Origin Energy Limited and Controlled Entities

Appendix 4E
30 June 2015

Origin Energy Limited and Controlled Entities

Appendix 4E
Results for announcement to the market
30 June 2015

				2015	2014
Total Group Revenue ($million)	down	5%	to	**13,804**	**14,518**
Revenue ($million) - continuing operations	down	7%	to	11,550	12,363
Revenue ($million) - discontinued operations	up	5%	to	2,254	2,155
Net (loss)/profit for the period attributable to members of the parent entity ($million)	down	nm*	to	**(658)**	**530**
From continuing operations ($million)	down	nm*	to	(459)	418
From discontinued operations ($million)	down	nm*	to	(199)	112
Net tangible asset backing per ordinary security	down	7%	to	$6.08	$6.56

Dividends

	Amount per security	Franked amount per security at 30 per cent tax
Final dividend determined subsequent to 30 June 2015	25 cents	nil
Previous corresponding period (30 June 2014)	25 cents	nil
Record date for determining entitlements to the dividend	27 August 2015	
Dividend payment date	28 September 2015	

Brief explanation of any of the figures reported above or other item(s) of importance not previously released to the market.
Refer to the attached Directors' Report, Remuneration Report and Operating and Financial Review for explanations.

Discussion and Analysis of the results for the year ended 30 June 2015.
Refer to the attached Directors' Report, Remuneration Report and Operating and Financial Review for commentary.

* not meaningful

Origin Energy Limited
and its Controlled Entities
Financial Statements
30 June 2015

Origin Energy Limited and its Controlled Entities
Financial Statements
Contents

Origin Energy Limited and its Controlled Entities
Income statement
for the year ended 30 June

	Note	2015 $million	2014 $million[1]
Continuing operations			
Revenue	A2	11,550	12,363
Other income	A2	197	382
Expenses	A3	(11,917)	(11,909)
Results of equity accounted investees	A4	(87)	(24)
Interest income	A2	112	17
Interest expense	A3	(389)	(378)
(Loss)/profit before income tax		**(534)**	**451**
Income tax benefit/(expense)	D1	85	(24)
(Loss)/profit for the period from continuing operations		**(449)**	**427**
Discontinued operations			
(Loss)/profit from discontinued operations	E4	(141)	211
(Loss)/profit for the period		**(590)**	**638**
(Loss)/profit for the period attributable to:			
Members of the parent entity		(658)	530
Non-controlling interests		68	108
(Loss)/profit for the period		**(590)**	**638**
Earnings per share			
Basic earnings per share	A5	(59.5) cents	48.1 cents
Diluted earnings per share	A5	(59.5) cents	47.8 cents
(Loss)/profit for the period attributable to continuing operations:			
Members of the parent entity		(459)	418
Non-controlling interests		10	9
(Loss)/profit for the period		**(449)**	**427**
Earnings per share from continuing operations			
Basic earnings per share	A5	(41.5) cents	38.0 cents
Diluted earnings per share	A5	(41.5) cents	37.7 cents

(1) Certain balances do not correspond to the 30 June 2014 Financial Statements as amounts have been re-presented to separately show operations classified as discontinued. Refer to note E4.

The income statement should be read in conjunction with the accompanying notes set out on pages 8 to 64.

Origin Energy Limited and its Controlled Entities
Statement of comprehensive income
for the year ended 30 June

	Note	2015 $million	2014 $million
(Loss)/profit for the period		**(590)**	**638**
Other comprehensive income			
Items that will not be reclassified to the income statement			
Actuarial gain on defined benefit superannuation plan		5	5
Items that may be reclassified to the income statement			
Foreign currency translation differences for foreign operations		180	311
Available for sale financial assets			
Valuation gain taken to equity		20	3
Cash flow hedges			
Effective portion of changes in fair value		171	(109)
Reclassified to income statement		2	24
Net loss on hedge of net investment in foreign operations		(71)	(17)
Total items that may be reclassified to the income statement		302	212
Total other comprehensive income for the period, net of tax	C7	**307**	**217**
Total comprehensive income for the period		**(283)**	**855**
Total comprehensive income attributable to:			
Items that will not be reclassified to the income statement			
Members of the parent entity		5	5
Non-controlling interests		-	-
		5	5
Items that may be reclassified to the income statement			
Members of the parent entity		(284)	594
Non-controlling interests		(4)	256
		(288)	850
Total comprehensive income for the period		**(283)**	**855**
Total comprehensive income for the period attributable to members of the parent entity arising from:			
Continuing operations		(10)	343
Discontinued operations		(269)	256

The statement of comprehensive income should be read in conjunction with the accompanying notes set out on pages 8 to 64.

Origin Energy Limited and its Controlled Entities
Statement of financial position
as at 30 June

	Note	2015 $million	2014 $million
Current assets			
Cash and cash equivalents		151	228
Trade and other receivables	B1	2,085	2,565
Inventories		239	287
Derivatives	C5	15	167
Other financial assets	B6	259	201
Income tax receivable		79	-
Assets classified as held for sale	E4	5,441	2
Other assets		104	127
Total current assets		**8,373**	**3,577**
Non-current assets			
Trade and other receivables	B1	5	6
Inventories		-	106
Derivatives	C5	859	702
Other financial assets	B6	3,501	1,116
Investments accounted for using the equity method	A4	6,467	6,325
Property, plant and equipment	B3	6,505	11,742
Exploration and evaluation assets	B2	1,894	1,120
Development assets	B2	239	-
Intangible assets	B4	5,481	6,203
Other assets		43	44
Total non-current assets		**24,994**	**27,364**
Total assets		**33,367**	**30,941**
Current liabilities			
Trade and other payables		2,037	2,260
Interest-bearing liabilities	C1	38	337
Derivatives	C5	31	148
Other financial liabilities	B6	156	438
Provision for income tax		4	41
Employee benefits		260	248
Provisions	B5	74	104
Liabilities classified as held for sale	E4	2,575	-
Total current liabilities		**5,175**	**3,576**
Non-current liabilities			
Trade and other payables		89	397
Interest-bearing liabilities	C1	11,839	9,025
Derivatives	C5	1,309	1,334
Deferred tax liabilities	D2	147	883
Employee benefits		35	31
Provisions	B5	614	566
Total non-current liabilities		**14,033**	**12,236**
Total liabilities		**19,208**	**15,812**
Net assets		**14,159**	**15,129**
Equity			
Share capital	C6	4,599	4,520
Reserves		576	170
Retained earnings		7,548	8,754
Total parent entity interest		**12,723**	**13,444**
Non-controlling interests - Contact Energy	E4	1,244	1,483
Non-controlling interests - other		192	202
Total equity		**14,159**	**15,129**

The statement of financial position should be read in conjunction with the accompanying notes set out on pages 8 to 64.

Origin Energy Limited and its Controlled Entities

Statement of changes in equity
for the year ended 30 June

$million	Share capital	Share-based payments reserve	Foreign currency translation reserve	Hedging reserve	Available-for-sale reserve	Retained earnings	Non-controlling interests	Total equity
Balance as at 1 July 2014	**4,520**	**139**	**132**	**(100)**	**(1)**	**8,754**	**1,685**	**15,129**
Other comprehensive income (refer to note C7)	-	-	183	171	20	5	(72)	307
(Loss)/profit	-	-	-	-	-	(658)	68	(590)
Total comprehensive income/(expense) for the period	**-**	**-**	**183**	**171**	**20**	**(653)**	**(4)**	**(283)**
Dividends paid (refer to note A6)	-	-	-	-	-	(553)	(248)	(801)
Movement in share capital (refer to note C6)	79	-	-	-	-	-	-	79
Share-based payments	-	32	-	-	-	-	3	35
Total transactions with owners recorded directly in equity	**79**	**32**	**-**	**-**	**-**	**(553)**	**(245)**	**(687)**
Balance as at 30 June 2015	**4,599**	**171**	**315**	**71**	**19**	**7,548**	**1,436**	**14,159**
Balance as at 1 July 2013	**4,441**	**106**	**(10)**	**(19)**	**(4)**	**8,769**	**1,511**	**14,794**
Other comprehensive income (refer to note C7)	-	-	142	(81)	3	5	148	217
Profit	-	-	-	-	-	530	108	638
Total comprehensive income/(expense) for the period	**-**	**-**	**142**	**(81)**	**3**	**535**	**256**	**855**
Dividends paid (refer to note A6)	-	-	-	-	-	(550)	(84)	(634)
Movement in share capital (refer to note C6)	79	-	-	-	-	-	-	79
Share-based payments	-	33	-	-	-	-	2	35
Total transactions with owners recorded directly in equity	**79**	**33**	**-**	**-**	**-**	**(550)**	**(82)**	**(520)**
Balance as at 30 June 2014	**4,520**	**139**	**132**	**(100)**	**(1)**	**8,754**	**1,685**	**15,129**

The statement of changes in equity should be read in conjunction with the accompanying notes set out on pages 8 to 64.

Origin Energy Limited and its Controlled Entities
Statement of cash flows
for the year ended 30 June

	Note	2015 $million	2014 $million
Cash flows from operating activities			
Cash receipts from customers		15,532	16,438
Cash paid to suppliers		(13,590)	(14,194)
Cash generated from operations		1,942	2,244
Income taxes paid		(109)	(17)
Net cash from operating activities	F6	**1,833**	**2,227**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(564)	(510)
Acquisition of exploration and development assets		(920)	(135)
Acquisition of other assets		(250)	(224)
Acquisition of businesses, net of cash acquired		-	(4)
Payment received on settling pre-existing arrangements with acquired Eraring Energy entity		-	300
Investment in joint ventures		(34)	(41)
Interest received from equity accounted investees		165	7
Interest received from other parties		-	14
Net proceeds from sale of non-current assets		19	100
Repayment of loans to equity accounted investees		-	(1,847)
Loans to equity accounted investees		(2,330)	(974)
Net cash used in investing activities		**(3,914)**	**(3,314)**
Cash flows from financing activities			
Proceeds from borrowings		16,021	11,017
Repayment of borrowings		(12,756)	(8,997)
Interest paid		(547)	(463)
Dividends paid by the parent entity		(474)	(471)
Dividends paid to non-controlling interests		(248)	(84)
Net cash from financing activities		**1,996**	**1,002**
Net decrease in cash and cash equivalents		**(85)**	**(85)**
Cash and cash equivalents at the beginning of the period		**228**	**308**
Effect of exchange rate changes on cash		12	5
Cash and cash equivalents at the end of the period[(1)]		**155**	**228**

(1) Cash and cash equivalents at the end of the period of $155 million includes $4 million of cash and cash equivalents which are classified as held for sale. Refer to note E4.

The statement of cash flows should be read in conjunction with the accompanying notes set out on pages 8 to 64.

Overview

In preparing the 2015 financial statements, Origin Energy Limited has made a number of changes in structure, layout and wording compared to prior periods in order to make the financial statements less complex and more relevant for stakeholders and other users.

Notes have been grouped into the following sections:
- Results for the year
- Operating assets and liabilities
- Capital, funding and risk management
- Taxation
- Group structure
- Other information

Each section sets out the accounting policies applied along with details of any key judgements and estimates made or information required to understand the note.

Origin Energy Limited (the Company) is a for profit company domiciled in Australia. The address of the Company's registered office is Level 45, Australia Square, 264-278 George Street, Sydney NSW 2000. The nature of the operations and principal activities of the Company and its controlled entities (referred to as 'the Group') are described in the Segment information.

The consolidated general purpose financial statements of the Group for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 20 August 2015.

The financial statements:
- Have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards as issued by the International Accounting Standards Board;
- Have been prepared on a historical cost basis, except for derivative financial instruments and environmental scheme certificates that are carried at their fair value; and trade and other receivables that are initially recognised at fair value, and subsequently measured at amortised cost less accumulated impairment losses;
- Are presented in Australian dollars;
- Present reclassified comparative information where required for consistency with the current year's presentation;
- Adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2015. Refer to note F11 for further details; and
- Do not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective, with the exception of *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101* which has resulted in changes to the structure, layout and wording of the financial statements as described above.

Key judgements and estimates

In the process of applying the Group's accounting policies, a number of judgements and estimates have been made. Judgements and estimates which are material to the financial statements are found in the following notes:
- Income (note A2)
- Trade and other receivables (note B1)
- Exploration, evaluation and development assets (note B2)
- Property, plant and equipment (note B3)
- Intangible assets (note B4)
- Provisions (note B5)
- Fair value of financial assets and liabilities (note C4)
- Income tax expense (note D1)

Origin Energy Limited and its Controlled Entities
Notes to the financial statements

A Results for the year

This section highlights the performance of the Group for the year, including results by operating segment, income and expenses, results of equity accounted investments, earnings per share and dividends.

A1 Segments

The Group's Managing Director monitors the operating results of the business using operating segments which are organised according to the nature and/or geography of the activities undertaken. This section includes the results by operating segment (A1.1), segment assets and liabilities (A1.2) and geographical information for revenue and non-current assets (A1.3).

A1.1 Segment results for the year ended 30 June

		Energy Markets[1]		Exploration & Production[2]		LNG [3]		Contact Energy[4]		Corporate[5]		Consolidated	
$million	**Ref.**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue													
Segment revenue		10,926	11,607	796	1,003	-	-	2,257	2,170	-	-	13,979	14,780
Eliminations	(a)	-	-	(172)	(247)	-	-	(3)	(15)	-	-	(175)	(262)
External revenue		**10,926**	**11,607**	**624**	**756**	**-**	**-**	**2,254**	**2,155**	**-**	**-**	**13,804**	**14,518**
Underlying EBITDA	(b)	**1,260**	**1,053**	**399**	**487**	**72**	**83**	**487**	**533**	**(69)**	**(17)**	**2,149**	**2,139**
Depreciation and amortisation		(304)	(266)	(297)	(277)	(17)	(17)	(189)	(172)	-	-	(807)	(732)
Share of ITDA of equity accounted investees		-	-	-	-	(62)	(54)	-	-	-	-	(62)	(54)
Underlying EBIT		**956**	**787**	**102**	**210**	**(7)**	**12**	**298**	**361**	**(69)**	**(17)**	**1,280**	**1,353**
Net financing costs	(c)					-	-	(101)	(83)	(68)	(109)	(169)	(192)
Income tax expense						-	-	(55)	(80)	(294)	(262)	(349)	(342)
Non-controlling interests (NCI)						-	-	(77)	(102)	(3)	(4)	(80)	(106)
Segment result and underlying profit[6]		**956**	**787**	**102**	**210**	**(7)**	**12**	**65**	**96**	**(434)**	**(392)**	**682**	**713**
Items excluded from underlying profit													
(Decrease)/ increase in fair value of financial instruments		(22)	(164)	(121)	(52)	(490)	(52)	(34)	6	(16)	(16)	(683)	(278)
Disposals, dilutions and impairments	(d)	193	295	(554)	(6)	-	(12)	(265)	12	(70)	(51)	(696)	238
LNG related items	(e)	-	-	-	-	(313)	(270)	-	-	-	-	(313)	(270)
Other	(f)	(16)	(80)	-	-	-	-	(22)	(10)	(29)	(14)	(67)	(104)
Tax and NCI on items excluded from underlying profit						218	93	43	(4)	158	142	419	231
Items excluded from underlying profit		**155**	**51**	**(675)**	**(58)**	**(585)**	**(241)**	**(278)**	**4**	**43**	**61**	**(1,340)**	**(183)**
Statutory (loss)/profit attributable to members of the parent entity[7]												**(658)**	**530**

(1) Energy retailing, power generation and LPG operations predominantly in Australia.

(2) Gas and oil exploration and production in Australia, New Zealand and other international areas of interest.

(3) The Group's investment in Australia Pacific LNG Pty Ltd and the results of the Group's activities as Australia Pacific LNG Upstream Operator. Costs incurred, and recoveries received, in relation to the Group's role as the Australia Pacific LNG Upstream Operator are recharged to Australia Pacific LNG in accordance with the Shareholder Agreement. Costs (and the related recoveries) are allocated between the LNG and Corporate segments based on the segment which incurred the underlying expense and may be reflected in different accounting periods.

(4) Includes the Group's 53.09 per cent controlling interest in Contact Energy Limited (Contact Energy) which is involved in energy retailing and power generation in New Zealand. This is classified as a discontinued operation at 30 June 2015, refer to note E4. It also includes $10 million of net financing costs and $4 million of income tax expense and NCI relating to the Group's funding of its investment which is classified in continuing operations.

(5) Various business development and support activities that are not allocated to operating segments.

(6) Underlying profit includes $603 million (2014: $605 million) from continuing operations and $79 million (2014: $108 million) from discontinued operations. Discontinued operations comprise the Contact Energy segment result adjusted for Group funding costs of $14 million (2014: $12 million).

(7) Includes $459 million loss (2014: $418 million gain) from continuing operations and $199 million loss from discontinued operations (2014: $112 million gain). Discontinued operations comprise the Contact Energy segment adjusted for Group funding costs of $14 million (2014: $12 million).

A1 Segments (continued)

Explanatory notes to segment results for the year ended 30 June

(a) Segment revenue eliminations

Sales between segments occur on an arm's length basis. The Exploration & Production segment sells gas and LPG to the Energy Markets segment and LPG to Contact Energy. Contact Energy sells electricity to the Exploration & Production segment.

(b) Underlying EBITDA

Represents underlying earnings before interest, tax, depreciation and amortisation (EBITDA). Includes the Group's share of underlying EBITDA from equity accounted investees of $53 million (2014: $54 million).

(c) Net financing costs

Net financing costs is the aggregation of interest income of $112 million (2014: $17 million), interest expense of $389 million (2014: $378 million) from continuing operations, net interest expense of $91 million relating to discontinued operations (2014: $70 million), less net interest expense relating to Australia Pacific LNG funding of $199 million (2014: $239 million).

(d) Disposals, dilutions and impairments excluded from underlying profit

	2015		2014	
$million	**Gross**	**Tax**	**Gross**	**Tax**
Gain on disposal of TAWN, Contact assets and other assets	-	-	26	(7)
Net gain on settlement of GenTrader arrangements (refer to note E2)	-	-	357	(90)
Release of unfavourable contract liability on renegotiation of the Smithfield PPA	193	(58)	-	-
Asset disposals and dilutions	193	(58)	383	(97)
Energy Markets				
Carbon conscious intangible assets	-	-	(32)	9
Goodwill related to acquisition of contracted power stations	-	-	(11)	-
Finance lease receivable on contracted power stations	-	-	(12)	4
Exploration & Production				
New Zealand onshore assets	(73)	20	(15)	5
Cooper Basin	(257)	77	-	-
BassGas	(174)	52	-	-
Otway Basin	(50)	15	-	-
LNG				
Denison North assets	-	-	(12)	-
Contact Energy				
Goodwill	(265)	-	-	-
Corporate				
IT transformation	(72)	22	-	-
Investment in PNG EDL	-	-	(51)	-
Other	2	-	(12)	2
Impairments	(889)	186	(145)	20
Total asset disposals, dilutions and impairments	**(696)**	**128**	**238**	**(77)**

(e) LNG related items excluded from underlying profit

	2015		2014	
$million	**Gross**	**Tax**	**Gross**	**Tax**
Net financing costs incurred in funding the Australia Pacific LNG project	(199)	60	(239)	71
Share of unwinding of discounted receivables within Australia Pacific LNG	-	-	5	-
Translation of foreign denominated long term tax balances	(51)	-	3	-
Foreign currency loss	(40)	11	(21)	7
Australia Pacific LNG pre-production costs not able to be capitalised	(23)	-	(18)	-
	(313)	**71**	**(270)**	**78**

A1 Segments (continued)

Explanatory notes to segment results for the year ended 30 June (continued)

(f) Other items excluded from underlying profit

$million	2015 Gross	2015 Tax	2014 Gross	2014 Tax
Integration & transformation costs	(36)	11	(80)	24
Contact Energy's retail transformation costs	(22)	6	(10)	3
Corporate transaction costs	(9)	2	(14)	3
Tax (expense)/benefit on translation of foreign denominated long term tax balances	-	(30)	-	15
Reinstatement of tax depreciation on Contact Energy's powerhouses	-	15	-	-
Tax benefit on revised ATO assessment of unbilled income	-	-	-	103
	(67)	**4**	**(104)**	**148**

A1.2 Segment Assets and Liabilities as at 30 June

$million	Energy Markets 2015	Energy Markets 2014	Exploration & Production 2015	Exploration & Production 2014	LNG 2015	LNG 2014	Contact Energy[2] 2015	Contact Energy[2] 2014	Corporate 2015	Corporate 2014	Consolidated 2015	Consolidated 2014
Assets												
Segment assets	12,398	12,476	4,694	4,061	195	254	5,362	6,068	159	151	22,808	23,010
Investments accounted for using the equity method (refer to note A4)	-	-	-	-	6,231	6,154	-	-	236	171	6,467	6,325
Cash, funding related derivatives and tax assets					3,304	974	79	12	709	620	4,092	1,606
Total assets	**12,398**	**12,476**	**4,694**	**4,061**	**9,730**	**7,382**	**5,441**	**6,080**	**1,104**	**942**	**33,367**	**30,941**
Liabilities												
Segment liabilities	(2,015)	(2,627)	(1,268)	(1,325)	(211)	(283)	(264)	(337)	(438)	(383)	(4,196)	(4,955)
Financial liabilities, interest-bearing liabilities, funding related derivatives and tax liabilities					(7,569)	(5,059)	(2,532)	(2,310)	(4,911)	(3,488)	(15,012)	(10,857)
Total liabilities	**(2,015)**	**(2,627)**	**(1,268)**	**(1,325)**	**(7,780)**	**(5,342)**	**(2,796)**	**(2,647)**	**(5,349)**	**(3,871)**	**(19,208)**	**(15,812)**
Acquisitions of non-current assets (includes capital expenditure)[1]	307	549	1,333	522	-	-	98	244	127	87	1,865	1,402

(1) Cash contributions to Australia Pacific LNG are accounted for as loans rather than an increase in the Group's investment (2015: $2,330 million; 2014: $974 million).

(2) Includes amounts which are classified as held for sale at 30 June 2015. Refer to note E4. Remaining liabilities of $221 million relate to funding of Contact Energy.

A1 Segments (continued)

A1.3 Geographical information

Detailed below is revenue based on the location of the customer and non-current assets (excluding derivatives and other financial assets) based on the location of the assets.

	2015 $million	2014 $million
Revenue		
for the year ended 30 June		
Australia	11,264	12,023
New Zealand	152	196
Other	134	144
Revenue from continuing operations	**11,550**	**12,363**
New Zealand	2,254	2,155
Revenue from discontinued operations	**2,254**	**2,155**
Total external revenue	**13,804**	**14,518**
Non-current assets		
as at 30 June		
Australia	19,524	19,047
New Zealand	798	6,269
Other	312	230
Total non-current assets[1]	**20,634**	**25,546**

(1) Excludes amounts which are classified as held for sale at 30 June 2015. Refer to note E4.

A2 Income

	2015 $million[(1)]	2014 $million[(1)]
Income from continuing operations		
Revenue[(2)]	11,550	12,363
Net gain on sale of assets	2	19
Net gain on settlement of GenTrader arrangements	-	357
Release of unfavourable contract liability	193	-
Other	2	6
Other income	**197**	**382**
Interest earned from other parties	-	10
Interest earned on Australia Pacific LNG MRCPS (refer to note E1)	112	7
Interest income[(3)]	**112**	**17**

(1) Excludes amounts classified as discontinued operations at 30 June 2015. Refer to note E4.

(2) Revenue from the sale of oil and gas by the Exploration & Production and LNG segments is recognised when title to the commodity passes to the customer. Revenue from the sale of electricity and gas by the Energy Markets segment is recognised on delivery of the product. Amount excludes revenue from discontinued operations of $2,254 million (2014: $2,155 million). Note A1 provides segment revenue.

(3) Interest income is recognised as it accrues.

Key estimate: unbilled revenue

At the end of each period, the volume of energy supplied since a customer's last bill is estimated in determining the unbilled revenue included in income. This estimation requires judgement and is based on historical customer consumption patterns.

Related to this are unbilled network expenses for unread gas and electricity meters which are estimated based on historical customer consumption patterns and accrued at the end of the reporting period. This is recorded within Trade and Other Payables in the Statement of Financial Position.

A3 Expenses

	2015 $million[(1)]	2014 $million[(1)]
Expenses from continuing operations		
Raw materials and consumables used	8,406	9,371
Labour[(2)]	770	725
Exploration	29	54
Depreciation and amortisation	620	560
Impairment of assets	624	131
Decrease in fair value of financial instruments	649	284
Net foreign exchange loss	36	19
Other[(3)]	783	765
Expenses	**11,917**	**11,909**
Interest charged by other parties	63	116
Impact of discounting on long term provisions	15	16
Interest expense related to Australia Pacific LNG funding	311	246
Interest expense	**389**	**378**
Financing costs capitalised[(4)]	118	65

(1) Excludes amounts classified as discontinued operations at 30 June 2015. Refer to note E4.

(2) Includes contributions to defined contribution superannuation funds from continuing operations of $66 million (2014: $56 million).

(3) Includes operating lease rental expense of $93 million (2014: $86 million) from continuing operations.

(4) Financing costs incurred for the construction of a qualifying asset are capitalised whilst the asset is being constructed or prepared for use at the rate applicable to the borrowings. Where borrowings are not specific to an asset, financing costs are calculated at an average rate based on the general borrowings of the Group (2015: 4.90 per cent; 2014: 6.19 per cent).

A4 Results of equity accounted investees

$million	Share of EBITDA	Share of interest, tax, depreciation and amortisation (ITDA)	Share of net profit/(loss)	Equity accounted investment carrying amount
2015				
Australia Pacific LNG[1]	16	(101)	(85)	6,231
Other joint venture entities	(2)	-	(2)	236
Total	**14**	**(101)**	**(87)**	**6,467**
Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit[2]	39	39	78	
Total excluding Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit[3]	**53**	**(62)**	**(9)**	

$million	Share of EBITDA	Share of interest, tax, depreciation and amortisation (ITDA)	Share of net profit/(loss)	Equity accounted investment carrying amount
2014				
Australia Pacific LNG[1]	21	(33)	(12)	6,154
Other joint venture entities	(12)	-	(12)	171
Total	**9**	**(33)**	**(24)**	**6,325**
Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit[2]	45	(21)	24	
Total excluding Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit[3]	**54**	**(54)**	**-**	

(1) Australia Pacific LNG's summary financial information is separately disclosed in note E1.

(2) Detailed further in note E1.

(3) Disclosure is provided to enable the reconciliation to share of interest, tax, depreciation and amortisation of equity accounted investees included in the segment analysis in note A1.

A5 Earnings per share

	2015	2014
Earnings per share based on statutory consolidated (loss)/profit		
Basic earnings per share	(59.5) cents	48.1 cents
Diluted earnings per share	(59.5) cents	47.8 cents
Basic earnings per share from continuing operations	(41.5) cents	38.0 cents
Diluted earnings per share from continuing operations	(41.5) cents	37.7 cents
Basic earnings per share from discontinued operations	(18.0) cents	10.1 cents
Diluted earnings per share from discontinued operations	(18.0) cents	10.1 cents
Earnings per share based on underlying consolidated profit[1]		
Underlying basic earnings per share	61.7 cents	64.8 cents
Underlying diluted earnings per share	61.6 cents	64.3 cents

[1] Refer to note A1 for a reconciliation of underlying consolidated profit to statutory (loss)/profit.

Basic earnings per share is calculated as earnings for the period attributable to the parent (2015: $658 million loss; 2014: $530 million profit) over the average weighted number of shares (2015: 1,106,483,636; 2014: 1,101,015,692).

Basic earnings per share from continuing operations is calculated as earnings attributable to continuing operations for the period attributable to the parent (2015: $459 million loss; 2014: $418 million profit) over the average weighted number of shares (2015: 1,106,483,636; 2014: 1,101,015,692).

Diluted underlying earnings per share represents earnings for the period attributable to the parent over an average weighted number of shares (2015: 1,106,936,898; 2014; 1,108,696,503) which has been adjusted to reflect the number of shares which would be issued if outstanding options, performance share rights and deferred shares rights were to be exercised (2015: 453,262; 2014: 7,680,811).
Due to the statutory loss attributable to the parent entity for the year ended 30 June 2015, the effect of these instruments has been excluded in the 30 June 2015 calculation of diluted earnings per share and diluted earnings per share from continuing operations as they would reduce the loss per share.

A6 Dividends

The Directors have determined to pay a final dividend of 25 cents per share, unfranked, payable on 28 September 2015. The following dividends were paid during the year ended 30 June:

	2015 $million	2014 $million
Final dividend of 25 cents per share, unfranked, paid 26 September 2014 (2014: Final dividend of 25 cents per share, unfranked, paid 27 September 2013)	276	275
Interim dividend of 25 cents per share, unfranked, paid 31 March 2015 (2014: Interim dividend of 25 cents per share, unfranked, paid 4 April 2014)	277	275
	553	**550**

Dividend franking account

Franking credits available to shareholders of Origin Energy Limited for subsequent financial years are:

	2015	2014
Australian franking credits available at 30 per cent	-	6
New Zealand franking credits available at 28 per cent (in NZD)	305	193

Franking credits can only be used when the Group is able to declare dividends.

B Operating assets and liabilities

This section provides information on the assets used to generate the Group's trading performance and the liabilities incurred as a result.

B1 Trade and other receivables

The following balances are amounts which are due from the Group's customers.

	2015 $million[1]	2014 $million
Current		
Trade receivables net of allowance for impairment	716	1,014
Unbilled revenue net of allowance for impairment	1,135	1,307
Other receivables	234	244
	2,085	2,565
Non-current		
Trade receivables	5	6
	5	6

[1] Excludes amounts which are classified as held for sale at 30 June 2015. Refer to note E4.

Trade and other receivables are initially recorded at the amount billed to customers. Unbilled receivables represent estimated gas and electricity services supplied to customers since their previous bill was issued. Trade and other receivables (including unbilled revenue) reflect the amount anticipated to be collected. The collectability of these balances is assessed on an ongoing basis. When there is evidence that an amount will not be collected it is provided for and then written off. If receivables are subsequently recovered the amounts are credited against other expenses in the income statement when collected.

The Group's customers are required to pay in accordance with agreed payment terms. Depending on the customer segment, settlement terms are generally 14 to 30 days from the date of the invoice. Credit approval processes are in place for large customers. All credit and recovery risk associated with trade receivables has been provided for in the statement of financial position.

Key judgements and estimates

Recoverability of trade receivables: *Judgement is required in determining the level of provisioning for customer debts. Impairment allowances take into account the age of the debt, prevailing economic conditions and historic collection trends.*

Unbilled revenue: *Unbilled gas and electricity revenue is not collectable until customers' meters are read and invoices issued. Refer to note A2 for judgement applied in determining the amount of unbilled gas and electricity revenue to recognise.*

The average age of trade receivables is 22 days (2014: 22 days). At 30 June, the ageing of trade receivables that were not impaired was as follows:

	2015 $million	2014 $million
Not yet due	447	699
1-30 days past due	88	150
31-60 days past due	65	59
61-90 days past due	31	35
91 days past due	85	71
	716	**1,014**

The movement in the allowance for impairment in respect of trade receivables and unbilled revenue during the year is as follows:

Balance as at 1 July	117	130
Impairment losses recognised	83	117
Transfer to held for sale	(9)	-
Amounts written off	(94)	(130)
Balance as at 30 June	**97**	**117**

B2 Exploration, evaluation and development assets

	Exploration and evaluation assets		Development assets	
	2015 $million	**2014 $million**	**2015 $million**	**2014 $million**
Balance as at 1 July	1,120	864	-	-
Additions	940	309	94	-
Exploration expense	(29)	(54)	-	-
Transfers	(145)	-	145	-
Effect of movements in foreign exchange rates	8	1	-	-
Balance as at 30 June	**1,894**	**1,120**	**239**	**-**

The Group holds a number of exploration permits which are grouped into areas of interest according to geographical and geological attributes. Expenditure incurred in each area of interest is accounted for using the successful efforts method. Under this method all general exploration and evaluation costs are expensed as incurred except the direct costs of acquiring the rights to explore, drilling exploratory wells and evaluating the results of drilling. These direct costs are capitalised as exploration and evaluation assets pending the determination of the success of the well. If a well does not result in a successful discovery, the previously capitalised costs are immediately expensed.

The carrying amounts of exploration and evaluation assets are reviewed at each reporting date to determine whether any of the following indicators of impairment are present:

- The right to explore has expired, or will expire in the near future, and is not expected to be renewed;
- Further exploration for and evaluation of resources in the specific area is not budgeted or planned;
- The Group has decided to discontinue activities in the area; or
- There is sufficient data to indicate the carrying value is unlikely to be recovered in full from successful development or by sale.

Where an indicator of impairment exists, the asset's recoverable amount is estimated and an impairment is recognised in the income statement if required.

Key judgement: recoverability of exploration and evaluation assets
Assessment of the recoverability of capitalised exploration and evaluation expenditure requires certain estimates and assumptions to be made as to future events and circumstances, particularly in relation to whether economic quantities of reserves have been discovered. Such estimates and assumptions may change as new information becomes available. If it is concluded that the carrying value of an exploration and evaluation asset is unlikely to be recovered by future exploitation or sale, the relevant amount will be written off to the income statement.

Upon approval of the commercial development of a project, the exploration and evaluation asset is classified as a development asset. Once production commences, development assets are transferred to Property, Plant and Equipment.

Acquisition of exploration permits in the Browse Basin
In August 2014 the Group acquired a 40 per cent interest in two offshore exploration permits in the Browse Basin in Western Australia. Origin paid US$600 million cash consideration with additional payments of US$75 million payable upon a project Final Investment Decision (FID) and US$75 million payable upon first production. A further payment of up to US$50 million will be payable on first production if 2P reserves at the time of FID reach certain thresholds.

B3 Property, plant and equipment

$million	Generation property, plant and equipment	Other land and buildings	Other plant and equipment	Producing areas of interest	Capital work in progress	Total
2015						
Cost	4,604	102	3,284	2,006	324	10,320
Accumulated depreciation	889	33	1,625	1,268	-	3,815
	3,715	**69**	**1,659**	**738**	**324**	**6,505**
Balance as at 1 July 2014	8,201	79	1,963	936	563	11,742
Additions	32	13	43	189	351	628
Disposals	-	-	-	(2)	-	(2)
Depreciation/amortisation - continuing operations	(182)	(5)	(182)	(156)	-	(525)
Depreciation/amortisation - discontinued operations	(154)	(2)	(9)	-	-	(165)
Impairment loss[(1)]	-	-	(234)	(320)	-	(554)
Transfers within PP&E	197	-	92	61	(350)	-
Transfers to held for sale[(2)]	(4,178)	(17)	(76)	-	(224)	(4,495)
Effect of movements in foreign exchange rates	(201)	1	62	30	(16)	(124)
Balance as at 30 June 2015	**3,715**	**69**	**1,659**	**738**	**324**	**6,505**
2014						
Cost	10,011	118	3,540	2,073	563	16,305
Accumulated depreciation	1,810	39	1,577	1,137	-	4,563
	8,201	**79**	**1,963**	**936**	**563**	**11,742**
Balance as at 1 July 2013	7,344	89	2,003	830	1,031	11,297
Additions acquired through business combinations	93	-	-	-	-	93
Other additions	157	-	-	202	238	597
Disposals	-	(3)	(13)	-	-	(16)
Depreciation/amortisation - continuing operations	(158)	(5)	(166)	(150)	-	(479)
Depreciation/amortisation - discontinued operations	(149)	(1)	(9)	-	-	(159)
Impairment loss[(3)]	(7)	-	-	(15)	-	(22)
Transfers within PP&E	546	-	147	70	(763)	-
Transfers to held for sale	(3)	(1)	-	-	-	(4)
Effect of movements in foreign exchange rates	378	-	1	(1)	57	435
Balance as at 30 June 2014	**8,201**	**79**	**1,963**	**936**	**563**	**11,742**

(1) Reflects impairments of $73 million (tax expense $20 million) of New Zealand onshore assets, $257 million of Cooper Basin assets (tax expense $77 million), $174 million of BassGas assets (tax expense $52 million) and $50 million of Otway Basin assets (tax expense $15 million).

(2) Relates to amounts classified as held for sale at 30 June 2015. Refer to note E4.

(3) Reflects impairments of $15 million of New Zealand onshore assets, $5 million of contracted power stations and $2 million of Contact Energy's land.

Property, plant and equipment is recorded at cost less accumulated depreciation, depletion, amortisation and impairment charges. Cost includes the estimated future cost of required closure and rehabilitation.

The carrying amounts of assets are reviewed to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and if required, an impairment is recognised in the income statement.

B3 Property, plant and equipment (continued)

Several different depreciation methodologies are used by the Group. Sub-surface assets relating to producing areas of interest are amortised on a units of production basis. This method applies an average unit depletion cost to current period reserve production. The proved and probable reserves (2P) expenditure to date and an estimate of future development expenditure required to develop those reserves are used to derive the unit depletion cost. Land and capital work in progress are not depreciated. All other assets are depreciated on a straight-line basis over their useful lives.

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	0% - 18%
Other plant and equipment	1% - 50%
Producing areas of interest	2% - 25%

At 30 June 2015, the Group reassessed the carrying amounts of its non-current assets for indicators of impairment.

Estimates of recoverable amount are based on an asset's value in use or fair value less costs to sell (level 3 fair value hierarchy), using a discounted cash flow method. The recoverable amount of these assets is most sensitive to those assumptions highlighted in the key judgements and estimates below.

Key judgements and estimates

Recoverability of carrying values*:* *Assets are grouped together into the smallest group of assets that generate largely independent cash inflows (cash generating unit). A cash generating unit's ("CGU") recoverable amount comprises the present value of the future cash flows which will arise from use of the assets. Assessment of a CGU's recoverable amount requires estimates and assumptions to be made about highly uncertain external factors such as future commodity prices, foreign exchange rates, discount rates, the effects of inflation, climate change policies and the outlook for global or regional market supply-and-demand conditions. In addition, the Group makes estimates and assumptions about reserves, future operating profiles and production costs. Such estimates and assumptions may change as new information becomes available. If it is concluded that the carrying value of a CGU is not likely to be recovered by use or sale, the relevant amount will be written off to the income statement.*

Estimation of reserves: *Reserves are estimates of the amount of product that can be extracted from an area of interest. A range of assumptions are used to estimate economically recoverable proved and probable (2P) reserves. As the economic assumptions change from period to period, and because additional geological information becomes available during the course of operations, estimates of 2P reserves may change from period to period. These changes could impact the asset carrying values, unit of production depletion calculations, restoration provisions and deferred tax balances.*

Estimation of commodity prices: *The Group's best estimate of future commodity prices is made with reference to internally derived forecast data, current spot prices, external market analysts' forecasts and forward curves. Where volumes are contracted, future prices reflect the contracted price. Future commodity price assumptions impact the recoverability of carrying values and are reviewed at least annually.*

Estimation of useful economic lives: *A technical assessment of the operating life of an asset requires significant judgement. Useful lives are amended prospectively when a change in those assessments occurs.*

Restoration provisions: *An asset's carrying value includes the estimated future cost of required closure and rehabilitation activities. Refer to note B5 for key judgement related to restoration provisions.*

B3 Property, plant and equipment (continued)

Recoverable amounts and resulting impairment write-downs recognised in the year ended 30 June 2015 are:

Area of interest/CGU	Segment	Impairment **$million**	Recoverable Amount **$million**
New Zealand onshore assets	Exploration & Production	(73)	-
Cooper Basin	Exploration & Production	(257)	271
BassGas	Exploration & Production	(174)	260
Otway Basin	Exploration & Production	(50)	1,005
		(554)	**1,536**

In assessing recoverable amount, an asset's 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. The pre-tax discount rates that have been applied to the above non-current assets in the current and prior measurement of recoverable amount range between 9.3% and 10.3% (2014: between 10.1% and 12.2%).

During the year, the Halladale Black Watch Speculant exploration asset was reclassified to development assets and is included within the Otway Basin CGU.

The impairment charges noted above primarily resulted from a reduction in the reported reserves in the case of BassGas and Otway Basin CGUs, the adoption of updated operator development plans for Cooper Basin CGU and the impact of reduced oil prices on New Zealand onshore, Rimu and Kauri assets.

B4 Intangible assets

	2015 $million	2014 $million
Goodwill at cost - Energy Markets	4,815	4,815
Goodwill at cost - Contact Energy	-	506
Software and other intangible assets at cost less impairment losses	1,134	1,354
Less: Accumulated amortisation	(468)	(472)
	5,481	**6,203**

Reconciliations of the carrying amounts of each class of intangible asset are set out below:

$million	Goodwill	Software and other intangibles	Total
Balance as at 1 July 2014	5,321	882	6,203
Additions	-	261	261
Impairment loss(1)	(265)	(72)	(337)
Amortisation expense - continuing operations	-	(95)	(95)
Amortisation expense - discontinued operations	-	(24)	(24)
Effect of movements in foreign exchange rates	(23)	(12)	(35)
Transfers to held for sale(2)	(218)	(274)	(492)
Balance as at 30 June 2015	**4,815**	**666**	**5,481**
Balance as at 1 July 2013	5,372	745	6,117
Acquisition of Eraring Energy Pty Ltd	172	2	174
Settlement of GenTrader arrangements	(260)	-	(260)
Other additions	-	244	244
Impairment loss(3)	(11)	(37)	(48)
Amortisation expense - continuing operations	-	(81)	(81)
Amortisation expense - discontinued operations	-	(13)	(13)
Effect of movements in foreign exchange rates	48	22	70
Balance as at 30 June 2014	**5,321**	**882**	**6,203**

(1) During the period the Group's investment in Contact Energy was classified as held for sale and was remeasured to the lower of its carrying amount and fair value less costs to sell at the time of reclassification resulting in an impairment loss of $265 million being recognised. Refer to note E4.
During the period a decision was made to defer work on an organisation wide IT implementation. As a consequence, an impairment charge of $72 million was recognised in the financial statements which reflects the write-down of the intangible asset relating to this project to its recoverable amount of $104 million. The intangible asset relating to this project is allocated across the reportable segments. The impairment is recorded in the Corporate Segment.

(2) Relates to amounts classified as held for sale at 30 June 2015. Refer to note E4.

(3) Includes impairment losses of $48 million comprising goodwill of $11 million and $2 million of other intangibles relating to contracted power stations and $35 million in respect of Australian and New Zealand Carbon Conscious assets.

Goodwill is stated at cost less any accumulated impairment losses and is not amortised. Software and other intangible assets 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 intangible assets.

The average amortisation rate for software and other intangibles (excluding capital work in progress) was 12% (2014: 11%).

B4 Intangible assets (continued)

Key judgement

Carrying values of assets: Refer to note B3 for key judgement relating to carrying values of assets.

Impairment testing

The recoverable amount of the Energy Markets goodwill has been determined using a value in use model which includes an appropriate terminal value. The key inputs and assumptions in the calculation of value in use are:

Key input/assumptions	***Energy Markets***
Period of cash flow projections	Either 40 years, or the life of each Generation asset, based on the Group's five-year business plan. The Energy Markets business is considered a long-term business and as such projection of long-term cash flows is appropriate for a more accurate forecast.
Customer numbers and customer churn	Based on 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 and other operating costs per customer	Based on review of actual gross margins and cost per customer and consideration of current and expected market movements and impacts.
Discount rate	Pre-tax discount rate of 9.1 per cent (2014: 12.2 per cent).

B5 Provisions

$million	Restoration	Other	Total
Balance as at 1 July 2014	**564**	**106**	**670**
Provisions recognised	79	37	116
Provisions released	(11)	(10)	(21)
Payments/utilisation	(6)	(51)	(57)
Impact of discounting	14	-	14
Effect of movements in foreign exchange rates	19	-	19
Transfers to held for sale[1]	(51)	(2)	(53)
Balance as at 30 June 2015	**608**	**80**	**688**
Current	18	56	74
Non-current	590	24	614
	608	**80**	**688**

(1) Relates to amounts classified as held for sale at 30 June 2015. Refer to note E4.

Restoration provisions are initially recognised at the best estimate of the costs to be incurred in settling the obligation. Where restoration activities are expected to occur more than 12 months from the reporting period the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

At each reporting date, the restoration provision is remeasured in line with changes in discount rates, and changes to the timing or amount of the costs to be incurred based on current legal requirements and technology. Any changes in the estimated liability in future periods are added to or deducted from the related asset. The unwinding of the discount is recognised in each period as interest expense.

Key estimate: restoration, rehabilitation and dismantling costs
The Group estimates the cost of future site restoration activities at the time of installation or construction of an asset, or when an obligation arises. Restoration often does not occur for many years and thus significant judgement is required as to the extent of work, cost and timing of future activities.

B6 Other financial assets and liabilities

Other financial assets	**2015 $million(1)**	**2014 $million**
Current		
Environmental scheme certificates	168	134
Available-for-sale financial assets	91	67
	259	201
Non-current		
Environmental scheme certificates	154	115
Available-for-sale financial assets	43	27
Mandatorily Redeemable Cumulative Preference Shares issued by Australia Pacific LNG (refer to note E1)	3,304	974
	3,501	1,116

Other financial liabilities		
Current		
Environmental scheme surrender obligations	156	422
Other financial liabilities	-	16
	156	**438**

(1) Excludes amounts which are classified as held for sale at 30 June 2015. Refer to note E4.

Financial assets are recognised (or derecognised) on the date on which the Group commits to purchase (or sell) the asset.

The environmental scheme certificates and surrender obligations are initially recorded at cost. Subsequently, they are recorded at their market price (i.e. fair value) where there is an active market. If there is no active market, certificates continue to be recorded at cost.

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments and are intended to be held for the medium to long term. The Group's available-for-sale assets are primarily Settlement Residual Agreements.

C Capital, funding and risk management

This section focuses on the Group's capital structure, and related financing costs. Information is also presented about how the Group manages capital and the various financial risks to which the Group is exposed through its operating and financing activities.

C1 Interest-bearing liabilities

	2015 $million[1]	2014 $million
Current		
Bank loans - secured	25	22
Bank loans - unsecured	12	54
Capital market borrowings - unsecured	-	259
Total current borrowings	**37**	**335**
Lease liabilities - secured	1	2
Total current interest-bearing liabilities	**38**	**337**
Non-current		
Bank loans - secured	212	236
Bank loans - unsecured	3,061	1,279
Capital market borrowings - unsecured	8,559	7,476
Total non-current borrowings	**11,832**	**8,991**
Lease liabilities - secured	7	34
Total non-current interest-bearing liabilities	**11,839**	**9,025**

(1) Excludes amounts which are classified as held for sale at 30 June 2015. Refer to note E4.

Interest-bearing liabilities are initially recorded at the amount of proceeds received (fair value) less transaction costs. After that date the liability is amortised to face value at maturity using an effective interest rate method with any gains or losses recognised in the income statement.

The contractual maturities of non-current borrowings are as follows:	2015 $million	2014 $million
One to two years	309	47
Two to five years	5,082	2,958
Over five years	6,441	5,986
Total non-current borrowings	**11,832**	**8,991**
Lease liabilities	7	34
Total non-current interest-bearing liabilities	**11,839**	**9,025**

Some of the Group's borrowings are subject to terms which allow the lender to call on the debt should there be a change in control of the Group. As at 30 June 2015 these terms had not been triggered.

Significant funding transactions during the year

In September 2014, the Group issued €1 billion hybrid capital securities on the Luxembourg Exchange which were swapped into A$1.4 billion. A portion of the net proceeds were used to support Origin's funding commitments to Australia Pacific LNG with the remainder used to fund the acquisition of interests in the Browse Basin exploration permits. The hybrid securities pay fixed semi-annual interest at a rate of 4.0 per cent per annum for the first 5 years and thereafter at reset rates. After hedging to Australian dollars, the cost to the Group is 7.9 per cent per annum for the first 5 years. The hybrid securities mature after 60 years and can be redeemed at years 5 and 10 or on any interest payment date thereafter.

In December 2014, the Group amended $6.6 billion of syndicated loan facilities to reduce the interest rate margin, extend the maturities and increase the limit of the facilities by $750 million to $7.4 billion. The interest cost of the bank loan facilities was reduced by 0.3 per cent per annum and flexibility was added with increased USD drawdown capacity. The terms of the bank loan facilities were extended by 16 months to December 2018 and December 2019 respectively.

C2 Risk management

The Group holds or issues financial instruments for the following purposes:

- *Funding:* to finance the Group's operating activities. The principal types of instruments include syndicated bank loans, bank guarantee facilities, senior notes, hybrid securities, cash and short term deposits.
- *Operating:* the Group's day to day business activities generate financial instruments such as cash, trade receivables and trade payables.
- *Risk management:* to reduce risks arising from the financial instruments described above, the Group holds derivatives such as forward exchange contracts and interest rate swaps (including cross currency). In addition, a range of standard and bespoke financial instruments are held to manage the Group's exposure to fluctuations in commodity prices.

A number of these financial instruments are recorded at the value which reflects current market conditions, i.e. at fair value. The Group's methodology for calculating fair value can be found in note C4.

Management of these risks is carried out under policies approved by the Board of Directors. The key financial risks to which the Group is exposed are explained further in the following sections:

- Credit risk
- Liquidity risk
- Market risk (including foreign exchange and price risk)
- Interest rate risk

C2.1 Credit risk

Credit risk is the risk that a counterparty will not fulfil its financial obligations under a contract or other arrangement. In order to manage credit risk the Group has credit limits which determine the level of exposure that it is prepared to accept with respect to counterparties. The Group is exposed to credit risk through its normal operating activities primarily through customer contracts, financing activities (including Mandatorily Redeemable Cumulative Preference Shares), deposits and the collection risk from arrangements entered into to manage financial risk.

The Group has Board approved credit risk management policies which allocate credit limits to counterparties based on publicly available credit information from recognised providers where available. Credit policies cover exposures generated from the sale of products and the use of derivative instruments. The Group also utilises International Swaps and Derivative Association (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. Refer note F8.

The carrying amounts of financial assets, which are disclosed in more detail in notes B1, B6 and C5, best represents the Group's maximum exposure to credit risk at the reporting date. The Group holds no significant collateral as security and there are no other significant credit enhancements in respect of these assets. All financial assets are monitored in order to identify any potential changes in the credit quality.

C2 Risk management (continued)

C2.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group is exposed to liquidity risk through its ongoing business obligations and its strategy to take advantage of new investment opportunities as they arise. The Group has a capital structure which allows it to support these activities. A key element of this structure is the use of use of committed undrawn debt facilities.

The tables below set out the contractual timing of cash flows on derivative and non-derivative financial assets and liabilities at reporting date and includes borrowings drawn at reporting date, including interest, and all financial instruments and drawn guarantees:

Derivative financial instruments

	2015[1]			2014		
$million	Derivative financial liabilities	Derivative financial assets	Net derivative financial (liabilities)/ assets	Derivative financial liabilities	Derivative financial assets	Net derivative financial (liabilities)/ assets
Less than one month	(3)	3	-	(19)	14	(5)
One to three months	(81)	(5)	(86)	(85)	78	(7)
Three to 12 months	(335)	138	(197)	(691)	344	(347)
One to five years	(1,014)	605	(409)	(1,141)	315	(826)
Over five years	(350)	710	360	(875)	1,210	335

Non-derivative financial instruments

	2015[1]			2014		
$million	Other financial liabilities	Other financial assets	Net other financial (liabilities)/ assets	Other financial liabilities	Other financial assets	Net other financial (liabilities)/ assets
Less than one month	(1,038)	600	(438)	(964)	908	(56)
One to three months	(966)	1,135	169	(888)	1,307	419
Three to 12 months	(1,092)	606	(486)	(1,455)	429	(1,026)
One to five years	(9,690)	3,813	(5,877)	(6,679)	1,096	(5,583)
Over five years	(3,644)	-	(3,644)	(4,973)	-	(4,973)

The Group manages liquidity risk centrally by monitoring operating cash flow forecasts and the degree of access to debt and equity capital markets. The Group holds a number of debt instruments with varying maturities. The debt portfolio is periodically reviewed to ensure there is funding flexibility and an appropriate repayment profile.

The Group has the following committed undrawn floating rate borrowing facilities:	2015 $million[1]	2014 $million
Expiring within one year	-	76
Expiring beyond one year	4,226	5,193
	4,226	**5,269**

[1] Excludes amounts which are classified as held for sale at 30 June 2015.

C2 Risk management (continued)

C2.3 Foreign exchange (FX) risk

FX risk is the risk that fluctuations in exchange rates will impact the Group's result. FX risk arises from future commercial transactions (including interest payments and principal debt repayments on long-term borrowings, the sale of oil and gas, the sale and purchase of LPG and the purchase of capital equipment), the recognition of assets and liabilities (including foreign receivables and borrowings) and net investments in foreign operations. The Group is mainly exposed to fluctuations in US dollar and New Zealand dollar through its operations (both overseas and in Australia), its financing facilities and through arrangements put in place to manage risk.

As at 30 June 2015, after hedging and excluding Contact Energy's New Zealand dollar debt, the Group is exposed to FX risk on borrowings of US$2,247 million (A$2,929 million). As at 30 June 2014, after hedging and excluding Contact Energy's New Zealand dollar debt, the Group is exposed to FX risk on borrowings of US$2,065 million (A$2,197 million).

To manage FX risk the Group uses forward foreign exchange contracts and cross currency interest rate swaps (both fixed-to-fixed and fixed-to-floating). In certain circumstances borrowings are left in the foreign currency, or hedged from one currency to another, to match payments of interest and principal against expected future business cash flows in that currency.

The Group has certain investments in foreign operations whose net assets are exposed to FX translation risk. This currency exposure is managed primarily by borrowing in the currency to which the foreign operation is exposed.

Significant transactions undertaken in the normal course of operations which are denominated in a foreign currency are managed on a case by case basis.

The table below shows the impact of a 10 per cent change in FX rates (holding all other things constant) on profit and equity based solely on the Group's borrowings and related financial instruments (excluding debt designated as a net investment hedge) existing at the reporting date but does not take into account any mitigating actions that management might undertake if the rate change occurred.

2015[(1)]	**Impact on post-tax profit**		**Impact on equity**	
	Increase	**Decrease**	**Increase**	**Decrease**
	$million		**$million**	
US dollar	167	(167)	157	(157)
Euro[(2)]	(11)	10	(26)	25

2014	**Impact on post-tax profit**		**Impact on equity**	
	Increase	**Decrease**	**Increase**	**Decrease**
	$million		**$million**	
US dollar	158	(158)	163	(163)
Euro[(2)]	(10)	10	(11)	11

(1) Includes impact of amounts classified as held for sale at 30 June 2015.

(2) Exposure to EUR is a result of ineffectiveness of some fair value hedges that are swapped in AUD.

C2 Risk management (continued)

C2.4 Price risk

Price risk is the risk that fluctuations in commodity prices will impact the Group's result. The Group is exposed to fluctuations in prices of electricity, oil, gas and environmental scheme certificates.

To manage its price risks the Group utilises a range of financial and derivative instruments including fixed price swaps, options, futures and fixed price forward purchase contracts. Refer to note C5. The policy for managing price risk permits the active hedging of price and volume exposures within prescribed limits. The full hedge portfolio is tested on an ongoing basis against these limits.

The table below shows the impact of a 10 per cent change in prices (holding all other things constant) on profit and equity based solely on the Group's price exposures existing at the reporting date but does not take into account any mitigating actions that management might undertake if the price change occurred.

2015[1]	**Impact on post-tax profit**		**Impact on equity**	
	Increase	**Decrease**	**Increase**	**Decrease**
	$million		**$million**	
Electricity forward price	(16)	16	-	-
Oil forward prices	-	-	(57)	57
Environmental scheme certificate prices	17	(17)	17	(17)

2014	**Impact on post-tax profit**		**Impact on equity**	
	Increase	**Decrease**	**Increase**	**Decrease**
	$million		**$million**	
Electricity forward price	5	(5)	36	(36)
Oil forward prices	-	-	(53)	53
Environmental scheme certificate prices	12	(12)	12	(12)

(1) Includes impact of amounts classified as held for sale at 30 June 2015.

C2 Risk management (continued)

C2.5 Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates affect the Group's results. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The exposure of the Group's borrowings (excluding lease liabilities), after hedging, to interest rate changes and the contractual repricing periods at the reporting date are set out below:

	2015 $million(1)	2014 $million
Variable rate borrowings	3,778	4,157
Fixed interest rate - repricing dates:		
Six months or less	991	410
Six to twelve months	1,193	96
One to five years	4,849	3,301
Over five years	1,058	1,362
	11,869	**9,326**

(1) Excludes amounts which are classified as held for sale at 30 June 2015. Refer to note E4.

The Group's risk management policy is to manage interest rate exposures using Profit at Risk and Value at Risk methodologies. Exposure limits are set to ensure that the Group is not exposed to excess risk from interest rate volatility.

The Group manages its cash flow interest rate risk by entering into fixed rate interest rate swap contracts and fixed rate debt securities, with rates ranging between 2.20 per cent to 7.91 per cent per annum, at a weighted average rate of 4.81 per cent per annum (2014: 2.20 per cent to 7.49 per cent per annum, at a weighted average rate of 4.59 per cent per annum). Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates.

The Group manages its fair value interest rate risk by using fixed-to-floating interest rate swaps. Where possible these are designated to hedge the interest rate costs associated with underlying debt obligations.

The table below shows the effect on profit and equity if interest rates had been 100 basis points higher or lower based on the relevant interest rate yield curve applicable to the underlying currency of the Group's interest bearing assets and liabilities. All other variables have been held constant and the impact of any mitigating actions that management might undertake if the rate change occurred have not been taken into account.

2015(1)	**Impact on post-tax profit**		**Impact on equity**	
	Increase	**Decrease**	**Increase**	**Decrease**
	$million		**$million**	
Interest rates	60	(67)	59	(69)

2014			**Impact on equity**	
	Increase	**Decrease**	**Increase**	**Decrease**
	$million		**$million**	
Interest rates	19	(25)	31	(37)

(1) Includes impact of balances classified as held for sale at 30 June 2015.

C3 Capital management

The Group's objectives when managing capital are to safeguard the 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 Group monitors its current and future funding requirements for at least the next five years and regularly assesses a range of funding alternatives to meet these requirements in advance of when the funds are required.

Key factors considered in determining the Group's capital structure and funding strategy at any point in time include expected operating cash flows, capital expenditure plans, maturity profile of existing debt facilities, dividend policy and the ability to access funding from banks, capital markets, and other sources.

The group monitors its capital requirements principally through the gearing ratio. This ratio is calculated as adjusted net debt divided by total capital. Net debt is adjusted to take into account the effect of FX hedging transactions on the Group's foreign currency debt obligations. The Group maintains a gearing ratio designed to optimise the cost of capital while providing flexibility to fund growth opportunities.

	2015 $million[(1)]	**2014 $million**
Total interest-bearing liabilities	11,877	9,362
Less: Cash and cash equivalents	(151)	(228)
Net debt	11,726	9,134
Fair value adjustments on FX hedging transactions	(120)	12
Adjusted net debt	11,606	9,146
Total equity	14,159	15,129
Total capital	25,765	24,275
Gearing ratio	45%	38%

(1) Excludes amounts which are classified as held for sale at 30 June 2015. If Contact Energy's balances were included within the gearing ratio calculation, the adjusted net debt would be $13,102 million with a gearing ratio of 48%.

C4 Fair value of financial assets and liabilities

The following is a summary of the methods that are used to estimate the fair value of the Group's financial instruments:

Instrument	***Fair Value Methodology***
Financial instruments traded in active markets	Quoted market prices at reporting date.
Forward Foreign Exchange	Quoted forward exchange rates at reporting date.
Commodity Option contract	Most recent available transaction prices for same or similar instruments.
Financial instruments not traded in active markets	Established valuation methodologies which are general market practice applicable to each instrument.
Long term debt	Quoted market prices or dealer quotes for similar instruments.
Interest rate swaps and cross currency interest rate swaps	Present value of estimated future cash flows of these instruments. Key variables include market pricing data, discount rates and credit risk of the Group or counterparty where relevant. Variables reflect those which would be used by market participants to execute and value the instruments.
Commodity swaps and futures	Present value of estimated future cash flows using market forward prices.
Electricity derivatives which are not regularly traded with no observable market price	Valuation models which reflect the fair value of the avoided costs of construction of the physical assets which would be required to achieve an equivalent risk management outcome for the Group. Methodology takes into account all relevant variables including forward commodity prices, physical generation plant variables, the risk-free discount rate and related credit adjustments, and asset lives.
Oil forward structured derivative instrument	Valued with reference to the observable market oil forward prices, foreign exchange rates and discount rates. As a result of the structured nature of the instrument, certain risk premium and credit variables utilised in the valuation model are unobservable.

To the maximum extent possible, valuations are based on assumptions which are supported by independent and observable market data. Where valuation models are used, instruments are discounted at the market interest rate applicable to the instrument.

Valuation methodologies are determined based on the nature of the underlying instrument. The Group monitors changes in fair value measurements on a monthly basis.

Key estimate: fair value

In order to estimate the fair value of financial assets and financial liabilities, the Group uses a variety of methods (outlined in the table above) and makes assumptions based on market conditions which exist at each reporting date.

C4 Fair value of financial assets and liabilities (continued)

The following table provides information about the reliability of the inputs used in determining the fair value of financial assets and liabilities carried at fair value. The 3 levels in the hierarchy reflect the level of independent observable market data used in determining the fair values and are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: other valuation methods for which all inputs that have a significant impact on fair value are observable, either directly (as prices) or indirectly (derived from prices).
- Level 3: one or more key inputs for the instrument are not based on observable market data (unobservable inputs).

2015	Note	Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Derivative financial assets	C5	16	519	339	874
Environmental scheme certificates	B6	322	-	-	322
Available-for-sale financial assets	B6	134	-	-	134
Financial assets held for sale	E4	21	68	-	89
Total financial assets carried at fair value		**493**	**587**	**339**	**1,419**
Derivative financial liabilities	C5	(5)	(830)	(505)	(1,340)
Environmental scheme surrender obligations	B6	(156)	-	-	(156)
Financial liabilities held for sale	E4	(8)	(62)	-	(70)
Total financial liabilities carried at fair value		**(169)**	**(892)**	**(505)**	**(1,566)**

2014	Note	Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Derivative financial assets	C5	7	489	373	869
Environmental scheme certificates	B6	249	-	-	249
Available-for-sale financial assets	B6	94	-	-	94
Total financial assets carried at fair value		**350**	**489**	**373**	**1,212**
Derivative financial liabilities	C5	(8)	(843)	(631)	(1,482)
Environmental scheme surrender obligations	B6	(422)	-	-	(422)
Total financial liabilities carried at fair value		**(430)**	**(843)**	**(631)**	**(1,904)**

There were no transfers between the fair value hierarchy levels during the year ended 30 June 2015.

The following table shows a reconciliation of movements in value of instruments included in Level 3 of the fair value hierarchy:

	$million
Balance as at 1 July 2014	(258)
New instruments in the period	-
Net gain recognised in the statement of comprehensive income	239
Net loss from financial instruments at fair value	(147)
Balance as at 30 June 2015	(166)

C4 Fair value of financial assets and liabilities (continued)

The main inputs and assumptions used by the Group in measuring the fair value of level 3 financial instruments are as follows:

Forward commodity prices: Both observable external market data and internally derived forecast data are used which impact the expected cash flows.

Physical generation plant variables: Variables which would be used in the valuation of physical generation assets with equivalent risk management outcomes impact the expected cash flows. These include new build capital costs, operating costs and plant efficiency factors.

Risk-free discount rate: The discount rates applied to the cash flows of the Group are based on the observable market rates for risk-free interest rate instruments for the appropriate term.

Credit adjustment: An observable entity or counterparty discount or credit spread curve is applied to the discount rate depending on the asset/liability position of a financial instrument. Where a counterparty specific credit curve is not observable, an estimated curve is applied which takes into consideration the credit rating of the counterparty and its industry.

The use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, a 10 per cent increase or decrease in the unobservable assumptions would have the following effects:

	2015 Effect on profit or loss		2014 Effect on profit or loss	
	Increase	**Decrease**	**Increase**	**Decrease**
	$million		**$million**	
Derivative assets	28	(28)	26	(26)
Derivative liabilities	59	(59)	58	(58)

Gains/(losses) on initial recognition of financial instruments

Any differences between the fair value at initial recognition (transaction price) and the amount that would be determined at that date using the relevant valuation technique are deferred in the statement of financial position and recognised in the income statement over the life of the instrument. The following has been recognised in the income statement during the year:

	2015 $million	2014 $million
Derivative assets		
Opening balance - gain	124	151
Recognised in the income statement	(24)	(27)
Closing balance - gain	100	124
Derivative liabilities		
Opening balance - gain	9	26
Recognised in the income statement	2	(17)
Closing balance - gain	11	9

C4 Fair value and financial assets and liabilities (continued)

Except as noted below the carrying amounts of financial assets and liabilities are reasonable approximations of their fair values.

The Group has the following non-current financial instruments which are not measured at fair value in the statement of financial position:

	Fair value hierarchy level	Carrying value 2015 $million(1)	Carrying value 2014 $million	Fair value 2015 $million(1)	Fair value 2014 $million
Assets					
Other financial assets	2	3,304	974	3,468	994
Liabilities					
Bank loans - secured	2	212	236	216	241
Bank loans - unsecured	2	3,061	1,279	3,110	1,331
Capital markets borrowings - unsecured	2	8,559	7,476	8,842	7,931
		11,832	**8,991**	**12,168**	**9,503**

(1) Excludes amounts which are classified as held for sale at 30 June 2015.

The fair value of these financial instruments reflect the present value of estimated future cash flows of the instrument. The following key variables are used to determine the present value:

- market pricing data (for the relevant underlying interest rates, foreign exchange rates or commodity prices);
- discount rates; and
- credit risk of the Group or counterparty where appropriate.

For these instruments, each of these variables is 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.

C5 Hedging & derivatives

The Group is exposed to risk from movements in foreign exchange and interest rates, and electricity and oil prices. As part of the risk management strategy set out in note C2, the Group holds the following types of derivative instruments:

	Assets		Liabilities	
	2015 $million(1)	**2014 $million**	**2015 $million(1)**	**2014 $million**
Current				
Interest rate swaps	-	151	(14)	(2)
Cross currency interest rate swaps	-	-	-	(106)
Forward foreign exchange contracts	-	-	-	(1)
Electricity derivatives	12	16	(15)	(34)
Oil derivatives	3	-	(2)	(5)
	15	**167**	**(31)**	**(148)**
Non-current				
Interest rate swaps	-	4	(76)	(95)
Cross currency interest rate swaps	480	252	(326)	(133)
Forward foreign exchange contracts	-	-	(255)	(237)
Electricity derivatives	378	446	(185)	(266)
Oil derivatives	1	-	(467)	(584)
Embedded derivatives	-	-	-	(19)
	859	**702**	**(1,309)**	**(1,334)**
Total	**874**	**869**	**(1,340)**	**(1,482)**

(1) Excludes amounts which are classified as held for sale at 30 June 2015. Refer to note E4.

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. Gains or losses on derivatives which are not designated as hedging instruments are recognised in the income statement and was a $587 million loss in the year ended 30 June 2015 (2014: $176 million loss). This includes a $27 million loss relating to discontinued operations (2014: $6 million gain).

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedge);
- hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of these transactions the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The Group 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 following table shows the fair value of instruments which have been designated as hedging instruments:

		Assets		Liabilities	
		2015 $million(1)	**2014 $million**	**2015 $million(1)**	**2014 $million**
Fair value hedges	**(a)**	431	162	24	190
Cash flow hedges	**(b)**	67	125	539	844
Net investment hedges	**(c)**	-	-	1,359	920

(1) Excludes amounts which are classified as held for sale at 30 June 2015.

C5 Hedging & derivatives (continued)

Analysis of financial instruments which have been designated as hedging instruments

(a) Fair value hedges

The Group designates certain cross currency interest rate swaps in fair value hedge relationships. Changes in the fair value of these interest swaps are recorded in the income statement, together with any changes in the fair value of the hedged item. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item for which the effective interest method is used is amortised to profit and loss over the remaining life using a recalculated effective interest rate.

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:

	2015 $million(1)	2014 $million(1)
Gain on the hedging instruments	319	91
Loss on the hedged item attributable to the hedge risk	(286)	(106)
	33	**(15)**

(1) Excludes amounts which are classified as held for sale at 30 June 2015.

(b) Cash flow hedges

The Group designates certain foreign exchange contracts, electricity derivatives, interest rate swaps, cross currency interest rate swaps and oil derivatives in cash flow hedge relationships. The effective portion of changes in the fair value of these derivatives are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within expenses.

Amounts accumulated in equity are transferred to 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). 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.

The following sets out the amounts recognised in the income statement and equity arising from the Group's cash flow hedges:

Effective portion of the gains/(losses) on cash flow hedges recognised in the cash flow hedge reserve (pre tax)	246	(154)
Gains transferred from the cash flow hedge reserve to sales	33	4
Gains/(losses) transferred from the cash flow hedge reserve to cost of sales	21	(29)
Gains transferred from the cash flow hedge reserve to decrease in fair value of financial instruments	7	7
Losses transferred from the cash flow hedge reserve to finance cost	(64)	(16)
	(3)	**(34)**
Ineffectiveness (losses)/gains recognised in the income statement from cash flow hedges	(2)	3

C5 Hedging & derivatives (continued)

Analysis of financial instruments which have been designated as hedging instruments (continued)

(c) Net investment and hedge of net investment in foreign operations

The Group designates certain foreign denominated borrowings in net investment hedge relationships. Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges that are deemed effective, are recognised in other comprehensive income and presented in the foreign currency translation reserve within equity (2015: $130 million loss; 2014: $17 million loss). They are released to the income statement upon disposal of the foreign operation. The ineffectiveness recognised in the income statement from net investment hedges for the year to 30 June 2015 totalled $nil (2014: $nil).

Set out below are the different types of derivatives used by the Group and details of their key attributes.

(d) Types of derivatives

Interest rate swaps

At 30 June 2015, the fixed interest rates varied from 2.20 per cent to 7.91 per cent (2014: 2.20 per cent to 6.95 per cent) and the main floating rates were BBSW, US LIBOR and BKBM.

The hedged interest payment transactions are expected to impact profit at various dates between one month and 9 years from the reporting date.

Cross currency interest rate swaps

At 30 June 2015, the fixed interest rates varied from 2.50 per cent to 7.49 per cent (2014: 2.50 per cent to 7.49 per cent) and the main floating rates were BBSW, US LIBOR and BKBM.

The hedged interest payment transactions are expected to impact profit at various dates between one month and six years from the reporting date.

Forward foreign exchange contracts

The hedged foreign currency denominated transactions are expected to impact profit at various dates between one month and eight years from the reporting date.

Electricity derivatives

The hedged electricity purchase and sale transactions are expected to impact profit continuously for each half hour period throughout the next 13 years from the reporting date.

Oil derivatives

The hedged oil sale and purchase transactions are expected to impact profit continuously throughout the next six years from the reporting date.

C6 Share capital and reserves

	2015 $million	2014 $million
Issued and paid-up capital		
1,109,628,904 (2014: 1,103,645,753) ordinary shares, fully paid	4,599	4,520
Ordinary share capital at the beginning of the period	4,520	4,441
Shares issued:		
• 5,867,435 (2014: 5,531,820) shares in accordance with the Dividend Reinvestment Plan	79	79
• 115,716 (2014: 152,062) shares in accordance with the Long Term Incentive Plans	-	-
Total movements in ordinary share capital	**79**	**79**
Ordinary share capital at the end of the period	**4,599**	**4,520**

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as determined from time to time and are entitled to one vote per share at shareholders' meetings. In the event of the winding up of the Group, ordinary shareholders rank after creditors, and are fully entitled to any proceeds of liquidation.

The Group does not have authorised capital or par value in respect of its issued shares.

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options, performance share rights and deferred share rights over their vesting period. Refer to note F3.

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 Group's net investments in foreign operations.

Hedging reserve

The hedging reserve is used to record the effective portion of the gains or losses on cash flow hedging instruments that have not yet settled. Amounts are recognised in profit or loss when the associated hedged transactions affect profit or 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 are taken to the available-for-sale reserve. Amounts are recognised in profit or loss when the associated investments are sold/settled or impaired.

C7 Other comprehensive income

2015 **$million**	Foreign currency translation reserve	Hedging reserve	Available-for-sale reserve	Retained earnings	Non-controlling interests	Total other compre-hensive income
Items that will not be reclassified to the income statement						
Actuarial gain on defined benefit superannuation plan, net of tax	-	-	-	5	-	5
	-	**-**	**-**	**5**	**-**	**5**
Items that may be reclassified to the income statement						
Foreign currency translation differences for foreign operations	254	-	-	-	(75)	179
Net loss on hedge of net investment in foreign operations	(71)	-	-	-	-	(71)
Cash flow hedges - effective portion of changes in fair value, net of tax	-	169	-	-	2	171
Cash flow hedges - reclassified to income statement, net of tax	-	1	-	-	1	2
Cash flow hedges - foreign currency translation gain, net of tax	-	1	-	-	-	1
Available for sale financial assets - valuation gain taken to equity, net of tax	-	-	20	-	-	20
	183	**171**	**20**	**-**	**(72)**	**302**
Total other comprehensive income	**183**	**171**	**20**	**5**	**(72)**	**307**

2014 **$million**	Foreign currency translation reserve	Hedging reserve	Available-for-sale reserve	Retained earnings	Non-controlling interests	Total other compre-hensive income
Items that will not be reclassified to the income statement						
Actuarial gain on defined benefit superannuation plan, net of tax	-	-	-	5	-	5
	-	**-**	**-**	**5**	**-**	**5**
Items that may be reclassified to the income statement						
Foreign currency translation differences for foreign operations	158	-	-	-	153	311
Net loss on hedge of net investment in foreign operations	(17)	-	-	-	-	(17)
Cash flow hedges - effective portion of changes in fair value, net of tax	-	(106)	-	-	(3)	(109)
Cash flow hedges - reclassified to income statement, net of tax	-	26	-	-	(2)	24
Cash flow hedges - foreign currency translation gain, net of tax	1	(1)	-	-	-	-
Available for sale financial assets - valuation gain taken to equity, net of tax	-	-	3	-	-	3
	142	**(81)**	**3**	**-**	**148**	**212**
Total other comprehensive income	**142**	**(81)**	**3**	**5**	**148**	**217**

D Taxation

This section provides details of the Group's income tax expense, current tax provision and deferred tax balances and the Group's tax accounting policies.

D1 Income tax expense

	2015 $million	2014 $million
Income tax		
Current tax (benefit)/expense	(20)	210
Deferred tax benefit	(38)	(107)
Under provided in prior years	-	6
Total income tax (benefit)/expense	**(58)**	**109**
Income tax (benefit)/expense attributable to:		
(Loss)/profit from continuing operations	(85)	24
Profit from discontinued operations	27	85
	(58)	**109**
Reconciliation between tax expense and pre-tax net profit		
(Loss)/profit from continuing operations before income tax	(534)	451
(Loss)/profit from discontinued operations before income tax	(114)	296
	(648)	**747**
Income tax using the domestic corporation tax rate of 30 per cent (2014: 30 per cent)		
Prima facie income tax expense on pre-tax accounting profit:		
- at Australian tax rate of 30 per cent	(194)	224
- adjustment for difference between Australian and overseas tax rates	(1)	(8)
Income tax (benefit)/expense on pre-tax accounting profit at standard rates	**(195)**	**216**
Increase/(decrease) in income tax expense due to:		
Reversal of deferred unbilled receivables	-	(103)
Net gain on settlement of Gentrader arrangements	-	(17)
Impairment expense not recoverable	80	18
Share of results of equity accounted investees	10	8
Reinstatement of tax depreciation on Contact Energy's powerhouses	(15)	-
Recognition of change in net tax loss position	7	(11)
Tax expense/(benefit) on translation of foreign denominated tax balances	46	(17)
Other	9	9
	137	(113)
Under provided in prior years - current and deferred	-	6
Total income tax (benefit)/expense	**(58)**	**109**
Deferred tax movements recognised directly in other comprehensive income (including foreign currency translation)		
Financial instruments at fair value	26	(35)
Property, plant and equipment	(20)	63
Provisions	(7)	(1)
Other items	4	1
	3	28

D1 Income tax expense (continued)

The Company and its wholly-owned Australian resident entities, which met the membership requirements, 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 arrangement amounts are recognised as inter-entity amounts.

Income tax expense is made up of current tax expense and deferred tax expense. Current tax expense represents the expected tax payable on the taxable income for the year, using current tax rates and any adjustment to tax payable in respect of previous years. Deferred tax expense represents changes in temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Key judgements

Tax balances: *Tax balances reflect a current understanding and interpretation of existing tax laws. Uncertainty arises due to the possibility of changes in tax law or other future circumstances to impact the tax balances recognised in the financial statements. Ultimate outcomes may vary based on circumstances.*

Deferred taxes: *The recognition of deferred tax balances requires judgement as to whether it is probable such balances will be utilised and/or reversed in the foreseeable future.*

Petroleum Resource Rent Tax (PRRT): *The PRRT applies to all Australian onshore oil and gas projects, including coal seam gas projects. The application of PRRT legislation involves significant judgement around the taxing point of projects, the transfer price used for determining PRRT income, and the measurement of the Starting Base on transition of existing permits, production licenses and retention leases into the PRRT regime. In assessing the recoverability of deferred tax assets, estimates are required in respect of future augmentation (escalation) of expenditure, the sequence in which current and future deductible amounts are expected to be utilised, and the probable cash flows used in determining the recoverability of deferred tax assets.*

Income tax expense recognised in other comprehensive income

		2015			2014	
$million	**Gross**	**Tax**	**Net**	**Gross**	**Tax**	**Net**
Available for sale assets:						
Valuation gain/(loss) taken to equity	30	(10)	20	5	(2)	3
Cash flow hedges:						
Reclassified to income statement	2	-	2	34	(10)	24
Effective portion of change in fair value	246	(75)	171	(154)	45	(109)
Net loss on hedge of net investment in foreign operations	(130)	59	(71)	(17)	-	(17)
Foreign currency translation differences for foreign operations	180	-	180	311	-	311
Actuarial gain/(loss) on defined benefit superannuation plan	8	(3)	5	7	(2)	5
Other comprehensive income for the period	**336**	**(29)**	**307**	**186**	**31**	**217**

D2 Deferred tax

Deferred tax balances arise when there are temporary differences between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- Where the difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit nor taxable profit or loss;
- Where temporary differences relate to investments in subsidiaries, associates and interests in joint arrangements to the extent the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Where temporary differences arise on initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been 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 if it is no longer probable that the related tax benefit will be realised.

Movement in temporary differences during the year

Asset/(liability) $million	1 July 2013	Recog-nised in income	Recog-nised in equity	Acquisition of controlled entities[1]	30 June 2014	Recog-nised in income	Recog-nised in equity	Transfers to held for sale[2]	30 June 2015
Accrued expenses not incurred	45	70	-	-	115	(110)	-	-	5
for tax									-
Employee benefits	54	17	-	-	71	12	-	(4)	79
Acquired environmental scheme certificate purchase obligations	18	(8)	-	-	10	(2)	-	-	8
Acquired energy purchase obligations	90	(6)	-	-	84	(67)	-	-	17
Provisions	231	(41)	1	26	217	28	7	(13)	239
Available-for-sale financial assets	4	(1)	-	-	3	1	-	-	4
Inventories	2	(5)	-	-	(3)	(5)	-	1	(7)
Tax value of carry-forward tax losses recognised	200	(138)	-	-	62	79	(3)	-	138
Property, plant and equipment	(1,302)	(66)	(63)	154	(1,277)	63	20	727	(467)
Exploration and evaluation assets	(272)	(33)	-	-	(305)	(51)	-	-	(356)
Financial instruments at fair value	23	38	35	-	96	105	(26)	(13)	162
Unbilled receivables	(253)	253	-	-	-	-	-	-	-
Other items	24	21	(1)	-	44	(15)	(1)	3	31
Net deferred tax liabilities	**(1,136)**	101	(28)	180	**(883)**	38	(3)	701	**(147)**

(1) As part of the acquisition of Eraring Energy Pty Limited the previously recognised deferred tax liability in respect of property, plant and equipment for the GenTrader arrangements of $317 million was de-recognised, and replaced by a deferred tax liability on owned property, plant and equipment of $163 million on acquisition date. Refer to note E2.

(2) Relates to amounts classified as held for sale at 30 June 2015. Refer to note E4.

D2 Deferred tax (continued)

Unrecognised deferred tax assets and liabilities	2015 $million	2014 $million
Deferred tax assets have not been recognised in respect of the following items:		
Revenue losses	32	45
Capital losses	26	-
Petroleum resource rent tax, net of income tax[(1)]	1,744	1,387
Acquisition transaction costs	57	57
Investment in joint ventures	43	43
Intangible assets	33	22
	1,935	**1,554**
Deferred tax liabilities have not been recognised in respect of the following items:		
Investment in Australia Pacific LNG[(2)]	(1,875)	(1,831)
	(1,875)	**(1,831)**

(1) PRRT is considered, for accounting purposes, to be a tax based on income under AASB 112 Income Taxes. Accordingly, any current and deferred PRRT expense is measured and disclosed on the same basis as income tax. The application of PRRT legislation relies on a forecast of future years expenditure in order to determine whether the utilisation of the PRRT base will be required. As the forecast indicates that no utilisation is required, no deferred tax asset has been recognised with respect to PRRT in these financial statements.

(2) A deferred tax liability has not been recorded in respect of the investment in Australia Pacific LNG as the Group is able to control the timing of the reversal of the temporary difference through its voting rights and it is not expected that the temporary difference will reverse in the foreseeable future.

E Group structure

The following section provides information on the Group's structure and how this impacts the results of the Group as a whole, including details of joint arrangements, controlled entities, transactions with non-controlling interests and changes made to the Group structure during the year.

E1 Joint arrangements

Joint arrangements are those entities over whose activities the Group has joint control, established by contractual agreement and require consent of two or more parties for strategic, financial and operating decisions. The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on its rights to the assets and obligations for the liabilities of the arrangements.

E1.1 Interests in joint ventures

Interests in joint ventures are initially recognised at cost and are subsequently adjusted for changes in the Group's share of the joint venture's net assets.

Joint venture entity	Reporting date	Country of incorporation	Ownership interest (%) 2015	2014
Australia Pacific LNG Pty Ltd[(1)]	30 June	Australia	37.5	37.5
Energia Andina S.A.[(2)]	31 December	Chile	49.9	40.0
Energia Austral SpA[(3)]	31 December	Chile	34.0	34.0
Gas Industry Superannuation Pty Ltd[(4)]	30 June	Australia	-	50.0
KUBU Energy Resources (Pty) Limited	30 June	Botswana	50.0	50.0
OTP Geothermal Pte Ltd	31 December	Singapore	50.0	50.0
PNG Energy Developments Limited	31 December	PNG	50.0	50.0
Rockgas Timaru Ltd[(5)]	31 March	New Zealand	50.0	50.0
Transform Solar Pty Ltd	30 June	Australia	50.0	50.0
Venn Energy Trading Pte Limited	31 March	Singapore	50.0	50.0

(1) Australia Pacific LNG is a separate legal entity. Operating, management and funding decisions require the unanimous support of the Foundation shareholders ("FS"), which includes the Group and ConocoPhillips. Accordingly, joint control exists and the Group has classified the investment in Australia Pacific LNG as a joint venture.

(2) Energia Andina S.A. is a separate legal entity. Key decisions require super majority (four directors) approval, with the Group entitled to appoint two of the five directors. As a consequence joint control exists and the Group has classified the investment as a joint venture. The Group's ownership interest increased to 49.9 per cent in the current financial year due to additional contributions made to Energia Andina to fund the acquisition of a 40 per cent interest in the Javiera joint venture.

(3) Energia Austral SpA is a separate legal entity. Key decisions require super majority (four directors) approval, with the Group entitled to appoint two of the five directors. As a consequence joint control exists and the Group has classified the investment as a joint venture. The Group's ownership interest can change between reporting periods when equity contributions are made to the joint venture.

(4) During the year ended 30 June 2015 Gas Industry Superannuation Pty Limited was deregistered.

(5) This is a joint venture of Contact Energy and as a result was classified as held for sale at 30 June 2015.

E1 Joint arrangements (continued)

E1.2 Investment in Australia Pacific LNG Pty Ltd

A summary of Australia Pacific LNG's financial performance for the periods ended 30 June 2015 and 30 June 2014, and its financial position as at those dates follows:

	2015		2014	
$million	Total APLNG	Origin interest	Total APLNG	Origin interest
Operating revenue	408		461	
Operating expenses	(263)		(285)	
EBITDA	**145**	**55**	**176**	**66**
Depreciation and amortisation expense	(168)		(129)	
Interest income	7		7	
Interest expense	(34)		(13)	
Income tax benefit/(expense)	32		(10)	
Underlying Result for the period	**(18)**	**(7)**	**31**	**12**
Items excluded from segment result:				
Net unwinding of discounted receivables from shareholders	-	-	13	5
Net foreign exchange loss	(11)	(4)	(5)	(2)
Tax (benefit)/expense on translation of foreign denominated tax balances	(136)	(51)	9	3
Denison North asset impairment	-	-	(33)	(12)
Pre-production costs not able to be capitalised	(61)	(23)	(47)	(18)
Total items excluded from segment result	**(208)**	**(78)**	**(63)**	**(24)**
Net loss for the period	**(226)**	**(85)**	**(32)**	**(12)**
Other comprehensive income/(loss)	608	228	(32)	(12)
Total comprehensive income/(loss)	**382**	**143**	**(64)**	**(24)**

E1 Joint arrangements (continued)

E1.2 Investment in Australia Pacific LNG Pty Ltd (continued)

	2015 $million	2014 $million
Summary statement of financial position of Australia Pacific LNG		
Cash and cash equivalents	155	228
Other current assets	408	546
Current assets	**563**	**774**
Property, plant and equipment	36,061	27,148
Exploration, evaluation and development assets	1,896	1,358
Other non-current assets	175	64
Non-current assets	**38,132**	**28,570**
Total assets	**38,695**	**29,344**
Other current liabilities	1,492	1,532
Current liabilities	**1,492**	**1,532**
Bank loans - secured	10,544	8,042
Payable to shareholders	8,811	2,597
Other non-current liabilities	1,110	817
Non-current liabilities	**20,465**	**11,456**
Total liabilities	**21,957**	**12,988**
Net assets	**16,738**	**16,356**
Group's interest of 37.5 per cent	6,277	6,134
Group's own costs	25	25
Mandatorily Redeemable Cumulative Preference Shares elimination(1)	(71)	(5)
Investment in Australia Pacific LNG Pty Ltd	**6,231**	**6,154**

(1) The Mandatorily Redeemable Cumulative Preference Shares (MRCPS) are recognised as a financial asset by the Group and the MRCPS dividend is recognised as interest revenue in the Group's income statement. The proportion attributable to the Group's own interest (37.5 per cent) is eliminated through the equity accounted investment balance as Australia Pacific LNG capitalises interest expense associated with the MRCPS.

Australia Pacific LNG is subject to the Petroleum Resource Rent Tax legislation and has an unrecognised deferred tax asset balance of $3,151 million (100 per cent Australia Pacific LNG) at 30 June 2015 (30 June 2014: $2,566 million). Any future recognition of this balance by Australia Pacific LNG will result in an increase in the Group's equity accounted investment in Australia Pacific LNG, rather than a deferred tax asset, as the Group equity accounts its 37.5 per cent interest.

E1 Joint arrangements (continued)

E1.3 Transactions between the Group and Australia Pacific LNG Pty Ltd

The Group provides services to Australia Pacific LNG including corporate services, Upstream operating services related to the development and operation of Australia Pacific LNG's natural gas assets, and marketing services relating to coal seam gas (CSG). The Group incurs costs in providing these services and charges Australia Pacific LNG for them in accordance with the terms of the contract.

Separately, the Group has entered agreements with Australia Pacific LNG to purchase gas (2015: $253 million; 2014: $127 million) and the Group sells gas to Australia Pacific LNG (2015: $75 million; 2014: $59 million). At 30 June 2015, the Group's outstanding payable balance for purchases from Australia Pacific LNG is $22 million (2014: $15 million) and outstanding receivable balance for sales to Australia Pacific LNG is $12 million (2014: $10 million).

The Group has invested in Mandatorily Redeemable Cumulative Preference Shares (MRCPS) issued by Australia Pacific LNG by way of subscription up to an amount of $3.75 billion. The MRCPS are the mechanism by which the remaining funding for the CSG to LNG Project will be provided by the shareholders of Australia Pacific LNG in proportion to their ordinary equity interests. The MRCPS have a fixed rate dividend obligation based on the relevant observable market interest rates and estimated credit margin at the date of issue. The dividend is paid twice per annum. The mandatory redemption date for all MRCPS is 31 December 2022. The financial asset (loan) reflecting these MRCPS was $3,304 million as at 30 June 2015 (2014: $974 million). Dividends received are recognised as interest. Refer to note A2.

The carrying value of the financial asset at 30 June 2015, as disclosed in note B6, reflects the Group's view that the MRCPS will be fully redeemed for their full issue price prior to 31 December 2022 from the cash flows generated from Australia Pacific LNG's export operations. There are no conditions existing at the reporting date which indicate that Australia Pacific LNG will be unable to repay the full carrying value. Accordingly the financial asset/(loan) is valued at amortised cost and reflects the cash provided to Australia Pacific LNG.

E1.4 Interests in unincorporated joint operations

The Group's interests in unincorporated joint operations are brought to account on a line-by-line basis in the income statement and statement of financial position. These interests are held on the following assets whose principal activities are oil and/or gas exploration, development and production, power generation and geothermal power technology:

- Cooper Basin
- Bass Basin
- Bonaparte Basin
- Browse Basin
- Canterbury Basin
- Beetaloo Basin
- Otway Basin
- Perth Basin
- Song Hong Basin
- Surat Basin
- Taranaki Basin
- Worsley Power Plant
- Geodynamics

E2 Business combinations

2015

There were no significant business combinations during the year ended 30 June 2015.

2014

During the year ended 30 June 2014, the Group completed the acquisition of 100 per cent of Eraring Energy Pty Limited ("Eraring Energy") under a sale and purchase agreement with the New South Wales Government ("The State"). The acquisition was successfully completed on 1 August 2013 and gave the Group ownership of the Eraring Power Station and Shoalhaven Scheme, adding flexibility to the Group's generation portfolio.

Cash purchase consideration of $50 million[1] was paid on the completion date, and was subsequently adjusted for the settlement of working capital and other balances as part of the completion statement mechanism (-$2 million) and the settlement of a payable amount in respect of the previously existing GenTrader agreements (-$19 million) in January 2014. Net of these adjustments the purchase consideration was $29 million. Considering the acquired cash balance ($25 million), the net cash impact of the acquisition was $4 million. The fair value of net identifiable assets acquired was -$143 million, taking into account goodwill recorded of $172 million.

As part of the acquisition, the Group settled the GenTrader agreements and the Cobbora Coal Supply Agreement which was entered into while Eraring Energy was owned by the State.

The GenTrader agreements were settled at the acquisition date at their fair value resulting in the derecognition of deferred tax liabilities of $317 million and a reduction in goodwill of $260 million. The Group also received a payment of $300 million from the State in respect of the cancellation of the Cobbora Coal Supply Agreement. The settlement of these pre-existing relationships resulted in the recognition of a gain of $357 million in "other income" in the income statement. The gain has been recorded as an item excluded from underlying profit in the prior financial year. Refer to note A1.

(1) The cash purchase consideration of $50 million paid on completion reflects a total purchase price of $659 million net of the balance of prepaid capacity charges and funds prepaid on deposit with the State of $609 million, in relation to the existing GenTrader arrangements.

E3 Controlled entities

The financial statements of the Group include the consolidation of Origin Energy Limited and controlled entities. Controlled entities are the following entities controlled by the parent entity (Origin Energy Limited):

	Incorporated in	**2015** Ownership interest per cent	**2014** Ownership interest per cent
Origin Energy Limited	NSW		
Origin Energy Finance Limited	Vic	100	100
Huddart Parker Pty Limited <	Vic	100	100
Origin Energy NZ Share Plan Limited	NZ	100	100
FRL Pty Ltd <	WA	100	100
BTS Pty Ltd <	WA	100	100
Origin Energy Power Limited <	SA	100	100
Origin Energy SWC Limited <	WA	100	100
BESP Pty Ltd	Vic	100	100
Origin Energy Pinjar Security Pty Limited	Vic	100	100
Origin Energy Pinjar Holdings No. 1 Pty Limited	Vic	100	100
Origin Energy Pinjar No. 1 Pty Limited	Vic	100	100
Origin Energy Pinjar Holdings No. 2 Pty Limited	Vic	100	100
Origin Energy Pinjar No. 2 Pty Limited	Vic	100	100
Origin Energy Walloons Transmissions Pty Limited	Vic	100	100
Origin Energy Eraring Pty Limited <	NSW	100	100
Origin Energy Eraring Services Pty Limited <	NSW	100	100
Origin Energy Holdings Pty Limited <	Vic	100	100
Origin Energy Retail Limited <	SA	100	100
Origin Energy (Vic) Pty Limited <	Vic	100	100
Gasmart (Vic) Pty Ltd <	Vic	100	100
Origin Energy (TM) Pty Limited <	Vic	100	100
Cogent Energy Pty Ltd	Vic	100	100
Origin Energy Retail No. 1 Pty Limited	Vic	100	-
Origin Energy Retail No. 2 Pty Limited	Vic	100	-
Origin Energy Electricity Limited <	Vic	100	100
Eraring Gentrader Depositor Pty Limited	Vic	100	100
Sun Retail Pty Ltd <	Qld	100	100
OE Power Pty Limited <	Vic	100	100
Origin Energy Uranquinty Power Pty Ltd	Vic	100	100
Origin Energy Mortlake Terminal Station No. 1 Pty Limited	Vic	100	100
Origin Energy Mortlake Terminal Station No. 2 Pty Limited	Vic	100	100
Origin Energy PNG Ltd [#]	PNG	66.7	66.7
Origin Energy PNG Holdings Limited [#]	PNG	100	100
Origin Energy Tasmania Pty Limited <	Tas	100	100
The Fiji Gas Co Ltd	Fiji	51	51
Tonga Gas Ltd	Tonga	-	51
Origin Energy Contracting Limited <	Qld	100	100
Origin Energy LPG Limited <	NSW	100	100
Origin (LGC) (Aust) Pty Limited <	NSW	100	100
Origin Energy SA Pty Limited <	SA	100	100
Hylemit Pty Limited	Vic	100	100
Origin Energy LPG Retail (NSW) Pty Limited	NSW	100	100
Origin Energy WA Pty Limited <	WA	100	100
Origin Energy Services Limited <	SA	100	100
OEL US Inc.	USA	100	100
Origin Energy NSW Pty Limited <	NSW	100	100
Origin Energy Asset Management Limited <	SA	100	100
Origin Energy Pipelines Pty Limited <	NT	100	100
Origin Energy Pipelines (SESA) Pty Limited	Vic	100	100
Origin Energy Pipelines (Vic) Holdings Pty Limited <	Vic	100	100
Origin Energy Pipelines (Vic) Pty Limited <	Vic	100	100
Origin LPG (Vietnam) LLC	Vietnam	51	51
Origin Energy Solomons Ltd	Solomon Islands	80	80

E3 Controlled entities (continued)

	Incorporated in	2015 Ownership interest per cent	2014 Ownership interest per cent
Origin Energy Cook Islands Ltd	Cook Islands	100	100
Origin Energy Vanuatu Ltd	Vanuatu	100	100
Origin Energy Samoa Ltd	Western Samoa	100	100
Origin Energy American Samoa Inc	American Samoa	100	100
Origin Energy Insurance Singapore Pte Ltd	Singapore	100	100
Origin Energy Resources Limited <	SA	100	100
Origin Energy CSG 2 Pty Limited	Vic	100	100
Origin Energy ATP 788P Pty Limited	Qld	100	100
Angari Pty Limited <	SA	100	100
Oil Investments Pty Limited <	SA	100	100
Origin Energy Southern Africa Holdings Pty Limited	Qld	100	100
Origin Energy Wallumbilla Transmissions Pty Limited	Vic	100	100
Oil Company of Australia (Moura) Transmissions Pty Limited <	WA	100	100
Origin Energy Kenya Pty Limited	Vic	100	100
Origin Energy Bonaparte Pty Limited <	SA	100	100
Origin Energy Developments Pty Limited <	ACT	100	100
Origin Energy Zoca 91-08 Pty Limited <	SA	100	100
Origin Energy Petroleum Pty Limited <	Qld	100	100
Origin Energy Browse Pty Ltd	Vic	100	100
Origin Energy Northwest Limited	UK	100	100
Sagasco South East Inc	Panama	100	100
Origin Energy Resources NZ Limited	NZ	100	100
Kupe Development Limited	NZ	100	100
Kupe Mining (No.1) Limited	NZ	100	100
Origin Energy Resources (Kupe) Limited	NZ	100	100
Origin Energy Resources NZ (Rimu) Limited	NZ	100	100
Origin Energy Resources NZ (TAWN) Limited	NZ	100	100
Sagasco NT Pty Ltd <	SA	100	100
Sagasco Amadeus Pty Ltd <	SA	100	100
Origin Energy Amadeus Pty Limited <	Qld	100	100
Amadeus United States Pty Limited <	Qld	100	100
OE Resources Limited Partnership	NSW	100	100
Origin Energy Vietnam Pty Limited	Vic	100	100
Origin Energy Singapore Holdings Pte Limited	Singapore	100	100
Origin Energy (Song Hong) Pte Limited	Singapore	100	100
Origin Energy (Block 31) Pte Limited	Singapore	100	100
Origin Energy (Block 01) Pte Limited	Singapore	100	100
Origin Energy (L15/50) Pte Limited	Singapore	100	100
Origin Energy (L26/50) Pte Limited	Singapore	100	100
Origin Energy (Savannahket) Pte Limited	Singapore	100	100
Origin Energy Fairview Transmissions Pty Limited	Vic	100	100
Origin Energy VIC Holdings Pty Limited <	Vic	100	100
Origin Energy New Zealand Limited	NZ	100	100
Origin Energy Universal Holdings Limited	NZ	100	100
Origin Energy Five Star Holdings Limited	NZ	100	100
Origin Energy Contact Finance Limited	NZ	100	100
Origin Energy Contact Finance No.2 Limited	NZ	100	100
Origin Energy Pacific Holdings Limited	NZ	100	100
Contact Energy Limited*	NZ	53.09	53.09
Contact Aria Ltd*	NZ	53.09	53.09
Contact Wind Limited*	NZ	53.09	53.09
Rockgas Limited*	NZ	53.09	53.09

E3 Controlled entities (continued)

	Incorporated in	2015 Ownership interest per cent	2014 Ownership interest per cent
Origin Energy Capital Ltd<	Vic	100	100
Origin Energy Finance Company Pty Limited <	Vic	100	100
OE JV Co Pty Limited <	Vic	100	100
OE JV Holdings Pty Limited	Vic	100	100
Origin Energy LNG Holdings Pte Limited	Singapore	100	100
Origin Energy Australia Holding BV [#]	Netherlands	100	100
Origin Energy Mt Stuart BV [#]	Netherlands	100	100
OE Mt Stuart General Partnership [#]	Netherlands	100	100
Parbond Pty Limited	NSW	100	100
Origin Foundation Pty Limited	Vic	100	100
Origin Renewable Energy Investments No 1 Pty Ltd	Vic	100	100
Origin Renewable Energy Investments No 2 Pty Ltd	Vic	100	100
Origin Renewable Energy Pty Ltd	Vic	100	100
Origin Energy Geothermal Holdings Pty Ltd	Vic	100	100
Origin Energy Geothermal Pty Ltd	Vic	100	100
Origin Energy Chile Holdings Pty Limited	Vic	100	100
Origin Energy Chile S.A. [#]	Chile	100	100
Origin Energy Geothermal Chile Limitada [#]	Chile	100	100
Origin Energy Generacion Chile SpA [#]	Chile	100	100
Pleiades S.A	Chile	100	-
Origin Energy Geothermal Singapore Pte Limited	Singapore	100	100
Origin Energy Wind Holdings Pty Ltd	Vic	100	100
Cullerin Range Wind Farm Pty Ltd	NSW	100	100
Crystal Brook Wind Farm Pty Limited	NSW	100	100
Wind Power Pty Ltd	Vic	100	100
Wind Power Management Pty Ltd	Vic	100	100
Lexton Wind Farm Pty Ltd	Vic	100	100
Stockyard Hill Wind Farm Pty Ltd	Vic	100	100
Tuki Wind Farm Pty Ltd	Vic	100	100
Dundas Tablelands Wind Farm Pty Limited	Vic	100	100
Origin Energy Hydro Bermuda Limited	Bermuda	100	100
Origin Energy Hydro Chile SpA [#]	Chile	100	100

< Entered into a Class Order 98/1418 and related deed of cross guarantee with Origin Energy Limited.
[#] Controlled entity has a financial reporting period ending 31 December.
* Contact Energy Limited and its subsidiaries were classified as held for sale at 30 June 2015.

Changes in controlled entities

2015

On 25 June 2015 the Group acquired 100 per cent of Pleiades S.A. Origin Energy Retail No. 1 Pty Limited and Origin Energy Retail No. 2 Pty Limited were incorporated/registered and Speed-E-Gas (NSW) Pty Ltd changed its name to Origin Energy LPG Retail (NSW) Pty Limited during the year ended 30 June 2015.

Tonga Gas Limited ceased to be controlled and was sold during the year ended 30 June 2015.

2014

On 1 August 2013 the Group acquired 100 per cent of Eraring Energy Pty Limited (renamed as Origin Energy Eraring Pty Limited) and its 100 per cent owned subsidiary Eraring Energy Services Pty Limited (renamed as Origin Energy Eraring Services Pty Limited). Refer to note E2.

Origin Energy LNG Holdings Pte Limited, Origin Energy Generacion Chile SpA and Origin Energy Browse Pty Ltd were incorporated/registered and Origin Energy Leasing Limited was struck off.

E4 Discontinued operations and assets held for sale

The assets and liabilities of the Group's 53.09 per cent investment in Contact Energy have been classified as held for sale at 30 June 2015. The associated earnings, for the current and comparative periods, have been classified as discontinued operations in the Income Statement and all related note disclosures. On 10 August 2015, the Group completed the sale of its investment in Contact Energy. Accounting policies in relation to amounts disclosed below are consistent with those disclosed throughout the financial statements.

Results of discontinued operations	2015 $million	2014 $million
Revenue	2,254	2,155
Other income	9	56
Expenses	(2,021)	(1,845)
Impairment of goodwill relating to investment in Contact Energy (refer to note B4)	(265)	-
Net financing costs	(91)	(70)
(Loss)/profit before income tax	**(114)**	**296**
Income tax expense	(27)	(85)
(Loss)/profit after tax from discontinued operations	**(141)**	**211**
Attributable to:		
Members of the parent entity	(199)	112
Non-controlling interest	58	99
	(141)	**211**

Cash flows of discontinued operations	2015 $million	2014 $million
Cash flows from operating activities	455	403
Cash flows used in investing activities	(112)	(119)
Cash flows used in financing activities - before dividends to NCI	(247)	(267)
Cash flows used in financing activities - cash dividends to NCI	(112)	(78)
Net decrease in cash and cash equivalents	**(16)**	**(61)**

Assets and liabilities of discontinued operations classified as held for sale	2015 $million
Cash and cash equivalents	4
Trade and other receivables	191
Inventories	144
Derivatives	68
Other financial assets	21
Income tax receivable	16
Property, plant and equipment	4,495
Intangible assets	492
Other assets	10
Assets classified as held for sale	**5,441**
Trade and other payables	185
Interest-bearing liabilities	1,551
Derivatives	65
Other financial liabilities	5
Employee benefits	15
Provisions	53
Deferred tax liabilities	701
Liabilities classified as held for sale	**2,575**
Net assets	**2,866**
Carrying amount of NCI	**1,244**

F Other information

This section includes other information to assist in understanding the financial performance and position of the Group, or items required to be disclosed to comply with accounting standards and other pronouncements.

F1 Contingent liabilities

Discussed below are items where either it is not probable that the Group will have to make future payments or the amount of the future payments are not able to be measured reliably.

Guarantees

Bank guarantees and letters of credit have been provided mainly to Australian Energy Market Operator Limited to support the Group's obligations to purchase electricity from the National Electricity Market.

	2015 $million[1]	2014 $million
Bank guarantees - unsecured	250	328
Letters of credit - unsecured	25	22

(1) Includes unsecured bank guarantees of $9 million (2014: $9 million) and letters of credit of $25 million (2014: $22 million) related to discontinued operations.

The Group's share of guarantees for certain contractual commitments of its joint ventures is shown at note F2. The Group has also given letters of comfort to its bankers in respect of financial arrangements provided by the banks to certain partly-owned controlled entities.

Joint arrangements

As a participant in certain joint arrangements, the Group is liable for its share of liabilities incurred by these arrangements. In some circumstances the Group may incur more than its proportionate share of such liabilities, but will have the right to recover the excess liability from the other joint arrangement participants.

Australia Pacific LNG has secured US$8.5 billion in funding through a project finance facility. As of 30 June 2015, Australia Pacific LNG has drawn down US$8.3 billion under the facility for capital expenditure, fees and interest. The Group guarantees its share of amounts drawn under the facility during the construction phase of the project (37.5 per cent share at 30 June 2015 being US$3.1 billion).

The Group provides parent company guarantees in excess of its 37.5 per cent shareholding in Australia Pacific LNG in respect of certain contracts relating to upstream operations. A process remains ongoing amongst ConocoPhillips, Sinopec, Australia Pacific LNG and the Group to amend the relevant guarantees to either remove Origin as a guarantor or to reflect each shareholder's proportionate shareholding in Australia Pacific LNG.

Legal and regulatory

Certain entities within the Group (and joint venture entities, such as Australia Pacific LNG) are subject to various lawsuits and claims as well as audits and reviews by government or regulatory bodies. In most instances it is not possible to reasonably predict the outcome of these matters or their impact on the Group.

A number of sites owned/operated (or previously owned/operated) by the Group have been identified as contaminated. These properties are subject to ongoing environmental management programs. For sites where the requirements can be assessed and remediation costs can be estimated, such costs have been expensed or provided for.

Warranties and indemnities have also been given and/or received by entities in the Group in relation to environmental liabilities for certain properties divested and/or acquired.

F1 Contingent liabilities (continued)

Capital expenditure

As part of the acquisition of Browse Basin exploration permits, the Group agreed to pay cash consideration of US$75 million contingent upon a project Final Investment Decision (FID) and US$75 million contingent upon first production. The Group will pay further contingent consideration of up to US$50 million upon first production if 2P reserves, at the time of FID, reach certain thresholds. These obligations have not been provided for at the reporting date as they are dependent upon uncertain future events not wholly within the Group's control.

F2 Commitments

Detailed below are the Group's contractual commitments which are not recognised as liabilities as the relevant assets have not yet been received.

	2015 $million	2014 $million
Capital expenditure commitments(1)	228	77
Joint venture commitments(2)	885	2,317
Operating lease commitments(3)	388	396

(1) Includes $28 million (2014: $6 million) related to discontinued operations.

(2) Includes $690 million (2014: $2,024 million) in relation to the Group's share of Australia Pacific LNG's capital and joint venture commitments.

(3) Includes $25 million (2014: $24 million) related to discontinued operations.

The Group leases property, plant and equipment under operating leases with terms of one to ten years. The future minimum lease payments under non-cancellable operating leases are as follows:

	2015 $million	2014 $million
Less than one year	74	82
Between one and five years	202	220
More than five years	112	94
	388	**396**

F3 Share-based payments

This section sets out details of the Group's share-based remuneration arrangements including details of the Company's equity incentive plan, employee share plan and Contact Energy's long term incentive scheme.

The following share-based remuneration expense was recognised during the year:

		2015 $million	2014 $million
Continuing operations	**Ref.**		
Origin Equity Incentive Plan	**(a)**	31	32
Origin Employee Share Plan	**(b)**	5	4
		36	**36**
Discontinued operations			
Contact Energy Long Term Incentive Scheme	**(c)**	4	3

Explanatory notes to share-based payments for the year ended 30 June

(a) Equity Incentive Plan

Eligible employees are granted share-based remuneration awards under the Origin Energy Limited Equity Incentive Plan. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate or to receive any guaranteed benefits. Equity incentives are offered and come in the form of options and share rights.

(i) Long Term Incentive (LTI)

LTI includes the award of options and performance share rights (PSRs) which do not carry dividend or voting entitlements and will only vest if certain performance standards are met. The number of awards that will vest depends on Origin's Total Shareholder Return (TSR) ranking relative to a group of companies comprising the S&P/ASX 100 index at grant date. No awards vest if Origin's TSR ranks below the 50th percentile. Testing of the TSR market performance condition occurs three or four years after the grant date and there is no re-testing for awards granted from October 2012.

Vested options may be exercised up to a maximum of seven years after grant date. The exercise price of options is based on the weighted average price of the Company's shares over a period of at least five, but no more than fifteen, trading days determined by the Board prior to the grant date. As there is no exercise price for PSRs, once vested they are exercised automatically.

When exercised, either automatically or upon payment of the exercise price, a vested award is converted into one fully paid ordinary share that carries voting and dividend entitlements.

The fair value of the awards granted is recognised as an employee expense, with a corresponding increase in equity, over the vesting period. Fair value is measured at grant date using a Monte Carlo simulation model that takes into account the exercise price, share price at grant date and the price volatility expected, dividend yield, risk free interest rate for the term of the security and the likelihood of meeting the TSR market condition. The amount recognised as an expense is adjusted to reflect the actual number of awards that vest except where due to non-achievement of the TSR market condition. Set out below are the inputs used to determine the fair value of the options and PSRs granted during the year:

	Options	PSRs
Grant date	22-Oct-14	22-Oct-14
Grant date share price	$14.36	$14.36
Exercise price	$15.65	$Nil
Volatility (per cent)	21%	21%
Dividend yield (per cent)	4%	4%
Risk free rate (per cent)	2.85%	2.68%
Grant date fair value (per award)	$1.54	$7.27

F3 Share-based payments (continued)

Explanatory notes to share-based payments for the year ended 30 June (continued)

(ii) Short Term Incentive (STI)

STI includes the award of Deferred Share Rights (DSRs) which will vest only where the employee remains employed with a satisfactory performance rating for a set period (generally between one and four years). DSRs do not carry voting or dividend entitlements. Once vested, a DSR entitles the holder to one fully paid ordinary share of the Company. As there is no exercise price for DSRs, they are exercised automatically upon vesting. The fair value of DSRs is recognised as an employee expense over the vesting period. Fair value is measured at grant date as the market value of an Origin share less the discounted value of dividends foregone.

Equity Incentive Plan awards outstanding

Set out below is a summary of awards outstanding at the beginning and end of the financial year:	Options	Weighted Average Exercise Price	PSRs	DSRs
Outstanding at 1 July 2014	18,330,803	$13.08	8,933,078	123,811
Granted	2,569,779	$15.65	635,154	1,534,064
Exercised	-	-	-	115,716
Forfeited	192,676	$13.16	843,194	23,690
Expired	1,385,500	$14.84	-	-
Outstanding at 30 June 2015	**19,322,406**	**$13.30**	**8,725,038**	**1,518,469**
Exercisable at 30 June 2015	**-**	**-**	**-**	**-**
Outstanding at 1 July 2013	16,513,433	$13.04	7,134,551	143,109
Granted	3,966,186	$13.97	2,596,456	43,719
Exercised	-	-	114,092	37,970
Forfeited	1,021,816	$12.79	600,729	25,047
Expired	1,127,000	$15.84	83,108	-
Outstanding at 30 June 2014	**18,330,803**	**$13.08**	**8,933,078**	**123,811**
Exercisable at 30 June 2014	**-**	**-**	**-**	**-**

The weighted average share price during 2015 was $12.80 (2014: $13.83). The options outstanding at 30 June 2015 have an exercise price in the range of $11.78 to $15.65 and a weighted average contractual life of 3.8 years (2014: 4.1 years).

(b) Employee Share Plan (ESP)

Under the ESP all full-time and permanent part-time employees of the Company who are based in Australia or New Zealand with at least one year of continuous service at 30 June of the performance year are granted up to AUD $1,000 of fully paid Origin shares conditional upon the Company meeting certain safety targets. The shares are granted for no consideration. Shares awarded under the ESP are purchased on-market, registered in the name of the employee, and are restricted for three years, or until cessation of employment, whichever occurs first.

Details of the shares awarded under the ESP during the year are as follows:

	Grant date	Shares granted	Cost per share[1]	Total cost $'000
2015				
	23-Sep-14	315,038	$15.05	4,741
		315,038		**4,741**
2014				
	01-Oct-13	292,063	$14.17	4,139
		292,063		**4,139**

(1) The cost per share represents the weighted average market price of the Company's shares.

F3 Share-based payments (continued)

Explanatory notes to share-based payments for the year ended 30 June (continued)

(c) Contact Energy (discontinued operations)

Under the Contact Energy Long Term Incentive Scheme eligible executives are granted share-based remuneration awards in the form of options and PSRs. Restricted shares were also previously issued. The number of awards that vest depends on Contact Energy's TSR ranking relative to a group of companies comprising the NZX50 index at grant date.

F4 Related party disclosures

The Group's interests in equity accounted entities and details of transactions with these entities are set out in note E1.

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 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.

F5 Key management personnel

	2015 $	2014 $
Short-term employee benefits	12,259,981	14,608,533
Post-employment benefits	160,324	255,378
Other long term benefits	223,941	167,661
Share-based payments	6,581,723	7,608,812
	19,225,969	22,640,384

Loans and other transactions with key management personnel

There were no loans with key management personnel during the year.

Transactions entered into during the year with key management personnel are normal employee, customer or supplier relationships and have terms and conditions which are no more favourable than dealings in the same circumstances on an arm's length basis. These transactions include:

- The receipt of dividends from Origin Energy Limited and Contact Energy Limited;
- Participation in the Employee Share Plan, Equity Incentive Plan and Non-Executive Director Share Plan;
- Terms and conditions of employment or directorship appointment;
- Reimbursement of expenses incurred in the normal course of employment;
- Purchases of goods and services; and
- Receipt of interest on Retail Notes.

F6 Notes to the statement of cash flows

Cash includes cash on hand, at bank and short-term deposits, net of outstanding bank overdrafts.

		2015 $million	2014 $million
The following table reconciles profit to net cash provided by operating activities:			
(Loss)/profit for the period		**(590)**	**638**
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation and amortisation		809	732
Executive share-based payment expense		35	35
Impairment losses recognised - trade and other receivables		83	117
Exploration expense		29	54
Impairment of assets		889	133
Decrease in fair value of financial instruments		683	278
Net financing costs		368	431
(Increase)/decrease in tax balances		(165)	92
Net gain on settlement of GenTrader arrangements		-	(357)
Gain on dilution of the Group's interest in equity accounted investees and sale of assets		(2)	(26)
Non-cash share of net profits of equity accounted investees		87	24
Unrealised foreign exchange loss		36	19
Release of unfavourable contract liability		(193)	-
Changes in assets and liabilities, net of effects from acquisitions/disposals:			
• Receivables		262	65
• Inventories		6	(58)
• Payables		(173)	(91)
• Provisions		15	17
• Other[1]		(346)	124
Total adjustments[2]		**2,423**	**1,589**
Net cash from operating activities		**1,833**	**2,227**
The following non-cash financing and investing activities have not been included in the statement of cash flows:			
Issue of shares in respect of the Dividend Reinvestment Plan	C6	79	79

(1) 'Other' includes payment of $300 million relating to the settlement of Energy Markets' final carbon liability.

(2) Adjustments include amounts which are classified as discontinued operations and held for sale at 30 June 2015. Refer to note E4 for details of cash flows relating to discontinued operations.

F7 Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2015 $'000[1]	2014 $'000[1]
Audit and review services of the financial reports by:		
Auditors of the Group (KPMG)	3,393	3,673
Other auditors	72	56
	3,465	**3,729**
Other services by:		
Auditors of the Group (KPMG)		
Accounting advice	44	34
Taxation services	52	48
Assurance services:		
- Equity and debt transactions	164	337
- Contract compliance	221	246
- IT controls	150	39
- Other	74	67
	705	**771**
	4,170	**4,500**

[1] Includes audit fees of $520,000 (2014: $510,000) and non-audit services of $nil (2014: $11,000) in relation to Contact Energy Limited.

F8 Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a net amount payable by one party to the other.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, where the Group has a legally enforceable right to offset recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting, but still allow for the related amounts to be offset in certain circumstances, such as a loan default or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to master netting arrangements but not offset, as at reporting date. The column 'net amount' shows the impact on the Group's statement of financial position if all set-off rights were exercised.

	Gross amount $million	Amount offset in the statement of financial position $million	Amount in the statement of financial position $million	Related amount not offset $million	Net amount $million
30 June 2015[1]					
Derivative financial assets	1,189	(315)	874	(360)	514
Derivative financial liabilities	(1,655)	315	(1,340)	360	(980)
30 June 2014					
Derivative financial assets	1,046	(177)	869	(371)	498
Derivative financial liabilities	(1,659)	177	(1,482)	371	(1,111)

[1] Excludes amounts which are classified as held for sale at 30 June 2015. Refer to note E4.

F9 Deed of Cross Guarantee

The parent entity has entered into a Deed of Cross Guarantee. This means that the Group guarantees the debts of certain controlled entities. The controlled entities which are party to the Deed, are shown in note E3.

The following consolidated statement of comprehensive income and retained profits, and statement of financial position comprises the Company and its controlled entities which are party to the Deed of Cross Guarantee after eliminating all transactions between parties to the Deed.

for the year ended 30 June	2015 $million	2014 $million
Consolidated statement of comprehensive (loss)/income and retained profits		
Revenue	11,057	11,800
Other income	152	348
Expenses	(11,720)	(11,414)
Share of results of equity accounted investees	(84)	(22)
Interest income	109	15
Interest expense	(320)	(369)
(Loss)/profit before income tax	**(806)**	**358**
Income tax benefit	(105)	(27)
(Loss)/profit for the period	**(701)**	**385**
Other comprehensive income	3	4
Total comprehensive (loss)/income for the period	**(698)**	**389**
Retained earnings at the beginning of the period	**8,430**	**8,591**
Dividends paid	(553)	(550)
Retained earnings at the end of the period	**7,179**	**8,430**

F9 Deed of cross guarantee (continued)

as at 30 June	2015 $million	2014 $million
Statement of financial position		
Current assets		
Cash and cash equivalents	44	104
Trade and other receivables	3,810	3,303
Inventories	217	216
Derivatives	34	160
Other financial assets	208	153
Income tax receivable	75	-
Other assets	104	124
Total current assets	4,492	4,060
Non-current assets		
Trade and other receivables	1,343	1,037
Derivatives	859	697
Other financial assets	6,412	4,371
Investments accounted for using the equity method	6,226	6,149
Property, plant and equipment	5,041	5,414
Exploration and evaluation assets	299	349
Development assets	239	-
Intangible assets	5,013	5,212
Deferred tax assets	198	101
Other assets	44	36
Total non-current assets	25,674	23,366
Total assets	**30,166**	**27,426**
Current liabilities		
Trade and other payables	2,781	2,603
Interest-bearing liabilities	472	306
Derivatives	31	86
Other financial liabilities	157	437
Provision for income tax	-	18
Employee benefits	251	218
Provisions	61	90
Total current liabilities	3,753	3,758
Non-current liabilities		
Trade and other payables	8,394	6,799
Interest-bearing liabilities	3,920	2,160
Derivatives	1,266	1,200
Employee benefits	35	31
Provisions	475	397
Total non-current liabilities	14,090	10,587
Total liabilities	**17,843**	**14,345**
Net assets	**12,323**	**13,081**
Equity		
Share capital	4,599	4,520
Reserves	545	131
Retained earnings	7,179	8,430
Total equity	**12,323**	**13,081**

F10 Parent entity disclosures

The following sets out the results and financial position of the parent entity, Origin Energy Limited:

Origin Energy Limited	**2015 $million**	**2014 $million**
Profit for the period	547	1,207
Other comprehensive income, net of income tax	(33)	35
Total comprehensive income for the period	**514**	**1,242**
Financial position of the parent entity at period end		
Current assets	2,242	2,924
Non-current assets	17,676	13,623
Total assets	**19,918**	**16,547**
Current liabilities	1,363	2,112
Non-current liabilities	12,853	8,806
Total liabilities	**14,216**	**10,918**
Share capital	4,599	4,520
Share-based payments reserve	166	133
Hedging reserve	(29)	7
Retained earnings	966	969
Total equity	**5,702**	**5,629**
Contingent liabilities of the parent entity		
Bank guarantees - unsecured	4	55

The parent entity has entered into a deed of indemnity for the cross-guarantee of liabilities of a number of controlled entities. Refer to note E3.

The parent entity has also provided guarantees for certain contractual commitments of its joint ventures associated with capital projects.

F11 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2015, and have not been applied in preparing these financial statements. The Group has reviewed these standards and interpretations, and with the exception of *AASB 9 Financial Instruments* and *AASB 15 Revenue from Contracts with Customers*, determined none of these standards and interpretations materially impact the Group. *AASB 9 Financial Instruments* proposes a revised framework for the classification and measurement of financial instruments. *AASB 15 Revenue from Contracts with Customers* introduces the core principle that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is currently assessing the impact of these standards.

F12 Subsequent events

On 10 August 2015 Origin completed the sale of its 53.09 per cent shareholding in Contact Energy. The transaction was underwritten at a fixed price of NZ$4.65 per share providing NZ$1.8 billion (A$1.6 billion) in net proceeds. Origin's investment in Contact Energy is recorded at its recoverable amount at 30 June 2015 therefore there will be no significant profit or loss realised on divestment in the year ending 30 June 2016. The proceeds have been utilised to repay A$1.4 billion of debt and will be used to redeem preference shares issued by Origin's 100% owned subsidiary Origin Energy Contact Finance No. 2 Limited (NZ$0.2 billion/A$0.2 billion).

Since the end of the financial year, the directors have determined to pay a final dividend of 25 cents per share, unfranked, payable 28 September 2015.

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial statements.

Directors' Declaration

1 In the opinion of the directors of Origin Energy Limited (the Company):

(a) the consolidated financial statements and notes are in accordance with the Corporations Act 2001 (Cth), including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2015 and of its 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* (Cth).

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in the Overview of the consolidated financial statements.

(c) 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 E3 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* (Cth) from the Managing Director and the Executive Director, Finance and Strategy for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the directors:

Gordon M Cairns, Chairman
Director

Sydney, 20 August 2015

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 consolidated statement of financial position as at 30 June 2015, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, the notes to the financial statements Overview and A to F12 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In the notes to the financial statements Overview, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the consolidated entity comply 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 of the financial report that gives a true and fair view 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, a true and fair view which is consistent with our understanding of the consolidated entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continued overleaf)

Independent auditor’s report to the members of Origin Energy Limited *(continued)*

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 the consolidated entity is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity’s financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements Overview.

Report on the remuneration report

We have audited the Remuneration Report included in the directors’ report for the year ended 30 June 2015. 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 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Alison Kitchen
Partner

Sydney

20 August 2015