs. Over the same period, liquids prices have risen strongly such that total revenue from the project has now increased by over 50% since sanction.

The project is due to commence gas production in mid 2009.

11.1.9 Exploration

Origin has continued to pursue new exploration opportunities both in onshore and offshore Australia and overseas.

Origin was the successful bidder (100%) for Block 121 in the Song Hong Basin, offshore Vietnam.

Seismic data has been acquired in the Cooper, offshore Otway, Surat and Bass Basins. Interpretation of Origin's 2006/2007 Lamu Marine seismic survey in Kenya has been completed and the very large Mbawa prospect has been matured to drillable status.

Origin participated in two offshore wells in New Zealand during the year, Moana 1 in the Northland Basin and Momoho 1 in the Taranaki Basin. Moana 1 was plugged and abandoned after failing to find hydrocarbons and Momoho 1, which was still drilling at the end of the financial year, resulted in a small discovery which will be further evaluated in the coming year.

During the year Origin participated in the drilling of 127 exploration and appraisal wells across its areas of interests. This included 74 CSG wells, 45 wells in the Cooper Basin predominantly associated with the Cooper oil programme and 2 offshore wells in New Zealand. In all, 90 of these wells were cased for future production or evaluation delivering a 71% success ratio.

11.1.10 Acquisitions/Divestments

Swift Assets (New Zealand)

In December 2007 Origin entered into an agreement with Swift Energy New Zealand to acquire certain of Swift's New Zealand assets for a consideration of approximately NZ$115 million. This included its two main producing areas in the onshore Taranaki Basin, some additional permits and inventory.

Under a separate arrangement between Contact Energy and Origin, Contact Energy has contributed approximately NZ$54 million of the total purchase price for the right to own and develop the Ahuroa field as an underground gas storage facility and purchase the remaining gas and LPG reserves in the Ahuroa reservoir. The agreement is subject to Ministry of Economic Development approval.

Halladale and Blackwatch fields

In February 2008 Origin announced the acquisition of Woodside Petroleum Limited's 62.5% interest in the exploration permits containing the Halladale and Blackwatch fields off the south west Victorian coast for $13.6 million. These fields are estimated to contain a contingent resource of 55 PJe of recoverable gas and condensate and the acquisition takes Origin's interest in the fields to 100%. The fields have the potential to be developed through extended reach drilling from shore, and also have the potential in the future to be used for gas storage.

CSG Monetisation Process

Following rejection of BG's proposal on 30 May 2008, Origin's Directors commenced the CSG monetisation process to seek proposals to accelerate the development of Origin's CSG reserves. Details of this process are outlined in Section 2.

11.2 Generation

YEAR ENDED 30 JUNE	2008 ($M)	2007 ($M)	CHANGE (%)
Total revenue	**86**	103[13]	(16)
EBITDAF	**56**	79[14]	(29)
EBIT	**38**	79	(51)

Sales Volumes

YEAR ENDED 30 JUNE	2008	2007	CHANGE (%)
Total Sales (TWh)	1.5	1.6	(5)

In the 2008 financial year EBITDAF for the Generation segment declined by 29% to $56 million from $79 million in the prior year. Operating performance of the business was steady with the reduction in EBITDAF reflecting the transition of the Mt Stuart Power Station from being an externally contracted plant to being contracted internally to Origin's Retail segment.

Under the Mt Stuart PPA with Enertrade, a Compensation for Shortfall in Energy Requested (CSER) payment of $20.9 million was received in the year ended 30 June 2007 to offset lower electricity sales and was in addition to capacity payments. However, as an internally contracted plant for the 2008 financial year Mt Stuart receives only a standard capacity payment from the Retail segment to cover its cost of capital consistent with the treatment of Origin's other internally contracted plant. Revenues and costs resulting from its operation accrue to the Retail segment. Generation earnings have therefore reduced by approximately the value of the CSER payment of $20.9 million. This has been recovered in the Retail segment via the benefits realised through not having to purchase additional caps and receiving pool revenues when Mt Stuart operates.

A key driver for the Generation segment is high plant availability. This ensures high utilisation of plant and increases the chances that peaking plants are available to take advantage of price spikes in the market. The Ladbroke Grove, Mt Stuart and Roma power stations met or exceeded their target reliability and availability for the year ended 30 June 2008.

Depreciation charges of $17 million were 13% lower than the prior year primarily due to lower depreciation charges on the Mt Stuart and Ladbroke Grove power stations. After termination of the Enertrade Power Purchase Agreement the depreciation period for Mt Stuart was extended to reflect the effective life of the plant. Ladbroke Grove's useful life has been extended as a result of a major component overhaul in October 2006.

EBIT declined by 51% to $38 million from $79 million for the year ended 30 June 2007, predominantly reflecting the transition of Mt Stuart to an internally contracted plant and the non-recurrence of a one off contract termination payment of $19.6 million recorded as a significant item in the accounts for the year ended 30 June 2007.

11.2.1 Power developments

Origin is currently committed to the development of over 2,000 MW of generation capacity in Australia, including 2,066 MW of gas-capable power generation and a wind farm development of 30 MW at Cullerin Range (refer to section 11.2.2 below).

Construction of the Darling Downs Power Station (DDPS) project was commenced in November 2007. At 630 MW, the DDPS will be Australia's largest combined cycle gas-fired power plant. The project remains on budget with expected commissioning in early 2010.

Origin also commenced construction of a 120 MW expansion of its Quarantine Power Station in December 2007. The open cycle gas-fired turbine will supplement peaking capacity in the South Australian market. The project is on budget and is expected to commence commissioning in late December 2008.

An expansion of Mt Stuart Power Plant peaking facility was announced on 1 February 2008. Origin has committed to purchasing a 126 MW 9E gas turbine from GE Energy for the development. The construction phase is expected to take 18 months with completion in late calendar year 2009.

In October 2007 Origin announced it had sought tenders for the first phase of its proposed 1,000 MW Mortlake Power Station. In July 2008 Origin committed to the construction of the initial 550 MW of the peaking power station at Mortlake to be online in late calendar year 2010. The power station is pre-designed for conversion to a combined cycle power station at a later date.

Throughout the 2008 financial year Origin continued to pursue development opportunities that enhanced its integrated business strategy and in July 2008 Origin announced the acquisition of the (640 MW) Uranquinty Power Station from Babcock and Brown Power. The power station is an open cycle gas turbine (4x160 MW) peaking plant located in southern NSW with access to gas from across the east coast and is expected to be operational by December 2008.

11.2.2 Renewables

In addition to Origin's portfolio of gas-fired generation and cogeneration plants, the Company is also developing renewable technologies which produce power with low or no greenhouse gas emissions. During the 2008 financial year, Origin substantially increased its investment and commitment to Renewable Energy generation. This has included Origin taking interests in wind and geothermal projects and continuing its investments in solar technology.

In January 2008 Origin announced the acquisition of an option to source up to 590 MW of wind farms from Epuron, a subsidiary of the German company Conergy. The 30 MW Cullerin Range wind farm will be the first to be constructed and is expected to be completed during the latter half of the 2009 financial year. This site is well located close to infrastructure and has a capacity factor of 44% which is among the highest in Australia.

[13] *Total revenue excludes a one-off contract termination payment of $19.6 million for Mt Stuart recorded as a significant item.*

[14] *EBITDAF excludes a one off contract termination payment of $19.6 million for Mt Stuart recorded as a significant item.*

In October 2007, Origin entered into a farm-in agreement providing a 30% interest in a joint venture covering various geothermal permits in northern South Australia held by Geodynamics Limited. Origin expects to invest approximately $150 million in the Geodynamic joint venture over the next three years.

Origin remains focussed on commercialising its SLIVER® solar photovoltaic technology. We recently achieved full migration of the cell design into a cheaper silicon wafer and certification by European authorities of commercial panels manufactured using SLIVER® technology. We are working on plans for the large scale production of SLIVER® to enable commercial development of the product.

11.3 Retail

YEAR ENDED 30 JUNE	2008 ($M)	2007 ($M)	CHANGE (%)
Total revenue	**5,506**	4,082	35
EBITDAF	**499**	355[15]	41
EBIT	**347**	329	6

In 2008 the Retail segment increased revenues by 35% and increased EBITDAF by 41%. This was predominantly due to a full year contribution from Sun Retail and increased electricity and gas tariffs across markets in which Origin operates, and despite both continuing high churn in gas and electricity markets and tighter margins in the LPG business due to higher wholesale purchasing costs.

Total customer numbers were steady at 3.01 million. The business grew its accredited green customer base by 57% to 423,000 customers and for the fourth time, Origin has been rated as having the best green electricity products in the market by Green Electricity Watch, a representative group consisting of the Australian Conservation Foundation, Total Environment Centre and WWF Australia.

These achievements coupled with over 30%[16] market share of GreenPower™ cement Origin's pre-eminent position as Australia's largest retailer of green energy products.

11.3.1 Financial Performance

Introduction

In 2008 Origin fully integrated the electricity and LPG customers that it acquired through the Sun Retail business acquisition which was completed on 1 February 2007. A full year contribution of the 16 TWh of electricity and 31 ktonnes of LPG that this acquisition delivered was realised in 2008.

Financial Performance – Summary

The Retail segment recorded revenues of over $5.5 billion for the year ended 30 June 2008, an increase of 35% driven by the full year contribution of Sun Retail. Performance is discussed and referenced to the product splits in the following table.

Performance metrics by product

2008	NATURAL GAS	ELECTRICITY	LPG
Revenue ($m)[17]	928	3,781	613
Gross Profit ($m)	132	644	121
Retail EBITDAF ($m)	464		34
Retail EBITF ($m)	434		12
Sales – (PJ)	127		
Sales – (TWh)		32	
Sales – (ktonnes)			462
Total Sales (PJe)	127	114	23
Customer accounts ('000)[18]	896	1,757	358

Electricity

Electricity sales volumes increased by 38% to 32 TWh, revenues increased 53% and Gross Profit increased 50%, predominantly due to the full year contribution of Sun Retail.

In April 2008 customers acquired through the integration of Sun Retail were transferred from the systems operated by the previous owner, Energex, to Origin's systems. During the cut-over and reconciliation of customer accounts, 28,632 customers were identified as being misclassified by Energex. This resulted in Origin applying a downward revision to customer numbers and therefore the prior year customer account numbers reported by Origin have been adjusted to reflect this. Origin's valuation of Sun Retail was based on volume and margin analysis neither of which are impacted by this change. As a consequence this reduction in customer numbers does not impact the value inherent in the Sun Retail acquisition.

Despite high wholesale electricity prices, which due to fixed tariffs have the effect of lowering available margins for new entrants, there was higher than expected churn rates which resulted in a 1.6% reduction in customer numbers. Origin effectively managed the adverse electricity market conditions in the first half of the year and unseasonable record high temperatures in South Australia in March 2008 to deliver a result in line with prior guidance.

[15] *Sun Retail one off costs of $13.6m were recorded as a significant item. EBITDAF of $355m is before significant items.*

[16] *Source: National GreenPower Accreditation Program Status Report, Quarter 2 – 1 April to 30 June published at http://www.greenpower.gov.au shows that Origin's GreenPower customers account for 30% of all GreenPower customers and 36% of all GreenPower sales in Australia.*

[17] *Natural gas sales volumes and revenue reported here exclude trading sales, which predominantly comprise arrangements in which Origin Energy Retail has acted as an intermediary on wholesale contracts between the Exploration and Production segment and third parties. Gross Profit for natural gas is not materially impacted as these trading sales are passed through with minimal margin.*

[18] *An adjustment has been made to the opening customer numbers by -28,632 to account for lower Sun Retail customers on migration. The 30 June 2007 year-end position was based on advice from Energex as they performed billing functions on Origin's behalf. This opening balance adjustment was made upon conclusion of the Energex Transitional Service Agreement and migration of detailed billing data to Origin's systems.*

Origin's comprehensive risk management policies with respect to electricity purchasing has resulted in a weighted average cost of electricity for the full year well below the market contract prices available at the beginning of the year.

In the second half of the year, the Retail business benefited from increased electricity tariffs in Victoria and lower average wholesale prices. This more than offset the lower margins that resulted from the low volatility and high average wholesale prices that were prevalent in the first half of the year. This had the overall result of recovering the margin that was lost in the first half of the year and brought margins for the full year back in line with prior years.

Natural Gas

Natural gas sales volumes increased from 125 PJ to 127 PJ across the portfolio. Revenues of $928 million were up $45 million on last year ($883 million) reflecting the gas tariff increases and higher wholesale gas prices across all states. Sales to residential customers were flat. A number of market and environmental factors contributed to this. Average customer usage in Victoria and South Australia was lower than the prior year. Customer acquisition in New South Wales and Queensland resulted in increased market share in these markets. Gross Profit declined marginally from $136 million to $132 million, largely reflecting higher costs in Victoria for wellhead gas.

Electricity and Natural Gas Margins

Retail EBITF across the gas and electricity business increased by 53% from $283 million to $434 million while the Retail EBITF margins increased from 8.4% to 9.2%. This reflects the increases in electricity and gas tariffs, the prudent strategies employed to minimise electricity and gas purchasing cost including the utilisation of internally contracted generation, integration benefits and a steady cost to serve per customer. EBITDAF per customer improved by $34 to $175 per customer based on final customer numbers of 2.65 million for gas and electricity.

LPG

The LPG business recorded sales revenue of $613 million, 6% higher than last year. This was achieved on sales volumes which were 5% lower than last year and reflects the active management of prices to pass on higher wholesale purchasing costs. The pass-through of high international costs for LPG and unfavourable weather conditions have contributed to lower average consumption in the residential segment.

Gross profit for the LPG business declined 15% as a result of the net impact of the divestment of Rockgas, a full year contribution from Sun Retail, and a $225/tonne rise in Saudi CP[19] over the year. The rapid rise in Saudi CP resulted in a lag in fully passing increased costs through to the customer creating pressure on customer margins during the year.

EBITDAF for the LPG business of $34 million was 27% lower than the prior year.

11.3.2 Market Churn

At the end of the financial year, Origin had slightly over 3 million customer accounts across electricity, natural gas, and LPG. This remains in line with last year.[20]

In a year of high churn Origin won 482,000 new accounts across its gas and electricity businesses and recorded a decline of 22,000 accounts or less than 1%. This decline occurred in an environment of strong competition, particularly in areas where Origin is the incumbent and most susceptible to the impact of higher churn. The LPG business recorded an increase of 22,000 customer accounts. Overall this resulted in Origin's total customer account numbers remaining steady, ending the financial year with slightly over 3 million customer accounts.

Recent trends in market churn continued. Origin's electricity customer gains in South Australia and New South Wales were offset by losses in Victoria and Queensland. Origin now has over 300,000 electricity customers across South Australia and New South Wales. Origin experienced a net loss of gas customer accounts in Victoria, however this more than offset these with gains in the other states.

A gain of approximately 22,000 LPG accounts primarily in the residential customer segment, predominantly in south Queensland and New South Wales, resulted in an 7% increase in the number of LPG customer accounts from June 2007.

Origin continues to pursue a number of initiatives to optimise its acquisition and retention costs, and to manage the impact of high levels of churn on margins.

11.3.3 Dual fuel

During this financial year Origin increased its dual fuel customers by 98,000, from 790,000 in June 2007 to 888,000 in June 2008.

11.3.4 Green Energy

Origin continues to be Australia's leading provider of accredited Green Power products. As at 30 June 2008, the Company has signed more than 423,000[21] green energy customers, an increase of 57% from 30 June 2007. Origin has a 30%[22] market share of national Green Power customers. Origin's solar business continues to go from strength to strength with sales of both solar PV and solar hot water units increasing by over 250% on the prior year.

For the fourth time, Origin has been rated as having the best green electricity products in the market by Green Electricity Watch, a representative group consisting of the Australian Conservation Foundation, Total Environment Centre and WWF Australia.

Origin's Carbon Reduction Scheme (CRS) which was launched in 2007 delivered a strong performance in its first full year of operation. During the year, Origin sold 140,000 tonnes of carbon offset through direct and third party retail channels.

[19] *International market prices for LPG in the Asia-Pacific region are generally based on the monthly Saudi Aramco Contract Price (Saudi CP). The monthly contract prices are posted for both propane and butane, and these reflect prevailing spot market sales concluded for the relevant month.*

[20] *See appendix 2.*

[21] *This figure includes Green Power, Green Gas and green customers in transfer as at June 30 2008.*

[22] *National GreenPower Accreditation Program Status Report, Quarter 2 – 1 April to 30 June published at http://www.greenpower.gov.au shows that Origin's GreenPower customers account for 30% of all GreenPower customers and 36% of all GreenPower sales in Australia.*

11.4 Contact Energy

YEAR ENDED 30 JUNE	2008 ($M)	2007 ($M)	CHANGE (%)
Total revenue	**2,348**	1,740	35
EBITDAF	**490**	477	3
EBIT	**360**	355	2

Performance of operations

YEAR ENDED 30 JUNE	2008	2007	CHANGE (%)
Electricity Generated (GWh)	**11,035**	11,020	–
Customer Electricity Sales (GWh)	**7,800**	7,564	3
Gas Sales (PJ)	**21**	14	50
LPG Sales (Tonnes)	**84,334**	17,467	377
Total Sales (PJe)	**54**	41	31
Electricity Customers ('000)	**520**	513	1
Gas Customers ('000)	**75**	75	–
LPG Customers (including franchisees) ('000)	**53**	49	7
Total Customers	**648**	637	2

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

A presentation entitled 'Annual Financial Results – Financial Year ended 30 June 2008' containing a section entitled 'Management discussion of financial results' was issued by Contact Energy to the New Zealand Stock Exchange on Tuesday 26 August 2008 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.

11.4.1 Performance of Operations

On consolidation, Contact Energy contributed $490 million to Origin's EBITDAF, 3% higher than the prior year of $477 million. Significant operating factors that contributed to the financial performance for the 12 months ended 30 June 2008 were:

- total wholesale electricity revenue increased by 82%, driven by high wholesale electricity prices. However this was largely offset by a 21% increase in average gas cost and an increase in electricity purchase costs of 114%;
- an increase in contribution from retail revenue of 6%, driven by a 3% increase in volume and 3% increase in retail prices;
- an increase in transmission costs of approximately NZ$34m primarily due to increases in reserve and frequency keeping costs reflecting the relatively dry conditions and accordingly, limitations on capacity in the market;
- the benefits of the drilling programme, particularly in Ohaaki has resulted in increased Geothermal generation output that more than offset the reduced hydro and thermal generation output resulting from relatively dry conditions and the reduced output of the New Plymouth Power Station respectively; and
- full year contribution of the addition of the Rockgas LPG business purchased from Origin.

The result was achieved under markedly different market conditions than in the 2007 financial year.

In consolidating Contact Energy's results, Origin has used an average exchange rate for the period of NZ$1.16 to the A$, compared with NZ$1.14 to the A$ for the prior year. Origin has consolidated $490 million at the EBITDAF level compared with $477 million in the prior year and $360 million at the EBIT level compared with $355 million in the prior year. At the EBIT level the result for the year to 30 June 2008 included NZ $33.7 million of asbestos removal and related costs for New Plymouth Power Station and a NZ$21.3 million gain on the sale of the Mokai Geothermal Land and Rights. These two items result in a net NZ$12.4 million charge against EBIT.

11.5 Networks (Discontinued Business)

YEAR ENDED 30 JUNE	2008 ($M)	2007 ($M)
Total revenue	**–**	209
EBITDAF	**–**	30
EBIT	**225**	140

The sale of the Networks business was settled in two tranches in late June and early July 2007. It made no contribution to the operational performance of the business in the 2008 financial year.

The current full year contribution noted against EBIT in the table above represents the before-tax profit on sale and has been treated as a significant item. It is included in the calculation of Statutory Profit, but has been excluded from the calculation of Underlying Profit.

H Kevin McCann
Chairman

Sydney, 28 August 2008

12. Origin Energy Key Financials

YEAR ENDED 30 JUNE	2008 ($M)	2007 ($M)	CHANGE (%)
Profit & Loss			
Total external revenue	**8,275**	6,436	29
EBITDAF	**1,309**	1,165	12
EBIT	**1,090**	943	16
Profit before tax	**856**	748	14
Profit after tax	**622**	592	5
Profit after tax and minority interests	**517**	457	13
Underlying Profit	**443**	370	20
Cash Flow			
Free cash flow[23]	**622**	595	5
OCAT ratio (inc CAPWIP)[24]	**9.9%**	11.5%	n/a
OCAT ratio (excl CAPWIP)[24]	**12.3%**	13.7%	n/a
Capital expenditure	**1,685**	2,027	(17)
Balance Sheet			
Total assets	**12,568**	14,765	(15)
Adjusted total assets[25]	**11,552**	11,200	3
Net debt	**3,283**	2,958	11
Adjusted net debt	**3,608**	3,389	6
Shareholders equity	**5,176**	6,969	(26)
Adjusted shareholders equity	**4,972**	4,683	6
Key Ratios			
Earnings per share – Statutory	**59.0¢**	54.7¢	8
Earnings per share – Underlying	**50.6¢**	44.3¢	14
Free cash flow per share	**71.0¢**	71.2¢	–
Total dividend per share	**25.0¢**	21.0¢	19
Net asset backing per share	**$5.88**	$7.99	(26)
Adjusted net asset backing per share[25]	**$5.65**	$5.37	5
Net debt to debt plus equity	**39%**	30%	n/a
Adjusted net debt to debt plus equity[25]	**42%**	42%	n/a
Interest cover[26]	**4.2x**	4.1x	3
Adjusted return on equity[25]	**13.4%**	12.7%	n/a
Underlying adjusted return on equity[27]	**11.5%**	10.3%	n/a
Segment Analysis (EBITDAF)			
Exploration & Production	**264**	254	4
Generation	**56**	79[28]	(29)
Retail	**499**	355[29]	41
Contact Energy	**490**	477	3
Networks (discontinued)	**–**	30	(100)

[23] *Free cash flow is defined here as cash available to fund distributions to shareholders and growth capital. It includes deductions for stay-in-business capital, interest and tax.*

[24] *OCAT Ratio = (OCAT – interest tax shield)/funds employed. CAPWIP is capital work in progress.*

[25] *Adjusted to exclude impact of derivative financial instruments.*

[26] *EBIT/Interest – Includes capitalised interest, excludes unwinding discounts on provision.*

[27] *Underlying adjusted return on equity excludes significant items and the impact of movement in financial instruments.*

[28] *Adjusted down for the one-off contract termination payment of $19.6m in relation to the Mt Stuart PPA.*

[29] *Adjusted up for the Sun Retail one-off costs of $13.6m.*

Appendix 1 – Reconciliation of Statutory Profit and Underlying Profit

2008 RECONCILIATION	BEFORE TAX IMPACT ($M)	TAX ($M)	MINORITY INTERESTS ($M)	AFTER TAX IMPACT ($M)	NPAT ($M)
Statutory NPAT					517
Significant Items					
Asset Sales – Networks	225	(80)	–	145	
Asset Sales – Mokai Geothermal	18	–	(9)	9	
Changes in FV of financial instruments					
Commodity trading instruments	(77)	23	(4)	(58)	
Financing instruments	(13)	4	4	(5)	
New Plymouth asbestos and related costs	(30)	10	10	(10)	
Sun Retail one-off costs	(12)	4	–	(8)	
Total significant items	112	(40)	1	74	(74)
Underlying Profit					443
Underlying Basic EPS					50.6

2007 RECONCILIATION	BEFORE TAX IMPACT ($M)	TAX ($M)	MINORITY INTERESTS ($M)	AFTER TAX IMPACT ($M)	NPAT ($M)
Statutory NPAT					457
Significant Items					
Asset Sales – Networks	114	(38)	–	76	
Changes in FV of financial instruments					
Commodity trading instruments	32	(9)	–	23	
Financing instruments	20	(7)	(7)	7	
Impairment of producing assets	(74)	22	–	(52)	
Sun Retail one-off costs	(14)	4	–	(10)	
Change in NZ tax rate	–	57	(28)	29	
Termination of Mt Stuart PPA	20	(6)	–	14	
Total significant items	98	23	(35)	87	(87)
Underlying Profit					370
Underlying Basic EPS					44.3

Appendix 2 – Customer Numbers Movements and Adjustments

	ELECTRICITY	GAS	LPG	TOTAL
Opening Balance 30 June 2007	1,815,127	888,981	336,000	3,040,108
Restatement of customer numbers adjustment	(28,632)	–	–	(28,632)
Adjusted Opening Balance 30 June 2007	1,786,495	888,981	336,000	3,011,476
Wins	344,559	137,612	22,000	504,171
Losses	(373,424)	(130,883)	–	(504,307)
Net Win/(Loss)	(28,865)	6,729	22,000	(136)
Closing Balance 30 June 2008	1,757,630	895,710	358,000	3,011,340

In accordance with the Corporations Act 2001, the Directors of Origin Energy Limited report on the Company and the consolidated entity, being the Company and its controlled entities ('Company'), for the year ended 30 June 2008.

1. Principal activities

During the year, the principal activity of the Company 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.

2. Result

Statutory Profit – $517 million up 13%

Origin reported a net profit after tax and minority interests ('Statutory Profit') of $517 million for the 12 months ended 30 June 2008, an increase of 13% compared with $457 million reported last year.

YEAR ENDED 30 JUNE 2008	2008 ($M)	2007 ($M)	CHANGE (%)
Total external revenue	**8,275**	6,436	29
EBITDAF	**1,309**	1,165	12
EBIT	**1,090**	943	16
Net profit after tax before elimination of minority interests	**622**	592	5
Minority interests	**(105)**	(135)	(22)
Statutory Profit	**517**	457	13
Significant items	**74**	87	(15)
Underlying Profit	**443**	370	20
Basic earnings per share on Statutory Profit (cents)	**59.0**	54.7	8
Basic earnings per share on Underlying Profit (cents)	**50.6**	44.3	14
Free cash flow	**622**	595	5
Capital expenditure (inc acquisitions)	**1,685**	2,027	(17)
OCAT Ratio (excl CAPWIP)	**12.3%**	13.7%	n/a
Adjusted [net debt/(debt + equity)]	**42%**	42%	n/a

Underlying Profit – $443 million up 20%

The Statutory Profit for Origin contains the impact of a number of significant items as outlined in the following table. This includes positive impacts from the sale of the Networks business and Contact's Mokai geothermal assets. These positive impacts are partially offset by changes in fair value of financial instruments (predominantly associated with the Company's energy procurement activities), charges for asbestos removal and related costs associated with the New Plymouth Power Station and one-off costs associated with the purchase of the Sun Retail business. These significant items provide an overall benefit of $74 million after tax and the elimination of minority interests.

The profit after tax and minority interests and before significant items ('Underlying Profit') for Origin for the year ended 30 June 2008 was therefore, $443 million, an increase of 20% compared with the Underlying Profit of $370 million for the year ended 30 June 2007.

	2008 ($M)		2007 ($M)		
	AFTER TAX AND OEI IMPACT	NPAT	AFTER TAX AND OEI IMPACT	NPAT	CHANGE (%)
Statutory Profit		**517**		457	13
Significant items					
Asset Sales					
– Networks	**145**		76		
– Mokai geothermal assets	**9**		–		
Changes in FV of financial instruments					
Commodity instruments	**(58)**		23		
Financing instruments	**(5)**		7		
New Plymouth asbestos removal & related costs	**(10)**		–		
Impairment of Producing assets	**–**		(52)		
Sun Retail one-off costs	**(8)**		(10)		
Change in NZ tax rate	**–**		29		
Termination of Mt Stuart PPA	**–**		14		
Total significant items	**74**	**74**	87	87	
Underlying Profit		**443**		370	20
Statutory EPS (cents per share)		**59.0**		54.7	8
Underlying EPS (cents per share)		**50.6**		44.3	14

3. Review of operations

Total external revenue increased by 29% to $8,275 million. Within Origin's Australian operations, the increase primarily reflected higher revenues from the Retail segment from a full year contribution of Sun Retail and tariff increases as well as record revenues from the Exploration and Production segment. Total external revenue from Contact Energy increased by 35% as higher wholesale electricity prices in New Zealand increased the revenue earned from its generation assets.

For the year to 30 June 2008 EBITDAF was $1,309 million, a 12% increase from the prior year's result of $1,165 million. The segment contributions to this result were:

EBITDAF[1]

YEAR ENDED 30 JUNE	2008 ($M)	2007 ($M)	CHANGE (%)
Exploration & Production	**264**	254	4
Generation	**56**	79[2]	(29)
Retail	**499**	355[3]	41
Contact Energy[4]	**490**	477	3
Networks	**–**	30	n/a
Adjustment for discontinued business	**–**	(30)	n/a
Total	**1,309**	1,165[5]	12

Exploration & Production increased its EBITDAF contribution by 4% to $264 million. The business delivered record energy sales of 101 petajoules equivalent (PJe); 9% higher than the previous record set in the prior year of 93 PJe. This reflects higher CSG sales, a full year contribution from the BassGas Project and an initial contribution from the Otway Gas Project which more than offset declines in production and sales from the more mature Cooper, Perth and onshore Otway basins.

Generation EBITDAF declined by 29% to $56 million from $79 million. This primarily reflects the non-recurrence of a $20.9 million payment made under contractual arrangements which have now been terminated with respect to the Mt Stuart Power Station.

In **Retail**, EBITDAF grew by $144 million from $355 million to $499 million. This was primarily due to a full year contribution from the acquisition of the Sun Retail business. Origin's comprehensive risk management policies with respect to electricity purchasing, have resulted in a weighted average cost of electricity for the full year well below the market contract prices available at the beginning of the year. Churn rates were high in the newly contestable Queensland market and in the highly competitive Victorian market. While Origin recorded a slight decline in electricity customer numbers, it continued to increase dual fuel accounts (up by 98,000 to 888,000) and continues to be the market leader in the sale of green energy (customer numbers up by 57% to 423,000). Despite the cost of higher churn, Origin increased its Retail EBITF[6] margin from 8.4% to 9.2% across gas and electricity.

Contact Energy contributed $490 million to EBITDAF, 3% higher than the $477 million recorded last year. This was primarily due to increases in retail volumes and tariffs. While electricity wholesale prices were significantly higher than the prior period, increases in wholesale revenue were largely offset by increases in gas costs and energy purchases.

An agreement to sell the **Networks** business was signed on 4 April 2007 with the business sold in two tranches on the 29 June 2007 and 2 July 2007. No EBITDAF was recorded for the segment in the 2008 financial year and it is treated here as a discontinued business.

EBIT – $1,090 million, up 16%

A number of items are recorded between EBITDAF and EBIT as detailed below:

Depreciation and amortisation expense (expense of $345 million)

Depreciation and amortisation expense increased by 5% to $345 million. This was primarily related to the upstream producing assets and Contact Energy.

Changes in the fair value of commodity financial instruments (expense of $77 million)

Under IFRS a pre-tax expense of $77 million is included in the Profit and Loss associated with the value of valid commodity hedging instruments which do not qualify for hedge accounting. This compares with a pre-tax benefit of $32 million last year.

Gain on sale of businesses (benefit of $243 million)

During the 2007 financial year, Origin concluded an agreement to sell its Networks business to APA Group. Settlement of the transaction has taken place in two parts. Settlement for the sale of the SEA Gas Pipeline portion of this business was effected on 29 June 2007 and a pre-tax profit on sale of $114 million was included in the accounts for the financial year ended 30 June 2007. The sale of the balance of the business took place on 2 July 2007 and resulted in a pre-tax profit on sale of $225 million reported in the results for the year ending 30 June 2008. During the 2008 financial year Contact sold its Mokai geothermal assets resulting in a pre-tax profit of $18 million.

New Plymouth asbestos removal and related costs (expense of $30 million)

A charge of $30 million has been made to the Profit and Loss for costs associated with the removal of asbestos and other site related costs from Contact's New Plymouth Power Station.

1 *To best compare operational performance across the periods, EBITDAF is reported here on the basis of continuing businesses. This requires the elimination of the contribution from the Networks business segment in the 2007 financial year which made no contribution to Origin's EBITDAF in the 2008 financial year. Significant items are not included in EBITDAF.*

2 *Excluding the contract termination payment of $19.6m in relation to the Mt Stuart PPA recorded as a significant item in the 2007 financial year.*

3 *Excluding the Sun Retail one-off integration costs recorded as a significant item in the 2007 financial year.*

4 *100% of Contact Energy's EBITDAF is included in the consolidated income statement.*

5 *Adjusted for items in footnotes 2 & 3. The 2007 Report recorded a total EBITDAF of $1,201 million, including the Networks business contribution.*

6 *EBITF: Earnings before interest, tax, significant items and the movement in fair value of financial instruments.*

Sun Retail one-off costs (expense of $12 million)

Costs associated with the integration of the Sun Retail business were charged to the Profit and Loss for the year ended 30 June 2008. No further integration expenses are expected with respect to this acquisition.

After accounting for these items, EBIT increased 16% to $1,090 million.

Interest – $220 million, up 2%

Net financing costs for the year were $220 million, up 2% from $215 million in the prior year. This does not include capitalised interest of $55 million associated with major development projects. Capitalised interest for the year ended 30 June 2007 was $30 million.

Tax – $235 million, up 50%

Tax expense for the year was $235 million, 50% higher than the prior year. Prima facie tax was higher, reflecting the higher pre-tax profits. The effective tax rate is 27.4% compared to 20.9% last year. Excluding the one-off benefit resulting from the reduction in the New Zealand tax rates from 33% to 30%, the effective tax rate last year would have been 28.5%.

4. Significant changes in the state of affairs

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

- **Divestments**
  Networks business – The sale of the Networks business was completed on 2 July 2007 including the sale of Origin Energy Asset Management and related businesses and the 17% shareholding interest in Envestra Limited. The proceeds for the sale of this part of the business are included in the results for the year ended 30 June 2008.
- **Commenced operations**
  Otway Gas Project – The construction and commissioning of the Otway Gas Project was completed and commercial export of gas commenced in April 2008. The project is expected to produce around 60 PJ of gas and 1.75 million barrels of liquid hydrocarbons per annum. Origin has a 30.75% interest in the project.
- **Projects under construction**
  Kupe Gas Project – Construction of the Kupe Gas Project in New Zealand commenced in July 2006 and continued towards a target of first production of commercial gas and liquid hydrocarbons in mid 2009. The project is expected to produce around 20 PJ of gas, 1.7 million barrels of condensate and more than 90,000 tonnes of LPG per annum. Origin is the operator and has a 50% interest in the project.
- **Reserves**
  Gas reserves were increased following the annual review of reserves across the Company's Exploration and Production interests. Proved and probable reserves were increased by 66% from 3,471 petajoules equivalent (PJe) to 5,770 PJe. This included a net increase in 2P coal seam gas reserves of 92% from 2,470 PJ to 4,751 PJ. Proved, Probable and Possible (3P) reserves of coal seam gas reserves have increased over the year by 121% from 4,578 PJ to 10,138 PJ.
- **Coal Seam Gas (CSG) Reserves**
  In June the Company initiated a CSG monetisation process to seek proposals to accelerate the development of Origin's CSG reserves. The process will allow Origin to determine whether direct participation in a CSG to LNG project may deliver additional value to Origin shareholders.
- **BG Proposal**
  On 29 April BG Group PLC announced a proposal to acquire Origin through a Scheme of Arrangement at $14.70 per share. The proposal was increased to $15.50 per share and was rejected by the Board of Origin on 30 May 2008. BG Group subsequently announced on 24 June 2008 their intention to acquire all of Origin shares at a consideration of $15.50 per share (less any dividend) pursuant to a conditional off-market takeover.

The events described above and those as disclosed in the Financial Statements represent the significant changes in the state of affairs of the Company for the year ended 30 June 2008.

5. Events subsequent to balance date

The following events have occurred since 30 June 2008:

- **Acquisition of Uranquinty Power Station**
  On 4 July Origin acquired the 640MW gas-fired Uranquinty Power Station for an enterprise value of $700m from Babcock and Brown Power.
- **Mortlake Power Station**
  On 4 July Origin announced the commitment to proceed with the 550MW Mortlake Power Station project at an expected cost of $640 million.
- **BG Takeover Offer**
  Following its announcement on 24 June, BG Group made a conditional Takeover Offer to acquire all of Origin shares for $15.50 per share (less any dividend). On 19 August Origin issued a Target's Statement with the Origin Directors' unanimous recommendation that shareholders reject BG Group's takeover offer.

6. Dividends

Dividends paid during the year by Origin Energy Limited were as follows:

	$'000
Final dividend of 11 cents per ordinary share, fully franked at 30%, for the year ended 30 June 2007, paid 3 October 2007.	95,958
Interim dividend of 12 cents per ordinary share, fully franked at 30%, for the half year ended 31 December 2007, paid 4 April 2008.	105,082

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

	$'000
Final dividend of 13 cents per ordinary share, fully franked at 30%, for the year ended 30 June 2008, payable 3 October 2008.	114,501

7. Business strategies, future developments and expected results

Origin's financial performance and business development activities in the last year have continued to build on the Company's fuel-integrated generation and retail business.

In the coming year a number of the projects Origin has been developing are expected to make initial, or significantly increased, contributions to Origin's financial performance. These include:

- A full year contribution from the Otway Gas Project in Victoria;
- A full year contribution from the oil and gas production assets purchased from Swift Energy in New Zealand;
- Continuing increases in CSG production to meet existing contracts;
- An initial contribution from the Uranquinty Power Station which has already commenced commissioning and is expected to be operational by December; and
- An increased contribution from the Quarantine Power Station following the expansion which is expected to commence commissioning by the end of 2008.

These projects will more than offset the decline in contribution from mature upstream assets such as the Cooper and Perth Basins.

For these reasons and based on current market conditions the Company is targeting an increase in Underlying EPS for 2008/09 of at least 10%.

During the year it is expected that a number of developments that could create substantial opportunities for Origin will either be resolved or progressed. The completion of the CSG monetisation process will allow Origin to determine whether direct participation in a CSG to LNG project may deliver additional value for shareholders when compared with other alternatives available to Origin to monetise its CSG reserves and resources. The Federal Government will continue to formulate its Carbon Pollution Reduction Scheme. Origin believes its business strategy and investments over the last decade position the Company favourably for the transition to a lower carbon economy. These opportunities could add substantially to the longer term growth of Origin.

In addition, the Company will continue to progress the development of several major projects which are expected to make contributions following the end of the current financial year, including:

- The Kupe Gas Project in New Zealand which is targeting to commence gas production in mid calendar year 2009;
- Continued development of CSG production, which is expected to more than double and reach over 100 PJ per annum by 2011;
- The 126 MW expansion of the Mt Stuart Power Station in Townsville – due for completion in late calendar year 2009;
- Construction of the 30 MW Cullerin Range Wind Farm in NSW due for completion in mid calendar year 2009;
- Completion of the 630 MW combined cycle, base load, gas fired Darling Downs Power Station in Queensland which is expected to commence commissioning in late 2009; and
- Development of the 550 MW gas fired peaking power station at Mortlake in Victoria due for completion in late calendar year 2010.

Contact Energy of New Zealand is also planning expenditure of over $2 billion in renewable energy projects over the next 3 to 5 years as it increases its investments in geothermal energy developments and embarks on a plan to construct up to 727 MW of wind farm capacity in New Zealand.

With this range of opportunities before it, the Company continues to target ongoing growth in Underlying EPS averaging 10-15% per annum.

8. Directors

The Directors of Origin Energy Limited at any time during or since the end of the financial year are:

H Kevin McCann (Chairman)
Grant A King (Managing Director)
Bruce G Beeren
Trevor Bourne
Gordon M Cairns
Dr Helen M Nugent
Dr J Roland Williams

9. Information on Directors and the Company Secretary

Information relating to current Directors' qualifications, experience and special responsibilities and the qualifications and experience of the Company Secretary are set out on pages 43 and 44.

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:

	SCHEDULED BOARD MEETINGS		UNSCHEDULED BOARD MEETINGS		MEETINGS OF BOARD COMMITTEES							
					AUDIT		REMUNERATION		HSE		NOMINATION	
DIRECTORS	H	A	H	A	H	A	H	A	H	A	H	A
H K McCann	11	11	12	12	5	5	4	3	4	3	1	1
G A King	11	11	12	12					4	4		
B G Beeren	11	11	12	11	5	4	4	3			1	1
T Bourne	11	11	12	12			4	4	4	4	1	1
G M Cairns	11	10	12	12			4	4	4	4	1	1
Dr H M Nugent	11	11	12	12	5	5	4	4			1	1
Dr J R Williams	11	11	12	12	5	5			4	4	1	1

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.

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

The relevant interests of each Director in the shares 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:

DIRECTORS	ORDINARY SHARES HELD DIRECTLY AND INDIRECTLY	OPTIONS OVER ORDINARY SHARES	PERFORMANCE SHARE RIGHTS OVER ORDINARY SHARES	ORDINARY SHARES IN CONTACT ENERGY LIMITED
H K McCann	267,382	–	–	–
G A King	307,741	2,300,000[1]	200,000[3]	–
B G Beeren	725,020	550,000[2]	–	10,696
T Bourne	45,017	–	–	–
G M Cairns	4,884	–	–	–
Dr H M Nugent	22,500	–	–	–
Dr J R Williams	42,393	–	–	–

Exercise price for share options and performance share rights:

[1] *500,000: $4.15, 500,000: $5.98, 500,000: $7.21, 500,000: $6.50, 300,000: $10.32*

[2] *275,000: $4.15, 275,000: $5.98*

[3] *200,000: Nil*

12. Environmental regulation and performance

The Company's operations are subject to significant environmental regulation under Commonwealth, State and Territory legislation. There have not been any breaches of significant environment regulations and there were no fines or penalties imposed upon Origin during the year.

13. Indemnities and insurance for Directors and officers

Under Origin Energy's Constitution, it must indemnify the current and past Directors, secretaries and senior managers against all liabilities to other persons (other than the Company or a related body corporate) that may arise from their positions as Directors, secretaries or officers of Origin Energy Limited and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. Origin has entered into agreements with current Directors and certain former Directors whereby it will indemnify those Directors from all liability in accordance with the terms of the Constitution for a period of seven years after they cease to be Directors.

The agreements stipulate that Origin Energy Limited will meet the full amount of any such liabilities, including costs and expenses.

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and officers' liability, and legal expense insurance contracts for current and former Directors and officers, including executive officers and Directors of Origin Energy Limited and executive officers and secretaries of its controlled entities.

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 2008 an officer of the Origin Energy Group. The auditor's independence declaration (made under section 307C of the Corporations Act 2001) is attached to and forms part of this report.

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:

1. Acquisition, audit and accounting advice	$550,000
2. Taxation services	$75,000
3. Other regulatory audit services	$66,000

Further details of amounts paid to the Company's Auditors are included in Note 25 to the full financial statements.

In accordance with advice provided 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 the Company 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 the Company, acting as an advocate for the Company or jointly sharing risks and rewards.
- There were no known conflict of interest situations nor any circumstance arising out of a relationship between the Company (including its Directors and officers) and the auditor which may impact on auditor independence.

15. Rounding of amounts

Origin Energy Limited 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 thousand dollars unless otherwise stated.

16. 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, 27 August 2008

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Origin Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

D McLennan

Duncan McLennan
Partner

Sydney

27 August 2008

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Contents

Remuneration report

The report is presented in seven sections:

Section 1: Board oversight of remuneration;

Section 2: Overview of company performance and remuneration;

Section 3: Executive Director and Executive remuneration;

Section 4: Employee Retention Plan;

Section 5: Employee Share Plan;

Section 6: Non-Executive Director remuneration; and

Section 7: Director and key management personnel remuneration disclosures

1. Board oversight of remuneration

1.1 Remuneration Committee

The Board Remuneration Committee is responsible for making recommendations to the Board on director and senior executive remuneration policy and structure. The composition and functions of the Remuneration Committee are set out in the Remuneration Committee Charter, which is available in full on the Company's website www.originenergy.com.au.

1.2 Remuneration advice

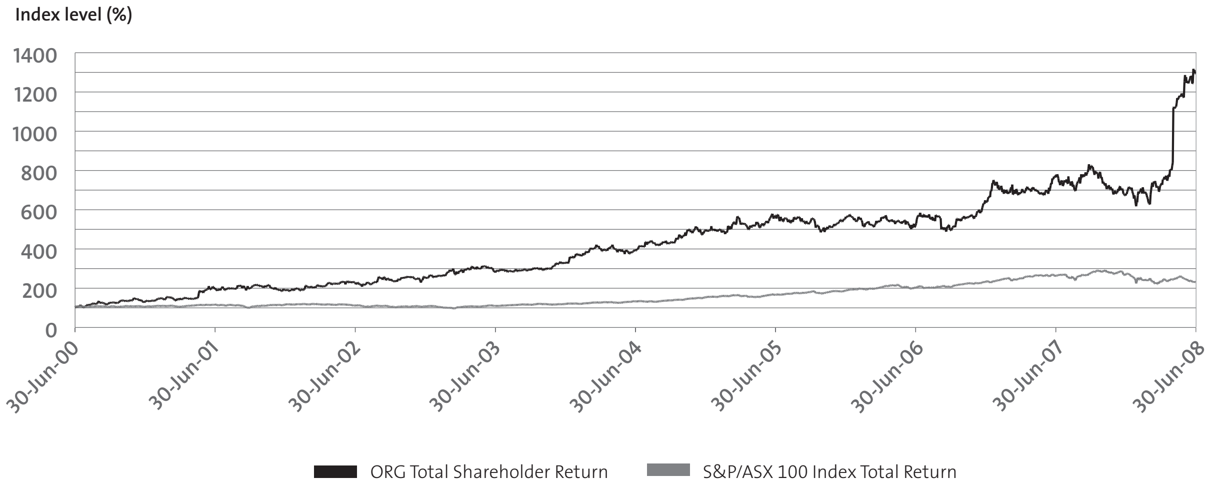
During the year, the Board obtained remuneration advice and services from:

ADVISOR	SERVICES PROVIDED
Mercer	Actuarial assessment of executive superannuation defined benefits Executive and employee compensation and benchmarking advice Valuation of long-term incentives Non-executive director remuneration advice
The Hay Group	Executive and employee compensation and benchmarking advice
Guerdon Associates	Executive performance measures, remuneration mix, remuneration levels, benchmarking advice
Godfrey Remuneration Group	Non-executive director remuneration data
Ernst & Young	Provision of executive remuneration market data

2. Overview of company performance and remuneration

From 1 July 2004 to 30 June 2008, Origin Energy's compound total shareholder return was 34% per annum. This was significantly above the ASX 100 Accumulation Index, which grew by an average of 15% per annum over the same period. The graph below compares Origin Energy's total shareholder return performance with the ASX 100 Accumulation Index (indexed to 100 on 21 February 2000) to 30 June 2008.

Origin Energy Total Shareholder Return vs ASX 100 Total Return (indexed to 100 from 21/02/2000)



Source: Guerdon Associates, Bloomberg

The following table outlines Origin Energy's net profit after tax, earnings per share, dividends and share-price growth from June 2005:

30 JUNE	2005(1)	2006	2007	2008	AVERAGE ANNUAL INCREASE %
EARNINGS					
Net profit after tax	$266m	$332m	$457m	**$517m**	25
Earnings per share	34.9c	41.9c	54.7c	**59.0c**	19
Underlying profit	$266m	$338m	$370m	**$443m**	19
Underlying earnings per share – basic	34.9c	42.7c	44.3c	**50.6c**	13
OCAT ratio(2)	12.9%	15.0%	13.7%	**12.3%**	
TOTAL SHAREHOLDER RETURNS					
Dividends	15.0c	18.0c	21.0c	**25.0c**	19
Share price 30 June	$7.61	$7.36	$9.94	**$16.12**	31
Annual shareholder return	42%	-1%	38%	**66%**	

(1) *2005 amounts reflect previous AGAAP and have not been restated under IFRS.*

(2) *Operating Cashflow After Tax over funds employed excluding capital work in progress.*

3. Executive Director and Executive remuneration

3.1 Remuneration objective

Origin Energy's remuneration objective is to attract, retain and motivate employees to deliver superior performance that is aligned with shareholders' interests and is consistent with the Company's commitments, principles and values.

3.2 Executive remuneration structure

Remuneration of executives is structured in two parts:

- Fixed remuneration
- At-risk remuneration

Fixed remuneration varies according to the size of the individual's role, their performance and experience, having regard to the market median for comparable positions.

At-risk remuneration is provided through short-term incentives and long-term incentives. The level of at-risk remuneration is set by reference to competitive remuneration benchmarks, and the amount awarded is linked to meeting company, business unit and personal financial and non-financial objectives.

3.3 Determining remuneration levels

Origin Energy's remuneration is competitively benchmarked to ensure that valued employees are attracted and retained.

- Remuneration is benchmarked against 20 large energy and utility companies and an 'all industries' group of over 300 companies. Using these comparison companies as a fair representation of the market, the median level is applied as the benchmark for fixed pay, while the top quartile level is the benchmark for aggregate remuneration (ie fixed plus at-risk remuneration) for better-than-targeted performance.
- In a tight labour market which has known skills shortages or 'hotspots' in business critical areas of the Company, benchmarks which specifically compare Origin Energy to those 'hotspot' markets (rather than the general market) are used to ensure that remuneration remains competitive.

3.4 Linking pay with performance

- The proportion of total remuneration that is 'at-risk' increases with job size and the employee's capacity to impact business performance.
- Performance measures for short-term incentives are based around total company, business unit and individual performance.
- Long-term incentives are designed to encourage sustainability of performance in the medium to longer term. Performance for long-term incentives is assessed over periods of between three and five years. Executives are prohibited from entering into hedging arrangements that may limit the downside risk of any unvested equity-based incentives.
- While the performance measures for at-risk pay are heavily oriented to financial performance, some non-financial performance metrics are included to ensure long-term sustainable performance. These measures include critical aspects such as people management, safety performance and project delivery.
- The predominant performance measure for short-term incentives is the company's operating-cash-flow-after-tax over funds-employed ratio.
- The long-term incentive plan provides equity-based remuneration which vests subject to Origin Energy's relative total shareholder return performance.

3.4.1 Short-term incentives

Short-term incentives are provided in cash. Payment depends on achieving operating and financial targets set at the beginning of each year.

Senior executives receive short-term incentives varying from a maximum of 55% to 85% of fixed remuneration. The Managing Director has an annual short-term incentive of up to 100% of fixed remuneration. The Managing Director's fixed remuneration for the financial year to 30 June 2009 has been set by the Board at $2,100,000.

60% of the Managing Director's short-term incentive is based on performance relative to corporate financial targets. 40% of his short-term incentive is based on non-financial objectives. Both the financial and non-financial objectives are set by the Board when Budgets are approved. For senior executives reporting to the Managing Director, at least 33% of the short-term incentives are based on performance relative to corporate financial targets. The balance is paid on a mix of financial and operating targets relevant to their individual areas of responsibility.

Short-term incentives can be reduced if safety performance targets are not achieved.

3.4.2 Long-term incentives

Long-term incentive grants are made to executives as a reward for their performance during the year and as an incentive for future performance.

For senior executives, annual long-term incentives vary from maximums of 40% to 85% of fixed remuneration. For the Managing Director, the Board decides the number of options and performance share rights to be offered as his long-term incentive based on his performance over the preceding year and within the limits approved by shareholders.

Long-term incentives granted in September 2007 were divided between share options and performance share rights over ordinary Origin Energy Limited shares. The number of options and performance share rights granted to each executive is calculated by dividing the value of the long-term incentive award for the executive by the fair market value of the options and performance share rights estimated for the grant date in accordance with applicable accounting standards.

Options and performance share rights vest only to the extent that the performance hurdle is satisfied. On vesting, options and rights become exercisable, which means executives have the right to acquire an Origin Energy share by paying the option exercise price or at no cost for rights. The performance hurdle is linked to Total Shareholder return (TSR). For more detail of vesting see section 3.4.2.4 below.

3.4.2.1 Senior Executive Option Plan

Shareholders approved the Senior Executive Option Plan in 1995. Under the plan, the Directors grant executives options over ordinary Origin Energy shares at an exercise price equal to the volume-weighted average market price for Origin Energy shares in the five days leading up to, and including, the grant date.

Terms and performance conditions for the Senior Executive Option Plan are outlined in section 3.4.2.4.

Details of options issued to the specified senior executives over the year are detailed in the tables on pages 38 and 39.

3.4.2.2 Performance Share Rights Plan

The Performance Share Rights Plan was introduced on 1 July 2007. The terms and performance conditions for this plan are outlined in section 3.4.2.4.

Subject to the satisfaction of the performance hurdles, performance share rights may be exercised at any time after the third anniversary of the date they are granted and before they expire. Executives are not required to pay for the rights or pay to receive shares after the rights vest.

Details of performance share rights issued to the specified senior executives over the year are detailed in the tables on pages 38 and 39.

3.4.2.3 Table of options and rights

Table 1A

NUMBER OF OPTIONS AND RIGHTS OUTSTANDING	EXERCISE PRICE	FIRST EXERCISE DATE	EXPIRY DATE	VESTED	NUMBER EXERCISABLE	PERCENTAGE EXERCISABLE
1,599,000	$4.15	19 December 2006	19 December 2008	Yes	1,599,000	100%
775,000	$5.98	6 August 2007	6 August 2009	Yes	775,000	100%
1,517,200	$5.72	26 November 2007	26 November 2009	Yes	1,517,200	100%
100,000	$6.75	20 May 2008	20 May 2010	Yes	100,000	100%
2,648,000	$7.21	7 September 2008	7 September 2010	Yes	2,648,000	100%
2,762,000	$6.50	11 September 2009	11 September 2011	Yes	2,762,000	100%
50,000	$8.97	26 June 2010	26 June 2012	Yes	50,000	100%
300,000	$10.32	28 September 2010	28 September 2012	Yes	300,000	100%
100,000	Nil	28 September 2010	28 September 2012	Yes	100,000	100%

Table 1B

NUMBER OF OPTIONS AND RIGHTS OUTSTANDING	EXERCISE PRICE	FIRST EXERCISE DATE	EXPIRY DATE	VESTED	NUMBER EXERCISABLE	TOTAL SHAREHOLDER RETURN PERFORMANCE AGAINST REFERENCE GROUP AS AT 30 JUNE 2008(1)	INDICATED PERCENTAGE EXERCISABLE(2)
544,000	Nil	28 September 2010	28 December 2012	No	Nil	97%	100%
100,000	Nil	14 November 2010	14 February 2013	No	Nil	97%	100%
1,649,000	$10.32	28 September 2010	28 December 2012	No	Nil	97%	100%

(1) *The performance conditions are described in section 3.4.2.4.*

(2) *The indicated percentage exercisable is calculated by comparing Origin Energy's TSR to the relevant reference group and applying the performance conditions described in section 3.4.2.4 as at 30 June 2008. The number of options and rights that become exercisable will be determined at the test date and may be different from that indicated here.*

3.4.2.4 Long-term incentive performance conditions

The following conditions apply to options issued to senior executives in respect of the 2005/06 and prior years and options and performance share rights issued to the Managing Director in September 2007 (as approved by shareholders in October 2006) as set out in Table 1A above:

- Options and performance share rights will not vest unless Origin Energy's TSR exceeds the TSR of the company at the 50th percentile (or median) of the companies in the ASX 100 at grant date (the 'Reference Group') ranked by their TSR performance ('the minimum condition'), at any time after the third anniversary and prior to the fifth anniversary of the grant date.
- On achieving the minimum condition, 50% of options and performance share rights vest.
- The percentage of options and performance share rights that vest increases proportionately from 50% at the 50th percentile to 100% at the 75th percentile.
- Options and performance share rights expire five years from the date they are granted.
- Provided that the performance hurdles are achieved, options and performance share rights may vest prior to the third anniversary of their grant:
  - if a person acquires or gives notice of a proposal to acquire more than 20% of the shares in Origin Energy
  - on termination of employment due to death or permanent disability
  - on termination of employment in circumstances where the Board determines the options or rights should vest.
- Vested rights and options lapse after six months if an executive resigns, immediately in the event of termination for cause and if not exercised before expiry.

The announcement by BG Group of a proposal to acquire Origin Energy on 29 April 2008 brought forward the first exercise date of these options and performance share rights and, as a result of their meeting the performance hurdles, they have vested and have become fully exerciseable.

The following conditions apply to all options and performance share rights issued to senior executives in respect of 2006/07 and following years, other than those issued to the Managing Director in September 2007 in accordance with the shareholder approval obtained at the 2006 AGM, as set out in Table 1B above:

- Options and performance share rights will not vest unless Origin Energy's TSR exceeds the TSR of the company at the 50th percentile (or median) of the companies in the ASX 100 at grant date (the 'Reference Group') ranked by their TSR performance ('the minimum condition') as measured at each of the third, fourth and fifth anniversaries of the grant of the options ('the testing dates'), and with TSR calculated on three-month volume weighted average prices.
- On achieving the minimum condition, 50% of options and performance share rights vest.
- The percentage of options and performance share rights that vest increases proportionately from 50% at the 50th percentile to 100% at the 75th percentile.
- Options and performance share rights expire five years and three months from the date they are granted.
- Provided that the performance hurdles are achieved, options and performance share rights may vest prior to the third anniversary of their grant:
  - On a person acquiring more than 20% of the voting shares in Origin Energy by takeover or in circumstances where the Board determines the options or rights should vest;
  - On termination of employment due to death or permanent disability; and
  - On termination of employment in circumstances where the Board determines the options or rights should vest.
- Vested rights and options lapse if an executive resigns (after six months), in the event of termination for cause (immediately), and if not exercised before expiry.

A full list of the Reference Groups is available on the Company's website www.originenergy.com.au.

3.5 Contractual arrangements of executive directors and senior executives

3.5.1 Managing Director

Managing Director, Mr Grant King, has an employment contract that will expire on 30 June 2009, unless terminated earlier or renewed. If at the end of term, the contract has not been terminated or renewed, the contract continues terminable by either party on six months' notice.

Origin Energy may terminate Mr King's appointment without cause with 12 months' notice or payment in lieu, including payment of short-term incentive potential, in addition to his statutory entitlements. If Mr King is terminated for unsatisfactory performance he is entitled to a maximum payment of 12 months of fixed remuneration, inclusive of six months' notice or payment in lieu, with no payment of short-term incentives.

Mr King may terminate the appointment by giving 12 months' notice of resignation or the Company may, at its option, pay him 12 months' fixed remuneration in lieu.

In the event of extended illness, Mr King may resign or the Company may terminate his appointment with six months' notice or at its option pay six months' fixed remuneration in lieu with payment of unpaid short-term incentives.

The Company may terminate Mr King's appointment immediately for cause with payment of accrued entitlements only.

3.5.2 Senior executives

Senior executives have no fixed term of employment.

In the event of termination without cause, senior executives are entitled to a notice period of up to three months or payment in lieu plus a severance payment equivalent to three weeks of fixed remuneration per year of service, to a maximum of 74 weeks' entitlement, and a minimum may also apply (generally 18-22 weeks).

Senior executives who resign must provide up to three months' notice or the Company may at its option pay them up to three months' fixed remuneration in lieu. In certain circumstances, primarily redundancy, senior executives may also be entitled to receive pro-rata portions of at risk remuneration for the year during which termination occurs.

The Company may terminate executives immediately with cause with payment of statutory entitlements only.

Details of the nature and amount of each element of the emoluments of the Managing Director and the specified senior executives of the Company receiving the highest emoluments during the year are set out on pages 34 and 35.

4. Employee retention plans

The company has retention plans in place that have been implemented over the last two years to reduce the risk of loss of employees who manage critical activities or who occupy roles that are key to the delivery of operating or strategic objectives. Demand for these specialist roles is very high in the current climate. The plans allow for the key employees to be paid a cash retention payment provided that they remain in employment to a nominated date (generally 31 December 2009) and achieve personal performance targets. The plans currently in place cover approximately 250 employees. Payments may also be made under the plans where the company makes an eligible employee redundant prior to the nominated date, however there is no requirement that a payment be made to an eligible employee on a change of control of the company.

5. Employee share plan

All employees (other than executive directors) with more than one year of service are eligible to participate in the Employee Share Plan. The plan provides for the award of up to $1,000 of shares in Origin if the company meets specified financial and safety targets set by the Board. Shares awarded under the plan are bought on-market. To be eligible to receive shares, annual performance measures which relate to targeted areas of company-wide performance must be achieved. For example, the 2006/07 award was set entirely on safety performance targets. Shares awarded under the Plan must be held for at least three years following award or until the employee ceases employment.

The safety target for the year ended 30 June 2008 has been fully met and the company is committed to awarding $1,000 of shares to approximately 2,400 eligible employees (or pro rata amount for eligible part time employees). It is proposed that the company will acquire the requisite shares for transfer or issue new shares to employees to meet this commitment during September 2008 subject to compliance with applicable laws.

6. Non-executive director remuneration

6.1 Policy

Non-executive directors are remunerated by way of base fees and committee fees (inclusive of superannuation). They can elect to receive this in the form of participation in the shareholder-approved Non-Executive Directors' Share Plan. The level of fees paid is based on the scope of director responsibilities and the size and complexity of the Origin Energy Group.

The Remuneration Committee considers the level of remuneration required to attract and retain directors with the necessary skills and experience for the Origin Energy Board. A review of director remuneration at 20 ASX-listed companies of comparable market capitalisation to Origin Energy in 2007-08 determined that fees paid to Origin Energy non-executive directors were below market levels and increases were made and approved for the year ending 30 June 2009.

The table below shows the structure of non-executive director fees and the new fees for the year ending 30 June 2009.

6.2 Non-executive director fee structure

YEAR ENDING 30 JUNE	2008	2009
Board fees		
Chairman	**$430,000**[1]	$570,000[1]
Member	**$138,000**	$160,000
Committee fees		
Audit		
Chairman	**$50,000**	$55,000
Member	**$24,000**	$28,000
Remuneration		
Chairman	**$33,000**	$38,000
Member	**$13,000**	$15,000
Health, Safety & Environment		
Chairman	**$33,000**	$38,000
Member	**$13,000**	$15,000
Nomination		
Chairman and members	**$0**	$0

(1) *Fee paid to the Chairman for the year includes all committee fees.*

Total fees paid to non-executive directors amounted to $1,489,827 during 2007/08. This is below the aggregate limit of annual non-executive directors' fees approved by shareholders in accordance with the requirements of Origin Energy's Constitution. Fees paid to non-executive directors during the year are listed in the table on pages 34 and 35. The fees paid were in line with the structure presented in the Remuneration Report in 2007. Additional fees of $120,000 were paid to non-executive directors for additional services rendered to the company in respect of attendance at Due Diligence Committee meetings and additional Board meetings during the year. The annual aggregate limit for fees paid to non-executive directors, set by shareholders in October 2006, is $1,600,000. Fees to be paid during 2008/09 are expected to be $1,632,000.

As a result of the review of Directors' fees, the aggregate fee limit is required to be increased to enable the payment of fees at market rates for existing directors and to enable the appointment of additional non-executive directors during the coming year. An increase in the aggregate fee limit to $2,200,000 will be proposed for shareholder approval at the annual general meeting on 15 October 2008. Should approval for the increase not be given, the proposed payments would be reduced to ensure that aggregate fees paid remain within the existing approved limit.

Under the Non-Executive Directors' Share Plan, from 1 July 2006, non-executive directors are required to sacrifice 25% of their gross fees until they hold a minimum of 20,000 Origin Energy shares. These shares are acquired on-market by the Trustee of the Plan to be held for participating non-executive directors. All of the non-executive directors currently hold shares in the Plan. The Trustee of the Plan may transfer to a non-executive director a share acquired under the Plan after five years or upon retirement from office or death of the non-executive director.

7. Director and key management personnel remuneration and other disclosures

7.1 Key management personnel

The directors of Origin Energy Limited during the financial year ended 30 June 2008 were:

NAME	POSITION	DATE APPOINTED
Non-executive directors		
H Kevin McCann	Independent Chairman	February 2000
Bruce G Beeren	Director	January 2005*
Trevor Bourne	Independent Director	February 2000
Helen M Nugent	Independent Director	March 2003
J Roland Williams	Independent Director	February 2000
Gordon M Cairns	Independent Director	June 2007
Executive director		
Grant A King	Managing Director	February 2000

* *Bruce Beeren was an executive director from March 2000 to January 2005.*

Those with authority and responsibility for planning, directing and controlling activities of Origin Energy Limited and its controlled entities during the financial year ended 30 June 2008 were:

NAME	CURRENT POSITION	DATE OF ORIGINAL APPOINTMENT
Karen A Moses	Chief Operating Officer, Australia	February 2000
Andrew M Stock	Executive General Manager, Major Development Projects	February 2000
Frank G Calabria	Chief Financial Officer	November 2001
Robbert J Willink	Executive General Manager, Exploration	February 2000
David Baldwin	Chief Executive Officer, Contact Energy	May 2006

The remuneration and other related party disclosures included in this Remuneration Report were prepared in accordance with AASB 124: Related Party Disclosures. For the purposes of these disclosures, all the individuals above are determined to be 'key management personnel', as defined by the Accounting Standard.

The persons identified above as 'key management personnel' include the five highest remunerated company executives and relevant group executives.

The term 'remuneration' used in this Remuneration Report has the same meaning as the alternative term 'compensation', as defined in AASB 124: Related Party Disclosures.

7.1.1 Loans and other transactions with key management personnel

There were no loans and other transactions with key management personnel during the year ended 30 June 2008.

7.2 Compensation table

Remuneration of key management personnel, directors and other named executives – For the year ended 30 June 2008

	SHORT-TERM BENEFITS					
NAME	FIXED REMUNERATION ($)	VARIABLE REMUNERATION[1] ($)	NON-MONETARY BENEFITS[2] ($)	INSURANCE PREMIUMS ($)	TOTAL ($)	SUPERANNUATION ($)
Director						
Non-executive						
H Kevin McCann	436,848	–	–	138	436,986	13,152
Bruce G Beeren	198,347	–	3,501	138	201,986	13,152
Trevor Bourne	158,167	–	–	138	158,305	45,833
Helen M Nugent	154,937	–	–	138	155,075	25,491
J Roland Williams	169,500	–	–	138	169,638	13,152
Gordon M Cairns	143,000	–	–	138	143,138	11,070
Executive						
Grant A King	1,800,000	1,800,000	4,800	1,975	3,606,775	100,000
Executives						
Karen A Moses	970,000	816,000	4,800	1,975	1,792,775	40,000
Andrew M Stock	568,500	445,000	3,733	1,975	1,019,208	100,000
Frank G Calabria	622,000	447,000	4,800	1,975	1,075,775	50,000
Robbert J Willink	449,929	235,000	2,497	1,975	689,401	122,215
David Baldwin[7]	624,354	399,242	–	–	1,023,596	–
Total[8]	**6,295,582**	**4,142,242**	**24,131**	**10,703**	**10,472,658**	**534,065**

(1) *Variable remuneration for the financial year includes the amount that vested in the financial year – based on achieving personal goals and satisfying specified performance criteria. No amounts vest in future financial years in respect of the variable remuneration for 2007/08. The short-term incentive bonus is for performance during 2007/08, using the criteria set out on page 29. The amount was determined on 11 August 2008, after performance reviews and approved by the Remuneration Committee.*

(2) *Non-monetary benefits covers reportable fringe benefits and exempt benefits*

(3) *For explanation of Non-Executive Directors' Share Plan refer to section 6.2 of this Remuneration Report on page 32.*

(4) *Retirement benefits have been paid out over two prior periods within the aggregate fee limits approved by shareholders. The payments were made by contributions to superannuation and no further amounts are payable or will accrue.*

(5) *The fair value of the options and rights is calculated at the date of grant using a binominal option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options and rights allocated to this reporting period. In valuing the options and rights, market conditions have been taken into account.*

(6) *Refers to Options issued to Bruce G Beeren in August 2004 while he was an executive director, and approved by shareholders. The value of options amortised during the year are not part of the aggregate fees paid to non-executive directors during the year.*

(7) *David Baldwin is paid in New Zealand dollars. Remuneration is converted to Australian dollars using an annual average exchange rate of $1.1612 at 30 June 2008.*

(8) *All key management personnel are employed and remunerated by the Company.*

(9) *Share options and restricted shares issued by Contact Energy Limited.*

POST-EMPLOYMENT BENEFITS			OTHER LONG- TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS			
NON-EXECUTIVE DIRECTORS' SHARE PLAN BENEFITS[3] ($)	ACCRUED RETIREMENT BENEFITS[4] ($)	TOTAL ($)	ACCRUED LONG-SERVICE LEAVE ($)	TERMINATION PAY ($)	OPTIONS AND RIGHTS[5] ($)	TOTAL ($)	PROPORTION OF REMUNERATION PERFORMANCE RELATED (%)	VALUE OF OPTIONS AND RIGHTS AS PROPORTION OF REMUNERATION (%)
–	–	13,152	–	–	–	450,138	–	–
–	–	13,152	–	–	14,775[6]	229,913	–	–
–	–	45,833	–	–	–	204,138	–	–
36,238	–	61,729	–	–	–	216,804	–	–
36,681	–	49,833	–	–	–	219,471	–	–
29,930	–	41,000	–	–	–	184,138	–	–
–	–	100,000	134,441	–	1,057,216	4,898,432	58	22
–	–	40,000	57,687	–	436,344	2,326,806	54	19
–	–	100,000	78,236	–	267,436	1,464,880	49	18
–	–	50,000	14,985	–	215,910	1,356,670	49	16
–	–	122,215	64,001	–	139,507	1,015,124	37	14
–	–	–	–	–	258,353[9]	1,281,949	51	20
102,849	**–**	**636,914**	**349,350**	**–**	**2,389,541**	**13,848,463**		

Remuneration of key management personnel, directors and other named executives – For the year ended 30 June 2007

	SHORT-TERM BENEFITS					POST-EMPLOYMENT BENEFITS	
NAME	FIXED REMUNERATION ($)	VARIABLE REMUNERATION(1) ($)	NON-MONETARY BENEFITS ($)	INSURANCE PREMIUMS ($)	TOTAL ($)	SUPERANNUATION ($)	NON-EXECUTIVE DIRECTORS' SHARE PLAN BENEFITS(2) ($)
Director							
Non-executive							
H Kevin McCann	281,534	–	–	151	281,685	23,662	84,804
Bruce G Beeren	49,405	–	428	151	49,984	105,000	–
Trevor Bourne	121,584	–	666	151	122,401	11,003	29,747
Colin B Carter(8)	48,891	–	–	151	49,042	73,955	4,654
Helen M Nugent	36,523	–	–	151	36,674	100,000	30,477
J Roland Williams	133,500	–	–	151	133,651	12,015	32,485
Gordon M Cairns(9)	7,813	–	–	151	7,964	703	1,901
Executive							
Grant A King	1,600,000	1,526,000	21,589	2,031	3,149,620	100,000	–
Executives							
Karen A Moses	894,167	725,000	11,260	2,031	1,632,458	40,000	–
Andrew M Stock	561,000	380,000	2,200	2,031	945,231	59,000	–
Frank G Calabria	575,000	380,000	4,400	2,031	961,431	25,000	–
Robbert J Willink	453,690	270,000	1,200	2,031	726,921	76,125	–
David Baldwin(7)	590,426	327,005	–	–	917,431	–	–

(1) *Variable remuneration for the financial year includes the amount that vested in the financial year – based on achieving personal goals and satisfying specified performance criteria. No amounts vest in future financial years in respect of the variable remuneration for 2006/07. The short-term incentive bonus is for performance during 2006/07, using the criteria set out on page 29. The amount was determined on 8 August 2007, after performance reviews and approved by the Remuneration Committee.*

(2) *For explanation of Non-Executive Directors' Share Plan refer to section 6.2 of this Remuneration Report on page 32.*

(3) *These retirement benefits have been paid out over two periods within the aggregate fee limits approved by shareholders. The payments were made by contributions to superannuation and no further amounts are payable or will accrue.*

(4) *The fair value of the options is calculated at the date of grant using a binominal option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the options, market conditions have been taken into account.*

(5) *Options were issued to Bruce G Beeren while he was an executive director, prior to January 2005, and were approved by shareholders. The value of options amortised during the year are not part of the aggregate fees paid to non-executive directors during the year.*

(6) *Options granted to Grant King were approved by shareholders pursuant to Listing Rule 10.14 at a general meeting of shareholders on 20 October 2004.*

(7) *David Baldwin is paid in New Zealand dollars. Remuneration is converted to Australian dollars using an annual average exchange rate of $1.1009 at 30 June 2007.*

(8) *Colin Carter resigned from his position on 30 April 2007.*

(9) *Gordon Cairns was appointed to his position on 1 June 2007.*

(10) *Share options and restricted shares issued by Contact Energy Limited.*

		OTHER LONG TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS				
ACCRUED RETIREMENT BENEFITS[3] ($)	TOTAL ($)	ACCRUED LONG-SERVICE LEAVE ($)	TERMINATION PAY ($)	NUMBER OF OPTIONS ISSUED DURING 2006/07	VALUE OF OPTIONS ISSUED DURING 2006/07[4] ($)	VALUE OF OPTIONS ISSUED IN PAST YEARS AMORTISING DURING 2006/07[4] ($)	% OF REMUNERATION THAT IS OPTIONS	TOTAL ($)
83,761	192,227	–	–	–	–	–	–	473,912
–	105,000	–	–	–	–	205,307[5]	–	360,291
27,247	67,997	–	–	–	–	–	–	190,398
26,504	105,113	–	–	–	–	–	–	154,155
–	130,477	–	–	–	–	–	–	167,151
35,899	80,399	–	–	–	–	–	–	214,050
–	2,604	–	–	–	–	–	–	10,568
–	100,000	73,095	–	500,000[6]	191,145	654,694	20.3	4,168,554
–	40,000	30,077	–	211,000	80,663	313,951	18.9	2,097,149
–	59,000	40,970	–	158,000	60,402	206,028	20.3	1,311,631
–	25,000	13,255	–	110,000	42,052	155,458	16.5	1,197,196
–	76,125	25,697	–	–	–	173,041	17.2	1,001,784
–	–	–	–	–	–	272,504[10]	22.9	1,189,935

7.3 Equity instruments

7.3.1 Equity hedging policy

Origin Energy policy requires that employees not trade in instruments or other financial products which operate to limit the economic risk of any securities held under any equity-based incentive schemes while those holdings are subject to performance hurdles or are otherwise unvested.

The company secretary monitors adherence to this policy. Non-compliance may result in summary dismissal.

7.3.2 Value of options granted, exercised and lapsed

Summary of the value of options granted, exercised and lapsed in the current financial year as long-term incentives to directors and senior executives:

	VALUE OF OPTIONS AND RIGHTS		
NAME & POSITION	GRANTED DURING THE YEAR[1] $	EXERCISED DURING THE YEAR[2] $	LAPSED DURING THE YEAR[3] $
Directors			
Grant A King	2,116,000	–	–
Bruce G Beeren	–	–	–
Executives			
Karen A Moses	697,180	4,053,860	–
Andrew M Stock	319,970	3,291,851	–
Frank G Calabria	319,970	208,727	–
Robbert J Willink	198,710	–	–
David Baldwin	–	–	–

(1) *The value of options and rights granted in the year is the fair value calculated at grant date using a binominal option-pricing model which has been independently calculated by Mercers. The value disclosed is the portion of the fair value of the options and rights allocated to this reporting period.*

(2) *The value of options and rights exercised during the year is calculated as the market price of Origin Energy shares on the Australian Securities Exchange as at close of trading on the date the options and rights were exercised, after deducting the price paid to exercise the option or right.*

(3) *While lapsed options and rights have no value, under section 300A of the Corporations Act, the value of lapsed options is required to be shown as if they had not lapsed. The value of the options and rights that lapsed during the year represents the benefit forgone and is calculated at the date the option or right lapsed, using a binominal option-pricing model with no adjustments for whether the performance criteria have, or have not, been achieved.*

7.3.3 Options and rights over equity instruments granted as compensation

Options and rights over ordinary shares of Origin Energy Limited granted or vested to all key management personnel:

	NUMBER OF OPTIONS AND RIGHTS GRANTED DURING 2007/08	GRANT DATE	FAIR VALUE PER OPTION AND RIGHT AT GRANT DATE	EXERCISE PRICE PER OPTION AND RIGHT	EXPIRY DATE	NUMBER OF OPTIONS AND RIGHTS VESTED DURING 2007/08
Directors						
H Kevin McCann	–	–	–	–	–	–
Bruce G Beeren	–	–	–	–	–	275,000
Trevor Bourne	–	–	–	–	–	–
Helen M Nugent	–	–	–	–	–	–
J Roland Williams	–	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–	–
Grant A King	300,000	28/9/07	$2.57	$10.32	28/9/12	1,900,000
	100,000	28/9/07	$7.53	Nil	28/9/12	
	100,000	14/11/07	$5.92	Nil	14/2/13	
Executives						
Karen A Moses	140,000	28/9/07	$2.51	$10.32	28/12/12	593,000
	51,000	28/9/07	$6.78	Nil	28/12/12	
Andrew M Stock	64,000	28/9/07	$2.51	$10.32	28/12/12	416,000
	23,500	28/9/07	$6.78	Nil	28/12/12	
Frank G Calabria	64,000	28/9/07	$2.51	$10.32	28/12/12	306,000
	23,500	28/9/07	$6.78	Nil	28/12/12	
Robbert J Willink	40,000	28/9/07	$2.51	$10.32	28/12/12	208,000
	14,500	28/9/07	$6.78	Nil	28/12/12	
David Baldwin	–	–	–	–	–	–

No options and rights have been granted since the end of the financial year. Options and rights were provided at no cost to the recipients.

All options and rights expire on the earlier of their expiry date or termination of the individual's employment. The options and rights are exercisable no earlier than three years after grant date. In addition to a continuing employment service condition, the ability to exercise options and rights is conditional on the consolidated entity achieving certain performance hurdles. For options and rights granted in the current year, the earliest exercise date is 28 September 2010. Details of the performance criteria are included in the long-term incentives information in section 3.4.2.4 on page 31.

7.3.4 Exercise of options granted as compensation

The following shares were issued on the exercise of options previously granted as compensation:

	2007/08	
	NUMBER OF SHARES	AMOUNT PAID PER SHARE
Directors		
H Kevin McCann	–	–
Bruce G Beeren	–	–
Trevor Bourne	–	–
Helen M Nugent	–	–
J Roland Williams	–	–
Gordon M Cairns	–	–
Grant A King	–	–
Executives		
Karen A Moses	200,000	$3.40
	260,000	$4.15
Andrew M Stock	135,000	$5.72
	160,000	$4.15
Frank G Calabria	20,000	$3.40
	20,000	$4.15
Robbert J Willink	–	–
David Baldwin	–	–

There were no amounts unpaid on the shares issued as a result of the exercise of options during 2006/07 and 2007/08.

7.3.5 Options and rights holdings

Movement, during the reporting period, in the number of options and rights over ordinary shares in Origin Energy held directly, indirectly or beneficially by key management personnel, including their related parties:

	HELD AT 1 JULY 2007	GRANTED AS COMPENSATION	EXERCISED	LAPSED DURING THE YEAR	HELD AT 30 JUNE 2008	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2008
Directors							
H Kevin McCann	–	–	–	–	–	–	–
Bruce G Beeren	550,000	–	–	–	550,000	275,000	550,000
Trevor Bourne	–	–	–	–	–	–	–
Helen M Nugent	–	–	–	–	–	–	–
J Roland Williams	–	–	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–	–	–
Grant A King	2,000,000	500,000	–	–	2,500,000	1,900,000	2,400,000
Executives							
Karen A Moses	1,053,000	191,000	460,000	–	784,000	593,000	593,000
Andrew M Stock	576,000	87,500	295,000	–	368,500	416,000	281,000
Frank G Calabria	436,000	87,500	40,000	–	483,500	306,000	396,000
Robbert J Willink	208,000	54,500	–	–	262,500	208,000	208,000
David Baldwin	–	–	–	–	–	–	–

	HELD AT 1 JULY 2006	GRANTED AS COMPENSATION	EXERCISED	LAPSED DURING THE YEAR	HELD AT 30 JUNE 2007	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2007
Directors							
H Kevin McCann	–	–	–	–	–	–	–
Bruce G Beeren	800,000	–	250,000	–	550,000	275,000	275,000
Trevor Bourne	–	–	–	–	–	–	–
Colin B Carter	–	–	–	–	–	–	–
Helen M Nugent	–	–	–	–	–	–	–
J Roland Williams	–	–	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–	–	–
Grant A King	2,250,000	500,000	750,000	–	2,000,000	500,000	500,000
Executives							
Karen A Moses	1,082,000	211,000	240,000	–	1,053,000	260,000	460,000
Andrew M Stock	418,000	158,000	–	–	576,000	160,000	160,000
Frank G Calabria	466,000	110,000	140,000	–	436,000	110,000	130,000
Robbert J Willink	468,000	–	260,000	–	208,000	160,000	–
David Baldwin	–	–	–	–	–	–	–

7.3.6 Equity holdings and transactions

Movement, during the reporting period, in the number of ordinary shares of Origin Energy Limited held directly, indirectly or beneficially by key management personnel, including their related parties:

	HELD AT 1 JULY 2007	PURCHASES	RECEIVED ON EXERCISE OF OPTIONS	SALES	HELD AT 30 JUNE 2008
Directors					
H Kevin McCann	261,725	5,657	–	–	267,382
Bruce G Beeren	805,020	–	–	80,000	725,020
Trevor Bourne	42,966	2,051	–	–	45,017
Helen M Nugent	18,398	4,102	–	–	22,500
J Roland Williams	38,237	4,156	–	–	42,393
Gordon M Cairns	2,500	2,384	–	–	4,884
Grant A King	301,046	6,695	–	–	307,741
Executives					
Karen A Moses	33,466	60	460,000	260,000	233,526
Andrew M Stock	397,495	60	295,000	204,717	487,838
Frank G Calabria	140,832	81	40,000	160,000	20,913
Robbert J Willink	611,981	2,703	–	400,000	214,684
David Baldwin	–	–	–	–	–

	HELD AT 1 JULY 2006	PURCHASES	RECEIVED ON EXERCISE OF OPTIONS	SALES	HELD AT 30 JUNE 2007
Directors					
H Kevin McCann	253,286	8,439	–	–	261,725
Bruce G Beeren	554,420	600	250,000	–	805,020
Trevor Bourne	38,350	4,616	–	–	42,966
Colin B Carter	30,958	2,773	–	–	33,731
Helen M Nugent	14,046	4,352	–	–	18,398
J Roland Williams	33,658	4,579	–	–	38,237
Gordon M Cairns	–	2,500	–	–	2,500
Grant A King	244,769	6,277	750,000	700,000	301,046
Executives					
Karen A Moses	33,266	200	240,000	240,000	33,466
Andrew M Stock	587,095	400	–	190,000	397,495
Frank G Calabria	614	218	140,000	–	140,832
Robbert J Willink	351,781	200	260,000	–	611,981
David Baldwin	–	–	–	–	–

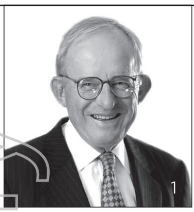
7.3.7 Vesting profile

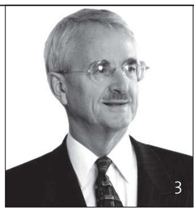
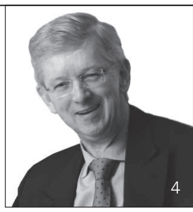
Details of vesting profile of the options and rights granted as remuneration during the reporting period to key management personnel:

	OPTIONS AND RIGHTS GRANTED				
	NUMBER	DATE	PERCENTAGE VESTED IN YEAR	FORFEITED IN YEAR[1]	VESTING DATE
Directors					
H Kevin McCann	–	–	–	–	–
Bruce G Beeren	–	–	–	–	–
Trevor Bourne	–	–	–	–	–
Helen M Nugent	–	–	–	–	–
J Roland Williams	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–
Grant A King	300,000	28/9/07	100%	–	28/9/2010[2]
	100,000	28/9/07	100%	–	28/9/2010[2]
	100,000	14/11/07	–	–	14/11/2010
Executives					
Karen A Moses	140,000	28/9/07	–	–	28/9/2010
	51,000	28/9/07	–	–	28/9/2010
Andrew M Stock	64,000	28/9/07	–	–	28/9/2010
	23,500	28/9/07	–	–	28/9/2010
Frank G Calabria	64,000	28/9/07	–	–	28/9/2010
	23,500	28/9/07	–	–	28/9/2010
Robbert J Willink	40,000	28/9/07	–	–	28/9/2010
	14,500	28/9/07	–	–	28/9/2010
David Baldwin	–	–	–	–	–

(1) *The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to the highest level performance criteria not being achieved.*

(2) *The announcement by BG Group of a proposal to acquire Origin on 29 April 2008 brought forward the first exercise date of these options and as result of the performance hurdles having been met, the options have vested and have become fully exercisable.*




1. H Kevin McCann AM

Independent
Non-executive Chairman

Kevin McCann joined the Board as Chairman in February 2000. He is Chairman of the Nomination Committee and a member of the Audit, Remuneration, and Health, Safety and Environment committees. Kevin is Chairman of Healthscope Limited (since March 1994) and Sydney Harbour Federation Trust. He is the lead independent director of Macquarie Group Limited (joining the board in August 2007), Independent Director of Macquarie Bank Limited (a director since December 1996) and a director of BlueScope Steel Limited (since May 2002).

He practised as a commercial and corporate lawyer at Allens Arthur Robinson, a national law firm, for over 34 years, and was Chairman of Allen Allen & Hemsley and Allens Arthur Robinson for nine years. Kevin was previously Chairman of Triako Resources Limited (1999–2006). He is also a member of the Australian Takeovers Panel and the Council of the National Library of Australia. Kevin has an Arts degree, a Law degree (Honours), a Masters in Law and is a Fellow of the Australian Institute of Company Directors.

2. Grant A King

Managing Director

Grant King was appointed Managing Director of Origin at the time of its demerger from Boral Limited, in February 2000, and was Managing Director of Boral Energy from 1994. Prior to joining Boral, he was General Manager, AGL Gas Companies. Grant is Chairman of Contact Energy Limited (since October 2004) and the Energy Supply Association of Australia Limited (since November 2005). He is a former director of Envestra Limited (1997–2007). Grant is a councillor of the Australian Petroleum Production and Exploration Association. He has a Civil Engineering degree and a Master of Management.

3. Bruce G Beeren

Non-executive Director

Bruce Beeren joined the Board as an executive director in March 2000. He retired from this position on 31 January 2005 and continues on the Origin Board as a non-executive director. He is a member of the Audit, Remuneration and Nomination committees. With over 30 years experience in the energy industry, he 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 (since October 2004), Coal & Allied Industries Limited (since July 2004) and Equipsuper Pty Limited (since August 2002). He is a former director of Envestra Limited (2000–2007) and Veda Advantage Limited (2004–2007). Bruce has degrees in Science and Commerce and a Master of Business Administration. He is a Fellow of CPA Australia and the Australian Institute of Company Directors.

4. Trevor Bourne

Independent
Non-executive Director

Trevor Bourne joined the Board in February 2000. He is Chairman of the Remuneration committee and a member of the Nomination and Health, Safety and Environment committees. He retired in December 2003 as Chief Executive Officer of Tenix Investments Pty Limited, prior to which he was Managing Director of Brambles Australia Limited. Trevor is Chairman of Hastie Group Limited (since November 2004) and a director of Caltex Australia Limited (since March 2006). He is a former director of Coates Hire Limited (2004–2008) and Lighting Corporation Limited (2004–2008). He has a Mechanical Engineering degree and a Master of Business Administration.

5. Gordon M Cairns

Independent
Non-executive Director

Gordon Cairns joined the Board on 1 June 2007 and is a member of the Remuneration, Nomination and Health, Safety and Environment committees. He has extensive Australian and international experience as a senior executive, most recently as Chief Executive Officer of Lion Nathan Limited, and has held senior management positions in marketing and finance with Pepsico, Cadbury Schweppes and Nestlé.

Gordon is currently a director of Westpac Banking Corporation (since July 2004), Opera Australia, The Centre for Independent Studies and World Education Australia and is a senior advisor to McKinsey & Company. He holds a Master of Arts (Honours) from the University of Edinburgh.

6. Helen M Nugent AO

Independent
Non-executive Director

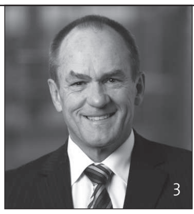
Helen Nugent joined the Board in March 2003 and is Chairman of the Audit Committee and a member of the Remuneration and Nomination committees. An experienced professional non-executive director, she is currently Chairman of Swiss Re Life and Health (Australia) and Funds SA. She is also a director of Macquarie Group Limited (since August 2007), Macquarie Bank Limited (since June 1999) as well as Freehills.

Previously, she was a 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 degree (Honours) and a Doctorate of Philosophy. She holds a Master of Business Administration from Harvard Business School and is a Fellow of the Australian Institute of Company Directors.

7. Roland Williams CBE

Independent
Non-executive Director

Roland Williams joined the Board in February 2000. He is Chairman of the Health, Safety and Environment Committee and a member of the Audit and Nomination committees. He retired in June 1999 as Chairman and Chief Executive of Shell Australia Limited prior to which he was Managing Director, Shell International Gas, and President, Shell Coal International. Roland is a director of Boral Limited (since 1999) and holds a Chemical Engineering degree (Honours) and a Doctorate of Philosophy. He is a Fellow of the Australian Institute of Company Directors and the Institution of Chemical Engineers and a Companion of the Institution of Gas Engineers and Managers.



1. Karen Moses
Chief Operating Officer

Karen Moses joined Boral Energy (now Origin) in December 1994 and is responsible for the integrated operations within Australia including oil and gas exploration and production, power generation and natural gas, electricity and LPG trading and retailing. She is also responsible for the HS&E corporate activities. Karen is a director of Contact Energy Limited, Victorian Energy Networks Corporation (VENCorp) and Energy and Water Ombudsman (Victoria) Limited. She also chairs Contact's HSE Committee and VENCorp's Safety and Emergency Committee. Karen is a member of the Australian School of Business Advisory Council and the CSIRO Energy and Transport Sector Advisory Council. Prior to joining Origin, Karen held development and trading roles with the Exxon Group (1983–1994). She has a Bachelor of Economics and a Diploma of Education from the University of Sydney, and is a member of the Australian Institute of Company Directors and Chief Executive Women.

2. Andrew Stock
Executive General Manager, Major Development Projects

Andrew Stock joined Boral Energy (now Origin) in 1984 and is responsible for Origin's major capital development projects in upstream petroleum and power generation and the low-emissions technology businesses. He is a director of Geodynamics Limited and The Climate Group. Prior to joining Origin, Andrew held senior management positions in the energy and petrochemical industries. He has a Bachelor of Engineering (Chemical – Honours) from the University of Adelaide, is a Fellow of the Institution of Engineers Australia, and a member of the Australian Institute of Company Directors and Australian Institute of Energy.

3. Robbert Willink
Executive General Manager, Exploration

Rob Willink joined SAGASCO Resources (now Origin) in 1988 and is responsible for oil and gas exploration. Prior to joining Origin, Rob spent nine years with Shell as a petroleum geologist in Australia, Oman and Turkey, and was a lecturer in petroleum geology at the National Centre for Petroleum Geology and Geophysics in Adelaide. Rob has a Bachelor of Science (Honours) from the University of Tasmania and a PhD from The Australian National University.

4. Frank Calabria
Chief Financial Officer

Frank Calabria joined Origin as Chief Financial Officer in November 2001 and is responsible for finance, information technology, investor relations and procurement. Prior to joining Origin, Frank held senior finance roles with Pioneer International Limited, Hanson plc and Hutchison Telecommunications. Frank has a Bachelor of Economics from Macquarie University and a Masters of Business Administration (Executive) from the Australian Graduate School of Management. He is an Associate of the Institute of Chartered Accountants of Australia and a Fellow of the Financial Services Institute of Australasia.

5. Carl McCamish
Executive General Manager, Corporate Development and Communications

Carl McCamish joined Origin in March 2008 and is responsible for strategy, business development and corporate communications. Before joining Origin, Carl worked for McKinsey & Co and as a strategy advisor to the United Nations. In 2004, he was appointed as Senior Advisor in the Prime Minister's Strategy Unit in the UK and was deputy head of the UK energy review which covered all aspects of energy policy. In 2007, Carl was head of strategic development at the private equity firm, Terra Firma, before deciding to return to Australia. He has a Bachelor of Arts and Law from the University of Melbourne and a Masters in Industrial Relations and Labour Economics from Oxford University where he was a Rhodes Scholar.

6. Melanie Laing
Executive General Manager, Human Resources

Melanie Laing joined Origin in November 2007 and is responsible for driving the human resources strategy. Prior to joining Origin, Melanie was Regional Human Resources Director for Unisys Asia Pacific where she built a human resources function that supported the business through major growth and change. She has also held senior HR roles with Vodafone Asia Pacific and General Re Corporation. Melanie has a Bachelor of Arts from the University of the Witwatersrand in South Africa and several qualifications in human resources management. She is a Fellow of the Australian Institute of Company Directors and a member of the Australian Human Resources Institute.

7. Bill Hundy
Company Secretary

Bill Hundy joined Origin in July 2001, and is responsible for the company secretarial, insurance, legal and compliance functions.

Prior to joining Origin, he was company secretary for Email Limited and Placer Pacific Limited.

Bill has a Bachelor of Laws and Bachelor of Commerce from the University of New South Wales. He is a Fellow of the Chartered Institute of Secretaries and the Australian Institute of Company Directors.

Origin Energy's Board and management are committed to the creation of shareholder value and meeting the expectations of stakeholders through the practise of sound corporate governance.

In achieving our goals, we require everyone within the company to act in accordance with the corporate governance principles and practices adopted by the Board.

Compliance with ASX Corporate Governance Council Best Practice Recommendations

The statement, below, summarises our practices – as required by Australian Securities Exchange (ASX) Listing Rules – to disclose the extent to which we have followed ASX Corporate Governance Council Best Practice Recommendations (ASX Recommendations) during the 2007/08 financial year. We believe that during the reporting period, and to the date of this report, our governance practices complied with all ASX Recommendations.

Principle 1:
Lay solid foundations for management and oversight

1.1 The Board of directors

The Board of directors is made up of five independent non-executive directors, one non-executive non-independent director and one executive director – the managing director. Directors' profiles – with details of directors' skills, experience and special expertise – are on page 43 and are also on our website, www.originenergy.com.au.

ASX Recommendations 2.1, 2.5

1.2 Roles and responsibilities

The Board is accountable to shareholders for the company's performance.

The Board's roles and responsibilities are formalised in a charter, together with specific matters that are delegated to management. The charter is disclosed on our website.

Board-approved policies, the Code of Conduct and delegated limits of authority define the responsibilities for day-to-day operations delegated to management, and those matters requiring Board approval.

ASX Recommendation 1.1

Principle 2:
Structure the Board to add value

2.1 Board size and composition

Origin Energy directors determine the Board's size and composition, within limits set by the company's constitution, which requires a Board of between five and 12 directors. As at 30 June 2008, the Board had seven directors – five independent non-executive directors, one non-executive non-independent director and one executive director.

ASX Recommendations 2.1, 2.5

2.2 Selection and role of the chairman

The Board selects the chairman from the non-executive independent directors. The chairman leads the Board and oversees the Board organisation and facilitates its effective and efficient operation. He arranges for directors to receive board and committee papers before meetings and for all directors to have an opportunity to contribute to Board deliberations. The chairman's role and responsibilities are separate from those of the managing director. The chairman is a key link between the managing director and other directors and is responsible for effective collaboration between them. The Chairman also oversights a review of Board and individual director effectiveness.

ASX Recommendations 2.2, 2.3

2.3 Directors' independence

Origin Energy's policy of having a majority of non-executive and independent directors reflects the importance the Board places on independent directors in ensuring that the Board fulfils its responsibilities, and holds management accountable for the company's performance.

In defining the characteristics of an independent director, the Origin Energy Board uses the ASX Recommendations and guidelines, together with its own consideration of the company's operations and businesses. As a provider of energy related products and services to commercial and mass-market customers, Origin Energy supplies products and services to its directors and their associates in the ordinary course of business. As independent directors do not participate in supply contract negotiation or awarding of competitive tenders to commercial associates, the Board has determined that these supply arrangements do not affect a director's independence.

On 27 August 2008, at the conclusion of its annual review of director independence, the Board formed the view that Mr Kevin McCann, Chairman, and directors Dr Roland Williams, Dr Helen Nugent, Mr Trevor Bourne and Mr Gordon Cairns were independent, those directors having satisfied Origin Energy's definition of an independent director. The full definition used to determine director independence is available within our Independence of Directors policy on our website.

ASX Recommendations 2.1, 2.5

2.4 Meetings and the Board's work

The Board schedules 11 meetings a year, including a two-day strategic planning session. If required, additional unscheduled meetings are held to deal with urgent matters. During the past year, 12 such additional meetings were held. This year, the Board made two visits to company operations where it met operational management. Directors' attendance of Board and committee meetings is disclosed in the Directors' Report (page 24).

An agenda is prepared for each Board meeting by the managing director, chairman and company secretary to ensure operational, financial, strategic, regulatory and major risk areas are addressed.

Executive management also provides the Board each month with an operations report, a health, safety and environment report, reports from the chief operating officer and the chief financial officer, reports on all major projects under construction and, as appropriate, on other company and operational matters including Contact Energy.

Non-executive directors also meet at least once a year without the executive director or management to deal with chief executive succession planning, key strategic issues, and Board operation and effectiveness.

ASX Recommendation 1.1

2.5 Access to information and advice

Directors have access to company employees, advisers and records. In carrying out their duties and responsibilities, directors have access to advice and counsel from the chairman and company secretary, and may seek independent professional advice – at the company's expense – after consultation with the chairman.

As approved by shareholders, the company has a deed of access with each director that gives them a right of access to all documents provided during their time in office, for seven years after they cease to be a director.

ASX Recommendation 2.5

2.6 Board committees

Four committees assist the Board in executing its duties and in considering complex and significant matters relating to audit; remuneration; health, safety and environment; and nominations.

Each committee has a Board-approved charter setting out its corporate governance roles and responsibilities, composition, membership requirements and operation. Committee meeting minutes are tabled at the following Board meeting, with additional and specific reporting requirements to the Board addressed in the committee charters.

The charter for each committee is available on our website.

Current Board committee membership

COMMITTEE MEMBERSHIP	AUDIT	REMUNERATION	HEALTH, SAFETY & ENVIRONMENT	NOMINATION
Non-Executive Independent Directors				
Kevin McCann	Member	Member	Member	Chairman
Trevor Bourne		Chairman	Member	Member
Gordon Cairns		Member	Member	Member
Helen Nugent[1]	Chairman	Member		Member
Roland Williams[2]	Member		Chairman	Member
Non Executive Non-Independent Director				
Bruce Beeren	Member	Member		Member
Executive Director				
Grant King			Member	

(1) *Helen Nugent became chairman of the Audit Committee from 1 September 2007.*

(2) *Roland Williams was chairman of the Audit Committee to 1 September 2007.*

ASX Recommendations 2.4, 2.5, 4.2, 4.3, 4.4, 4.5, 9.2 and 9.5

2.7 Nomination of directors and Board renewal

The Nomination Committee provides support and advice to ensure that the Board is comprised of directors who have the skills the company requires. The role includes:

- conducting Board reviews;
- establishing processes to identify suitable directors; and
- recommending directors' appointments and Board and committee structures.

The committee met once during 2007/08. The Nomination Committee charter is available on our website.

ASX Recommendation 2.4

The Board recognises the importance of regular renewal through review of its membership. It intends to appoint additional directors in FY2009.

In seeking candidates, the Nomination Committee may engage consultants to identify or assess applicants. The committee recommends new directors to the full Board.

New directors are provided with a letter of appointment which sets out their rights, responsibilities and fees. New directors undergo an induction program during which they are briefed by management on financial, strategic, operational and risk management issues.

At each annual general meeting, up to one third of the directors (excluding the Managing Director) retire and submit themselves for re-election.

Origin Energy's constitution provides for new Board-appointed directors to stand for election by shareholders at the next annual general meeting, and for all directors – other than the managing director – to stand for re-election at least once every three years.

ASX Recommendation 2.5

Principle 3: Promote ethical and responsible decision making

3.1 Integrity

All directors and employees are expected to act with a high level of integrity. Consistent with our statement of commitments, principles and values we have developed and implemented policies governing director and employee conduct in pursuit of company objectives.

We have a 'whistleblower' policy and encourage the reporting of unlawful and unethical behaviour. We promote and monitor compliance with our policies and are committed to protecting those who report breaches in good faith.

A summary of the director and employee Code of Conduct is available on our website.

ASX Recommendations 3.1, 3.3, 10.1

3.2 Avoiding conflicts of interest

All directors and employees are expected to give their undivided business loyalty to the company when conducting their work related duties. Accordingly, all directors and employees are required to avoid conflicts of interests, being situations where personal interests conflict, or appear to conflict, with the interests of the Origin Energy Group.

Directors are required to make a general declaration of directors' interests and those of related parties.

In accordance with the Corporations Act, the Board has adopted a protocol for any director who may have a conflict of interest as the result of a material personal interest in a matter before the Board.

Any director who may have a conflict, or potential conflict, in a matter involving the Origin Energy Group must declare that interest and may, in appropriate cases, not receive any papers from the company pertaining to those matters, participate in any meeting to consider, or vote on the matter giving rise to that conflict.

ASX Recommendation 3.1

3.3 Securities dealings

Our policy concerning trading in company securities precludes our directors and all employees from dealing in Origin Energy securities from 1 July until announcement of our final results, and from 1 January until announcement of the half-yearly results. All directors and employees are prohibited from trading in Origin Energy securities at any time if they possess price-sensitive information not available to the market and which could, reasonably, be expected to influence the market. Directors and employees may not engage in short-term dealings in Origin Energy securities. Directors and executives may enter into margin loan arrangements if they give prior notice of the arrangement to the chairman via the company secretary or, in the case of the chairman, to the Board via the company secretary and should not enter into margin loans on terms that may require a sale of Origin securities at a time when prohibited from doing so under the policy.

Executives are prohibited from entering into hedging transactions that limit the downside risk of any of their unvested equity-based incentives.

The Dealing in Securities Policy is available on our website.

ASX Recommendations 3.2, 3.3

Principle 4: Safeguard integrity in financial reporting

4.1 Audit Committee

The Audit Committee oversees the structure and management systems that ensure the integrity of the company's financial reporting. Committee members have financial expertise and understand the industries in which Origin Energy operates. The chairman of the Board cannot chair the Audit Committee.

The committee meets at least four times per year, and during 2007/08 met five times. An agenda is prepared, and comprehensive papers circulated to committee members before each meeting. Origin Energy's internal and external auditors attend committee meetings, with the managing director attending at the committee chairman's invitation.

The Audit Committee reviews the company's half-yearly and annual financial reports and makes recommendations to the Board on adopting financial statements. The committee provides additional assurance to the Board with regard to the quality and reliability of financial information, financial controls and financial risk management. The committee has the authority to seek information from any employee or external party.

The internal and external auditors have direct access to the Audit Committee chairman and, following each scheduled meeting, meet separately with the committee without the executive director or management present.

The committee reviews the independence of the external auditor, including the nature and level of non-audit services provided, and reports on this issue to the full Board.

The Audit Committee's charter is available on our website.

ASX Recommendations 4.2, 4.3, 4.4, 4.5

4.2 External auditor

The external auditor is a key protector of shareholders' interests. Accordingly, the Board believes that the auditor's independence is essential to ensure the company's financial reports are true and fair and meet the highest standards of financial integrity.

To monitor and maintain the external auditor's independence, Origin Energy has adopted a policy and protocol which governs the relationship between the auditor, Board and management.

The policy and protocol include:

- independence commitments required from the external auditor, including six-monthly independence declarations;
- rotation of the audit engagement and review partners at least every five years with a two-year cooling off period;
- guidance on general and specific non-audit services the external auditor cannot provide, and an approval process for any acceptable non-audit services including a requirement for audit committee pre-approval of non-audit services. The audit committee chairman can approve additional acceptable non-audit services not exceeding $50,000; and
- responsibilities and processes for selecting, appointing, reviewing and removing the external auditor.

For the years ended June 2006, 2007 and 2008, Mr Duncan McLennan was the KPMG Audit Partner for Origin Energy. In accordance with our policy, the Audit Committee reviewed and confirmed the auditor's independence in August 2008.

ASX Recommendation 4.5

Principle 5: Make timely and balanced disclosure

Origin Energy has adopted policies and procedures to ensure compliance with continuous disclosure obligations under the ASX Listing Rules and the Corporations Act, and that senior management is accountable for compliance.

We are committed to providing timely, full and accurate disclosure. We also keep the market informed with quarterly releases detailing our exploration, development and production, and annual and half-yearly reports to shareholders.

We disclose all material matters to the ASX immediately and subsequently to the media, as required by the exchange's listing rules. All such releases are posted on our website immediately after we release them to the exchange.

We release our investment presentations to the ASX and post them promptly on our website, along with other reports that are not material enough to be an exchange announcement. Shareholders can subscribe to an email notification service and receive immediate notice of any announcements we release.

We also broadcast our major results announcements and annual general meetings on our website.

The Continuous Disclosure Policy and our Communication with Shareholders Policy are available on our website.

The company secretary has the primary responsibility for communicating with the ASX in relation to compliance with the exchange's listing rules.

ASX Recommendations 5.1, 5.2

Principle 6: Respect the rights of shareholders

6.1 Shareholder communications

We are committed to providing a regular communication to shareholders about the financial performance of the company and its business and operations.

Annual and half-yearly reports are provided to shareholders except those who have requested not to receive a copy. Shareholders may elect to receive all company reports electronically. Origin also prepares an annual shareholder review of the business and operations of the company which it sends to shareholders other than those who elect not to receive it.

Origin Energy's website contains all recent announcements, presentations, past and current reports to shareholders, notices of meetings and archived webcasts of general meetings and investor presentations.

Origin Energy's policy on communication with shareholders is available on our website.

ASX Recommendation 6.1

6.2 General meetings

Origin Energy encourages shareholders to attend and participate at all general meetings. We require our external auditor to attend the annual general meetings and be available to answer questions about the preparation and content of the auditor's report.

Notices of meeting for general meetings are accompanied by explanatory memoranda to provide shareholders with information to enable them to decide whether to attend and how to vote upon the business of the meeting. Full copies of the notice of meeting and the explanatory memorandum are posted on the company's website. Shareholders who cannot attend in person may vote by appointing a proxy using a form attached to the notice of meeting or use an online facility.

ASX Recommendations 6.1, 6.2

Principle 7: Recognise and manage risk

The Board has an overarching policy governing the company's approach to risk oversight and management and internal control systems.

The Board is responsible for seeing that there are appropriate policies in relation to risk management and internal control systems. Our policies are designed to identify, assess, address and monitor strategic, operational, legal, reputational, commodity and financial risks to enable us to achieve our business objectives. Where appropriate, certain risks are covered by insurance or by Board-approved policies for hedging of interest rates, foreign exchange rates and commodities. Annually a company-wide review of major risks is undertaken and management reports on the effectiveness of the management of these risks. Major risks are reported to the Board, along with controls and risk mitigation plans.

Board, executive and business unit level controls are designed to safeguard company and stakeholders' interests in respect of the risks mentioned above.

The company seeks to maintain strong control across all corporate and operational activities. Our organisational structure has clear lines of accountability, with detailed control procedures for management accounting, financial reporting, environmental matters, health and safety, information technology, confidential information, regulatory compliance and project development.

The internal audit function has a mandate for reviewing, providing assurance and recommending improvements to company controls, processes and procedures across corporate and business activities. Internal audit reports to both business unit management and the Audit Committee. In addition to ongoing management review, detailed half-yearly questionnaires on key aspects of operational and financial risks are completed and reviewed by senior management and the Audit Committee, and reported to the Board.

When presenting financial statements for Board approval, the managing director and chief financial officer provide a formal statement to the Board that:

- the financial statements present a true and fair view in all material respects of Origin Energy's financial condition and operational results, and are in accordance with the relevant accounting standards;
- the Origin annual and half-yearly financial statements are founded on a sound system of risk management and internal compliance and control, which implements policies adopted by the Board; and
- risk management and internal control systems are sound and operating effectively in all material respects.

This process was completed in February 2008 and August 2008 in conjunction with the half-yearly and year-end reporting.

The Risk Management Policy is available on our website.

ASX Recommendations 4.1, 7.1, 7.2, 7.3

Principle 8: Encourage enhanced performance

8.1 Board performance reviews

Each non-executive director is elected for up to a three-year term, which is renewable for further terms on the recommendation of the other directors, and re-election by shareholders at an annual general meeting. Directors not due to stand for re-election review the performance of directors who are seeking re-election, and make recommendations to shareholders. The review considers a director's expertise, skill and experience, along with their understanding of the company's business, preparation for meetings, relationship with other directors and management, awareness of ethical and governance issues, and overall contribution. The results are discussed individually with the director under review and considered by the whole Board – other than the director under review.

The Board has reviewed the performance of Bruce Beeren and Kevin McCann who are standing for re-election at the annual general meeting in October 2008. The Board concluded that both directors have performed well, make valuable contributions in Board deliberations and concluded that they should be recommended for re-election. The Board recommendation is included in the notice convening the annual general meeting.

Every second year, the directors review the performance of the whole Board and Board committees. This year, the review – covering many Board activities and its work program – included assessing time commitments, meeting efficiency and Board contribution to company strategy, monitoring, compliance and governance.

The results are discussed by the whole Board, where initiatives to improve or enhance Board performance and effectiveness are considered and recommended.

ASX Recommendation 8.1

8.2 Executive performance reviews

Each year, the Board assesses the managing director's performance. This includes a review of the financial performance, growth, the economic and business environment, human resources and other achievements.

The managing director reviews the performance of key executives annually. In presenting his findings to the Board, he includes financial performance and success in meeting personal objectives set at the beginning of the year.

The Remuneration Committee considers the performance of the managing director and key executives in assessing future fixed remuneration and awarding performance-related remuneration through short-term and long-term incentives.

Further information is in the Remuneration Report on pages 27 to 42.

ASX Recommendation 8.1

Principle 9:
Remunerate fairly and responsibly

9.1 Remuneration Committee

The Remuneration Committee ensures that remuneration is consistent with market practice and that Origin Energy can attract, develop and retain valued employees. The committee invites the managing director to meetings, as required, to discuss senior executives' performance and remuneration.

The committee reviews remuneration for the managing director and senior executives annually, against company and individual performance and makes recommendations to the Board.

The committee also oversees preparation of the Remuneration Report, supporting governance procedures, and company policy on remuneration including:

- general remuneration practices;
- performance management;
- share plans and incentive schemes;
- superannuation; and
- recruitment and termination.

In undertaking its work, it seeks the advice of external remuneration consultants.

During 2007/08, the committee met four times. The Remuneration Committee's charter is available on our website, and further information is provided in the Remuneration Report on pages 27 to 42.

ASX Recommendations 9.1, 9.2, 9.5

9.2 Executive remuneration

The Board, through the Remuneration Committee, ensures that executive remuneration is at a level which will attract, retain and develop talented people who will deliver value to shareholders.

Further information on our Remuneration Policy, along with remuneration details for our key management and five highest-paid executives, is in the Remuneration Report on pages 27 to 42.

Origin has established Long Term Incentive Plans that provide for the payment of equity-based remuneration for senior executives. These plans are described in detail in Origin's Remuneration Report. The payment of the equity-based remuneration is made within the thresholds set in the Senior Executive Option Plan that was originally approved by shareholders in 1995.

The Senior Executive Option Plan and the Performance Share Rights Plans have been presented in Origin's notices of meeting and in Origin's Remuneration Reports which have been approved by shareholders.

The Remuneration Report (on pages 27 to 42) sets out details of our policy and practices for remunerating directors and senior executives.

ASX Recommendations 8.1, 9.1, 9.2, 9.3, 9.4, 9.5

9.3 Non-executive directors' remuneration

Information on remuneration for non-executive directors is in the Remuneration Report on pages 27 to 42.

ASX Recommendations 9.1, 9.3, 9.5

Principle 10:
Recognise the legitimate interests of stakeholders

10.1 Health, Safety and Environment Committee

A report on health, safety and the environment is made to each Board meeting.

The Health, Safety and Environment Committee met four times during 2007/08 to undertake more comprehensive reviews of its areas of responsibility. The committee considers health and safety issues and the impact of Origin's activities on the environment and its communities.

The Health, Safety and Environment Committee's charter is available on our website.

10.2 Sustainability

Origin Energy is committed to ensuring that all its activities – as they impact on shareholders, the environment and the communities in which it operates – are sustainable. We also produce a report on sustainability annually, covering our environmental, social and economic impacts, which is available on our website.

ASX Recommendations 3.1, 10.1

ASX CORPORATE GOVERNANCE COUNCIL BEST PRACTICE RECOMMENDATIONS – COMPLIANCE SUMMARY

PRINCIPLE/ RECOMMENDATION	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	1.2, 2.4	Comply
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	1.1, 2.1, 2.3	Comply
2.2	The chairperson should be an independent director.	2.2	Comply
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	2.2	Comply
2.4	The board should establish a nomination committee.	2.6, 2.7	Comply
2.5	Provide the information indicated in *Guide to reporting on Principle 2.*	1.1, 2.1, 2.3, 2.5, 2.6, 2.7, Directors' biographies and Directors' report	Comply
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1.1: the practices necessary to maintain confidence in the company's integrity; 3.1.2: the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	3.1, 3.2, 10.2	Comply
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	3.3	Comply
3.3	Provide the information indicated in *Guide to reporting on Principle 3*.	3.1, 3.3	Comply
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	7	Comply
4.2	The board should establish an audit committee.	2.6, 4.1	Comply
4.3	Structure the audit committee so that it consists of: only non-executive directors; a majority of independent directors; an independent chairperson, who is not chairperson of the board; and at least three members.	2.6, 4.1	Comply
4.4	The audit committee should have a formal charter.	2.6, 4.1	Comply
4.5	Provide the information indicated in *Guide to reporting on Principle 4*.	2.6, 4.1, 4.2, Directors' biographies and Directors' Report	Comply
Principle 5:	**Make timely and balanced disclosure**		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.	5	Comply
5.2	Provide the information indicated in *Guide to reporting on Principle 5*.	5	Comply
Principle 6:	**Respect the rights of shareholders**		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	6.1, 6.2	Comply
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	6.2	Comply

PRINCIPLE/ RECOMMENDATION	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 7:	**Recognise and manage risk**		
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	7	Comply
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: 7.2.1: the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and 7.2.2: the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	7	Comply
7.3	Provide the information indicated in *Guide to reporting on Principle 7*.	7	Comply
Principle 8:	**Encourage enhanced performance**		
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	8.1, 8.2, 9.2, Directors' Report and Remuneration Report	Comply
Principle 9:	**Remunerate fairly and responsibly**		
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies, and (ii) the link between remuneration paid to directors and key executives and corporate performance.	9.1, 9.2, 9.3 and Directors' Report	Comply
9.2	The board should establish a remuneration committee.	2.6, 9.1, 9.2	Comply
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	9.2, 9.3 and Remuneration Report	Comply
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	9.2 and Remuneration Report	Comply
9.5	Provide the information indicated in *Guide to reporting on Principle 9*.	2.6, 9.1, 9.2, 9.3 and Directors' report	Comply
Principle 10:	**Recognise the legitimate interests of stakeholders**		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	3.1, 10.2	Comply

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE

$'000	NOTE	CONSOLIDATED 2008 CONTINUING OPERATIONS	CONSOLIDATED 2008 DISCONTINUED OPERATIONS	CONSOLIDATED 2008 TOTAL OPERATIONS	CONSOLIDATED 2007 CONTINUING OPERATIONS	CONSOLIDATED 2007 DISCONTINUED OPERATIONS	CONSOLIDATED 2007 TOTAL OPERATIONS	ORIGIN ENERGY LIMITED 2008 TOTAL OPERATIONS	ORIGIN ENERGY LIMITED 2007 TOTAL OPERATIONS
Revenue		**8,274,898**	**–**	**8,274,898**	6,227,039	208,892	6,435,931	**–**	–
Other income	3(a)	**35,123**	**–**	**35,123**	7,483	8,102	15,585	**47,586**	22,350
Total revenue and other income		8,310,021	–	8,310,021	6,234,522	216,994	6,451,516	47,586	22,350
Raw materials and consumables used, and changes in finished goods and work in progress		**6,139,445**	**–**	**6,139,445**	4,320,676	35,157	4,355,833	**–**	–
Advertising expense		**61,673**	**–**	**61,673**	51,951	4,692	56,643	**2**	19
Bad debts expense		**21,960**	**–**	**21,960**	18,539	–	18,539	**–**	–
Consultancy expense		**43,364**	**–**	**43,364**	35,707	4,190	39,897	**7,832**	10,392
Contracting expense		**53,467**	**–**	**53,467**	45,084	90,765	135,849	**1,368**	241
Employee benefits expense		**336,445**	**–**	**336,445**	273,871	42,960	316,831	**20,207**	15,455
Exploration expense		**32,920**	**–**	**32,920**	31,960	–	31,960	**–**	–
Oil and gas production expense		**64,238**	**–**	**64,238**	59,382	–	59,382	**–**	–
Motor vehicle expense		**17,616**	**–**	**17,616**	14,912	3,761	18,673	**307**	312
Occupancy expense		**43,456**	**–**	**43,456**	34,205	4,475	38,680	**97**	429
Repairs and maintenance expense		**45,820**	**–**	**45,820**	45,301	3,772	49,073	**52**	15
Royalties expense		**29,630**	**–**	**29,630**	30,840	–	30,840	**–**	–
Foreign exchange loss/(gain) relating to the funding of foreign operations		**–**	**–**	**–**	–	–	–	**63,358**	(39,342)
Administration and other expenses		**127,994**	**–**	**127,994**	122,699	4,380	127,079	**17,379**	10,290
Total expenses, excluding financing costs		**7,018,028**	**–**	**7,018,028**	5,085,127	194,152	5,279,279	**110,602**	(2,189)
Share of net profits of equity accounted investees	31	**17,001**	**–**	**17,001**	15,725	6,858	22,583	**–**	–
Earnings/(loss) before interest, tax, depreciation, amortisation, financial instruments and significant items (EBITDAF)		**1,308,994**	**–**	**1,308,994**	1,165,120	29,700	1,194,820	**(63,016)**	24,539
Gain on sale of significant businesses and assets		**18,154**	**224,941**	**243,095**	–	113,776	113,776	**64,889**	–
Depreciation and amortisation expense		**(344,627)**	**–**	**(344,627)**	(325,982)	(3,621)	(329,603)	**(1,786)**	(960)
Impairment of property, plant and equipment		**–**	**–**	**–**	(73,838)	–	(73,838)	**–**	–
New Plymouth asbestos removal and related costs		**(29,555)**	**–**	**(29,555)**	–	–	–	**–**	–
Sun Retail one-off costs		**(11,545)**	**–**	**(11,545)**	(13,638)	–	(13,638)	**–**	–
Termination of Mt Stuart PPA		**–**	**–**	**–**	19,589	–	19,589	**–**	–
(Decrease)/increase in fair value of financial instruments		**(89,781)**	**–**	**(89,781)**	52,262	–	52,262	**(238)**	(736)
Net financing (costs)/income	3(b)	**(220,103)**	**–**	**(220,103)**	(215,174)	–	(215,174)	**120,158**	56,425
Profit before income tax		**631,537**	**224,941**	**856,478**	608,339	139,855	748,194	**120,007**	79,268
Income tax expense	4	**155,023**	**79,943**	**234,966**	111,462	45,148	156,610	**2,724**	21,056
Profit for the year		**476,514**	**144,998**	**621,512**	496,877	94,707	591,584	**117,283**	58,212
Attributable to:									
Minority interest		**104,857**	**–**	**104,857**	134,698	–	134,698	**–**	–
Members of the parent entity		**371,657**	**144,998**	**516,655**	362,179	94,707	456,886	**117,283**	58,212
Profit for the year		**476,514**	**144,998**	**621,512**	496,877	94,707	591,584	**117,283**	58,212
Earnings per share:									
Basic earnings per share	37	**42.5 cents**	**16.5 cents**	**59.0 cents**	43.4 cents	11.3 cents	54.7 cents		
Diluted earnings per share	37	**42.2 cents**	**16.4 cents**	**58.6 cents**	43.1 cents	11.3 cents	54.4 cents		

Underlying earnings:

Underlying earnings for the consolidated entity for the year ended 30 June 2008 were $443,029,000 (2007: $370,162,000). Basic underlying earnings per share were 50.6 cents (2007: 44.3 cents), refer note 37.

The income statements should be read in conjunction with the accompanying notes set out on pages 58 to 120.

$'000	CONSOLIDATED 2008	CONSOLIDATED 2007	ORIGIN ENERGY LIMITED 2008	ORIGIN ENERGY LIMITED 2007
Available for sale assets:				
Valuation (loss)/gain taken to equity	**(6,662)**	25,381	**(5,712)**	24,380
Valuation gain taken to profit on disposal of the Networks business	**(45,422)**	–	**(45,422)**	–
Cash flow hedges:				
Losses/(gains) transferred to income statement	**(553,171)**	(164,014)	**(4,248)**	(3,805)
Transferred to carrying amount of assets	**14,592**	465	**–**	–
Foreign currency translation loss	**(2,126)**	(3,617)	**–**	–
Valuation (loss)/gain taken to equity	**(1,512,715)**	2,363,614	**22,932**	13,579
Share of increase in hedging reserves attributable to equity accounted investees	**337**	3,237	**–**	–
Net gain/(loss) on hedge of net investment in foreign subsidiary taken to equity	**49,211**	(37,681)	**–**	–
Translation of foreign operations:				
Exchange differences taken to equity	**(325,252)**	233,497	**–**	–
Translation of cash flow hedge reserve	**2,126**	3,617	**–**	–
Net loss on transfer of interest in entities under common control	**–**	(3,874)	**–**	–
Actuarial loss on defined benefit superannuation plan	**(3,554)**	(23)	**(3,554)**	(23)
Net (expense)/income recognised directly in equity	**(2,382,636)**	2,420,602	**(36,004)**	34,131
Profit for the year	**621,512**	591,584	**117,283**	58,212
Total recognised expense and income for the year	**(1,761,124)**	3,012,186	**81,279**	92,343
Attributable to:				
Minority interest	**(79,685)**	199,122	**–**	–
Members of the parent entity	**(1,681,439)**	2,813,064	**81,279**	92,343
Total recognised expense and income for the year	**(1,761,124)**	3,012,186	**81,279**	92,343

The statements of recognised income and expense should be read in conjunction with the accompanying notes set out on pages 58 to 120.

The above amounts and other movements in equity arising from transactions with owners as owners are set out in note 23.

BALANCE SHEETS
AS AT 30 JUNE

		CONSOLIDATED		ORIGIN ENERGY LIMITED	
$'000	NOTE	2008	2007	2008	2007
Current assets					
Cash and cash equivalents		**96,010**	267,574	**14,701**	–
Trade and other receivables	7	**1,437,885**	1,609,515	**9,293,892**	7,754,764
Inventories	8	**147,562**	114,212	**–**	–
Other financial assets, including derivatives	10	**722,983**	2,735,958	**62,734**	14,967
Assets classified as held for sale (refer note 5)		**–**	255,462	**–**	175,811
Other assets	9	**129,116**	107,011	**13,438**	12,168
Total current assets		**2,533,556**	5,089,732	**9,384,765**	7,957,710
Non-current assets					
Trade and other receivables	7	**164**	727	**100,064**	100,064
Investments accounted for using the equity method	31	**67,407**	66,091	**–**	–
Other financial assets, including derivatives	10	**293,640**	829,206	**1,577,147**	1,518,526
Property, plant and equipment	11	**6,402,908**	5,812,566	**6,772**	6,655
Exploration and evaluation expenditure	12	**61,291**	29,339	**–**	–
Development expenditure	12	**631,001**	378,611	**–**	–
Intangible assets	13	**2,463,459**	2,494,505	**–**	–
Deferred tax assets	14	**102,685**	45,047	**54,708**	25,355
Other assets	9	**12,041**	19,427	**7,211**	9,799
Total non-current assets		**10,034,596**	9,675,519	**1,745,902**	1,660,399
Total assets		**12,568,152**	14,765,251	**11,130,667**	9,618,109
Current liabilities					
Trade and other payables	15	**1,523,894**	1,539,863	**5,659,024**	4,533,001
Interest-bearing liabilities	16	**232,666**	507,339	**206,424**	95,436
Other financial liabilities, including derivatives	17	**435,703**	420,221	**75,366**	30,706
Tax liabilities	18	**118,383**	114,157	**114,909**	122,015
Provisions	19	**118,969**	108,074	**13,556**	13,097
Liabilities classified as held for sale (refer note 5)		**–**	36,256	**–**	–
Total current liabilities		**2,429,615**	2,725,910	**6,069,279**	4,794,255
Non-current liabilities					
Trade and other payables	15	**90,238**	107,024	**–**	–
Interest-bearing liabilities	16	**3,145,888**	2,718,678	**2,283,577**	2,070,582
Other financial liabilities, including derivatives	17	**536,133**	397,887	**209,520**	138,080
Tax liabilities	18	**817,548**	1,644,448	**–**	–
Provisions	19	**373,141**	202,048	**3,922**	4,225
Total non-current liabilities		**4,962,948**	5,070,085	**2,497,019**	2,212,887
Total liabilities		**7,392,563**	7,795,995	**8,566,298**	7,007,142
Net assets		**5,175,589**	6,969,256	**2,564,369**	2,610,967
Equity					
Share capital	21	**1,754,616**	1,688,423	**1,754,616**	1,688,423
Reserves	22	**100,308**	2,287,519	**58,147**	83,627
Retained earnings	23	**2,217,079**	1,905,054	**751,606**	838,917
Total parent entity interest		**4,072,003**	5,880,996	**2,564,369**	2,610,967
Minority interest	23	**1,103,586**	1,088,260	**–**	–
Total equity	23	**5,175,589**	6,969,256	**2,564,369**	2,610,967

The balance sheets should be read in conjunction with the accompanying notes set out on pages 58 to 120.

$'000	NOTE	CONSOLIDATED 2008	CONSOLIDATED 2007	ORIGIN ENERGY LIMITED 2008	ORIGIN ENERGY LIMITED 2007
Cash flows from operating activities					
Cash receipts from customers		**8,567,048**	6,896,116	**8,024**	6,717
Cash paid to suppliers		**(7,441,223)**	(5,775,124)	**(42,542)**	(37,009)
Cash generated from/(used in) operations		**1,125,825**	1,120,992	**(34,518)**	(30,292)
Dividends/distributions received from equity accounted investees		**14,250**	21,419	**–**	–
Other dividends received		**1,263**	698	**–**	–
Income taxes paid		**(143,160)**	(164,765)	**(71,821)**	(83,463)
Net cash from/(used in) operating activities	24(c)	**998,178**	978,344	**(106,339)**	(113,755)
Cash flows from investing activities					
Payments for property, plant and equipment and exploration and development expenditure		**(1,347,478)**	(762,275)	**(1,191)**	(1,340)
Acquisition of controlled entities and businesses, net of cash acquired	24(d)	**(93,259)**	(1,239,679)	**–**	–
Acquisition of other investments		**–**	(2,782)	**–**	(2,638)
Repayment of loans by equity accounted investees		**–**	2,722	**–**	–
Interest received		**9,296**	25,943	**591**	640
Net proceeds from disposal of investments		**–**	5,168	**–**	–
Net proceeds from disposal of Networks business	5(c)	**401,196**	131,238	**175,811**	–
Net proceeds from sale of non-current assets		**67,730**	2,898	**–**	–
Net cash (used in)/from investing activities		**(962,515)**	(1,836,767)	**175,211**	(3,338)
Cash flows from financing activities					
Proceeds from borrowings		**4,456,504**	5,296,311	**4,064,541**	4,745,600
Repayment of borrowings		**(4,350,672)**	(4,558,373)	**(3,640,000)**	(4,325,178)
Interest paid		**(262,575)**	(248,142)	**(174,832)**	(122,809)
Dividends paid by the parent entity		**(155,722)**	(117,304)	**(155,722)**	(117,304)
Dividends paid to minority interest		**(76,512)**	(65,868)	**–**	–
Proceeds from issue of New Zealand preference shares		**171,218**	–	**–**	–
Proceeds from issue of share capital		**19,070**	486,090	**19,070**	486,090
Loans to controlled entities		**–**	–	**(9,815,157)**	(10,790,513)
Repayment of loans by controlled entities		**–**	–	**9,668,179**	10,214,679
Net cash (used in)/from financing activities		**(198,689)**	792,714	**(33,921)**	90,565
Net (decrease)/increase in cash and cash equivalents		**(163,026)**	(65,709)	**34,951**	(26,528)
Cash and cash equivalents at the beginning of the year		**261,382**	302,634	**(20,250)**	6,278
Effect of exchange rate changes on cash		**(3,751)**	24,457	**–**	–
Cash and cash equivalents at the end of the year	24(a)	**94,605**	261,382	**14,701**	(20,250)

The statements of cash flows should be read in conjunction with the accompanying notes set out on pages 58 to 120.

1. Statement of significant accounting policies

Origin Energy Limited (the company) is a company domiciled in Australia. The consolidated financial report of the company for the year ended 30 June 2008 comprises the company and its subsidiaries (together referred to as the consolidated entity) and the consolidated entity's interest in associates and jointly controlled entities. The consolidated financial report was approved by the Board of Directors on 27 August 2008.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the consolidated entity and the financial report of the company also comply with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Basis of preparation

The financial report is presented in Australian dollars, which is the company's functional currency and the functional currency of the consolidated entity.

The entity has not elected to early adopt any accounting standards and amendments.

The consolidated financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial assets classified as available for sale.

The company is of a kind referred to in Australian Securities and Investments Commission (ASIC) Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the consolidated financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a consolidated financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report. The accounting policies have been applied consistently by all entities in the consolidated entity.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Principles of consolidation

Subsidiaries

The consolidated financial statements of the consolidated entity include the financial statements of Origin Energy Limited and all entities in which it had a controlling interest. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The effects of transactions between entities incorporated in the consolidated financial statements are eliminated. Minority interests in the equity and results of entities that are under the control of Origin Energy Limited are shown as a separate item in the consolidated financial statements. Where control of entities commenced or ceased during the year, the profits or losses are included only from the date control commenced or up to the date control ceased. In the company's financial statements, investments in subsidiaries are carried at cost.

Associates and joint ventures (equity accounted investees)

Associates

Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence, but not control, over the financial and operating policies and which are not intended for sale in the near future. In the consolidated financial statements, investments in associates are accounted for using equity accounting principles. The consolidated financial statements include the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence commences until the date that significant influence ceases. When the consolidated entity's share of losses exceeds its interest in an associate, the consolidated entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of an associate.

Joint venture entities

Joint ventures are those entities over whose activities the consolidated entity has joint control, established by contractual agreement. In the consolidated financial statements, investments in jointly controlled entities, including partnerships, are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's share of the jointly controlled entity's profit or loss is recognised in the income statement from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly in the consolidated reserves.

1 Statement of significant accounting policies (continued)

Jointly controlled operations and assets

The consolidated entity's interests in unincorporated joint ventures are brought to account by including its proportionate share of the joint ventures' assets, liabilities and expenses and the consolidated entity's revenue from the sale of its share of output on a line-by-line basis, from the date joint control commences to the date joint control ceases.

Business combinations from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the consolidated entity are accounted for by recognising the assets and liabilities acquired at the carrying amounts recognised previously in the consolidated entity's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the consolidated entity equity. Any cash paid for the acquisition is recognised directly in equity.

Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Discontinued operation

A discontinued operation is a component of the consolidated entity's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of less than three months. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

Trade and other receivables

Trade and other receivables are recorded at amortised cost less accumulated impairment losses.

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined predominantly on the first-in-first-out basis of valuation.

Deferred expenses

Expenditure is deferred to the extent that it is probable that future economic benefits embodied in the expenditure will eventuate and can be reliably measured. Deferred expenses are amortised on a straight-line basis over the period in which the related benefits are expected to be realised.

Impairment

The carrying amounts of assets, other than inventories, derivatives and deferred tax assets, are reviewed at each reporting date to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as discussed below.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro-rata basis.

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

An impairment loss is reversed if there has been an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of assets other than goodwill is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Calculation of recoverable amount

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

1 Statement of significant accounting policies (continued)

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables into portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each reporting date.

The recoverable amount of other assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of some assets is their fair value less costs to sell.

Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities and contingent liabilities acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted entities, the carrying amount of goodwill is included in the carrying amount of the investment in the equity accounted entity. Negative goodwill arising on an acquisition is recognised directly in the income statement.

Other intangible assets

Other intangible assets that are acquired are stated at cost less accumulated amortisation and impairment losses. Amortisation is recognised as an expense on a straight-line basis over the estimated useful lives of the assets.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised as an expense in the income statement as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is recognised as an expense on a straight-line basis over the estimated useful lives of the assets.

Exploration and evaluation expenditure

Exploration and evaluation expenditure is accounted for in accordance with the area of interest method. The application of this method is based on a partial capitalisation model closely aligned to the 'successful efforts' approach. All exploration and evaluation costs, including directly attributable overheads, general permit activity, geological and geophysical costs are expensed as incurred except the cost of drilling exploration wells and the cost of acquiring new interests. The costs of drilling exploration wells are initially capitalised pending the determination of the success of the well. Costs are expensed where the well does not result in a successful discovery. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation expenditure is partially or fully capitalised where either (i) the expenditure is expected to be recouped through successful development and exploitation of the area of interest (or alternatively, by its sale) or (ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing, or where both conditions are met.

Upon approval for the commercial development of a project, the accumulated expenditure is transferred to development assets.

Development assets

The costs of oil and gas assets in the development phase are separately accounted for and include costs transferred from exploration and evaluation expenditure once technical feasibility and commercial viability of an area of interest are demonstrable and all development drilling and other subsurface expenditure. When production commences, the accumulated costs are transferred to producing areas of interest.

Land and buildings and surface plant and equipment associated with Development assets are recorded in the other land and buildings and other plant and equipment categories respectively.

Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.

Other financial assets held by the consolidated entity are classified as being available for sale and are stated at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

1 Statement of significant accounting policies (continued)

The fair value of financial assets classified as available for sale is their quoted bid price at the balance sheet date.

Financial assets classified as available for sale investments are recognised/derecognised by the consolidated entity on the date it commits to purchase/sell the investments. Securities held to maturity are recognised/derecognised on the day they are transferred to/by the consolidated entity.

Property, plant and equipment

Items of property, plant and equipment are recorded at cost or deemed cost less accumulated depreciation and impairment losses.

Producing areas of interest

The costs of oil and gas assets in production are separately accounted for and include costs transferred from exploration and evaluation expenditure, transferred development costs and the ongoing costs of continuing to develop reserves for production. These costs are subject to depreciation and depletion in accordance with the policy outlined below.

Land and buildings and surface plant and equipment associated with producing areas of interest are recorded in the other land and buildings and other plant and equipment categories respectively.

Leased plant and equipment

Leases of plant and equipment which are classified as finance leases (where the consolidated entity assumes substantially all the risks and rewards of ownership of the assets) are capitalised and amortised over the period during which benefits are anticipated. Other leases are classified as operating leases and the lease costs are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets.

Self-constructed assets

These assets are carried at cost and tested for impairment. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Depreciation and amortisation

With the exception of producing areas of interest and land, depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The carrying values of producing areas of interest are amortised on a units of production basis using the proved and probable reserves to which they relate, together with the estimated future development expenditure required to develop those reserves. Certain areas of interest are subject to reversionary rights held by previous owners. At 30 June 2008 no such reversion has occurred and there is no impact on proved and probable reserves.

The range of depreciation rates for the current and comparative period for each class of asset are:

Generation property, plant and equipment	1% – 33%
Other land and buildings	1% – 18%
Other plant and equipment	1% – 50%
Producing areas of interest	2% – 25%

Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the consolidated entity's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the consolidated entity's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Finance leases

A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by the repayments of principal. The interest components of the lease payments are expensed.

Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives are recognised in the income statement as the integral part of total lease expense spread over the lease term.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received and are recorded at amortised cost.

Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of borrowings on an effective interest basis. Interest expense is recognised in the income statements as net financing costs.

1 Statement of significant accounting policies (continued)

Defined benefit superannuation plan

The consolidated entity's net obligation in respect of the defined benefit superannuation plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of the plan assets is deducted. The discount rate is the yield at the balance sheet date on Commonwealth Government bonds that have maturity dates approximating the terms of the consolidated entity's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

When the calculation results in plan assets exceeding liabilities to the consolidated entity, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Past service cost is the increase in the present value of the defined benefit obligation for employee services in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service costs may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Actuarial gains and losses are recognised directly in retained earnings in the period in which they occur and are presented in the statement of recognised income and expense.

Defined contribution superannuation funds

The consolidated entity makes contributions to a defined contribution superannuation fund. All contributions made by the consolidated entity are recognised as an expense in the income statements as incurred.

Long-term service benefits

The consolidated entity's net obligation in respect of long-term service benefits, other than superannuation plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating the terms of the company's obligations.

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date calculated at undiscounted amounts based on remuneration wage and salary rates that the company expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Equity-based compensation

Equity-based compensation benefits are provided to employees via the Senior Executive Option Plan, Employee Share Plan and the Executive Share Plan. The accounting policies regarding each of these plans are as follows:

Senior Executive Option Plan

The fair value of the options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date using a binomial model, taking into account market performance conditions only, and recognised over the vesting period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of options that vest except where forfeiture is due to market related conditions.

Employee Share Plan and Executive Share Plan

Where shares allocated to the benefit of employees are purchased by the company on market, the fair value of the shares is recognised as a liability in the balance sheet until paid and included in employee benefits expenses in the income statement.

Provisions

A provision is recognised in the balance sheet when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, being the rates on Commonwealth Government bonds most closely matching the expected future payments, except where noted below. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is probable that the recovery will be received and is measured on a basis consistent with the measurement of the related provision. In the income statement, the expense recognised in respect of a provision is presented net of the recovery. The unwinding of the discount on the provision is recognised in the income statements as interest expense.

1 Statement of significant accounting policies (continued)

In the balance sheet, the provision is recognised net of the recovery receivable only when the entity has a legally recognised right to set off the recovery receivable and the provision, and intends to settle on a net basis, or to realise the asset and settle the provision simultaneously. A provision for dividend payable is recognised in the reporting period in which the dividend is declared, for the entire undistributed amount, regardless of the extent to which it will be paid in cash.

Restoration, rehabilitation and dismantling

Provisions for the estimated present value of costs relating to future restoration, rehabilitation and dismantling activities are recognised as liabilities when a legal or constructive obligation arises. Where the obligation arises as a result of the construction or installation of an asset or assets, an amount equal to the initial liability is capitalised as a component of the asset. At each reporting date, the restoration liability is remeasured in line with changes in discount rates, and timing or amount of the costs to be incurred. Any changes in the liability in future periods are added or deducted from the related asset, other than the unwinding of the discount which is recognised as interest expense in the income statement as it occurs. The costs, which include field site rehabilitation and restoration, remediation of soil, groundwater and untreated waste and dismantling and removal of infrastructure, are determined on the basis of current legal requirements and current technology. Changes in estimates are dealt with on a prospective basis.

Uncertainties exist as to the amount of the restoration obligations that will be incurred due to uncertainty as to the remaining life of existing operating sites and the impact of changes in environmental legislation.

Onerous contracts

A provision for onerous contracts is recognised after impairment losses on assets dedicated to the contract have been recognised and when the expected benefits are less than the unavoidable costs of meeting the contractual obligations. A provision is recognised to the extent that the contractual obligations exceed unrecognised assets.

Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Revenue recognition

Revenue

Revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to entities outside the consolidated entity. Sales revenue is recognised in accordance with the contractual arrangements where applicable and only once the significant risks and rewards of ownership of the goods passes from the consolidated entity to the customer or when services have been rendered to the customer and collectibility is reasonably assured. In practice, the above revenue recognition approach is applied to the consolidated entity's business segments as follows:

- Revenue from the sale of oil and gas in the Exploration and Production business segment is recognised when the commodities have been loaded for shipment and title passes to the customer.
- Revenue from electricity and gas supplied by the Retail business segment is recognised once the electricity and gas has been delivered and is measured through a regular review of usage meters.
- The Generation business segment recognises revenues from the generation of electricity when the electricity has been supplied to customers. A tolling arrangement is in place at commercial rates between the Retail and Generation business segments in relation to the consolidated entity's merchant power stations. The external revenue generated by the merchant power stations is recognised in Retail's revenue while Generation receives a tolling fee from Retail for the capacity provided and costs incurred by these power stations.
- The revenues earned by the Networks business segment for managing gas distribution networks are recognised once the management services have been rendered. The Networks business segment has been disclosed as a discontinued operation in the year ended 30 June 2008 and the comparative period following the sale to APA Group (refer note 5).

Government grants

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the consolidated entity will comply with the conditions attaching to them. Grants that compensate the consolidated entity for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the consolidated entity for the cost of an asset are deferred as unearned income until the asset is ready for use at which time they are recognised in the income statement as other income on a systematic basis over the useful life of the asset.

1 Statement of significant accounting policies (continued)

Dividends

Revenue from distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities. Revenue from dividends from associates and other investments are recognised when dividends are declared. Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

Interest revenue

Interest revenue is recognised as it accrues using the effective interest method.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, dividends on redeemable preference shares and interest receivable on funds invested. Borrowing costs are expensed as incurred and included in net financing costs in the income statements.

Financing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authorities. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authorities is included as a current asset or liability in the balance sheet. Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The company and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2003. The head entity within the tax-consolidated group is Origin Energy Limited.

Tax funding arrangements amounts are recognised as inter-entity amounts, giving rise to a contribution by or distribution to equity participants to the extent they differ from the amounts assumed by the head entity from subsidiaries.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group.

The company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated to Australian dollars at foreign exchange rates in effect at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to the translation reserve. They are released into the income statement upon disposal. In respect of all foreign operations, any differences that have arisen after 1 July 2004, the date of transition to Australian equivalents to International Financial Reporting Standards (A-IFRS), are presented as a separate component of equity.

1 Statement of significant accounting policies (continued)

Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate, electricity price and commodity price risks arising from operating, financing and investing activities. In accordance with its treasury and energy risk management policies, the consolidated entity does not hold or issue derivative financial instruments for speculative or trading purposes. However, derivatives that do not qualify for hedge accounting are required to be accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into. Subsequent to initial recognition, derivative financial instruments are remeasured to fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition of profit or loss depends on the nature of the hedging relationship. The consolidated entity designates certain derivatives as either hedges of the exposure to fair value changes in recognised assets or liabilities or firm commitments (fair value hedges); hedges of the exposure to variability in cash flows attributable to a recognised asset or liability or highly probable forecast transactions (cash flow hedges); or hedges of net investments in foreign operations. Refer to note 28 for further details.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

For cash flow hedges, other than described above, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Economic hedges

The consolidated entity holds a number of derivative instruments for economic hedging purposes under the board approved risk management policies, which are prohibited from being designated as hedges under AASB 139. These derivatives are therefore required to be categorised as held for trading with changes in the fair value being recognised in the income statement.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of exposure to changes in fair value of a recognised asset or liability, the changes in fair value of the derivative are recognised in the income statement, together with the changes in fair value of the hedged asset or liability attributable to the hedged risk.

Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the income statement.

Accounting estimates and judgements

Restoration, rehabilitation and dismantling

The consolidated entity estimates the future removal costs of offshore oil and gas platforms, production facilities, wells, pipelines, LPG tankers and tanks and generation plants at the time of installation or construction of the assets. In most instances, removal of the assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows. More detail in respect of the restoration, rehabilitation and dismantling provisions is included earlier in this note.

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset specific discount rates. For oil and gas properties, expected future cash flow estimation is based on reserves, future production profiles, commodity prices and costs.

1. Statement of significant accounting policies (continued)

Exploration and evaluation expenditure

The consolidated entity's accounting policy for exploration and evaluation expenditure is set out earlier in this note. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy it is concluded that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Amortisation of producing areas of interest

The carrying values of producing areas of interest are amortised on a units-of-production basis using the proved and probable reserves to which they relate, together with the estimated future development expenditure required to develop those reserves. Certain estimates and assumptions are used in determining these reserves and development cost estimates.

Fair value of financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Refer to note 28 for further details.

Defined benefit superannuation plan obligations

Various actuarial assumptions are utilised in the determination of the consolidated entity's defined benefit superannuation plan obligations. These assumptions are discussed in note 20.

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the consolidated entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing the financial report:

Revised AASB 3 *Business Combinations*

AASB 8 *Operating Segments*

Revised AASB 101 *Presentation of Financial Statements*

Revised AASB 123 *Borrowing Costs*

Revised AASB 127 *Consolidated and Separate Financial Statements*

AASB 2008-1 *Amendments to Australian Accounting Standard*

AI 12 *Service Concession Arrangements*

AI 13 *Customer Loyalty Programmes*

AI 14 IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The consolidated entity is currently in the process of assessing the impact of the adoption of these standards.

2. Segments

(a) Primary reporting – geographical segments

	AUSTRALIA[1] [2]		NEW ZEALAND[3]		CONSOLIDATED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total segment revenue	**5,925,491**	4,613,064	**2,349,407**	1,822,867	**8,274,898**	6,435,931
Earnings before interest, tax, depreciation, amortisation, financial instruments and significant items (EBITDAF)	**828,027**	715,932	**480,967**	478,888	**1,308,994**	1,194,820
Depreciation and amortisation expense	**(214,503)**	(203,234)	**(130,124)**	(126,369)	**(344,627)**	(329,603)
Change in fair value of non-financing cost related financial instruments (decrease)/increase	**(88,366)**	32,834	**11,776**	(705)	**(76,590)**	32,129
Gain on sale of significant businesses and assets	**224,941**	113,776	**18,154**	–	**243,095**	113,776
Impairment of property, plant and equipment	**–**	(73,838)	**–**	–	**–**	(73,838)
New Plymouth asbestos removal and related costs	**–**	–	**(29,555)**	–	**(29,555)**	–
Sun Retail one-off costs	**(11,545)**	(13,638)	**–**	–	**(11,545)**	(13,638)
Termination of Mt Stuart PPA	**–**	19,589	**–**	–	**–**	19,589
Earnings before interest and tax (EBIT)	**738,554**	591,421	**351,218**	351,814	**1,089,772**	943,235
Net financing costs					**(220,103)**	(215,174)
Change in fair value of financing cost related financial instruments (decrease)/increase					**(13,191)**	20,133
Profit before income tax					**856,478**	748,194
Income tax expense					**(234,966)**	(156,610)
Profit for the year					**621,512**	591,584
Minority interests					**104,857**	134,698
Profit attributable to the parent entity					**516,655**	456,886
Share of net profits of equity accounted investees	**14,638**	19,710	**2,363**	2,873	**17,001**	22,583
Significant other non-cash expenses (exploration expense and bad debts expense)	**41,169**	36,728	**13,711**	13,771	**54,880**	50,499
Acquisitions of non-current assets (includes capital expenditure)	**1,072,121**	1,796,975	**612,926**	229,932	**1,685,047**	2,026,907
Assets						
Segment assets	**7,613,574**	9,896,572	**4,660,394**	4,460,312	**12,273,968**	14,356,884
Investments accounted for using the equity method	**61,053**	60,451	**6,354**	5,640	**67,407**	66,091
Total segment assets	**7,674,627**	9,957,023	**4,666,748**	4,465,952	**12,341,375**	14,422,975
Cash and interest rate derivatives and current and deferred tax assets					**226,777**	342,276
Total assets					**12,568,152**	14,765,251
Liabilities						
Segment liabilities	**1,982,424**	2,074,441	**771,996**	295,859	**2,754,420**	2,370,300
Interest-bearing liabilities and related derivatives and current and deferred tax liabilities					**4,638,143**	5,425,695
Total liabilities					**7,392,563**	7,795,995

(1) *The Australian geographic segment includes operations in Australia and the Pacific.*

(2) *The Australian geographic segment includes the operations of the discontinued Networks business segment as disclosed in the secondary segment reporting note (refer note 2(b)).*

(3) *The New Zealand geographic segment includes Exploration and Production activities as well as the operations of Contact Energy Limited and its controlled entities.*

2. Segments (continued)

(b) Secondary reporting – business segments

	EXPLORATION & PRODUCTION		RETAIL	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue				
Total revenue	**527,006**	484,178	**5,505,527**	4,081,585
Intersegment sales elimination[1]	**(145,635)**	(145,092)	**–**	–
Total segment revenue	**381,371**	339,086	**5,505,527**	4,081,585
Earnings before interest, tax, depreciation, amortisation, financial instruments and significant items (EBITDAF)	**264,430**	254,417	**498,700**	354,807
Depreciation and amortisation expense	**(143,985)**	(134,687)	**(53,263)**	(50,043)
Change in fair value of non-financing cost related financial instruments (decrease)/increase	**(1,440)**	(4,692)	**(86,926)**	37,526
Gain on sale of significant businesses and assets	**–**	–	**–**	–
Impairment of property, plant and equipment	**–**	(73,838)	**–**	–
New Plymouth asbestos removal and related costs	**–**	–	**–**	–
Sun Retail one-off costs	**–**	–	**(11,545)**	(13,638)
Termination of Mt Stuart PPA	**–**	–	**–**	–
Earnings before interest and tax (EBIT)	**119,005**	41,200	**346,966**	328,652
Net financing costs				
Change in fair value of financing cost related financial instruments (decrease)/increase				
Profit before income tax				
Income tax expense				
Profit for the year				
Minority interests				
Profit attributable to the parent entity				
Share of net profits of equity accounted investees	**–**	–	**–**	27
Significant other non-cash expenses (exploration expense and bad debts expense)	**32,920**	31,960	**18,323**	16,118
Acquisitions of non-current assets (includes capital expenditure)	**823,716**	470,343	**115,557**	1,328,823
Assets				
Segment assets	**3,017,162**	2,192,158	**4,348,711**	7,230,933
Investments accounted for using the equity method	**–**	–	**–**	–
Total segment assets	**3,017,162**	2,192,158	**4,348,711**	7,230,933
Cash and interest rate derivatives and current and deferred tax assets				
Total assets				
Liabilities				
Segment liabilities	**609,408**	246,774	**1,475,526**	1,801,584
Interest-bearing liabilities and related derivatives and current and deferred tax liabilities				
Total liabilities				

(1) *Intersegment pricing is determined on an arm's length basis. Intersegment sales are eliminated on consolidation.*

A tolling arrangement operates between the Retail and Generation segments in relation to the consolidated entity's three Australian merchant power stations. The tolling arrangement pricing is at commercial rates. The external revenue from the merchant power stations is recognised in Retail's revenue while Generation receives a tolling fee from Retail for the capacity provided and costs incurred by these power stations.

The Exploration and Production segment sells gas and LPG to the Retail segment.

(2) *The results of discontinued operations are included in note 5.*

Australian corporate revenue and expenses are allocated across all business segments, excluding Contact Energy, on the basis of external sales revenue. Australian corporate assets and liabilities, excluding unallocated assets and liabilities, are allocated across all business segments, excluding Contact Energy, based on their share of total assets and liabilities.

GENERATION		NETWORKS (DISCONTINUED)[2]		CONTACT ENERGY		CONSOLIDATED	
2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
86,475	102,572	**–**	208,892	**2,347,870**	1,739,694	**8,466,878**	6,616,921
(46,345)	(35,898)	**–**	–	**–**	–	**(191,980)**	(180,990)
40,130	66,674	**–**	208,892	**2,347,870**	1,739,694	**8,274,898**	6,435,931
55,710	78,954	**–**	29,700	**490,154**	476,942	**1,308,994**	1,194,820
(17,255)	(19,759)	**–**	(3,621)	**(130,124)**	(121,493)	**(344,627)**	(329,603)
–	–	**–**	–	**11,776**	(705)	**(76,590)**	32,129
–	–	**224,941**	113,776	**18,154**	–	**243,095**	113,776
–	–	**–**	–	**–**	–	**–**	(73,838)
–	–	**–**	–	**(29,555)**	–	**(29,555)**	–
–	–	**–**	–	**–**	–	**(11,545)**	(13,638)
–	19,589	**–**	–	**–**	–	**–**	19,589
38,455	78,784	**224,941**	139,855	**360,405**	354,744	**1,089,772**	943,235
						(220,103)	(215,174)
						(13,191)	20,133
						856,478	748,194
						(234,966)	(156,610)
						621,512	591,584
						104,857	134,698
						516,655	456,886
14,638	12,852	**–**	6,858	**2,363**	2,846	**17,001**	22,583
–	–	**–**	–	**3,637**	2,421	**54,880**	50,499
495,625	88,977	**–**	13,088	**250,149**	125,676	**1,685,047**	2,026,907
848,294	395,846	**–**	255,462	**4,059,801**	4,282,485	**12,273,968**	14,356,884
61,053	60,451	**–**	–	**6,354**	5,640	**67,407**	66,091
909,347	456,297	**–**	255,462	**4,066,155**	4,288,125	**12,341,375**	14,422,975
						226,777	342,276
						12,568,152	14,765,251
136,522	26,247	**–**	36,256	**532,964**	259,439	**2,754,420**	2,370,300
						4,638,143	5,425,695
						7,392,563	7,795,995

BUSINESS SEGMENTS:	PRODUCTS AND SERVICES:
Exploration & Production	Natural gas and oil exploration and production in Australia and New Zealand.
Retail	Natural gas, electricity, LPG and energy related products and services in Australia and the Pacific.
Generation	Natural gas-fired cogeneration and power generation in Australia.
Networks (discontinued)	Infrastructure investment and management services in Australia.
Contact Energy	Natural gas and electricity energy related products and services in New Zealand. Power generation in New Zealand. LPG and related products and services in New Zealand.

3. Profit

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Other income				
Dividends received from other parties	**1,263**	697	**–**	–
Net gain/(loss) on sale of other assets	**16,408**	(1,774)	**–**	–
Net foreign exchange gain/(loss)	**1,871**	(152)	**–**	–
Debts forgiven – wholly-owned entities[1]	**–**	–	**40,892**	8,921
Government grants/subsidies	**928**	427	**–**	–
Other	**14,653**	8,285	**6,694**	6,369
Total other income from continuing operations	**35,123**	7,483	**47,586**	15,290
Other revenue from discontinued operations	**–**	8,102	**–**	7,060
Total other income	**35,123**	15,585	**47,586**	22,350

[1] *Certain inter-company loans between the parent and its wholly-owned subsidiaries were forgiven as part of the Networks disposal transaction (refer note 5).*

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
(b) Net financing costs				
Interest income				
Wholly-owned controlled entities	**–**	–	**379,387**	312,868
Other parties	**9,292**	24,252	**591**	640
	9,292	24,252	**379,978**	313,508
Interest expense				
Wholly-owned controlled entities	**–**	–	**76,689**	121,845
Other parties	**211,216**	224,500	**179,480**	129,194
On unwinding of discount on provisions	**18,179**	14,926	**3,651**	6,044
	229,395	239,426	**259,820**	257,083
Total net financing (costs)/income	**(220,103)**	(215,174)	**120,158**	56,425
Financing costs capitalised	**55,309**	30,003	**–**	–

4. Income tax expense

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current tax expense	**142,637**	256,053	**14,817**	28,702
Deferred tax expense/(benefit)	**112,375**	(90,724)	**(11,023)**	(8,180)
(Over)/under provided in prior years	**(20,046)**	(8,719)	**(1,070)**	534
Total income tax expense in income statements	**234,966**	156,610	**2,724**	21,056
Reconciliation between tax expense and pre-tax net profit				
Profit before income tax	**856,478**	748,194	**120,007**	79,268
Income tax using the domestic corporation tax rate of 30% (2007: 30%)				
Prima facie income tax expense on pre-tax accounting profit:				
– at Australian tax rate of 30%	**256,943**	224,458	**36,000**	23,780
– adjustment for difference between Australian and overseas tax rates	**7,604**	8,537	**–**	–
Income tax expense on pre-tax accounting profit at standard rates	**264,547**	232,995	**36,000**	23,780
Increase/(decrease) in income tax expense due to:				
Share based payments expense	**2,101**	1,932	**773**	687
Share of net profits of associates	**(2,128)**	(2,392)	**–**	–
Gain on disposal of capital assets	**(4,323)**	–	**–**	–
Net unrealised foreign exchange (gain)/loss	**–**	–	**(14,128)**	11,281
Recognition of change in net tax loss position	**(3,319)**	(13,433)	**(4,454)**	(10,481)
Other	**(1,880)**	3,169	**(14,397)**	(4,745)
	(9,549)	(10,724)	**(32,206)**	(3,258)
(Over)/under provided in prior years – current and deferred	**(20,046)**	(8,719)	**(1,070)**	534
Reduction in tax rates New Zealand (33% to 30%)	**14**	(56,942)	**–**	–
Income tax expense on pre-tax net profit	**234,966**	156,610	**2,724**	21,056
Attributable to:				
Continuing operations	**155,023**	111,462	**2,724**	21,056
Discontinued operations:				
Gain on disposal of discontinued operations	**79,943**	37,809	**–**	–
Profit from ordinary activities of the discontinued operations	**–**	7,339	**–**	–
	79,943	45,148	**–**	–
Income tax expense on pre-tax net profit	**234,966**	156,610	**2,724**	21,056
Deferred tax movements recognised directly in equity				
Fair value of associates (including foreign currency translation)	**(193)**	1,173	**–**	–
Fair value of available for sale financial assets	**(21,915)**	10,449	**(21,915)**	10,449
Financial instruments at fair value (including foreign currency translation)	**(881,969)**	941,234	**8,007**	4,189
Property, plant and equipment (including foreign currency translation)	**(78,559)**	59,732	**–**	–
Provisions (including foreign currency translation)	**1,509**	(365)	**–**	–
Other items (including foreign currency translation)	**1,674**	(2,151)	**(2,934)**	(2,034)
	(979,453)	1,010,072	**(16,842)**	12,604

5. Discontinued operations

In April 2007, the consolidated entity entered into an agreement to sell the Networks business segment to the APA Group (including Australian Pipeline Trust and other associated businesses) for consideration of $532,434,000 after sale adjustments and disposal costs. The Networks business segment included Origin Energy Asset Management, a 17% interest in Envestra, a 33.3% interest in the SEA Gas Pipeline and a number of other assets. The sale of the Networks business segment was completed in two tranches. The first tranche (which incorporated the consolidated entity's share of the SEA Gas Partnership) was completed on 29 June 2007 and the profit on disposal of this investment is recorded in the comparative period results.

The second tranche, which incorporated the sale of the remaining Networks business segment and assets, was completed on 2 July 2007 and the profit and loss on disposal of this tranche is recorded in the current period.

The income statement for discontinued operations for the current period incorporates the profit on sale of the consolidated entity's interest in the remaining Networks business segment. The income statement for discontinued operations for the comparative period incorporates the operating results of the Networks business segment and the profit on sale of the consolidated entity's interest in the SEA Gas Partnership.

	CONSOLIDATED	
	2008 $'000	2007 $'000
(a) Effect of discontinued operations on the income statement of the consolidated entity		
Operating results before tax	–	26,079
Profit on disposal of Networks business segment	**224,941**	113,776
Profit before income tax	**224,941**	139,855
Income tax expense	**79,943**	45,148
Net profit after tax	**144,998**	94,707
(b) Cash flows from discontinued operations		
Net cash from operating activities	–	31,194
Net cash from investing activities	**401,196**	128,287
Net cash from discontinued operations	**401,196**	159,481
(c) Assets and liabilities[(1)]		
Assets disposed of:		
Trade and other receivables	**24,467**	–
Inventories	**2,821**	–
Other financial assets, including derivatives	**175,811**	–
Investments accounted for using the equity method	**976**	17,462
Property, plant and equipment	**64,357**	–
Intangible assets	**5,843**	–
Other assets	**3,125**	–
	277,400	17,462
Liabilities disposed of:		
Trade and other payables	**21,376**	–
Provisions	**14,880**	–
	36,256	–
Fair value equity reserve released on sale of Envestra securities[(2)]	**64,889**	–
Consideration received – cash (net of disposal costs)	**401,196**	131,238
Net profit before income tax	**224,941**	113,776

(1) *The assets and liabilities disposed of in the year ended 30 June 2008 were disclosed in the consolidated balance sheet as current assets and current liabilities held for sale at 30 June 2007. Prior to disposal the assets held for sale were subject to review, resulting in an increase in assets disposed of $21,938,000.*

(2) *The amount of $64,889,000 from the fair value equity reserve released on sale of Envestra securities has been disclosed as a gain on sale of significant businesses and assets in the income statement of Origin Energy Limited.*

6. Dividends

	NOTE	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
(a) Dividend reconciliation					
Final dividend of 11 cents per share, fully franked at 30%, paid 3 October 2007 (2007: Final dividend of 9 cents per share, fully franked at 30%, paid 29 September 2006)		**95,958**	71,697	**95,958**	71,697
Interim dividend of 12 cents per share, fully franked at 30%, paid 4 April 2008 (2007: Interim dividend of 10 cents per share, fully franked at 30%, paid 30 March 2007)		**105,082**	86,957	**105,082**	86,957
	23	**201,040**	158,654	**201,040**	158,654
(b) Subsequent event					
Since the end of the financial year, the directors have declared a final dividend of 13 cents per share, fully franked at 30%, payable 3 October 2008		**114,501**		**114,501**	
The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2008 and will be recognised in subsequent financial reports.					
(c) Dividends per share					
Dividends paid or provided for during the reporting period					
Current year interim franked dividend per share		**12.0 cents**	10.0 cents	**12.0 cents**	10.0 cents
Previous final year franked dividend per share		**11.0 cents**	9.0 cents	**11.0 cents**	9.0 cents
Dividends proposed and not recognised as a liability					
Franked dividend per share		**13.0 cents**		**13.0 cents**	

(d) Dividend franking account

30% franking credits available to shareholders of Origin Energy Limited for subsequent financial years amount to $115,636,000 (2007: $134,695,000).

The above available amount is based on the balance of the dividend franking account at year end adjusted for:

(a) franking credits that will arise from the payment of current income tax liabilities;

(b) franking debits that will arise from the payment of dividends provided at year end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax-consolidated group at year end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

7. Trade and other receivables

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Trade and accrued receivables[1]	**1,396,727**	1,096,066	**347**	1,678
Receivables due from wholly-owned controlled entities	**–**	–	**9,292,103**	7,752,812
Other debtors (including joint venture debtors)[1]	**41,158**	513,449	**1,442**	274
	1,437,885	1,609,515	**9,293,892**	7,754,764
Non-current				
Receivables due from wholly-owned controlled entities	**–**	–	**100,000**	100,000
Other	**164**	727	**64**	64
	164	727	**100,064**	100,064

[1] *Impairment losses (provision for doubtful debts) included in these receivable amounts are $15,498,000 for 30 June 2008 and $21,518,000 for 30 June 2007.*

Trade receivables of the consolidated entity's operations denominated in currencies other than the functional currency of the operations comprise $18,442,000 of trade receivables denominated in US dollars (2007: $6,521,000).

The consolidated entity's policy requires trade debtors to pay in accordance with agreed payment terms. Depending on the customer segment, the settlement terms are generally 14 to 30 days from date of invoice. All credit and recovery risk associated with trade debtors has been provided for in the balance sheets. The average age of trade receivables is 22 days (2007: 21 days).

8. Inventories

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Raw materials and stores at cost	**71,681**	61,097	**–**	–
Finished goods at cost	**75,433**	52,522	**–**	–
Work in progress at cost	**448**	593	**–**	–
	147,562	114,212	**–**	–

9. Other assets

		CONSOLIDATED		ORIGIN ENERGY LIMITED	
	NOTE	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current					
Prepayments		**73,711**	38,680	**13,368**	8,264
Deposits		**5,464**	14,247	**–**	–
Deferred expenses		**1,001**	5,112	**70**	3,904
Environmental scheme certificates		**48,940**	48,972	**–**	–
		129,116	107,011	**13,438**	12,168
Non-current					
Deferred expenses		**3,441**	7,958	**–**	–
Defined benefit superannuation surplus	20(b)	**7,211**	9,799	**7,211**	9,799
Prepayments		**1,389**	1,670	**–**	–
		12,041	19,427	**7,211**	9,799

10. Other financial assets, including derivatives

	NOTE	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Current					
Derivative financial instruments	28	**707,638**	2,718,932	**62,734**	14,967
Available-for-sale financial assets		**15,345**	17,026	**–**	–
		722,983	2,735,958	**62,734**	14,967
Non-current					
Derivative financial instruments	28	**260,379**	789,422	**74,979**	10,178
Investments in controlled entities at cost		**–**	–	**1,472,202**	1,472,202
Available-for-sale financial assets:					
Listed shares		**29,966**	36,146	**29,966**	36,146
Other corporations		**3,295**	3,638	**–**	–
		33,261	39,784	**29,966**	36,146
		293,640	829,206	**1,577,147**	1,518,526

11. Property, plant and equipment

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Generation property, plant and equipment				
At cost	**3,577,626**	3,918,160	**–**	–
Less: Accumulated depreciation	**494,791**	417,871	**–**	–
	3,082,835	3,500,289	**–**	–
Other land and buildings				
At cost	**82,782**	99,434	**–**	–
Less: Accumulated depreciation and amortisation	**16,233**	14,482	**–**	–
	66,549	84,952	**–**	–
Other plant and equipment				
At cost	**3,459,405**	2,728,311	**10,848**	9,657
Less: Accumulated depreciation	**1,072,283**	1,024,120	**4,076**	3,002
	2,387,122	1,704,191	**6,772**	6,655
Producing areas of interest				
At cost	**1,443,109**	1,014,154	**–**	–
Less: Accumulated amortisation	**576,707**	491,020	**–**	–
	866,402	523,134	**–**	–
	6,402,908	5,812,566	**6,772**	6,655

11. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below.

	2008 $'000				
	GENERATION PROPERTY, PLANT AND EQUIPMENT	OTHER LAND AND BUILDINGS	OTHER PLANT AND EQUIPMENT	PRODUCING AREAS OF INTEREST	TOTAL
Consolidated					
Carrying amount at the beginning of the financial year	**3,500,289**	**84,952**	**1,704,191**	**523,134**	**5,812,566**
Additions	**132,204**	**3,782**	**843,629**	**197,573**	**1,177,188**
Disposals	**(3,426)**	**(19,911)**	**(7,503)**	**–**	**(30,840)**
Additions through acquisition of entities/operations	**–**	**2,639**	**1,073**	**60,285**	**63,997**
Depreciation/amortisation expense	**(122,913)**	**(2,072)**	**(137,725)**	**(77,563)**	**(340,273)**
Exploration and development costs	**–**	**–**	**–**	**(14,091)**	**(14,091)**
Transfers including (to)/from exploration and development expenditure	**–**	**–**	**(3,226)**	**177,064**	**173,838**
Foreign currency exchange differences	**(423,319)**	**(2,841)**	**(13,317)**	**–**	**(439,477)**
Carrying amount at the end of the financial year	**3,082,835**	**66,549**	**2,387,122**	**866,402**	**6,402,908**
Origin Energy Limited					
Carrying amount at the beginning of the financial year	**–**	**–**	**6,655**	**–**	**6,655**
Additions	**–**	**–**	**1,269**	**–**	**1,269**
Depreciation expense	**–**	**–**	**(1,152)**	**–**	**(1,152)**
Carrying amount at the end of the financial year	**–**	**–**	**6,772**	**–**	**6,772**

	2007 $'000				
	GENERATION PROPERTY, PLANT AND EQUIPMENT	OTHER LAND AND BUILDINGS	OTHER PLANT AND EQUIPMENT	PRODUCING AREAS OF INTEREST	TOTAL
Consolidated					
Carrying amount at the beginning of the financial year	3,206,644	92,075	1,525,379	420,835	5,244,933
Additions	105,510	1,953	387,768	147,006	642,237
Disposals	(1,733)	(1,373)	(1,333)	–	(4,439)
Additions through acquisition of entities/operations	–	1,075	21,104	–	22,179
Depreciation/amortisation expense	(123,685)	(1,233)	(128,375)	(70,288)	(323,581)
Exploration and development costs	–	–	–	(11,353)	(11,353)
Impairment loss[1]	–	–	(73,838)	–	(73,838)
Transfers including (to)/from exploration and development expenditure	–	(8,756)	8,756	36,934	36,934
Transfers to assets held for sale (refer note 5)	–	(551)	(43,461)	–	(44,012)
Foreign currency exchange differences	313,553	1,762	8,191	–	323,506
Carrying amount at the end of the financial year	3,500,289	84,952	1,704,191	523,134	5,812,566
Origin Energy Limited					
Carrying amount at the beginning of the financial year	–	–	6,870	–	6,870
Additions	–	–	745	–	745
Depreciation expense	–	–	(960)	–	(960)
Carrying amount at the end of the financial year	–	–	6,655	–	6,655

[1] *During the financial year ended 30 June 2007 the consolidated entity reviewed the carrying amount of its assets. The review led to the recognition of an impairment loss of $73,838,000 in relation to the Cooper Basin assets and the Onshore Otway Basin assets in the Exploration & Production business segment. The impairment loss has been recognised in the line item impairment of property, plant and equipment in the income statement.*

12. Exploration, evaluation and development expenditure

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Exploration and evaluation expenditure				
Net costs carried forward in respect of areas of interest in the exploration and evaluation phase	**61,291**	29,339	**–**	–
Development expenditure				
Net costs carried forward in respect of areas of interest in the development phase	**631,001**	378,611	**–**	–

13. Intangible assets

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Goodwill at cost	**2,409,974**	2,468,622	**–**	–
Customer related and other intangible assets at cost	**66,803**	31,134	**–**	–
Less: Accumulated amortisation	**13,318**	5,251	**–**	–
	53,485	25,883	**–**	–
	2,463,459	2,494,505	**–**	–

CLASS OF ASSET	AVERAGE AMORTISATION RATE	
Customer related and other intangible assets at cost	**14.0%**	14.0%

Reconciliations

Reconciliations of the carrying amounts of each class of intangible asset are set out below:

	CONSOLIDATED					
	2008 $'000			2007 $'000		
	GOODWILL	CUSTOMER RELATED AND OTHER INTANGIBLES	TOTAL	GOODWILL	CUSTOMER RELATED AND OTHER INTANGIBLES	TOTAL
Carrying amount at the beginning of the financial year	**2,468,622**	**25,883**	**2,494,505**	1,207,158	20,702	1,227,860
Additions through business combinations and internal development	**5,161**	**27,774**	**32,935**	1,222,525	8,874	1,231,399
Transfers from property, plant and equipment – at cost	**–**	**8,033**	**8,033**	–	–	–
Transfers from property, plant and equipment – accumulated depreciation	**–**	**(4,807)**	**(4,807)**	–	–	–
Amortisation expense	**–**	**(3,371)**	**(3,371)**	–	(3,725)	(3,725)
Transfers to assets held for sale (refer note 5)	**–**	**–**	**–**	(5,843)	–	(5,843)
Effect of movements in foreign exchange rates	**(63,809)**	**(27)**	**(63,836)**	44,782	32	44,814
Carrying amount at the end of the year	**2,409,974**	**53,485**	**2,463,459**	2,468,622	25,883	2,494,505

13. Intangible assets (continued)

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000
Impairment tests for cash-generating units containing goodwill		
The following cash-generating units have significant carrying amounts of goodwill:		
Retail	**1,948,250**	1,951,862
Contact Energy	**430,823**	491,424
Multiple units without significant goodwill	**30,901**	25,336
	2,409,974	2,468,622

Retail cash-generating unit

The impairment test for the Retail unit's goodwill is based on value in use methodology. The value in use calculations apply a discounted cash flow methodology. Cash flow projections are based on Origin Energy's acquisition models and five-year business plan for the underlying Retail businesses and cash flows for a further 35-year period are determined based on expected market trends and the expected impact of the key assumptions (discussed below) of the change in customer numbers and customer churn, gross margin per customer and other operating costs per customer. Origin Energy's electricity and gas businesses are considered long-term businesses and the cash flow projections allow for the risk of increased competition for customers and short-term and long-term customer churn. The cash flow projections are discounted using a pre-tax discount rate of 11.7%.

Key assumptions in the value in use calculation for the Retail cash-generating unit and the approach to determining the value in the current and previous period are:

ASSUMPTIONS	METHOD OF DETERMINATION
Customer numbers and customer churn	Review of actual customer numbers and historical data regarding movements in customer numbers and levels of customer churn. The historical analysis is considered against current and expected market trends and competition for customers.
Gross margin per customer	Review of actual gross margins per customer and consideration of current and expected market movements and impacts.
Other operating costs per customer	Review of actual operating costs per customer and consideration of current and expected market movements and impacts.

Contact Energy cash-generating unit

The Contact Energy goodwill relates to Origin Energy's 51.36% ownership interest in Contact Energy Limited. The impairment test for the Contact Energy goodwill is based on a fair value less costs to sell methodology. Contact Energy is listed on the New Zealand Stock Exchange (NZX) and Origin Energy uses the NZX share price of Contact Energy shares to determine the recoverable amount of its investment in Contact Energy and the Contact Energy goodwill.

14. Deferred tax assets

	NOTE	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Recognised deferred tax assets					
Deferred tax assets are attributable to the following:					
Accrued expenses not incurred for tax		**2,427**	2,801	**625**	423
Unrealised foreign exchange gain		**–**	–	**38,118**	5,189
Employee benefits		**27,390**	28,395	**3,576**	3,141
Acquired environmental certificate purchase obligations		**31,491**	31,956	**–**	–
Provisions		**117,495**	77,965	**–**	686
Sale of discontinued operations		**–**	52,278	**–**	–
Inventories		**16,932**	–	**–**	–
Other items		**16,341**	18,182	**6,450**	5,858
Tax value of carry-forward tax losses recognised		**98,440**	86,734	**47,205**	85,744
Tax assets		**310,516**	298,311	**95,974**	101,041
Set-off of tax	18	**(207,831)**	(253,264)	**(41,266)**	(75,686)
Net tax assets		**102,685**	45,047	**54,708**	25,355
Unrecognised deferred tax assets					
Deferred tax assets have not been recognised in respect of the following items:					
Revenue losses		**–**	2,074	**–**	2,074
Capital losses		**74,452**	78,488	**74,452**	78,488
		74,452	80,562	**74,452**	80,562

The above deferred tax assets have not been recognised because it is not probable that future taxable profits will be available against which the consolidated entity can utilise the benefits.

14. Deferred tax assets (continued)

	2008 $'000							
	CONSOLIDATED					ORIGIN ENERGY LIMITED		
	OPENING BALANCE	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	ACQUISITION OF CONTROLLED ENTITIES	CLOSING BALANCE	OPENING BALANCE	RECOGNISED IN INCOME	CLOSING BALANCE
Movement in temporary differences during the year								
Accrued expenses not incurred for tax	2,801	(374)	–	–	2,427	423	202	625
Unrealised foreign exchange gain	–	–	–	–	–	5,189	32,929	38,118
Employee benefits	28,395	(1,131)	–	126	27,390	3,141	435	3,576
Acquired environmental certificate purchase obligations	31,956	(465)	–	–	31,491	–	–	–
Provisions	77,965	44,524	(1,509)	(3,485)	117,495	686	(686)	–
Sale of discontinued operations	52,278	(52,278)	–	–	–	–	–	–
Inventories	–	16,932	–	–	16,932	–	–	–
Other items	18,182	(379)	(1,674)	212	16,341	5,858	592	6,450
Tax value of carry-forward tax losses recognised	86,734	11,706	–	–	98,440	85,744	(38,539)	47,205
Tax assets	298,311	18,535	(3,183)	(3,147)	310,516	101,041	(5,067)	95,974
Set-off of tax	(253,264)				(207,831)	(75,686)		(41,266)
Net tax assets	45,047				102,685	25,355		54,708

	2007 $'000							
	CONSOLIDATED					ORIGIN ENERGY LIMITED		
	OPENING BALANCE	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	ACQUISITION OF CONTROLLED ENTITIES	CLOSING BALANCE	OPENING BALANCE	RECOGNISED IN INCOME	CLOSING BALANCE
Accrued expenses not incurred for tax	3,916	(1,115)	–	–	2,801	865	(442)	423
Unrealised foreign exchange gain	–	–	–	–	–	27,614	(22,425)	5,189
Employee benefits	21,954	6,020	–	421	28,395	2,777	364	3,141
Acquired environmental certificate purchase obligations	–	204	–	31,752	31,956	–	–	–
Provisions	49,741	15,804	365	12,055	77,965	407	279	686
Sale of discontinued operations	–	52,278	–	–	52,278	–	–	–
Inventories	9,406	(9,406)	–	–	–	–	–	–
Other items	8,760	(8,545)	–	17,967	18,182	3,041	2,817	5,858
Tax value of carry-forward tax losses recognised	81,693	5,041	–	–	86,734	81,693	4,051	85,744
Tax assets	175,470	60,281	365	62,195	298,311	116,397	(15,356)	101,041
Set-off of tax	(170,337)				(253,264)	(108,896)		(75,686)
Net tax assets	5,133				45,047	7,501		25,355

15. Trade and other payables

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Current				
Trade payables and accrued expenses	**1,507,023**	1,534,363	**30,146**	28,322
Loans from controlled entities	**–**	–	**5,628,878**	4,504,679
Acquired environmental certificate purchase obligations	**16,871**	5,500	**–**	–
	1,523,894	1,539,863	**5,659,024**	4,533,001
Non-current				
Other payables	**4,921**	6,005	**–**	–
Acquired environmental certificate purchase obligations	**85,317**	101,019	**–**	–
	90,238	107,024	**–**	–

Trade payables of the consolidated entity's operations denominated in currencies other than the functional currency of the operations comprise $37,612,000 of trade payables denominated in New Zealand dollars (2007: $6,200,000) and $3,877,000 of trade payables denominated in US dollars (2007: $549,000).

16. Interest-bearing liabilities and lease liabilities

	NOTE	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Interest-bearing liabilities					
Current					
Bank loans – unsecured		**102,016**	320,701	**80,000**	75,186
Bank overdrafts – unsecured	24(a)	**1,405**	6,192	**–**	20,250
Capital market borrowings – unsecured		**126,424**	178,592	**126,424**	–
Loans from related parties – unsecured		**2,250**	1,410	**–**	–
Lease liabilities – secured(1)		**571**	444	**–**	–
		232,666	507,339	**206,424**	95,436
Non-current					
Capital market borrowings – unsecured		**1,290,816**	1,591,719	**849,875**	1,125,768
Bank loans – unsecured		**1,854,593**	1,126,307	**1,433,702**	944,814
Lease liabilities – secured(1)		**479**	652	**–**	–
		3,145,888	2,718,678	**2,283,577**	2,070,582

Refer to note 28 for further information regarding interest-bearing liabilities.

Interest rates applicable to:
Borrowings including interest rate swap contracts: 2.75% to 8.00% per annum at a weighted average of 7.74% per annum (2007: 4.80% to 8.00% per annum at a weighted average of 7.50% per annum).
Lease liabilities: 2.70% to 9.41% per annum at a weighted average of 4.64% per annum (2007: 2.70% to 9.41% per annum at a weighted average of 4.26% per annum) are secured by the assets under the lease.
Refer to note 28(d) interest rate risk (cash flow and fair value), for a summary of interest rate risks.

(1) Finance leases
Lease commitments in respect of finance leases of plant and equipment are payable as follows:

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Not later than one year	**571**	444	**–**	–
Later than one year but not later than five years	**479**	652	**–**	–
	1,050	1,096	**–**	–

16. Interest-bearing liabilities and lease liabilities (continued)

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Operating leases				
Lease commitments in respect of operating leases are payable as follows:				
Not later than one year	**25,224**	25,741	**2,733**	2,577
Later than one year but not later than five years	**72,236**	63,969	**11,851**	11,196
Later than five years	**54,563**	33,263	**3,745**	6,199
	152,023	122,973	**18,329**	19,972
Operating lease rental expense	**22,115**	24,836	**714**	363

The consolidated entity leases property, plant and equipment under operating leases with terms of one to 10 years.

17. Other financial liabilities, including derivatives

	NOTE	CONSOLIDATED		ORIGIN ENERGY LIMITED	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current					
Derivative financial instruments	28	**400,356**	204,874	**75,366**	30,706
Other financial liabilities		**35,347**	215,347	**–**	–
		435,703	420,221	**75,366**	30,706
Non-current					
Derivative financial instruments	28	**536,133**	397,887	**209,520**	138,080

18. Tax liabilities

	NOTE	CONSOLIDATED		ORIGIN ENERGY LIMITED	
		2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current					
Provision for income tax		**118,383**	114,157	**114,909**	122,015
Non-current					
Recognised deferred tax liabilities					
Deferred tax liabilities are attributable to the following:					
Property, plant and equipment		**527,658**	576,901	**–**	1,862
Exploration and evaluation expenditure		**201,477**	158,078	**–**	–
Intangible assets		**10,670**	6,946	**–**	–
Financial instruments at fair value		**115,654**	998,327	**7,853**	(83)
Available-for-sale financial assets		**4,215**	9,017	**4,215**	9,017
Investments in associates		**6,354**	5,674	**–**	–
Unbilled receivables		**116,994**	70,682	**–**	–
Other items		**15,265**	44,577	**2,106**	37,380
Tax liabilities		**998,287**	1,870,202	**14,174**	48,176
Set-off of tax	14	**(207,831)**	(253,264)	**(41,266)**	(75,686)
Net deferred tax liabilities		**790,456**	1,616,938	**(27,092)**	(27,510)
Provision for income tax		**27,092**	27,510	**27,092**	27,510
Net tax liabilities		**817,548**	1,644,448	**–**	–

18. Tax liabilities (continued)

2008 $'000	Consolidated Opening balance	Consolidated Recognised in income	Consolidated Recognised in equity	Consolidated Acquisition of controlled entities	Consolidated Closing balance	Origin Energy Limited Opening balance	Origin Energy Limited Recognised in income	Origin Energy Limited Recognised in equity	Origin Energy Limited Closing balance
Movement in temporary differences during the year									
Property, plant and equipment	576,901	29,322	(78,559)	(6)	527,658	1,862	(1,862)	–	–
Exploration and evaluation expenditure	158,078	43,399	–	–	201,477	–	–	–	–
Intangible assets	6,946	3,724	–	–	10,670	–	–	–	–
Financial instruments at fair value	998,327	(633)	(881,969)	(71)	115,654	(83)	(71)	8,007	7,853
Available-for-sale financial assets	9,017	17,113	(21,915)	–	4,215	9,017	17,113	(21,915)	4,215
Investments in associates	5,674	873	(193)	–	6,354	–	–	–	–
Unbilled receivables	70,682	46,378	–	(66)	116,994	–	–	–	–
Other items	44,577	(29,312)	–	–	15,265	37,380	(32,340)	(2,934)	2,106
Deferred tax liabilities	1,870,202	110,864	(982,636)	(143)	998,287	48,176	(17,160)	(16,842)	14,174
Set-off of tax	(253,264)				(207,831)	(75,686)			(41,266)
Net deferred tax liabilities	1,616,938				790,456	(27,510)			(27,092)

2007 $'000	Consolidated Opening balance	Consolidated Recognised in income	Consolidated Recognised in equity	Consolidated Acquisition of controlled entities	Consolidated Closing balance	Origin Energy Limited Opening balance	Origin Energy Limited Recognised in income	Origin Energy Limited Recognised in equity	Origin Energy Limited Closing balance
Property, plant and equipment	552,123	(34,979)	59,732	25	576,901	345	1,517	–	1,862
Exploration and evaluation expenditure	188,274	(30,196)	–	–	158,078	–	–	–	–
Intangible assets	4,795	2,151	–	–	6,946	–	–	–	–
Financial instruments at fair value	14,249	42,615	941,234	229	998,327	(4,051)	(221)	4,189	(83)
Available-for-sale financial assets	27,016	(28,448)	10,449	–	9,017	27,016	(28,448)	10,449	9,017
Investments in associates	15,231	(10,730)	1,173	–	5,674	–	–	–	–
Unbilled receivables	69,100	1,582	–	–	70,682	–	–	–	–
Other items	27,885	18,843	(2,151)	–	44,577	35,264	4,150	(2,034)	37,380
Deferred tax liabilities	898,673	(39,162)	1,010,437	254	1,870,202	58,574	(23,002)	12,604	48,176
Set-off of tax	(170,337)				(253,264)	(108,896)			(75,686)
Net deferred tax liabilities	728,336				1,616,938	(50,322)			(27,510)

19. Provisions

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current				
Employee benefits	**89,559**	75,237	**11,392**	10,171
Restoration, rehabilitation and dismantling	**23,570**	5,149	**–**	–
Onerous contracts acquired	**2,357**	21,446	**–**	–
Other	**3,483**	6,242	**2,164**	2,926
	118,969	108,074	**13,556**	13,097
Non-current				
Employee benefits	**10,615**	8,553	**632**	298
Restoration, rehabilitation and dismantling	**353,716**	183,950	**–**	–
Onerous contracts acquired	**–**	3,134	**–**	–
Other	**8,810**	6,411	**3,290**	3,927
	373,141	202,048	**3,922**	4,225

Reconciliations

Reconciliations of the carrying amounts of each class of provision, except employee benefits, are set out below.

	2008 $'000		
	ONEROUS CONTRACTS ACQUIRED	RESTORATION, REHABILITATION AND DISMANTLING	OTHER
Consolidated			
Current			
Carrying amount at beginning of year	21,446	5,149	6,242
Provisions recognised	–	29,028	718
Provisions released	–	–	(2,417)
Payments/utilisation	(22,223)	(10,520)	(1,374)
Transfers from non-current provisions	3,134	–	637
Foreign currency exchange differences	–	(87)	(323)
Carrying amount at end of year	2,357	23,570	3,483
Non-current			
Carrying amount at beginning of year	3,134	183,950	6,411
Provisions recognised	–	149,342	4,686
Write-backs during the year due to asset disposals	–	(415)	–
Provisions acquired	–	27,334	–
Payments/utilisation	–	(3,127)	(1,400)
Transfers to current provisions	(3,134)	–	(637)
Foreign currency exchange differences	–	(3,368)	(250)
Carrying amount at end of year	–	353,716	8,810
Origin Energy Limited			
Current			
Carrying amount at beginning of year	–	–	2,926
Provisions recognised	–	–	1,567
Provisions released	–	–	(2,302)
Payments/utilisation	–	–	(664)
Transfers from non-current provisions	–	–	637
Carrying amount at end of year	–	–	2,164
Non-current			
Carrying amount at beginning of year	–	–	3,927
Transfers to current provisions	–	–	(637)
Carrying amount at end of year	–	–	3,290

20. Employee benefits

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Employee benefits expense				
Wages and salaries	**280,532**	266,761	**20,610**	15,362
Annual leave expense	**21,652**	18,428	**1,267**	987
Long service leave expense	**7,495**	5,939	**549**	381
Employee share plan (refer note 33)	**2,384**	2,950	**99**	123
Executive share-based payments expense (refer note 33)	**7,949**	6,443	**2,576**	2,291
Defined benefit superannuation funds	**(5,745)**	(4,778)	**(5,745)**	(4,778)
Contributions to defined contribution superannuation funds	**22,178**	21,088	**851**	1,089
	336,445	316,831	**20,207**	15,455

Defined benefits superannuation plan

(a) Employee superannuation funds

At 30 June 2008, there were in existence a number of superannuation plans in which the consolidated entity participates for the benefit of its employees in Australia and overseas. The major plans are managed through Equipsuper.

The principal types of benefit provided for under the plans are lump sums payable on retirement, termination, death or total disability.

Contributions to the plans by both employees and entities in the consolidated entity are predominantly based on percentages of the salaries or wages of employees.

Entities in the consolidated entity contribute to the plans in accordance with the governing Trust Deeds subject to certain rights to vary.

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. Some defined benefit members are also eligible for pension benefits in some circumstances. The defined benefit section of the plan is closed to new members. All new members receive accumulation benefits only.

The following sets out details in respect of the Equipsuper defined benefit section only:

(b) Balance sheet amounts

The amounts recognised in the balance sheets are determined as follows:

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Present value of the defined benefit obligation	**61,126**	143,814	**61,126**	143,814
Fair value of the plan assets	**68,337**	153,613	**68,337**	153,613
Surplus	**7,211**	9,799	**7,211**	9,799
Net asset in the balance sheets	**7,211**	9,799	**7,211**	9,799

20. Employee benefits (continued)

(c) Reconciliations

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Reconciliation of the present value of the defined benefit obligation				
Balance at the beginning of the year	**143,814**	128,229	**143,814**	128,229
Current service cost	**2,364**	4,351	**2,364**	4,351
Interest cost	**3,651**	6,044	**3,651**	6,044
Contributions by plan participants	**320**	1,038	**320**	1,038
Actuarial (gains)/losses	**(5,877)**	12,831	**(5,877)**	12,831
Benefits paid	**(10,105)**	(7,937)	**(10,105)**	(7,937)
Taxes, premiums and expenses paid	**(175)**	(742)	**(175)**	(742)
Curtailments	**(2,556)**	–	**(2,556)**	–
Settlements	**(70,310)**	–	**(70,310)**	–
Balance at the end of the year	**61,126**	143,814	**61,126**	143,814
Reconciliation of the fair value of plan assets				
Balance at the beginning of the year	**153,613**	135,549	**153,613**	135,549
Expected return on plan assets	**5,553**	9,129	**5,553**	9,129
Actuarial (gains)/losses	**(10,782)**	12,798	**(10,782)**	12,798
Contributions by Origin Energy companies	**223**	3,778	**223**	3,778
Contributions by plan participants	**320**	1,038	**320**	1,038
Benefits paid	**(10,105)**	(7,937)	**(10,105)**	(7,937)
Taxes, premiums and expenses paid	**(175)**	(742)	**(175)**	(742)
Settlements	**(70,310)**	–	**(70,310)**	–
Balance at the end of the year	**68,337**	153,613	**68,337**	153,613

(d) Categories of plan assets

The percentage invested in each class of asset at the balance sheet date are as follows:

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 %	2007 %	2008 %	2007 %
Australian equities	**35**	38	**35**	38
Overseas equities	**24**	23	**24**	23
Fixed income	**12**	14	**12**	14
Property	**14**	13	**14**	13
Alternatives/other	**8**	4	**8**	4
Cash	**7**	8	**7**	8
	100	100	**100**	100

(e) Recognising actuarial gains and losses

There is immediate recognition of gains and losses through retained earnings.

20. Employee benefits (continued)

(f) Amounts recognised in income statement

The amounts recognised in the income statement are as follows:

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Current service cost	**2,364**	4,351	**2,364**	4,351
Expected return on plan assets	**(5,553)**	(9,129)	**(5,553)**	(9,129)
Effects of curtailments/settlements	**(2,556)**	–	**(2,556)**	–
Total (gain) recognised in employee benefits expense	**(5,745)**	(4,778)	**(5,745)**	(4,778)
Interest expense	**3,651**	6,044	**3,651**	6,044
Total (gain)/loss recognised in income statement	**(2,094)**	1,266	**(2,094)**	1,266

(g) Expected rate of return on plan assets

The expected return on assets assumption is determined by weighing the expected long-term return for each asset class by the target allocation of assets to each class and allowing for correlations of the investment returns between asset classes. The returns used for each class are net of investment tax and investment fees. An allowance for administration expenses has been deducted from the expected return.

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
(h) Actual return on plan assets (decrease)/increase	**(5,229)**	21,927	**(5,229)**	21,927

(i) Principal actuarial assumptions

	CONSOLIDATED 2008 % P.A.	CONSOLIDATED 2007 % P.A.	ORIGIN ENERGY LIMITED 2008 % P.A.	ORIGIN ENERGY LIMITED 2007 % P.A.
Discount rate (active members)	**5.9**	5.3	**5.9**	5.3
Discount rate (pensioners)	**6.5**	6.3	**6.5**	6.3
Expected salary increase rate[1]	**4.5**	4.5	**4.5**	4.5
Expected pension increase rate	**3.0**	3.0	**3.0**	3.0
Expected rate of return on assets:				
– supporting lump sum liabilities[2]	**7.0**	7.0	**7.0**	7.0
– supporting pension liabilities[3]	**7.5**	7.5	**7.5**	7.5

(1) *4.7% p.a. for the first three years commencing 1 July 2008 and 4.5% thereafter.*

(2) *Net of investment tax, investment expenses and standard administration expenses.*

(3) *Net of investment expenses and standard administration expenses.*

(j) Net financial position of plan

Origin Energy has recognised an asset in the balance sheet in respect of its defined benefit superannuation agreements.

(k) Historical information

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Present value of defined benefit obligation	**61,126**	143,814	**61,126**	143,814
Fair value of plan assets	**68,337**	153,613	**68,337**	153,613
Surplus in plan	**7,211**	9,799	**7,211**	9,799
Experience adjustments (gain)/loss – plan liabilities	**(5,793)**	16,418	**(5,793)**	16,418
Experience adjustments loss/(gain) – plan assets	**10,782**	(12,798)	**10,782**	(12,798)

21. Share capital

		CONSOLIDATED		ORIGIN ENERGY LIMITED	
	NOTE	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Issued and paid-up capital					
880,773,722 (2007: 872,288,456) ordinary shares, fully paid		**1,754,616**	1,688,423	**1,754,616**	1,688,423
Ordinary share capital at the beginning of the year		**1,688,423**	1,158,959	**1,688,423**	1,158,959
Shares issued:					
– 3,718,000 (2007: 4,363,800) shares in accordance with the Senior Executive Option Plan	33(a)	**19,070**	15,034	**19,070**	15,034
– 4,767,266 (2007: 5,570,071) shares in accordance with the Dividend Reinvestment Plan		**45,318**	41,350	**45,318**	41,350
– Nil (2007: 56,338,029) shares in accordance with private placement on 5 December 2006		**1,805**	395,277	**1,805**	395,277
– Nil (2007: 11,679,298) shares in accordance with share purchase plan on 29 February 2007		**–**	77,803	**–**	77,803
Total movements in ordinary share capital	23	**66,193**	529,464	**66,193**	529,464
Ordinary share capital at the end of the year		**1,754,616**	1,688,423	**1,754,616**	1,688,423

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of the winding up of the company, ordinary shareholders rank after creditors, and are fully entitled to any proceeds of liquidation.

22. Reserves

		CONSOLIDATED		ORIGIN ENERGY LIMITED	
	NOTE	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Share-based payments		**26,695**	19,402	**26,372**	19,402
Foreign currency translation		**(129,994)**	(18,129)	**–**	–
Hedging		**193,721**	2,224,276	**21,940**	3,256
Available-for-sale		**9,886**	61,970	**9,835**	60,969
	23	**100,308**	2,287,519	**58,147**	83,627

Nature and purpose of reserves:

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options recognised over the vesting period.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations, and the translation of transactions that hedge the company's net investments in foreign operations.

Hedging reserve

The hedging reserve is used to record the effective portion of the gains or losses on hedging instruments in cash flow hedges that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transactions affect profit and loss or as part of the cost of an asset if non-monetary.

Available-for-sale reserve

Changes in fair value and exchange differences arising on translation of investments and settlement residue agreements are taken to the available for sale reserve. Amounts are recognised in profit and loss when the associated investments/settlement residue agreements are sold/settled or impaired.

23. Equity reconciliations

	CONSOLIDATED							
	ISSUED CAPITAL $'000	SHARE-BASED PAYMENTS RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	HEDGING RESERVE $'000	AVAILABLE-FOR-SALE RESERVE $'000	RETAINED EARNINGS $'000	MINORITY INTERESTS $'000	TOTAL EQUITY $'000
Opening balance as at 1 July 2007	**1,688,423**	**19,402**	**(18,129)**	**2,224,276**	**61,970**	**1,905,054**	**1,088,260**	**6,969,256**
Profit after tax expense for the year	**–**	**–**	**–**	**–**	**–**	**516,655**	**104,857**	**621,512**
Movement in share capital (refer note 21)	**66,193**	**–**	**–**	**–**	**–**	**–**	**–**	**66,193**
Movement in share-based payments	**–**	**7,293**	**–**	**–**	**–**	**–**	**305**	**7,598**
Loss on translation of assets and liabilities of overseas controlled entities	**–**	**–**	**(163,202)**	**–**	**–**	**–**	**(162,050)**	**(325,252)**
Net gain on translation of long-term borrowings and foreign currency forward contracts	**–**	**–**	**49,211**	**–**	**–**	**–**	**–**	**49,211**
Cash flow hedges – effective component recognised in equity, net of tax	**–**	**–**	**–**	**(1,483,666)**	**–**	**–**	**(29,049)**	**(1,512,715)**
Cash flow hedges – amount removed from equity and transferred to profit, net of tax	**–**	**–**	**–**	**(559,881)**	**–**	**–**	**6,710**	**(553,171)**
Cash flow hedges – amount transferred to the initial carrying value of non-financial assets, net of tax	**–**	**–**	**–**	**13,747**	**–**	**–**	**845**	**14,592**
Cash flow hedges – foreign currency translation gain, net of tax	**–**	**–**	**2,126**	**(1,092)**	**–**	**–**	**(1,034)**	**–**
Fair value adjustment on available-for-sale financial assets	**–**	**–**	**–**	**–**	**(6,662)**	**–**	**–**	**(6,662)**
Valuation gain taken to profit on disposal of the Networks business	**–**	**–**	**–**	**–**	**(45,422)**	**–**	**–**	**(45,422)**
Share of increase in reserves attributable to equity accounted investees, net of tax	**–**	**–**	**–**	**337**	**–**	**–**	**–**	**337**
Actuarial loss on defined benefit superannuation plan	**–**	**–**	**–**	**–**	**–**	**(3,554)**	**–**	**(3,554)**
(Loss)/gain on transfer of interest in entities under common control	**–**	**–**	**–**	**–**	**–**	**(36)**	**36**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(201,040)**	**(76,512)**	**(277,552)**
New Zealand preference shares issued by subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**171,218**	**171,218**
Balance as at 30 June 2008	**1,754,616**	**26,695**	**(129,994)**	**193,721**	**9,886**	**2,217,079**	**1,103,586**	**5,175,589**
Opening balance as at 1 July 2006	1,158,959	12,959	(114,343)	26,787	36,589	1,569,728	955,006	3,645,685
Profit after tax expense for the year	–	–	–	–	–	456,886	134,698	591,584
Movement in share capital (refer note 21)	529,464	–	–	–	–	–	–	529,464
Movement in share-based payments	–	6,443	–	–	–	–	–	6,443
Gain on translation of assets and liabilities of overseas controlled entities	–	–	130,278	–	–	–	103,219	233,497
Net loss on translation of long-term borrowings and foreign currency forward contracts	–	–	(37,681)	–	–	–	–	(37,681)
Cash flow hedges – effective component recognised in equity, net of tax	–	–	–	2,367,045	–	–	(3,431)	2,363,614
Cash flow hedges – amount removed from equity and transferred to profit, net of tax	–	–	–	(172,143)	–	–	8,129	(164,014)
Cash flow hedges – amount transferred to the initial cost of assets, net of tax	–	–	–	1,208	–	–	(743)	465
Cash flow hedges – foreign currency translation gain, net of tax	–	–	3,617	(1,858)	–	–	(1,759)	–
Fair value adjustment on available-for-sale financial assets	–	–	–	–	25,381	–	–	25,381
Share of increase in reserves attributable to equity accounted investees, net of tax	–	–	–	3,237	–	–	–	3,237
Actuarial loss on defined benefit superannuation plan	–	–	–	–	–	(23)	–	(23)
Gain/(loss) on transfer of interest in entities under common control	–	–	–	–	–	37,117	(40,991)	(3,874)
Dividends paid	–	–	–	–	–	(158,654)	(65,868)	(224,522)
Balance as at 30 June 2007	1,688,423	19,402	(18,129)	2,224,276	61,970	1,905,054	1,088,260	6,969,256

23. Equity reconciliations (continued)

	ORIGIN ENERGY LIMITED					
	ISSUED CAPITAL $'000	SHARE-BASED PAYMENTS RESERVE $'000	HEDGING RESERVE $'000	AVAILABLE-FOR-SALE RESERVE $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Opening balance as at 1 July 2007	**1,688,423**	**19,402**	**3,256**	**60,969**	**838,917**	**2,610,967**
Profit after tax expense for the year	**–**	**–**	**–**	**–**	**117,283**	**117,283**
Movement in share capital (refer note 21)	**66,193**	**–**	**–**	**–**	**–**	**66,193**
Movement in share-based payments	**–**	**6,970**	**–**	**–**	**–**	**6,970**
Fair value adjustment on available-for-sale financial assets	**–**	**–**	**–**	**(5,712)**	**–**	**(5,712)**
Valuation gain taken to profit on disposal of the Networks business	**–**	**–**	**–**	**(45,422)**	**–**	**(45,422)**
Cash flow hedges – effective component recognised in equity, net of tax	**–**	**–**	**22,932**	**–**	**–**	**22,932**
Cash flow hedges – amount removed from equity and transferred to profit, net of tax	**–**	**–**	**(4,248)**	**–**	**–**	**(4,248)**
Actuarial loss on defined benefit superannuation plan	**–**	**–**	**–**	**–**	**(3,554)**	**(3,554)**
Dividends paid	**–**	**–**	**–**	**–**	**(201,040)**	**(201,040)**
Balance as at 30 June 2008	**1,754,616**	**26,372**	**21,940**	**9,835**	**751,606**	**2,564,369**
Opening balance as at 1 July 2006	1,158,959	12,959	(6,518)	36,589	939,382	2,141,371
Profit after tax expense for the year	–	–	–	–	58,212	58,212
Movement in share capital (refer note 21)	529,464	–	–	–	–	529,464
Movement in share-based payments	–	6,443	–	–	–	6,443
Fair value adjustment on available-for-sale financial assets	–	–	–	24,380	–	24,380
Cash flow hedges – effective component recognised in equity, net of tax	–	–	13,579	–	–	13,579
Cash flow hedges – amount removed from equity and transferred to profit, net of tax	–	–	(3,805)	–	–	(3,805)
Actuarial gain on defined benefit superannuation plan	–	–	–	–	(23)	(23)
Dividend paid	–	–	–	–	(158,654)	(158,654)
Balance as at 30 June 2007	1,688,423	19,402	3,256	60,969	838,917	2,610,967

24. Notes to the statements of cash flows

	NOTE	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2008 $'000	ORIGIN ENERGY LIMITED 2007 $'000
(a) Reconciliation of cash and cash equivalents					
Cash includes cash on hand, at bank and short-term deposits at call, net of outstanding bank overdrafts.					
Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheets as follows:					
Cash and cash equivalents		**96,010**	267,574	**14,701**	–
Bank overdrafts	16	**(1,405)**	(6,192)	**–**	(20,250)
		94,605	261,382	**14,701**	(20,250)
(b) The following non-cash financing and investing activities have not been included in the statements of cash flows:					
Issue of shares in respect of the Dividend Reinvestment Plan	21	**45,318**	41,350	**45,318**	41,350
Sale and purchase of listed company shares		**–**	13,089	**–**	13,089
(c) Reconciliation of profit to net cash provided by operating activities:					
Profit for the year		**621,512**	591,584	**117,283**	58,212
Adjustments to reconcile profit to net cash provided by operating activities:					
Depreciation and amortisation		**344,627**	329,603	**1,786**	960
Equity settled share-based payment expense		**7,949**	6,443	**2,576**	2,291
Bad debts expense		**21,960**	18,539	**–**	–
Debts forgiven – wholly-owned entities		**–**	–	**(40,892)**	(8,921)
Exploration expense		**32,920**	31,960	**–**	–
Impairment of property, plant and equipment		**–**	73,838	**–**	–
New Plymouth asbestos removal and related costs		**29,555**	–	**–**	–
Decrease/(increase) in fair value of financial instruments		**89,781**	(52,262)	**238**	736
Net financing costs/(income)		**220,103**	215,174	**(120,158)**	(56,425)
Increase/(decrease) in deferred taxes		**92,223**	(61,631)	**(69,097)**	(42,640)
Loss/(gain) on translation of foreign currency monetary items		**–**	–	**63,358**	(39,357)
(Gain)/loss on sale of assets		**(16,408)**	1,774	**–**	–
Gain on sale of Mokai assets in Contact subsidiary		**(18,154)**	–	**–**	–
Gain on sale of discontinued operations		**(224,941)**	(113,776)	**(64,889)**	–
Non-cash share of net profits of equity accounted investees		**(2,751)**	(1,165)	**–**	–
Changes in assets and liabilities, net of effects from acquisitions/disposals:					
– Receivables		**149,356**	(422,185)	**151**	(433)
– Inventories		**(27,792)**	(15,681)	**–**	–
– Payables		**(287,960)**	418,328	**1,828**	(23,085)
– Provisions		**(6,081)**	(7,380)	**158**	10,247
– Other		**(27,721)**	(34,819)	**1,319**	(15,340)
Total adjustments		**376,666**	386,760	**(223,622)**	(171,967)
Net cash provided by/(used in) operating activities		**998,178**	978,344	**(106,339)**	(113,755)

24. Notes to the statements of cash flows (continued)

(d) Net assets acquired

2008

During the year ended 30 June 2008, the consolidated entity acquired three entities for a combined consideration of $4,500,000.

The net assets of the acquired companies comprised wind data and wind farm approvals. The fair value of the assets recorded at the acquisition date was $4,500,000 and these assets were recorded as property, plant and equipment and intangible assets.

The companies acquired were:

Cullerin Range Wind Farm Pty Ltd
Conroy's Gap Wind Farm Pty Ltd
Snowy Plains Wind Farm Pty Ltd

On 12 June 2008, the consolidated entity acquired certain of Swift Energy's (Swift) New Zealand oil and gas assets for consideration of $88,759,000. The fair value of the acquired Swift and wind farm assets are disclosed below.

2007

During the year ended 30 June 2007, the consolidated entity acquired Sun Retail Pty Ltd for a total consideration of $1,239,679,000.

The fair values of the assets and liabilities acquired as part of the Sun Retail acquisition (acquisition date 1 February 2007) were subject to review during the year ended 30 June 2008. As a result, the fair value balance sheet at the date of acquisition has been updated, resulting in a decrease in the fair value of net assets acquired of $3 million and a corresponding increase in the amount of goodwill recorded at the date of acquisition.

	CONSOLIDATED BOOK VALUE		CONSOLIDATED FAIR VALUE	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current assets				
Trade and other receivables	–	358,796	–	358,342
Inventories	–	2,340	7,916	570
Other financial assets, including derivatives	–	189,363	–	203,865
Other	–	78,079	248	50,641
Total current assets	–	628,578	8,164	613,418
Non-current assets				
Property, plant and equipment	–	21,047	63,997	24,722
Exploration and evaluation expenditure	–	–	3,066	–
Development expenditure	–	–	41,673	–
Intangible assets	–	8,524	3,750	12,013
Deferred tax assets	–	11,703	–	41,007
Total non-current assets	–	41,274	112,486	77,742
Total assets	–	669,852	120,650	691,160
Current liabilities				
Trade and other payables	–	355,059	57	460,590
Other financial liabilities, including derivatives	–	166,506	–	174,161
Provisions	–	1,389	–	29,540
Total current liabilities	–	522,954	57	664,291
Non-current liabilities				
Tax liabilities	–	128,786	–	–
Provisions	–	1,823	27,334	1,823
Total non-current liabilities	–	130,609	27,334	1,823
Total liabilities	–	653,563	27,391	666,114
Net assets	–	16,289	93,259	25,046
Goodwill on acquisition	–	–	–	1,214,633
Fair value of net assets acquired	–	16,289	93,259	1,239,679
Total consideration			93,259	1,239,679

24. Notes to the statements of cash flows (continued)

The Swift business contributed net profit after interest and tax of $759,000 to the consolidated entity for the period from 12 June 2008 to 30 June 2008. It was not practicable to disclose the expected annualised performance of the Swift business as if it were owned by Origin Energy for the full financial year ended 30 June 2008 because the appropriate financial information was not available.

It was not practicable to disclose the book value of the acquired Swift assets as the appropriate financial information was not available.

The Sun Retail business contributed net profit after interest and tax of $8,508,000 to the consolidated entity for the period from 1 February 2007 to 30 June 2007. It was not practicable to disclose the expected annualised performance of Sun Retail Pty Ltd as if it were owned by Origin Energy for the full financial year ended 30 June 2007 because the appropriate financial information was not available.

25. Auditors' remuneration

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Audit services by:				
Auditors of the Company (KPMG)				
Australia				
– Audit and review of the financial reports	**1,630**	1,728	**545**	532
– Other regulatory audit services	**33**	44	**20**	44
Overseas				
– Audit and review of the financial reports	**697**	584	**130**	100
	2,360	2,356	**695**	676
Other auditors (primarily PWC)[1]	**78**	40	**–**	–
Other services by:				
Auditors of the Company (KPMG)				
Australia				
– Acquisition audit and accounting advice	**502**	371	**356**	145
– Taxation services	**25**	96	**25**	67
– Other assurance services	**66**	61	**12**	61
Overseas				
– Acquisition audit and accounting advice	**48**	–	**–**	–
– Taxation services	**50**	210	**–**	17
	691	738	**393**	290
Other auditors (PWC)[2]	**1,429**	1,691	**274**	919
	4,558	4,825	**1,362**	1,885

(1) *Other auditors, primarily PricewaterhouseCoopers (PWC), audit financial reports of certain controlled entities located in various Pacific Island countries.*

(2) *Includes amounts for internal audit, taxation, information technology and accounting advice.*

26. Contingent liabilities and assets

Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote are set out below, as well as details of contingent liabilities and contingent assets, which although considered remote, the directors consider should be disclosed. The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Bank guarantees – unsecured[1]	**635,688**	841,416	**7,942**	6,775
Letters of credit – unsecured[2]	**25,704**	1,323	**1,300**	1,323
	661,392	842,739	**9,242**	8,098

[1] *The consolidated entity has provided bank guarantees in favour of the National Electricity Market Management Company to support its obligations to purchase electricity from the national electricity market.*

[2] *The consolidated entity has provided overseas suppliers letters of credit to facilitate the importation of equipment.*

The consolidated entity has given to its bankers letters of responsibility in respect of accommodation provided from time to time by the banks to Origin Energy Limited's wholly or partly-owned controlled entities.

Warranties and indemnities have been given by entities in the consolidated entity in relation to environmental liabilities for certain properties as part of the terms and conditions of divestments.

A number of sites within the consolidated entity have been identified as contaminated, all of which are subject to ongoing environmental management programs to ensure appropriate controls are in place and clean-up requirements are implemented. For sites where the requirements can be assessed and costs estimated, the estimated cost of remediation has been expensed or provided for. The contamination has generally resulted from the manufacture of gas from coal and the treatment of the associated by-products conducted at the sites. These activities ceased in the 1970s when manufactured gas was replaced with natural gas from oil and gas fields.

Certain entities within the consolidated entity are subject to various lawsuits and claims, including claims for stamp duty, penalties and native title claims. Any liabilities arising from such lawsuits and claims are not expected to have a material adverse effect on the consolidated financial statements.

Origin Energy Resources Limited and the BassGas Joint Venturers agreed to settle the arbitration with Clough Engineering Limited in relation to the BassGas Project. The outcome of the settlement was favourable to Origin Energy and has been recorded in the current period.

A Demerger Deed was entered into in the 2000 year containing certain indemnities and other agreements between Origin Energy Limited and Boral Limited and their respective controlled entities covering the transfer of the businesses, investments, tax, other liabilities, debt and assets of Boral Limited and some temporary shared arrangements. All known amounts subject to this agreement have been adequately provided for in the consolidated financial statements.

The company, as a venturer in certain joint ventures, is severally liable for 100% of all liabilities incurred by these joint ventures (refer note 32).

Deed of cross guarantee

Under the terms of ASIC Class Order 98/1418 (as amended by Class Order 98/2017) certain wholly-owned controlled entities have been granted relief from the requirement to prepare audited financial reports. Origin Energy Limited has entered into an approved deed of indemnity for the cross-guarantee of liabilities with those controlled entities (refer note 30).

A consolidated income statement and a consolidated balance sheet, comprising the company and controlled entities which are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed, at 30 June 2008 are set out in note 36.

27. Commitments

	CONSOLIDATED		ORIGIN ENERGY LIMITED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Capital expenditure commitments[1]				
Contracted but not provided for and payable:				
Not later than one year	**1,308,242**	411,090	**–**	–
later than one year but not later than five years	**333,996**	496,124	**–**	–
later than five years	**3,023**	1,905	**–**	–
	1,645,261	909,119	**–**	–
Joint venture commitments				
Share of exploration, development and capital expenditure commitments not provided for and payable:				
not later than one year	**300,972**	242,482	**–**	–
later than one year but not later than five years	**53,530**	118,788	**–**	–
	354,502	361,270	**–**	–

[1] *The capital expenditure commitments are in regard to the purchase of plant and equipment and exclude joint venture commitments which are separately disclosed in this note.*

Refer to note 16 for lease commitments.

28. Financial instruments

Financial assets

The consolidated entity classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired or executed. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. The consolidated entity holds a number of derivative instruments for economic hedging purposes under the board approved risk management policies, which are prohibited from being designated as hedges under Australian Accounting Standards. These derivatives are therefore required to be categorised as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet (refer note 7).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of, or otherwise realise, the asset within 12 months of the balance sheet date.

(d) Recognition

Regular purchases and sales of investments are recognised on trade-date – the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the consolidated entity has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

28. Financial instruments (continued)

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within '(decrease)/ increase in fair value of financial instruments' in the period in which they arise. Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary securities denominated in the functional currency classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as '(decrease)/ increase in fair value of financial instruments'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the consolidated entity's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The consolidated entity assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 1.

Derivative financial instruments and hedging activities

The consolidated entity uses a range of derivative financial instruments to hedge the risk exposures arising from its operational, financing and investment activities.

Derivatives are initially recognised at fair value on the date they are entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either:

(1) hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedge);

(2) hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction (cash flow hedge); or

(3) hedges of a net investment in a foreign operation (net investment hedge).

The consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 10 and note 17. Movements of the hedging reserve in shareholders' equity are shown in note 23. The fair value of hedging derivatives is classified as a non-current asset or non-current liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or current liability if the remaining maturity of the hedged item is less than 12 months. Derivatives which are valid economic hedges, but which do not qualify for hedge accounting, are classified as a current asset or liability.

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the cross currency interest rate swaps hedging fixed rate foreign currency borrowings is recognised in the income statement within '(decrease)/increase in fair value of financial instruments'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate and foreign exchange rate risk are recognised in the income statement within '(decrease)/increase in fair value of financial instruments'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

28. Financial instruments (continued)

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within '(decrease)/increase in fair value of financial instruments'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'net financing (costs)/income'. The gain or loss relating to the effective portion of commodity derivatives hedging floating price forecast purchases is recognised in the income statement within 'raw materials and consumables used, and changes in finished goods and work in progress'. The gain or loss relating to the effective portion of commodity derivatives hedging floating price forecast sales is recognised in the income statement within 'revenue'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within 'revenue'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging purchases of non-financial assets (such as capital equipment) is recognised in the initial carrying value of the non-financial asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed.

(d) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting, despite being valid economic hedges of the relevant risk(s). Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within '(decrease)/increase in fair value of financial instruments'.

Financial risk management

Financial risk factors

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial and commodity markets and seeks to minimise potential adverse effects on the consolidated entity's financial performance. The consolidated entity uses a range of derivative financial instruments to hedge these risk exposures.

Risk management is carried out by Group Treasury for interest rate and foreign exchange exposures. Risk management activities in respect of the commodity exposures are undertaken by the Energy Risk Management Group (ERM). Both Group Treasury and ERM operate under policies approved by the Board of Directors. Group Treasury and ERM identify, evaluate and hedge the financial risks in close co-operation with the consolidated entity's operating units. The consolidated entity has written policies covering specific areas, such as foreign exchange risk, interest rate risk, electricity price risk, oil price risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the New Zealand dollar, US dollar and Euro. Foreign exchange risk arises from future commercial transactions (including interest payments on long-term borrowings, the sale of oil, the sale and purchase of LPG and the purchase of capital equipment), recognised assets and liabilities (including foreign receivables and borrowings) and net investments in foreign operations.

To manage the foreign exchange risk arising from future commercial transactions, the consolidated entity uses forward foreign exchange contracts transacted by Group Treasury. To manage the foreign exchange risk arising from the future principal and interest payments required on foreign currency denominated long-term borrowings, the consolidated entity uses cross currency interest rate swaps (both fixed to fixed and fixed to floating) which convert the foreign currency denominated future principal and interest payments into the functional currency for the relevant entity for the full term of the underlying borrowings.

Each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate. External derivative contracts are designated at the consolidated entity level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The consolidated entity has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the consolidated entity's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

28. Financial instruments (continued)

The following table summarises the impact of increases/decreases of the relevant foreign exchange rates on the consolidated entity's post-tax profit for the year and on other components of equity. The sensitivity analysis uses the 95th percentile worst expected outcome for each of the relevant risk variables applicable to each financial instrument determined using the observed range of actual historical price data for the previous five years. All variables other than the relevant primary risk variable identified are held constant in the analysis.

		IMPACT ON POST-TAX PROFIT		IMPACT ON OTHER EQUITY	
	FX RATE CHANGE + / – %	CONSOLIDATED + / – ($'000)	ORIGIN ENERGY LIMITED + / – ($'000)	CONSOLIDATED + / – ($'000)	ORIGIN ENERGY LIMITED + / – ($'000)
2008					
AUD/USD	**18.1%**	**70**	**70**	**21,786**	**513**
AUD/NZD	**17.2%**	**–**	**34,351**	**51,014**	**36,746**
AUD/EUR	**11.6%**	**–**	**–**	**18,794**	**–**
2007					
AUD/USD	17.0%	755	844	13,550	380
AUD/NZD	18.1%	–	41,149	108,002	41,527
AUD/EUR	12.6%	–	–	6,790	–

(ii) Price risk

The consolidated entity is exposed to commodity price risk from a number of commodities, including electricity, oil and related commodities associated with the purchase and/or sale of these commodities. The consolidated entity is also exposed to equity securities price risk because of investments held by the consolidated entity and classified on the consolidated balance sheet as available-for-sale and fair value through profit or loss. To manage its commodity price risks in respect to electricity and oil, the consolidated entity utilises a range of derivative instruments including fixed priced swaps, options and futures. The consolidated entity's equity investments subject to price risk are all publicly traded.

The consolidated entity's risk management policy for commodity price risk is to hedge forecast future transactions for up to five years into the future. ERM has a risk management policy framework that manages the exposure arising from its commodity-based activities. The policy permits the active hedging of price and volume exposure arising from the retailing, generation and portfolio management activities, within prescribed risk capacity limits. The policy prescribes the maximum risk exposure permissible over any two-day period for the full commodity portfolio, under defined worse case scenarios. The full portfolio is tested daily against this limit, and reported monthly to management.

The following table summarises the impact of increases/decreases of the relevant forward prices (for commodities) and equity prices (for equity investments) on the consolidated entity's post-tax profit for the year and on other components of equity. The sensitivity analysis is based on reasonably possible changes, over a financial year, in the relevant risk variables applicable to each financial instrument determined using the observed range of actual historical price data for the previous 12 months. All variables other than the relevant primary risk variable identified are held constant in the analysis.

	IMPACT ON POST-TAX PROFIT		IMPACT ON OTHER EQUITY	
	CONSOLIDATED + / – ($'000)	ORIGIN ENERGY LIMITED + / – ($'000)	CONSOLIDATED + / – ($'000)	ORIGIN ENERGY LIMITED + / – ($'000)
2008				
Electricity forward price	**49,659**	**–**	**501,240**	**–**
Oil forward prices	**830**	**–**	**90,734**	**–**
Equity securities quoted price	**–**	**–**	**11,220**	**11,220**
2007				
Electricity forward price	35,400	–	2,401,483	–
Oil forward prices	1,599	–	80,796	–
Equity securities quoted price	–	–	39,296	39,296

Post-tax profit for the year would increase/decrease as a result of the consolidated entity's risk management policy requiring hedging of less than 100% of forecast future sales of commodities and some derivative instruments which are valid economic hedges of these commodity price risks which do not qualify for cash flow hedge accounting under AASB 139 requirements. Other components of equity would increase/decrease as a result of the hedging instruments which do qualify for cash flow hedge accounting under AASB 139 and gains on equity securities classified as available-for-sale.

28. Financial instruments (continued)

(b) Credit risk

The consolidated entity manages its exposure to credit risk via credit risk management policies which allocate credit limits based on the overall financial and competitive strength of the counterparty. Publicly available credit information from recognised providers is utilised for this purpose where available. Credit polices cover exposures generated from the sale of products and the use of derivative instruments. Derivative counterparties are limited to high-credit-quality financial institutions and other organisations in the relevant industry. The consolidated entity has Board approved policies that limit the amount of credit exposure to each financial institution and derivative counterparty. The consolidated entity also utilises ISDA agreements with all derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties. At balance date, the only significant concentrations of credit risk with any counterparties are the NSW and Qld Governments in relation to electricity derivatives undertaken in accordance with the consolidated entity's hedging and risk management activities.

The carrying amounts of financial assets recognised in the balance sheet, and disclosed in more detail in notes 7 and 10 best represents the consolidated entity's maximum exposure to credit risk at the reporting date. In respect of those financial assets and the credit risk embodied within them, the consolidated entity holds no significant collateral as security and there are no other significant credit enhancements in respect of these assets. The credit quality of all financial assets that are neither past due nor impaired is appropriate and is consistently monitored in order to identify any potential adverse changes in the credit quality. There are no significant financial assets that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. Certain of the consolidated entity's interest-bearing liability obligations are subject to change in control provisions under the agreements with third-party lenders. As at 30 June 2008 these provisions were not triggered.

The following summarises the contractual timing of cash flows of the borrowings and related derivative instruments at 30 June 2008 and 30 June 2007:

	CONSOLIDATED 2008 $'000	ORIGIN ENERGY LIMITED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Less than 1 month	**22,670**	**16,831**	19,175	13,801
One to three months	**46,311**	**34,260**	42,963	27,914
Three to 12 months	**409,846**	**355,945**	731,360	193,030
One to five years	**3,169,016**	**2,295,592**	2,452,194	2,012,431

(d) Interest rate risk (cash flow and fair value)

The consolidated entity's income and operating cash flows are substantially independent of changes in market interest rates. The consolidated entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The consolidated entity's risk management policy is to manage interest rate exposures using Profit at Risk and Value at Risk methodologies using 95% statistical confidence levels. Exposure limits are set to ensure that the consolidated entity is not exposed to excess risk from interest rate volatility. The consolidated entity manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Under the interest rate swaps, the consolidated entity agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

28. Financial instruments (continued)

The following table summarises the impact of increases/decreases of the relevant interest rates on the consolidated entity's post-tax profit for the year and on other components of equity. The sensitivity analysis uses the 95th percentile worst expected outcome for each of the relevant risk variables applicable to each financial instrument determined using the observed range of actual historical price data for the previous five years. All variables other than the relevant primary risk variable identified are held constant in the analysis.

	IMPACT ON POST-TAX PROFIT		IMPACT ON OTHER EQUITY	
	CONSOLIDATED + / – ($'000)	ORIGIN ENERGY LIMITED + / – ($'000)	CONSOLIDATED + / – ($'000)	ORIGIN ENERGY LIMITED + / – ($'000)
2008				
Interest rates	**8,078**	**532**	**14,725**	**7,178**
2007				
Interest rates	8,452	274	6,556	6,003

At 30 June 2008, if interest rates at that date had been higher/lower by the 95th percentile worst expected outcome with all other variables held constant, post-tax profit and other components of equity of the consolidated entity and the parent would have been higher/ lower by the amounts as set out in the table above. Profit would have been affected mainly as a result of the ineffective portion of cash flow and fair value hedge transactions and the fair value change in interest rate swaps which are valid economic hedges but which do not qualify for hedge accounting. Other components of consolidated equity would have been affected mainly as a result of an increase/decrease in the fair value of interest rate swaps which qualify for cash flow hedge accounting.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard the consolidated entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and fair value adjustments to borrowings in hedge relationships. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt less reserves attributable to fair value adjustments on financial instruments.

During the years ended 30 June 2008 and 2007, the consolidated entity's strategy was to maintain the gearing ratio within 40% to 45%, in order to secure access to finance at a reasonable cost by maintaining a minimum long-term credit rating of BBB+. The gearing ratios were as follows:

	CONSOLIDATED	
	2008 $'000	2007 $'000
Total borrowings	**3,378,554**	3,226,017
Less: Fair value adjustments on borrowings in hedge relationships	**324,980**	430,156
Less: Cash and cash equivalents	**(96,010)**	(267,574)
Net debt	**3,607,524**	3,388,599
Total equity	**5,175,589**	6,969,256
Less: Reserves[1]	**(203,607)**	(2,286,246)
Total capital (excluding reserves[1])	**8,579,506**	8,071,609
Total capital (including reserves[1])	**8,783,113**	10,357,855
Gearing ratio (excluding reserves[1])	**42%**	42%
Gearing ratio (including reserves[1])	**41%**	33%

[1] *Represents reserves attributable to fair value adjustments on financial instruments.*

28. Financial instruments (continued)

Interest-bearing liabilities

	CONSOLIDATED 2008 $'000	ORIGIN ENERGY LIMITED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2007 $'000
Bank loans – unsecured	**1,956,609**	**1,513,702**	1,447,009	1,020,000
Capital markets borrowings – unsecured	**1,417,240**	**976,299**	1,770,310	1,125,768
Other loans – unsecured	**3,655**	**–**	7,602	20,250
	3,377,504	**2,490,001**	3,224,921	2,166,018
The exposure of the consolidated entity's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:				
Six months or less	**2,186,688**	**1,740,126**	2,313,491	1,720,539
Six to 12 months	**–**	**–**	–	–
One to five years	**407,835**	**230,341**	347,708	247,146
Over five years	**782,981**	**519,534**	563,722	198,333
	3,377,504	**2,490,001**	3,224,921	2,166,018
The remaining contractual maturity of non-current borrowings is as follows:				
One to two years	**176,511**	**–**	250,258	250,000
Two to five years	**2,185,917**	**1,764,043**	1,519,784	1,239,088
Over five years	**782,981**	**519,534**	947,984	581,494
	3,145,409	**2,283,577**	2,718,026	2,070,582

The carrying amounts and fair values of the non-current interest-bearing liabilities are as follows:

	CARRYING VALUE		FAIR VALUE	
	CONSOLIDATED $'000	ORIGIN ENERGY LIMITED $'000	CONSOLIDATED $'000	ORIGIN ENERGY LIMITED $'000
2008				
Bank loans – unsecured	**1,854,593**	**1,433,702**	**1,854,591**	**1,433,702**
Capital markets borrowings – unsecured	**1,290,816**	**849,875**	**1,277,933**	**836,991**
	3,145,409	**2,283,577**	**3,132,524**	**2,270,693**
2007				
Bank loans – unsecured	1,126,307	944,814	1,126,307	944,814
Capital markets borrowings – unsecured	1,591,719	1,125,768	1,584,205	1,118,254
	2,718,026	2,070,582	2,710,512	2,063,068

	CONSOLIDATED 2008 $'000	ORIGIN ENERGY LIMITED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2007 $'000
The carrying amounts of the consolidated entity's borrowings are denominated in the following currencies:				
Australian dollar	**1,741,051**	**1,736,423**	1,540,846	1,437,377
New Zealand dollar	**438,246**	**334,382**	634,607	383,161
US dollar	**1,198,207**	**419,196**	1,049,468	345,480
	3,377,504	**2,490,001**	3,224,921	2,166,018
The consolidated entity has the following committed undrawn floating rate borrowing facilities:				
Expiring within one year	**737,449**	**723,576**	654,483	370,170
Expiring beyond one year	**1,420,148**	**994,205**	72,928	72,928
	2,157,597	**1,717,781**	727,411	443,098

28. Financial instruments (continued)

Hedge accounting

(a) Fair value hedges

	CONSOLIDATED 2008 $'000	ORIGIN ENERGY LIMITED 2008 $'000	CONSOLIDATED 2007 $'000	ORIGIN ENERGY LIMITED 2007 $'000
The changes in the fair values of the hedged items and hedging instruments recognised in the income statement for the year are disclosed in the following table:				
Gain/(loss) on the hedging instruments	**116,742**	**(7,575)**	(163,357)	(18,308)
(Loss)/gain on the hedged item attributable to the hedge risk	**(116,402)**	**7,679**	162,823	17,625
	340	**104**	(534)	(683)
(b) Cash flow hedges				
The effective portion of the (losses)/gains on cash flow hedges recognised in the cash flow hedge reserve	**(1,483,666)**	**22,932**	2,367,045	13,579
The losses transferred from the cash flow hedge reserve to sales	**21,224**	**–**	16,713	–
The gains transferred from the cash flow hedge reserve to cost of sales	**(577,483)**	**–**	(185,277)	–
The gains transferred from the cash flow hedge reserve to finance cost	**(3,285)**	**(4,248)**	(342)	(3,805)
The losses transferred from the cash flow hedge reserve to the initial carrying value of non-financial assets	**13,747**	**–**	1,208	–
	(545,797)	**(4,248)**	(167,698)	(3,805)
The ineffectiveness gains/(losses) recognised in the income statement from cash flow hedges	**5,333**	**(341)**	12,143	(515)

(c) Net investment hedges

The effective portion of the gains/(losses) on net investment hedges recognised in the foreign currency translation reserve for the year to 30 June 2008 totalled $49,211,000 gain (2007: $37,681,000 loss).

The ineffectiveness recognised in the income statement from net investment hedges for the year to 30 June 2008 totalled $Nil (2007: $Nil).

(d) Derivatives that do not qualify for hedge accounting

The net change in fair value of derivatives which do not qualify for hedge accounting (and are therefore required to be classified as held for trading), which has been recognised in the income statement for the year to 30 June 2008 totalled $95,454,000 loss (2007: $41,748,000 gain).

Derivative financial instruments

		ASSETS		LIABILITIES	
	NOTE	CONSOLIDATED 2008 $'000	ORIGIN ENERGY LIMITED 2008 $'000	CONSOLIDATED 2008 $'000	ORIGIN ENERGY LIMITED 2008 $'000
Current					
Interest rate swaps		**7,632**	**9,757**	**11,965**	**11,989**
Cross currency interest rate swaps		**–**	**–**	**11,968**	**11,968**
Forward foreign exchange contracts		**20,370**	**36,537**	**17,999**	**34,969**
Electricity derivatives		**679,636**	**–**	**309,619**	**–**
Oil derivatives		**–**	**16,440**	**48,805**	**16,440**
	10,17	**707,638**	**62,734**	**400,356**	**75,366**
Non-current					
Interest rate swaps		**20,450**	**11,945**	**67,786**	**69,813**
Cross currency interest rate swaps		**–**	**–**	**231,939**	**75,105**
Forward foreign exchange contracts		**12,443**	**22,661**	**5,079**	**24,229**
Electricity derivatives		**227,486**	**–**	**142,597**	**–**
Oil derivatives		**–**	**40,373**	**88,732**	**40,373**
	10,17	**260,379**	**74,979**	**536,133**	**209,520**
Total		**968,017**	**137,713**	**936,489**	**284,886**

28. Financial instruments (continued)

		ASSETS		LIABILITIES	
		CONSOLIDATED	ORIGIN ENERGY LIMITED	CONSOLIDATED	ORIGIN ENERGY LIMITED
	NOTE	2007 $'000	2007 $'000	2007 $'000	2007 $'000
Current					
Interest rate swaps		3,327	1,679	8,196	8,196
Cross currency interest rate swaps		–	–	82,866	9,012
Forward foreign exchange contracts		6,359	11,462	8,364	11,462
Electricity derivatives		2,708,890	–	95,162	–
Oil derivatives		–	1,826	9,457	2,036
Other commodity derivatives		356	–	829	–
	10,17	2,718,932	14,967	204,874	30,706
Non-current					
Interest rate swaps		26,327	2,157	58,811	59,573
Cross currency interest rate swaps		–	–	291,201	70,486
Forward foreign exchange contracts		4,350	5,585	595	5,585
Electricity derivatives		758,745	–	34,389	–
Oil derivatives		–	2,436	12,891	2,436
	10,17	789,422	10,178	397,887	138,080
Total		3,508,354	25,145	602,761	168,786

(a) Interest rate swaps

The aggregate notional principal amounts of the outstanding interest rate swap contracts at 30 June 2008 were $2,845,503,000 (2007: $1,566,127,000). At 30 June 2008, the fixed interest rates vary from 2.75% to 8.00% (2007: 4.80% to 8.00%) and the main floating rates are BBSW, US LIBOR and BKBM. Interest rate swaps are either designated in cash flow hedge relationships or remain non-designated.

The hedged anticipated interest payment transactions are expected to occur at various dates between one month and 10 years from the balance sheet date as a result of the maturities of the underlying borrowings. Gains and losses recognised in the cash flow hedge reserve in equity (note 23) on interest rate swap contracts as of 30 June 2008 will be continuously released to the income statement in each period in which interest payments are recognised in the income statement until the maturities of the underlying borrowings. During the year to 30 June 2008 and the year to 30 June 2007, no hedges were de-designated and all underlying forecast transactions remain highly probable to occur as originally forecast.

(b) Cross currency interest rate swaps

The aggregate notional principal amounts of the outstanding cross currency interest rate swap contracts at 30 June 2008 were $917,079,000 (2007: $1,420,178,000). At 30 June 2008, the fixed interest rates vary from 4.75% to 6.25% (2007: 4.50% to 7.10%) and the main floating rates are BBSW and BKBM. Cross currency interest rate swaps are designated in either cash flow hedge relationships or fair value hedge relationships.

The hedged anticipated interest payment transactions are expected to occur at various dates between one month and 11 years from the balance sheet date as a result of the maturities of the underlying borrowings. Gains and losses recognised in the cash flow hedge reserve in equity (note 23) on cross currency interest rate swap contracts as of 30 June 2008 will be continuously released to the income statement in each period in which interest payments are recognised in the income statement until the maturities of the underlying borrowings. During the year to 30 June 2008 and the year to 30 June 2007, no hedges were de-designated and all underlying forecast transactions remain highly probable to occur as originally forecast.

(c) Forward foreign exchange contracts

The aggregate notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2008 were $504,098,000 (2007: $576,267,000). Forward foreign exchange contracts are designated in cash flow hedge relationships.

The hedged anticipated transactions denominated in foreign currency are expected to occur at various dates between one month and 4 years from the balance sheet date. Gains and losses recognised in the cash flow hedge reserve in equity (note 23) on forward foreign exchange contracts as of 30 June 2008 will be released to the income statement when the underlying anticipated transactions affect the income statement. During the year to 30 June 2008 and the year to 30 June 2007, no hedges were de-designated and all underlying forecast transactions remain highly probable to occur as originally forecast.

28. Financial instruments (continued)

(d) Electricity derivatives

The aggregate notional volumes of the outstanding electricity derivatives at 30 June 2008 were 188.6 million MWhs (2007: 98.9 million MWhs). Electricity derivatives are either designated in cash flow hedge relationships or remain non-designated.

The hedged anticipated electricity purchase and sale transactions are expected to occur continuously for each half hour period throughout the next five years from the balance sheet date consistent with the forecast demand from customers over this period. Gains and losses recognised in the cash flow hedge reserve in equity (note 23) on electricity derivatives as of 30 June 2008 will be continuously released to the income statement in each period in which the underlying purchase or sale transactions are recognised in the income statement. During the year to 30 June 2008, no hedges were de-designated and all underlying forecast transactions remain highly probable to occur as originally forecast.

The inherent variability in the volume of electricity purchased by customers in any half hour period means that the actual purchase requirements can vary from the forecasts. The forecasts are updated for significant changes in underlying conditions and where this leads to a reduction in the forecast below the aggregate notional volume of hedging instruments in the relevant half hour periods impacted, the affected hedging instruments are de-designated and the accumulated gain or loss which had been recognised in the cash flow hedge reserve is recognised directly in the income statement as the underlying forecast purchase transactions for those half hours are no longer expected to occur.

(e) Oil derivatives

The aggregate notional volumes of the outstanding oil and related derivatives at 30 June 2008 were 2.19 Mbbl (2007: 2.46 Mbbl). Oil derivatives are designated in cash flow hedge relationships.

The hedged anticipated oil sale and purchase transactions are expected to occur continuously throughout the next four years from the balance sheet date consistent with the forecast production and demand from customers over this period. Gains and losses recognised in the cash flow hedge reserve in equity (note 23) on oil derivatives as of 30 June 2008 will be continuously released to the income statement in each period in which the underlying sale or purchase transactions are recognised in the income statement. During the year to 30 June 2008 and the year to 30 June 2007, no hedges were de-designated and all underlying forecast transactions remain highly probable to occur as originally forecast.

Fair value estimation

The fair values of financial instruments traded in active markets (such as available-for-sale securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the consolidated entity are the current bid prices for the assets.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The consolidated entity uses valuation techniques consistent with the established valuation methodology and general market practice applicable to each instrument/market. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

The fair values of interest rate swaps and cross currency interest rate swaps are calculated using the present value of the estimated future cash flows of these instruments.

The fair values of forward foreign exchange contracts are determined using quoted forward exchange rates at the balance sheet date.

The fair values of commodity swaps and futures are calculated using the present value of the estimated future cash flows using available market forward prices.

The fair values of commodity option contracts which are regularly traded are determined based on the most recent available transaction prices for the same instruments.

The fair values of commodity option contracts which are not regularly traded are calculated using the present value of the estimated future cash flows of these instruments. Certain commodity options utilised by the consolidated entity contain variability in key terms such as volumes, maturities, exercise periods and strike prices. The fair values of such derivatives are estimated using discounted cash flow techniques to estimate the present value of expected future net cash flows. Such techniques require the use of variables and assumptions in respect to expected volumes, maturities, exercise periods and strike prices, in addition to the observable market pricing data. Maximum use is made of all relevant observable forward market pricing data, and actual historical data when selecting variables and developing assumptions for valuation techniques.

Each instrument is discounted at the market interest rate appropriate to the instrument.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, there are two key variables used:

- appropriate market pricing data (for the relevant underlying interest rates, foreign exchange rates or commodity prices) and
- discount rates.

For derivative instruments, both of these variables are taken from observed market pricing data at the valuation date and therefore these variables represent those which would be used by market participants to execute and value the instruments.

The consolidated entity executes all instruments at fair value and therefore has no significant day one gains or losses on any financial instruments.

The nominal value of trade receivables (less impairment allowance) and payables approximate their fair values.

29. Acquisition/disposal of controlled entities

2008	DATE OF ACQUISITION/ DISPOSAL	INTEREST ACQUIRED	CARRYING AMOUNT $'000	CONSIDERATION PAID/(RECEIVED) $'000	BENEFICIAL OWNERSHIP
The following entities were acquired during the financial year:					
Cullerin Range Wind Farm Pty Ltd	**19 December 2007**	**100%**	4,500	4,500	**100%**
Conroy's Gap Wind Farm Pty Ltd	**19 December 2007**	**100%**			**100%**
Snowy Plains Wind Farm Pty Ltd	**19 December 2007**	**100%**			**100%**
The following entities were disposed of during the financial year:					
Origin Energy Asset Management Holdings Pty Ltd	**2 July 2007**				
Origin Energy Asset Management Services (Queensland) Pty Ltd	**2 July 2007**				
Origin Energy Asset Management Services Pty Ltd	**2 July 2007**			**(401,196)[1]**	
Origin Energy Water Management Holdings Pty Ltd	**2 July 2007**				
Origin Energy Water Management Pty Ltd	**2 July 2007**				
[1] *$401.2 million was the total consideration received (net of disposal costs) for the disposal of the remaining Networks business segment in the year ended 30 June 2008. The disposal of the Networks business segment included the disposal of the entities listed above and the other net assets disclosed in note 5.*					
The following controlled entities were incorporated/ registered during the financial year:					
Origin Energy Contact Finance No.2 Limited	**8 August 2007**				
Origin Energy Geothermal Pty Ltd	**24 October 2007**				
Origin Energy Geothermal Holdings Pty Ltd	**24 October 2007**				
Origin Energy Wallumbilla Transmissions Pty Ltd	**15 August 2007**				
Origin Energy Wind Holdings Pty Ltd	**30 October 2007**				
Origin Renewable Energy Investments No 1 Pty Ltd	**24 October 2007**				
Origin Renewable Energy Investments No 2 Pty Ltd	**24 October 2007**				
Origin Renewable Energy Pty Ltd	**24 October 2007**				
Origin Energy Resources NZ (SPV 1)	**19 December 2007**				
Origin Energy Resources NZ (SPV 2)	**19 December 2007**				
Origin Energy Vietnam Pty Ltd	**9 April 2008**				
Origin Energy Fairview Transmissions Pty Ltd	**9 April 2008**				
OE Power Pty Ltd	**30 June 2008**				
Refer to note 24(d) for details of net assets acquired.					

29. Acquisition/disposal of controlled entities (continued)

2007	DATE OF ACQUISITION/ DISPOSAL	INTEREST ACQUIRED	CARRYING AMOUNT $'000	CONSIDERATION PAID/(RECEIVED) $'000	BENEFICIAL OWNERSHIP
The following entities were acquired during the financial year:					
Sun Retail Pty Ltd	1 Feb 2007	100%	1,239,679	1,239,679	100%
The following entities were disposed of during the financial year:					
OE SEA Gas SPV2 Pty Ltd	29 June 2007			(78,751)	100%
OE SEA Gas SPV3 Pty Ltd	29 June 2007			(52,487)	100%
The following controlled entities were incorporated/ registered during the financial year:					
Origin Energy Walloons Transmissions Pty Ltd					100%
OE Resources Limited Partnership					100%
The following entity was de-registered/liquidated during the financial year:					
Raenniks Ltd (in voluntary liquidation)	13 June 2007				100%

Refer to note 24(d) for details of net assets acquired.

30. Controlled entities

Name changes during the financial year:		
OE SEA Gas Holdings Pty Limited	to	OE JV Holdings Pty Limited
Name changes during the previous financial year:		
Origin Energy Holdings Ltd	to	Origin Energy Holdings Pty Ltd
Origin Energy Tasmania Ltd	to	Origin Energy Tasmania Pty Ltd
Huddart Parker Ltd	to	Huddart Parker Pty Ltd
Oil Investments Ltd	to	Oil Investments Pty Ltd
Origin Energy Amadeus NL	to	Origin Energy Amadeus Pty Ltd

30. Controlled entities (continued)

		CONSOLIDATED ENTITY 2008 OWNERSHIP INTEREST %	CONSOLIDATED ENTITY 2007 OWNERSHIP INTEREST %	ORIGIN ENERGY LIMITED 2008 OWNERSHIP INTEREST %	ORIGIN ENERGY LIMITED 2007 OWNERSHIP INTEREST %
Origin Energy Limited	NSW				
Huddart Parker Pty Ltd*<	Vic	**100**	100	**100**	100
Raenniks Ltd (in voluntary liquidation)	Vic	**–**	–	**–**	–
Origin Energy NZ Share Plan Ltd	NZ	**100**	100	**100**	100
FRL Pty Ltd*<	WA	**100**	100	**100**	100
BTS Pty Ltd*<	WA	**100**	100		
Origin Energy Power Ltd*<	SA	**100**	100	**100**	100
Origin Energy Solar Pty Ltd	NSW	**100**	100		
Origin Energy SWC Ltd<	WA	**100**	100		
BESP Pty Ltd*	Vic	**100**	100		
Origin Energy Pinjar Security Pty Ltd*	Vic	**100**	100		
Origin Energy Pinjar Holdings No. 1 Pty Ltd*	Vic	**100**	100		
Origin Energy Pinjar No. 1 Pty Ltd*	Vic	**100**	100		
Origin Energy Pinjar Holdings No. 2 Pty Ltd*	Vic	**100**	100		
Origin Energy Pinjar No. 2 Pty Ltd*	Vic	**100**	100		
Origin Energy Walloons Transmissions Pty Ltd	Vic	**100**	100		
Origin Energy Holdings Pty Ltd*<	Vic	**100**	100	**95.8**	95.8
Origin Energy Retail Ltd*<	SA	**100**	100		
Origin Energy (Vic) Pty Ltd*<	Vic	**100**	100		
Gasmart (Vic) Pty Ltd<	Vic	**100**	100		
Origin Energy (TM) Pty Ltd*	Vic	**100**	100		
Origin Energy Electricity Ltd*<	Vic	**100**	100		
Sun Retail Pty Ltd*<	Qld	**100**	100		
OE Power Pty Ltd	Vic	**100**	–		
Origin Energy PNG Ltd	PNG	**66.7**	66.7		
Origin Energy Tasmania Pty Ltd*<	Tas	**100**	100		
The Fiji Gas Co Ltd	Fiji	**51**	51		
Tonga Gas Ltd	Tonga	**51**	51		
Origin Energy Contracting Ltd*<	Qld	**100**	100		
Origin Energy LPG Ltd*<	NSW	**100**	100		
Origin (LGC) (Aust) Pty Ltd*<	NSW	**100**	100		
Origin Energy SA Pty Ltd*<	SA	**100**	100		
Hylemit Pty Ltd*	Vic	**100**	100		
Speed-E-Gas (NSW) Pty Limited*	NSW	**100**	100		
Origin Energy WA Pty Ltd*<	WA	**100**	100		
Origin Energy Services Ltd*<	SA	**100**	100		
Origin Energy NSW Pty Ltd *<	NSW	**100**	100		
Origin Energy Asset Management Ltd*<	SA	**100**	100		
Origin Energy Pipelines Pty Ltd*<	NT	**100**	100		
Origin Energy Pipelines (SESA) Pty Ltd*	Vic	**100**	100		
Origin Energy Pipelines (Vic) Holdings Pty Ltd *<	Vic	**100**	100		
Origin Energy Pipelines (Vic) Pty Ltd*<	Vic	**100**	100		
Origin Energy Solomons Ltd	Solomon Islands	**80**	80		
Origin Energy Cook Islands Ltd	Cook Islands	**100**	100		
Origin Energy Vanuatu Ltd	Vanuatu	**100**	100		
Origin Energy Leasing Ltd	Vanuatu	**100**	100		
Origin Energy Samoa Ltd	Western Samoa	**100**	100		
Origin Energy American Samoa Inc	American Samoa	**100**	100		

30. Controlled entities (continued)

		CONSOLIDATED ENTITY 2008 OWNERSHIP INTEREST %	CONSOLIDATED ENTITY 2007 OWNERSHIP INTEREST %	ORIGIN ENERGY LIMITED 2008 OWNERSHIP INTEREST %	ORIGIN ENERGY LIMITED 2007 OWNERSHIP INTEREST %
Origin Energy Resources Ltd*<	SA	**100**	100	**100**	100
Origin Energy Kenya Pty Ltd*	Vic	**100**	100		
Origin Energy Bonaparte Pty Ltd*<	SA	**100**	100		
Origin Energy Developments Pty Ltd*<	ACT	**100**	100		
Origin Energy Zoca 91-08 Pty Ltd*<	SA	**100**	100		
Origin Energy Petroleum Pty Ltd*<	Qld	**100**	100		
Origin Energy Northwest Ltd	UK	**100**	100		
Sagasco Southeast Inc	Panama	**100**	100		
Origin Energy Resources NZ Ltd	NZ	**100**	100		
Kupe Development Ltd	NZ	**100**	100		
Kupe Mining (No.1) Ltd	NZ	**100**	100		
Origin Energy Resources (Kupe) Ltd	NZ	**100**	100		
Origin Energy Resources NZ (SPV 1) Ltd	NZ	**100**	–		
Origin Energy Resources NZ (SPV 2) Ltd	NZ	**100**	–		
Sagasco NT Pty Ltd*<	SA	**100**	100		
Sagasco Amadeus Pty Ltd*<	SA	**100**	100		
Origin Energy Amadeus Pty Ltd*<	Qld	**100**	100		
Amadeus United States Pty Ltd*<	Qld	**100**	100		
OE Resources Limited Partnership	NSW	**100**	100		
Origin Energy Vietnam Pty Ltd	Vic	**100**	–		
Origin Energy Fairview Transmissions Pty Ltd	Vic	**100**	–		
Origin Energy CSG Ltd*<	NSW	**100**	100	**100**	100
OCA (CSG) Pty Ltd*<	Qld	**100**	100		
Angari Pty Ltd*<	SA	**100**	100		
Oil Investments Pty Ltd*<	SA	**100**	100		
Origin Energy CSG Marketing Pty Ltd*<	WA	**100**	100		
OCA Holdings Pty Ltd*	Qld	**100**	100		
Origin Energy CSG Processing Pty Ltd*<	Vic	**100**	100		
Origin Energy Wallumbilla Transmissions Pty Ltd	Vic	**100**	–		
Oil Company of Australia (Moura) Pty Ltd*<	Qld	**100**	100		
Oil Company of Australia (Moura) Transmissions Pty Ltd*<	WA	**100**	100		
Origin Energy VIC Holdings Pty Ltd<	Vic	**100**	100	**100**	100
Origin Energy New Zealand Ltd	NZ	**100**	100		
Origin Energy Universal Holdings	NZ	**100**	100		
Origin Energy Five Star Holdings	NZ	**100**	100		
Origin Energy Contact Finance Ltd	NZ	**100**	100		
Origin Energy Contact Finance No.2 Ltd	NZ	**100**	–		
Origin Energy Pacific Holdings	NZ	**100**	100		
Contact Energy Ltd	NZ	**51.4**	51.4		
Contact Australia Pty Ltd	Vic	**51.4**	51.4		
Contact Aria Ltd	NZ	**51.4**	51.4		
Contact Operations Australia Pty Ltd	Vic	**51.4**	51.4		
Contact Wind Ltd	NZ	**51.4**	51.4		
Empower Ltd	NZ	**51.4**	51.4		
Stratford Power Ltd	NZ	**51.4**	51.4		
Rockgas Holdings Ltd	NZ	**51.4**	51.4		
Rockgas Ltd	NZ	**51.4**	51.4		

30. Controlled entities (continued)

		CONSOLIDATED ENTITY 2008 OWNERSHIP INTEREST %	CONSOLIDATED ENTITY 2007 OWNERSHIP INTEREST %	ORIGIN ENERGY LIMITED 2008 OWNERSHIP INTEREST %	ORIGIN ENERGY LIMITED 2007 OWNERSHIP INTEREST %
Origin Energy Capital Ltd<	NZ	**100**	100	**100**	100
Origin Energy Finance Company Pty Ltd<	Vic	**100**	100	**100**	100
OE JV Co Pty Ltd<	Vic	**100**	100	**100**	100
OE JV Holdings Pty Ltd*	Vic	**100**	100		
Origin Energy Australia Holding BV	Netherlands	**100**	100	**100**	100
Origin Energy Mt Stuart BV	Netherlands	**100**	100		
Parbond Pty Ltd*	NSW	**100**	100	**100**	100
Origin Renewable Energy Investments No 1 Pty Ltd	Vic	**100**	–	**100**	–
Origin Renewable Energy Investments No 2 Pty Ltd	Vic	**100**	–		
Origin Renewable Energy Pty Ltd	Vic	**100**	–		
Origin Energy Geothermal Holdings Pty Ltd	Vic	**100**	–		
Origin Energy Geothermal Pty Ltd	Vic	**100**	–		
Origin Energy Wind Holdings Pty Ltd	Vic	**100**	–		
Cullerin Range Wind Farm Pty Ltd	NSW	**100**	–		
Conroy's Gap Wind Farm Pty Ltd	NSW	**100**	–		
Snowy Plains Wind Farm Pty Ltd	NSW	**100**	–		

< *Entered into a cross guarantee with Origin Energy Limited (refer note 26).*

* *Granted relief by the Australian Securities and Investments Commission from specified accounting requirements in accordance with a Class Order.*

31. Investments accounted for using the equity method

Details of investments in associates and joint venture entities are as follows:

2008	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION	REPORTING DATE	CONSOLIDATED OWNERSHIP INTEREST %	CONSOLIDATED SHARE OF NET PROFIT $'000	CONSOLIDATED EQUITY ACCOUNTED INVESTMENT CARRYING AMOUNT $'000
Associates						
BIEP Pty Ltd	Cogeneration	Vic	30 June	50.0	–	–
BIEP Security Pty Ltd	Cogeneration	Vic	30 June	50.0	–	–
CUBE Pty Ltd(1)	Cogeneration	SA	30 June	50.0	7,092	27,706
Gas Industry Superannuation Pty Ltd	Superannuation trustee	SA	30 June	50.0	–	–
Oakey Power Holdings Pty Ltd(2)	Electricity generation	NZ	30 June	25.0	2,351	6,265
Rockgas Timaru Ltd(2)	LPG distributor	NZ	31 Mar	50.0	12	89
Vitalgas Pty Ltd	Autogas distributor	NSW	31 Dec	50.0	–	–
					9,455	34,060
Joint venture entities						
Bulwer Island Energy Partnership	Cogeneration	Qld	30 June	50.0	7,546	33,347
Total					17,001	67,407

(1) *Osborne Cogeneration Pty Ltd, a company incorporated in SA, is a wholly-owned controlled entity of CUBE Pty Ltd.*

(2) *Oakey Power Holdings Pty Ltd and Rockgas Timaru Ltd are associates of Contact Energy Limited, a 51.4% owned subsidiary of the consolidated entity. Contact Energy Limited has a 25% interest in Oakey Power Holdings Pty Ltd and a 50% interest in Rockgas Timaru Ltd.*

2007	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION	REPORTING DATE	CONSOLIDATED OWNERSHIP INTEREST %	CONSOLIDATED SHARE OF NET PROFIT $'000	CONSOLIDATED EQUITY ACCOUNTED INVESTMENT CARRYING AMOUNT $'000
Associates						
BIEP Pty Ltd	Cogeneration	Vic	30 June	50.0	–	–
BIEP Security Pty Ltd	Cogeneration	Vic	30 June	50.0	–	–
CUBE Pty Ltd(1)	Cogeneration	SA	30 June	50.0	6,302	25,132
Gas Industry Superannuation Pty Ltd	Superannuation trustee	SA	30 June	50.0	–	–
Oakey Power Holdings Pty Ltd(2)	Electricity generation	NZ	30 June	25.0	2,846	5,641
Rockgas Timaru Ltd(2)	LPG distributor	NZ	31 Mar	50.0	27	144
Vitalgas Pty Ltd	Autogas distributor	NSW	31 Dec	50.0	–	–
Campaspe Asset Management Services Pty Ltd(3)	Water infrastructure asset management	SA	30 June	50.0	289	–
					9,464	30,917
Joint venture entities						
Bulwer Island Energy Partnership	Cogeneration	Qld	30 June	50.0	6,550	35,174
SEA Gas Partnership(4)	Pipeline construction	SA	30 June	–	6,569	–
					13,119	35,174
Total					22,583	66,091

Investments in associates and joint ventures classified as discontinued operations

The above table includes $6,858,000 relating to the share of net profits of investments classified as discontinued operations. These relate to Campaspe Asset Management Services ($289,000) and SEA Gas Partnership ($6,569,000).

(1) *Osborne Cogeneration Pty Ltd, a company incorporated in SA, is a wholly-owned controlled entity of CUBE Pty Ltd.*

(2) *Oakey Power Holdings Pty Ltd and Rockgas Timaru Ltd are associates of Contact Energy Limited, a 51.4% owned subsidiary of the consolidated entity. Contact Energy Limited has a 25% interest in Oakey Power Holdings Pty Ltd and a 50% interest in Rockgas Timaru Ltd.*

(3) *Campaspe Asset Management Services Pty Ltd was sold to APA Group on 2 July 2007.*

(4) *SEA Gas Partnership was sold to APA Group on 29 June 2007.*

31. Investments accounted for using the equity method (continued)

(a) Investments in associates

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000
Results of associates		
Share of associates' profit before income tax	**15,538**	14,757
Income tax	**(6,083)**	(5,293)
Share of associates' net profit	**9,455**	9,464
100% of associates' revenues	**122,281**	135,898
100% of associates' net profit	**23,601**	22,695
Summary of balance sheet of associates		
The consolidated entity's share of aggregate assets and liabilities of associates are as follows:		
Current assets	**11,847**	14,296
Non-current assets	**89,953**	67,717
Total assets	**101,800**	82,013
Current liabilities	**14,108**	12,882
Non-current liabilities	**53,632**	38,214
Total liabilities	**67,740**	51,096
Net assets	**34,060**	30,917
Share of associates' capital expenditure commitments contracted but not provided for and payable:		
Not later than one year	**130**	486
Share of associates' operating lease commitments payable:		
Not later than one year	**133**	77
Later than one year but not later than five years	**518**	303
Later than five years	**386**	399
	1,037	779

(b) Investments in joint venture entities

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000
Results of joint venture entities		
Share of joint venture entities' net profit after tax	**7,546**	13,119
100% of joint venture entities' revenues	**36,904**	100,853
100% of joint venture entities' net profit	**15,092**	33,066
Summary of balance sheet of joint venture entities		
The consolidated entity's share of aggregate assets and liabilities of joint venture entities are as follows:		
Current assets	**4,119**	7,673
Non-current assets	**30,575**	190,474
Total assets	**34,694**	198,147
Current liabilities	**935**	22,990
Non-current liabilities	**412**	139,983
Total liabilities	**1,347**	162,973
Net assets	**33,347**	35,174

32. Interest in joint venture operations

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000
The consolidated entity holds interests in a number of unincorporated joint ventures.		
Other joint venture information		
Sales value of products directly received	**483,295**	470,169
Joint venture profit before tax	**131,914**	126,166
Contingent liabilities (included in note 26)	**5,246**	5,250
Capital commitments (included in note 27)	**354,502**	361,270

MAJOR ASSETS	
Cooper Basin	Denison Trough
Bowen Basin	Peat
Bass Basin	Fairview
Kupe	Talinga
Spring Gully	Perth Basin
Otway Basin	Worsley Power Plant
Surat Basin	Geodynamics

The principal activities of most of these joint ventures are oil and/or gas exploration, development and production, and power generation.

The assets and liabilities of the consolidated entity include the following items which represent the consolidated entity's interest in the assets and liabilities employed in unincorporated joint ventures, recorded in accordance with the accounting policies described in note 1:

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000
Current assets		
Cash and cash equivalents	**40,595**	44,707
Trade and other receivables	**33,638**	2,091
Inventories	**54,025**	34,149
Other assets	**30,011**	3,711
Total current assets	**158,269**	84,658
Non-current assets		
Producing areas of interest	**766,008**	483,634
Property, plant and equipment	**1,147,950**	973,999
Exploration, evaluation and development expenditure	**539,216**	209,858
Intangibles	**27,795**	–
Other assets	**367**	828
Total non-current assets	**2,481,336**	1,668,319
Total assets	**2,639,605**	1,752,977
Current liabilities		
Trade and other payables	**274,736**	79,178
Interest-bearing liabilities	**30,312**	–
Total current liabilities	**305,048**	79,178
Non-current liabilities		
Provisions	**181,952**	74,614
Total non-current liabilities	**181,952**	74,614
Total liabilities	**487,000**	153,792
Net investment in joint venture operations	**2,152,605**	1,599,185

33. Share-based payments

(a) Senior Executive Option Plan

The company's Senior Executive Option Plan was approved at the annual general meeting on 13 November 1995. Staff eligible to participate in the plan are those senior executives invited by the Board, with the invitation based on performance and the role the individual plays in guiding the future success of the company. Options granted under the plan entitle the holder to subscribe for one fully paid ordinary share per option. The exercise price of the options is based on the weighted average price of the company's shares during a five day period determined by the Board to be representative of the company's position at the time. Except in certain circumstances applicable to specific option tranches, the options are exercisable at any time after the third anniversary of the grant, provided that relevant performance hurdles are met. The performance hurdles that must be met prior to an option becoming exercisable vary by option tranche and are discussed in the footnotes to the Senior Executive Options table in this note. Options granted under the plan do not carry any dividend or voting rights.

During the year, the company issued 1,959,000 options (2007: 3,441,000 options). The exercise prices of the options issued during the year are included in the Senior Executives Option table in this note. The fair value of the options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date using a binomial model, taking into account market performance conditions only, and recognised over the vesting period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of options that vest except where forfeiture is due to market related conditions. The company has recognised $5,750,000 (2007: $6,443,000) as an expense during the year.

The amount recognised in issued capital in the financial statements of the company for the financial year represents the proceeds received from exercise of options and is as follows:

		CONSOLIDATED		ORIGIN ENERGY LIMITED	
	NOTE	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Issued ordinary share capital	21	**19,070**	15,034	**19,070**	15,034

Details of options outstanding at the beginning and the end of the financial year and movements during the year are provided in the Senior Executives Options table in note 33(d).

(b) Origin Energy Senior Executive Performance Share Rights Plan

The Board approved the Senior Executive Performance Share Rights Plan (PSR Plan) on 17 September 2007. Staff eligible to participate in the plan are those senior executives invited by the Board, with the invitation based on performance and the role the individual plays in guiding the future success of the company. The Performance Share Rights (PSRs) granted under the plan entitle the holder to subscribe for one fully paid ordinary share per PSR, or such other number as adjusted in accordance with the terms of the PSR Plan. The PSRs are unlisted. The exercise price of the PSRs is nil unless otherwise determined by the Board. Except in certain circumstances applicable to specific PSR tranches, the PSRs are exercisable at any time after the third anniversary of the grant, provided that relevant performance hurdles are met. The performance hurdles that must be met prior to a PSR becoming exercisable may vary by PSR tranche and are discussed in the footnotes to the Performance Share Rights table in note 33(e). PSRs granted under the plan do not carry any dividend or voting rights.

During the year, the company issued 747,000 PSRs (2007: Nil). The fair value of the PSRs is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date using a binomial model, taking into account market performance conditions only, and is recognised over the vesting period during which the employees become unconditionally entitled to the PSRs. The amount recognised as an expense is adjusted to reflect the actual number of PSRs that vest except where forfeiture is due to market related conditions. The company has recognised $1,248,000 (2007: $Nil) as an expense during the year.

Nil PSRs were exercised during the period.

33. Share-based payments (continued)

(c) Employee Share Plan

The Board approved the Origin Energy Employee Share Plan (Origin ESP) on 20 March 2001. All Origin Energy full-time and permanent part-time employees based in Australia with at least one year of service qualify for participation in the Origin ESP. Under the Origin ESP, up to $1,000 worth of fully paid shares are offered to all qualifying employees, in each year in which the Origin ESP is in effect, for no consideration. Shares are awarded under the terms of the Origin ESP in recognition of the contribution employees make to the overall success of Origin Energy, based on performance hurdles established each year. The Origin ESP has been established as a qualifying plan under the Income Tax Assessment Act.

Origin Energy Limited shares awarded under the Origin ESP to Australian-based employees are registered as restricted shares which can not be sold for three years from the date of award. The shares awarded in the name of the qualifying employee, are not subject to forfeiture and vest at the date of award to the employee. Shares awarded under the Origin ESP rank equally with other fully paid ordinary shares on issue and carry full voting and dividend rights.

To enable Origin Energy employees based in New Zealand to receive benefits similar to those of Australian-based employees, the Board has approved the Origin Energy New Zealand Employee Share Plan (New Zealand ESP). The terms and benefits awarded under the New Zealand ESP are similar to those of the Origin ESP and all full-time and permanent part-time employees with at least one year of service qualify for participation in the plan. Under the New Zealand ESP, up to $1,000 worth of fully paid shares are offered to all qualifying employees, in each year in which the New Zealand ESP is in effect, for no consideration.

Shares awarded under the New Zealand ESP are restricted shares which cannot be sold for three years from the date of award and employees may elect to either receive the shares in their name at the time of award or have the shares placed into trust. Shares received by employees in their name at the date of award are not subject to forfeiture and vest at the date of award. Shares held in trust are subject to a three year vesting period before being allocated to employees and may be forfeited if employees do not remain employees of Origin Energy for the full three year vesting period.

Separate plans and procedures, adapting for local laws, have also been implemented to enable employees not based in Australia or New Zealand to receive benefits similar to those awarded under the Origin ESP and the New Zealand ESP.

The following table details the shares awarded under the employee share plans for the year ended 30 June 2008:

	2008		
DATE SHARES GRANTED	NUMBER OF SHARES GRANTED	COST PER SHARE[2]	TOTAL COST $'000
2 October 2007	115,635	$10.28	1,188,728
2 October 2007[1]	240		–
	115,875		1,188,728

No shares were awarded under the employee share plan during the year ended 30 June 2007.

Under the New Zealand ESP, employees may elect to either receive the shares awarded to them in their name or have the shares placed in trust at the date of award. Shares placed in trust have a three year vesting period. During the year ended 30 June 2008, Nil (2007: Nil) shares were vested to the trust under the New Zealand ESP. During the year ended 30 June 2008, Nil (2007: 9,483) shares held in trust vested to employees. The number of shares held in trust under the New Zealand ESP as at 30 June 2008 is 21,644 (2007: 21,884).

[1] *Shares awarded to New Zealand-based employees at no cost in the current period as the shares were granted from forfeited shares acquired at market prices in prior periods.*

[2] *The cost per share represents the weighted average on-market purchase price of the company's shares.*

33. Share-based payments (continued)

(d) Summary of senior executive options

2008

GRANT DATE	FIRST EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE PER OPTION[2]	HURDLE PRICE PER SHARE	BALANCE AT START OF THE YEAR	ISSUED	EXERCISED[3]	LAPSED	BALANCE AT END OF THE YEAR	VESTED AT END OF THE YEAR
19 Dec 2002	19 Dec 2005	19 Dec 2007	$3.40	[1]	780,000	–	780,000	–	–	–
19 Dec 2003	19 Dec 2006	19 Dec 2008	$4.15	[1]	2,401,200	–	802,200	–	1,599,000	1,599,000
6 Aug 2004	6 Aug 2007	6 Aug 2009	$5.98	[1]	775,000	–	–	–	775,000	775,000
26 Nov 2004	26 Nov 2007	26 Nov 2009	$5.72	[1]	2,471,000	–	923,800	30,000	1,517,200	1,517,200
20 May 2005	20 May 2008	20 May 2010	$6.75	[1]	200,000	–	100,000	–	100,000	100,000
7 Sep 2005	7 Sep 2008	7 Sep 2010	$7.21	[1]	3,390,000	–	664,000	78,000	2,648,000	2,648,000
11 Sep 2006	11 Sep 2009	11 Sep 2011	$6.50	[1]	3,391,000	–	448,000	181,000	2,762,000	2,762,000
26 Jun 2007	26 Jun 2010	26 Jun 2012	$8.97	[1]	50,000	–	–	–	50,000	50,000
28 Sep 2007	28 Sep 2010	28 Dec 2012	$10.32	[1]	–	1,659,000	–	10,000	1,649,000	–
28 Sep 2007	28 Sep 2010	28 Sep 2012	$10.32	[1]	–	300,000	–	–	300,000	300,000
					13,458,200	1,959,000	3,718,000	299,000	11,400,200	9,751,200
Key management personnel					4,823,000	608,000	795,000	–	4,636,000	4,328,000
Non-key management personnel					8,635,200	1,351,000	2,923,000	299,000	6,764,200	5,423,200
					13,458,200	1,959,000	3,718,000	299,000	11,400,200	9,751,200

2007

GRANT DATE	FIRST EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE PER OPTION[2]	HURDLE PRICE PER SHARE	BALANCE AT START OF THE YEAR	ISSUED	EXERCISED[3]	LAPSED	BALANCE AT END OF THE YEAR	VESTED AT END OF THE YEAR
31 Aug 2001	31 Aug 2004	31 Aug 2006	$2.58	[1]	110,000	–	110,000	–	–	–
16 Dec 2001	16 Dec 2004	16 Dec 2006	$3.04	[1]	2,005,000	–	2,005,000	–	–	–
19 Dec 2002	19 Dec 2005	19 Dec 2007	$3.40	[1]	1,665,000	–	885,000	–	780,000	780,000
19 Dec 2003	19 Dec 2006	19 Dec 2008	$4.15	[1]	3,890,000	–	1,363,800	125,000	2,401,200	2,401,200
6 Aug 2004	6 Aug 2007	6 Aug 2009	$5.98	[1]	775,000	–	–	–	775,000	–
26 Nov 2004	26 Nov 2007	26 Nov 2009	$5.72	[1]	2,596,000	–	–	125,000	2,471,000	–
20 May 2005	20 May 2008	20 May 2010	$6.75	[1]	200,000	–	–	–	200,000	–
7 Sep 2005	7 Sep 2008	7 Sep 2010	$7.21	[1]	3,390,000	–	–	–	3,390,000	–
11 Sep 2006	11 Sep 2009	11 Sep 2011	$6.50	[1]	–	3,391,000	–	–	3,391,000	–
26 Jun 2007	26 Jun 2010	26 Jun 2012	$8.97	[1]	–	50,000	–	–	50,000	–
					14,631,000	3,441,000	4,363,800	250,000	13,458,200	3,181,200
Key management personnel					5,484,000	979,000	1,640,000	–	4,823,000	1,250,000
Non-key management personnel					9,147,000	2,462,000	2,723,800	250,000	8,635,200	1,931,200
					14,631,000	3,441,000	4,363,800	250,000	13,458,200	3,181,200

[1] *The performance hurdle for these options is based on the Total Shareholder Return (TSR) index, i.e. the index measuring total shareholder returns maintained by the Australian Securities Exchange that calculates the share price movement of ordinary shares after notional reinvestment of dividends. Whether the exercise hurdle is satisfied within the exercise period is determined by comparing the TSR index of the company with the TSR index of a predetermined reference group of Australian listed companies. The percentage of options that may be exercised is calculated on a sliding scale dependent upon the company's performance against the reference group of companies. If the Origin Energy TSR exceeds the 50th percentile, 50% of the options may be exercised and if it reaches the 75th percentile, 100% of the options may be exercised. The reference group of companies is available to shareholders and may be accessed via the company's website. In certain circumstances the options may be exercised prior to the first exercise date. More details of the performance hurdles are included in the Remuneration Report in paragraph 3.4.2.4.*

[2] *Exercise prices have been adjusted to reflect the impact of the Rights Issue.*

[3] *The weighted average share price during the year ended 30 June 2008 was $10.26 (2007: $8.12).*

33. Share-based payments (continued)

(e) Summary of Executive Performance Share Rights (PSRs)

2008									
GRANT DATE	FIRST EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE PER PSR[1]	HURDLE PRICE PER SHARE	BALANCE AT START OF THE YEAR	ISSUED	LAPSED	BALANCE AT END OF THE YEAR	VESTED AT END OF THE YEAR
28 Sep 2007	28 Sep 2010	28 Dec 2012	Nil	[1]	–	547,000	3,000	544,000	–
28 Sep 2007	28 Sep 2010	28 Sep 2012	Nil	[1]	–	100,000	–	100,000	100,000
14 Nov 2007	14 Nov 2010	14 Feb 2013	Nil	[1]	–	100,000	–	100,000	–
					–	747,000	3,000	744,000	100,000
				Key management personnel	–	312,500	–	312,500	100,000
				Non-key management personnel	–	434,500	3,000	431,500	–
					–	747,000	3,000	744,000	100,000

[1] *The performance hurdle which must be met for the PSRs to be exercised is based on the Total Shareholder Return (TSR) index, i.e. the index measuring total shareholder returns maintained by the Australian Securities Exchange that calculates the share price movement of ordinary shares after notional reinvestment of dividends. Whether the exercise hurdle is satisfied within the exercise period is determined by comparing the TSR index of the company with the TSR index of a predetermined reference group of top 100 Australian listed companies. The percentage of PSRs that may be exercised is calculated on a sliding scale dependent upon the company's performance against the reference group of companies. If the Origin Energy TSR exceeds the 50th percentile, 50% of the PSRs may be exercised and if it reaches the 75th percentile, 100% of the PSRs may be exercised. The reference group of companies is available to shareholders and may be accessed via the company's website. In certain circumstances the PSRs may be exercised prior to the first exercise date. More details of the performance hurdles are included in the Remuneration Report in paragraph 3.4.2.4.*

There were no PSRs exercised during the year ended 30 June 2008.

2007

There were Nil PSRs issued at 30 June 2007.

34. Related party disclosures

Controlled entities and partly-owned controlled entities

Interests held in controlled entities and partly-owned controlled entities are set out in note 30.

During the year, the company entered into transactions with certain of these entities primarily involving loans and recharges to the company which were conducted on normal arm's length terms and conditions. Interest is charged on intercompany loan amounts at commercially comparable rates.

On 12 June 2008 Origin acquired certain New Zealand oil and gas assets from Swift Energy for approximately A$88,759,000. Under a separate arrangement between Contact Energy Limited (Contact) and Origin Energy Limited, Contact will contribute approximately NZ$52,000,000 to the total purchase price, for the right to use and develop the Ahuroa field as an underground gas storage facility and to acquire the residual gas reserves in the Ahuroa reservoir. At 30 June 2008, NZ$23,600,000 of the purchase price payable by Contact was still outstanding.

Associated entities

Interests held in associated entities are set out in note 31. The business activities of a number of these entities are conducted under joint venture arrangements. Associated entities conduct business transactions with various controlled entities. Such transactions and resulting year end balances, which are immaterial in amount, include purchases and sales of certain products, dividends and interest. All such transactions are conducted on the basis of normal arm's length commercial terms and conditions.

Prior to the sale of the Networks business segment (refer to note 5) Origin Energy Limited and/or controlled entities had entered into agreements with Envestra Limited and/or certain of its controlled entities under which a controlled Origin entity managed natural gas distribution networks for Envestra and Envestra provided a controlled Origin entity with access to the networks. During the financial year, controlled entities received $ Nil (2007: $84,026,000) from Envestra for managing the networks, received $ Nil (2007: $108,565,000) from Envestra for management of capital expenditure on the networks, paid $ Nil (2007: $184,082,000) to Envestra for transporting gas through the networks, and received $ Nil (2007: $8,940,000) from Envestra for system use gas.

All transactions were conducted on the basis of normal arm's length commercial terms and conditions.

Refer to note 35 for Key management personnel disclosures.

35. Key management personnel disclosures

(a) Key management personnel compensation tables

Refer to the Remuneration Report in the Directors' Report.

(b) Equity instruments

Refer to the Remuneration Report in the Directors' Report for details of the following:

(i) Options

(ii) Exercise of options granted as compensation

(iii) Options over equity instruments granted as compensation

(iv) Equity holdings and transactions.

(c) Loans and other transactions with key management personnel

(i) Loans

Refer to the Remuneration Report in the Directors' Report.

(ii) Other transactions with the company or its controlled entities

Transactions entered into during the year with key management personnel which are within normal employee, customer or supplier relationships on terms and conditions no more favourable than dealings in the same circumstances on an arm's length basis include:

* the receipt of dividends from Origin Energy Limited;
* participation in the Employee Share Plan, the Senior Executive Option Plan and the Senior Executive Performance Share Rights Plan;
* terms and conditions of employment;
* reimbursement of expenses; and
* purchases of goods and services.

Certain directors of Origin Energy Limited are also directors of other companies which supply Origin Energy Limited with goods and services or acquire goods or services from Origin Energy Limited. Those transactions are made in the ordinary course of business and are approved by management within delegated limits of authority and the directors do not participate in the decisions to enter into such transactions. If the decision to enter into those transactions should require approval of the Board the director concerned will not vote upon that decision nor take part in the consideration of it.

36. Deed of cross guarantee

The following summarised consolidated income statement comprises the company and its controlled entities which are party to the Deed of Cross Guarantee (refer notes 26 and 30), after eliminating all transactions between parties to the Deed.

	CONSOLIDATED	
FOR YEAR ENDED 30 JUNE	2008 $'000	2007 $'000
Summarised consolidated income statement and retained profits		
Profit before income tax expense	**676,736**	365,911
Income tax expense	**153,261**	53,145
Profit	**523,475**	312,766
Retained earnings at the beginning of the year	**1,547,171**	1,396,933
Dividends paid	**(201,040)**	(158,654)
Aggregate of amounts transferred from reserves	**(3,554)**	(3,874)
Retained earnings at the end of the year	**1,866,052**	1,547,171

36. Deed of cross guarantee (continued)

AS AT 30 JUNE	CONSOLIDATED 2008 $'000	2007 $'000
Balance sheet		
Current assets		
Cash and cash equivalents	**63,194**	64,719
Trade and other receivables	**1,035,881**	1,407,387
Inventories	**117,403**	82,348
Other financial assets, including derivatives	**705,830**	2,733,846
Other assets	**100,087**	104,539
Assets classified as held for sale	**–**	255,462
Total current assets	**2,022,395**	4,648,301
Non-current assets		
Trade and other receivables	**237,208**	253,119
Investments accounted for using the equity method	**27,706**	24,301
Other financial assets, including derivatives	**1,357,274**	1,859,735
Property, plant and equipment	**3,075,641**	2,102,824
Exploration and evaluation and development expenditure	**75,171**	265,525
Intangible assets	**1,965,030**	1,984,836
Deferred tax assets	**123**	22,302
Other assets	**10,675**	17,632
Total non-current assets	**6,748,828**	6,530,274
Total assets	**8,771,223**	11,178,575
Current liabilities		
Trade and other payables	**1,108,788**	1,278,061
Interest-bearing liabilities	**232,433**	75,186
Other financial liabilities, including derivatives	**401,000**	342,274
Tax liabilities	**117,081**	121,515
Provisions	**85,727**	89,809
Liabilities classified as held for sale	**–**	36,256
Total current liabilities	**1,945,029**	1,943,101
Non-current liabilities		
Trade and other payables	**87,242**	102,686
Interest-bearing liabilities	**1,910,624**	2,091,045
Other financial liabilities, including derivatives	**291,952**	183,918
Tax liabilities	**242,426**	1,042,727
Provisions	**296,569**	159,854
Total non-current liabilities	**2,828,813**	3,580,230
Total liabilities	**4,773,842**	5,523,331
Net assets	**3,997,381**	5,655,244
Equity		
Share capital	**1,754,616**	1,688,423
Reserves	**376,713**	2,419,650
Retained earnings	**1,866,052**	1,547,171
Total equity	**3,997,381**	5,655,244

37. Earnings per share

	CONSOLIDATED 2008	2007
Total operations		
Basic earnings per share	**59.0 cents**	54.7 cents
Diluted earnings per share	**58.6 cents**	54.4 cents
Underlying operations		
Basic earnings per share	**50.6 cents**	44.3 cents
Diluted earnings per share	**50.3 cents**	44.0 cents
Continuing operations		
Basic earnings per share	**42.5 cents**	43.4 cents
Diluted earnings per share	**42.2 cents**	43.1 cents
Discontinued operations		
Basic earnings per share	**16.5 cents**	11.3 cents
Diluted earnings per share	**16.4 cents**	11.3 cents

	2008 NUMBER	2007 NUMBER
Weighted average number of shares used as the denominator		
Number of ordinary shares for basic earnings per share calculation	**875,376,019**	835,770,613
Effect of executive share options and performance share rights on issue	**5,771,038**	4,568,874
Number of ordinary shares for diluted earnings per share calculation	**881,147,057**	840,339,487

	2008 $'000	2007 $'000
Reconciliation of earnings used in calculating basic and diluted earnings per share for total operations		
Net profit	**621,512**	591,584
Less: Profit attributable to minority interests	**(104,857)**	(134,698)
Earnings used in calculating earnings per share	**516,655**	456,886
Earnings used in calculating EPS for continuing operations	**371,657**	362,179
Earnings used in calculating EPS for discontinued operations	**144,998**	94,707
	516,655	456,886

37. Earnings per share (continued)

	CONSOLIDATED 2008 $'000	2007 $'000
Reconciliation of earnings used in calculating basic and diluted earnings per share for underlying operations		
Net profit attributable to members of the parent entity	**516,655**	456,886
Impact of significant items included in net profit attributable to members of the parent entity:		
(Decrease)/increase in fair value of financial instruments	**(89,781)**	52,262
Impairment of property, plant and equipment	**–**	(73,838)
Gain on sale of Networks business (refer note 5)	**224,941**	113,776
Gain on sale of Mokai assets in Contact subsidiary[(1)]	**18,154**	–
New Plymouth asbestos removal and related costs[(2)]	**(29,555)**	–
Termination of Mt Stuart PPA	**–**	19,589
Sun Retail one-off costs	**(11,545)**	(13,638)
Significant items included in profit for the year before tax	**112,214**	98,151
Income tax expense on significant items	**(39,759)**	(33,759)
Income tax (benefit)/expense from reduction in New Zealand tax rates (33% to 30%)	**(14)**	56,942
Significant items after tax	**72,441**	121,334
Minority interest	**1,185**	(34,610)
Impact of significant items attributable to members of the parent entity	**73,626**	86,724
Underlying net profit attributable to members of the parent entity	**443,029**	370,162

(1) *In November 2007, Contact Energy sold land and geothermal rights relating to the Mokai geothermal field, north of Taupo, to Mighty River Power and the Tuaropaki Trust.*

(2) *In December 2007, Contact Energy announced the de-commissioning of its 31-year-old New Plymouth power station following discovery of asbestos at the station. The expense recognised principally represents an estimate of the cost to remove asbestos at the plant and other related costs.*

Information concerning the classification of securities

(a) Fully paid ordinary shares

Fully paid ordinary shares are classified as ordinary shares for the purposes of calculating basic and diluted earnings per share.

(b) Share options and performance share rights

Share options granted under the Senior Executive Option Plan and the performance share rights issued under the Senior Executive Performance Share Rights Plan have been classified as potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share.

Information about basic and diluted EPS

During the year 4,020,000 (2007: 4,613,800) options and performance share rights were exercised, forfeited or lapsed. The diluted earnings per share calculation includes that portion of these options assumed to be issued for Nil consideration, weighted with reference to the date of conversion. The weighted average number included is 1,443,092 (2007: 1,044,408).

Full details of these options are set out in note 33.

There were 233,000 (2007: 20,000) shares issued as a result of the exercise of options between the reporting date and the completion of the financial report.

38. Events subsequent to balance date

Refer note 6 for dividends declared subsequent to 30 June 2008.

Uranquinty Power Station

On 4 July 2008, Origin acquired the 640MW gas-fired Uranquinty Power Station for an enterprise value of $700 million from Babcock and Brown Power.

Mortlake

On 4 July 2008, Origin announced the commitment to proceed with the 550MW Mortlake Power Station project at an expected cost of $640 million.

BG takeover proposal

Following its announcement on 24 June 2008, BG Group made a takeover offer to acquire all Origin shares for $15.50 per share.
On 19 August 2008 Origin issued a target statement recommending that shareholders reject the BG takeover offer.

1 In the opinion of the directors of Origin Energy Limited (the company):

(a) the financial statements and notes to the financial statements, and the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date;

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

(c) The remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001.

(d) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2 There are reasonable grounds to believe that the company and the controlled entities identified in note 30 to the financial statements will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the company and those controlled entities pursuant to ASIC Class Order 98/1418.

3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and the chief financial officer for the financial year ended 30 June 2008.

Signed in accordance with a resolution of the directors:

Kevin McCann, Chairman

Director

Sydney, 27 August 2008

KPMG

Independent auditor's report to the members of Origin Energy Limited

Report on the financial report

We have audited the accompanying financial report of Origin Energy Limited (the Company), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 39 and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Origin Energy Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Origin Energy Limited for the year ended 30 June 2008, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

DMcLennan

Duncan McLennan
Partner

Sydney
27 August 2008

SHARE AND SHAREHOLDER INFORMATION

Information set out below was applicable as at 3 September 2008:

Ordinary shares

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	% OF ISSUED SHARES
1-1,000	38,442	2.27
1,001-5,000	53,185	14.15
5,001-10,000	9,366	7.34
10,001-100,000	4,792	10.72
100,001 and above	189	65.52

1,917 shareholders hold less than a marketable parcel.

Substantial shareholders

By notice dated 3 September 2008, BG International (AUS) Investments 1 Pty Limited advised that it had a relevant interest in 1,156,005 ordinary shares or 0.13% of the issued capital.

By notice dated 28 August 2008, Commonwealth Bank of Australia advised that it had a relevant interest in 44,054,709 ordinary shares or 5.0% of the issued capital.

TWENTY LARGEST SHAREHOLDERS	NUMBER OF SHARES	% OF ISSUED SHARES
HSBC Custody Nominees (Australia) Limited	150,815,524	17.12
JP Morgan Nominees Australia Ltd	91,997,209	10.44
National Nominees Limited	85,550,490	9.71
Citicorp Nominees Pty Limited	74,828,444	8.49
ANZ Nominees Limited	43,847,871	4.98
Cogent Nominees Pty Limited	18,522,404	2.10
Merrill Lynch (Australia) Nominees Pty Ltd	12,875,325	1.46
Queensland Investment Corporation	10,336,119	1.17
RBC Dexia Investor Services Australia Nominees Pty Limited	9,810,444	1.11
AMP Life Limited	9,354,221	1.06
UBS Nominees Pty Ltd	7,833,816	0.89
Bond Street Custodians Limited	5,412,433	0.61
Argo Investments Limited	5,350,318	0.61
Australian Reward Investment Alliance	4,948,391	0.56
Australian Foundation Investment Company Limited	4,754,591	0.54
Pan Australian Nominees Pty Limited	4,559,289	0.52
Perpetual Trustee Co Ltd (Hunter)	3,380,124	0.38
BT Portfolio Services Limited	3,059,973	0.35
Invia Custodian Pty Limited	2,953,584	0.34
Warnford Noms Pty Ltd	2,000,000	0.23
	552,190,570	**62.67**

Shareholder enquiries

For information about your shareholding, to notify a change of address, to make changes to your dividend payment instructions or for any other shareholder enquiries, you should contact Origin Energy's share registry, Link Market Services Limited on 1300 664 446. Please note that broker sponsored holders are required to contact their broker to amend their address.

When contacting the share registry, shareholders should quote their security holder reference number, which can be found on holding or dividend statements.

Shareholders with internet access can update and obtain information regarding their shareholding online at www.originenergy.com.au/investor.

Dividends

Origin will pay a final dividend for the 2007/2008 year of 13 cents per share (fully franked) on 3 October 2008.

There are several alternatives in relation to the way shareholders can elect to receive their dividends:

- By direct credit, paid into a bank, building society or credit union account in Australia or New Zealand. For payments into New Zealand bank accounts, dividends will be paid in New Zealand dollars. The payment of dividends will be electronically credited on the dividend payment date and confirmed by payment advices sent through the mail; or
- By participation in the Dividend Reinvestment Plan (DRP). The DRP enables shareholders to use cash dividends to purchase additional fully paid Origin Energy shares. Details of the DRP can be obtained at www.originenergy.com.au/investor or by contacting the share registry; or
- By cheque paid in Australian dollars.

Tax File Number

For resident shareholders who have not provided the share registry with their Tax File Number (TFN) or exemption category details, tax at the top marginal tax rate (plus Medicare levy) will be deducted from dividends to the extent they are not fully franked. For those shareholders who have not as yet provided their TFN or exemption category details, forms are available from the share registry. Shareholders are not obliged to provide this information if they do not wish to do so.

Information on Origin

The main source of information for shareholders is the Annual Report and the Shareholder Review. Both the Annual Report and Shareholder Review will be provided to shareholders on request and free of charge. Shareholders not wishing to receive the Annual Report should advise the share registry in writing so that their names can be removed from the mailing list. Origin's website www.originenergy.com.au is another source of information for shareholders.

Securities exchange listing

Origin shares are traded on the Australian Securities Exchange Limited (ASX). The symbol under which Origin shares are traded is 'ORG'.

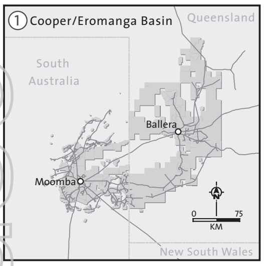
Voting rights of members

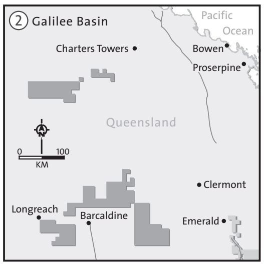
At a meeting of members, each member who is entitled to attend and vote may attend and vote in person or by proxy, attorney or representative. On a show of hands, every person present who is a member, proxy, attorney or representative, shall have one vote and on a poll, every member who is present in person or by proxy, attorney or representative shall have one vote for each fully paid share held.

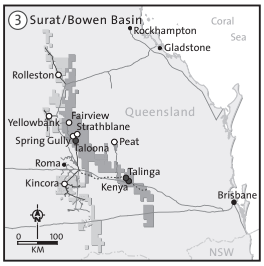
EXPLORATION AND PRODUCTION PERMITS AND DATA

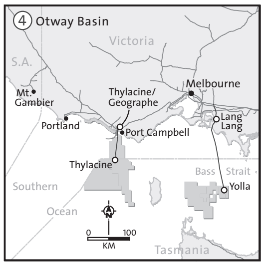
Key
Origin Energy Interests
- Conventional
- Coal seam gas
- Production facility
- Proposed production facility
- Pipeline
- Proposed pipeline

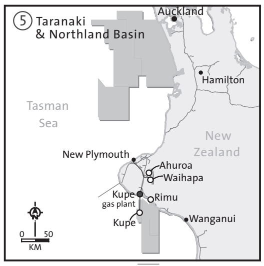
Other (Non Origin/Contact)
- Pipeline

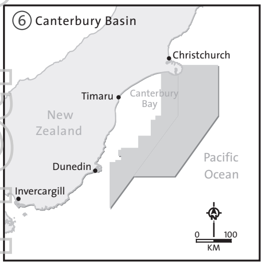


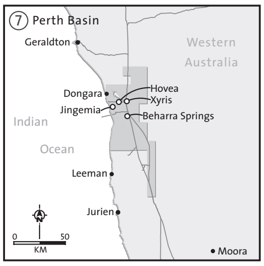












BASIN/PROJECT AREA	PERMITS (INTEREST)
AUSTRALIA	
SURAT BASIN (QLD) (MAP 3)	
PL 14	100.00%*
PLs 56 and 74	69.00%*
PL 30	75.00%*
PLs 21, 22, 27 and 64	87.50%*
PLs 53, 174 and 227	100.00%*
PL 264(A) and ATP 470P Redcap	90.00%*
ATP 470P Formosa Downs	49.50%*
PL 71 (Exploration)	72.00%*
PL 71 (Production)	90.00%*
PL 70	100.00%*
ATP 471P Weribone Pooling Area	50.64%*
ATP 336P and PLs 10W, 11W, 12W, 28, 69 and 89	46.25%
PL 11 Snake Creek East 1 Exclusion Zone	25.00%
ATP 647P (Block 2656 only)	50.00%*
ATP 754P	50.00%*
DENISON TROUGH (QLD) (MAP 3)	
PLs 41, 42, 43, 44, 45, 54, 67, 173, 183 and 218	50.00%*
ATP 337P	50.00%
ATP 337P Mahalo	30.00%
ATP 553P	50.00%
CSG (QLD) (MAP 3)	
– Spring Gully	
PLs 195 and 203 and ATP 592P	#94.50%*
PL 204	#99.725%*
PL 200	#95.7104%*
– Fariview	
PLs 90,91,92,99,100,232,233,234, 235 and 236 and ATP 526P	#23.93%
– Peat	
PL 101	100.00%*
– Argyle/Kenya/Bellevue	
PLs 179, 180(A), 228, 229 and 263(A) and ATP 620P	40.625%
PL 247(A) and ATP 610P	29.375%
PLs 257(A) and 259(A) and ATP 648P	31.25%
– Talinga/Orana	
PLs 209, 215(A), 216(A), 225(A) and 226 and ATP 692P	100.00%*
– Other (Bowen Basin)	
PLs 219 and 220	#100.00%*
ATP 653P and ATP 745P	#23.85%
ATP 804P	#29.29825%
– Other (Surat Basin)	
ATP 606P	#92.7162%*
ATP 631P	#18.0965%
ATP 663P	#100.00%*
PLs 265(A), 266(A) and 267(A) and ATP 702P	#100.00%*
ATP 972P(A)	#92.7162%*
ATP 973P(A)	100.00%*
GALILEE BASIN (QLD) (MAP 2)	
ATPs 666P, 667P and 668P (ATP 668P being transferred to Origin Energy)	#100.00%*
ONSHORE OTWAY BASIN (MAP 4)	
– South Australia	
PRL 13 (sold during year)	50.00%
PRLs 1 and 2 and PPLs 62, 168 and 202 (sold during year)	100.00%*
– Victoria	
PPLs 6 and 9 and PRL 1	90.00%*
PPLs 4, 5, 7, 10 and 12	100.00%*
PPL 2 (Ex Iona)	100.00%*
PPL 8	100.00%*
PEP 160 (expired)	20.00%
OFFSHORE OTWAY BASIN (MAP 4)	
– Victoria	
VIC/L23 and VIC/P43	30.75%
VIC/P37(V)	100.00%*
VIC/P41(V) (surrendered)	100.00%*
– Tasmania	
T/L2, T/L3, T/30P and T/34P	30.75%
BASS BASIN (TASMANIA) (MAP 4)	
T/L1 and T/RL1	42.50%*
T/18P	39.00%*
T/44P	60.00%*
ONSHORE PERTH BASIN (WA) (MAP 7)	
EP 320 and L11	67.00%*
EP 368	15.00%
EP 413 and L14	49.189%*
L1/L2 (excluding Dongara, Mondarra and Yardarino)	50.00%
OFFSHORE BONAPARTE (WA/NT) (MAP 8)	
NT/RL1 and WA6R	5.00%
COOPER BASIN (MAP 1)	
– Queensland	
SWQ Unit Subleases	16.7375%
Aquitaine A & B Blocks of ATP 259P and associated PLs	25.00%
Aquitaine C Block of ATP 259P and associated PLs	27.00%
Wareena Block of ATP 259P and associated PLs	10.00%
– South Australia	
SA Unit PPLs	13.19%
Patchawarra East Block PLs	10.536%
Reg Sprigg West Unit (PPLs 194 and 211)	7.902%
NEW ZEALAND	
TARANAKI BASIN (MAP 5)	
PML 38146	50.00%*
PEP 38729 (withdrew during year)	25.00%
PEP 38485	33.333%
PEP 381201	50.00%*
PEP 38495	50.00%*
PMP 38151	100.00%*
PMP 38155	100.00%*
PMP 38138	100.00%*
PMP 38139	100.00%*
PMP 38140	100.00%*
PMP 38140 (below base Tikorangi Fm)	50.00%*
PMP 38141	100.00%*
PMP 38141 (below base Tikorangi Fm)	50.00%*
NORTHLANDS BASIN (MAP 5)	
PEP 38618 and PEP 38619	50.00%*
CANTERBURY BASIN (MAP 6)	
PEP 38262 and PEP 38264	100.00%*
KENYA	
LAMU BASIN (MAP 9)	
L8 and L9 (subject to exercising option to drill)	75.00%*
VIETNAM	
SONG HONG BASIN (MAP 10)	
Block 121 (subject to profit sharing agreement)	100.00%*

** Operatorship*
 # Current interest

2007/08 drilling program results

AREA/BASIN	EXPLORATION	APPRAISAL	DEVELOPMENT	TOTAL	WELLS CASED FOR PRODUCTION
Cooper (Oil program)	19	23	16	58	42*
Cooper (Gas program)	1	2	17	20	18
Denison Trough	–	–	2	2	2
Surat	1	2	–	3	2
CSG	27	47	95	169	153†
Onshore Otway	–	–	–	–	–
Offshore Otway	–	–	–	–	–
Bass Basin	–	–	–	–	–
Onshore Perth	1	2	–	3	2
New Zealand	2	–	4	6	3
Other	–	–	–	–	–
Total	**51**	**76**	**134**	**261**	**222**

* Includes 2 wells completed as gas wells only.
† 14 wells drilled as cored slimholes and 2 wells as monitoring wells and, while successful in their objectives, not intended for production.

Potential drilling program for 2008/09

AREA/BASIN	NO. OF WELLS
Cooper (Oil program)	50
Cooper (Gas program)	38
Denison Trough	4
Surat	5
CSG	254
Onshore Otway	–
Offshore Otway	3
Bass Basin	2
Onshore Perth	6
New Zealand	3
Other	–
Total	**365**

2P reserves by product

	GAS (PJ)	LPG (KT)	CONDENSATE (KBBLS)	OIL (KBBLS)	TOTAL (PJE)
Reserves at 1/07/07	3,252	1,770	19,274	4,310	3,471
Net additions and revisions	2,373	104	127	3,645	2,400
Production	(88)	(66)	(746)	(941)	(101)
Reserves at 30/06/08	**5,537**	**1,808**	**18,655**	**7,014**	**5,770**

2P reserves by region

	GAS (PJ)	LPG (KT)	CONDENSATE (KBBLS)	OIL (KBBLS)	TOTAL (PJE)
Queensland CSG	4,751	–	–	–	4,751
Queensland conventional	75	54	395	247	81
Cooper Basin	157	299	2,212	3,194	203
Other onshore Australia	14	–	28	1,170	21
Otway Basin – Offshore	265	491	3,194	–	306
Bass Basin	130	399	4,964	349	179
New Zealand	147	565	7,863	2,054	231
Total	**5,537**	**1,808**	**18,655**	**7,014**	**5,770**

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

Sales volume by asset (PJe)

AREA/BASIN	REGION	2008	2007
Cooper Basin	South Australia/Queensland	27.1	33.6
Denison Trough	Queensland	5.3	6.4
Surat Basin	Queensland	5.4	6.9
Peat (CSG)	Queensland	3.9	4.1
Fairview (CSG)	Queensland	6.3	5.9
Spring Gully (CSG)	Queensland	27.4	15.1
Argyle/Kenya/Bellevue (CSG)	Queensland	2.5	0.0
Katnook/Ladbroke Grove	South Australia	0.7	2.0
Perth Basin gas	Western Australia	4.1	4.1
Perth Basin oil	Western Australia	3.4	5.8
Bass Gas	Tasmania	10.4	8.6
Otway Gas Project	Victoria/Tasmania	4.0	0.0
Taranaki Basin (Onshore)	New Zealand	0.2	0.0
Total		**100.7**	**92.5**

5 YEAR FINANCIAL HISTORY

KEY PERFORMANCE INDICATORS	JUNE 2008	JUNE 2007	JUNE 2006	JUNE 2005	JUNE 2004
Profit and loss ($M)					
Total external revenue	**8,275**	6,436	5,880	4,870	3,522
EBITDAF	**1,309**	1,195	1,076	937	532
Significant items – pre tax	**202**	46	31	–	–
Increase/(decrease) in fair value of non-financing cost related financial instruments – pre tax	**(77)**	32	(20)	(19)	–
Depreciation and amortisation expense	**(345)**	(330)	(297)	(262)	(203)
EBIT	**1,090**	943	791	656	329
Interest expense	**(220)**	(215)	(175)	(148)	(45)
Increase/(decrease) in fair value of financing cost related financial instruments – pre tax	**(13)**	20	7	–	–
Tax expense	**(235)**	(157)	(169)	(137)	(77)
Minority interests	**(105)**	(135)	(122)	(70)	(2)
Net profit after tax less minority interests (statutory)	**517**	457	332	301	205
Significant items – after tax less minority interests	**(74)**	(87)	6	–	–
Net profit after tax less minority interests and significant items (underlying)	**443**	370	338	301	205
Balance sheet ($M)					
Total assets	**12,568**	14,765	8,665	8,123	3,707
Net debt	**3,283**	2,958	2,411	2,743	861
Shareholders' equity – members/parent entity interest	**4,072**	5,881	2,691	2,524	1,932
Adjusted net debt[1]	**3,608**	3,389	2,637	2,743	861
Shareholders' equity – total	**5,176**	6,969	3,646	3,519	1,939
Cash flow and capital expenditure ($M)					
Operating cash flow after tax (OCAT)[2]	**875**	818	768	598	402
Free cash flow[3]	**622**	595	583	448	350
Capital expenditure	**1,685**	2,027	897	1,474	509
Stay-in-business	**178**	179	209	132	86
Growth	**1,398**	580	507	375	237
Acquisition	**109**	1,268	181	968	185
Funds employed (excl capital work in progress)	**6,516**	5,474	4,758	4,278	2,231
OCAT Ratio (%)[4] (excl capital work in progress)	**12.3**	13.7	15.0	12.9	17.5
Key ratios					
Statutory basic earnings per share (cents)	**59.0**	54.7	41.9	39.5	30.0
Underlying basic earning per share (cents)	**50.6**	44.3	42.7	39.5	30.0
Free cash flow per share (cents)	**71.0**	71.2	73.6	62.6	51.4
Total dividend per share (cents)	**25**	21	18	15	13
Net debt to net debt plus equity (adjusted) (%)[1]	**42**	42	42	44	31
Interest cover[5]	**4.2**	4.1	4.2	4.2	6.2
Adjusted return on equity (%)[1]	**13.4**	12.7	12.3	11.9	10.6
Underlying adjusted return on equity (%)[6]	**11.5**	10.3	12.9	11.9	10.6
EBITDAF by segment ($M)					
Exploration and Production	**264**	254	209	230	197
Retail	**499**	355	292	275	238
Generation	**56**	79	58	52	68
Contact Energy	**490**	477	488	346	–
Networks	**–**	30	29	34	29
General information					
Number of employees (excluding Contact Energy)	**3,940**	3,751	3,514	3,396	3,211
2P reserves (PJe)	**5,770**	3,471	2,436	2,220	2,220
Product sales volumes (PJe)	**101**	93	84	87	85
Natural gas (PJ)	**85**	74	66	66	67
Crude oil (kbbls)	**1,252**	1,540	1,780	2,187	1,899
Condensate/naphtha (kbbls)	**762**	784	495	648	434
LPG (Kt)	**67**	65	55	51	49
Ethane (Kt)	**25**	40	41	44	35
Production volumes (PJe)	**101**	87.2	77.6	83.4	81.2
Generation (MW)	**870**	870	870	870	883
Generation dispatched (TWh)	**1.55**	1.62	1.62	1.78	1.84
Number of customers ('000)	**3,011**	3,011	2,135	2,102	2,143
Electricity	**1,758**	1,786	955	913	887
Natural gas	**896**	889	880	900	967
LPG	**358**	336	300	289	289
Retail sales volumes (PJe)	**264**	231	209	198	195
Electricity (TWh)	**32**	23	16	16	16
Natural gas (PJ)	**127**	125	120	117	114
LPG (Kt)	**462**	486	522	506	490
Weighted average number of shares	**875,376,019**	835,770,613	791,873,326	715,970,440	663,160,654

[1] *Adjusted to exclude impact of derivative financial instruments.*

[2] *OCAT is calculated from EBITDA as the primary source of cash contribution, but adjusted for stay-in-business capital expenditure, changes in working capital, non-cash items and tax paid.*

[3] *Free cash flow is defined here as cash available to fund distributions to shareholders and growth capital. It includes deductions for stay-in-business capital expenditure, interest and tax.*

[4] *OCAT Ratio = (OCAT – interest tax shield)/funds employed.*

[5] *EBIT/Interest – Includes capitalised interest, excludes unwinding discounts on provision.*

[6] *Underlying adjusted return on equity excludes significant items and the impact of movement in financial instruments*

GLOSSARY

AGAAP Australian Generally Accepted Accounting Principles.

A-IFRS Australian equivalents to International Financial Reporting Standards.

Appraisal well Well drilled to determine the size of an oil or gas discovery.

AS 3806 Australian Standard on Compliance Program used to manage regulatory risks.

Availability The time a generation plant was available for use, after deducting planned and unplanned outage hours, compared with the total time under review.

Barrels (bbls) A measure used for oil production and sales. One barrel equals approximately 159 litres.

Bopd Barrels of oil per day.

Capacity factor A generation plant's output over a period compared with the expected maximum output from the plant in that period based on 100% availability at the manufacturer's operating specifications.

Capital expenditure Investment in acquisition or improvement of long-term assets, such as property, plant, or equipment.

Carbon dioxide (CO_2) Greenhouse gas produced as a by-product of oil and gas production and when burning fossil fuels and biomass.

Cased and suspended A successful well with a steel casing installed to enable future production.

Churn Mass-market energy customers switching suppliers.

Climate change Any change in climate over time, whether due to natural variability or as a result of human activity.

Coal seam gas (CSG) Natural gas contained within coal seams.

Cogeneration Producing two or more forms of energy from one fuel source. Generally, cogeneration plants operated by Origin Energy produce steam and electricity from natural gas.

Condensate A light oil that separates during gas production processes due to changes in pressure and temperature.

Contract Price (CP) An international price for LPG, in US dollars, using the Saudi Aramco Contract Price – tender process. Australian LPG producers export LPG or sell into the domestic Australian market at prices that reflect the CP. Similarly, Australian LPG retailers purchase domestically produced or imported LPG based on CP.

Development well A well drilled to enable production from a known oil or gas reservoir.

EBIT Earnings before interest and tax.

EBITDA Earnings before interest, tax, depreciation and amortisation.

EBITDAF Earnings before interest, tax, depreciation, amortisation, significant items and the impact of fair value changes to financial instruments.

Electricity

- **Watt (W)** the primary measure of power in the metric system.
- **Megawatt Hour (MWh)** Standard unit of electrical energy representing consumption of one megawatt over one hour.
- **Megawatt (MW)** One MW = one million watts.
- **Gigawatt hour (GWh)** One GWh = 1,000 megawatt hours.
- **Terawatt hour (TWh)** One TWh = one million megawatt hours.

EOWA Equal Opportunity for Women in the Workplace Agency.

EPA Environment Protection Authority or equivalent state authority.

EPS Earning per share, total earnings divided by the weighted average shares on issue.

Exploration well A well drilled to identify a new reservoir of oil or gas.

Full Retail Contestability (FRC) Where homes and businesses are able to choose their own energy supplier.

Gas measures

- **Joule** Primary measure of energy in the metric system. measures
- **Gigajoule (GJ)** A gigajoule equals one billion joules.
- **Terajoule (TJ)** A Terajoule is equal to 1,000 gigajoules.
- **Petajoule (PJ)** A Petajoule is equal to one million gigajoules.
- **Petajoules equivalent (PJe)** An energy measurement Origin uses to represent the equivalent energy in different products for comparison purposes. The factors used by Origin to convert to PJe are: one million barrels crude oil = 5.83 PJe; one million barrels condensate = 5.41 PJe; one million tonnes LPG = 49.3 PJe; one TWh of electricity = 3.6 PJe.

Geothermal Energy that is generated by converting hot water or steam from deep beneath the Earth's surface into electricity.

GHG Greenhouse gas.

Greenfields exploration Where Origin Energy holds exploration rights, but does not have a substantial producing interest.

Hedge contract A financial instrument to manage the risk created by price volatility for a commodity (such as electricity or crude oil) on a spot market. Buyers and sellers of the commodity may enter into long or short-term contracts at an agreed price.

HSEMS Health, Safety and Environment Management System.

Hydrocarbons Oil and gas, including condensate and gas liquids (LPG and ethane).

Kbbls Kilobarrels = 1,000 barrels.

Kt Kilotonnes = 1,000 tonnes.

LPG Liquefied petroleum gas.

Lost Time Injury and Moderate Medical Injury Frequency Rate (LTI & MMI FR) The number of injuries causing lost time for employees and contractors and the number of moderate medical injuries for employees per million hours worked.

NEM National Electricity Market.

NGOs Non-government organisations.

Operating Cash Flow After Tax Ratio (OCAT Ratio) OCAT Ratio = EBITDA
less change in working capital
less stay-in-business capital
less tax
less interest tax shield
divided by weighted average funds employed

Peaking plant A generator that can be quickly started to operate during periods of high electricity demand and/or high prices in the electricity market.

Photovoltaic (PV) Photovoltaic cells convert sunlight into electricity.

Plugged and abandoned A well, generally unsuccessful, which has been abandoned with cement plugs and from which hydrocarbons cannot be produced in the future.

Proved plus probable (2P) reserves Those reserves which analysis of geological and engineering data suggest are more likely than not to be recoverable under reasonable economic, technical and operating methods.

Reserves Origin Energy uses reserves definitions consistent with the Society of Petroleum Engineers and required by Australian Securities Exchange. Reserves reported are based on information compiled by full time employees of the company who are qualified in accordance with Australian Securities Exchange listing rule 5.11.

Reserves Replacement Ratio (RRR) Annual change in reserves, before deducting production, divided by production during the year. An annual RRR of 100% indicates full replacement of production by reserve additions for that year.

Seismic survey A geophysical survey to understand rock formations beneath the earth's surface.

SLIVER solar panels An Origin Energy product which uses one-tenth of the silicon of conventional solar panels while matching their power, performance and efficiency.

Spot market A wholesale market for commodities, such as electricity or crude oil, which allows matching of supply against demand.

Statutory profit Profit as disclosed in the income statement of the statutory accounts (before the impact of significant items).

The company Origin Energy Limited and its controlled entities.

Total Recordable Incident Frequency Rate (TRIFR) The total number of fatalities and injuries resulting in lost time, restricted work duties or medical-treatment per million hours worked.

Underlying profit Statutory profit adjusted for the impact of significant items and used to measure the underlying performance of the business.

Upstream Part of Origin Energy's business that is involved in the exploration and production of hydrocarbons.

Directory

Origin Energy Limited

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Level 45, Australia Square
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Secretary
William Hundy

Auditor
KPMG

Bankers
National Australia Bank
Westpac Banking Corporation

origin energy

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GPO Box 5376, Sydney NSW 2001
Telephone (02) 8345 5000
Facsimile (02) 9252 1566

Notice of Annual General Meeting

Dear Shareholder

The Annual General Meeting of Origin will be held in the Australia Ballroom, The Menzies Hotel, 14 Carrington Street, Sydney, New South Wales at 10.30am on Wednesday, 15 October 2008.

At the AGM, a number of items of business are to be put to you for approval. While there is a detailed explanation of each item in the Notice of Meeting which is attached, I would like to give you an introduction to the matters to help your understanding of what is being proposed and why.

Business

Item 1 is the consideration of the financial statements and reports. This does not require a vote but shareholders can ask questions and make comment at the AGM or submit written questions before the meeting. We will endeavour to address those questions in the presentations to the meeting or provide a response to all shareholders after the meeting.

Item 2 is the adoption of the Remuneration Report. The Remuneration Report is submitted to shareholders for adoption. A copy of the Remuneration Report is attached to the Notice of Meeting to ensure that all shareholders have the opportunity to consider it when casting their vote.

Item 3 is the re-election of myself and Bruce Beeren as directors. We are retiring under the rotation provisions of the company's constitution and will present ourselves to you for re-election.

Item 4 is the approval of an increase in the aggregate fee limit for non-executive directors. Approval for an increase to the limit of $1,600,000 to $2,200,000 is sought. It is two years since an increase has been sought from shareholders during which time the company has grown in size and market capitalisation and the workload of directors correspondingly increased.

Item 5 is the approval for the renewal of the proportional takeover provisions in the Constitution. This special resolution is being put to shareholders to preserve their ability to vote upon proportional takeovers. This provision has been a feature of our constitution since before 2000 and has been put to shareholders for approval every two or three years. It is not related to the BG Group Takeover Offer (which is not a proportional takeover offer).

The Explanatory Notes attached to the Notice of Meeting contain a more detailed description of all of the items of business and you are encouraged to read them carefully.

Attending the meeting or appointing a proxy

If you are able to attend the Meeting, please bring the form attached to this letter with you to facilitate your registration. The bar coding on the Appointment of Proxy will enable shareholders to be easily registered. Registration will be available from 9.30am and shareholders are encouraged to arrive before the starting time of 10.30am to avoid any last minute congestion.

If you are not able to attend the Meeting, you may wish to complete the attached Appointment of Proxy. Alternatively you can appoint your proxy on-line at www.linkmarketservices.com.au.

Any corporate shareholder of Origin Energy Limited shares wishing to appoint a person to act as its representative at the meeting may do so by providing that person with a duly executed letter authorising him or her to do so.

Shareholders' questions

If you have any written questions for Origin's external auditor KPMG to be answered at the AGM, you can submit these before the meeting, providing the question is relevant to the content of KPMG's audit report or the conduct of its audit of Origin's financial report for the year ended 30 June 2008.

Written questions must be received no later than 5.00pm (Sydney time) on Wednesday 8 October 2008. A list of those relevant written questions will be made available to shareholders attending the AGM.

Any written questions to KPMG should be sent:

- To Link Market Services Limited at the address on the enclosed reply paid envelope;
- By facsimile to +61 2 9252 1566;
- To Origin at our registered office – Level 45 Australia Square, 264-278 George Street, SYDNEY NSW 2000; or
- By email to investor.relations@originenergy.com.au

Any questions regarding the Annual General Meeting or the Appointment of Proxy should be directed to Link Market Services Limited on (02) 8280 7155 or 1300 664 446.

Yours sincerely

Kevin McCann
Chairman
Origin Energy Limited

Notice is given that the Annual General Meeting of shareholders of Origin Energy Limited ("the Company") will be held in the Australia Ballroom, The Menzies Hotel, 14 Carrington Street, Sydney, New South Wales at 10.30am on Wednesday, 15 October 2008.

Ordinary business

1. To receive and consider the Financial Statements of the Company and the entities it controlled during the year for the year ended 30 June 2008 and the reports of the Directors and Auditors thereon.

2. To adopt the Remuneration Report of the Company and the entities it controlled during the year for the year ended 30 June 2008.

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

3. To elect Directors

Bruce G Beeren and H Kevin McCann retire by rotation. Each of these Directors, being eligible, offer themselves for re-election. Details of their qualifications and experience and the recommendation of the Board are set out in the attached Explanatory Notes. Shareholders should note that a separate resolution will be put in relation to each of the candidates.

Special business

4. Increase in Non-Executive Directors' fees

Note: An explanation of the proposed resolution is set out in the accompanying Explanatory Notes.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That the maximum sum of fees payable to the Non-Executive Directors of the Company and its unlisted subsidiaries be increased by $600,000 to $2,200,000 per annum.'

5. Renewal of proportional takeover provisions

Note: An explanation of the proposed resolution is set out in the attached Explanatory Notes.

To consider and, if thought fit, pass the following resolution as a special resolution:

'That the proportional takeover provisions contained in article 64 of the Constitution be renewed for a period of 3 years from the date of the meeting convened by this notice.'

Voting exclusion

The Company will disregard any vote cast on Resolution 4 by any of the Directors and their associates.

However the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. It is the intention of the Chairman of the Meeting acting as proxy to cast any such votes in favour of all of the resolutions.

By order of the Board

W M Hundy
Secretary
Sydney, 4 September 2008

Notes

(i) Pursuant to Regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purpose of the meeting, all shares in the Company will be taken to be held by the persons who held them as registered shareholders at 7.00pm (Sydney time) on Monday, 13 October 2008.

(ii) A member has a right to appoint a person or body corporate as a proxy. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of the member's votes each proxy is entitled to exercise. Where a shareholder appoints more than one (1) proxy, neither proxy is entitled to vote on a show of hands.

(iii) If you appoint a body corporate as your proxy, the body corporate will need to ensure that it:
– appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act 2001 (Cth); and
– provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

(iv) A proxy need not be a member of the Company.

(v) Details for completion and lodgement of proxies are on the reverse side of the Appointment of Proxy form. A proxy must be received by the Company's share registry, Link Market Services Limited, by 10.30am on Monday, 13 October 2008. A proxy may be mailed to Link Market Services Limited at Locked Bag A14, Sydney South NSW 1235, hand delivered to Link Market Services Limited at Level 12, 680 George Street, Sydney NSW or sent by facsimile to Link Market Services Limited on (02) 9287 0309.

This statement explains the items of business to be considered at the meeting and should be read in conjunction with the notice of meeting.

1. Receive and consider reports for year ended 30 June 2008

The Origin Energy Annual Report has been made available to shareholders and is published on the Company's website (www.originenergy.com.au/investor).

During this item of business there will be an opportunity for shareholders to comment on and ask questions about Origin's management, operations, financial position, business strategies and prospects.

2. Adoption of Remuneration Report

In accordance with Section 250R(2) of the Corporations Act 2001, the Remuneration Report is put to shareholders for adoption. The Remuneration Report is set out on pages 27 to 42 of the 2008 Annual Report and is attached to this Notice of Meeting. It is also available on Origin's website (www.originenergy.com.au). The vote on this resolution is advisory only and does not bind the Directors or the Company. A reasonable opportunity for shareholders to ask questions about or comment on the Remuneration Report will be given at the meeting.

The Board recommends that shareholders vote in favour of adopting the Remuneration Report.

3. Election of Directors

Bruce G Beeren, Non-executive Director, Aged 59

Bruce Beeren joined the Board as an executive director in March 2000. He retired from his position as executive director on 31 January 2005, and continues on the Origin Energy Board as a non-executive director. He is a member of the Audit, Remuneration and Nomination committees. With over 30 years experience in the energy industry, he was Chief Executive Officer of VENCorp, the Victorian gas system operator, when it was established in 1997 and held several senior management positions at AGL, including Chief Financial Officer and General Manager, AGL Pipelines. He is a director of Contact Energy (since October 2004), Coal & Allied Industries Limited (since July 2004) and Equipsuper Pty Limited (since August 2002). He is a former director of Envestra Limited (2000-2007) and Veda Advantage Limited (2004-2007). He has a Science degree, a Commerce degree and a Master of Business Administration, and is a fellow of CPA Australia and the Australian Institute of Company Directors.

Bruce Beeren's extensive energy industry experience and financial expertise has proven valuable, and he brings to the Board an understanding of the key issues that the Company faces.

H Kevin McCann, Independent Non-executive Director, Aged 67

Kevin McCann joined the Board as Chairman in February 2000. He is Chairman of the Nomination Committee and a member of the Audit, Remuneration, and Health, Safety and Environment committees. Kevin is Chairman of Healthscope Limited (since March 1994) and Sydney Harbour Federation Trust. He will retire as a director and Chairman of Healthscope Limited at the conclusion of its annual general meeting to be held on 17 October 2008. He is lead independent director of Macquarie Group Limited (joining the Board in August 2007); Independent Director of Macquarie Bank Limited (a director since December 1996) and a director of BlueScope Steel Limited (since May 2002). He practised as a commercial and corporate lawyer at Allens Arthur Robinson, a national law firm, for over 34 years. He was Chairman of Allen Allen & Hemsley and Allens Arthur Robinson for nine years. Kevin was previously Chairman of Triako Resources Limited (April 1999-September 2006). He is also a member of the Australian Takeovers Panel and the Council of the National Library of Australia. He has an Arts degree, a Law degree (Honours), a Masters in Law and is a fellow of the Australian Institute of Company Directors.

His community activities include the Chair of the Development Council National Library of Australia. His extensive legal and commercial expertise, particularly in the resources industry, and his experience as a director of successful Australian companies together with service on State and Commonwealth authorities has been valuable to the Origin Energy Board, and in his role as Chairman.

Directors' recommendation

The Board, other than the Directors concerned, have reviewed the performance of the Directors standing for re-election. The review included consideration of the expertise, skill and experience of the Directors and their performance and contribution to the work of the Board over their term of office. The Board found that Mr Beeren and Mr McCann have performed well and continue to make valuable contributions to the Board. The Board concluded that the Directors should be proposed for re-election and accordingly recommend that you vote in favour of their re-election.

Resolution 4 – Increase in Non-Executive Directors' fees

An increase in the maximum annual aggregate limit of fees that can be paid to non-executive Directors is sought from the existing limit of $1,600,000 to a new limit of $2,200,000. It is necessary to increase the limit which was approved in October 2006 to enable the company to pay directors in accordance with market rates for a company of Origin's size and complexity, to adequately compensate directors for their increased workload and to allow for the appointment of additional Directors.

Workload of Directors

The workload of Origin directors has increased since the last increase was approved in 2006. The number of Board and Committee meetings held each year has increased significantly since then. In the past year a total of 23 board meetings were held comprising 12 unscheduled board meetings in addition to 11 scheduled meetings. There were 14 meetings of the committees of the board. This compares to 15 board meetings and 14 committee meetings in the year ended 30 June 2006.

In addition, demands on directors of listed companies under the law, from regulators and through community expectations, have continued to increase. In response to these demands and due to the significant continuing growth of Origin, the responsibilities and time commitment of the non-executive directors have grown. This will continue with the challenges of climate change and the ever increasing regulatory and corporate governance challenges.

Additional Directors

The growth of Origin has placed increasing demands upon directors. The board has sought to recruit new skills and experience to the board to meet these demands and has determined that at least one new director should be appointed in the coming year. The new limit will allow the Company to appoint at least one new Director and pay fees at levels that are comparable to companies of Origin's size and complexity.

Maintenance with Market Rates

Since the last increase was approved at the 2006 AGM, Origin has grown significantly:

- EBITDAF has increased from $1,076 million to $1,309 million per annum
- underlying profit has grown from $ 338 million to $443 million per annum;
- underlying basic annual earnings per share have moved from 42.7 cents to 50.6 cents per annum;
- total assets have expanded from $8.7 billion to $12.6 billion.

During the year, the level of directors' fees was reviewed externally to determine whether non-executive Directors were being remunerated at market rates for a company of Origin's size and complexity. The external review undertook a comparison of a group of 20 listed companies that were comparable to Origin in market capitalisation. The fee levels were also compared to broader market data of the companies listed on the ASX with market capitalisation of $10 billion or greater.

As a result of this review it was found that an increase in fees was appropriate to maintain the fees in the mid-point between the 50th and the 75th percentile within those comparator groups which are consistent with Origin's size and complexity as at 30 June 2008.

These revised fee structure and the comparison to the previous year is as follows:

YEAR ENDING 30 JUNE	2008	2009
Board Fees		
Chairman	$430,000[1]	$570,000[1]
Member	$138,000	$160,000
Committee Fees		
Audit		
Chairman	$50,000	$55,000
Member	$24,000	$28,000
Remuneration		
Chairman	$33,000	$38,000
Member	$13,000	$15,000
Health, Safety & Environment		
Chairman	$33,000	$38,000
Member	$13,000	$15,000
Nomination		
Chairman & Members	$0	$0

(1) *The Chairman is a member of all Board Committees and receives no additional fees for attendance at those meetings.*

Total fees paid to non-executive directors amounted to $1,489,827 during 2007/08. This included additional fees of $120,000 which were paid for additional services rendered to the company in respect of attendance at Due Diligence Committee meetings and additional unscheduled Board meetings during the year.

Revised base fees to be paid during 2008/09 are expected to total $1,632,000. Should approval for the increase not be given, the proposed payments would be reduced to ensure that the aggregate fees paid remain within the existing approved limit.

A review of non-executive Directors' fees is undertaken annually and the next review of fees will be undertaken as at 30 June 2009 according to appropriate market data.

All Directors entitlements are included in the annual aggregate fee limit

All fees and other benefits, including contributions to superannuation and fees for additional services are paid within the approved annual aggregate fee limit. There are no termination payments to Non-Executive directors on their retirement from office other than payments relating to their accrued superannuation entitlements comprising part of their remuneration.

Recommendation

As the non-executive Directors Kevin McCann, Trevor Bourne, Helen Nugent, Roland Williams, Bruce Beeren and Gordon Cairns are personally interested in this resolution they make no recommendation to shareholders.

Executive Director Grant King recommends the approval of the resolution based on the need to attract and retain qualified non-executive Directors and having regard to the increased duties and responsibilities being imposed on those Directors.

Resolution 5 – Renewal of proportional takeover provisions in Constitution

Under the Corporations Act, a company is empowered to include in its constitution a provision to enable the company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by shareholders in general meeting approving the offer.

At the Annual General Meeting of the Company held on 20 October 2005 shareholders voted in favour of inserting such a provision. The provision (Article 64) ceases to have effect on the third anniversary of its adoption. The Directors consider that it is appropriate to renew the article this year for a further term of three years.

Proportional takeover bids

A proportional takeover bid is an off-market takeover offer sent to all shareholders but only in respect of a specified portion of each shareholder's shares in the Company (ie less than 100%). Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of the shareholder's shares in the company and retain the balance of the shares.

Effect of proposed proportional takeover provision

The effect of the Article 64 is that if a proportional takeover bid is made to shareholders, the Directors are obliged to convene a meeting of shareholders to be held 15 days or more before the offer closes. The purpose of the meeting is to vote upon a resolution to approve the proportional takeover bid. For the resolution to be approved, it must be passed by a simple majority of votes at the meeting, excluding votes of the bidder and its associates.

If no such resolution is voted on within the required timeframe, the resolution is deemed to have been approved. This, in effect means that, shareholders as a body may only prohibit a proportional takeover bid by rejecting such a resolution.

If the resolution is approved or deemed to have been approved, transfers of shares under the proportional takeover bid (provided they are in all other respects in order for registration) must be registered.

If the resolution is rejected, registration of any transfer of shares resulting from that proportional takeover bid are prohibited and the offer is deemed by the Corporations Act to have been withdrawn.

The renewed Article 64 will expire three years after its adoption unless renewed by a further special resolution of shareholders.

A proportional takeover provision does not apply to full takeover bids.

Reasons for proposing the resolution

The Directors consider that shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid may result in effective control of the Company changing hands without shareholders having the opportunity of disposing of all their shares. Shareholders could be at risk of passing control to the offeror without payment of an adequate control premium for all their shares whilst leaving themselves as part of a minority interest in the Company.

The renewed Article 64 can prevent this occurring by giving shareholders the opportunity to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

Presently proposed acquisitions

As at the date of these Explanatory Notes, the Directors of the Company are not aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company other than a full takeover proposal announced by BG Group plc on 24 June 2008 and Replacement Bidder Statement dated 30 July 2008. This proposal has not influenced the decision of the Board to propose this resolution.

Potential advantages and disadvantages for the Directors and shareholders

The Directors consider that it is a potential advantage to all shareholders that they have the opportunity to consider and vote upon any proposed proportional takeover bid. For a proportional takeover bid to be approved, it must be approved by more than half of the shares voted at the meeting excluding the shares of the offeror and its associates, and accordingly the existence of the Article is likely to cause an intending offeror to formulate its offer in a way that would be attractive to a majority of shareholders. It may also have the effect of not allowing control of the Company to pass without payment of a control premium.

The Directors consider that it would be an advantage to them to have the opportunity to ascertain the views of shareholders on any proportional takeover bid.

As to the possible disadvantages of such an Article, it may be perceived by some shareholders that its presence makes a proportional takeover bid less likely to succeed and that therefore the chances of receiving an opportunity to dispose of part of their shares would be reduced because potential offerors may be discouraged from making a proportional takeover bid. This may be thought to potentially remove or reduce any speculative element of the market price of the Company's shares arising from the possibility of a proportional takeover bid. Some shareholders may consider the presence of the Article to be an additional restriction on the ability of individual shareholders to deal freely with their shares.

During the period in which the previous proportional takeover provision was in effect, the advantages and disadvantages set out above have applied.

Directors' recommendation

The Directors recommend that shareholders approve the renewal of Article 64 of the Constitution and vote in favour of the resolution.

Contents

Remuneration report

The report is presented in seven sections:

Section 1: Board oversight of remuneration;

Section 2: Overview of company performance and remuneration;

Section 3: Executive Director and Executive remuneration;

Section 4: Employee Retention Plan;

Section 5: Employee Share Plan;

Section 6: Non-Executive Director remuneration; and

Section 7: Director and key management personnel remuneration disclosures

1. Board oversight of remuneration

1.1 Remuneration Committee

The Board Remuneration Committee is responsible for making recommendations to the Board on director and senior executive remuneration policy and structure. The composition and functions of the Remuneration Committee are set out in the Remuneration Committee Charter, which is available in full on the Company's website www.originenergy.com.au.

1.2 Remuneration advice

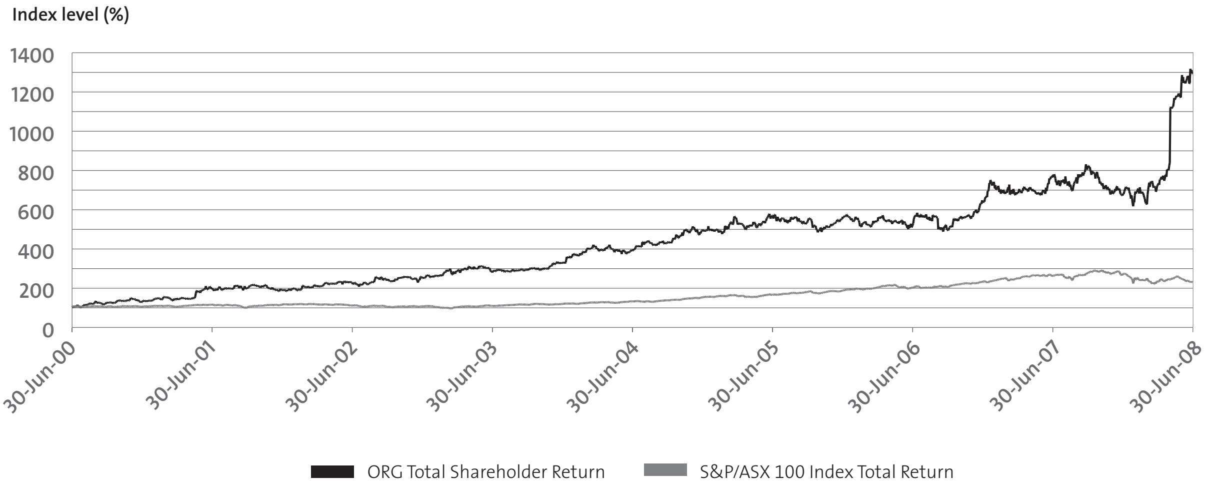
During the year, the Board obtained remuneration advice and services from:

ADVISOR	SERVICES PROVIDED
Mercer	Actuarial assessment of executive superannuation defined benefits Executive and employee compensation and benchmarking advice Valuation of long-term incentives Non-executive director remuneration advice
The Hay Group	Executive and employee compensation and benchmarking advice
Guerdon Associates	Executive performance measures, remuneration mix, remuneration levels, benchmarking advice
Godfrey Remuneration Group	Non-executive director remuneration data
Ernst & Young	Provision of executive remuneration market data

2. Overview of company performance and remuneration

From 1 July 2004 to 30 June 2008, Origin Energy's compound total shareholder return was 34% per annum. This was significantly above the ASX 100 Accumulation Index, which grew by an average of 15% per annum over the same period. The graph below compares Origin Energy's total shareholder return performance with the ASX 100 Accumulation Index (indexed to 100 on 21 February 2000) to 30 June 2008.

Origin Energy Total Shareholder Return vs ASX 100 Total Return (indexed to 100 from 21/02/2000)



Source: Guerdon Associates, Bloomberg

The following table outlines Origin Energy's net profit after tax, earnings per share, dividends and share-price growth from June 2005:

30 JUNE	2005[1]	2006	2007	2008	AVERAGE ANNUAL INCREASE %
EARNINGS					
Net profit after tax	$266m	$332m	$457m	**$517m**	25
Earnings per share	34.9c	41.9c	54.7c	**59.0c**	19
Underlying profit	$266m	$338m	$370m	**$443m**	19
Underlying earnings per share – basic	34.9c	42.7c	44.3c	**50.6c**	13
OCAT ratio[2]	12.9%	15.0%	13.7%	**12.3%**	
TOTAL SHAREHOLDER RETURNS					
Dividends	15.0c	18.0c	21.0c	**25.0c**	19
Share price 30 June	$7.61	$7.36	$9.94	**$16.12**	31
Annual shareholder return	42%	-1%	38%	**66%**	

(1) *2005 amounts reflect previous AGAAP and have not been restated under IFRS.*

(2) *Operating Cashflow After Tax over funds employed excluding capital work in progress.*

3. Executive Director and Executive remuneration

3.1 Remuneration objective

Origin Energy's remuneration objective is to attract, retain and motivate employees to deliver superior performance that is aligned with shareholders' interests and is consistent with the Company's commitments, principles and values.

3.2 Executive remuneration structure

Remuneration of executives is structured in two parts:

- Fixed remuneration
- At-risk remuneration

Fixed remuneration varies according to the size of the individual's role, their performance and experience, having regard to the market median for comparable positions.

At-risk remuneration is provided through short-term incentives and long-term incentives. The level of at-risk remuneration is set by reference to competitive remuneration benchmarks, and the amount awarded is linked to meeting company, business unit and personal financial and non-financial objectives.

3.3 Determining remuneration levels

Origin Energy's remuneration is competitively benchmarked to ensure that valued employees are attracted and retained.

- Remuneration is benchmarked against 20 large energy and utility companies and an 'all industries' group of over 300 companies. Using these comparison companies as a fair representation of the market, the median level is applied as the benchmark for fixed pay, while the top quartile level is the benchmark for aggregate remuneration (ie fixed plus at-risk remuneration) for better-than-targeted performance.
- In a tight labour market which has known skills shortages or 'hotspots' in business critical areas of the Company, benchmarks which specifically compare Origin Energy to those 'hotspot' markets (rather than the general market) are used to ensure that remuneration remains competitive.

3.4 Linking pay with performance

- The proportion of total remuneration that is 'at-risk' increases with job size and the employee's capacity to impact business performance.
- Performance measures for short-term incentives are based around total company, business unit and individual performance.
- Long-term incentives are designed to encourage sustainability of performance in the medium to longer term. Performance for long-term incentives is assessed over periods of between three and five years. Executives are prohibited from entering into hedging arrangements that may limit the downside risk of any unvested equity-based incentives.
- While the performance measures for at-risk pay are heavily oriented to financial performance, some non-financial performance metrics are included to ensure long-term sustainable performance. These measures include critical aspects such as people management, safety performance and project delivery.
- The predominant performance measure for short-term incentives is the company's operating-cash-flow-after-tax over funds-employed ratio.
- The long-term incentive plan provides equity-based remuneration which vests subject to Origin Energy's relative total shareholder return performance.

3.4.1 Short-term incentives

Short-term incentives are provided in cash. Payment depends on achieving operating and financial targets set at the beginning of each year.

Senior executives receive short-term incentives varying from a maximum of 55% to 85% of fixed remuneration. The Managing Director has an annual short-term incentive of up to 100% of fixed remuneration. The Managing Director's fixed remuneration for the financial year to 30 June 2009 has been set by the Board at $2,100,000.

60% of the Managing Director's short-term incentive is based on performance relative to corporate financial targets. 40% of his short-term incentive is based on non-financial objectives. Both the financial and non-financial objectives are set by the Board when Budgets are approved. For senior executives reporting to the Managing Director, at least 33% of the short-term incentives are based on performance relative to corporate financial targets. The balance is paid on a mix of financial and operating targets relevant to their individual areas of responsibility.

Short-term incentives can be reduced if safety performance targets are not achieved.

3.4.2 Long-term incentives

Long-term incentive grants are made to executives as a reward for their performance during the year and as an incentive for future performance.

For senior executives, annual long-term incentives vary from maximums of 40% to 85% of fixed remuneration. For the Managing Director, the Board decides the number of options and performance share rights to be offered as his long-term incentive based on his performance over the preceding year and within the limits approved by shareholders.

Long-term incentives granted in September 2007 were divided between share options and performance share rights over ordinary Origin Energy Limited shares. The number of options and performance share rights granted to each executive is calculated by dividing the value of the long-term incentive award for the executive by the fair market value of the options and performance share rights estimated for the grant date in accordance with applicable accounting standards.

Options and performance share rights vest only to the extent that the performance hurdle is satisfied. On vesting, options and rights become exercisable, which means executives have the right to acquire an Origin Energy share by paying the option exercise price or at no cost for rights. The performance hurdle is linked to Total Shareholder return (TSR). For more detail of vesting see section 3.4.2.4 below.

3.4.2.1 Senior Executive Option Plan

Shareholders approved the Senior Executive Option Plan in 1995. Under the plan, the Directors grant executives options over ordinary Origin Energy shares at an exercise price equal to the volume-weighted average market price for Origin Energy shares in the five days leading up to, and including, the grant date.

Terms and performance conditions for the Senior Executive Option Plan are outlined in section 3.4.2.4.

Details of options issued to the specified senior executives over the year are detailed in the tables on pages 18 and 19.

3.4.2.2 Performance Share Rights Plan

The Performance Share Rights Plan was introduced on 1 July 2007. The terms and performance conditions for this plan are outlined in section 3.4.2.4.

Subject to the satisfaction of the performance hurdles, performance share rights may be exercised at any time after the third anniversary of the date they are granted and before they expire. Executives are not required to pay for the rights or pay to receive shares after the rights vest.

Details of performance share rights issued to the specified senior executives over the year are detailed in the tables on pages 18 and 19.

3.4.2.3 Table of options and rights

Table 1A

NUMBER OF OPTIONS AND RIGHTS OUTSTANDING	EXERCISE PRICE	FIRST EXERCISE DATE	EXPIRY DATE	VESTED	NUMBER EXERCISABLE	PERCENTAGE EXERCISABLE
1,599,000	$4.15	19 December 2006	19 December 2008	Yes	1,599,000	100%
775,000	$5.98	6 August 2007	6 August 2009	Yes	775,000	100%
1,517,200	$5.72	26 November 2007	26 November 2009	Yes	1,517,200	100%
100,000	$6.75	20 May 2008	20 May 2010	Yes	100,000	100%
2,648,000	$7.21	7 September 2008	7 September 2010	Yes	2,648,000	100%
2,762,000	$6.50	11 September 2009	11 September 2011	Yes	2,762,000	100%
50,000	$8.97	26 June 2010	26 June 2012	Yes	50,000	100%
300,000	$10.32	28 September 2010	28 September 2012	Yes	300,000	100%
100,000	Nil	28 September 2010	28 September 2012	Yes	100,000	100%

Table 1B

NUMBER OF OPTIONS AND RIGHTS OUTSTANDING	EXERCISE PRICE	FIRST EXERCISE DATE	EXPIRY DATE	VESTED	NUMBER EXERCISABLE	TOTAL SHAREHOLDER RETURN PERFORMANCE AGAINST REFERENCE GROUP AS AT 30 JUNE 2008[1]	INDICATED PERCENTAGE EXERCISABLE[2]
544,000	Nil	28 September 2010	28 December 2012	No	Nil	97%	100%
100,000	Nil	14 November 2010	14 February 2013	No	Nil	97%	100%
1,649,000	$10.32	28 September 2010	28 December 2012	No	Nil	97%	100%

(1) *The performance conditions are described in section 3.4.2.4.*

(2) *The indicated percentage exercisable is calculated by comparing Origin Energy's TSR to the relevant reference group and applying the performance conditions described in section 3.4.2.4 as at 30 June 2008. The number of options and rights that become exercisable will be determined at the test date and may be different from that indicated here.*

3.4.2.4 Long-term incentive performance conditions

The following conditions apply to options issued to senior executives in respect of the 2005/06 and prior years and options and performance share rights issued to the Managing Director in September 2007 (as approved by shareholders in October 2006) as set out in Table 1A above:

- Options and performance share rights will not vest unless Origin Energy's TSR exceeds the TSR of the company at the 50th percentile (or median) of the companies in the ASX 100 at grant date (the 'Reference Group') ranked by their TSR performance ('the minimum condition'), at any time after the third anniversary and prior to the fifth anniversary of the grant date.
- On achieving the minimum condition, 50% of options and performance share rights vest.
- The percentage of options and performance share rights that vest increases proportionately from 50% at the 50th percentile to 100% at the 75th percentile.
- Options and performance share rights expire five years from the date they are granted.
- Provided that the performance hurdles are achieved, options and performance share rights may vest prior to the third anniversary of their grant:
  – if a person acquires or gives notice of a proposal to acquire more than 20% of the shares in Origin Energy
  – on termination of employment due to death or permanent disability
  – on termination of employment in circumstances where the Board determines the options or rights should vest.
- Vested rights and options lapse after six months if an executive resigns, immediately in the event of termination for cause and if not exercised before expiry.

The announcement by BG Group of a proposal to acquire Origin Energy on 29 April 2008 brought forward the first exercise date of these options and performance share rights and, as a result of their meeting the performance hurdles, they have vested and have become fully exerciseable.

The following conditions apply to all options and performance share rights issued to senior executives in respect of 2006/07 and following years, other than those issued to the Managing Director in September 2007 in accordance with the shareholder approval obtained at the 2006 AGM, as set out in Table 1B above:

- Options and performance share rights will not vest unless Origin Energy's TSR exceeds the TSR of the company at the 50th percentile (or median) of the companies in the ASX 100 at grant date (the 'Reference Group') ranked by their TSR performance ('the minimum condition') as measured at each of the third, fourth and fifth anniversaries of the grant of the options ('the testing dates'), and with TSR calculated on three-month volume weighted average prices.
- On achieving the minimum condition, 50% of options and performance share rights vest.
- The percentage of options and performance share rights that vest increases proportionately from 50% at the 50th percentile to 100% at the 75th percentile.
- Options and performance share rights expire five years and three months from the date they are granted.
- Provided that the performance hurdles are achieved, options and performance share rights may vest prior to the third anniversary of their grant:
  – On a person acquiring more than 20% of the voting shares in Origin Energy by takeover or in circumstances where the Board determines the options or rights should vest;
  – On termination of employment due to death or permanent disability; and
  – On termination of employment in circumstances where the Board determines the options or rights should vest.
- Vested rights and options lapse if an executive resigns (after six months), in the event of termination for cause (immediately), and if not exercised before expiry.

A full list of the Reference Groups is available on the Company's website www.originenergy.com.au.

3.5 Contractual arrangements of executive directors and senior executives

3.5.1 Managing Director

Managing Director, Mr Grant King, has an employment contract that will expire on 30 June 2009, unless terminated earlier or renewed. If at the end of term, the contract has not been terminated or renewed, the contract continues terminable by either party on six months' notice.

Origin Energy may terminate Mr King's appointment without cause with 12 months' notice or payment in lieu, including payment of short-term incentive potential, in addition to his statutory entitlements. If Mr King is terminated for unsatisfactory performance he is entitled to a maximum payment of 12 months of fixed remuneration, inclusive of six months' notice or payment in lieu, with no payment of short-term incentives.

Mr King may terminate the appointment by giving 12 months' notice of resignation or the Company may, at its option, pay him 12 months' fixed remuneration in lieu.

In the event of extended illness, Mr King may resign or the Company may terminate his appointment with six months' notice or at its option pay six months' fixed remuneration in lieu with payment of unpaid short-term incentives.

The Company may terminate Mr King's appointment immediately for cause with payment of accrued entitlements only.

3.5.2 Senior executives

Senior executives have no fixed term of employment.

In the event of termination without cause, senior executives are entitled to a notice period of up to three months or payment in lieu plus a severance payment equivalent to three weeks of fixed remuneration per year of service, to a maximum of 74 weeks' entitlement, and a minimum may also apply (generally 18-22 weeks).

Senior executives who resign must provide up to three months' notice or the Company may at its option pay them up to three months' fixed remuneration in lieu. In certain circumstances, primarily redundancy, senior executives may also be entitled to receive pro-rata portions of at risk remuneration for the year during which termination occurs.

The Company may terminate executives immediately with cause with payment of statutory entitlements only.

Details of the nature and amount of each element of the emoluments of the Managing Director and the specified senior executives of the Company receiving the highest emoluments during the year are set out on pages 14 and 15.

4. Employee retention plans

The company has retention plans in place that have been implemented over the last two years to reduce the risk of loss of employees who manage critical activities or who occupy roles that are key to the delivery of operating or strategic objectives. Demand for these specialist roles is very high in the current climate. The plans allow for the key employees to be paid a cash retention payment provided that they remain in employment to a nominated date (generally 31 December 2009) and achieve personal performance targets. The plans currently in place cover approximately 250 employees. Payments may also be made under the plans where the company makes an eligible employee redundant prior to the nominated date, however there is no requirement that a payment be made to an eligible employee on a change of control of the company.

5. Employee share plan

All employees (other than executive directors) with more than one year of service are eligible to participate in the Employee Share Plan. The plan provides for the award of up to $1,000 of shares in Origin if the company meets specified financial and safety targets set by the Board. Shares awarded under the plan are bought on-market. To be eligible to receive shares, annual performance measures which relate to targeted areas of company-wide performance must be achieved. For example, the 2006/07 award was set entirely on safety performance targets. Shares awarded under the Plan must be held for at least three years following award or until the employee ceases employment.

The safety target for the year ended 30 June 2008 has been fully met and the company is committed to awarding $1,000 of shares to approximately 2,400 eligible employees (or pro rata amount for eligible part time employees). It is proposed that the company will acquire the requisite shares for transfer or issue new shares to employees to meet this commitment during September 2008 subject to compliance with applicable laws.

6. Non-executive director remuneration

6.1 Policy

Non-executive directors are remunerated by way of base fees and committee fees (inclusive of superannuation). They can elect to receive this in the form of participation in the shareholder-approved Non-Executive Directors' Share Plan. The level of fees paid is based on the scope of director responsibilities and the size and complexity of the Origin Energy Group.

The Remuneration Committee considers the level of remuneration required to attract and retain directors with the necessary skills and experience for the Origin Energy Board. A review of director remuneration at 20 ASX-listed companies of comparable market capitalisation to Origin Energy in 2007-08 determined that fees paid to Origin Energy non-executive directors were below market levels and increases were made and approved for the year ending 30 June 2009.

The table below shows the structure of non-executive director fees and the new fees for the year ending 30 June 2009.

6.2 Non-executive director fee structure

YEAR ENDING 30 JUNE	2008	2009
Board fees		
Chairman	**$430,000**[1]	$570,000[1]
Member	**$138,000**	$160,000
Committee fees		
Audit		
Chairman	**$50,000**	$55,000
Member	**$24,000**	$28,000
Remuneration		
Chairman	**$33,000**	$38,000
Member	**$13,000**	$15,000
Health, Safety & Environment		
Chairman	**$33,000**	$38,000
Member	**$13,000**	$15,000
Nomination		
Chairman and members	**$0**	$0

(1) *Fee paid to the Chairman for the year includes all committee fees.*

Total fees paid to non-executive directors amounted to $1,489,827 during 2007/08. This is below the aggregate limit of annual non-executive directors' fees approved by shareholders in accordance with the requirements of Origin Energy's Constitution. Fees paid to non-executive directors during the year are listed in the table on pages 14 and 15. The fees paid were in line with the structure presented in the Remuneration Report in 2007. Additional fees of $120,000 were paid to non-executive directors for additional services rendered to the company in respect of attendance at Due Diligence Committee meetings and additional Board meetings during the year. The annual aggregate limit for fees paid to non-executive directors, set by shareholders in October 2006, is $1,600,000. Fees to be paid during 2008/09 are expected to be $1,632,000.

As a result of the review of Directors' fees, the aggregate fee limit is required to be increased to enable the payment of fees at market rates for existing directors and to enable the appointment of additional non-executive directors during the coming year. An increase in the aggregate fee limit to $2,200,000 will be proposed for shareholder approval at the annual general meeting on 15 October 2008. Should approval for the increase not be given, the proposed payments would be reduced to ensure that aggregate fees paid remain within the existing approved limit.

Under the Non-Executive Directors' Share Plan, from 1 July 2006, non-executive directors are required to sacrifice 25% of their gross fees until they hold a minimum of 20,000 Origin Energy shares. These shares are acquired on-market by the Trustee of the Plan to be held for participating non-executive directors. All of the non-executive directors currently hold shares in the Plan. The Trustee of the Plan may transfer to a non-executive director a share acquired under the Plan after five years or upon retirement from office or death of the non-executive director.

7. Director and key management personnel remuneration and other disclosures

7.1 Key management personnel

The directors of Origin Energy Limited during the financial year ended 30 June 2008 were:

NAME	POSITION	DATE APPOINTED
Non-executive directors		
H Kevin McCann	Independent Chairman	February 2000
Bruce G Beeren	Director	January 2005*
Trevor Bourne	Independent Director	February 2000
Helen M Nugent	Independent Director	March 2003
J Roland Williams	Independent Director	February 2000
Gordon M Cairns	Independent Director	June 2007
Executive director		
Grant A King	Managing Director	February 2000

* *Bruce Beeren was an executive director from March 2000 to January 2005.*

Those with authority and responsibility for planning, directing and controlling activities of Origin Energy Limited and its controlled entities during the financial year ended 30 June 2008 were:

NAME	CURRENT POSITION	DATE OF ORIGINAL APPOINTMENT
Karen A Moses	Chief Operating Officer, Australia	February 2000
Andrew M Stock	Executive General Manager, Major Development Projects	February 2000
Frank G Calabria	Chief Financial Officer	November 2001
Robbert J Willink	Executive General Manager, Exploration	February 2000
David Baldwin	Chief Executive Officer, Contact Energy	May 2006

The remuneration and other related party disclosures included in this Remuneration Report were prepared in accordance with AASB 124: Related Party Disclosures. For the purposes of these disclosures, all the individuals above are determined to be 'key management personnel', as defined by the Accounting Standard.

The persons identified above as 'key management personnel' include the five highest remunerated company executives and relevant group executives.

The term 'remuneration' used in this Remuneration Report has the same meaning as the alternative term 'compensation', as defined in AASB 124: Related Party Disclosures.

7.1.1 Loans and other transactions with key management personnel

There were no loans and other transactions with key management personnel during the year ended 30 June 2008.

7.2 Compensation table

Remuneration of key management personnel, directors and other named executives – For the year ended 30 June 2008

NAME	SHORT-TERM BENEFITS					
	FIXED REMUNERATION ($)	VARIABLE REMUNERATION[1] ($)	NON-MONETARY BENEFITS[2] ($)	INSURANCE PREMIUMS ($)	TOTAL ($)	SUPERANNUATION ($)
Director						
Non-executive						
H Kevin McCann	436,848	–	–	138	436,986	13,152
Bruce G Beeren	198,347	–	3,501	138	201,986	13,152
Trevor Bourne	158,167	–	–	138	158,305	45,833
Helen M Nugent	154,937	–	–	138	155,075	25,491
J Roland Williams	169,500	–	–	138	169,638	13,152
Gordon M Cairns	143,000	–	–	138	143,138	11,070
Executive						
Grant A King	1,800,000	1,800,000	4,800	1,975	3,606,775	100,000
Executives						
Karen A Moses	970,000	816,000	4,800	1,975	1,792,775	40,000
Andrew M Stock	568,500	445,000	3,733	1,975	1,019,208	100,000
Frank G Calabria	622,000	447,000	4,800	1,975	1,075,775	50,000
Robbert J Willink	449,929	235,000	2,497	1,975	689,401	122,215
David Baldwin[7]	624,354	399,242	–	–	1,023,596	–
Total[8]	**6,295,582**	**4,142,242**	**24,131**	**10,703**	**10,472,658**	**534,065**

(1) *Variable remuneration for the financial year includes the amount that vested in the financial year – based on achieving personal goals and satisfying specified performance criteria. No amounts vest in future financial years in respect of the variable remuneration for 2007/08. The short-term incentive bonus is for performance during 2007/08, using the criteria set out on page 9. The amount was determined on 11 August 2008, after performance reviews and approved by the Remuneration Committee.*

(2) *Non-monetary benefits covers reportable fringe benefits and exempt benefits*

(3) *For explanation of Non-Executive Directors' Share Plan refer to section 6.2 of this Remuneration Report on page 12.*

(4) *Retirement benefits have been paid out over two prior periods within the aggregate fee limits approved by shareholders. The payments were made by contributions to superannuation and no further amounts are payable or will accrue.*

(5) *The fair value of the options and rights is calculated at the date of grant using a binominal option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options and rights allocated to this reporting period. In valuing the options and rights, market conditions have been taken into account.*

(6) *Refers to Options issued to Bruce G Beeren in August 2004 while he was an executive director, and approved by shareholders. The value of options amortised during the year are not part of the aggregate fees paid to non-executive directors during the year.*

(7) *David Baldwin is paid in New Zealand dollars. Remuneration is converted to Australian dollars using an annual average exchange rate of $1.1612 at 30 June 2008.*

(8) *All key management personnel are employed and remunerated by the Company.*

(9) *Share options and restricted shares issued by Contact Energy Limited.*

POST-EMPLOYMENT BENEFITS			OTHER LONG- TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS			
NON-EXECUTIVE DIRECTORS' SHARE PLAN BENEFITS[3] ($)	ACCRUED RETIREMENT BENEFITS[4] ($)	TOTAL ($)	ACCRUED LONG-SERVICE LEAVE ($)	TERMINATION PAY ($)	OPTIONS AND RIGHTS[5] ($)	TOTAL ($)	PROPORTION OF REMUNERATION PERFORMANCE RELATED (%)	VALUE OF OPTIONS AND RIGHTS AS PROPORTION OF REMUNERATION (%)
–	–	13,152	–	–	–	450,138	–	–
–	–	13,152	–	–	14,775[6]	229,913	–	–
–	–	45,833	–	–	–	204,138	–	–
36,238	–	61,729	–	–	–	216,804	–	–
36,681	–	49,833	–	–	–	219,471	–	–
29,930	–	41,000	–	–	–	184,138	–	–
–	–	100,000	134,441	–	1,057,216	4,898,432	58	22
–	–	40,000	57,687	–	436,344	2,326,806	54	19
–	–	100,000	78,236	–	267,436	1,464,880	49	18
–	–	50,000	14,985	–	215,910	1,356,670	49	16
–	–	122,215	64,001	–	139,507	1,015,124	37	14
–	–	–	–	–	258,353[9]	1,281,949	51	20
102,849	**–**	**636,914**	**349,350**	**–**	**2,389,541**	**13,848,463**		

Remuneration of key management personnel, directors and other named executives – For the year ended 30 June 2007

	SHORT-TERM BENEFITS					POST-EMPLOYMENT BENEFITS	
NAME	FIXED REMUNERATION ($)	VARIABLE REMUNERATION[1] ($)	NON-MONETARY BENEFITS ($)	INSURANCE PREMIUMS ($)	TOTAL ($)	SUPERANNUATION ($)	NON-EXECUTIVE DIRECTORS' SHARE PLAN BENEFITS[2] ($)
Director							
Non-executive							
H Kevin McCann	281,534	–	–	151	281,685	23,662	84,804
Bruce G Beeren	49,405	–	428	151	49,984	105,000	–
Trevor Bourne	121,584	–	666	151	122,401	11,003	29,747
Colin B Carter[8]	48,891	–	–	151	49,042	73,955	4,654
Helen M Nugent	36,523	–	–	151	36,674	100,000	30,477
J Roland Williams	133,500	–	–	151	133,651	12,015	32,485
Gordon M Cairns[9]	7,813	–	–	151	7,964	703	1,901
Executive							
Grant A King	1,600,000	1,526,000	21,589	2,031	3,149,620	100,000	–
Executives							
Karen A Moses	894,167	725,000	11,260	2,031	1,632,458	40,000	–
Andrew M Stock	561,000	380,000	2,200	2,031	945,231	59,000	–
Frank G Calabria	575,000	380,000	4,400	2,031	961,431	25,000	–
Robbert J Willink	453,690	270,000	1,200	2,031	726,921	76,125	–
David Baldwin[7]	590,426	327,005	–	–	917,431	–	–

(1) Variable remuneration for the financial year includes the amount that vested in the financial year – based on achieving personal goals and satisfying specified performance criteria. No amounts vest in future financial years in respect of the variable remuneration for 2006/07. The short-term incentive bonus is for performance during 2006/07, using the criteria set out on page 9. The amount was determined on 8 August 2007, after performance reviews and approved by the Remuneration Committee.

(2) For explanation of Non-Executive Directors' Share Plan refer to section 6.2 of this Remuneration Report on page 12.

(3) These retirement benefits have been paid out over two periods within the aggregate fee limits approved by shareholders. The payments were made by contributions to superannuation and no further amounts are payable or will accrue.

(4) The fair value of the options is calculated at the date of grant using a binominal option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the options, market conditions have been taken into account.

(5) Options were issued to Bruce G Beeren while he was an executive director, prior to January 2005, and were approved by shareholders. The value of options amortised during the year are not part of the aggregate fees paid to non-executive directors during the year.

(6) Options granted to Grant King were approved by shareholders pursuant to Listing Rule 10.14 at a general meeting of shareholders on 20 October 2004.

(7) David Baldwin is paid in New Zealand dollars. Remuneration is converted to Australian dollars using an annual average exchange rate of $1.1009 at 30 June 2007.

(8) Colin Carter resigned from his position on 30 April 2007.

(9) Gordon Cairns was appointed to his position on 1 June 2007.

(10) Share options and restricted shares issued by Contact Energy Limited.

		OTHER LONG TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS				
ACCRUED RETIREMENT BENEFITS[3] ($)	TOTAL ($)	ACCRUED LONG-SERVICE LEAVE ($)	TERMINATION PAY ($)	NUMBER OF OPTIONS ISSUED DURING 2006/07	VALUE OF OPTIONS ISSUED DURING 2006/07[4] ($)	VALUE OF OPTIONS ISSUED IN PAST YEARS AMORTISING DURING 2006/07[4] ($)	% OF REMUNERATION THAT IS OPTIONS	TOTAL ($)
83,761	192,227	–	–	–	–	–	–	473,912
–	105,000	–	–	–	–	205,307[5]	–	360,291
27,247	67,997	–	–	–	–	–	–	190,398
26,504	105,113	–	–	–	–	–	–	154,155
–	130,477	–	–	–	–	–	–	167,151
35,899	80,399	–	–	–	–	–	–	214,050
–	2,604	–	–	–	–	–	–	10,568
–	100,000	73,095	–	500,000[6]	191,145	654,694	20.3	4,168,554
–	40,000	30,077	–	211,000	80,663	313,951	18.9	2,097,149
–	59,000	40,970	–	158,000	60,402	206,028	20.3	1,311,631
–	25,000	13,255	–	110,000	42,052	155,458	16.5	1,197,196
–	76,125	25,697	–	–	–	173,041	17.2	1,001,784
–	–	–	–	–	–	272,504[10]	22.9	1,189,935

7.3 Equity instruments

7.3.1 Equity hedging policy

Origin Energy policy requires that employees not trade in instruments or other financial products which operate to limit the economic risk of any securities held under any equity-based incentive schemes while those holdings are subject to performance hurdles or are otherwise unvested.

The company secretary monitors adherence to this policy. Non-compliance may result in summary dismissal.

7.3.2 Value of options granted, exercised and lapsed

Summary of the value of options granted, exercised and lapsed in the current financial year as long-term incentives to directors and senior executives:

	VALUE OF OPTIONS AND RIGHTS		
NAME & POSITION	GRANTED DURING THE YEAR(1) $	EXERCISED DURING THE YEAR(2) $	LAPSED DURING THE YEAR(3) $
Directors			
Grant A King	2,116,000	–	–
Bruce G Beeren	–	–	–
Executives			
Karen A Moses	697,180	4,053,860	–
Andrew M Stock	319,970	3,291,851	–
Frank G Calabria	319,970	208,727	–
Robbert J Willink	198,710	–	–
David Baldwin	–	–	–

(1) *The value of options and rights granted in the year is the fair value calculated at grant date using a binominal option-pricing model which has been independently calculated by Mercers. The value disclosed is the portion of the fair value of the options and rights allocated to this reporting period.*

(2) *The value of options and rights exercised during the year is calculated as the market price of Origin Energy shares on the Australian Securities Exchange as at close of trading on the date the options and rights were exercised, after deducting the price paid to exercise the option or right.*

(3) *While lapsed options and rights have no value, under section 300A of the Corporations Act, the value of lapsed options is required to be shown as if they had not lapsed. The value of the options and rights that lapsed during the year represents the benefit forgone and is calculated at the date the option or right lapsed, using a binominal option-pricing model with no adjustments for whether the performance criteria have, or have not, been achieved.*

7.3.3 Options and rights over equity instruments granted as compensation

Options and rights over ordinary shares of Origin Energy Limited granted or vested to all key management personnel:

	NUMBER OF OPTIONS AND RIGHTS GRANTED DURING 2007/08	GRANT DATE	FAIR VALUE PER OPTION AND RIGHT AT GRANT DATE	EXERCISE PRICE PER OPTION AND RIGHT	EXPIRY DATE	NUMBER OF OPTIONS AND RIGHTS VESTED DURING 2007/08
Directors						
H Kevin McCann	–	–	–	–	–	–
Bruce G Beeren	–	–	–	–	–	275,000
Trevor Bourne	–	–	–	–	–	–
Helen M Nugent	–	–	–	–	–	–
J Roland Williams	–	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–	–
Grant A King	300,000	28/9/07	$2.57	$10.32	28/9/12	1,900,000
	100,000	28/9/07	$7.53	Nil	28/9/12	
	100,000	14/11/07	$5.92	Nil	14/2/13	
Executives						
Karen A Moses	140,000	28/9/07	$2.51	$10.32	28/12/12	593,000
	51,000	28/9/07	$6.78	Nil	28/12/12	
Andrew M Stock	64,000	28/9/07	$2.51	$10.32	28/12/12	416,000
	23,500	28/9/07	$6.78	Nil	28/12/12	
Frank G Calabria	64,000	28/9/07	$2.51	$10.32	28/12/12	306,000
	23,500	28/9/07	$6.78	Nil	28/12/12	
Robbert J Willink	40,000	28/9/07	$2.51	$10.32	28/12/12	208,000
	14,500	28/9/07	$6.78	Nil	28/12/12	
David Baldwin	–	–	–	–	–	–

No options and rights have been granted since the end of the financial year. Options and rights were provided at no cost to the recipients.

All options and rights expire on the earlier of their expiry date or termination of the individual's employment. The options and rights are exercisable no earlier than three years after grant date. In addition to a continuing employment service condition, the ability to exercise options and rights is conditional on the consolidated entity achieving certain performance hurdles. For options and rights granted in the current year, the earliest exercise date is 28 September 2010. Details of the performance criteria are included in the long-term incentives information in section 3.4.2.4 on page 11.

7.3.4 Exercise of options granted as compensation

The following shares were issued on the exercise of options previously granted as compensation:

	2007/08	
	NUMBER OF SHARES	AMOUNT PAID PER SHARE
Directors		
H Kevin McCann	–	–
Bruce G Beeren	–	–
Trevor Bourne	–	–
Helen M Nugent	–	–
J Roland Williams	–	–
Gordon M Cairns	–	–
Grant A King	–	–
Executives		
Karen A Moses	200,000	$3.40
	260,000	$4.15
Andrew M Stock	135,000	$5.72
	160,000	$4.15
Frank G Calabria	20,000	$3.40
	20,000	$4.15
Robbert J Willink	–	–
David Baldwin	–	–

There were no amounts unpaid on the shares issued as a result of the exercise of options during 2006/07 and 2007/08.

7.3.5 Options and rights holdings

Movement, during the reporting period, in the number of options and rights over ordinary shares in Origin Energy held directly, indirectly or beneficially by key management personnel, including their related parties:

	HELD AT 1 JULY 2007	GRANTED AS COMPENSATION	EXERCISED	LAPSED DURING THE YEAR	HELD AT 30 JUNE 2008	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2008
Directors							
H Kevin McCann	–	–	–	–	–	–	–
Bruce G Beeren	550,000	–	–	–	550,000	275,000	550,000
Trevor Bourne	–	–	–	–	–	–	–
Helen M Nugent	–	–	–	–	–	–	–
J Roland Williams	–	–	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–	–	–
Grant A King	2,000,000	500,000	–	–	2,500,000	1,900,000	2,400,000
Executives							
Karen A Moses	1,053,000	191,000	460,000	–	784,000	593,000	593,000
Andrew M Stock	576,000	87,500	295,000	–	368,500	416,000	281,000
Frank G Calabria	436,000	87,500	40,000	–	483,500	306,000	396,000
Robbert J Willink	208,000	54,500	–	–	262,500	208,000	208,000
David Baldwin	–	–	–	–	–	–	–

	HELD AT 1 JULY 2006	GRANTED AS COMPENSATION	EXERCISED	LAPSED DURING THE YEAR	HELD AT 30 JUNE 2007	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2007
Directors							
H Kevin McCann	–	–	–	–	–	–	–
Bruce G Beeren	800,000	–	250,000	–	550,000	275,000	275,000
Trevor Bourne	–	–	–	–	–	–	–
Colin B Carter	–	–	–	–	–	–	–
Helen M Nugent	–	–	–	–	–	–	–
J Roland Williams	–	–	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–	–	–
Grant A King	2,250,000	500,000	750,000	–	2,000,000	500,000	500,000
Executives							
Karen A Moses	1,082,000	211,000	240,000	–	1,053,000	260,000	460,000
Andrew M Stock	418,000	158,000	–	–	576,000	160,000	160,000
Frank G Calabria	466,000	110,000	140,000	–	436,000	110,000	130,000
Robbert J Willink	468,000	–	260,000	–	208,000	160,000	–
David Baldwin	–	–	–	–	–	–	–

7.3.6 Equity holdings and transactions

Movement, during the reporting period, in the number of ordinary shares of Origin Energy Limited held directly, indirectly or beneficially by key management personnel, including their related parties:

	HELD AT 1 JULY 2007	PURCHASES	RECEIVED ON EXERCISE OF OPTIONS	SALES	HELD AT 30 JUNE 2008
Directors					
H Kevin McCann	261,725	5,657	–	–	267,382
Bruce G Beeren	805,020	–	–	80,000	725,020
Trevor Bourne	42,966	2,051	–	–	45,017
Helen M Nugent	18,398	4,102	–	–	22,500
J Roland Williams	38,237	4,156	–	–	42,393
Gordon M Cairns	2,500	2,384	–	–	4,884
Grant A King	301,046	6,695	–	–	307,741
Executives					
Karen A Moses	33,466	60	460,000	260,000	233,526
Andrew M Stock	397,495	60	295,000	204,717	487,838
Frank G Calabria	140,832	81	40,000	160,000	20,913
Robbert J Willink	611,981	2,703	–	400,000	214,684
David Baldwin	–	–	–	–	–

	HELD AT 1 JULY 2006	PURCHASES	RECEIVED ON EXERCISE OF OPTIONS	SALES	HELD AT 30 JUNE 2007
Directors					
H Kevin McCann	253,286	8,439	–	–	261,725
Bruce G Beeren	554,420	600	250,000	–	805,020
Trevor Bourne	38,350	4,616	–	–	42,966
Colin B Carter	30,958	2,773	–	–	33,731
Helen M Nugent	14,046	4,352	–	–	18,398
J Roland Williams	33,658	4,579	–	–	38,237
Gordon M Cairns	–	2,500	–	–	2,500
Grant A King	244,769	6,277	750,000	700,000	301,046
Executives					
Karen A Moses	33,266	200	240,000	240,000	33,466
Andrew M Stock	587,095	400	–	190,000	397,495
Frank G Calabria	614	218	140,000	–	140,832
Robbert J Willink	351,781	200	260,000	–	611,981
David Baldwin	–	–	–	–	–

7.3.7 Vesting profile

Details of vesting profile of the options and rights granted as remuneration during the reporting period to key management personnel:

	OPTIONS AND RIGHTS GRANTED				
	NUMBER	DATE	PERCENTAGE VESTED IN YEAR	FORFEITED IN YEAR[1]	VESTING DATE
Directors					
H Kevin McCann	–	–	–	–	–
Bruce G Beeren	–	–	–	–	–
Trevor Bourne	–	–	–	–	–
Helen M Nugent	–	–	–	–	–
J Roland Williams	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–
Grant A King	300,000	28/9/07	100%	–	28/9/2010[2]
	100,000	28/9/07	100%	–	28/9/2010[2]
	100,000	14/11/07	–	–	14/11/2010
Executives					
Karen A Moses	140,000	28/9/07	–	–	28/9/2010
	51,000	28/9/07	–	–	28/9/2010
Andrew M Stock	64,000	28/9/07	–	–	28/9/2010
	23,500	28/9/07	–	–	28/9/2010
Frank G Calabria	64,000	28/9/07	–	–	28/9/2010
	23,500	28/9/07	–	–	28/9/2010
Robbert J Willink	40,000	28/9/07	–	–	28/9/2010
	14,500	28/9/07	–	–	28/9/2010
David Baldwin	–	–	–	–	–

(1) *The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to the highest level performance criteria not being achieved.*

(2) *The announcement by BG Group of a proposal to acquire Origin on 29 April 2008 brought forward the first exercise date of these options and as result of the performance hurdles having been met, the options have vested and have become fully exercisable.*

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Origin Energy Limited
ABN 30 000 051 696

Please return your Proxy Form(s) to:
Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000
Locked Bag A14, Sydney South NSW 1235 Australia
Telephone: 1300 664 446
From outside Australia: +61 2 8280 7155
Facsimile: (02) 9287 0309
ASX Code: ORG
Website: www.linkmarketservices.com.au

Appointment of Proxy

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.

You can also lodge your vote on-line at www.linkmarketservices.com.au

I/We being a member(s) of Origin Energy Limited (Company) and entitled to attend and vote at the annual general meeting of the Company (Meeting) hereby appoint

A the **Chairman of the Meeting (mark box)** ☐ **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Meeting of the Company to be held at 10:30am on Wednesday, 15 October 2008, at the Australia Ballroom, The Menzies Hotel, 14 Carrington Street, Sydney, NSW and at any adjournment or postponement of that Meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional Proxy Form is available on request from the Company's share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the scheduled time of the Meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all resolutions.

B **To direct your proxy how to vote on any resolution please insert X in the appropriate box below.**

Resolution	For	Against	Abstain*
Resolution 2 Adoption of Remuneration Report	☐	☐	☐
Resolution 3 – Election of Directors To elect Bruce G Beeren	☐	☐	☐
To elect H Kevin McCann	☐	☐	☐
Resolution 4 Approval of increase in non-executive Directors' fees	☐	☐	☐
Resolution 5 Renewal of proportional Takeover bid provision	☐	☐	☐

C ☐ **IMPORTANT: FOR RESOLUTION 4 ABOVE**

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of resolution 4 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of this resolution and that votes cast by him/her for this resolution, other than as proxyholder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on resolution 4 and your votes will not be counted in calculating the required majority if a poll is called on this resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of resolution 4.

* *If you mark the Abstain box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

D **Signature of Securityholders – this must be completed**

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the Securityholder. If a joint holding, either Securityholder may sign, provided that if more than one form is received signed by different joint holders, the appointment made by the holder named first in the registry will be accepted to the exclusion of the appointment(s) made by the other joint holder(s). If signed by the Securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a Company, the form must be executed in accordance with the Securityholder's constitution and the Corporations Act 2001 (Cwlth) (or equivalent legislation for companies incorporated outside Australia).

1. Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

Please note: you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

3. Votes on Resolutions

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each resolution. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a resolution your vote on that resolution will be invalid.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together.

5. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual – where the holding is in one name, the holder must sign.

Joint Holding – where the holding is in more than one name, either securityholder may sign.

Power of Attorney – to sign under Power of Attorney, you must have already lodged the Power of Attorney for notation with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies – where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:30am on Monday, 13 October 2008, being not later than 48 hours before the scheduled commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

– by posting, delivery or facsimile to Origin Energy Limited's share registry as follows:

  Origin Energy Limited
  C/– Link Market Services Limited
  Locked Bag A14
  Sydney South NSW 1235
  Facsimile: (02) 9287 0309

– lodging it online at Link's website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website);

– delivering it to Level 12, 680 George Street, Sydney NSW 2000.

origin energy

Link Market Services Limited advises that Chapter 2C of the Corporations Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

Origin Energy Limited
Level 45, Australia Square
264-278 George Street, Sydney
GPO Box 5376, Sydney NSW 2001
Telephone (02) 8345 5000
Facsimile (02) 9252 1566