Origin Energy Limited and its Controlled Entities

Appendix 4D
31 December 2013

Origin Energy Limited and its Controlled Entities

Appendix 4D
Results for announcement to the market
31 December 2013

				31 December 2013 $million	31 December 2012 $million
Revenue	down	3%	to	7,238	7,450
Net profit for the period attributable to members of the parent entity	down	39%	to	322	524
Basic earnings per share	down	39%	to	29.3¢	48.0¢
Diluted earnings per share	down	39%	to	29.1¢	47.9¢
				31 December 2013 $	**30 June 2013 $**
Net tangible asset backing per ordinary security	up	3%	to	$6.75	$6.53

Dividends	Amount per security	Franked amount per security at 30 per cent tax
Interim dividend determined subsequent to 31 December 2013	25 cents	nil
Previous corresponding period (31 December 2012)	25 cents	25 cents
Record date for determining entitlements to the dividend	3 March 2014	
Dividend payment date	4 April 2014	

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 Operating and Financial Review for explanations.

Discussion and Analysis of the results for the half year ended 31 December 2013.
Refer to the attached Directors' Report and Operating and Financial Review for commentary.

Origin Energy Limited and its Controlled Entities

Interim Financial Statements
31 December 2013

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

	Note	2013 $million	2012 $million
Revenue		7,238	7,450
Other income	3(a)	388	368
Expenses	3(b)	(7,009)	(6,984)
Share of results of equity accounted investees	7(b)	(3)	18
Interest income	3(c)	11	5
Interest expense	3(c)	(272)	(224)
Profit before income tax		**353**	**633**
Income tax benefit/(expense)	4	19	(72)
Profit for the period		**372**	**561**
Profit for the period attributable to:			
Members of the parent entity		322	524
Non-controlling interests		50	37
Profit for the period		**372**	**561**
Earnings per share			
Basic earnings per share	16	29.3 cents	48.0 cents
Diluted earnings per share	16	29.1 cents	47.9 cents

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

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

	2013 $million	2012 $million
Profit for the period	**372**	**561**
Other comprehensive income		
Items that will not be reclassified to the income statement		
Actuarial gain on defined benefit superannuation plan	6	2
Items that may be reclassified to the income statement		
Foreign currency translation differences for foreign operations	356	(21)
Available for sale assets		
Valuation gain taken to equity	3	-
Cash flow hedges		
Losses transferred to income statement	4	17
Transferred to carrying amount of assets	(1)	1
Valuation loss taken to equity	(18)	(10)
Net gain/(loss) on hedge of net investment in foreign operations	(53)	11
Total items that may be reclassified to the income statement	291	(2)
Total other comprehensive income for the period, net of tax	**297**	**-**
Total comprehensive income for the period	**669**	**561**
Total comprehensive income attributable to:		
Items that will not be reclassified to the income statement		
Members of the parent entity	6	2
Non-controlling interests	-	-
	6	2
Items that may be reclassified to the income statement		
Members of the parent entity	477	507
Non-controlling interests	186	52
	663	559
Total comprehensive income for the period	**669**	**561**

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

Origin Energy Limited and its Controlled Entities
Interim statement of financial position
as at

	Note	31 December 2013 $million	30 June 2013 $million
Current assets			
Cash and cash equivalents		640	308
Trade and other receivables		2,382	2,711
Inventories		298	231
Other financial assets, including derivatives	6	460	420
Income tax receivable		56	174
Assets classified as held for sale		4	35
Other assets		198	64
Total current assets		**4,038**	**3,943**
Non-current assets			
Trade and other receivables		32	41
Inventories		106	78
Other financial assets, including derivatives	6	944	781
Investments accounted for using the equity method	7(b)	6,356	6,400
Property, plant and equipment		11,800	11,297
Exploration and evaluation assets		961	864
Intangible assets		6,117	6,117
Other assets		48	43
Total non-current assets		**26,364**	**25,621**
Total assets		**30,402**	**29,564**
Current liabilities			
Trade and other payables		2,205	2,097
Interest-bearing liabilities		789	741
Other financial liabilities, including derivatives	8	1,206	2,324
Provision for income tax		16	21
Employee benefits		193	186
Provisions		76	67
Liabilities classified as held for sale		-	17
Total current liabilities		**4,485**	**5,453**
Non-current liabilities			
Trade and other payables		340	336
Interest-bearing liabilities		7,994	6,375
Other financial liabilities, including derivatives	8	1,018	934
Deferred tax liabilities		824	1,136
Employee benefits		55	30
Provisions		485	506
Total non-current liabilities		**10,716**	**9,317**
Total liabilities		**15,201**	**14,770**
Net assets		**15,201**	**14,794**
Equity			
Share capital	9	4,485	4,441
Reserves		243	73
Retained earnings		8,822	8,769
Total parent entity interest		**13,550**	**13,283**
Non-controlling interests		1,651	1,511
Total equity		**15,201**	**14,794**

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

Origin Energy Limited and its 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 2013	**4,441**	**106**	**(10)**	**(19)**	**(4)**	**8,769**	**1,511**	**14,794**
Other comprehensive income/(expense)	-	-	166	(14)	3	6	136	297
Profit	-	-	-	-	-	322	50	372
Total comprehensive income/(expense) for the period	**-**	**-**	**166**	**(14)**	**3**	**328**	**186**	**669**
Dividends paid (refer note 5)	-	-	-	-	-	(275)	(46)	(321)
Movement in share capital (refer note 9)	44	-	-	-	-	-	-	44
Movement in share-based payments reserve	-	15	-	-	-	-	-	15
Total transactions with owners recorded directly in equity	**44**	**15**	**-**	**-**	**-**	**(275)**	**(46)**	**(262)**
Balance as at 31 December 2013	**4,485**	**121**	**156**	**(33)**	**(1)**	**8,822**	**1,651**	**15,201**
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	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**

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 its Controlled Entities
Interim statement of cash flows
for the half year ended 31 December

	Note	2013 $million	2012 $million
Cash flows from operating activities			
Cash receipts from customers		8,394	8,277
Cash paid to suppliers		(7,236)	(7,409)
Cash generated from operations		1,158	868
Dividends/distributions received from equity accounted investees		-	4
Income taxes paid		(76)	(80)
Net cash from operating activities		**1,082**	**792**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(231)	(503)
Acquisition of exploration and development assets		(56)	(45)
Acquisition of other assets		(86)	(97)
Acquisition of businesses, net of cash acquired	11	(25)	-
Payment received on settling pre-existing arrangements with acquired Eraring Energy entity	11	300	-
Investments in joint ventures/associates		(15)	(39)
Interest received		9	5
Net proceeds from sale of non-current assets		87	10
Repayment of loans to equity accounted investees		(1,437)	(119)
Net cash used in investing activities		**(1,454)**	**(788)**
Cash flows from financing activities			
Proceeds from borrowings		7,813	5,725
Repayment of borrowings		(6,587)	(5,328)
Interest paid		(254)	(223)
Proceeds from issue of share capital - senior executive option plan	9	-	9
Dividends paid by the parent entity		(231)	(236)
Dividends paid to non-controlling interests		(46)	(11)
Net cash from/(used in) financing activities		**695**	**(64)**
Net increase/(decrease) in cash and cash equivalents		**323**	**(60)**
Cash and cash equivalents at the beginning of the period		**308**	**359**
Effect of exchange rate changes on cash		9	(3)
Cash and cash equivalents at the end of the period		**640**	**296**

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

Origin Energy Limited and its 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 2013, comprise the company and its controlled entities (together referred to as the consolidated entity) and the consolidated entity's interests in associates and joint arrangements.

The interim financial statements were approved by the Board of Directors on 19 February 2014.

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 2013.

The financial statements of the consolidated entity as at and for the year ended 30 June 2013 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 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 interim financial statements have been rounded off to the nearest million dollars, unless otherwise stated.

Except as described below in note 1(d), 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 2013.

Certain comparative amounts have been reclassified to conform to the current period'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 2013.

1. Statement of significant accounting policies (continued)
(d) Changes in accounting policies

The consolidated entity has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

AASB 10 *Consolidated Financial Statements*
AASB 11 *Joint Arrangements*
AASB 13 *Fair Value Measurement*
AASB 119 *Employee Benefits*
AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

Except as noted below, there is no material impact in the current and comparative period.

(i) Joint Arrangements
Under AASB 11, the consolidated entity classifies its interests in joint arrangements as either joint operations or joint ventures depending on the consolidated entity's rights to the assets and obligations for the liabilities of the arrangements.

The consolidated entity reviewed its joint arrangements on adoption of the change to AASB 11 and reclassified the investment in Bulwer Island Energy Partnership (BIEP) from a joint venture to joint operation. The consolidated entity now recognises its share of assets, liabilities, revenue and expenses and comparative information has been re-presented in conformity with the requirements of AASB 11.

(ii) Fair value measurement
AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments: Disclosures* .

In accordance with the transitional provisions of AASB 13, the consolidated entity has applied the new fair value measurement guidance prospectively. The financial impact of the change in accounting policy is outlined in note 14.

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.

LNG - The consolidated entity's 37.5 per cent investment in Australia Pacific LNG includes current domestic operations, the Australia Pacific LNG coal seam gas to LNG export project as well as the consolidated entity's LNG Upstream Operator activities.

Contact Energy - The consolidated entity's investment in its 53.1 per cent owned New Zealand controlled entity (53.1 per cent at 30 June 2013 and 31 December 2012). 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 the 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.

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

Segment results:	Energy Markets		Exploration & Production		LNG [1]		Contact Energy		Corporate		Consolidated	
$million	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Revenue												
Total segment revenue	5,850	6,208	525	372	-	-	1,007	948	-	-	7,382	7,528
Intersegment sales elimination [2]	-	-	(140)	(78)	-	-	(4)	-	-	-	(144)	(78)
Total revenues from external customers	**5,850**	**6,208**	**385**	**294**	**-**	**-**	**1,003**	**948**	**-**	**-**	**7,238**	**7,450**
Underlying Earnings before interest, tax, depreciation and amortisation (EBITDA) [3]	**505**	**660**	**302**	**192**	**35**	**27**	**232**	**198**	**8**	**(22)**	**1,082**	**1,055**
Depreciation and amortisation expense	(133)	(140)	(140)	(113)	(8)	(8)	(82)	(74)	-	(1)	(363)	(336)
Share of interest, tax, depreciation and amortisation of equity accounted investees	-	(4)	-	-	(25)	(18)	-	-	-	1	(25)	(21)
Underlying Earnings before interest and tax (EBIT)	**372**	**516**	**162**	**79**	**2**	**1**	**150**	**124**	**8**	**(22)**	**694**	**698**
Net financing costs					-	-	(40)	(32)	(68)	(94)	(108)	(126)
Income tax expense					-	-	(31)	(24)	(130)	(148)	(161)	(172)
Non-controlling interests							(42)	(36)	(2)	(2)	(44)	(38)
Segment result and underlying consolidated profit	**372**	**516**	**162**	**79**	**2**	**1**	**37**	**32**	**(192)**	**(266)**	**381**	**362**
Items excluded from segment result and underlying consolidated profit for the period (refer note 2(b)):												
(Decrease)/increase in fair value of financial instruments	(120)	(119)	(106)	-	85	(4)	14	(1)	(7)	1	(134)	(123)
Impairment of assets	-	-	-	-	-	-	(2)	(3)	(51)	-	(53)	(3)
LNG related items	-	-	-	-	(355)	260	-	-	-	-	(355)	260
Other	297	(67)	12	-	-	-	7	(1)	(7)	(5)	309	(73)
Tax and non-controlling interests on items excluded from segment result					80	35	(12)	2	106	64	174	101
Impact of items excluded from segment result and underlying consolidated profit net of tax	**177**	**(186)**	**(94)**	**-**	**(190)**	**291**	**7**	**(3)**	**41**	**60**	**(59)**	**162**
Statutory profit attributable to members of the parent entity											**322**	**524**

(1) The LNG segment now includes the consolidated entity's LNG Upstream Operator activities which were previously reported in the Exploration & Production segment. The prior period has been restated on the same basis. Costs incurred and recoveries received in relation to the consolidated entity's role as LNG Upstream Operator are recharged to APLNG in accordance with the Shareholders Agreement. Costs incurred and related recoveries are allocated to the LNG and Corporate segments consistent with the segment which incurred the underlying expenses. Given the nature of the recovery mechanism costs may be incurred in periods different to when recoveries are received from APLNG.

(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 and LPG to Contact Energy. Contact Energy sells electricity to the Exploration and Production segment.

(3) Underlying EBITDA includes the consolidated entity's share of underlying EBITDA of equity accounted investees of $26 million (2012: $24 million). Refer to note 7(b) for further details.

2. Segments (continued)

(a) Operating segments (continued)

Other segment information:	Energy Markets		Exploration & Production		LNG		Contact Energy		Corporate		Consolidated	
as at $million	31 December 2013	30 June 2013	31 December 2013	30 June 2013	31 December 2013	30 June 2013	31 December 2013	30 June 2013	31 December 2013	30 June 2013	31 December 2013	30 June 2013
Assets												
Segment assets	12,745	12,870	4,020	3,964	133	119	5,925	5,460	153	114	22,976	22,527
Investments accounted for using the equity method (refer note 7(b))	-	44	11	11	6,200	6,174	-	-	145	171	6,356	6,400
Cash, interest rate derivatives and current and deferred tax assets	-	-	-	-	-	-	178	68	892	569	1,070	637
Total assets	**12,745**	**12,914**	**4,031**	**3,975**	**6,333**	**6,293**	**6,103**	**5,528**	**1,190**	**854**	**30,402**	**29,564**
Liabilities												
Segment liabilities	(2,722)	(2,481)	(1,119)	(1,027)	(268)	(123)	(355)	(332)	(341)	(296)	(4,805)	(4,259)
Other financial liabilities, interest bearing liabilities and related derivatives and tax liabilities	-	-	-	-	(4,001)	(3,849)	(2,546)	(2,266)	(3,849)	(4,396)	(10,396)	(10,511)
Total liabilities	**(2,722)**	**(2,481)**	**(1,119)**	**(1,027)**	**(4,269)**	**(3,972)**	**(2,901)**	**(2,598)**	**(4,190)**	**(4,692)**	**(15,201)**	**(14,770)**
Acquisitions of non-current assets (includes capital expenditure)	368	195	224	514	-	-	100	263	30	60	722	1,032

2. Segments (continued)

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

$million	2013				2012			
	Gross	Tax	Non-controlling Interests	Net	Gross	Tax	Non-controlling Interests	Net
Profit attributable to members of the parent entity				**322**				**524**
Items excluded from segment result and underlying consolidated profit attributable to members of the parent entity:								
Decrease in fair value of financial instruments	(134)	40	(5)	(99)	(123)	37	-	(86)
Impairment of assets	(53)	-	1	(52)	(3)	-	1	(2)
LNG related items	(355)	105	-	(250)	260	34	-	294
Other	309	35	(2)	342	(73)	29	-	(44)
Total of items excluded from segment result and underlying consolidated profit	**(233)**	**180**	**(6)**	**(59)**	**61**	**100**	**1**	**162**
Underlying consolidated profit				**381**				**362**

Refer to note 2(c) for explanatory notes.

2. Segments (continued)

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

Decrease 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 2013, the consolidated entity recorded an impairment of $53 million following a review of the Purari Hydrogeneration project in Papua New Guinea ($51 million, tax expense nil; 2012: $3 million, tax expense nil) and Contact Energy ($2 million, tax expense nil) in recording certain land at its recoverable amount.

In the half year ended 31 December 2012, Contact Energy recorded an impairment of $3 million (tax expense nil) in recording certain land at its recoverable amount.

LNG related items

	2013		2012	
$million	**Gross**	**Tax**	**Gross**	**Tax**
Financing costs not able to be capitalised [(1)]	(153)	46	(93)	28
Share of unwinding of discounted receivables within Australia Pacific LNG (refer to note 7(b))	5	-	8	-
Share of tax (expense)/benefit on translation of foreign denominated long term tax balances	(7)	-	5	-
Foreign currency loss [(2)]	(200)	59	(18)	6
Dilution gain on Australia Pacific LNG investment	-	-	358	-
	(355)	**105**	**260**	**34**

[(1)] $153 million (2012: $93 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;

[(2)] $200 million foreign currency loss (2012: $18 million loss) incurred by the consolidated entity and Australia Pacific LNG predominantly in relation to the funding of Australia Pacific LNG.

Other

	2013		2012	
$million	**Gross**	**Tax**	**Gross**	**Tax**
Retail business transformation costs, NSW Energy assets transition costs [(1)]	(62)	19	(70)	21
Corporate transaction costs	(8)	2	(5)	1
Tax benefit on translation of foreign denominated long term tax balances	-	8	-	7
Gain on disposal of TAWN and Contact assets	22	(7)	2	-
Net gain on settlement of GenTrader arrangements (refer note 11)	357	(90)	-	-
Tax benefit on unbilled income (refer note 4)	-	103	-	-
	309	**35**	**(73)**	**29**

[(1)] Retail business transformation and NSW Energy assets transition costs of $62 million relate to the Retail transformation project ($19 million) and transition costs ($43 million) integrating the acquired NSW Government Energy Retail and Eraring generation businesses.

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

3. Profit
for the half year ended 31 December

	Note	2013 $million	2012 $million
(a) Other income			
Net gain on dilution of the consolidated entity's interest in equity accounted investees	2(c)	-	358
Net gain on sale of other assets		26	5
Net gain on settlement of GenTrader arrangements	2(c)	357	-
Other income		5	5
Total other income		**388**	**368**
(b) Expenses			
Raw materials and consumables used, and changes in finished goods and work in progress		(5,415)	(5,684)
Labour related expenses		(408)	(392)
Exploration benefit/(expense)		7	(2)
Depreciation and amortisation expense		(363)	(336)
Impairment of assets	2(b)	(53)	(3)
Decrease in fair value of financial instruments	2(b)	(134)	(123)
Net foreign exchange loss		(197)	(27)
Other expenses		(446)	(417)
Expenses		**(7,009)**	**(6,984)**
(c) Net financing costs			
Interest income			
Other parties		11	5
		11	5
Interest expense			
Other parties		(109)	(122)
Impact of discounting on long term provisions		(10)	(9)
Interest expense related to Australia Pacific LNG funding	2(c)	(153)	(93)
		(272)	(224)
Net financing costs		**(261)**	**(219)**
Net financing costs excluding interest expense related to Australia Pacific LNG funding [1]		(108)	(126)
Financing costs capitalised		48	36

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

4. Taxation

The current half year tax benefit of $19 million and prior period tax expense of $72 million resulted in an effective statutory tax rate benefit of 5 per cent (2012: 11 per cent expense) compared to the standard rate of 30 per cent. In the current half year this was primarily due to the change in tax treatment for unbilled revenue and in the prior half year there were non-assessable gains arising on dilution of the consolidated entity's interest in the Australia Pacific LNG joint venture.

During the current half year the consolidated entity and the Australian Taxation Office agreed to a revised approach for assessing unbilled revenue whereby the income tax treatment is now consistent with the accrual method used for accounting. As a result, a previously recorded deferred tax liability has been reversed resulting in an income tax benefit of $103 million recorded as an item excluded from underlying profit.

5. Dividends paid
for the half year ended 31 December

	2013 $million	2012 $million
Final dividend of 25 cents per share, unfranked, paid 27 September 2013 (2012: Final dividend of 25 cents per share, fully franked at 30 per cent, paid 27 September 2012).	275	273

6. Other financial assets, including derivatives
as at

	31 December 2013 $million	30 June 2013 $million
Current		
Derivative financial instruments	125	127
Environmental scheme certificates	259	237
Available-for-sale financial assets	76	55
Other financial assets	-	1
	460	420
Non-current		
Derivative financial instruments	757	592
Environmental scheme certificates	174	176
Available-for-sale financial assets	13	13
	944	781

7. Investments accounted for using the equity method

(a) Investments summary
for the half year ended 31 December

	Reporting date	2013	2012
		Ownership interest (%)	
Joint venture entities			
Australia Pacific LNG Pty Ltd [1]	30 Jun	37.5	37.5
Energia Andina S.A.	31 Dec	40.0	40.0
Energia Austral SpA	31 Dec	29.6	24.8
Gas Industry Superannuation Pty Ltd	30 Jun	50.0	50.0
KUBU Energy Resources (Pty) Limited	30 Jun	50.0	50.0
OTP Geothermal Pte Ltd	31 Dec	50.0	50.0
PNG Energy Developments Limited [2]	31 Dec	50.0	50.0
Rockgas Timaru Ltd	31 Mar	50.0	50.0
Transform Solar Pty Ltd	30 Jun	50.0	50.0
Venn Energy Trading Pte Limited	31 Mar	50.0	-

Due to a change in operations effective from 1 July 2013, the consolidated entity's 50% interest in CUBE Pty Ltd became a joint operation, consequently, the entity is no longer equity accounted. The consolidated entity has recognised its share of assets, liabilities, revenues and expenses of the joint operation from this date.

[1] *The consolidated entity's interest in Australia Pacific LNG was 42.5 per cent up to 11 July 2012, and 37.5 per cent from 12 July 2012.*

[2] *PNG EDL was impaired during the period refer to note 2(b).*

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

(b) Results of equity accounted investees

as at

$million	**31 December 2013**				**31 December 2012**			**30 June 2013**
	Share of EBITDA	Share of interest, tax, depreciation and amortisation (ITDA)	Share of net profit	Equity accounted investment carrying amount	Share of EBITDA	Share of interest, tax, depreciation and amortisation (ITDA)	Share of net profit	Equity accounted investment carrying amount
Australia Pacific LNG joint venture	25	(27)	(2)	6,200	21	(5)	16	6,174
Other joint venture entities	(1)	-	(1)	156	5	(3)	2	226
Total	**24**	**(27)**	**(3)**	**6,356**	**26**	**(8)**	**18**	**6,400**
Consolidated entity's share of items recorded in Australia Pacific LNG treated as items excluded from underlying consolidated profit [1]	2	2	4		(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 [2]	**26**	**(25)**	**1**		**24**	**(21)**	**3**	

[1] *The consolidated entity's share of items recorded in Australia Pacific LNG treated as items excluded from underlying consolidated profit is detailed in this note 7(b).*

[2] *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).*

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

(b) Investment in Australia Pacific LNG Pty Ltd

The consolidated entity's interest in the results of Australia Pacific LNG are included in the operating segment "LNG" (refer note 2), along with the consolidated entity's LNG Upstream Operator activities.

A summary of Australia Pacific LNG's financial performance for the periods ended 31 December 2013 and 31 December 2012, and its financial position as at 31 December 2013 and 30 June 2013 follows:

for the half year ended 31 December

	2013	2013	2012	2012
	$million	$million	$million	$million
	Total APLNG	Origin interest	Total APLNG	Origin interest [1]
Operating revenue	237		197	
Operating expenses	(164)		(147)	
EBITDA	**73**	**27**	**50**	**19**
Depreciation and amortisation expense	(63)		(60)	
Interest income	3		12	
Interest expense	(6)		(5)	
Income tax (expense)/benefit	(1)		5	
Segment result for the period	**6**	**2**	**2**	**1**
Items excluded from segment result:				
Net unwinding of discounted receivables from shareholders	12	5	22	8
Net foreign exchange (loss)/gain	(5)	(2)	4	2
Tax (expense)/benefit on translation of foreign denominated long term tax balances	(19)	(7)	14	5
Total items excluded from segment result	**(12)**	**(4)**	**40**	**15**
Net (loss)/profit for the period	**(6)**	**(2)**	**42**	**16**
Other comprehensive income/(loss)	75	28	(96)	(36)
Total comprehensive income/(loss)	**69**	**26**	**(54)**	**(20)**

[1] *The consolidated entity's interest in Australia Pacific LNG for the period was 42.5 per cent up to 11 July 2012, and 37.5 per cent from 12 July 2012.*

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

(b) Investment in Australia Pacific LNG Pty Ltd (continued)
as at

	31 December 2013 $million	30 June 2013 $million
Summary statement of financial position of Australia Pacific LNG		
Cash and cash equivalents	568	355
Receivables from shareholders	1,092	4,913
Other current assets	578	630
Current assets	**2,238**	**5,898**
Property, plant and equipment and exploration and evaluation and development assets	24,017	18,331
Other non-current assets	10	18
Non-current assets	**24,027**	**18,349**
Total assets	**26,265**	**24,247**
Current liabilities	**1,469**	**1,573**
Bank loans - secured	7,940	5,765
Other non-current liabilities	367	489
Non-current liabilities	**8,307**	**6,254**
Total liabilities	**9,776**	**7,827**
Net assets	**16,489**	**16,420**
Consolidated entity's interest of 37.5 per cent	6,183	6,157
Consolidated entity's own costs	17	17
	6,200	**6,174**

8. Other financial liabilities, including derivatives

as at

	31 December 2013 $million	30 June 2013 $million
Current		
Derivative financial instruments	248	216
Loan from Australia Pacific LNG joint venture entity	410	1,847
Environmental scheme surrender obligations	542	261
Other financial liabilities	6	-
	1,206	2,324
Non-current		
Derivative financial instruments	1,018	934
	1,018	934

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

9. Share capital

	6 months to 31 December 2013 $million	12 months to 30 June 2013 $million
Issued and paid-up capital		
1,101,228,973 (June 2013: 1,097,961,871) ordinary shares, fully paid	4,485	4,441
Ordinary share capital at the beginning of the period	4,441	4,345
Shares issued:		
• 3,126,332 (June 2013: 7,083,417) shares in accordance with the Dividend Reinvestment Plan	44	87
• 140,770 (June 2013: 1,313,816) shares in accordance with the Long Term Incentive Plan	-	9
Total movements in ordinary share capital	**44**	**96**
Ordinary share capital at the end of the period	**4,485**	**4,441**

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.

10. Notes to the interim statement of cash flows

for the half year ended 31 December

	2013 $million	2012 $million

(a) Reconciliation of cash and cash equivalents

Cash included in the interim statement of cash flows includes cash on hand, at bank and short-term deposits, net of outstanding bank overdrafts.

(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:

	2013 $million	2012 $million
Issue of shares in respect of the Dividend Reinvestment Plan	44	37

11. Business combinations

2013

Acquisition of Eraring Energy Pty Limited

On 1 August 2013 the consolidated entity 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 provides the consolidated entity ownership of the Eraring Power Station and Shoalhaven Scheme, adding flexibility in the operation of the consolidated entity's generation portfolio.

As the acquisition resulted in the consolidated entity taking ownership of the Eraring and Shoalhaven power schemes and exiting the GenTrader agreements with the State which already provided the consolidated entity contractual access to the power output, the overall impact of the acquisition to the consolidated entity's consolidated revenue and profit and loss since the acquisition date, is not significant.

Cash purchase consideration of $50 million[1] was paid on completion date, and was subject to adjustment for working capital and other balances as part of the completion statement mechanism and the settlement of a payable amount in respect of the previously existing GenTrader agreements.

(i) Settlement of pre-existing relationships

As part of the acquisition the consolidated entity effectively settled the GenTrader agreements and the Cobbora Coal Supply Agreement entered while Eraring Energy was owned by the State.

The GenTrader agreements were effectively settled at the acquisition date at their fair value resulting in the derecognition of deferred tax liabilities of $317 million and reduction in goodwill of $260 million. The consolidated entity also received a payment of $300 million from the State in respect of the cancelled Cobbora Coal Supply Agreement. The effective settlement of the pre-existing relationships resulted in a gain of $357 million recognised in "other income" in the interim income statement. The gain has been recorded as an item excluded from underlying profit (refer note 2(b)).

[1] The cash purchase consideration of $50 million 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.

11. Business combinations (continued)

Acquisition of Eraring Energy Pty Limited (continued)

(ii) Acquisition accounting statement of financial position

The fair values of the net assets acquired as part of the business combination are detailed below.

	2013 $million Fair value
Current assets	
Cash and cash equivalents	25
Trade and other receivables	1
Inventories	2
Other current assets	3
Total current assets	31
Non-current assets	
Property, plant and equipment [(1)]	93
Intangible assets	2
Goodwill	153
Total non-current assets	248
Total assets	279
Current liabilities	
Trade and other payables	35
Employee related provisions	18
Total current liabilities	53
Non-current liabilities	
Employee related provisions	42
Deferred tax liabilities	155
Total non-current liabilities	197
Total liabilities	250
Fair value of net assets acquired	**29**
Purchase consideration paid on completion	50
Acquisition adjustment amounts settled post 31 December 2013:	
Adjustment for completion statement mechanism	(2)
Settlement of payable amount under previous GenTrader agreements	(19)
Net consideration for the business combination	**29**
Net cash outflow in the 31 December 2013 period ($50 million paid on completion net of the cash acquired of $25 million)	**25**

(1) *As part of this acquisition the previously recognised property, plant & equipment finance lease asset for the GenTrader arrangements has been derecognised and replaced by owned Property, Plant and Equipment at its fair value. The net addition to Property, Plant and Equipment from the acquisition was $93 million.*

11. Business combinations (continued)

In accordance with the consolidated entity's accounting policies the fair value of assets and liabilities acquired are provisional and will be subject to further review for a period of up to 12 months from the date of acquisition.

2012

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

12. 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 2013 $million	30 June 2013 $million
Bank guarantees - unsecured	328	377
Letters of credit - unsecured	22	20
	350	**397**

The bank guarantees and letters of credit disclosed have primarily been provided by the consolidated entity in favour of the Australian Energy 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 13.

At 31 December 2013, the consolidated entity holds a 37.5 per cent interest in Australia Pacific LNG (an equity accounted joint venture of the consolidated entity) 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. Throughout the year certain guarantees have been amended to reflect each shareholder’s revised share of the guarantee following Sinopec increasing its shareholding in Australia Pacific LNG. A process remains ongoing amongst ConocoPhillips, Sinopec, Australian Pacific LNG and the consolidated entity to amend other guarantees in some cases to remove the consolidated entity as a guarantor and in another case to amend the guarantee to reflect each shareholder’s revised share of the guarantee following Sinopec increasing its shareholding in Australia Pacific LNG.

Australia Pacific LNG has secured US$8.5 billion through a project finance facility. At 31 December 2013, Australia Pacific LNG has drawn down US$7.27 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 2013 being US$2.73 billion).

12. Contingent liabilities and assets (continued)

The consolidated entity has given to its bankers letters of comfort in respect of financial accommodation provided from time to time by the banks to certain partly-owned controlled entities of the consolidated entities.

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

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. For sites where the requirements can be assessed and costs estimated, the estimated cost of remediation has been expensed or provided for.

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 arrangements, is liable for a share of all liabilities incurred by these joint arrangements 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 arrangement 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.

Deed of cross guarantee

Under the terms of ASIC Class Order (CO) 98/1418 (as amended by CO 98/2017) certain wholly-owned controlled entities have been granted relief from the requirement to prepare audited financial reports. Origin Energy Limited has entered into an approved deed of indemnity for the cross-guarantee of liabilities with those controlled entities.

13. Commitments
as at

	31 December 2013 $million	30 June 2013 $million
At the reporting date, the consolidated entity has contracted but not provided for the following commitments:		
Capital expenditure commitments (1)	157	1,001
Joint venture commitments (2)	2,578	3,402
Other GenTrader commitments (1)	-	2,244
The above commitments include amounts payable within one year of:		
Capital expenditure commitments	126	190
Joint venture commitments	2,097	2,364
Other GenTrader commitments (1)	-	116

(1) *Included in the 30 June 2013 Capital expenditure and Other GenTrader commitments above are fixed charges which were 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. As a result of the acquisition of Eraring Energy Limited by the consolidated entity on 1 August 2013, these commitments were relinquished on completion of the acquisition.*

(2) *Included in the joint venture commitments above is an amount of $2,285 million (30 June 2013: $3,211 million) relating to the consolidated entity's 37.5 per cent share of Australia Pacific LNG's commitments. The consolidated entity has recorded a $410 million (30 June 2013: $1,847 million) loan payable to Australia Pacific LNG (refer to note 8) which may be called upon by Australia Pacific LNG to fund its commitments.*

14. Financial instruments

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

At 31 December 2013 the consolidated entity has the following financial instruments which are not measured at fair value in the interim statement of financial position.

	Carrying value $million	Fair value $million
Interest bearing non-current borrowings	7,994	8,260

Financial risk management
The consolidated entity's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2013.

14. Financial instruments (continued)

Application of AASB 13 *Fair Value Measurement*

The consolidated entity applied the requirements of AASB 13 *Fair Value Measurement* for the first time from the beginning of the half year period ended 31 December 2013. The application of the standard resulted in a net reduction in the consolidated entity's derivative financial instruments of $71 million at 31 December 2013 predominantly as a result of the requirement to include credit risk in the measurement of fair value. The $71 million was recognised as an expense in the "Decrease in fair value of financial instruments" line item included within "Expenses" in the interim income statement.

Fair value estimation

The consolidated entity has an established control framework with respect to the measurement of fair values.

The fair values of financial instruments traded in active markets (such as available-for-sale securities) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets held by the consolidated entity are the current bid prices for the assets.

The fair values of forward foreign exchange contracts are determined using quoted forward exchange rates at the reporting date.

The fair values of commodity option contracts which are regularly traded are determined based on the most recent available transaction prices for the same instruments.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The consolidated entity uses valuation techniques consistent with the established valuation methodology and general market practice applicable to each instrument/market. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

The fair values of interest rate swaps and cross currency interest rate swaps are calculated using the present value of the estimated future cash flows of these instruments.

The fair values of commodity swaps and futures are calculated using the present value of the estimated future cash flows using available market forward prices.

Certain of the electricity derivatives utilised by the consolidated entity are not regularly traded and there are no observable market prices or transactions for equivalent or substantially similar instruments. Valuation techniques are required in order to estimate the fair value of such instruments. The valuation techniques estimate the fair value of the avoided cost of physical assets at the valuation date required to achieve an equivalent risk management outcome for the consolidated entity, taking into account all relevant variables including capital costs, fixed and variable operating costs, efficiency factors and asset lives.

The consolidated entity has forward sold a portion of its future oil and condensate production through a structured derivative instrument. The fair value of the derivative is measured with reference to the relevant 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.

14. Financial instruments (continued)

Fair value estimation (continued)

Valuation techniques require the use of a range of variables and assumptions. Maximum use is made of all relevant independent and observable market data when selecting variables and developing assumptions for valuation techniques.

Each instrument is discounted at the market interest rate appropriate to the instrument.

The following key variables are used where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument:

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

For these derivative instruments, each of these variables are taken from observed market pricing data at the valuation date and therefore these variables represent those which would be used by market participants to execute and value the instruments.

Fair value hierarchy

The following table summarises the financial instruments carried at fair value by valuation method. The different levels in the hierarchy are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the instrument, 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).

as at 31 December 2013

	Level 1 $million	Level 2 $million	Level 3 $million	Total $million
Derivative financial assets	-	521	361	882
Environmental scheme certificates	433	-	-	433
Available-for-sale financial assets	89	-	-	89
Total financial assets carried at fair value	**522**	**521**	**361**	**1,404**
Derivative financial liabilities	-	643	623	1,266
Environmental scheme surrender obligations	542	-	-	542
Total financial liabilities carried at fair value	**542**	**643**	**623**	**1,808**

Transfers between hierarchy levels are expected to occur when there is a change in the observability of a pricing input, or a change in valuation technique. The consolidated entity recognises transfers between levels of the fair value hierarchy as of the beginning of the reporting period during which the transfer has occurred.

14. Financial instruments (continued)

Fair value hierarchy (continued)

There were no transfers between the fair value hierarchy levels during the interim period ending 31 December 2013.

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	$million
Balance as at 1 July 2013	(83)
New instruments in the period	(2)
Net loss from financial instruments at fair value through profit or loss	(177)
Balance as at 31 December 2013	**(262)**

Although the consolidated entity believes that the estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing the critical assumptions such that the resultant change in the ultimate fair value per unit of volume were to increase or decrease by 10 per cent would have the following effects:

as at	31 December 2013 Effect on profit or loss	
	Favourable $million	(Unfavourable) $million
Derivative assets	88	(88)
Derivative liabilities	120	(120)

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the model values using expected cash flows and risk-adjusted discount rates based on the probability weighted average of the consolidated entity's ranges of possible outcomes. Key inputs and assumptions used in the models at 31 December 2013 include:

Items impacting the expected cash flows

- **Forward commodity prices:** The consolidated entity uses both observable external market data and internally derived forecast data for forward commodity prices in the valuations of certain Level 3 instruments.

- **Physical generation plant variables:** The consolidated entity uses relevant variables from the valuation of physical generation assets with equivalent risk management outcomes as inputs to the valuation of certain Level 3 instruments. The key variables are new build capital costs, operating costs and plant efficiency factors.

Items impacting the discount rate

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

- **Credit adjustment:** The consolidated entity applies an observable entity or counterparty discount or credit spread curves to the discount rate depending on the asset/liability position of a financial instrument. Where a counterparty specific credit curve is not observable a proxy curve is applied, taking into consideration the credit rating of the counter party and it's industry.

14. Financial instruments (continued)

Gain/loss on initial recognition of financial instruments

The consolidated entity defers day one gains or losses arising on Level 3 instruments in the statement of financial position on inception and recognises them in the income statement over the life of the instrument based on the profile of the present value at inception.

as at	31 December 2013 $million
Derivative assets	
Opening balance - gain	151
Recognised in the interim income statement	(14)
Closing balance - gain	137
Derivative liabilities	
Opening balance - gain	26
Recognised in the interim income statement	6
Closing balance - gain	32

Significant funding transactions

On 21 August 2013 the consolidated entity completed a $7.4 billion debt refinancing with terms of 4 years and 5 years. The consolidated entity subsequently accepted and recognised an oversubscription of $1.2 billion. These syndicated facilities were used to refinance existing bank debt facilities. As part of the refinancing the consolidated entity's standard banking terms have been renegotiated and the consolidated entity's debt maturity profile has been extended. The interest rate of the new bank debt facility is in line with the cost of existing bank debt.

On 4 October 2013 the consolidated entity completed the pricing and allocation of €800 million eight year medium term notes (Euro Notes). The Euro Notes have a coupon rate of 3.50 per cent and will mature in October 2021. The proceeds have been swapped into Australian dollars. The proceeds were used to repay certain drawn amounts under the $7.4 billion syndicated bank loan facility and have been used to fund its contribution to Australia Pacific LNG and for general corporate purposes.

On 9 October 2013 the consolidated entity completed the pricing and allocation of US$800 million five year senior unsecured notes (US$ Notes) in the United States 144A market. The US$ Notes have a coupon rate of 3.50 per cent and will mature in October 2018. The proceeds have been swapped into Australian dollars. The proceeds were used to repay certain drawn amounts under the $7.4 billion syndicated bank loan facility and have been used to fund its contribution to Australia Pacific LNG and for general corporate purposes.

15. Changes in controlled entities

Acquisition of controlled entities

On 1 August 2013 the consolidated entity acquired 100 per cent of Eraring Energy Pty Limited and its 100 per cent owned subsidiary Eraring Energy Services Pty Limited (refer note 11).

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

Incorporation/registration of entities

Origin Energy LNG Holdings Pte Limited and Origin Energy Generacion Chile SpA were incorporated/registered during the half year ended 31 December 2013.

Origin Energy Insurance Singapore Pte Limited was incorporated/registered during the half year ended 31 December 2012.

Disposal of entities

No entities were deregistered during the half year ended 31 December 2013.
Yass Valley Wind Farm Pty Limited and Conroy's Gap Wind Farm Pty Ltd ceased to be controlled and were sold during the half year ended 31 December 2012.

Name changes during the period

Eraring Energy Pty Limited to Origin Energy Eraring Pty Limited
Eraring Energy Services Pty Limited to Origin Energy Eraring Services Pty Limited

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

	2013	2012
Earnings per share based on statutory profit		
Basic earnings per share	29.3 cents	48.0 cents
Diluted earnings per share	29.1 cents	47.9 cents
Earnings per share based on underlying consolidated profit		
Underlying basic earnings per share	34.6 cents	33.2 cents
Underlying diluted earnings per share	34.5 cents	33.1 cents

Weighted average number of shares used as the denominator	**2013 Number**	**2012 Number**
Number of ordinary shares for basic earnings per share calculation	1,099,662,987	1,091,796,234
Effect of executive share options, performance share rights and deferred share rights on issue	6,224,003	2,637,868
Number of ordinary shares for diluted earnings per share	**1,105,886,990**	**1,094,434,102**

Reconciliation of earnings used in calculating basic and diluted earnings per share based on statutory profit	**2013 $million**	**2012 $million**
Profit for the period	372	561
Less: Profit attributable to non-controlling interests	(50)	(37)
Earnings used in calculating earnings per share	**322**	**524**

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

17. Subsequent events

Dividends

Since the end of the financial year, the directors have determined to pay an interim dividend of 25 cents per share, unfranked, payable 4 April 2014.

The financial effect of this dividend has not been brought to account in the interim financial statements for the half year ended 31 December 2013 and will be recognised in subsequent financial statements.

Other than the matter described above, no other item, transaction or event of a material nature has arisen since 31 December 2013 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 2013 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:

Gordon M Cairns, Chairman
Director

Sydney, 19 February 2014

KPMG

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 interim statement of financial position as at 31 December 2013, consolidated interim income statement and consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the interim period ended on that date, notes 1 to 17 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 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 interim 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 consolidated entity's financial position as at 31 December 2013 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 consolidated entity's financial position as at 31 December 2013 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

19 February 2014