



Origin Energy Limited and Controlled Entities

Appendix 4D
31 December 2012

Origin Energy Limited and Controlled Entities

Appendix 4D

Results for announcement to the market

31 December 2012

				31 December 2012 \$million	31 December 2011 \$million
Revenue	up	14%	to	7,379	6,499
Net profit for the period attributable to members of the parent entity	down	(34%)	to	524	794
Basic earnings per share	down	(35%)	to	48.0¢	73.8¢
Diluted earnings per share	down	(35%)	to	47.9¢	73.7¢
				31 December 2012 \$million	30 June 2012 \$million
Net tangible asset backing per ordinary security	up	3%	to	\$6.72	\$6.54
Dividends				Amount per security	Franked amount per security at 30 per cent tax
Interim dividend determined subsequent to 31 December 2012				25 cents	25 cents
Previous corresponding period (31 December 2011)				25 cents	25 cents
Record date for determining entitlements to the dividend				4 March 2013	
Dividend payment date				4 April 2013	
<p>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 and Management Discussion and Analysis for explanations.</p> <p>Discussion and Analysis of the results for the half year ended 31 December 2012. Refer to the attached Directors' Report and Management Discussion and Analysis for commentary.</p>					



Origin Energy Limited and Controlled Entities

Directors' Report and Interim Financial Statements
31 December 2012

Directors' Report and Interim Financial Statements

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Directors' Declaration

Independent auditor's review report

Directors' Report for the six months ended 31 December 2012

In accordance with the Corporations Act, the Directors of Origin Energy Limited (the "Company" or "Origin") submit their report together with the consolidated interim financial report on the consolidated entity, being the Company and its controlled entities, for the half year ended 31 December 2012 ("the period") as follows:

Directors

The names of the Directors of the Company holding office during the half year ended 31 December 2012 and up until the date of this Report are as follows:

H Kevin McCann	Non-executive Chairman since 18 February 2000
Grant A King	Managing Director since 18 February 2000
John H Akehurst	Non-executive Director since 29 April 2009
Bruce G Beeren	Executive Director, Commercial from 3 March 2000
	Non-executive Director since 1 February 2005
Gordon M Cairns	Non-executive Director since 1 June 2007
Bruce W D Morgan	Non-executive Director since 16 November 2012
Karen A Moses	Executive Director since 25 March 2009
Ralph J Norris	Non-executive Director since 18 April 2012
Helen M Nugent	Non-executive Director since 25 March 2003

Former Director

Trevor Bourne	Non-executive Director since 18 February 2000, retired 12 November 2012
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Result

Statutory Profit - \$524 million profit, down from \$794 million

Origin reported a Net Profit After Tax (NPAT) and Non-controlling interests (Statutory Profit) of \$524 million for the half year ended 31 December 2012, a decrease of \$270 million, compared with \$794 million reported in the prior half year.

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

- lower Underlying Profit (-\$127 million) predominantly due to a decline in contribution from the Energy Markets segment, only partially offset by increased contributions from the Exploration & Production, Australia Pacific LNG, Contact Energy and Corporate segments;
- a lower net gain on items related to Australia Pacific LNG (-\$163 million). The current half year includes a lower gain on dilution of Origin's shareholding in Australia Pacific LNG than the dilution gain recorded in the prior half year, a higher net interest expense from funding for the Australia Pacific LNG project, and a foreign currency loss related to the funding and development of Australia Pacific LNG compared to a gain in the prior half year;
- a net decrease in the fair value of financial instruments during the half year, while a net increase was recorded in the prior half year (-\$117 million period on period);

partially offset by:

- a lower impairment of assets (+\$137 million).

Reconciliation of Statutory Profit to Underlying Profit

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

Half year ended 31 December	2012 (\$m)	2011 (\$m)	Change (%)
External revenue	7,379	6,499	14
EBITDA	1,196	1,424	(16)
Depreciation and amortisation	(336)	(305)	10
Share of interest, tax, depreciation and amortisation of equity accounted investees	(8)	(11)	(27)
EBIT	852	1,108	(23)
Net financing costs	(219)	(102)	115
Profit before income tax	633	1,006	(37)
Income tax expense	(72)	(183)	(61)
Net profit after tax before Non-controlling interests	561	823	(32)
Non-controlling interests' share of Statutory Profit	(37)	(29)	28
Statutory Profit	524	794	(34)
Statutory earnings per share	48.0¢	73.8¢	(35)

In the half year to 31 December 2012, these items amounted to a benefit of \$162 million. This compared with the half year to 31 December 2011 in which these items had an overall benefit of \$305 million.

Half year ended 31 December (\$millions)	2012		2011		Change (\$m)
	Excluded items	NPAT	Excluded items	NPAT	
Statutory Profit		524		794	(270)
APLNG related items	291		454		163
Increase/(decrease) in fair value of financial instruments	(83)		34		117
Impairment of assets	(2)		(139)		(137)
Other	(44)		(44)		-
Less total excluded items		162		305	143
Underlying Profit		362		489	(127)

Underlying Profit - \$362 million, down 26%

Underlying Profit for the half year decreased by 26% or \$127 million to \$362 million. The result primarily reflects a 9% or \$102 million decrease in Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA), predominantly due to a decline in contribution from the Energy Markets segment, only partially offset by increased contributions from the Exploration & Production, Australia Pacific LNG, Contact Energy and Corporate segments. The Underlying Profit result also included higher depreciation and amortisation charges (-\$31 million) and an increase in Underlying net financing costs (-\$42 million).

Review of Operations

Underlying EBITDA decreased 9% or \$102 million to \$1,055 million, predominantly due to reduced Electricity volumes and compressed margins within the Energy Markets segment, partially offset by higher commodity prices and lower operating costs in Exploration & Production and increased hydro generation for Contact Energy.

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

Half year ended 31 December	2012 (\$m)	2011 (\$m)	Change (%)
Energy Markets	660	820	(20)
Exploration & Production	200	179	12
Australia Pacific LNG	19	16	19
Contact Energy	198	182	9
Corporate	(22)	(40)	(45)
Underlying EBITDA	1,055	1,157	(9)

Energy Markets Underlying EBITDA was \$660 million, a 20 per cent decrease on the prior corresponding half. This is due to a loss of volume in the mass market segment and a reduction in EBIT margin from 14.1 per cent to 9.4 per cent. The reduction in margin is driven mainly by the unfavourable Queensland Competition Authority tariff determination, increased wholesale energy costs and increased competition among retailers for mass market customers. Despite a more competitive market, the rate of electricity and natural gas customer losses was reduced from 112,000 in the prior corresponding period to 23,000 in the first half.

Exploration and Production Underlying EBITDA increased by 12 per cent or \$21 million to \$200 million, primarily due to higher commodity prices and lower operating costs, which offset lower production as a result of extended plant outages due to the BassGas mid life enhancement project and acceleration into the first half of a planned shutdown at Otway.

Australia Pacific LNG Underlying EBITDA increased by 19 per cent to \$19 million, reflecting higher domestic gas sales and increased production, partly offset by Origin's reduced shareholding in Australia Pacific LNG.

Contact Energy Underlying EBITDA increased by 9 per cent to \$198 million, primarily due to a lower cost of generation, lower carbon costs and gains from wholesale energy markets. In addition, improved price competitiveness has stabilised customer numbers.

Corporate expenses decreased by 45 per cent resulting in an Underlying EBITDA loss of \$22 million, due to lower site remediation expense and lower unallocated corporate costs, offset by a higher foreign exchange loss in the current half year.

A full review of operations is contained in the Management Discussion and Analysis.

Dividend

The Directors have determined to pay an interim fully franked dividend of 25 cents per share which will be paid on 4 April 2013 to shareholders of record on 4 March 2013 (compared with 25 cents in the prior corresponding period).


Lead Auditor's Independence Declaration

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on the following page and forms part of the Directors' Report for the half year ended 31 December 2012.

Rounding

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

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Kevin McCann', with a long horizontal flourish extending to the right.

Mr H Kevin McCann
Chairman

Sydney, 21 February 2013



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

To: the directors of Origin Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.


KPMG


Alison Kitchen
Partner

Sydney

21 February 2013

Origin Energy Limited and Controlled Entities
Interim income statement
for the half year ended 31 December

	2012	2011
Note	\$million	\$million
Revenue	7,379	6,499
Other income	3(a) 337	472
Expenses	3(b) (6,884)	(5,877)
Share of results of equity accounted investees	7(a) 20	14
Interest income	3(c) 5	23
Interest expense	3(c) (224)	(125)
Profit before income tax	633	1,006
Income tax expense	4 (72)	(183)
Profit for the period	561	823
Profit for the period attributable to:		
Members of the parent entity	524	794
Non-controlling interests	37	29
Profit for the period	561	823
Earnings per share		
Basic earnings per share	14 48.0 cents	73.8 cents
Diluted earnings per share	14 47.9 cents	73.7 cents

The interim income statement should be read in conjunction with the accompanying notes to the interim financial statements.

Origin Energy Limited and Controlled Entities
Interim statement of comprehensive income
for the half year ended 31 December

	2012 \$million	2011 \$million
Profit for the period	561	823
Other comprehensive income		
<i>Items that will not be reclassified to the income statement</i>		
Actuarial gain/(loss) on defined benefit superannuation plan	3	(10)
Income tax (expense)/benefit on other comprehensive income that will not be reclassified to the income statement	(1)	3
	<u>2</u>	<u>(7)</u>
<i>Items that may be reclassified to the income statement</i>		
Foreign currency translation differences for foreign operations	(21)	23
Available for sale assets		
Valuation loss taken to equity	-	(1)
Cash flow hedges		
Losses transferred to income statement	24	60
Transferred to carrying amount of assets	1	2
Valuation loss taken to equity	(14)	(4)
Net gain/(loss) on hedge of net investment in foreign operations	11	(26)
Income tax expense on other comprehensive income that may be reclassified subsequently to the income statement	(3)	(18)
	<u>(2)</u>	<u>36</u>
Other comprehensive income for the period, net of tax	-	29
Total comprehensive income for the period	<u>561</u>	<u>852</u>
Total comprehensive income attributable to:		
<i>Items that will not be reclassified to the income statement</i>		
Members of the parent entity	2	(7)
Non-controlling interests	-	-
	<u>2</u>	<u>(7)</u>
<i>Items that may be reclassified to the income statement</i>		
Members of the parent entity	507	839
Non-controlling interests	52	20
	<u>559</u>	<u>859</u>
Total comprehensive income for the period	<u>561</u>	<u>852</u>

The interim statement of comprehensive income should be read in conjunction with the accompanying notes to the interim financial statements.

Origin Energy Limited and Controlled Entities

Interim statement of financial position

as at

		31 December 2012	30 June 2012	31 December 2011
	Note	\$million	\$million	\$million
Current assets				
Cash and cash equivalents	10(a)	292	357	837
Trade and other receivables		2,470	2,306	2,054
Inventories		215	186	225
Other financial assets, including derivatives	6	591	363	596
Tax assets		1	-	1
Assets classified as held for sale		76	38	10
Other assets		199	155	176
Total current assets		3,844	3,405	3,899
Non-current assets				
Trade and other receivables		23	17	26
Inventories		69	73	70
Other financial assets, including derivatives	6	721	798	720
Investments accounted for using the equity method	7(a)	6,332	5,962	5,988
Property, plant and equipment		11,087	10,895	10,702
Exploration and evaluation assets		870	838	833
Intangible assets		6,034	5,966	5,631
Other assets		44	27	28
Total non-current assets		25,180	24,576	23,998
Total assets		29,024	27,981	27,897
Current liabilities				
Trade and other payables		1,940	2,063	1,968
Interest-bearing liabilities		127	145	71
Other financial liabilities, including derivatives	8	2,186	1,620	3,198
Tax liabilities		90	71	3
Provisions		254	315	249
Liabilities classified as held for sale		21	16	-
Total current liabilities		4,618	4,230	5,489
Non-current liabilities				
Trade and other payables		344	365	378
Interest-bearing liabilities		6,190	5,734	4,955
Other financial liabilities, including derivatives	8	1,479	1,546	1,100
Tax liabilities		1,052	1,074	1,030
Provisions		549	574	578
Total non-current liabilities		9,614	9,293	8,041
Total liabilities		14,232	13,523	13,530
Net assets		14,792	14,458	14,367
Equity				
Share capital	9	4,391	4,345	4,302
Reserves		(192)	(186)	(246)
Retained earnings		9,188	8,935	9,024
Total parent entity interest		13,387	13,094	13,080
Non-controlling interests		1,405	1,364	1,287
Total equity		14,792	14,458	14,367

The interim statement of financial position should be read in conjunction with the accompanying notes to the interim financial statements.

Origin Energy Limited and Controlled Entities
Interim statement of changes in equity

\$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 2012	4,345	82	(171)	(92)	(5)	8,935	1,364	14,458
Other comprehensive income/(expense)	-	-	(23)	6	-	2	15	-
Profit	-	-	-	-	-	524	37	561
Total comprehensive income/(expense) for the period	-	-	(23)	6	-	526	52	561
Dividends paid (refer note 5)	-	-	-	-	-	(273)	(34)	(307)
Movement in share capital (refer note 9)	46	-	-	-	-	-	23	69
Movement in share-based payments reserve	-	11	-	-	-	-	-	11
Total transactions with owners recorded directly in equity	46	11	-	-	-	(273)	(11)	(227)
Balance as at 31 December 2012	4,391	93	(194)	(86)	(5)	9,188	1,405	14,792
Balance as at 1 July 2011	4,029	61	(239)	(123)	-	8,504	1,284	13,516
Other comprehensive income/(expense)	-	-	15	32	(1)	(8)	(9)	29
Profit	-	-	-	-	-	794	29	823
Total comprehensive income/(expense) for the period	-	-	15	32	(1)	786	20	852
Dividends paid (refer note 5)	-	-	-	-	-	(266)	(34)	(300)
Movement in share capital (refer note 9)	273	-	-	-	-	-	17	290
Movement in share-based payments reserve	-	9	-	-	-	-	-	9
Total transactions with owners recorded directly in equity	273	9	-	-	-	(266)	(17)	(1)
Balance as at 31 December 2011	4,302	70	(224)	(91)	(1)	9,024	1,287	14,367

The interim statement of changes in equity should be read in conjunction with the accompanying notes to the interim financial statements.

Origin Energy Limited and Controlled Entities
Interim statement of cash flows
for the half year ended 31 December

	Note	2012 \$million	2011 \$million
Cash flows from operating activities			
Cash receipts from customers		7,982	7,182
Cash paid to suppliers		(7,116)	(6,413)
Cash generated from operations		<u>866</u>	<u>769</u>
Dividends/distributions received from equity accounted investees		4	2
Income taxes paid		(80)	(13)
Net cash from operating activities		<u>790</u>	<u>758</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(503)	(634)
Acquisition of exploration and development assets		(45)	(57)
Acquisition of other assets		(97)	(50)
Acquisition of businesses, net of cash acquired	10(c)	-	75
Investments in joint ventures/associates		(39)	(33)
Interest received		5	23
Net proceeds from sale of non-current assets		10	5
Repayment of loans to equity accounted investees		(119)	(173)
Net cash used in investing activities		<u>(788)</u>	<u>(844)</u>
Cash flows from financing activities			
Proceeds from borrowings		5,725	4,614
Repayment of borrowings		(5,328)	(4,210)
Interest paid		(223)	(197)
Proceeds from issue of share capital - senior executive option plan	9	9	7
Proceeds from issue of share capital - underwritten dividend reinvestment plan		-	145
Dividends paid by the parent entity		(236)	(145)
Dividends paid to non-controlling interests		(11)	(17)
Net cash (used in)/from financing activities		<u>(64)</u>	<u>197</u>
Net (decrease)/increase in cash and cash equivalents		(62)	111
Cash and cash equivalents at the beginning of the period		357	724
Effect of exchange rate changes on cash		(3)	2
Cash and cash equivalents at the end of the period	10(a)	<u><u>292</u></u>	<u><u>837</u></u>

The interim statement of cash flows should be read in conjunction with the accompanying notes to the interim financial statements.

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

1. Statement of significant accounting policies

Origin Energy Limited (the company) is a company domiciled in Australia. The interim financial statements of the company as at, and for the half year ended 31 December 2012, comprise the company and its controlled entities (together referred to as the consolidated entity) and the consolidated entity's interests in associates and joint ventures.

The interim financial statements were approved by the Board of Directors on 21 February 2013.

The interim financial statements do not include all of the information required for a full annual financial report, and should be read in conjunction with the financial statements of the consolidated entity for the full year ended 30 June 2012.

The financial statements of the consolidated entity as at and for the year ended 30 June 2012 are available upon request from the company's registered office at Level 45, Australia Square, 264 - 278 George Street, Sydney NSW 2000 or at <http://reports.originenergy.com.au>.

(a) Statement of compliance

The interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

(b) Basis of preparation

The interim financial statements are presented in Australian dollars, which is the functional currency of the company and the majority of the controlled entities in the consolidated entity. Unless otherwise stated all reference to '\$' refers to Australian dollars.

The accounting policies applied by the consolidated entity in these interim financial statements are the same as those applied by the consolidated entity in its financial statements for the full year ended 30 June 2012.

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

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

(c) Accounting estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. The basis of estimation for the period and the key areas where estimates have been applied is consistent with the basis described in the financial statements for the full year ended 30 June 2012.

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

2. Segments

(a) Operating segments

The operating segments have been presented on a basis consistent with the information that is provided internally to the Managing Director who is the chief operating decision maker for the consolidated entity. The segments are:

Energy Markets - Australian energy retailing, associated products and services; power generation in Australia; and LPG operations in Australia, the Pacific, Papua New Guinea and Vietnam.

Exploration & Production - Gas and oil exploration and production in Australia, New Zealand and International areas of interest.

Australia Pacific LNG - The consolidated entity's 37.5 per cent investment in Australia Pacific LNG (42.5 per cent at 30 June 2012 and 31 December 2011) include current domestic operations and the Australia Pacific LNG coal seam gas to LNG export project.

Contact Energy - The consolidated entity's investment in its 53.1 per cent owned New Zealand controlled entity (53.0 per cent at 30 June 2012 and 52.8 per cent at 31 December 2011). Contact Energy Limited is involved in energy retailing, associated products and services, and power generation in New Zealand.

Corporate - Corporate activities that are not allocated to other operating segments and business development activities outside of the consolidated entity's existing operations.

The Managing Director receives financial information on the segment result of each operating segment so as to assess the performance of each segment.

Segment result represents underlying earnings before interest and tax (EBIT) for the Energy Markets and Exploration & Production segments. Net financing costs and tax expense/(benefit) are allocated to Australia Pacific LNG, Contact Energy and the Corporate segments in measuring segment result.

The Managing Director also receives a listing of the items excluded from segment result and underlying consolidated profit by segment, and a reconciliation of the statutory consolidated profit to the underlying consolidated profit.

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

2. Segments (continued)

(a) Operating segments (continued)
for the half year ended 31 December

Segment results:

\$million	Energy Markets		Exploration & Production		Australia Pacific LNG ⁽¹⁾		Contact Energy		Corporate		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue												
Total segment revenue	6,137	5,207	372	376	-	-	948	999	-	-	7,457	6,582
Intersegment sales elimination ⁽²⁾	-	-	(78)	(83)	-	-	-	-	-	-	(78)	(83)
Total revenues from external customers	6,137	5,207	294	293	-	-	948	999	-	-	7,379	6,499
Underlying Earnings before interest, tax, depreciation and amortisation (EBITDA) ⁽³⁾	660	820	200	179	19	16	198	182	(22)	(40)	1,055	1,157
Depreciation and amortisation expense	(140)	(119)	(121)	(112)	-	-	(74)	(74)	(1)	-	(336)	(305)
Share of interest, tax, depreciation and amortisation of equity accounted investees	(4)	(4)	-	-	(18)	(13)	-	(1)	1	(2)	(21)	(20)
Underlying Earnings before interest and tax (EBIT)	516	697	79	67	1	3	124	107	(22)	(42)	698	832
Net financing costs					-	-	(32)	(32)	(94)	(52)	(126)	(84)
Income tax expense					-	-	(24)	(19)	(148)	(208)	(172)	(227)
Non-controlling interests							(36)	(31)	(2)	(1)	(38)	(32)
Segment result and underlying consolidated profit	516	697	79	67	1	3	32	25	(266)	(303)	362	489
Items excluded from segment result and underlying consolidated profit for the period (refer note 2(b)):												
(Decrease)/increase in fair value of financial instruments	(119)	57	-	-	-	-	(1)	(8)	1	(4)	(119)	45
Impairment of assets	-	-	-	(198)	-	-	(3)	-	-	-	(3)	(198)
Australia Pacific LNG related items	-	-	-	-	256	457	-	-	-	-	256	457
Other	(67)	(45)	-	-	-	-	(1)	(1)	(5)	-	(73)	(46)
Tax and non-controlling interests on items excluded from segment result					35	(3)	2	5	64	45	101	47
Impact of items excluded from segment result and underlying consolidated profit net of tax	(186)	12	-	(198)	291	454	(3)	(4)	60	41	162	305
Statutory profit attributable to members of the parent entity											524	794

⁽¹⁾ The consolidated entity owns a 37.5 per cent share of Australia Pacific LNG at 31 December 2012 (31 December 2011: 42.5 per cent). Refer to note 7(b) for further details.

⁽²⁾ Intersegment pricing is determined on an arm's length basis. Intersegment sales are eliminated on consolidation. The Exploration & Production segment sells gas and LPG to the Energy Markets segment.

⁽³⁾ Underlying EBITDA includes the consolidated entity's share of underlying EBITDA of equity accounted investees of \$26 million (2011: \$30 million). Refer to note 7(a) for further details.

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

2. Segments (continued)

(a) Operating segments (continued)
as at

Other segment information:	Energy Markets		Exploration & Production		Australia Pacific LNG ⁽¹⁾		Contact Energy		Corporate		Consolidated	
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
\$million												
Assets												
Segment assets	13,276	12,833	3,865	3,617	-	-	5,110	5,072	122	140	22,373	21,662
Investments accounted for using the equity method (refer note 7(a))	73	71	10	5	6,110	5,769	-	-	139	117	6,332	5,962
Cash, interest rate derivatives and current and deferred tax assets					-	-	7	5	312	352	319	357
Total assets	13,349	12,904	3,875	3,622	6,110	5,769	5,117	5,077	573	609	29,024	27,981
Liabilities												
Segment liabilities	(2,589)	(2,384)	(968)	(693)	-	-	(289)	(380)	(222)	(275)	(4,068)	(3,732)
Other financial liabilities, interest bearing liabilities and related derivatives and tax liabilities					(3,741)	(3,648)	(2,106)	(2,064)	(4,317)	(4,079)	(10,164)	(9,791)
Total liabilities	(2,589)	(2,384)	(968)	(693)	(3,741)	(3,648)	(2,395)	(2,444)	(4,539)	(4,354)	(14,232)	(13,523)
Acquisitions of non-current assets (includes capital expenditure)	143	567	337	450	-	-	148	451	30	112	658	1,580

⁽¹⁾ The consolidated entity owns a 37.5 per cent share of Australia Pacific LNG at 31 December 2012 (30 June 2012: 42.5 per cent). Refer to note 7(b) for further details.

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

2. Segments (continued)

**(b) Reconciliation of underlying consolidated profit to statutory profit
for the half year ended 31 December**

\$million	2012				2011			
	Gross	Tax	Non- controlling Interests	Net	Gross	Tax	Non- controlling Interests	Net
Profit attributable to members of the parent entity				524				794
Items excluded from segment result and underlying consolidated profit attributable to members of the parent entity:								
(Decrease)/increase in fair value of financial instruments	(119)	36	-	(83)	45	(14)	3	34
Impairment of assets	(3)	-	1	(2)	(198)	59	-	(139)
Australia Pacific LNG related items	256	35	-	291	457	(3)	-	454
Other	(73)	29	-	(44)	(46)	2	-	(44)
Total of items excluded from segment result and underlying consolidated profit	61	100	1	162	258	44	3	305
Underlying consolidated profit				362				489

Refer to note 2(c) for explanatory notes.

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

2. Segments (continued)

(c) Explanatory notes to the reconciliation of underlying consolidated profit to statutory profit

(Decrease)/increase in fair value of financial instruments

Change in fair value of financial instruments primarily relates to instruments that are effective economic hedges but do not qualify for hedge accounting.

Impairment of assets

In the half year ended 31 December 2012, Contact Energy recorded an impairment of \$3 million (tax expense nil) in recording certain land at recoverable amount, that is currently being marketed for sale.

In the half year ended 31 December 2011, the consolidated entity recorded an impairment of \$198 million in relation to the Ironbark CSG permit area in respect of the realisation of an upfront tax deduction for the permit acquisition.

Australia Pacific LNG related items

\$million	2012		2011	
	Gross	Tax	Gross	Tax
Dilution gain on Australia Pacific LNG investment	358	-	437	-
Financing costs not able to be capitalised	(93)	28	(18)	5
Share of unwinding of discounted receivables within Australia Pacific LNG	8	-	13	-
Share of tax benefit/(expense) on translation of foreign denominated long term tax balances	5	-	(5)	-
Foreign currency (loss)/gain	(22)	7	30	(8)
	256	35	457	(3)

- \$358 million (2011: \$437 million): net gain on dilution of the consolidated entity's investment in Australia Pacific LNG arising on Australia Pacific LNG issuing shares to China Petroleum and Chemical Corporation (Sinopec), resulting in Sinopec holding a further 10 per cent interest (2011: an initial 15 per cent interest) in Australia Pacific LNG and the consolidated entity's interest in Australia Pacific LNG diluting from 42.5 per cent to 37.5 per cent (2011: from 50 per cent to 42.5 per cent);
- \$93 million (2011: \$18 million): net financing costs incurred by the consolidated entity in funding the Australia Pacific LNG project. The interest would otherwise be capitalised if the development project was completed by the consolidated entity, rather than being held via an equity accounted investment;
- \$8 million (2011: \$13 million): the consolidated entity's share of the unwinding of discounted receivables within Australia Pacific LNG, refer note 7(b);
- \$5 million share of tax benefit (2011: \$5 million expense) on translation of foreign denominated long term tax balances recorded in the equity accounted investment in Australia Pacific LNG; and
- \$22 million foreign currency loss (2011: \$30 million gain) incurred by the consolidated entity and Australia Pacific LNG in relation to the funding and development of Australia Pacific LNG.

Other

\$million	2012		2011	
	Gross	Tax	Gross	Tax
Retail business transformation costs, NSW Energy assets transition costs and costs of corporate transactions	(75)	22	(46)	14
Tax benefit/(expense) on translation of foreign denominated long term tax balances	-	7	-	(12)
Gain on land sales in Contact Energy	2	-	-	-
	(73)	29	(46)	2

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

3. Profit

for the half year ended 31 December

	Note	2012 \$million	2011 \$million
(a) Other income			
Net gain on dilution of Origin's interest in equity accounted investees	2(b)	358	437
Net foreign exchange (loss)/gain		(31)	28
Government grants/subsidies		1	1
Other		9	6
Total other income		337	472
(b) Expenses			
Raw materials and consumables used, and changes in finished goods and work in progress		(5,622)	(4,608)
Labour related expenses		(391)	(362)
Exploration expense		(2)	(11)
Depreciation and amortisation expense		(336)	(305)
Impairment of assets	2(b)	(3)	(198)
(Decrease)/increase in fair value of financial instruments	2(b)	(119)	45
Transition and transaction costs	2(b)	(75)	(46)
Other expenses		(336)	(392)
Expenses		(6,884)	(5,877)
(c) Net financing costs			
Interest income			
Other parties		5	23
		<u>5</u>	<u>23</u>
Interest expense			
Other parties		(122)	(92)
Impact of discounting on long term provisions		(9)	(15)
Interest expense related to Australia Pacific LNG funding	2(c)	(93)	(18)
		<u>(224)</u>	<u>(125)</u>
Net financing costs		(219)	(102)
Net financing costs excluding interest expense related to Australia Pacific LNG funding ⁽¹⁾		<u>(126)</u>	<u>(84)</u>
Financing costs capitalised		<u>36</u>	<u>89</u>

⁽¹⁾ Disclosure is provided to enable reconciliation to net financing costs included in the segment analysis in note 2(a).

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

4. Taxation

The current half year tax expense of \$72 million and prior year tax expense of \$183 million resulted in an effective tax rate that was lower than standard rates primarily due to the non-assessable gains arising on dilution of the consolidated entity's interest in the Australia Pacific LNG joint venture recorded in the current half year and a tax benefit (tax expense in the prior half year) arising on the translation of foreign denominated tax balances.

5. Dividends
for the half year ended 31 December

	2012 \$million	2011 \$million
(a) Dividend		
Final dividend of 25 cents per share, fully franked at 30 per cent, paid 27 September 2012 (2011: Final dividend of 25 cents per share, fully franked at 30 per cent, paid 29 September 2011).	273	266

(b) Subsequent event

Since the end of the period, the directors have determined to pay an interim dividend of 25 cents per share, fully franked at 30 per cent, payable 4 April 2013.

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The financial effect of this dividend has not been brought to account in the interim financial statements for the half year ended 31 December 2012 and will be recognised in subsequent financial statements.

6. Other financial assets, including derivatives

as at	31 December 2012 \$million	30 June 2012 \$million	31 December 2011 \$million
Current			
Derivative financial instruments	153	84	181
Available-for-sale financial assets	8	11	16
Environmental scheme certificates	430	268	399
	<u>591</u>	<u>363</u>	<u>596</u>
Non-current			
Derivative financial instruments	431	505	275
Environmental scheme certificates	277	280	423
<i>Available-for-sale financial assets</i>			
Listed shares	2	2	3
Investments held in other corporations	2	2	4
Other available-for-sale financial assets	9	9	15
	<u>13</u>	<u>13</u>	<u>22</u>
	<u>721</u>	<u>798</u>	<u>720</u>

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

7. Investments accounted for using the equity method

(a) Investments summary

for the half year ended 31 December 2012

	Note	Principal activity	Place of incorporation	Reporting date	Ownership interest per cent	Share of EBITDA \$million	Share of interest, tax, depreciation and amortisation \$million	Share of net profit \$million	Equity accounted investment carrying amount \$million
Associates									
BIEP Pty Ltd		Cogeneration	Vic	30 June	50.0	-	-	-	-
BIEP Security Pty Ltd		Cogeneration	Vic	30 June	50.0	-	-	-	-
CUBE Pty Ltd ⁽¹⁾		Cogeneration	SA	30 June	50.0	8	(4)	4	42
Energia Andina S.A. ⁽²⁾		Geothermal activities	Chile	31 Dec	40.0	-	-	-	28
Gas Industry Superannuation Pty Ltd		Superannuation trustee	SA	30 June	50.0	-	-	-	-
Rockgas Timaru Ltd ⁽⁴⁾		LPG distributor	NZ	31 March	50.0	-	-	-	-
						8	(4)	4	70
Joint venture entities									
Australia Pacific LNG Pty Ltd	7(b)	Coal seam gas (CSG)	NSW	30 June	37.5	21	(5)	16	6,110
Bulwer Island Energy Partnership		Cogeneration	Qld	30 June	50.0	2	-	2	31
Energia Austral S.A. ⁽⁵⁾		Hydro development	Chile	31 Dec	24.8 ⁽⁵⁾	-	-	-	51
KUBU Energy Resources (Pty) Limited ⁽⁶⁾		CSG exploration	Botswana	30 June	50.0	(1)	-	(1)	10
OTP Geothermal Pte Ltd ⁽⁷⁾		Geothermal activities	Singapore	31 Dec	50.0	(2)	1	(1)	18
PNG Energy Developments Limited ⁽⁸⁾		Hydro development	PNG	31 Dec	50.0	-	-	-	42
Transform Solar Pty Ltd ⁽⁹⁾		Solar technology	NSW	30 June	50.0	-	-	-	-
						20	(4)	16	6,262
Total						28	(8)	20	6,332
Consolidated entity's share of items recorded in Australia Pacific LNG treated as items excluded from underlying consolidated profit ⁽¹⁰⁾						(2)	(13)	(15)	
Total excluding the consolidated entity's share of items recorded in Australia Pacific LNG treated as items excluded from underlying consolidated profit ⁽¹¹⁾						26	(21)	5	

Refer to page 23 for footnotes.

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

7. Investments accounted for using the equity method (continued)

(a) Investments summary (continued)

for the half year ended 31 December 2011

	Note	Principal activity	Place of incorporation	Reporting date	Ownership interest per cent	Share of EBITDA \$million	Share of interest, tax, depreciation and amortisation \$million	Share of net profit \$million	Equity accounted investment carrying amount \$million
Associates									
BIEP Pty Ltd		Cogeneration	Vic	30 June	50.0	-	-	-	-
BIEP Security Pty Ltd		Cogeneration	Vic	30 June	50.0	-	-	-	-
CUBE Pty Ltd ⁽¹⁾		Cogeneration	SA	30 June	50.0	7	(4)	3	37
Energia Andina S.A. ⁽²⁾		Geothermal activities	Chile	31 Dec	40.0	-	-	-	22
Gas Industry Superannuation Pty Ltd		Superannuation trustee	SA	30 June	50.0	-	-	-	-
Oakey Power Holdings Pty Ltd ⁽³⁾		Electricity generation	NSW	30 June	25.0	3	(1)	2	-
Rockgas Timaru Ltd ⁽⁴⁾		LPG distributor	NZ	31 March	50.0	-	-	-	-
						10	(5)	5	59
Joint venture entities									
Australia Pacific LNG Pty Ltd	7(b)	Coal seam gas (CSG)	NSW	30 June	42.5	11	(4)	7	5,736
Bulwer Island Energy Partnership		Cogeneration	Qld	30 June	50.0	2	-	2	31
KUBU Energy Resources (Pty) Limited ⁽⁶⁾		CSG exploration	Botswana	30 June	50.0	-	-	-	2
OTP Geothermal Pte Ltd ⁽⁷⁾		Geothermal activities	Singapore	31 Dec	50.0	(2)	-	(2)	8
PNG Energy Developments Limited ⁽⁸⁾		Hydro development	PNG	31 Dec	50.0	-	-	-	18
Transform Solar Pty Ltd ⁽⁹⁾		Solar technology	NSW	30 June	50.0	4	(2)	2	134
						15	(6)	9	5,929
Total						25	(11)	14	5,988
Consolidated entity's share of items recorded in Australia Pacific LNG treated as items excluded from underlying consolidated profit ⁽¹⁰⁾						5	(9)	(4)	
Total excluding the consolidated entity's share of items recorded in Australia Pacific LNG treated as items excluded from underlying consolidated profit ⁽¹¹⁾						30	(20)	10	

Refer to page 23 for footnotes

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

7. Investments accounted for using the equity method (continued)

(a) Investments summary (continued)

- (1) Osborne Cogeneration Pty Ltd, a company incorporated in SA, is a wholly-owned controlled entity of CUBE Pty Ltd.*
- (2) Origin Energy Geothermal Chile Limitada acquired 40 per cent of the shares in Energia Andina S.A. in May 2011, forming a joint venture with Antofagasta Minerals S.A.*
- (3) Oakey Power Holdings Pty Ltd was an associate of Contact Energy Limited, a 53.1 per cent owned controlled entity of the consolidated entity. Contact Energy Limited held a 25 per cent interest in Oakey Power Holdings Pty Ltd. Contact exited its investment in Oakey Power Holdings Pty Ltd on 18 January 2012.*
- (4) Rockgas Timaru Ltd is an associate of Contact Energy Limited, a 53.1 per cent owned controlled entity of the consolidated entity. Contact Energy Limited has a 50 per cent interest in Rockgas Timaru Ltd.*
- (5) On 3 April 2012, the consolidated entity acquired a 51 per cent voting interest in Energia Austral SpA through being issued 150,000,000 partly paid ordinary shares in Energia Austral SpA. As at 31 December 2012, the consolidated entity has fully paid US\$47,510,000 of these ordinary shares, giving it an economic interest of 24.8 per cent in Energia Austral SpA. The consolidated entity expects to pay the remaining unpaid shares in accordance with specific development milestones up to a total amount of US\$150 million. The consolidated entity does not control Energia Austral SpA as the Shareholders Agreement provides for joint control between the consolidated entity and Xstrata over the key strategic financial and operating decisions of the entity.*
- (6) Kubu Energy Resources (Pty) Limited is a joint venture established in November 2011 and owned 50 per cent by the consolidated entity and 50 per cent by Sasol Petroleum International (Pty) Limited.*
- (7) OTP Geothermal Pte Ltd is a joint venture owned 50 per cent by the consolidated entity and 50 per cent by Trust Energy Resources Pte Ltd. OTP Geothermal Pte Ltd owns 95 per cent of the Sorik Marapi geothermal concession in Indonesia.*
- (8) The consolidated entity has a 50 per cent interest in PNG Energy Developments Limited, a joint venture focussed on hydro generation development opportunities in Papua New Guinea.*
- (9) Transform Solar Pty Ltd is a joint venture owned 50 per cent by the consolidated entity and 50 per cent by Micron Technology.*
- (10) The consolidated entity's share of items recorded in Australia Pacific LNG treated as items excluded from underlying consolidated profit include the consolidated entity's share of the unwinding of discounted receivables (EBITDA \$Nil, ITDA \$8 million gain); share of tax benefit on foreign denominated long term tax balances (EBITDA \$Nil, ITDA \$5 million gain) and share of foreign currency gain incurred by Australia Pacific LNG in relation to the funding and development of Australia Pacific LNG (EBITDA \$2 million gain, ITDA nil).*
- (11) 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 2(a).*

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

7. Investments accounted for using the equity method (continued)

(b) Investment in Australia Pacific LNG Pty Ltd

The consolidated entity is a party to a joint venture with ConocoPhillips and China Petroleum and Chemical Corporation (Sinopec) to develop a CSG to LNG project through Australia Pacific LNG. From the period of inception of the joint venture in October 2008 up to 9 August 2011, the consolidated entity's interest in the joint venture was 50 per cent. On 9 August 2011, Australia Pacific LNG issued new shares to Sinopec resulting in Sinopec holding a 15 per cent interest in the issued capital of Australia Pacific LNG and on 12 July 2012, further shares were issued to Sinopec resulting in Sinopec's equity holding increasing a further 10 per cent. As a result, the consolidated entity's interest in Australia Pacific LNG is 37.5 per cent at 31 December 2012.

The consolidated entity's interest in the results of Australia Pacific LNG are presented in the operating segment "Australia Pacific LNG" (refer note 2).

A summary of Australia Pacific LNG's financial performance for the periods ended 31 December 2012 and 31 December 2011 including a reconciliation to the segment result disclosed in note 2(a), and the financial position at 31 December 2012, 30 June 2012 and 31 December 2011 follows:

for the half year ended 31 December

	2012	2012	2011	2011
	\$million	\$million	\$million	\$million
	Total	Origin 37.5	Total	Origin 42.5
	APLNG	per cent	APLNG	per cent
	interest ⁽¹⁾	interest ⁽¹⁾	interest ⁽¹⁾	interest ⁽¹⁾
Operating revenue	197		165	
Operating expenses	(147)		(129)	
EBITDA	50	19	36	16
Depreciation and amortisation expense	(60)		(47)	
Net financing income	7		8	
Income tax benefit	5		9	
Segment result for the period	2	1	6	3
Items excluded from segment result:				
Net unwinding of discounted receivables from shareholders	22	8	30	13
Net foreign exchange gain/(loss)	4	2	(8)	(4)
Tax benefit/(expense) on translation of foreign denominated tax balances	14	5	(12)	(5)
Total items excluded from segment result	40	15	10	4
Net profit for the period	42	16	16	7

⁽¹⁾ The consolidated entity's interest in Australia Pacific LNG for the period was 50 per cent from 1 July 2011 until 8 August 2011, 42.5 per cent from 9 August 2011 until 11 July 2012, and 37.5 per cent from 12 July 2012 to 31 December 2012.

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

7. Investments accounted for using the equity method (continued)
(b) Investment in Australia Pacific LNG Pty Ltd (continued)
as at

	31 December 2012 \$million	30 June 2012 \$million	31 December 2011 \$million
Summary statement of financial position of Australia Pacific LNG			
Receivables from shareholders	4,068	2,969	6,435
Other current assets	1,285	765	689
Current assets	5,353	3,734	7,124
Receivables from shareholders	2,005	2,682	1,536
Property, plant and equipment and exploration and evaluation and development assets	12,515	8,656	5,561
Other non-current assets	69	52	50
Non-current assets	14,589	11,390	7,147
Total assets	19,942	15,124	14,271
Current liabilities	1,317	1,258	571
Bank loans - secured	1,995	-	-
Other non-current liabilities	378	320	224
Non-current liabilities	2,373	320	224
Total liabilities	3,690	1,578	795
Net assets	16,252	13,546	13,476
Consolidated entity's interest of 37.5 per cent at 31 December 2012 (30 June 2012 and 31 December 2011: 42.5 per cent)	6,094	5,757	5,727
Consolidated entity's own costs	16	12	9
	6,110	5,769	5,736

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

8. Other financial liabilities, including derivatives as at

	31 December 2012 \$million	30 June 2012 \$million	31 December 2011 \$million
Current			
Derivative financial instruments	179	193	203
Loan from Australia Pacific LNG joint venture entity	1,525	1,262	2,735
Environmental scheme surrender obligations	470	160	256
Other financial liabilities	12	5	4
	<u>2,186</u>	<u>1,620</u>	<u>3,198</u>
Non-current			
Derivative financial instruments	715	399	432
Loan from Australia Pacific LNG joint venture entity	764	1,147	668
	<u>1,479</u>	<u>1,546</u>	<u>1,100</u>

9. Share capital

	6 months to 31 December 2012 \$million	12 months to 30 June 2012 \$million	6 months to 31 December 2011 \$million
Issued and paid-up capital			
1,094,029,776 (June 2012: 1,089,564,638; December 2011: 1,086,164,479) ordinary shares, fully paid	4,391	4,345	4,302
Ordinary share capital at the beginning of the period	4,345	4,029	4,029
Shares issued:			
• 3,189,759 (June 2012: 23,664,131; December 2011: 20,588,654) shares in accordance with the Dividend Reinvestment Plan ⁽¹⁾	37	306	266
• 1,275,379 (June 2012: 1,393,248; December 2011: 1,068,566) shares in accordance with the Long Term Incentive Plan	9	10	7
Total movements in ordinary share capital	<u>46</u>	<u>316</u>	<u>273</u>
Ordinary share capital at the end of the period	<u>4,391</u>	<u>4,345</u>	<u>4,302</u>

⁽¹⁾ The 31 December 2011 shares issued in accordance with the Dividend Reinvestment Plan includes \$121 million issued to existing shareholders.

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 company, ordinary shareholders rank after creditors, and are fully entitled to any proceeds of liquidation.

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

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

10. Notes to the interim statement of cash flows for the half year ended 31 December

	2012	2011
	\$million	\$million
<hr/>		
(a) Reconciliation of cash and cash equivalents		
Cash includes cash on hand, at bank and short-term deposits, net of outstanding bank overdrafts.		
Cash as at the end of the period as shown in the interim statement of cash flows is reconciled to the related items in the interim statement of financial position as follows:		
Cash and cash equivalents	292	837
	<hr/> <hr/>	<hr/> <hr/>

(b) Non-cash financing and investing activities

The following non-cash financing and investing activities have not been included in the interim statement of cash flows:

Issue of shares in respect of the Dividend Reinvestment Plan	37	121
	<hr/> <hr/>	<hr/> <hr/>

(c) Business combinations

2012

There were no business combinations during the half year ending 31 December 2012.

2011

There were no business combinations during the half year ended 31 December 2011. During the period the consolidated entity received a working capital settlement amount of \$75 million in respect of the acquisition of the retail businesses of Integral Energy and Country Energy.

The acquisition accounting for the acquisition of the NSW Government energy assets is now completed and has resulted in an adjustment to the December 2011 interim statement of financial position. The changes were to goodwill and deferred tax liability for \$260 million.

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

11. Contingent liabilities and assets

Details of contingent liabilities where the probability of future payments is not considered remote are set out below. Provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. Details of contingent liabilities and contingent assets, which the directors consider should be disclosed, have also been included.

as at	31 December 2012 \$million	30 June 2012 \$million
Bank guarantees - unsecured	311	352
Letters of credit - unsecured	19	19
	330	371

The bank guarantees and letters of credit disclosed have primarily been provided by the consolidated entity in favour of the Australian Electricity Market Operator Limited to support its obligations to purchase electricity from the National Electricity Market.

The consolidated entity has provided guarantees for certain contractual commitments of its joint ventures. The consolidated entity has disclosed its share of these contractual commitments in note 12.

At 31 December 2012, the consolidated entity holds a 37.5 per cent interest in Australia Pacific LNG and currently the consolidated entity provides parent company guarantees in excess of its 37.5 per cent shareholding in relation to certain contractual commitments relating to Australia Pacific LNG. A process is in progress amongst ConocoPhillips, Sinopec, Australian Pacific LNG and the consolidated entity to amend those guarantees where the parties have agreed to reflect each shareholder's revised share of the guarantee following Sinopec increasing its shareholding in Australia Pacific LNG.

Australia Pacific LNG (an equity accounted joint venture of the consolidated entity) has secured US\$8.5 billion through a project finance facility. At 31 December 2012, Australia Pacific LNG has drawn down US\$2.3 billion under the project finance facility covering capital expenditure and fees. The consolidated entity guarantees its proportionate share of amounts drawn down under the facility during the construction phase of the project (37.5 per cent share at 31 December 2012 being US\$0.8 billion).

The consolidated entity has given to its bankers letters of responsibility in respect of accommodation provided from time to time by the banks to Origin Energy Limited's wholly or partly-owned controlled entities.

Warranties and indemnities have been given by entities in the consolidated entity in relation to environmental liabilities for certain properties as part of the terms and conditions of divestments.

A number of sites within or previously owned/operated by the consolidated entity have been identified as contaminated. These properties are subject to ongoing environmental management programs to ensure appropriate controls are in place and clean-up requirements are implemented. The contaminating activities ceased in the 1970's when manufactured gas was replaced with natural gas from oil and gas fields. For sites where the requirements can be assessed and costs estimated, the estimated cost of remediation has been expensed or provided for.

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

11. Contingent liabilities and assets (continued)

Certain entities within the consolidated entity are subject to various lawsuits and claims as well as audits and reviews by government or regulatory bodies. Any liabilities arising from such lawsuits and claims, or potential claims arising from audits or reviews, are not expected to have a material adverse effect on the interim financial statements.

The consolidated entity, as a participant in certain joint ventures, is liable for a share of all liabilities incurred by these joint ventures in proportion to its equity interest in them. In some circumstances, the consolidated entity may incur more than its proportionate share of such liabilities, but will have the right to recover the excess liability from the other joint venture participants.

The consolidated entity is party to deferred contingent consideration payments relating to past business combinations contingent on future events and performance related triggers. Current assessment of these triggers and future events indicates that any payment is considered remote.

The consolidated entity has outstanding claims in respect of availability liquidated damages including those arising from the fires at the Eraring Power Station in October 2011 and March 2012. The consolidated entity has not recorded an asset in respect of these matters as the claims are currently in progress.

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

12. Commitments

as at	31 December 2012 \$million	30 June 2012 \$million
Capital expenditure commitments ⁽¹⁾		
Contracted but not provided for and payable:		
Not later than one year	215	229
Later than one year but not later than five years	283	281
Later than five years	570	589
	1,068	1,099
Joint venture commitments ⁽²⁾		
Share of exploration, development and capital expenditure commitments not provided for and payable:		
Not later than one year	2,935	2,841
Later than one year but not later than five years	1,395	2,868
Later than five years	5	6
	4,335	5,715
Other GenTrader commitments ⁽¹⁾		
Contracted but not provided for and payable:		
Not later than one year	114	113
Later than one year but not later than five years	455	452
Later than five years	1,660	1,743
	2,229	2,308

⁽¹⁾ Included in the Capital expenditure and Other GenTrader commitments above are fixed charges to be paid in respect of the GenTrader arrangements over the Eraring and Shoalhaven power stations entered as part of the NSW energy asset transaction in 2011.

⁽²⁾ Included in the joint venture commitments above is an amount of \$3,956 million (30 June 2012: \$5,251 million) relating to the consolidated entity's 37.5 per cent (30 June 2012: 42.5 per cent) share of Australia Pacific LNG's commitments. The consolidated entity has recorded a \$2,289 million (30 June 2012: \$2,409 million) loan payable to Australia Pacific LNG (refer note 8) which may be called upon by Australia Pacific LNG to fund its commitments.

13. Changes in controlled entities

No entities were acquired during the half year ended 31 December 2012 or the comparative half year ended 31 December 2011.

The following entity was incorporated/registered during the period:

Origin Energy Insurance Singapore Pte Ltd

No entities were incorporated/registered during the half year ended 31 December 2011.

The following entities ceased to be controlled and were sold during the period:

Yass Valley Wind Farm Pty Ltd

Conroy's Gap Wind Farm Pty Ltd

No entities were deregistered during the half year ended 31 December 2012.

No entities were sold or deregistered during the comparative half year ended 31 December 2011.

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

14. Earnings per share
for the half year ended 31 December

	2012	2011
Earnings per share based on statutory profit		
Basic earnings per share	48.0 cents	73.8 cents
Diluted earnings per share	47.9 cents	73.7 cents
Earnings per share based on underlying consolidated profit		
Underlying basic earnings per share	33.2 cents	45.5 cents
Underlying diluted earnings per share	33.1 cents	45.4 cents
Weighted average number of shares used as the denominator		
	2012	2011
	Number	Number
Number of ordinary shares for basic earnings per share calculation	1,091,796,234	1,075,593,162
Effect of executive share options, performance share rights and deferred share rights on issue	2,637,868	2,123,242
Number of ordinary shares for diluted earnings per share calculation	<u>1,094,434,102</u>	<u>1,077,716,404</u>
Reconciliation of earnings used in calculating basic and diluted earnings per share based on statutory profit		
	2012	2011
	\$million	\$million
Profit for the period	561	823
Less: Profit attributable to non-controlling interests	(37)	(29)
Earnings used in calculating earnings per share	<u>524</u>	<u>794</u>

Refer to note 2(b) for a reconciliation of underlying consolidated profit used in calculating earnings per share based on underlying consolidated profit.

Origin Energy Limited and Controlled Entities

Notes to the interim financial statements

15. Subsequent events

Dividends

Refer to note 5 for dividends determined subsequent to 31 December 2012.

Australia Pacific LNG - CSG to LNG project update

On 21 February 2013 Australia Pacific LNG announced a 7 per cent increase in the expected cost of the CSG to LNG project following the completion of a comprehensive schedule and cost review, increasing the total expected project cost from \$23 billion to \$24.7 billion. The increase in cost reflects increased certainty around well and gathering locations for gas for Train 2, enabling more accurate cost estimates, changes to CSG water management scope to align with revised government policy, cost increases for third party LNG projects in which Australia Pacific LNG has an interest, and an increased allowance for project contingency.

It was also announced that Train 1 is on track to be completed on, or ahead of schedule, with the first LNG cargo expected in mid 2015. Train 2 is expected to be completed at least three months earlier than the FID schedule, and start up is now expected in the fourth quarter of calendar 2015.

Based on project costs of \$24.7 billion and other forecast expenditures and revenues for Australia Pacific LNG, the consolidated entity expects its funding requirement for Australia Pacific LNG to peak at \$4.4 billion (to be made partially via loan repayments).

The consolidated entity's current committed undrawn facilities, together with operating cash flow, provide sufficient liquidity to cover its Australia Pacific LNG funding commitment and the requirements of the consolidated entity's existing businesses, without the need for refinancing until the 2015 financial year.

Other than the matters described above, no other item, transaction or event of a material nature have arisen since 31 December 2012 that would significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial periods.

Directors' Declaration

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

- 1 The interim 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 consolidated entity as at 31 December 2012 and of its performance, for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other applicable accounting standards and the *Corporations Regulations 2001* (Cth).
- 2 There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Kevin McCann', with a long horizontal line extending to the right.

Kevin McCann, Chairman
Director

Sydney, 21 February 2013



Independent auditor's review report to the members of Origin Energy Limited

We have reviewed the accompanying interim financial report of Origin Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2012, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Origin Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

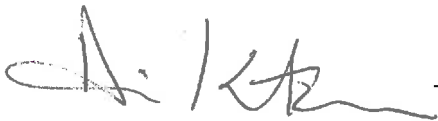
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Origin Energy Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Alison Kitchen
Partner

Sydney

21 February 2013