WE HELP JOSHUA POWER UP HIS NEW HOME

ENERGY MADE FRESH DAILY

ANNUAL REPORT 2015

CONTENTS

MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

Fellow shareholder,

During the 2015 financial year, Origin made good progress on delivering against its key priorities.

In the Energy Markets business, Origin delivered a 20 per cent lift in EBITDA, primarily through an increase in the natural gas contribution, combined with improved operational efficiency. During the period, Australia Pacific LNG achieved significant milestones with its LNG project nearing completion and sustained LNG production from Train 1 expected from the second quarter of the 2016 financial year and from Train 2 approximately six months later.

Completion of Australia Pacific LNG's project in the current financial year will be a major milestone in the development of your Company. Upon completion, we believe Origin is well placed to deliver increasing value for shareholders in the years ahead.

The Company also continued to focus on maintaining adequate liquidity and completed further funding initiatives to extend Origin's debt maturity profile and enhance liquidity.

THE YEAR IN REVIEW

For the 2015 financial year, Origin announced a Statutory Loss of $658 million, primarily reflecting the impairment of the Company's investment in Contact Energy and upstream assets, the non-cash impact of the recent depreciation of the Australian dollar on the fair value of financial instruments and debt, and interest expense which would otherwise be capitalised if the Australia Pacific LNG project was held by Origin rather than via an equity accounted investment.

Underlying Profit was $682 million, a 4 per cent decrease compared to the prior year.

Underlying EBITDA increased by $10 million to $2.15 billion, driven by an increased contribution from Energy Markets, offset by lower contributions from Exploration & Production, Corporate and Contact Energy.

Contact Energy, which has been presented as a discontinued operation in Origin's Financial Statements, contributed $199 million to the Statutory Loss after the impairment of Origin's investment in that company, $79 million to Underlying Profit and $487 million to Underlying EBITDA.

Group Operating Cash Flow after Tax was $1.58 billion, a 23 per cent decrease on the prior year, primarily due to higher working capital, reflecting the final carbon scheme payment, and the timing of tax instalments.

Earnings Per Share (EPS) based on Underlying Profit decreased by 5 per cent to 61.7 cents per share.

Directors have clearly articulated a continued focus on maintaining adequate liquidity, and during the year further funding initiatives were completed to extend Origin's debt maturity profile and enhance liquidity.

Origin amended its syndicated loan facilities to reduce the interest rate margin, extend the maturity and increase the limit of the facilities by $750 million to $7.4 billion.

Origin also issued €1 billion in hybrid capital securities on the Luxembourg Exchange, which were swapped into $1.4 billion.

Consistent with the Company's intention to divest assets to increase financial flexibility, Origin divested its 53.09 per cent interest in Contact Energy following the close of the 2015 financial year, receiving net cash proceeds of approximately $1.4 billion and NZ $200 million. Following the completion of this sale, Origin has $5.8 billion[1] of committed and undrawn debt facilities and cash, which is more than sufficient to fund the Company's remaining contributions to Australia Pacific LNG and other business commitments.

The Directors have carefully reviewed the carrying value of all assets, resulting in a non-cash impairment charge of $705 million. The impairment charge primarily relates to Contact Energy and the Company's upstream assets.

There is no impairment related to Australia Pacific LNG, and the economics of Origin's investment in Australia Pacific LNG remain robust.

Consistent with Origin's current dividend policy, which is to pay the greater of 50 cents per share, on an annual basis, or a minimum 60 per cent payout ratio of Underlying Profit, the Board has determined to pay an unfranked final dividend of 25 cents per share, taking the total dividend for the 2015 financial year to 50 cents per share.

The dividend will be paid on 28 September 2015 to shareholders of record on 27 August 2015 and the dividend reinvestment plan will apply to this dividend.

BOARD CHANGES

There have been several changes to the Origin Board. Steven Sargent joined the Board as an Independent Non-executive Director and member of the Health, Safety and Environment, and Remuneration committees. Scott Perkins also joined the Board as an Independent Non-executive Director and member of the Audit and Remuneration committees.

Departing the Board is Sir Ralph Norris, who announced his intention to reduce his public company board commitments. Sir Ralph will not be seeking re-election at this year's Annual General Meeting and will retire prior to that date. We thank Sir Ralph for his significant contribution to Origin and wish him well for the future.

(1) As at 30 June 2015, adjusted to include net proceeds from the sale of Contact Energy. Excludes Contact Energy and bank guarantees.

SAFETY AND PEOPLE

Safety continues to be Origin's first priority and this year we welcomed the continued improvement in safety performance, achieving Origin's lowest ever Total Recordable Injury Frequency Rate of 3.8, as we continue to strive towards our aspiration of a zero harm workplace.

We would like to acknowledge the contribution of our employees during the past 12 months and thank our people for their dedication and tireless effort.

LOOKING AHEAD

Since year end, we have seen continued volatility and a further decline in oil prices.

Notwithstanding the good progress against priorities in the 2015 financial year, as we look to the year ahead, Origin will complete its funding of the Australia Pacific LNG project, resulting in the Company reaching its peak level of debt at a time when oil prices are at lows not seen since 2009.

While changes in oil price do not have an overly material impact on Origin's current earnings, should these conditions persist for a longer period of time, earnings from Origin's investment in Australia Pacific LNG will be lower than previously estimated.

Your Board will actively and aggressively review all aspects of Origin's business, and the funding of it and will take whatever steps necessary to ensure that the Company can continue to operate effectively in a sustained period of low oil prices.

To further build resilience in Origin to periods of low oil prices, a number of initiatives have been announced to reduce operating and capital costs. Origin, as Upstream operator for Australia Pacific LNG, has initiatives in place to reduce Australia Pacific LNG's operating and capital costs by $1 billion per annum below costs experienced during the construction phase. Of this, approximately $650 million has been achieved in the 2015 financial year with the remaining $350 million of cost reduction initiatives to be implemented by the end of the 2016 financial year.

In financial year 2016, Origin expects to reduce operating costs in the Energy Markets business by a further $65 million and capital costs by $50 million. Origin has also initiated a program to further reduce costs across the Company by $200 million a year on a sustainable basis by the 2017 financial year.

Origin has always taken a conservative position on liquidity to ensure it has access to sufficient capital to meet its obligations to fund Australia Pacific LNG and meet other commitments, even in a low oil price environment.

Completion of Australia Pacific LNG's project in the current financial year will be a major milestone in the development of your Company. Upon completion, we believe Origin is well placed to deliver increasing value for shareholders in the years ahead.

Gordon Cairns
Chairman

Grant King
Managing Director

In accordance with the Corporations Act 2001, the Directors of Origin Energy Limited (Company) report on the Company and the consolidated entity Origin Energy Group (Origin), being the Company and its controlled entities for the year ended 30 June 2015.

The Operating and Financial Review and Remuneration Report form part of this Directors' Report.

1 PRINCIPAL ACTIVITIES

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

- exploration and production of oil and gas;
- electricity generation; and
- wholesale and retail sale of electricity and gas.

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

2 REVIEW OF OPERATIONS

A review of the operations and results of operations of Origin during the year, and the business strategies and prospects for future financial years, is set out in the Operating and Financial Review, which is attached.

3 SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

Australia Pacific LNG

Australia Pacific LNG continues to make good progress on the delivery of the CSG to LNG project and was 97 per cent complete on the Upstream and 92 per cent on the Downstream parts of the project as at 30 June 2015. As of 30 June 2015, $25 billion[(1)] had been spent. Estimated costs to complete are not expected to be materially different from budget[(2)].

During the year, gas was delivered to Curtis Island and the start up of the first four of seven gas turbine power generators were achieved and the Downstream Project switched over from construction power to plant power. Both LNG tanks reached mechanical completion and have been powered up, ready for LNG. The refrigerant storage facility was completed and the Project commenced the process of loading refrigerant into the storage facilities during July.

Funding

Origin completed a number of funding initiatives during the period to extend its debt maturity profile and improve its liquidity position.

In September 2014, Origin issued €1 billion ($1.4 billion) of hybrid capital securities swapped into Australian dollars. The hybrid has been treated as debt for accounting purposes and has received 50 per cent equity credit from both Standard & Poor's and Moody's. Proceeds from the hybrid issuance were used to finance Origin's $686 million acquisition of a 40 per cent interest in two offshore exploration permits, WA-315-P and WA-398-P, the Poseidon permits in the offshore Browse Basin. The balance of the proceeds was used to repay debt.

In December 2014, Origin amended $6.6 billion of syndicated loan facilities to reduce the interest rate margin, extend the maturities and increase the limit of the facilities by $750 million to $7.4 billion. The interest cost of the bank loan facilities was reduced by 0.30 per cent per annum and flexibility was added with increased US Dollar drawdown capacity. The terms of the bank loan facilities were extended by 16 months to December 2018 and December 2019 respectively.

In March 2015, Origin executed $500 million of guarantee facilities with maturities between March 2018 and March 2020.

Developments

On 12 August 2014, Origin acquired a 40 per cent interest in two offshore exploration permits (WA-315-P and WA-398-P) in the Browse Basin in Western Australia.

During the year, the drilling of the Yolla-5 and Yolla-6 production wells in the Bass Basin occurred and, subsequent to year end, production commenced. The condensate and compressor modules were lifted onto the Yolla Platform and together with Yolla-5 and Yolla-6 will allow production to the Lang Lang processing facility to be extended. The Halladale-2 development well was completed during the June Quarter and suspended for future production. The Speculant campaign drilled three wells (one exploration well and two appraisal wells including the Speculant-2 side track well), two of which were cased, completed and suspended for future production. These high deliverability Halladale/Speculant wells will enable increased utilisation of the Onshore Otway facilities. In Perth, the Senecio-3 appraisal well successfully identified gas in the primary Senecio target (Dongara and Wagina sandstones) and also encountered new gas pools in the secondary Waitsia target of the deeper Kingia and High Cliff sandstones. The Irwin 1 exploration well was drilled, within the EP 320 exploration permit. The well encountered gas within the Dongara/Wagina tight gas reservoir.

The events described above and those disclosed in the Financial Statements represent the significant changes in the state of affairs of Origin for the year ended 30 June 2015.

4 EVENTS SUBSEQUENT TO BALANCE DATE

Other than the item described below, no matters or circumstances have arisen since 30 June 2015, which have significantly affected, or may significantly affect:

- the Company's operations in future financial years;
- results of those operations in future financial years; or
- the Company's state of affairs in future financial years.

Sale of Entire Interest in Contact Energy Limited

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

Final dividend

Since the end of the financial year, the Directors have determined to pay a final dividend of 25 cents per share, unfranked, payable 28 September 2015. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial statements.

(1) Includes an unfavourable foreign exchange translation impact of A$375 million relative to project cost estimates announced in February 2013, which were based on 31 December 2012 exchange rates.

(2) As announced in February 2013, based on December 2012 exchange rates.

5 DIVIDENDS

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

	$million
25 cents per ordinary share, unfranked, for the year ended 30 June 2014, paid 26 September 2014	276
25 cents per ordinary share, unfranked, for the half year ended 31 December 2014, paid 31 March 2015	277

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

	$million
25 cents per ordinary share, unfranked, for the year ended 30 June 2015, payable 28 September 2015	277

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

6 DIRECTORS

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

Gordon Cairns (Chairman)
Grant King (Managing Director)
John Akehurst
Bruce Beeren (retired 22 October 2014)
Maxine Brenner
Bruce Morgan
Karen Moses
Ralph Norris
Helen Nugent
Steven Sargent (appointed 29 May 2015)

7 INFORMATION ON DIRECTORS AND COMPANY SECRETARIES

Information relating to current Directors' qualifications, experience and special responsibilities is set out on pages 58 and 59. The qualifications and experience of the Company Secretaries are set out below.

Andrew Clarke
Group General Counsel and Company Secretary

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

Helen Hardy
Company Secretary

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

8 DIRECTORS' MEETINGS

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

	Board Meetings		Committee Meetings									
			Audit		Remuneration		Health, Safety & Environment (HSE)		Nomination		Risk	
Directors	**H**	**A**	**H**	**A**	**H**	**A**	**H**	**A**	**H**	**A**	**H**	**A**
G Cairns	10	10	5	5	6	6	4	4	3	3	4	4
G King	10	10	–	–	–	–	4	4	–	–	4	4
J Akehurst	10	10	–	–	–	–	4	4	3	3	4	4
B Beeren(1)	3	3	–	–	4	4	–	–	–	–	1	1
M Brenner	10	10	5	5	–	–	–	–	–	–	4	4
K Moses	10	10	–	–	–	–	–	–	–	–	4	4
B Morgan	10	10	5	5	–	–	4	4	3	3	4	4
R Norris	10	10	5	4	6	5	–	–	–	–	4	4
H Nugent	10	10	5	5	6	6	–	–	3	3	4	4
S Sargent(2)	1	1	–	–	1	1	1	1	–	–	1	1

(1) Up to the date of retirement on 22 October 2014.
(2) From the date of appointment to the Board on 29 May 2015.

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

The Board held 3 workshops during the year to consider operational and strategic matters of relevance to Origin Group. The Board also visited the Company's operations at various sites and met with operational management during the year.

9 DIRECTORS' INTERESTS IN SHARES, OPTIONS AND RIGHTS

The relevant interests of each Director as at 30 June 2015 in the shares, subordinated notes and rights or options over such instruments issued by the companies within the consolidated entity and other related bodies corporate at the date of this report are as follows:

Director	Ordinary shares held directly and indirectly	Subordinated Notes held directly and indirectly	Options over ordinary shares	Deferred Share Rights (DSR) over ordinary shares	Performance Share Rights (PSR) over ordinary shares	Ordinary shares in Contact Energy
G King	1,009,059	2,000	3,389,742(1)	47,976(2)	796,514(2)	33,886
J Akehurst	71,200	–	–	–	–	–
M Brenner	21,000	–	–	–	–	–
G Cairns	104,480	–	–	–	–	–
B Morgan	30,000	1,000	–	–	–	–
K Moses	133,374	1,000	1,434,895(3)	29,358(2)	339,443(2)	21,038
R Norris	40,000	–	–	–	–	–
H Nugent	38,834	300	–	–	–	–
S Sargent	–	–	–	–	–	–

Exercise price for share Options and Rights:
(1) 371,212: $14.91, 728,506: $13.01, 1,293,104: $11.78, 171,232: $13.97, 825,688: $15.65
(2) Nil
(3) 145,202: $14.91, 271,493: $13.01, 525,518: $11.78, 145,205: $13.97, 347,477: $15.65

Only Executive Directors participate in the Company's Equity Incentive Plans.

Options and Rights granted by Origin Energy

Non-executive Directors do not receive Options or Rights as part of their remuneration.

The following Options and Rights were granted to the Executive Directors and the 5 most highly remunerated officers (other than Directors) of the Company during the year ended 30 June 2015:

	Options	DSRs	PSRs
G King	825,688	47,976	73,710
K Moses	347,477	29,358	31,020
D Baldwin	239,106	25,020	21,346
D Barnes	49,317	–	4,403
F Calabria	227,065	20,565	20,271
A Clarke	96,331	11,517	8,600
P Zealand	142,776	15,309	12,746

Each of these awards was made in accordance with the Company's equity incentive plans as part of the relevant executive's remuneration. Further details on Options and Rights granted during the financial year, and unissued shares under Options and Rights, are included in Appendix 3 of the Remuneration Report.

86,010 Options and 7,679 Rights were granted since the end of the financial year.

Options and Rights granted by Contact Energy

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

Options

Grant Date	Expiry Date	Exercise price per option	Balance at 30 June 2015
1 October 2010	30 November 2015	NZ$5.6300	3,247,802
1 October 2011	30 November 2016	NZ$5.4019	2,228,882
1 October 2012	30 November 2017	NZ$5.2186	3,711,672
1 October 2013	30 November 2018	NZ$5.3254	3,040,192
1 October 2014	30 November 2019	NZ$5.9351	1,234,875

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

Performance Share Rights

Grant Date	Expiry Date	Exercise price per option	Balance at 30 June 2015
1 October 2010	30 November 2015	NZ$0	731,757
1 October 2011	30 November 2016	NZ$0	481,945
1 October 2012	30 November 2017	NZ$0	506,699
1 October 2013	30 November 2018	NZ$0	550,158
1 October 2014	30 November 2019	NZ$0	205,771

Deferred Share Rights

Grant Date	Expiry Date	Exercise price per option	Balance at 30 June 2015
1 October 2014	30 November 2016	NZ$0	395,514

50,110 Contact Energy Ordinary shares were issued by Contact Energy during the financial year. No amount was payable on the issue of those shares as 37,652 were rights with an exercise price of $0, and 12,458 were due to the facility being utilised which resulted in the cancelling of 188,663 Options. Accordingly no amount remains unpaid on any of those shares.

During the financial year Dennis Barnes, one of Origin's Top 5 most highly remunerated officers also received 620,157 Options, 32,371 PSRs and 51,390 DSRs in Contact Energy as part of his remuneration.

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

Origin Energy Shares issued on the exercise of Options and Rights

Options

No Options granted under the equity incentive plans were exercised during or since the year ended 30 June 2015, so no Ordinary shares in Origin were issued as a result.

Rights

115,716 Ordinary shares of Origin were issued during the year ended 30 June 2015 on the vesting and exercise of Rights granted under the equity incentive plans. No amount is payable on the vesting of those Rights and, accordingly, no amounts remain unpaid in respect of any of those shares.

Since 30 June 2015, 15,026 Ordinary shares were issued on the vesting of rights granted under the equity incentive plans. No amount is payable on the vesting of those rights and, accordingly, no amounts remain unpaid in respect of any of those shares.

Contact Energy Shares issued on the exercise of Options and Rights

Since 30 June 2015, no Ordinary shares were issued by Contact Energy on the exercise of Contact Options or Rights.

10 ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulation under Commonwealth, State and Territory legislation. For the year ended 30 June 2015, the Company's Australian operations recorded a number of environmental incidents arising from Origin's activities including those where Origin was the operator of a joint venture. These incidents resulted in environmental impacts of a minor and/or temporary nature. Regulators were notified of reportable environmental incidents and there were no prosecutions or fines resulting from these reportable incidents. The Company received seven notices, with three of the notices for incidents occurring in the previous reporting period. Appropriate remedial actions have been taken or are being undertaken in response to each notice and reportable environmental incident.

11 INDEMNITIES AND INSURANCE FOR DIRECTORS AND OFFICERS

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

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

The agreements stipulate that the Company will meet the full amount of any such liability, including costs and expenses to the extent allowed under law. The Company is not aware of any liability having arisen, and no claim has been made against the Company during or since the year ended 30 June 2015 under these agreements.

During the year, the Company has paid insurance premiums in respect of Directors' and Officers' liability, and legal expense insurance contracts for the year ended 30 June 2015.

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

12 AUDITOR INDEPENDENCE

There is no former partner or director of KPMG, the Company's auditors, who is or was at any time during the year ended 30 June 2015 an officer of the Origin Energy Group. The auditor's independence declaration for the financial year (made under section 307C of the Corporations Act) is attached to and forms part of this report.

13 NON-AUDIT SERVICES

The amounts paid or payable to KPMG for non-audit services provided during the year was $705,000 (shown to nearest thousand dollar). Amounts paid to KPMG are included in F7 to the full financial statements.

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

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

14 PROCEEDINGS ON BEHALF OF THE COMPANY

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

15 ROUNDING OF AMOUNTS

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

16 REMUNERATION

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

IMPORTANT INFORMATION

This Operating and Financial Review (OFR) contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events and future financial prospects. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements, and the outcomes are not all within the control of Origin. Statements about past performance are not necessarily indicative of future performance.

Neither the Company nor any of its subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) (the Relevant Persons) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statement. The forward looking statements in this OFR reflect views held only at the date of this report and except as required by applicable law or the ASX Listing Rules, the Relevant Persons disclaim any obligation or undertaking to publicly update any forward looking statements, or discussion of future financial prospects, whether as a result of new information or future events.

This OFR and Directors' Report refer to Origin's financial results, including Origin's Statutory Profit and Underlying Profit. Origin's Statutory Profit contains a number of items that when excluded provide a different perspective on the financial and operational performance of the business. Income Statement amounts, presented on an underlying basis such as Underlying Profit, are non-IFRS financial measures, and exclude the impact of these items consistent with the manner in which the Managing Director reviews the financial and operating performance of the business. Each underlying measure disclosed has been adjusted to remove the impact of these items on a consistent basis. A reconciliation and description of the items that contribute to the difference between Statutory Profit and Underlying Profit is provided in Section 3.1 of this OFR.

Certain other non-IFRS financial measures are also included in this OFR. These non-IFRS financial measures are used internally by management to assess the performance of Origin's business and make decisions on allocation of resources. Further information regarding the non-IFRS financial measures is included in the Glossary on page 128 of this Annual Report. Non-IFRS measures have not been subject to audit or review. Certain comparative amounts from the prior corresponding period have been re-presented to conform to the current period's presentation.

Disclosures of Origin and Australia Pacific LNG's reserves and resources are as at 30 June 2015. These reserves and resources were announced on 31 July 2015 in Origin's Annual Reserves Report for the year ended 30 June 2015 (Annual Reserves Report). Origin confirms that it is not aware of any new information or data that materially affects the information included in the Annual Reserves Report and that all the material assumptions and technical parameters underpinning the estimates in the Annual Reserves Report continue to apply and have not materially changed.

Petroleum reserves and contingent resources are typically prepared by deterministic methods with support from probabilistic methods. Petroleum reserves and contingent resources are aggregated by arithmetic summation by category and as a result, proved reserves (1P reserves) may be a conservative estimate due to the portfolio effects of the arithmetic summation. Proved plus probable plus possible (3P reserves) may be an optimistic estimate due to the same aforementioned reasons.

Some of Australia Pacific LNG CSG reserves and resources are subject to reversionary rights to transfer back to Tri-Star a 45 per cent interest in Australia Pacific LNG's share of those CSG interests that were acquired from Tri-Star in 2002 if certain conditions are met. Approximately 22 per cent of Australia Pacific LNG's 3P CSG reserves as of 30 June 2015 are subject to the reversionary rights. If reversion occurs this may mean that the uncommitted reserves that are subject to reversion are not available for Australia Pacific LNG to sell or use after the date of reversion. Origin has assessed the potential impact of reversionary rights associated with such interests based on economic tests consistent with these reserves and resources and based on that assessment does not consider that reversion will impact the reserves and resources quoted in the Annual Reserves Report. In October 2014, Tri-Star filed proceedings against Australia Pacific LNG claiming that reversion has occurred. Australia Pacific LNG will defend the claim.

On 10 August 2015, Origin divested its entire 53.09 per cent interest in Contact Energy. Contact Energy has been classified as held for sale in the balance sheet at 30 June 2015 and, as a consequence, has been presented as a discontinued operation in the income statement. The OFR provides a discussion of the performance and operations of all of Origin's businesses during the 2015 financial year, including Contact Energy.

The OFR details Origin's financial performance for the 2015 financial year. For information regarding non-financial performance refer to Origin's Sustainability Report.

1. FINANCIAL AND OPERATING HIGHLIGHTS

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
Statutory Results[1]:			
External revenue from continuing operations	11,550	12,363	(7)
External revenue from discontinued operations	2,254	2,155	5
Statutory (Loss)/Profit	(658)	530	N/A
Statutory earnings per share	(59.5¢)	48.1¢	N/A
Items excluded from Underlying Profit	(1,340)	(183)	632
Underlying Results[1]:			
Underlying Profit	682	713	(4)
Underlying earnings per share	61.7¢	64.8¢	(5)
Underlying EBITDA	2,149	2,139	0
Final dividend per share – unfranked	25.0¢	25.0¢	–
Ordinary shares on issue at period end (million shares)	1,110	1,104	1
Cash flows from operating activities	1,833	2,227	(18)
Group OCAT	1,578	2,041	(23)
Group OCAT Ratio	8.4%	11.5%	(27)
Capital expenditure (including acquisitions)	1,886	1,012	86
Origin's net cash contribution to Australia Pacific LNG[2]	2,166	2,814	(23)
Total Recordable Injury Frequency Rate	3.8	5.0	(24)
Total Production excluding APLNG (PJe)	82	96	(14)

- Statutory Loss of $658 million, comprising Underlying Profit of $682 million (decreased by $31 million) more than offset by a loss relating to items excluded from Underlying Profit[1] of $1,340 million (increased by $1,157 million). The loss relating to items excluded from Underlying Profit primarily reflects the impairment of Origin's investment in Contact Energy, the impairment of Origin's upstream assets due to recent reserves revisions, revised development plans and lower oil prices; the non-cash impact of the recent depreciation of the Australian Dollar on the fair value of financial instruments and debt; and interest expense which would otherwise be capitalised if the Australia Pacific LNG project was held by Origin rather than via an equity accounted investment. The discontinued operations of Contact Energy contributed $199 million (after the impairment of Origin's investment in Contact Energy) to Statutory Loss and $79 million to Underlying Profit.
- Underlying Profit of $682 million was down 4 per cent or $31 million. Underlying EBITDA increased $10 million to $2,149 million, driven by an increase in contribution from Energy Markets (+$207 million), offset by a decrease in contribution from Exploration & Production (-$88 million), Corporate (-$52 million) and Contact Energy (-$46 million). Energy Markets benefitted from the use of ramp gas that has become available during the start up of LNG production in Queensland and the commencement of gas sales and related services to LNG customers. As anticipated, the available ramp gas has allowed Origin to use less gas from its Exploration and Production business, with the consequential reduction in liquids production, which together with lower liquids prices, has substantially reduced contribution from liquids production in this period. The forgone gas and liquids production will be produced in subsequent periods. Contact Energy, classified as a discontinued operation at 30 June 2015, contributed $487 million to Underlying EBITDA.
- Group OCAT of $1,578 million down 23 per cent or $463 million, primarily due to higher working capital of $345 million reflecting the final carbon scheme payment of $300 million and higher tax paid of $92 million driven by timing differences arising on payment of tax instalments.
- Capital expenditure was $1,886 million, including $686 million for the Poseidon acquisition, compared with $1,012 million in the prior year.
- Origin's cash contribution to Australia Pacific LNG, net of the $165 million interest income received on Mandatorily Redeemable Cumulative Preference Shares, was $2,166 million. Progress on Upstream was 97 per cent complete and on Downstream was 92 per cent complete at 30 June 2015. Sustained production is expected from Train 1 from the second quarter of the 2016 financial year and from Train 2 approximately six months later.
- Final dividend was determined at 25.0 cents unfranked, consistent with prior periods.
- Improved safety performance was reflected in a 24 per cent reduction in Total Recordable Injury Frequency Rate from 5.0 to 3.8.
- The repeal of the Clean Energy Act 2011 was implemented in the current year. The removal of passed-through carbon cost resulted in a commensurate decrease of $832 million in Origin's revenue.
- On 10 August 2015, Origin divested its entire 53.09 per cent interest in Contact Energy. Contact Energy has been classified as held for sale in the balance sheet at 30 June 2015 and, as a consequence, has been presented as a discontinued operation in the income statement. The OFR provides a discussion of the performance and operations of all of Origin's businesses during the 2015 financial year, including Contact Energy.

(1) Refer to Glossary on page 128 for definitions.
(2) Origin's cash contribution to Australia Pacific LNG for the current year is net of $165 million of interest income ($7 million in the prior year) received on Mandatorily Redeemable Cumulative Preference Shares (the current mechanism by which remaining funding to Australia Pacific LNG will be provided by the shareholders of Australia Pacific LNG in proportion to their equity interest). Interest on the Mandatorily Redeemable Cumulative Preference Shares is paid to shareholders twice per annum based on a fixed interest rate.

2. ORIGIN'S BUSINESS STRATEGY

Origin currently supplies energy to wholesale and retail energy markets primarily in Australia and, looking forward, to the Asia Pacific region as Australia Pacific LNG commences sustained production from Train 1 from the second quarter of the 2016 financial year.

In supplying these markets, Origin's strategy is to invest in the contestable segments of energy production, power generation and energy retailing. This strategy is designed to provide opportunities to grow the value of the Company and deliver a return on capital employed in excess of the Company's cost of capital by connecting energy production to customers, while allowing for the more effective management of the risks that arise across an increasingly competitive energy supply chain. Origin pursues this strategy through its Energy Markets and Exploration & Production businesses and a 37.5 per cent interest in Australia Pacific LNG in Australia.

Both natural gas and renewable energy are expected to be the strongest growing fuels globally in the medium to longer term.

Origin intends to grow its interests in natural gas resources in Australia with paths to monetise resources both domestically and internationally through LNG exports, particularly to the Asia Pacific region where demand for energy is expected to increase over the medium to long term. Origin also intends to continue growing its capabilities and investing in renewable energy development opportunities including wind, geothermal, solar and hydro resources.

Origin believes the successful pursuit of this strategy will lead to Origin:

- being the regional leader in energy markets;
- having a regionally significant position in natural gas and LNG production; and
- having a growing position in renewable energy in the Asia Pacific region.

2.1 Regional leader in energy markets

Origin holds a significant position in energy markets in Australia through its Energy Markets business.

Origin, through its Energy Markets business segment, has leading integrated operations in the energy supply, power generation and retail sectors of the Australian energy supply chain, comprising:

- a large and diverse gas portfolio which, together with flexible gas transport arrangements and coal supply agreements, support a strong domestic generation and retail business;
- a large generation portfolio of approximately 6,000 MW providing flexibility and diversity across fuel, generation type and geography; and
- the leading energy retailing position in Australia by customer accounts with approximately 29 per cent[(1)] share of natural gas and electricity retail customer accounts in Australia's eastern and southern states, servicing approximately 4.3 million electricity, gas and LPG customers with a diverse portfolio of energy products and solutions including green energy products.

Origin's fuel portfolio supplies gas to its retail gas customers and gas-fired power stations, and coal to operate the Eraring Power Station. Origin's fleet of gas-fired and coal-fired power stations provides a hedge to the retail electricity business and, in particular, helps to manage risks associated with wholesale electricity prices during extreme price events.

Origin will continue to build on this integrated strategy to capture value across the energy supply chain, enhance the range of growth opportunities and manage risks. In particular, Origin's portfolio of competitively-priced gas contracts, a significant amount being set at previously low domestic prices, enable value to be captured as wholesale gas prices rise.

With the largest retail customer base in Australia, Origin is focused on building customer loyalty and trust and offering new energy services and solutions.

2.2 Regionally significant position in natural gas and LNG production

Origin has an upstream Exploration & Production business in Australia and New Zealand, with exploration and production interests principally located in eastern and southern Australia, the Browse and Perth basins in Western Australia, the Bonaparte basin in north-western Australia and Beetaloo basin in the Northern Territory and in New Zealand.

Origin holds a 37.5 per cent shareholding in Australia Pacific LNG which owns extensive CSG reserves, predominantly in the Surat and Bowen basins in Queensland. Australia Pacific LNG has the largest 2P CSG reserves position[(2)] in Australia of 13,778 PJe[(3)] and is developing a large-scale CSG-to-LNG project that has a nameplate capacity of 9 million tonnes of LNG each year for export to supply Asian customers under long term supply contracts.

Origin is the upstream operator of the Australia Pacific LNG project, responsible for the development of the CSG resources and the processing and transportation of gas to the LNG facility on Curtis Island. The Australia Pacific LNG project is expected to commence sustained production from Train 1 from the second quarter of the 2016 financial year and from Train 2 approximately six months later.

As the upstream operator of the Australia Pacific LNG project, together with Origin's own existing gas operations, Origin has significant capabilities in natural gas production and has a substantial reserves position in the Asia Pacific region with 6,260 PJe of 2P reserves[(4)].

Origin's existing upstream business in Exploration & Production, its shareholding in Australia Pacific LNG and a significant set of exploration and development opportunities make Origin a regionally significant participant in natural gas and LNG.

2.3 Growing position in renewable energy in the Asia Pacific region

In May 2015, the Australian Government settled on the revised Large-scale Renewable Energy Target (LRET) of 33 TWh which provides certainty for the energy industry to invest in the development of additional sources of renewable energy. Origin estimates that a 33 TWh LRET, should it be met by additional wind development, will require about 5,000 MW of capacity to be built by 2020. Large scale solar farms are also increasingly economic and may provide a viable alternative to wind farms.

As the leading energy retailer in Australia with close to 30 per cent share of electricity customer accounts in Australia's eastern and southern states, Origin will be required to acquit its share of LRET liabilities. In Australia, Origin currently has a substantial portfolio of renewable energy comprising its wind farm at Cullerin Range, a series of wind power purchase agreements and a number of wind development opportunities, most notably Stockyard Hill in Victoria. Origin's energy portfolio provides flexibility for Origin to develop or support the development of the additional renewable energy required to meet the LRET target.

Origin is also developing its renewable capabilities internationally with utility scale solar and hydro development opportunities in Chile, including acquisition, via the Energia Andina joint venture, of a stake in the Javiera solar project in Chile's Atacama desert which commenced operation during the financial year.

Origin will continue to build on its existing renewable portfolio and seek new opportunities such as in solar technologies where market structures provide attractive and sustainable value for renewable resources.

(1) Based on Origin natural gas and electricity customer accounts as at 30 June 2015 and estimated market customer accounts as at 30 June 2014.
(2) EnergyQuest, May 2015
(3) At 30 June 2015. For further information refer to Origin's Annual Reserves Report for the year ended 30 June 2015, announced on 31 July 2015. Also refer to the Important Information on reserves and resources disclosures prior to Section 1.
(4) At 30 June 2015. Including hydrocarbon liquids. Includes Origin's 37.5 per cent share of Australia Pacific LNG.

3. REVIEW OF FINANCIAL PERFORMANCE

3.1 Underlying financial performance[1]

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
External revenue	13,804	14,518	(5)
Underlying EBITDA	2,149	2,139	0
Underlying depreciation and amortisation	(807)	(732)	10
Underlying share of interest, tax, depreciation and amortisation of equity accounted investees	(62)	(54)	15
Underlying EBIT	1,280	1,353	(5)
Underlying net financing costs	(169)	(192)	(12)
Underlying Profit before income tax and non-controlling interests	1,111	1,161	(4)
Underlying income tax expense	(349)	(342)	2
Non-controlling interests' share of Underlying Profit	(80)	(106)	(25)
Underlying Profit	682	713	(4)
Items excluded from Underlying Profit	(1,340)	(183)	632
Statutory (Loss)/Profit	(658)	530	N/A
Underlying earnings per share	61.7¢	64.8¢	(5)

A detailed analysis of the underlying performance of the business by operating segment is provided in Section 6.

External revenue

External revenue decreased by 5 per cent or $714 million to $13,804 million driven by a decrease in pass through carbon costs of $832 million following the repeal of the Clean Energy Act 2011 and lower oil prices and production in Exploration & Production, more than offsetting an increase in Natural Gas sales in Energy Markets. Contact Energy contributed $2,254 million to external revenue.

Underlying EBITDA

Underlying EBITDA increased $10 million to $2,149 million reflecting a higher contribution from Energy Markets of $207 million, offset by lower contributions from Exploration and Production (-$88 million), Contact Energy (-$46 million) and Corporate (-$52 million).

The higher Energy Markets contribution was driven by expanding Retail Natural Gas margins and the use of available ramp gas[1] in Queensland, which supported increased Business gas sales, sales to LNG customers and increased power generation, with the latter helping to maintain a stable portfolio cost of electricity despite increased wholesale prices, offset by lower electricity margins due to increased market competition.

As anticipated, the available ramp gas has allowed Origin to use less gas from its Exploration and Production business, with the consequential reduction in liquids production, which together with lower liquids prices, has substantially reduced the contribution from liquids production in this period. This forgone gas and liquids production will be produced in subsequent periods.

The contribution from Contact Energy decreased due to increased competition and retail price discounting. Corporate costs increased primarily due to lower cost recoveries from Australia Pacific LNG under the service provider agreement.

	Underlying EBITDA			Underlying EBIT		
Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)	2015 ($m)	2014 ($m)	Change (%)
Energy Markets	1,260	1,053	20	956	787	21
Exploration & Production	399	487	(18)	102	210	(51)
LNG	72	83	(13)	(7)	12	(158)
Corporate	(69)	(17)	306	(69)	(17)	306
Total continuing operations	**1,662**	**1,606**	**3**	**982**	**992**	**(1)**
Contact Energy	487	533	(9)	298	361	(17)
Total	**2,149**	**2,139**	**0**	**1,280**	**1,353**	**(5)**

Underlying depreciation and amortisation

Underlying depreciation and amortisation increased by 10 per cent or $75 million to $807 million. This was primarily due to previous capital investments in Eraring and Shoalhaven power stations and retail systems in Energy Markets and the completion of Te Mihi and Retail Transformation in Contact Energy.

Underlying share of interest, tax, depreciation and amortisation of equity accounted investees

Underlying share of interest, tax, depreciation and amortisation of equity accounted investees increased by 15 per cent or $8 million to $62 million.

Underlying net financing costs

Underlying net financing costs decreased by 12 per cent or $23 million to $169 million driven by a review of the allocation of interest expense to debt associated with Origin's funding commitments to Australia Pacific LNG to better reflect the financing costs associated with servicing this debt, partially offset by higher interest expense at Contact Energy associated with the completion of Te Mihi.

(1) Refer to Glossary on page 128 for definitions.

Underlying income tax expense

Underlying tax expense increased by 2 per cent or $7 million to $349 million. The Underlying effective tax rate[1] was 31 per cent (29 per cent, 30 June 2014).

Underlying Profit

Underlying Profit decreased by 4 per cent or $31 million to $682 million. Underlying Profit is derived from Statutory Profit and excludes the impact of certain items that do not align with the manner in which the Managing Director reviews the financial and operating performance of the business.

3.1.1 Items excluded from Underlying Profit

Reconciliation Year ended 30 June 2015 ($ million)	EBITDA	D&A	Share of ITDA	EBIT	Net financing costs	Tax	Non-controlling Interests	NPAT
Statutory equivalent measure	630	(809)	(101)	(280)	(368)	58	(68)	(658)
Decrease in fair value of financial instruments	(649)	–	–	(649)	–	195	–	(454)
Disposals, dilutions and impairments	(431)	–	–	(431)	–	128	–	(303)
LNG related items	(75)	–	(39)	(114)	(199)	71	–	(242)
Contact Energy related items	(321)	–	–	(321)	–	31	12	(278)
Other	(43)	(2)	–	(45)	–	(18)	–	(63)
Less total excluded items	**(1,519)**	**(2)**	**(39)**	**(1,560)**	**(199)**	**407**	**12**	**(1,340)**
Underlying measure	**2,149**	**(807)**	**(62)**	**1,280**	**(169)**	**(349)**	**(80)**	**682**
Underlying Basic EPS (cps)								**61.7¢**

Fair value measurement of financial instruments (-$454 million post-tax) primarily relating to the unrealised, non-cash impact of the depreciation of the Australian dollar on the forward sale of oil and condensate (-$85 million) and cross currency derivatives primarily used to support the funding of Australia Pacific LNG (-$354 million).

Non-cash disposals, dilutions and impairment of assets (-$303 million post-tax), comprising:

- +$135 million benefit as Origin released an unfavourable contract liability following the renegotiation of a power purchase agreement and gas supply agreement with Marubeni's Smithfield gas-fired power station, bringing forward the expiry of the agreements to 2017 from 2027; and
- Impairment of:
  - Origin's Upstream assets (-$390 million) driven by Cooper Basin (-$180 million), BassGas (-$122 million) and Otway (-$35 million) due to recent reserves revisions, as reported in Origin's Annual Reserves Report, revised development plans and lower oil prices and New Zealand onshore (-$53 million) as reported at Origin's half year result; and
  - IT projects (-$50 million).

LNG related items (-$242 million post-tax), primarily comprised of:

- -$139 million net financing costs comprising interest expense on the average debt balance relating to the funding of Australia Pacific LNG, interest income received on Mandatorily Redeemable Cumulative Preference Shares and the benefit realised from bringing forward the positive fair value on existing cross currency swaps. The net financing costs would otherwise be capitalised if the development project was held by Origin rather than via an equity accounted investment;
- -$29 million non-cash foreign currency loss predominantly in relation to foreign currency denominated funding associated with the development of Australia Pacific LNG;
- -$51 million non-cash representing Origin's share of Australia Pacific LNG's tax expense on translation of foreign-denominated tax balances; and
- -$23 million pre-production costs unable to be capitalised.

Contact Energy related items (-$278 million post-tax) primarily reflecting the non-cash impairment of Origin's investment in Contact Energy (-$265 million).

3.2 Final dividend – 25.0 cps unfranked

A final dividend of 25.0 cents per share will be paid on 28 September 2015 to shareholders of record on 27 August 2015, taking annual dividends to 50.0 cents per share. Origin will trade ex-dividend from 25 August 2015.

As a result of the utilisation of available tax losses and the impact of development projects, including Australia Pacific LNG, Origin does not expect to have sufficient franking credits to frank the final dividend. The conduit foreign income component of the final dividend is nil.

The Dividend Reinvestment Plan (DRP) will apply to this dividend. No discount will be applied in the calculation of the DRP price. The DRP price of shares will be calculated as the arithmetic average of the daily volume weight average market price during a period of ten trading days commencing on the third trading day immediately following the Record Date. The last election date for the DRP is 28 August 2015. Shares issued under the DRP will rank equally with other fully paid ordinary shares of the Company.

(1) Refer to Glossary on page 128.

4. REVIEW OF CASH FLOWS

4.1 Statement of cash flows

Year ended 30 June	2015 ($m)	2014 ($m)	Change ($m)	Change (%)
Cash and cash equivalents at the start of the period	228	308	(80)	(26)
Cash flows from operating activities	1,833	2,227	(394)	(18)
Cash flows used in investing activities	(3,914)	(3,314)	(600)	18
Cash flows from financing activities	1,996	1,002	994	99
Net increase in cash and equivalents	(85)	(85)	–	–
Effect of foreign exchange rates on cash	12	5	7	140
Cash and cash equivalents at end of the period	**155**	**228**	**(73)**	**(32)**

Cash flows from operating activities of $1,833 million were down $394 million on the prior year due to higher working capital of $345 million reflecting the final Carbon scheme payment of $300 million and higher tax paid of $92 million driven by timing differences arising on payment of tax instalments. Section 4.2 includes further commentary of Origin's Operating Cash Flow after Tax measure.

Cash flows used in investing activities (primarily capital and investment expenditure) was $3,914 million, representing an increase of $600 million primarily due to the $686 million acquisition expenditure on the Poseidon exploration permits in the offshore Browse Basin. Section 4.3 provides more details on Origin's investing activities during the year.

Cash flows from financing activities include net cash flows relating to Origin's funding activities, the payment of interest and dividends. Cash flows from financing activities increased by $994 million primarily to fund the acquisition of the Poseidon permits in the Browse Basin and the payment of the special dividend by Contact Energy. Section 4.4 provides more details on Origin's funding initiatives during the current year.

4.2 Operating Cash Flow After Tax (OCAT)

The key difference between Group OCAT and statutory cash flows from operating activities is that Group OCAT includes stay-in-business capital expenditure and Origin's share of Australia Pacific LNG's OCAT and excludes cash items excluded from Underlying Profit.

Year ended 30 June	2015 ($m)	2014 ($m)	Change ($m)	Change (%)
Underlying EBITDA	2,149	2,139	10	0
Change in working capital	(182)	163	(345)	(212)
Stay-in-business capital expenditure	(306)	(309)	3	(1)
Share of APLNG OCAT less EBITDA	(64)	(55)	(9)	16
Exploration expense	29	54	(25)	(46)
NSW acquisition-related liabilities	(18)	(54)	36	(66)
Other	79	120	(41)	(34)
Tax paid	(109)	(17)	(92)	541
Group OCAT(1) (including share of APLNG)	**1,578**	**2,041**	**(463)**	**(23)**
Net interest paid	(382)	(442)	60	(14)
Free cash flow(1)	**1,196**	**1,599**	**(403)**	**(25)**
Productive Capital(1)	**17,471**	**16,577**	**894**	**5**
Group OCAT Ratio(1)	**8.4%**	**11.5%**		**(27)**

Group OCAT decreased by 23 per cent or $463 million to $1,578 million due to higher working capital of $345 million reflecting the final Carbon scheme payment of $300 million and higher tax paid of $92 million driven by timing differences arising on payment of tax instalments.

Net interest paid of $382 million was down $60 million as additional interest paid on higher average Net Debt balances (+$174 million) was more than offset by the benefit realised from bringing forward the positive fair value on existing cross currency swaps as these swaps were reset to the market rates in March 2014 (-$76 million) and the receipt of interest income (-$158 million) on Mandatorily Redeemable Cumulative Preference Shares issued by Australia Pacific LNG.

Free cash flow available for distributions to shareholders and funding growth decreased by 25 per cent, or by $403 million, to $1,196 million.

One of Origin's internal measures of performance is the Group OCAT Ratio which is an indicator of the cash returns Origin is generating from Productive Capital.

Productive Capital in the business, calculated on a 12-month weighted average basis, increased by 5 per cent or $894 million to $17,471 million primarily due to the completion of Contact Energy's Te Mihi Power Station in May 2014 and its Retail Transformation project in April 2014 and the foreign exchange impact on translation of Contact Energy's Productive Capital.

The Group OCAT ratio for the 12 months ended 30 June 2015 was 8.4 per cent, down from 11.5 per cent at 30 June 2014.

(1) Refer to Glossary on page 128.

4.2.1 Segment cash flow

	Operating Cash Flow(1)			Productive Capital(1)			OCFR(1)	
Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)	2015 ($m)	2014 ($m)	Change (%)	2015 (%)	2014 (%)
Energy Markets	930	1,035	(10)	9,607	9,565	0	9.7	10.8
Exploration & Production	348	529	(34)	2,117	2,248	(6)	16.4	23.5
Contact Energy	462	416	11	5,368	4,689	14	8.6	8.9

Operating cash flow returns (OCFR) decreased across Origin's segments, reflecting:

— lower Energy Markets OCFR with higher underlying EBITDA and working capital improvement more than offset by the net impact of carbon payments;
— lower Exploration & Production OCFR due to lower EBITDA and higher working capital requirements; and
— lower Contact Energy OCFR due to higher productive capital driven by the completion of Te Mihi and Retail Transformation in the final quarter of financial year 2014 and lower EBITDA.

4.3 Capital expenditure and Origin's cash contributions to Australia Pacific LNG(2)

In the year, Origin invested $4,052 million, comprising $1,886 million of capital expenditure on the existing businesses and $2,166 million of net cash contributions to Australia Pacific LNG. This compares with $3,833 million invested in the prior year, comprising $1,012 million of capital expenditure and $2,814 million of net cash contributions to Australia Pacific LNG.

4.3.1 Capital expenditure (including capitalised interest)

Total capital expenditure on the existing businesses (including acquisitions) was $1,886 million, up 86 per cent from $1,012 million in the prior period.

Stay-in-business capital expenditure was $306 million, down 1 per cent from $309 million.

Growth capital expenditure was $894 million (which includes $118 million of capitalised interest), compared with $699 million in the prior year. This included expenditure of $20 million or more in the following areas:

— Energy Markets – $126 million in total:
— Exploration & Production – $613 million in total, including:
  — Cooper Basin – $156 million:
  — Halladale / Speculant – $152 million;
  — Bass Basin – $85 million;
  — Browse Basin – $71 million;
  — Ironbark – $58 million;
— Contact Energy – $59 million in total including Retail Transformation of $25 million; and
— Corporate – $96 million in total, including international development and IT.

Capital expenditure on acquisitions was $686 million for the acquisition of the Poseidon exploration permits in the offshore Browse Basin.

4.3.2 Origin's cash contributions to Australia Pacific LNG

During the current year, Origin's net cash contributions to Australia Pacific LNG to fund its activities was $2,166 million, compared to the net cash contributions of $2,814 million made in the prior year.

4.4 Funding and capital management

Origin completed a number of funding initiatives during the period to extend its debt maturity profile and improve its liquidity position.

In September 2014, Origin issued €1 billion ($1.4 billion) of hybrid capital securities swapped into Australian dollars. The hybrid is treated as debt for accounting purposes and has received 50 per cent equity credit from both Standard & Poor's and Moody's. Proceeds from the hybrid issuance were used to finance Origin's $686 million acquisition of a 40 per cent interest in two offshore exploration permits, WA-315-P and WA-398-P, the Poseidon permits in the offshore Browse Basin. The balance of the proceeds was used to repay debt.

In December 2014, Origin amended $6.6 billion of syndicated loan facilities to reduce the interest rate margin, extend the maturities and increase the limit of the facilities by $750 million to $7.4 billion. The interest cost of the bank loan facilities was reduced by 0.30 per cent per annum and flexibility was added with increased US Dollar drawdown capacity. The terms of the bank loan facilities were extended by 16 months to December 2018 and December 2019 respectively.

In March 2015, Origin executed $500 million of guarantee facilities with maturities between March 2018 and March 2020.

As at 30 June 2015, Origin has $4.4 billion of committed undrawn debt facilities and cash (excluding Contact Energy and bank guarantees). This liquidity position is more than that required to support Origin's remaining funding contribution to Australia Pacific LNG and other business initiatives.

The total amount drawn down by Australia Pacific LNG from its project finance facility during the period was US$537 million. Capitalised interest on the project finance facility of US$283 million has been recognised during the current period. At 30 June 2015, US$8,305 million of the total US$8,500 million project finance facility had been drawn.

Origin either holds debt denominated in, or hedges debt to, Australian dollars, US dollars and NZ dollars to match the currency denomination of cash flow receipts and the functional currency of its various businesses.

(1) Refer to Glossary on page 128.
(2) The capital expenditure is based on cash flow amounts rather than accrual accounting amounts, and includes growth and stay-in-business capital expenditure, capitalised interest, acquisitions and Origin's cash contributions to Australia Pacific LNG (via both loan repayments to Australia Pacific LNG and the issue of Mandatorily Redeemable Cumulative Preference Shares by Australia Pacific LNG to Origin).

4.4.1 Share capital

During the current period, Origin issued an additional 5.98 million shares, raising a total of $79 million including 5.87 million shares under the DRP.

The total number of shares on issue was 1,110 million at 30 June 2015.

The weighted average number of shares used to calculate basic EPS at 30 June 2015 increased by 5 million to 1,106 million from 1,101 million at 30 June 2014.

4.4.2 Net Debt

Net Debt for the consolidated entity increased by 45 per cent or $4,139 million to $13,273 million from $9,134 million at 30 June 2014. The increase in net debt is primarily due to Origin's net cash contributions to Australia Pacific LNG ($2,166 million), capital expenditure excluding capitalised interest ($1,768 million, of which $686 million related to the Poseidon acquisition), net cash dividend payment ($722 million, including the payment of a special dividend by Contact Energy), interest payments ($547 million), non-cash debt movements comprising fair value adjustments and foreign currency translation ($652 million), partially offset by cash flows from operating activities ($1,833 million).

The non-cash fair value and foreign currency translation movements of debt of $652 million is primarily driven by the impact of foreign currency movements on foreign currency denominated debt used to match expected US dollar earnings from Australia Pacific LNG.

Contact Energy net debt was $1,547 million as at 30 June 2015.

On 10 August 2015, Origin divested its entire 53.09 per cent interest in Contact Energy and used the proceeds to repay A$1.4 billion of debt and will redeem NZ$200 million of redeemable preference shares. Origin's net debt at 30 June 2015, adjusted for the deconsolidation of Contact Energy and the repayment of $1.4 billion of debt is $10,297 million compared to the reported consolidated net debt of $13,273 million.

4.4.3 Equity

Shareholders' Equity(1) decreased by 6 per cent (-$970 million) from $15,129 million at 30 June 2014 to $14,159 million at 30 June 2015. The decrease is predominantly due to the Statutory Loss of $658 million, dividends paid by the parent entity (-$553 million), an increase in non-controlling interests' share of equity movements (-$249 million), partially offset by reserve movements including foreign currency and hedging (+$406 million) and movement in share capital (+$79 million).

4.4.4 Gearing Ratio(1)

The following table provides the calculation of the Gearing Ratio based on the Adjusted Net Debt and the reported Shareholders' Equity. Adjusted net debt is reported net debt adjusted to take into account the effect of FX hedging transactions on the Group's foreign currency debt obligations.

As at	30 June 2015	30 June 2014
Adjusted Net Debt ($m)	13,102	9,146
Shareholders' Equity as reported ($m)	14,159	15,129
Adjusted Net Debt to (Adjusted Net Debt + Shareholders' Equity)	**48%**	**38%**

4.4.5 Interest rates

Origin's underlying average interest rate incurred on debt for the current year was 5.5 per cent, compared with 5.6 per cent in the prior year. The lower average interest rate was due to reductions in Contact Energy's average interest rate, the Australian dollar floating interest rate and Origin's funding margin.

Underlying net financing costs used to calculate the Underlying average interest rate include interest on Origin's Australian Dollar, US Dollar and New Zealand Dollar debt obligations, Contact Energy's New Zealand dollar denominated debt, as well as commitment fees incurred on undrawn committed debt facilities associated with Origin's underlying business.

Net interest incurred on drawn debt and commitment fees paid on undrawn committed debt facilities, which act to support Origin's funding commitments to Australia Pacific LNG, are excluded from Underlying net financing costs (refer to Section 3.1) and from the interest rate quoted above. This amount decreased by $40 million to $199 million for the current year as interest expense on a higher level of drawn debt was more than offset by Mandatorily Redeemable Cumulative Preference Shares interest income and a higher benefit realised from bringing forward the positive fair value on existing cross currency swaps.

As at 30 June 2015, Origin held cash and cash equivalents of $155 million compared with $228 million at 30 June 2014.

Approximately 63 per cent of Origin's consolidated debt obligations are fixed to 30 June 2016 at an average rate of 6.3 per cent including margin.

5. PROSPECTS AND OUTLOOK FOR FUTURE FINANCIAL YEARS

5.1 Prospects

The 2016 financial year will be a transitional year for Origin as Energy Markets matures, there is no contribution from Contact Energy, and LNG production in Queensland commences. While the Australia Pacific LNG project is expected to commence sustained production from Train 1 from the second quarter of the 2016 financial year, revenues and expenses from the export of LNG are not expected to be recognised in the income statement until the date on which the performance tests for Train 1 under the Bechtel EPC contract are satisfied (Bechtel Performance Date), which is not expected to occur until the second half of the 2016 financial year. The 2017 financial year will be the first full year of operations from both LNG trains.

During this period Origin's key priorities are to:

- improve returns in the Energy Markets business;
- deliver growth in the Integrated Gas business;
- grow capabilities and increase investments in renewable energy; and
- maintain adequate funding and effective capital management.

(1) Refer to Glossary on page 128.

Notwithstanding the significant reduction in oil prices, these priorities remain appropriate albeit with some modifications implemented to reflect the lower than previously expected growth in revenues, earnings and cash flow that will occur should oil prices remain at current depressed levels. Looking forward, lower oil prices will impact Origin in a number of different ways, driven primarily by the fact that LNG prices are linked to oil prices.

As LNG production ramps up in Queensland, East Coast gas prices will move to export parity, albeit at a lower level than previously expected if current low oil prices persist. Origin expects to continue to benefit from increased gas prices in its Exploration & Production and Energy Markets businesses, including the commencement of gas sales to LNG projects at oil-linked prices.

From 1 July 2015, Origin's earnings on a large proportion of its oil and condensate production will reflect the fixed price under the oil and condensate forward sale agreements[(1)], which represents the prevailing average forward oil price at the time of executing the transactions of US$89/bbl, discounted to US$62.40/bbl to reflect the receipt of the sales proceeds upfront.

If oil prices remain at current spot prices, the linkage of LNG prices to oil prices will significantly reduce the increase in contributions from Australia Pacific LNG relative to prior expectations. At A$100/bbl (oil price at the time of FID), Origin expects its share of distributable cash flow from Australia Pacific LNG to be around $900 million per annum on average from the 2017 financial year. Every A$10/bbl change in the oil price will change Origin's expected distribution from Australia Pacific LNG by $200 million.

Under the agreement that Australia Pacific LNG entered into with QGC in 2010, Australia Pacific LNG will sell to QGC its share of gas production from the ATP620/648 fields for an initial period of 15 months which extends through the balance of the 2016 financial year. The price of gas sold to QGC under this agreement reflects the linkage to oil prices and a fixed component which allows QGC to recover a return on capital invested in its export project. The fall in oil prices has resulted in a significant reduction in the revenue that Australia Pacific LNG is expecting to receive under this agreement.

In this changed environment, with the fall in oil prices potentially reducing growth in earnings and cash flow relative to prior expectations, the continued implementation of Origin's key priorities has been moderated to conserve cash flow and accelerate cost reductions.

To this end, Origin has:

- combined the Exploration & Production and LNG businesses into a single business segment called Integrated Gas from 1 July 2015;
- continued to reduce operating costs and capital expenditure in Energy Markets with further reductions in Natural Gas and Electricity cost to serve and Generation Operating Costs by $65 million and total capital expenditure by $50 million in the 2016 financial year;
- limited capital expenditure in the existing Exploration & Production business to permit and joint venture commitments and projects that increase gas production into growing gas demand in Australia;
- continued the good progress on achieving the planned $1 billion per annum reduction in Australia Pacific LNG's upstream total cost structure as it transitions from project delivery to operations, which will take costs to levels consistent with previous guidance[(2)];
- initiated a company-wide project to further improve efficiency and reduce cash costs by $200 million from the 2017 financial year;
- further constrained spend on international development activities; and
- deferred planned investments in new systems and technology at an enterprise level.

The divestment of Origin's entire 53.09 per cent interest in Contact Energy is consistent with Origin continuing to take actions to preserve financial flexibility in an environment of low oil prices.

5.1.1 Improving returns in the energy markets business

In Energy Markets, Origin expects to improve returns by:

- leveraging its competitive and flexible gas portfolio to increase sales in Natural Gas. Energy Markets is expected to maintain the strong Natural Gas earnings achieved in the 2015 financial year with the increase in sales to LNG projects replacing the reduction in ramp gas benefit and the resulting increase in energy procurement costs;
- managing margins and customer position in Electricity amidst continued competition and discounting and maintaining a competitive cost of energy through a flexible fuel and generation portfolio;
- continuing to make reductions in Natural Gas and Electricity operating costs and capital expenditure to increase cash generation;
- building customer loyalty and trust by providing a better customer experience through simplifying processes and using new technologies to engage customers and by extending the range of energy products and services offered;
- growing solar and energy services with the aim of becoming the leading provider of solar products and services; and
- leveraging Origin's flexible energy portfolio to develop or support the development of additional renewable generation required to meet the LRET target.

5.1.2 Delivering growth in the Integrated Gas business

Australia Pacific LNG continues to make good progress on the delivery of the CSG to LNG project and was 97 per cent complete on the Upstream and 92 per cent on the Downstream parts of the project as at 30 June 2015. As of 30 June 2015, $25 billion[(3)] had been spent. Sustained production of LNG from Train 1 is expected to be achieved from the second quarter of the 2016 financial year and from Train 2 approximately 6 months later. Estimated costs to complete are not expected to be materially different from budget[(4)].

Australia Pacific LNG is transitioning from project delivery to ongoing sustainable development and operations and is focused on delivering reductions in the upstream project's total cost structure as planned. Australia Pacific LNG has implemented initiatives to reduce total annual costs by approximately $650 million from Phase 1 levels and is targeting the implementation of the remaining $350 million of annual recurring savings by the end of financial year 2016.

As foreshadowed in August 2014, the availability of ramp gas in Queensland allowed Origin to use less gas from its own production and invest in growing production for future years.

BassGas is expected to increase production in the 2016 financial year as the Yolla-5 and Yolla-6 development wells enter into production. This is expected to be more than offset by production decreases due to field decline at Otway and scheduled maintenance shutdowns at Otway for 28 days and Kupe for 30 days.

The appraisal and development focus is on executing projects with the highest returns and shorter payback periods. The success of the Speculant drilling program in the Otway Basin and the expected increase in demand for gas in Eastern Australia will see production from the Otway Basin increase in the 2017 financial year as the Halladale and Speculant wells enter production and the Ironbark field prioritised for development. The Senecio and Waitsia drilling programs in the Perth Basin will continue with the prospect for significant further increases in reserves.

5.1.3 Growing capabilities and increasing investment in renewable energy

In Australia, Origin's energy portfolio provides flexibility for Origin to develop or support the development of the additional renewable energy required to meet the LRET target.

(1) In the 2013 financial year Origin entered into agreements to sell approximately 60 per cent of its future oil and condensate over a 72 month period commencing 1 July 2015. Upon entry into the agreements, Origin received $482 million.
(2) As provided in the Update on Amended Loan Facilities and Australia Pacific LNG on 11 December 2014.
(3) Includes an unfavourable foreign exchange translation impact of A$362 million relative to project cost estimates announced in February 2013, which were based on 31 December 2012 exchange rates and around $500 million of accrued expenses.
(4) As announced in February 2013, based on December 2012 exchange rates.

Internationally, Origin is limiting spend to a modest level of investment in renewable energy opportunities in Chile and Indonesia. In Chile, Origin increased its investment in Energia Andina by 9.9 per cent to 49.9 per cent. At the same time, Energia Andina acquired a 40 per cent stake in the 69 MW Javiera solar project in Chile's Atacama Desert which commenced operations in the financial year.

5.1.4 Maintain adequate funding and effective capital management

Given the potential for lower oil prices to reduce the expected increase in Origin's earnings and cash flow, Origin is focused on:

- maintaining sufficient liquidity to meet committed capital and funding requirements;
- ensuring cash flow from existing businesses is sufficient to service debt irrespective of oil prices;
- delivering on commitments of:
  - no equity raising to fund Australia Pacific LNG;
  - maintain its dividend policy of the greater of 50 cents per share to 60 per cent of Underlying NPAT;
  - maintain an investment grade rating;
  - maintain stay-in-business capital expenditure to ensure the competitiveness of the business; and
  - develop upstream projects with the highest returns and shortest payback periods.

If the current low oil prices are sustained, Origin will continue to take actions to meet its commitments and preserve flexibility to improve returns to shareholders by:

- continuing to reduce capital and operating costs; and
- realigning debt across group entities.

5.2 Outlook

In the 2016 financial year, Origin expects:

- Similar contributions from Energy Markets to that achieved in the 2015 financial year as the benefit of ramp gas is largely replaced with increasing natural gas sales to LNG projects. The ongoing impact of intense competition in retail markets is expected to continue. Energy Markets will focus on reducing operating costs in Electricity and Natural Gas and invest in growing new solar and energy services;
- Contact Energy contributions to cease from 10 August and interest savings on the reduction in debt from net sales proceeds to commence from this date;
- Contributions from the Integrated Gas business to reflect:
  - increased production from the Yolla-5 and Yolla-6 development wells at BassGas more than offset by decreased production from Otway and Kupe.
  - earnings from most of oil and condensate production in the 2016 financial year to not be impacted by the movements in oil price and will reflect the fixed price of US$62.40/bbl, however cash flow from the sale of liquids will be lower than received in 2015 financial year as proceeds from the forward sale agreement were received at the time of the agreement in the 2013 financial year;
  - under a prior agreement, Australia Pacific LNG to sell to QGC its share of gas production from the ATP620/648 fields in the 2016 financial year. The fall in oil prices has resulted in a significant reduction in the revenue that Australia Pacific LNG is expecting to receive from the sale of gas to QGC; and
  - contribution to earnings from the sale of LNG to commence in the second half of the year.
- Earnings from the sale of LNG to be more than offset by the disproportionate recognition of depreciation and interest expense during the ramp up to full production in this period.
- Origin's remaining cash contribution to Australia Pacific LNG to be around $1.8 billion, an increase of $550 million from previous guidance provided at the time of the half year results. This is primarily due to the reduction in revenue (approximately $300 million) as a result of lower oil prices and the impact of previously advised change in expected commencement of sustained production from Train 1 from the first quarter of the 2016 financial year to the second quarter. The remainder ($250 million) is due to the potential funding of sustain phase expenditure, previously assumed to be deferred, to take advantage of additional LNG production capacity that Australia Pacific LNG is anticipated to have. Estimated project cost for Australia Pacific LNG to the start of the Train 2 production is not expected to be materially different from the budget estimates(1). Sustain phase capital and operating expenditure during steady state operations are consistent with previous guidance provided in December 2014.
- Growth capital expenditure(2) in the existing businesses excluding acquisitions to reduce to around $650 million, primarily to meet permit commitments and complete approved upstream projects.
- The Corporate segment to recognise lower cost recoveries in the 2016 financial year from Australia Pacific LNG under the corporate service provider agreement.
- With the completion of a period of significant development, its cash costs will be reduced in line with future business priorities. A company-wide project is expected to deliver a reduction of $200 million in cash costs from the 2017 financial year. Cost savings achieved in the 2016 financial year are expected to be largely offset by restructuring costs.

(1) As announced in February 2013, based on December 2012 exchange rates.
(2) Excluding capitalised interest.

6. REVIEW OF SEGMENT OPERATIONS

6.1 Energy Markets

Origin's Energy Markets business is an integrated provider of energy solutions to retail and wholesale markets in Australia and in the Pacific. As Australia's leading electricity, gas and LPG retailer, Energy Markets continues to increase product and service offerings to customers, has a diverse portfolio of gas and coal supply contracts, and operates one of Australia's largest, most flexible and diverse generation portfolios.

The repeal of the carbon scheme was implemented successfully in the current period. The removal of pass-through carbon costs resulted in a decrease of $832 million in Total Segment Revenues. The prior year has been restated to exclude the pass-through carbon impact for ease of comparison.

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
Total Segment Revenue[1]	10,926	10,775[2]	1
Underlying EBITDA	1,260	1,053	20
Segment Result	956	787	21
Operating cash flow	930	1,035	(10)
Growth capital expenditure	126	96	31

— Underlying EBITDA up 20 per cent or $207 million to $1,260 million mainly due to margin expansion and increased sales volumes in Natural Gas through the benefit of Origin's flexible portfolio.
— Operating Cash Flow down 10 per cent or $105 million at $930 million with higher Underlying EBITDA and working capital improvement more than by the net impact of carbon payments (including the final carbon payment of $300 million) under the Clean Energy Act 2011, which has now been repealed.
— Reduced Natural Gas and Electricity Cash Cost to Serve by $7 per customer, or $36 million, driven by improvements in billing and collections.
— Underlying EBIT margin increased from 8.4 per cent to 9.9 per cent.
— Segment Result up 21 per cent or $169 million to $956 million driven by the increase in Underlying EBITDA. The segment result includes a depreciation expense of $304 million (up 14 per cent from the prior year) due to previous capital investments in the Eraring and Shoalhaven power stations and retail systems.
— Achieved a net gain of 4,000 Electricity and Natural Gas customer accounts in the second half of the financial year resulting in a full year net loss of 28,000 customer accounts.
— Continued customer experience improvements including further extension to call centre hours, new energy products and internal acquisition channels, SMS customer updates, rollout of Origin's digital platform, and simplified bills.
— Grown to be seventh largest solar installer and launched new Solar as a Service product, commenced battery trials, and grew the existing Acumen metering business.

6.1.1 Segment financial performance

Summary Financial and Operational Performance

Year ended 30 June 2015	Natural Gas	Electricity	Solar and Energy Services	LPG
Revenue ($m)[3][4]	1,733 (34%)	7,217 (-1%)	97 (23%)	648 (-7%)
Cost of Goods Sold ($m)	-1,212 (18%)	-5,928 (0%)	-60 (26%)	-450 (-15%)
Gross Profit ($m)	521 (90%)	1,289 (-4%)	37 (15%)	198 (18%)
Total Operating Costs ($m)	←	-785 (3%)	→	
Underlying EBITDA ($m)		1,260 (20%)		
Underlying EBIT ($m)		956 (21%)		
Underlying EBIT Margin (%)		9.9% (June 2014: 8.4%)[5]		
Volumes Sold[6]	147 (36%)	36 (-4%)	n/a	415 (8%)
Period-end customer accounts ('000)	1,083 (5%)	2,801 (-3%)	n/a	382 (0%)
Average customer accounts ('000)[7]	1,063 (4%)	2,823 (-3%)	n/a	383 (0%)
Gross Profit per customer (average accounts, $)	491 (83%)	457 (-1%)	n/a	517 (17%)
Underlying EBITDA per customer (average accounts, $)	←	309 (20%)	→	154 (40%)
Underlying EBIT per customer (average accounts, $)		238 (20%)		78 (135%)

(1) Refer to Glossary on page 128.
(2) $11,607 million in the prior year, including $832 million of passed through carbon costs.
(3) Energy Markets Total Segment Revenue includes pool revenue from the sale of electricity when Origin's internal generation portfolio is dispatched, including power purchase agreements. These pool revenues, along with associated fuel costs, are netted off in Electricity cost of goods sold.
(4) Energy Markets Total Segment Revenue includes revenue from the sale of gas swaps to major customers and pass-through Transmission Use of System (TUOS) charges to customers at no margin. These revenues are netted off with the associated cost in Natural Gas cost of goods sold.
(5) Excluding carbon impact of 0.6 per cent. Reported as 7.8 per cent in the prior year
(6) Does not include internal sales for Origin's generation portfolio (period ended 30 June 2015: 60.8 PJ; period ended 30 June 2014: 54.6 PJ). Units explained in Glossary on page 128.
(7) Average Customer Accounts is calculated as the average of the month-end customer numbers for each month of the year.

Energy Markets Underlying EBITDA increased by 20 per cent or $207 million to $1,260 million primarily due to an increased contribution from Natural Gas.

Natural Gas Gross Profit increased by 90 per cent or $247 million driven by an expansion in retail unit margins as East Coast gas prices rose relative to Origin's legacy priced gas supply portfolio (+$70 million), higher Retail volumes with a return to more normal weather conditions and higher customer numbers (+$45 million), higher Business volumes from increased sales to commercial, industrial and trading customers reflecting the availability of ramp gas (+$39 million) and commencement of sales to LNG customers ($55 million) and capacity services provided to LNG projects during ramp up (+$38 million).

Electricity Gross Profit decreased by 4 per cent or $48 million driven by a decrease in Business volumes ($7 million) and retail margin compression ($41 million) as increased discount spend led to an under-recovery of increased green cost of energy following the repeal of the carbon scheme. The decrease in volumes reflects lower Business volumes due to the impact of market competition. Retail volumes were stable as the benefit from a return to more normal weather conditions was offset by the impact of customer losses due to increased competition and the continued, but moderating, impact of energy efficiency trends and solar PV penetration.

LPG Gross Profit increased by 18 per cent or $30 million to $198 million driven by higher volumes and retail margin expansion reflecting improved sales performance and lower wholesale gas supply costs. Solar and Energy Services Gross Profit increased by 15 per cent or $5 million to $37 million driven by higher sales with new product launches and customer service model.

Total Operating Costs were up 3 per cent or $26 million reflecting a $33 million increase in LPG and Solar and Energy Services Operating Costs and $6 million reduction in Electricity and Natural Gas Operating Costs.

Solar and Energy Services Operating Costs increased $20 million primarily reflecting remediation costs associated with early model Solar PV inverters and increased investments in capabilities to grow new products and services to customers. LPG Operating Costs increased $13 million driven by the Asia Pacific growth strategy and the translation impact of a weaker Australian dollar.

The $6 million reduction in Electricity and Natural Gas Operating Costs is driven by a $36 million reduction in cash operating costs reflecting continued improvements in the operations of the retail business, offset by the non-cash Transitional Services Arrangement (TSA) provision release of $30 million reducing cost in the prior year.

Customer experience remains a priority for the retail business with key operational improvements during the period and increased sales through internal channels (see section 6.1.5). Customer experience improvements included further extension to call centre hours, new energy products and internal acquisition channels, SMS customer updates, rollout of Origin's digital platform, and simplified bills.

Origin's customer position declined by 28,000 Electricity and Natural Gas customer accounts during the period. Customer losses were driven by continued strong retail competition in Victoria and increasing competition in NSW, with 75,000 Electricity customer account losses. This was offset by an increase of 47,000 Natural Gas customer accounts, in NSW, Victoria and Queensland. The second half of the financial year delivered a net gain of 4,000 customer accounts, compared to a net loss of 32,000 customer accounts in the first half.

Energy Markets' Underlying EBIT margin increased from 8.4 per cent at 30 June 2014 to 9.9 per cent.

6.1.2 Natural Gas

Year ended 30 June	2015	$/GJ	2014(1)	$/GJ	Change (%)	Change ($/GJ)
Volumes Sold (PJ)	**207.4**		**162.8**		**27**	
Retail (Consumer & SME)	41.7		37.1		12	
Business	104.9		71.1		48	
Total external volumes	**146.6**		**108.2**		**36**	
Internal Sales (Generation)	60.8		54.6		11	
Revenue ($m)	**1,733**	**11.8**	**1,298**	**12.0**	**34**	**(0.2)**
Retail (Consumer & SME)	978	23.4	803	21.6	22	1.8
Business(2)	755	7.2	495	7.0	52	0.2
Cost of goods sold ($m)	**(1,212)**	**(8.3)**	**(1,024)**	**(9.5)**	**18**	**1.2**
Network Costs	(640)	(4.4)	(582)	(5.4)	10	1.0
Energy Procurement Costs	(572)	(3.9)	(442)	(4.1)	30	0.2
Gross Profit ($m)	**521**	**3.6**	**274**	**2.5**	**90**	**1.1**
Gross Margin (%)	30.1%		21.1%		43	
Period-end customer accounts ('000)	1,083		1,036		5	
Average customer accounts ('000)	1,063		1,022		4	
$ Gross profit per customer	**491**		**268**		**83**	

Natural Gas sales volumes were up 27 per cent or 45 PJ to 207 PJ, reflecting Origin's ability to source an additional 63 PJ (8 PJ prior year) of ramp gas available in Queensland to increase sales to Business customers by 34 PJ, increase internal sales used for power generation by 6 PJ, and reduce the call on its own gas production by 19 PJ. Retail volumes were up 5 PJ or 12 per cent with higher sales volumes from growth in customer accounts and a return to more normal winter weather conditions.

Retail margin expanded by $1.90/GJ as retail tariffs increased due to rising East Coast gas prices, and Energy Procurement Costs decreased reflecting the benefit of lower priced ramp gas purchased in Queensland during the year. The increase in Retail volumes and margin contributed $115 million to the $247 million increase in Natural Gas Gross Profit.

(1) Prior corresponding period restated to exclude the impact of carbon for comparative purposes.
(2) Business and Trading Revenue and Energy Procurement Costs for the period ended 30 June 2014 have been re-stated to remove pass-through Transmission Use of System (TUOS) charges to customers at no margin.

The increase in Business volumes comprised 18 PJ of additional sales to commercial, industrial and trading customers and 16 PJ of sales to LNG customers. Higher Business sales volumes and the provision of services to LNG customers during the ramp up of their projects contributed $132 million to the $247 million increase in Natural Gas Gross Profit.

Gross Profit per gigajoule increased 44 per cent from $2.50/GJ to $3.60/GJ reflecting the benefit of Origin's legacy priced gas supply position relative to market price movements, the commencement of sales to LNG customers at higher margins and payments for capacity services to LNG projects. Gross Profit per customer increased by 83 per cent, or $223, to $491 per customer with a $101 per customer increase from the expansion of Retail unit margin and higher Retail sales volumes with the remainder of the increase driven by higher contribution from Business sales.

Retail Natural Gas volumes sold

Year ended 30 June (PJ)	2015	2014	Change (PJ)	Change (%)
NSW	7.1	6.3	0.8	13
Victoria	26.1	23.0	3.1	13
Queensland	2.8	2.5	0.3	12
South Australia	5.8	5.3	0.5	9
Mass Market	**41.7**	**37.1**	**4.6**	**12**

6.1.3 Electricity

Year ended 30 June	2015	$/MWh	2014[1]	$/MWh	Change (%)	Change ($/MWh)
Volumes Sold (TWh)	**36.3**		**38.3**		**(5)**	
Retail (Consumer & SME)	17.9		18.0		(1)	
Business	18.4		20.3		(9)	
Revenue ($m)	**7,217**	**198.8**	**7,264**	**189.6**	**(1)**	**9.2**
Retail (Consumer & SME)	4,902	274.4	4,784	265.8	2	8.7
Business	2,238	121.4	2,384	117.4	(6)	4.0
Externally contracted Generation	77		96[2]		(20)	
Cost of goods sold ($m)	**(5,928)**	**(163.3)**	**(5,926)**	**(154.7)**	**0**	**(8.6)**
Network Costs	(3,745)	(103.2)	(3,629)	(94.8)	3	(8.4)
Wholesale Energy Costs	(1,906)	(52.5)	(2,018)	(52.7)	(6)	0.2
Generation Operating costs	(278)	(7.7)	(280)	(7.3)	(1)	(0.3)
Energy Procurement Costs	(2,184)	(60.2)	(2,297)[2]	(60.0)	(5)	(0.2)
Gross Profit ($m)	**1,289**	**35.5**	**1,337**	**34.9**	**(4)**	**0.6**
Gross Margin (%)	17.9%		18.4%		(3)	
Period-end customer accounts ('000)	2,801		2,876		(3)	
Average customer accounts ('000)	2,823		2,898		(3)	
$ Gross profit per customer	**457**		**461**		**(1)**	

Electricity volumes decreased by 2.0 TWh to 36.3 TWh primarily driven by a decline in Business volumes reflecting strong market competition in this segment. While Business unit margins remained stable, the loss of volumes contributed $7 million to the $48 million decline in Gross Profit.

Origin sets retail tariffs at the beginning of the year based on the expected average cost of energy across the year, with costs expected to be lower in the first half and higher in the second half of the year. While competition intensified during the first half of the year, Origin chose to not meet market discount offers in order to preserve margins. However as continued competition resulted in the loss of 60,000 customer accounts in the first half of the year, Origin responded with competitive market offers to stabilise the customer position. The increased discount spend led to an under-recovery of increased green cost of energy following the repeal of the carbon scheme, resulting in retail margin compression in the second half of the year. Retail unit margin contraction contributed $41 million to the $48 million decrease in Gross Profit. Excluding the impact of the repeal of the carbon scheme on green cost of energy, Retail unit margin was stable.

Across the year, underlying black cost of energy remained broadly flat despite increased market prices, reflecting improved generation returns with the utilisation of available ramp gas in Queensland. Retail volumes were stable as the return to more normal winter weather was offset by customer losses due to increased market competition and the continued, but moderating impact of solar penetration and energy efficiency.

Gross Profit per customer decreased by 1 per cent or $4 per customer to $457 per customer due to Retail margin compression as a result of increased market competition. However, Gross Profit per megawatt hour increased by 2 per cent or $0.60/MWh to $35.5/MWh, reflecting an increase in the proportion of higher margin Retail volumes due to the loss of lower margin Business volumes.

(1) Prior corresponding period restated to exclude the impact of carbon for comparative purposes.
(2) Revised treatment of Osborne to better represent associated revenues and costs.

Retail Electricity volumes sold

Year ended 30 June (TWh)	2015	2014	Change (TWh)	Change (%)
NSW	8.9	8.9	–	–
Victoria	3.2	3.3	(0.1)	(2.0)
Queensland	5.0	5.0	–	–
South Australia	0.8	0.8	–	–
Mass Market	**17.9**	**18.0**	**(0.1)**	**(1.0)**

6.1.4 Internal generation portfolio

Performance of the generation portfolio, including contracted plant is summarised below:

Year ended 30 June 2015	Nameplate Plant Capacity (MW)	Type(1)	Equivalent Reliability Factor	Capacity Factor	Electricity Output (GWh)	Pool Revenue ($m)	Pool Revenue ($/MWh)
Eraring(2)	2,880	Black coal	93.7%	53%	13,320	494	37
Darling Downs	630	CCGT	99.0%	77%	4,257	227	53
OCGT plant	1,974	OCGT	98.3%	13%	2,267	143	63
Shoalhaven	240	Pump/ Hydro	87.3%	0%	9	4	465
Cullerin Range	30	Wind	90.3%	34%	88	3	33
Internal Generation	**5,754**		**95.6%**		**19,942**	**871**	**44**
Externally Contracted (50% share)	300(3)	Cogen.	98.7%	91%			
TOTAL	**5,994**		**96.7%**				

During the period, Origin's generation fleet was operated to take advantage of ramp gas available in the Queensland market prior to the start-up of LNG operations and favourable pool prices in New South Wales. Origin generated 19.9 TWh of electricity from its internal generation portfolio (compared with 17.2 TWh in the prior year), including 6.5 TWh from its Natural Gas fuelled generation plant. Total generation represented 55 per cent of Origin's 36 TWh of Electricity volumes sold, up 10 per cent from the prior year.

Origin used 61 PJ of Natural Gas volumes for its internal generation (+6.2 PJ from the prior year). Origin also contracted 2.4 TWh from wind power purchase agreements.

6.1.5 Natural Gas, Electricity and LPG customer accounts

Closing Electricity and Natural Gas customer accounts were down by 28,000 accounts or 0.7 per cent, reflecting a reduction of 75,000 Electricity customer accounts and an increase of 47,000 Natural Gas accounts.

Customer account movement

	30 June 2015			30 June 2014			
Customer Accounts ('000)	Electricity	Natural Gas	Total	Electricity	Natural Gas	Total	Change
NSW(4)	1,288	247	1,535	1,335	216	1,551	(16)
Victoria	581	479	1,060	604	471	1,075	(15)
Queensland	764	155	919	770	147	917	2
South Australia(5)	168	202	370	167	202	369	1
Total	**2,801**	**1,083**	**3,883**	**2,876**	**1,036**	**3,912**	**(28)**

Electricity customer account losses primarily occurred in NSW (-47,000) and Victoria (-23,000) due to rising competitive activity in NSW and continued high levels of competition in Victoria. Natural Gas wins primarily occurred in NSW (+31,000), Queensland (+8,000) and Victoria (+8,000). With an increased Natural Gas customer base, Origin is well positioned to benefit from an expansion in gas margins as East Coast gas prices increase.

As at 30 June 2015, Origin held 1,252,000 dual fuel (Electricity and Natural Gas) customer accounts, an increase of 55,000 accounts from 30 June 2014.

As at 30 June 2015, Origin had 382,000 LPG customer accounts, down 1,000 accounts relative to 30 June 2014.

(1) OCGT = Open cycle gas turbine; CCGT= Closed cycle gas turbine.
(2) Availability for Eraring = Equivalent Availability Factor (which takes into account de-ratings).
(3) Origin divested its 50 per cent share in Bulwer Island on 23 June 2015. 300MW includes Origin's 50 per cent interest in the 180MW Osborne plant for which Origin contracts 100 per cent of the output.
(4) Australian Capital Territory (ACT) customer accounts are included in New South Wales.
(5) Northern Territory customers are included in South Australia.

6.1.6 Operating costs

Year ended 30 June	2015	2014	Change	Change (%)
Cash Cost to serve[1] ($ per average customer[2])	**(159)**	**(167)**	**7**	**(4)**
Cash Cost to maintain ($ per average customer[2])	(134)	(142)	8	(6)
Cash Cost to acquire/retain ($ per average customer[2])	(26)	(25)	(1)	2
Electricity & Natural Gas Cash Operating Cost (excl. TSA unwind) ($m)	**(603)**	**(639)**	**36**	**(6)**
Maintenance Costs	(506)	(542)	37	(7)
Acquisition & Retention costs[2] ($m)	(98)	(97)	(1)	1
TSA provision unwind ($m)	–	30	(30)	(100)
Total Electricity & Natural Gas Operating Cost ($m)	**(603)**	**(609)**	**6**	**(1)**
LPG Operating Costs ($m)	(139)	(127)	(13)	10
S&EB and Energy Services Operating Costs ($m)	(42)	(23)	(20)	86
Total Operating Costs ($m)	**(785)**	**(759)**	**(26)**	**3**

Total Natural Gas & Electricity operating costs

While Total Natural Gas & Electricity operating costs decreased by $6 million, the cash cost to serve, which excludes the impact of the release of the NSW TSA provision ($30 million) in the prior year, improved by $36 million ($7 per customer) to $603 million. The lower cash cost to serve is primarily a result of continued improvements in billing and debt collection performance and simplified customer experience.

Further operational improvements were achieved from the prior year evidenced by Ombudsmen complaints reducing to 4.9 (per 1000 customers) down from 6.6, with customer satisfaction remaining steady at 71 per cent. Bad debt expense as a percentage of Total Natural Gas and Electricity Revenue has reduced to 0.65 per cent from 0.98 per cent. Operational improvements have also allowed the call centre processes to be streamlined, leading to a 6 per cent reduction in the number of staff required to service customers over the last twelve months.

Acquisition and retention costs were stable against a backdrop of a 20 per cent increase in sales activity. This unit cost reduction reflects savings made through greater use of internal sales channels, which increased from 88 per cent to 93 per cent, and the ability to leverage the investment in digital platforms. The number of customers utilising the digital platform services have also increased. Origin now has 917,000 e-billing customer accounts, an increase of 48 per cent, 972,000 customers are registered on 'My Account', an increase of 71 per cent, and 683,000 customers are using direct debit, up 18 per cent versus the prior year.

6.2 Contact Energy

On 10 August 2015, Origin divested its entire 53.09 per cent interest in Contact Energy. Contact Energy, has been classified as held for sale in the balance sheet at 30 June 2015 and, as a consequence, has been presented as a discontinued operation in the income statement. This segment reports the results of Contact Energy, including Origin's interest and tax relating to borrowings for the investment in Contact Energy, for the 2015 financial year.

Financial Performance

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
Total Segment Revenue	2,257	2,170	4
External Revenue	2,254	2,155	5
Underlying EBITDA	487	533	(9)
Segment Result	65	96	(32)
Operating cash flow	462	416	11
Growth capital expenditure	59	183	(68)

— Underlying EBITDA decreased by 11 per cent or NZ$62 million to NZ$525 million primarily due to continued competition and retail price discounting eroding tariff increases to recover increased distribution costs. This was partially offset by increased geothermal generation from the Te Mihi Power Station allowing further reductions in the amount of gas-fired generation and improved performance from the LPG business. In Australian dollars, Underlying EBITDA decreased by A$46 million to A$487 million[3].
— Segment Result includes depreciation and amortisation expense of $189 million, net financing costs of $101 million, income tax expense of $55 million and non-controlling interests of $77 million.
— Operating cash flow increased by NZ$39 million to NZ$497 million with favourable natural gas inventory movements and retail collections partially offset by lower EBITDA and higher stay in business capital expenditure. In Australian dollars, operating cash flow increased A$46 million to $462 million.
— Growth capital expenditure decreased by 68 per cent to A$59 million following the completion of the Retail Transformation project and the Te Mihi geothermal power station in the prior period.
— Contact Energy paid a special dividend of NZ$0.50 a share in addition to the interim and final dividends.

(1) Origin includes within its cost to serve all costs associated with servicing and maintaining customers, all customer acquisition and retention costs. Maintenance costs include billing, credit and collections.
(2) Customer wins (FY15: 518,000; prior year: 538,000) and retains (FY15: 1,340,000; prior year: 1,008,000) and represents Cost to Serve per average customer account, excluding serviced hot water accounts on a cash basis.
(3) In consolidating Contact Energy's results, Origin used a monthly average exchange rate. For this year it is NZ$1.08 to the Australian dollar, compared with NZ$1.10 to the Australian dollar in the prior year.

6.2.1 Financial and Operational Performance

The commentary below relates to Contact Energy's financial and operating performance in New Zealand dollars.

Year ended 30 June	2015	2014	Change (%)
Total revenue (NZ$M)	2,443	2,446	(0)
Underlying EBITDA (NZ$M)	525	587	(11)
Total generation volume (GWh)	9,514	9,255	3
Retail electricity sales (GWh)	8,392	8,378	0
Gas sales (retail and wholesale) (PJ)	4.3	4.5	(4)
LPG sales (kT)	73,302	68,438	7
Electricity customers ('000)	430	438	(2)
Gas customers ('000)	62	63	(2)
LPG customers (including franchisees) ('000)	70	67	4
Total customers ('000)	562	568	(1)
Netback (NZ$/MWh)	**85**	**92**	**(8)**

Contact Energy's Underlying EBITDA decreased NZ$62 million or 11 per cent to NZ$525 million.

During the current period, Contact Energy's retail electricity sales volumes were up 14 GWh to 8,392 GWh. Mass market electricity sales volumes increased by 44 GWh due to a stronger focus on small business customers and cooler average temperatures increasing per customer demand. The higher mass market volumes were partially offset by a reduction in commercial and industrial sales.

Gas sales volumes were down 4 per cent to 4.3 PJ.

Netback[1] decreased by NZ$7/MWh to NZ$85/MWh with continued competition and retail price discounting eroding tariff increases to recover rising distribution costs. Operating expenses increased NZ$1/MWh.

Cost of energy

Contact Energy's cost of energy is in line with the prior year at NZ$35/MWh with renewable generation increasing from 69 per cent in the prior period to 76 per cent following the commissioning of the Te Mihi geothermal power station being largely offset by higher purchase volumes and increased carbon and transmission costs. Total generation increased 259 GWh to 9,514 GWh to manage higher purchase volumes with Te Mihi increasing geothermal generation by 742 GWh allowing further reductions in the amount of gas-fired generation. The amount of gas used in generation was down by 3.7 PJ (15 per cent).

Customers

Contact Energy's customer numbers were slightly down on the prior year due to continued intense competition and a reduction in activity during the implementation and stabilisation of the Retail Transformation project. National demand increased by 2.1 per cent with lower average temperatures, economic activity and increased irrigation load providing positive contributions.

6.3 Exploration & Production

Origin has exploration and production interests principally located in eastern and southern Australia, the Browse and Perth basins in Western Australia, the Bonaparte basin in north-western Australia, the Beetaloo basin in Northern Territory and in New Zealand. These activities are reported within the Exploration & Production segment. Australia Pacific LNG's activities are reported separately and discussed in Section 6.4.

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
Total Segment Revenue	796	1,003	(21)
External Revenue[2]	624	756	(17)
Underlying EBITDA	399	487	(18)
Segment Result	102	210	(51)
Operating cash flow	348	529	(34)
Exploration expense	(29)	(54)	(46)
Growth and acquisition capital expenditure	1,299	365	256

- Underlying EBITDA decreased 18 per cent or $88 million to $399 million primarily due to lower liquids production and lower liquids prices, as the availability of ramp gas in Queensland allowed Origin to use less gas from its own production, with the consequential reduction in liquids production. This forgone gas and liquids production will be produced in subsequent periods.
- Operating Cash Flow decreased 34 per cent to $348 million due to the decrease in Underlying EBITDA and higher working capital requirements.
- Growth capital expenditure increased by 68 per cent to $613 million primarily due to development and appraisal activity in the Otway and Bass basins which is expected to increase production in future periods and capitalised interest related to the Browse basin acquisition. Acquisition capital expenditure was $686 million relating to the Poseidon exploration permits in the offshore Browse Basin.
- At BassGas the condensate and compressor modules were lifted onto the Yolla Platform and the Yolla-5 and Yolla-6 production wells were drilled. Subsequent to year end production commenced via the BassGas production facility at Lang Lang, Victoria.
- The discovery of commercial quantities of gas in the Otway (Speculant) and Perth (Senecio and Waitsia) Basins from the exploration and appraisal drilling programs.

(1) Refer to Glossary on page 128.
(2) The Exploration & Production Segment sells gas and LPG to the Energy Markets and Contact Energy segments on an arm's length basis. Intersegment sales are eliminated on consolidation.

Segment Financial Performance

Production, Sales and Revenue

Year ended 30 June	2015	2014	Change (%)
Total Production (PJe)	82	96	(14)
Total Sales (PJe)	89	103	(14)
Commodity Sales Revenue ($m)	704	948	(26)
Proved plus Probable (2P) reserves ex-APLNG (PJe)	1,093	1,189	(8)

Origin's share of total production decreased 14 PJe or 14 per cent to 82 PJe. This is primarily attributable to lower production at Otway, due to lower customer nominations, mainly from Origin.

Sales volumes of 89 PJe were lower in line with decreased production. Of the total sales of 89 PJe, internal sales to Origin decreased by 20 PJe to 23 PJe (17 PJe relating to Otway).

Segment Revenue decreased $207 million or 21 per cent to $796 million, predominantly driven by lower condensate, LPG and crude prices, production decreases and lower sales of third party volumes, partly offset by higher gas prices and oil hedging gain of $39 million not included within commodity sales revenue.

Costs of goods sold and Stock movement

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
Cost of goods sold	(125)	(224)	(44)
Stock movement	(7)	(14)	(48)

Cost of goods sold decreased 44 per cent to $125 million primarily due to lower average crude prices and a decrease in third party deliveries within the Cooper Basin.

Expenses

Total expenses decreased 5 per cent to $286 million reflecting decreased royalties, tariffs and freight expenditure from lower sales revenue and lower exploration expense.

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
Royalties, tariffs and freight	(50)	(70)	(28)
General operating costs	(207)	(176)	17
Exploration expense	(29)	(54)	(46)
Total expenses	**(286)**	**(300)**	**(5)**

Royalties, tariffs and freight decreased by 28 per cent to $50 million, primarily due to lower sales volumes and revenue.

General operating costs increased 17 per cent to $207 million, primarily due to higher Cooper non-operated joint venture costs ($6 million) and non-recurring rehabilitation and safety/integrity items ($17 million).

Exploration expense was $29 million primarily due to Canterbury and Enterprise seismic acquisition costs and the write-off of Bass Basin exploration expenditure.

Further information regarding production, sales volumes and revenues is provided in Origin's June 2015 Quarterly Production Report, available at www.originenergy.com.au.

Reserves

Origin's proved plus probable (2P) reserves decreased by 96 PJe (after production) to a total of 1,093 PJe excluding Origin's share of Australia Pacific LNG reserves, compared with 30 June 2014.

Origin undertakes a full assessment of its reserves on an annual basis at the end of the financial year. A full statement of reserves attributable to Origin at 30 June 2015 is included in Origin's Annual Reserves Report released to ASX on 31 July 2015 and available on Origin's website at www.originenergy.com.au.

Operations

Australia

Origin's Australian operations include producing assets in the Bass and Otway Basins off the south coast of Victoria, the Cooper Basin in central Australia and the Perth Basin in Western Australia. Collectively, Origin's share of production from these assets decreased by 18 per cent to 62 PJe.

Full year production from Origin's offshore assets in Otway and Bass Basins decreased 28 per cent to 40 PJe. The availability of Queensland ramp gas allowed Origin to use less gas from its own production and undertake investment in the Otway and Bass Basins to sustain the production plateau for both these facilities.

In the Bass Basin the drilling of the Yolla-5 and Yolla-6 production wells occurred and production commenced subsequent to year end. The condensate and compressor modules were lifted onto the Yolla Platform and together with Yolla-5 and Yolla-6 will allow production to the Lang Lang processing facility to be extended.

During the year four wells were drilled in the Otway Basin. The Halladale-2 development well was completed during the June Quarter and suspended for future production. The Speculant campaign drilled three wells (one exploration well and two appraisal wells including the Speculant-2 side track well), two of which were cased, completed and suspended for future production. These high deliverability Halladale/Speculant wells will enable increased utilisation of the Onshore Otway facilities. Construction of pipeline and reception facilities is expected to commence in the second quarter of financial year 2016 to connect the wells to the Otway Gas Plant, with first gas expected early in the 2017 financial year.

Full year production from Origin's onshore assets in the central Australian Cooper Basin and Western Australia's Perth Basin increased 9 per cent to 22 PJe due to additional wells commencing production in the Cooper Basin.

During the year four wells were drilled in the Perth Basin. The Senecio-3 appraisal well was drilled, cased and suspended in permits L1/L2 (Origin 50 per cent, non-operated). The well successfully identified gas in the primary Senecio target (Dongara and Wagina sandstones) and also encountered new gas pools in the secondary Waitsia target of the deeper Kingia and High Cliff sandstones.

A follow-up two well appraisal program of the Waitsia discovery commenced during the year. The Waitsia-1 well was drilled through the prospective section of the conventional Kingia and High Cliff Sandstones encountering high quality, gas filled sands, confirming the Waitsia play extending into the Waitsia-1 location. The well was cased and suspended for future production. The Waitsia-2 appraisal well drilling commenced during the year and reached total depth subsequent to year end.

The Irwin 1 exploration well was drilled, within the EP 320 exploration permit. The well encountered gas within the Dongara/Wagina tight gas reservoir.

Further appraisal activity was undertaken in Queensland's Surat Basin. Pilot testing in the Ironbark field at the Duke-2 and Duke-3 pilots was successfully completed during the year. The results of the Duke pilot testing continue to be incorporated into the development plan for Ironbark.

Subsequent to year end, in the Beetaloo Basin, the drilling of the Kalala S-1 well in EP98, Northern Territory, commenced. Kalala S-1 is the first of three onshore wells drilled by the joint venture and will target the Middle Velkerri formation to assess hydrocarbon saturation and reservoir quality.

In the non-operated Cooper Basin, a total of 87 wells were drilled during the year consisting of 75 development wells and 12 exploration and appraisal wells.

New Zealand

In New Zealand, Origin operates both offshore (Kupe) and onshore assets in the Taranaki Basin. Origin's share of production from these assets increased by 4 per cent to 20 PJe. This result is primarily attributable to higher customer nominations at Kupe.

In the Canterbury Basin, an extension of the permit to 2021 was approved by the regulator. The ACB15 3D seismic survey was completed during the year. The operator, Anadarko, has contracted Petroleum Geo-Services to process the data.

International exploration

In Vietnam, the processing of 2D seismic data acquired in Block 121 has been completed and interpretation of this data is ongoing.

6.4 LNG

The LNG segment includes Origin's equity accounted share of the results of Australia Pacific LNG, and also contains Origin's activities and transactions arising from its operatorship of the Australia Pacific LNG upstream activities.

Origin's shareholding in Australia Pacific LNG at 30 June 2015 was 37.5 per cent, consistent with its shareholding as at 30 June 2014.

In Origin's Financial Statements, the financial performance of Australia Pacific LNG is equity accounted. Consequently, revenue and expenses from Australia Pacific LNG do not appear on a line by line basis in the LNG segment result. Origin's share of Australia Pacific LNG's Underlying EBITDA is included in the Underlying EBITDA of the LNG segment. Origin's share of Australia Pacific LNG's Underlying interest, tax, depreciation and amortisation expense is accounted for between Underlying EBITDA and Underlying EBIT in the line item 'Share of interest, tax, depreciation and amortisation of equity accounted investees'. As a result, Origin's share of Australia Pacific LNG's Underlying net profit after tax is included in the Underlying EBIT and Segment Result lines.

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
Total Segment Revenue	–	–	–
Underlying EBITDA(1)	72	83	(13)
Segment Result	(7)	12	N/A
Origin share of operating cash flow	(10)	11	N/A
Origin net cash contribution to Australia Pacific LNG(2)	2,166	2,814	(23)

- Underlying EBITDA decreased by $11 million or 13 per cent to $72 million.
- Segment Result for LNG includes depreciation expense of $17 million (in line with the prior year) and share of ITDA expense of $62 million ($8 million higher than the prior year).
- The Upstream component of the Australia Pacific LNG project was 97 per cent complete and the Downstream component 92 per cent complete at 30 June 2015.
- Origin's net cash contribution to Australia Pacific LNG in the current year was $2,166 million.

(1) Some of the costs incurred by Origin as Upstream Operator are depreciation costs which are recovered from Australia Pacific LNG within Underlying EBITDA. This amounted to $17 million in the current year (in line with the prior year).

(2) Via both loan repayments to Australia Pacific LNG and the issue of Mandatorily Redeemable Cumulative Preference Shares by Australia Pacific LNG to Origin, net of interest received for MRCPS.

Australia Pacific LNG financial performance (100 per cent basis)

Australia Pacific LNG Production, Sales and Revenue

	Year ended 30 Jun 2015		Year ended 30 Jun 2014	
Operating Performance	**Total APLNG (PJe)**	**Origin share (PJe)**	**Total APLNG (PJe)**	**Origin share (PJe)**
Production Volumes	174	65	123	46
Sales Volumes	174	65	133	50
Sales Volumes Net[1]	125	47	131	49

Total Australia Pacific LNG production increased by 51 PJe or 41 per cent to 174 PJe reflecting increased production from operated and non-operated assets.

Further information regarding production, sales volumes and revenues is provided in Origin's June 2015 Quarterly Production Report, available at www.originenergy.com.au.

Australia Pacific LNG underlying financial performance[2]

	30 June 2015		30 June 2014	
Financial performance	**100% APLNG ($ million)**	**Origin share ($ million)**	**100% APLNG ($ million)**	**Origin share ($ million)**
Operating revenue	408		461	
Operating expenses	(263)		(285)	
Underlying EBITDA	**145**	**55**	**176**	**66**
D&A expense	(168)		(129)	
Net financing (expense)/income	(27)		(6)	
Income tax (expense)/benefit	32		(10)	
Underlying ITDA	**(163)**	**(62)**	**(145)**	**(54)**
Underlying Result	**(18)**	**(7)**	**31**	**12**

Australia Pacific LNG's revenue decreased by $53 million or 11 per cent to $408 million due to a 6 PJe or 5 per cent decrease in net sales volumes as a result of reduced customer nominations and lower average realised price primarily due to the commencement of gas sales to QGC.

Australia Pacific LNG's underlying operating expenses decreased by $22 million or 8 per cent to $263 million.

Australia Pacific LNG's D&A expense increased by $39 million or 30 per cent to $168 million due to both operated and non-operated assets coming into service, particularly during the second half of the year.

6.4.1 Reserves and Resources[3]

Australia Pacific LNG 2P reserves decreased from 14,091 PJe at 30 June 2014 to 13,778 PJe at 30 June 2015, 3P reserves decreased from 17,459 PJe to 16,174 PJe and 1P reserves increased from 4,581 PJe to 6,059 PJe.

The overall decrease in 2P Reserves of 313 PJe includes 174 PJe of production and Origin's share of 2P reserves decreased by 117 PJe including 65 PJe of production.

Origin share of reserves (37.5 per cent share in Australia Pacific LNG)

Reserves (PJe)	**Reserves at 30 June 2014**	**Acquisition/ Divestment**	**New Booking / Discoveries**	**Revisions/ Extensions**	**Production**	**Reserves at 30 June 2015**
1P	1,718	–	–	620	(65)	2,272
2P	5,284	–	–	(52)	(65)	5,167
3P	6,547	–	–	(417)	(65)	6,065
Resources (PJe)	**Resources**					**Resources**
2C	1,005	–	–	30	–	1,035

Australia Pacific LNG Project

The Australia Pacific LNG export project is a two train project with a nameplate capacity of 9 million tonnes per annum of LNG.

Australia Pacific LNG has committed LNG offtake agreements for approximately 20 years with Sinopec for approximately 7.6 million tonnes per annum and with Kansai Electric for approximately 1 million tonnes per annum.

Project performance and key milestones

At 30 June 2015, the Upstream was 97 per cent complete and the Downstream was 92 per cent complete, and based on overall progress of work completed to date and the project plan, the project is expected to commence sustained LNG production from Train 1 from the second quarter of the 2016 financial year.

(1) Sales volumes are net of 49 PJe of capitalised sales (30 June 2014: 2 PJe).
(2) This table reflects Australia Pacific LNG's financial performance on 100 per cent basis. The difference between Origin's share of Underlying EBITDA in this table and the Underlying EBITDA for LNG is $17 million of depreciation in the current year (in line with the prior year).
(3) Refer to the Important Information on reserves and resources disclosures prior to Section 1.

Upstream

As at 30 June 2015, 1,118 development wells had been drilled. Drilling and gathering operations for Upstream Phase 1 project is now complete. Well commissioning is on track to support ramp up for sustained LNG production from the second quarter of the 2016 financial year for Train 1. Field turndown is being maximised to match production with customer nominations without jeopardising the ramp up required for Downstream LNG Train 1.

Twelve gas processing trains have been commissioned, two each at Condabri Central, Orana, Reedy Creek, Condabri South, Condabri North and Eurombah Creek. The final three trains at Combabula are mechanically complete and are undergoing commissioning. Wells are currently operating below their full production capacity as they are being turned down to meet customer nominations.

The Spring Gully Pipeline Compression Facility is mechanically complete.

Downstream

The Downstream Project was 92 per cent complete at 30 June 2015.

The delivery of first gas to Curtis Island was accomplished in February 2015.

Construction activities for Train 1 and associated infrastructure are substantially complete. The Train 1 refrigerant compressors are being commissioned, with the remaining systems under construction being progressively commissioned to support the plant start-up schedule. Train 1 piping pressure testing is also substantially complete, while on Train 2 six of the seven key piping pressure tests have been completed.

Start-up of the first four of seven gas turbine power generators, which support the operation of Train 1, has been achieved, with the final generator required for Train 1 expected to be started up in August 2015. The remaining two units are required for Train 2 production and will be brought into service early ahead of Train 2 Ready for Start Up. The Downstream Project on Curtis Island has switched over from construction power to plant power.

Both LNG tanks have reached mechanical completion and the jetty facilities are also mechanically complete.

The first and second flare boxes were successfully brought into service. Nitrogen leak testing of both the propane and ethylene storage facilities has been completed. The refrigerant storage facility has been completed and refrigerant is in the process of being loaded into the storage facilities.

Key Accomplishments

Upstream – Operated

The following table reports progress against the Upstream operated key goals and milestones Origin outlined in its interim 2015 financial year Operating and Financial Review:

Upstream Operated Goals	FY2015 Plan	Actual Progress
Eurombah Creek Train 1 mechanical completion	Q3	Accomplished
Condabri North GPF Train 2 mechanical completion	Q3	Accomplished
950 wells commissioned	Q4	Accomplished
Spring Gully pipeline compression facility mechanical completion	Q4	Accomplished
Eurombah Creek GPF Train 2 mechanical completion	Q1 FY16	Accomplished Q4 FY15
Permanent power from grid connected to all GPF sites	Q1 FY16	Accomplished
Combabula GPF Train 3 mechanical completion	Q2 FY16	Accomplished Q1 FY16

Downstream

The following table reports progress against the Downstream key goals and milestones Origin outlined in its interim 2015 financial year Operating and Financial Review:

Downstream Goals	FY2015 Plan	Actual Progress
Energise Gas Turbine Generators (GTGs)	Q3	Accomplished
Introduction of first gas to the facility	Q3	Accomplished
First fire of Gas Turbine Generators (GTGs)	Q3	Accomplished in April
Commence Train 1 refrigerant loading	Q4	Accomplished in July
LNG Tanks mechanical completion	Q4	Accomplished

Upstream – Non-operated

Upstream – QGC-operated

171 development wells were drilled during the period in ATP610, ATP 620 and ATP 648. All of the QGC Phase 1 field compression stations and central processing plants are now completed and in operation.

Upstream – GLNG-operated

21 development wells were drilled during the period in the Fairview field, with all development wells approved under the initial Fairview development phase now commissioned. Fairview Hub Compressors 4 and 5 were handed over to operations during the period and peak performance testing was successfully undertaken.

Key Project goals and milestones for the 2016 financial year

The following table reports key goals and milestones for the 2016 financial year.

Key Goals and Milestones	FY16 Plan
First Cargo from Train 1	Q2
Commencement of Sinopec SPA	Q2
Completion of Bechtel Performance Test Train 1 (Bechtel Performance Date)	Q3
First Cargo from Train 2	Q4

Capital expenditure and funding

The table below details Australia Pacific LNG capital expenditure (100 per cent basis)(1) for the current year and cumulative to 30 June 2015.

Australia Pacific LNG Capital Expenditure (100 per cent basis)(2) ($ million)		Year to 30 June 2015	Cumulative from FID 1 to 30 June 2015(3)
Project costs	Operated – Growth	3,627	22,530
	Non-Operated – Growth	332	2,433
		3,959	**24,963**
Capitalised O&M costs	Operated – Growth	679	
Domestic costs	Operated – Stay-In-Business	308	
	Non-Operated – Growth	208	
		516	
Exploration costs	Operated	132	
	Non-Operated	–	
		132	
Sustain costs	Operated	522	
	Non-Operated	204	
		726	
Total		**6,012**	
Origin net cash contribution		**2,166**	**6,708**

During the current year, Origin's net cash contribution to Australia Pacific LNG was $2,166 million, compared with $2,814 million in the prior year.

The total amount drawn down by Australia Pacific LNG from its project finance facility during the current period was US$537 million. Interest on the project finance facility of US$283 million has been capitalised during the current period. At 30 June 2015, US$8,305 million of the project finance facility had been drawn.

Tri-Star proceedings

Some of Australia Pacific LNG CSG reserves and resources are subject to reversionary rights to transfer back to Tri-Star a 45 per cent interest in Australia Pacific LNG's share of those CSG interests that were acquired from Tri-Star in 2002 if certain conditions are met. Approximately 22 per cent of Australia Pacific LNG's 3P CSG reserves as of 30 June 2015 are subject to the reversionary rights. If reversion occurs this may mean that the uncommitted reserves that are subject to reversion are not available for Australia Pacific LNG to sell or use after the date of reversion. In October 2014, Tri-Star filed proceedings against Australia Pacific LNG claiming that reversion has occurred. Origin is confident that reversion has not occurred and Australia Pacific LNG will defend the claim.

(1) Project costs include capitalised revenues and associated variable costs from production volumes of development fields in the ramp up for LNG operations. The net credit impact to project costs capital expenditure was $70 million in the current year ($2 million in the prior year).

(2) Project costs include all operated and non-operated capital costs associated with the LNG project.
Capitalised O&M costs includes all operating and maintenance costs associated with the LNG project which have been capitalised and are excluded from the LNG export project cost estimates. The capitalisation of operating and maintenance costs prior to LNG start up will continue to be assessed.
Domestic costs include capital costs from Australia Pacific LNG's domestic operations, upstream non-operated capital costs associated with the supply of gas to third party LNG projects and costs associated with head office, project and system assets.
Exploration costs are attributable to exploration and appraisal activities and permit acquisition costs not related to the gas required for Phase 1 of the LNG project.
Sustain costs are attributable to all capital costs necessary to maintain the required Upstream production volumes after first commercial operations of the LNG facility.

(3) Includes an unfavourable foreign exchange translation impact of A$362 million relative to project cost estimates announced in February 2013, which were based on 31 December 2012 exchange rates and around $500 million of accrued expenses.

6.5 Corporate

This segment reports corporate activities that have not been allocated to other operating segments together with business development activities outside Origin's existing operations. In particular, Origin's existing investments in Chile and Indonesia's energy sectors include interests in geothermal and hydro development.

With the exception of net financing costs and tax specifically associated with the LNG and Contact Energy segments, which are recorded in those segments, all other net financing costs and tax are recorded in the Corporate segment.

Financial Performance

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
Underlying EBITDA	(69)	(17)	306
Segment Result	(434)	(392)	11
Growth capital expenditure	96	55	75

- Higher Underlying EBITDA loss reflects higher corporate costs and lower cost recoveries from Australia Pacific LNG under the service provider agreement (given the nature of the recovery mechanisms, costs may be incurred in periods different from when recoveries are recorded).
- Segment Result includes Underlying net financing costs of $68 million and Underlying income tax expense of $294 million.

During the year Origin increased its shareholding in Energia Andina to 49.9 per cent and Energia Andina acquired a 40 per cent shareholding in the 69 MW Javiera solar project located in Chile's Atacama Desert, partnering with US based SunEdison. The project has entered into a long term power purchase agreement to sell energy to the Los Pelambres copper mine.

In June 2015 Origin acquired a solar development company which holds permits and easements to develop a 280MW solar generation facility in Northern Chile, for consideration of US$1 million cash. The site has a potential capacity of up to 500MW.

7. RISKS RELATED TO ORIGIN'S FUTURE FINANCIAL PROSPECTS

The scope of Origin's operations means that a range of factors may impact on the achievement of the Company's strategies and future financial prospects. Material risks and the Company's approach to managing these risks are summarised below. The summary is not an exhaustive list of all risks that affect the business and the items have not been prioritised.

Material Risks

Commodity prices

- **Wholesale electricity prices** – Origin's business involves procuring electricity supply from Australian wholesale electricity markets for on-sale to customers. Wholesale electricity prices are volatile and influenced by many factors that are difficult to predict, such as demand and supply balancing. Unexpected movements in wholesale prices, which are not mitigated through hedging arrangements, can result from a range of factors including operating constraints at Origin's owned and operated power stations. This could result in adverse impacts on Origin's financial performance.
- **Commodity prices** – Origin's revenues include the sale of commodities such as oil, gas and other products, such as LPG and LNG. Revenues from Origin's LNG business will be primarily linked to the oil price. Additionally, our energy markets businesses are exposed to commodity price fluctuations in respect of coal and gas purchases for electricity generation and electricity, gas and LPG for on-sale to customers. Unexpected movements in commodity prices could result in adverse impacts on Origin's financial performance.

Management of commodity price risk

Origin manages exposure to wholesale electricity and commodity price risk through a combination of physical positions (ownership, generation despatch rights or gas supply) and derivatives contracts. Exposure limits reflect the level of underlying risk which cannot be mitigated through hedging due to mismatches between customer demand and available hedges and the expected returns available through managing spot market volatility. Strict limits are set by the Board to manage the overall exposure that Origin is prepared to take, and a commodity risk management system is in place to monitor and report performance against these limits.

Origin constantly monitors gas and electricity supply and demand dynamics and has built a portfolio of physical generation assets to assist in managing the exposure to movements in supply and demand. As a result of the physical assets, Origin is able to hedge a component of exposure to supply volatility by using owned generation or gas to meet demand. Origin supplies a range of market participants to manage demand risks.

Competition and energy demand

Origin operates in competitive markets and changes in these competitive markets can impact the future financial performance of the Company. Origin is involved in supplying energy to customers and is impacted by changes in the ongoing demand for energy.

- **Competition in energy markets** – In the competitive Australian energy retailing markets, electricity, gas and LPG customers are able to change providers, which in turn, can affect Origin's future financial performance. High levels of competition can result in downward pressure on margins, customer account losses and higher costs of acquiring and maintaining customers, which can adversely impact future financial performance. There are many power generators in Australia which compete for generation capacity and sources of fuel, which can impact the cost of energy supply. Further, there is a risk of future development in competing generation technologies displacing Origin's existing generation assets. These industry changes, including the competitive demand and supply balance for energy, may result in Origin's portfolio becoming uncompetitive in the market.
- **Competition for sale and purchase of gas in eastern Australia** – The potential discovery of significant new gas resources in eastern Australia could have a significant impact on the gas supply and demand dynamics in eastern Australia. This could result in changes in gas prices and therefore Origin's future revenues and purchase costs. In addition, the LNG production on Curtis Island in Queensland will compete with domestic demand for gas. Changes in the demand and supply of gas in eastern Australia could result in material changes to the gas price, which could result in adverse impacts on Origin's financial performance.

— **Demand for energy** – The volume of electricity, gas and LPG the Company sells is dependent on our customers' energy usage. Reductions in energy demand from price changes, consumer perception of energy affordability, operational closures across energy intensive industries, technological advancement, mandatory energy efficiency schemes, weather and other factors, can reduce the Company's revenues and adversely affect the Company's future financial performance.

Management of competition and energy demand risks

In responding to competition and changes in customers' energy demand, Origin regularly reviews the products offered to energy consumers, including alternative technology options (for example solar), by Origin and other market participants to ensure that offerings remain competitive. Origin is able to respond to changes in the competitive environment by changing its product offerings, the terms on which it is prepared to supply customers, including opportunities for customers to manage their consumption and billing.

Origin is able to mitigate its exposure to competition for sale and purchase of gas in eastern Australia to some extent by altering how it manages its wholesale and generation portfolio.

Project delivery and reserves

— **Project delivery** – Origin undertakes investments in a variety of major projects including gas, oil, electricity generation, and operational systems. There is a risk that major projects, including Australia Pacific LNG's CSG-to-LNG project in Queensland, could be subject to events outside of Origin's control, such as weather events or natural disasters. This could result in projects costing more than intended or not proceeding as planned, which could adversely impact the Company's future financial performance. There is also a risk of exposure to cost increases in non-operated joint ventures in which Origin has an interest but does not control.

— **Oil and gas reserves and geothermal resources** – There are numerous uncertainties inherent in exploring for new oil and gas reserves, and geothermal resources including estimating oil and gas reserves and geothermal resources and factors beyond Origin's control.

Origin is involved in oil, gas and geothermal exploration and there is no assurance that resources will be discovered through these activities or that any particular undeveloped reserves will proceed to development or will be ultimately recovered. This risk could adversely impact Origin's future financial prospects.

Reserves classifications are the attempts to define the degree of uncertainty involved in estimating oil and gas reserves. There is a risk that actual production may vary from reserves predicted and any material variances could have an adverse impact on Origin's future financial prospects and ability to supply fuel to its generation portfolio and to customers.

Geothermal resources are dependent on continued geothermal fluid production from the geothermal reservoirs. Reservoir performance may be impacted by factors that may alter the physical state of the reservoir and the effectiveness of drilling programs targeted at maintaining and growing geothermal energy output.

Management of project delivery and reserves risks

Origin manages projects in accordance with well established project management processes and continually reviews progress against deliverables, including budget and schedule. Origin employs geological and other standard industry procedures to identify and consider areas for potential exploration. These procedures consider a number of factors including the likelihood of exploration success, cost of exploration and potential benefit of success. Origin monitors well performance on a continual basis and reports production and reserves to the market regularly.

Regulatory, Tax and Legal

— **Acts and regulations** – Origin operates in highly regulated environments, both domestic and international and is exposed to the risk of changes in regulations or its own failure to meet regulatory requirements. Origin's business, in particular Energy Markets, includes regulated electricity and gas retailer operations and is subject to a wide range of regulations such as dealing with customers, tariff setting in some States, participation in energy trading markets and competition. Origin's assets are governed by a range of regulations during construction and once operational including environmental, industrial relations, health and safety, gas and electricity markets and competition. Origin is exposed to the risk of changes in climate and renewable policy. Further, retail tariffs set by regulators in regulated markets may not reflect Origin's underlying costs, which could cause deterioration in profit margins. Failure to respond to changes in or meet regulatory requirements may result in a loss or constraint to Origin's licence to operate and its inability to achieve its future financial prospects.

— **Tax liabilities** – Origin is exposed to risks arising from the manner in which the Australian and international tax regimes may be amended, applied, interpreted and enforced. Any actual or alleged failure to comply with, or any change in the interpretation, application or enforcement of, applicable tax laws and regulations could significantly increase Origin's tax liability and expose Origin to legal, regulatory and other actions that could adversely affect Origin's financial performance and prospects.

There is also a risk that the Australian federal government or, where relevant, state or territory governments, or foreign governments, will alter tax or royalty regimes that apply to Origin, Australia Pacific LNG, or to other entities in which it holds an investment, thereby adversely impacting Origin's financial position.

Australia Pacific LNG is required to pay royalties on its production to the Queensland government. A determination of the pricing mechanism in respect of the calculation of royalty payments to the Queensland government has been requested from the Queensland authorities. At the date of this OFR, no determination has been forthcoming. The outcome of this determination could have an adverse impact on the profitability of the project and thus on Origin's financial performance.

— **Litigation and dispute resolution** – The nature of Origin's business means that it has been, currently is and from time to time is likely to be involved in litigation, regulatory actions or similar dispute resolution processes arising from a wide range of possible matters. Origin may also be involved in investigations, inquiries, disputes or claims. Any of these could result in delays, increase costs or otherwise adversely impact Origin's assets and operations, and adversely impact Origin's financial performance and future financial prospects.

Management of Regulatory, Tax and Legal risks

Origin has in place systems and processes to identify, understand and capture compliance and regulatory obligations across the business, including tax liabilities. Origin's risk management system and framework is designed to encourage early escalation of potential risks, including regulatory issues. Whistleblower and Serious Concern policies are in place to further enable issues to be escalated. In the event of non-compliance by individuals, Origin has procedures in place to take appropriate actions. Origin manages litigation and legal risk using internal legal counsel and external legal advice as required.

Operational

— **Health, safety and security** – The complexity, scale and geography of Origin's operations give rise to a range of health, safety and security risks potentially affecting our employees and contractors, including travel to and from our operations. Unintended harm to our employees and contractors may adversely impact the Company.

— **Production** – Origin is involved in large scale operating activities including oil and gas projects, power generation, LPG facilities and, through Australia Pacific LNG, construction of CSG to LNG processing facilities. There is a risk that our operating equipment and facilities may not operate as intended and suffer outages or significant damage. This includes interruptions to any fuel supply required to operate the assets including gas, water and geothermal fluid. In addition, any failure or unavailability of third party infrastructure or providers including, in particular, transmission, distribution and pipeline infrastructure, could materially and adversely affect the ability of Origin to conduct business and production operations.

- **Process safety** – Origin's production assets, including offshore drilling facilities, onshore gas processing plants, pipelines and power stations, are exposed to process safety and containment loss risks. Unintended losses of containment in our production assets may adversely impact the Company.
- **Joint venture relations** – Origin's joint venture partners may have economic or other business interests or goals that are inconsistent with Origin's and may take actions contrary to the objectives or interests of Origin. There is also the risk that joint venture partners may become bankrupt, default on or fail to fulfil their obligations as required or expected thereby impacting the performance of the joint venture and adversely affecting Origin or its interests in the joint venture.
- **Supply chain** – In Origin's projects and operations, there is a risk that goods or services may not be delivered or supplied to contracted price, time or quality specifications or in accordance with Origin's anti-bribery and corruption or health, safety and environmental requirements. Inadequate supply chain performance both internally and externally may adversely impact the Company achieving its financial prospects.
- **Customer billing and collections** – Origin supplies a large base of customers in Australia including residential and commercial and industrial customers. If Origin is unable to effectively bill and or collect outstanding debt from customers, it could have an adverse impact on Origin's future financial prospects.
- **Cyber security** – A cyber security incident could lead to a breach of privacy, disruption of critical business processes or theft of commercially sensitive information. Such events could have an adverse impact on Origin's profitability or financial position.
- **People and culture** – There is a finite availability of skilled labour with expertise in some of the market sectors in which Origin operates, and certain of its operations may be reliant on small groups of individuals with specialist knowledge. The ability to attract and retain such personnel may impede Origin's ability to undertake its activities efficiently and effectively. There is also a risk that Origin may pay a higher than expected cost to acquire or retain necessary labour. This could result in a material adverse increase or variability in Origin's operating costs or add to the risk of development projects not proceeding as planned.

Management of Operational risks

Origin's risk management system and framework operates to identify, manage and mitigate operational risk across the business. It sets out the minimum standards that Origin expects of all operated assets. Procedures have been developed to identify and investigate significant incidents and near misses and to ensure that learnings are shared across the business.

All projects and operations are subject to periodic audits and assurance of activities to ensure appropriate compliance to standards and effective risk management. Origin also maintains an extensive insurance program to mitigate the financial consequence by transferring some or all of its financial risk exposure to insurance markets.

Origin works closely with joint venture and third party providers to reduce the likelihood of business interruption and to manage any exposure to cost increases and breaches. However, it is not always possible for Origin to influence the operational environment of third party providers (e.g. transmission companies).

Origin has procurement and contracting policies, systems and personnel to support effective management of risks in the supply chain, covering selection, performance management and contract management.

Origin administers customer credit procedures to monitor customer billings and debtor balances. These procedures are designed to monitor the accuracy and completeness of customer billings and reduce the incidence of bad debts.

Origin has processes and systems in place for the ongoing detection of and protection against cyber security threats to IT services, including virus attacks, hacking, access control breaches and physical environment control failures.

Origin's remuneration structure includes a number of features to create significant attraction and retention incentives for key personnel including a short term incentive plan awarded partly in cash and partly as deferred share rights, and a long term incentive plan in the form of performance share rights and/or options. There is also a comprehensive program to measure and understand the drivers of employee engagement, and to positively influence these through enhanced management development, performance management and internal communication.

Environmental and Social

- **Environment** – The complexity, scale and geography of Origin's projects and operations give rise to a range of environmental risks including carbon emissions, water and brine management, waste management, and biodiversity risks (both land and marine). These risks have the potential to harm the environment, increase operating costs and cause the loss of operating licences.
- **Social** – Origin's projects and operations interact with a range of community stakeholders who have an interest in the impacts of our activities and the manner in which economic benefits are shared from such activities. These interactions give rise to a range of social risks including land access, reduced community acceptance and adverse public perception of Origin and the industries in which it operates. These risks have the potential to reduce access to resources and markets, impact Origin's reputation and increase operating costs including from compliance obligations arising from changes in laws and regulations.

Management of Environmental and Social risks

Origin's risk management system and framework is used to assess and manage the environmental and social risks for all projects and operations. Projects are developed with precautionary engineering and management measures in place to mitigate or manage key environmental and social risks, and operations are managed using policies and procedures to control remaining environmental and social risks.

Environmental and social regulatory obligations are maintained and managed for projects, including the Australia Pacific LNG's CSG-to-LNG project. These approvals have been issued by regulatory bodies following extensive consultation with community and other stakeholders and cover a comprehensive range of environmental and social risks. Origin's and Australia Pacific LNG's processes and internal compliance monitoring are designed to ensure activities are conducted in accordance with all approval obligations.

Stakeholder engagement and advocacy is undertaken to communicate relevant knowledge and information to customers and regulators. Origin also operates regional development programs and social and environmental research programs to better share the economic value created within the communities it operates.

Credit, Market and Liquidity

- **Credit** – Origin is subject to the risk that some counterparties may fail to fulfil their obligations under major hedge and sales contracts, including making payments as they fall due, and such defaults could adversely impact Origin's financial prospects.
- **Market** – Origin is exposed to foreign exchange rate fluctuations in the Australian dollar value of foreign currency denominated assets, revenues, dividends received and expenses including interest expense. Interest rate risk rises in respect of the Company's long term borrowings could adversely impact Origin's financial prospects.
- **Liquidity** – Origin is exposed to the availability of capital in financial markets at the time of any financing or refinancing that Origin requires. There is a risk that Origin's financial flexibility may be adversely affected.

Management of Credit, Market and Liquidity risks

Credit risk is managed using a contracts governance process that requires due diligence around counterparty default risks.

Market risks are managed within Board approved risk limits. Financial exposures are subject to regular review and exposure limits are set at a level designed to preserve the financial integrity of the Company under a range of downside scenarios.

Origin manages its liquidity position within limits designed to maintain sufficient liquidity to meet its objectives even in periods of reduced market liquidity.

APPENDIX 1 – ORIGIN'S KEY FINANCIALS

Year ended 30 June	2015 ($m)	2014 ($m)	Change (%)
Continuing operations			
External revenue	11,550	12,363	(7)
Underlying EBITDA	1,662	1,606	3
Underlying depreciation and amortisation	(618)	(560)	10
Underlying share of interest, tax, depreciation and amortisation of equity accounted investees	(62)	(54)	15
Underlying EBIT	982	992	(1)
Underlying net financing costs(1)	(78)	(119)	(34)
Underlying Profit before income tax and non-controlling interests	904	873	4
Underlying income tax expense	(291)	(258)	13
Underlying net profit after tax before elimination of Non-controlling interests	613	615	0
Non-controlling interests' share of Underlying Profit	(10)	(10)	0
Underlying Profit	603	605	0
Items excluded from Underlying Profit	(1,062)	(187)	468
Statutory (Loss)/Profit	(459)	418	n/a
Earnings per share – Statutory	(41.5¢)	38.0¢	n/a
Earnings per share – Underlying	54.5¢	55.0¢	(1)
Discontinued operations			
External revenue	2,254	2,155	5
Underlying EBITDA	487	533	(9)
Underlying EBIT	298	361	(17)
Underlying Profit	79	108	(26)
Items excluded from Underlying Profit	(278)	4	n/a
Statutory Profit/(Loss)	(199)	112	n/a
Total operations			
External revenue	13,804	14,518	(5)
Underlying EBITDA	2,149	2,139	0
Underlying EBIT	1,280	1,353	(5)
Underlying Profit	682	713	(4)
Items excluded from Underlying Profit	(1,340)	(183)	632
Statutory (Loss)/Profit	(658)	530	n/a
Free cash flow	1,196	1,599	(25)
Group OCAT Ratio	8.4%	11.5%	(27)
Productive capital	17,471	16,577	5
Capital expenditure	1,886	1,012	86
Earnings per share – Statutory	(59.5¢)	48.1¢	n/a
Earnings per share – Underlying	61.7¢	64.8¢	(5)
Weighted average shares in basic EPS (million shares)	1,106	1,101	0
Free cash flow per share(2)	107.8¢	144.9¢	(26)
Final dividend per share (unfranked)	25¢	25¢	0
Total assets	33,367	30,941	8
Net debt	13,273	9,134	45
Adjusted Net Debt	13,102	9,146	43
Shareholders' Equity	14,159	15,129	(6)
Net asset backing per share	11.47	12.18	(6)
Net debt to net debt plus equity	48%	38%	26
Origin Cash (excluding Contact Energy)	151	217	(30)
Origin Debt (excluding Contact Energy)	11,877	8,160	46
Contact Energy Net Debt	1,547	1,191	30
Total employees (numbers)(3)	6,922	6,701	3
Total Recordable Injury Frequency Rate (TRIFR)(4)	3.8	5.0	(24)

(1) Does not include the expected interest savings relating to the reduction in Origin's debt from proceeds received on the sale of Contact Energy.
(2) Refer to Glossary on page 128.
(3) Excludes employees from Contact Energy.
(4) Reported on a rolling 12 month basis.

EXECUTIVE SUMMARY

Each year the Non-executive Directors (NEDs) undertake a review of Origin's remuneration practices to ensure the current approach remains appropriate. In so doing the NEDs:

- consider feedback from shareholders;
- examine emerging market practice; and
- test remuneration outcomes against company performance.

This year the Board undertook a comprehensive review of executive remuneration with the assistance of remuneration advisor *Pay Governance*. The Board concluded that while the basic structure of the remuneration system continues to serve the Company well, it is appropriate to make changes that will further strengthen alignment between executive and shareholder interests.

The key drivers for change that the Board took into account were as follows:

- Determining the most appropriate peer group for both remuneration benchmarking and also for Total Shareholder Return comparison;
- Strengthening the linkage between the Short Term Incentive (STI) plan hurdles and short term profitability;
- Strengthening the linkage to capital management;
- Better aligning the length of vesting periods for both Deferred STI and Long Term Incentive (LTI) arrangements to Origin's investment cycle; and
- Determining an appropriate mix of Options and Performance Share Rights (PSRs) within the LTI framework in response to market feedback.

Following the review it is proposed to make changes to the STI and LTI schemes which will be introduced for FY2016. These will be to:

- Overall
  - Change the overall At Target and Maximum remuneration benchmarks for executive remuneration to 10 companies above and 10 below Origin on the ASX, as well as incorporating AGL, Woodside, Santos and Oil Search if they are not already in that group.
- STI
  - Replace the OCAT Ratio performance metric in the Short Term Incentive (STI) plan with an Operating Cash Flow (OCF) metric;
  - Lengthen the vesting period for Deferred STI for senior executives from an average of 2 years to an average of 3 years, with vesting occurring over 2, 3 and 4 years to better align outcomes with the investment cycle;
- LTI
  - Rebalance the Option: PSRs allocation to 50:50 from the current 75:25 percent split;
  - Introduce a return on total capital employed (ROCE) measure to apply to the PSR component of LTI, in addition to the relative Total Shareholder Return (TSR) hurdle on the Options component;
  - Change the comparator group for the TSR hurdle on Options from the current S&P/ASX 100 companies to 10 companies above and 10 below Origin on the ASX, as well as incorporating AGL, Woodside, Santos and Oil Search if they are not already in that group;
  - Lengthen the vesting period for LTI for senior executives from 4 years such that the 50 per cent allocated to Options is subject to a vesting period of 5 years.

Notwithstanding these changes, Directors consider that remuneration outcomes are aligned with the interests of shareholders. Directors recommend that shareholders read the Remuneration Report in detail to understand the nature of that alignment.

1. INTRODUCTION

Following a comprehensive review of Origin's remuneration approach, undertaken with the assistance of *Pay Governance*, Director's have reached the following conclusions:

- The existing remuneration system is focused on delivering shareholder value over the long term (Section 2);
- Remuneration outcomes for executives reflect returns to shareholders (Section 3);
- Remuneration changes will support further alignment of the interests of executives and shareholders (Section 4);
- Appropriate governance and remuneration arrangements for Non-executive Directors (NEDs) ensure a strong focus on shareholders' interests (Section 5).

This report is focused on executives who are Key Management Personnel (KMP). It also provides a broad perspective on other employees of the Group whose remuneration includes awards under the LTI arrangements (which at June 2015 included approximately 100 executives).

2. ORIGIN'S EXISTING REMUNERATION SYSTEM IS FOCUSED ON DELIVERING SHAREHOLDER VALUE OVER THE LONG TERM

The overriding objective of Origin's remuneration system is to align the interests of staff and shareholders, while attracting and retaining valuable staff. Origin strives to do this by:

- Aligning the interests of executives and shareholders by providing rewards that support shareholder value creation; and
- Attracting and retaining high calibre executives from diverse backgrounds through a fair and competitive remuneration structure that appropriately rewards and incentivises superior performance.

Origin's senior management remuneration, including for KMP, consists of three main elements, namely Fixed Remuneration; Short Term Incentives; and Long-Term Incentives.

Origin's remuneration policy is designed so that each of these elements supports the overall objectives described above. In addition, the policy works to reward superior executive performance by paying in the top quartile of the market through a full STI and LTI allocation. The way Fixed Remuneration, STI and LTI operate together is described in greater detail in Sections 2.1 to 2.5. Changes that are proposed to the existing remuneration approach are outlined in Section 4.

2.1 Fixed Remuneration is benchmarked to the midpoint of the external market to attract quality people who can deliver value for shareholders

Fixed Remuneration takes into account the size and complexity of a recipient's role, and the skills required to succeed in such a position. It includes cash salary, employer contributions to superannuation and salary sacrifice benefits. As the Group employs staff across a broad spectrum of roles and disciplines, the Hay Group's All Organisations' benchmark, representing approximately 430 organisations, is used as the major reference for most roles(1). For KMP roles, more specific benchmarking is used, focusing on industry peers and comparable S&P/ASX companies. Refinements to that policy are outlined in Section 4.

(1) For job families in skill shortage areas (such as geosciences and some professional specialists) the relevant market has been determined by reference to smaller peer groups such as those sourced from commissioned surveys and industry forums such as National Rewards Group.

2.2 Short Term Incentive awards are designed to reward superior achievement for shareholders in relation to key operational measures

STI plays a key role in aligning superior operational outcomes for shareholders with the remuneration outcomes for management.

The amount of STI awarded reflects financial and operational outcomes over the course of the financial year. The STI opportunity levels vary according to the Business Unit served by the recipient and according to their role. The amount at risk increases with job size and the capacity to influence the overall performance of the business as shown in Table 1:

Table 1: STI opportunity as a percentage of Fixed Remuneration, FY2015

Position	Minimum	Target	Maximum
Managing Director	0%	90%	150%
Executive Director, Finance & Strategy	0%	81%	135%
Other Executive Key Management Personnel (average)	0%	78%	130%
Other Executive Management Team (average)	0%	60%	100%
Other Executives (average)(1)	0%	41%	68%

To achieve the Maximum award, the recipient's relevant operational targets must be significantly exceeded. Delivering targeted operational outcomes results in an award of 60 per cent of Maximum STI. If targeted outcomes are not achieved, the award of STI is reduced proportionally below 60 per cent (to zero where threshold outcomes are not achieved).

The Managing Director's STI is determined by reference to the Group's financial and safety performance for the year; the Company's overall Employee Engagement Score; and a number of personal measures that reflect strategic and people priorities.

STI for other executives is determined by reference to Group Performance as well as Business Unit and personal operational measures. Examples of Business Unit measures include safety outcomes, engagement scores, project milestones and production metrics (especially in the Integrated Gas Business Unit) or customer satisfaction and profitability (especially in the Australian Energy Markets' business).

All STI recipients have exposure to the Group's financial performance. For FY2015, the two Group financial metrics were underlying earnings per share and Group OCAT Ratio, equally weighted. The degree of exposure to Group and Division financial metrics increases with increasing job size, as shown by the relative weightings of each performance measure in Table 2:

Table 2: Weighting of STI performance measures by role, FY2015

	Business KPIs								
Position	Underlying EPS	Group OCAT Ratio	Division Financial/ Operational	Group Safety	Division Safety	Engagement	Business KPI weights	Personal KPI weights	Total weights
Managing Director	30%	30%		10%		10%	80%	20%	100%
Executive Director Finance & Strategy	30%	30%		10%		5%	75%	25%	100%
CEO Contact Energy*	17%	33%		10%		10%	70%	30%	100%
Other Executive KMP	12.5%	12.5%	25%		10%	5%	65%	35%	100%
Other Executive EMT	25%	25%		10%		5%	65%	35%	100%
Other Executives	20%	20%		10%			50%	50%	100%

* For the CEO Contact Energy all measures relate to Contact Energy

Group measures and outcomes are approved by the Board. Business Unit goals are set by the Managing Director and reviewed by the Remuneration Committee and the Board. Performance of direct reports to the Managing Director is assessed by the Managing Director, reviewed by the Remuneration Committee and approved by the Board. The Managing Director's performance is assessed and approved by the Board. Mr Barnes' performance as Chief Executive Officer of Contact Energy is assessed by the Contact Energy Board. All outcomes are subject to the exercise of discretion by the Board.

One-third of the potential STI is awarded in the form of Deferred Share Rights (DSRs)(2) and the remaining two-thirds in cash. With the exception of 'Other Executives', DSRs vest in three tranches, one-third deferred for one, two and three years(3) respectively. Changes that are proposed to this vesting schedule are described in Section 4.

For 'Other Executives', where smaller DSR parcels are allocated, all DSRs vest after a two-year deferral.

The DSRs vest subject to an ongoing service condition, and are forfeited if the condition is not met, except in exceptional circumstances(4).

As no dividends are paid on DSRs that have not vested, their value for allocation purposes is the face value(5) less the discounted value of dividends foregone. This is also the maximum value of DSRs. The number of DSRs awarded is the allocation value (one-third of the total STI award) divided by the face value less the discounted value of dividends foregone. The minimum value of the DSRs is nil, which will be the case if the ongoing service condition is not met.

(1) 'Other Executives' covers multiple role levels and therefore a range of opportunity levels.
(2) A DSR is the right to a fully paid share in the Company at no cost.
(3) While Deferred STI awards in respect of the current year's performance are granted in the following financial year, the accounting expense for these grants is recognised from 1 July of the current financial year. In the following financial year the accumulated expense recognised is 'trued-up' according to fair value at the date of grant and the number of instruments expected to vest. This valuation is then used to recognise the expense over the remaining vesting periods.
(4) Examples of exceptional circumstances include death, disability, redundancy or genuine retirement, as defined in the Equity Incentive Plan Rules.
(5) Face value is the present day market value of an Origin share.

2.3 Long Term Incentive awards are designed to align executive remuneration with financial outcomes for shareholders over the longer term

LTI arrangements provide executives with a deferred equity interest in Origin, the value of which depends on the extent to which the performance hurdle is met and exceeded; and by the extent of share price appreciation in the case of PSRs, or in the case of Options, the amount by which the share price has appreciated above the exercise price.

A grant of LTI is considered for approximately 100 executives who, in the view of the Directors, are involved in long-term strategic decisions that are company transformational with significant strategic implications.

The Target Value of an Executive's LTI allocation is determined by the position held and the executive's influence on the long-term performance of the Company, as summarised in Table 3:

Table 3: LTI allocation as a percentage of Fixed Remuneration, FY2015

	% of Fixed Remuneration	
Position	**Minimum**	**Target Value**
Managing Director	0%	120%
Executive Director, Finance & Strategy	0%	85%
Other Executive Key Management Personnel[1] (average)	0%	73%
Other Executive Management Team (average)	0%	50%
Other Executives (average)	0%	16%

As a general principle, Origin wants high performing executives, over time, to come close to the Target Value in their LTI allocation. In this context, LTI allocations are made having regard to:

— Benchmark levels of unvested equity relative to market to meet incentive and retention objectives and to build potential equity stakes that will appropriately align executive and shareholder interests; and
— The performance and potential of each executive.

The actual allocation to be made to an Executive in any year may vary below the Target Value (including to zero) depending upon the level of unvested equity held relative to benchmark, and is informed by considerations of the performance and potential of the Executive.

In exceptional, but limited, circumstances the Board may determine that an LTI allocation that is higher than the Target Value is warranted.

Table 4 summarises the future potential value of LTI allocations granted as equity in the form of Options and PSRs, subject to varying outcomes.

Table 4: Future Potential Value of the LTI Allocation

	Minimum	Target or Expected	Maximum
Options	Nil (This will be the value if the performance condition is not met OR if it is met but the share price does not exceed the exercise price.)	The expected value is determined through a Black Scholes model with a Monte Carlo simulation methodology.	It is not possible to determine a maximum potential value of an Option because the exercise price payable for an Option is set on allocation as the current market value of an Origin share. The initial value of an Option (face value less exercise price to pay) is zero. The attribution of any value to a vested Option requires an assumption about the amount by which the future share price at vesting will exceed the exercise price (less the value of dividends foregone).
PSRs	Nil (This will be the value if the performance condition is not met.)	The expected value is determined through a Monte Carlo simulation methodology.	Face value less discounted value of dividends foregone over the 4 year vesting period.

The performance conditions (hurdles) are described in Table 5.

LTI allocations for FY2015 for Executive KMP and Other Executive Management Team are split (by expected value) as 75 per cent Options and 25 per cent PSRs. Going forward, changes that are proposed to this approach are outlined in Section 4.

As it is not possible to determine a maximum potential value (assuming full vesting) for the Options component, there is no 'maximum value' that can be specified for the overall future potential LTI.

The number of Options and PSRs that are awarded is calculated by taking the dollar value of the awarded LTI allocation (determined with reference to the Target Value in Table 3) divided by the expected value described in Table 4. This approach aligns with remuneration benchmarking because actual outcomes in the market reflect the vesting risk.

The performance period for both Options and PSRs is currently 4 years. Changes for FY2016 are described in Section 4.

(1) Particular arrangements apply to Mr Barnes who participates in Contact Energy's LTI arrangements. While under secondment to Contact Energy, Mr Barnes participates in Contact Energy's LTI arrangements (refer to Contact Energy's website – www.contactenergy.co.nz). The maximum opportunity in his case refers to the combined LTI from Origin Energy and Contact Energy.

Table 5 summarises the key features of the LTI arrangements:

Table 5: LTI Profile

LTI parameter	FY2015 details
LTI instruments	Allocation of LTI is made in the form of: (a) Performance Share Rights (PSRs) which are the right to a fully paid share in the Company at no cost; and/or (b) Options, which are the right to a fully paid share in the Company upon payment of an exercise price[(1)]. For Executive KMP and Other Executive Management Team, the LTI allocation is split (by expected value) as 75 per cent Options and 25 per cent PSRs. The grant for Other Executives is either 50 per cent Options and 50 per cent PSRs, or wholly in PSRs.
Performance Conditions (Hurdles)	After allocation, the PSRs and Options are subject to a performance condition in order to vest, namely TSR relative to the S&P/ASX 100 group of companies as comprised at the date of grant, measured over the four year performance period. Relative TSR is a transparent and robust forward-looking measure which represents an assessment of the Company's ability to invest and achieve a return on capital relative to other companies. As Options have no value unless the share price rises above the exercise price, the use of Options in conjunction with the relative TSR hurdle combines both absolute and relative share price performance conditions.
Performance Period	For both Options and PSR awards, the Relative TSR performance condition is measured over a period of four years from the date of grant of the LTI instrument. The TSR for Origin and for each company in the comparator group is measured on the basis of a 3-month weighted average starting and ending, respectively, on the grant date and the fourth anniversary of the grant date.
Allocation Valuation	The number of Options and/or PSRs allocated for each executive is calculated by reference to the expected value referred to in Table 4. As identified in Table 4, the 'face value' of an Option is zero and, therefore, cannot be used for allocation purposes. As the performance condition (Relative TSR) is a market-based hurdle, the expected value is approximately the same as the accounting 'fair value' used for expensing purposes[(2)], and is independently determined. The expected value takes into account the fact that dividends are not issued on Options or PSRs; the probability that some or all of the Options and/or PSRs might not vest; and in the case of Options, that an exercise price that must be paid on vesting; and the probability that even if vesting occurs, the share price at the vesting date might or might not be above the exercise price of the Option[(3)]. For the Executive Directors, awards recommended by the Board are submitted for approval by shareholders at the AGM held immediately after the year to which they relate.
Vesting Scale, Exercise Period and Forfeiture	Vesting occurs only when, on the single test date, TSR exceeds the 50th percentile of S&P/ASX 100 companies. 50 per cent of the award vests above the 50th percentile, and 100 per cent of the award vests at the 75th percentile, with proportionate vesting on a straight-line basis between the 50th and 75th percentiles. For awards granted since FY2012, there is no retesting. Any unvested LTI after the test at the end of the performance period lapses immediately. Prior to vesting and the allocation of shares, unvested and unexercised Options and/or PSRs carry no voting rights or entitlements to dividends. Options that vest must be exercised together with payment of the exercise price, upon which shares are then allotted. PSRs do not have an exercise price. On a capital reorganisation, the number of unvested awards to which each participant is entitled, or the exercise price (if any) or both, will be adjusted in a manner determined by the Board to minimise or eliminate any material advantage or disadvantage to the participant[(4)]. Unvested or unexercised Options and PSRs lapse on cessation of employment other than in exceptional circumstances (for example death, disability, redundancy or genuine retirement, as defined in the Equity Incentive Plan Rules). In those circumstances, the unvested Options or PSRs may be held 'on foot' subject to the specified performance hurdles and other Plan conditions being met, or dealt with in an appropriate manner determined by the Board. Unexercised Options and/or PSRs granted prior to 30 June 2015 lapse up to a maximum of 7 years after grant, and for grants after 1 July 2015 a maximum of 10 years after grant[(5)].
Early vesting	In very limited circumstances, testing against the performance condition may be brought forward earlier than the original scheduled test date. Provided that the performance condition is then met, vesting may occur. The limited circumstances are: — on a person/entity acquiring 20 per cent or more of the relevant interest in the Company pursuant to a takeover bid that has become unconditional, or on a person/entity otherwise acquiring 20 per cent or more of a relevant interest in the issued capital of the Company; — on termination of employment due to death or permanent disability; or — in other exceptional circumstances where the Board determines it to be appropriate. Such discretion has not been exercised by the Board to date.
Anti Hedging policy	The Company's policy requires that employees cannot trade instruments or other financial products which limit the economic risk of any securities held under any equity-based incentive schemes so long as those holdings are subject to performance hurdles or are otherwise unvested. Non-compliance may result in summary dismissal.

(1) For the FY2014 allocation, the exercise price was determined as the volume weighted average market price for the Company's shares traded on the ASX in the ten trading days immediately prior to 15 September 2014 inclusive.
(2) The difference is due to the timing difference between the offer and the granting of the award and share price movement during that period.
(3) In contrast, the 'face value' of an LTI allocation represents the present day value of an LTI award assuming that dividends are paid, and that no vesting risk exists, and (in the case of Options) that there is no exercise price to pay.
(4) If new awards are granted, they will, unless the Board determines otherwise, be subject to the same terms and conditions as the original awards.
(5) The original LTI Plan specified a maximum deferral of 10 years, which was reduced to 7 years following legislative changes on 1 July 2009. Recent amending legislation now provides a maximum 15 years deferral effective from 1 July 2015. However, the Company has re-instated its original limit of 10 years.

2.4 Malus and Clawback

The Short and Long Term Incentive arrangements include malus and clawback provisions to enable the Company to reduce or clawback awards where appropriate to do so.

Where the Board is not satisfied that an award determination is appropriate and warranted, it has the discretion to apply malus to vary the award downward, including to zero.

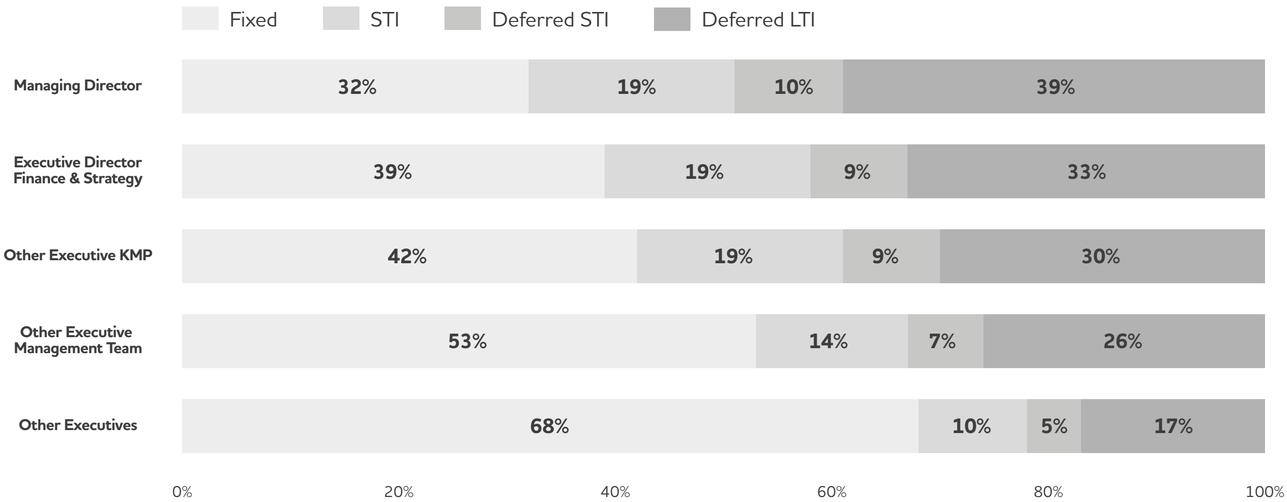
Clawback provisions provide the Board with the ability to cancel unvested equity awards or to demand the return of shares or the realised cash value of those shares where the Board determines that the benefit obtained was inappropriate as a result of fraud, dishonesty or breach of employment obligations by either the recipient or any employee of the Group. There have been no circumstances during the current or prior reporting periods requiring the application of clawback provisions.

2.5 Senior executives receive a greater percentage of their total remuneration in the form of STI and LTI

Fixed Remuneration, STI (both cash and deferred) and LTI work together to help generate alignment with the interests of shareholders.

The relative mix of these components for different roles is summarised in Table 6.

Table 6: Remuneration Mix by Role (At Target)



In the case of the Managing Director, at the target levels in Table 1 and Table 3, almost half of his remuneration is deferred, and more than two-thirds is at-risk. As job size diminishes, the proportions deferred and at-risk fall (and the proportion of Fixed Remuneration increases).

2.6 To assist with preserving shareholder value, retention plans are selectively used to retain key staff

The Board Remuneration Committee regularly assesses the Group's vulnerability to losing key staff in areas of intense market activity. Typically, they are critical technical operational staff or senior executives who manage core activities or have skills that are being actively solicited in the market.

In such circumstances, the Board Remuneration Committee may consider putting in place deferred payment arrangements to reduce the risk of losing such staff. More specifically, such staff may be offered DSRs or deferred cash payments if they remain in ongoing employment at a nominated date and achieve personal performance targets.

The DSRs are the same equity vehicle as described in section 2.2 for Deferred STI, but the purpose is strictly retention and the deferral period (up to four years) may vary according to the specific circumstances. For accounting purposes expensing for retention DSRs differs from DSRs awarded under Deferred STI arrangements[(1)].

At 30 June 2015, there were 158,408 retention DSRs on issue for 19 recipients (123,811 at 30 June 2014, also for 19 recipients).

No deferred cash or retention DSRs were granted to KMP during the period, and none were outstanding at the end of the period.

2.7 The Employee Share Plan focuses all staff on safety

It is well known that operational excellence and safety performance are tightly linked. For this reason, the Board has determined that all staff should have an incentive to focus on safety.

The Board has the ability to make an annual award of up to $1,000 worth of shares to all permanent employees in Australia and New Zealand (other than Executive Directors) with more than one year of service. Such an award is valued by staff, and for this reason the Board has determined that its allocation should be made subject to company-wide targets relating to safety being met during the year.

Shares awarded under the Employee Share Plan must be held for at least three years following the award or until cessation of employment, whichever occurs first.

For FY2015, a target was set for 80 per cent of Actions to be closed out in the Company's Health Safety & Environment Management System by the relevant manager or safety adviser. This target was exceeded (85.4 per cent). As a result, the Company will award $1,000 worth of shares to approximately 5,600 eligible employees.

The Company will acquire the requisite shares on market for transfer to employees during September 2015, subject to compliance with applicable regulations.

(1) The expensing for DSRs awarded under the Retention Plan is recognised from the date of grant because this is the commencement of the service period. This differs from expensing of DSRs under Deferred STI arrangements (section 2.2) where the service period commences at the beginning of the STI performance year.

2.8 Shareholder interests are served by focusing on gender pay equity which aims to make the most of the talents of all staff

Origin's policy is to deliver equal pay for equal work, with a view to attracting and retaining quality staff regardless of gender. Research has shown that organisations that make the most of the talents of women are superior performers over time.

Each year a central review of proposed pay arrangements for the coming 12 months is conducted for all divisions of the Company at all levels. If proposed pay arrangements diverge by plus or minus 2 per cent between males and females within a job grade at the Business Unit or Company level, managers are required to revise recommendations until the variation is within 2 per cent. Following the annual review in September 2014, the overall variation at Fixed Remuneration was within 0.5 per cent, and gender variation for the allocation of Variable Remuneration was within 0.4 per cent. A more detailed description of gender equity is provided in the Company's Corporate Governance Statement.

While equal work is rewarded with equal pay, females are over-represented in lower-graded jobs and under-represented in higher-graded jobs. The Corporate Governance Statement describes the Company's initiatives and publicly stated goals that aim to improve the Company's gender distribution profile and increase the proportion of women in senior roles.

3. REMUNERATION OUTCOMES FOR EXECUTIVES REFLECT RETURNS TO SHAREHOLDERS

Aligning the interests of executives and shareholders is integral to Origin's remuneration policy. This section of the Remuneration Report outlines the extent to which that has been achieved.

3.1 The Company has delivered remuneration outcomes for executives that broadly reflect those for shareholders.

Over the past decade, Origin has achieved an increase in Total Shareholder Return (TSR) of 125 per cent. Origin's financial performance over the last decade has been solid with Underlying Profit and Group OCAT increasing by a compound annual growth rate (CAGR) of 8.1 per cent and 8.3 per cent, respectively. Over the same period, Underlying Earnings Per Share (EPS) has increased by 4.5 per cent per annum compound.

However, Origin's TSR performance in the nearer term has been more challenged. TSR decreased by 15 per cent in FY2015, despite Underlying Profit declining by a smaller amount of 4.3 per cent. The decline in share price occurred after a sharp reduction in oil prices in late 2014. A decline in share price has significant implications for the possibility of LTI vesting, as well as for the value of DSRs.

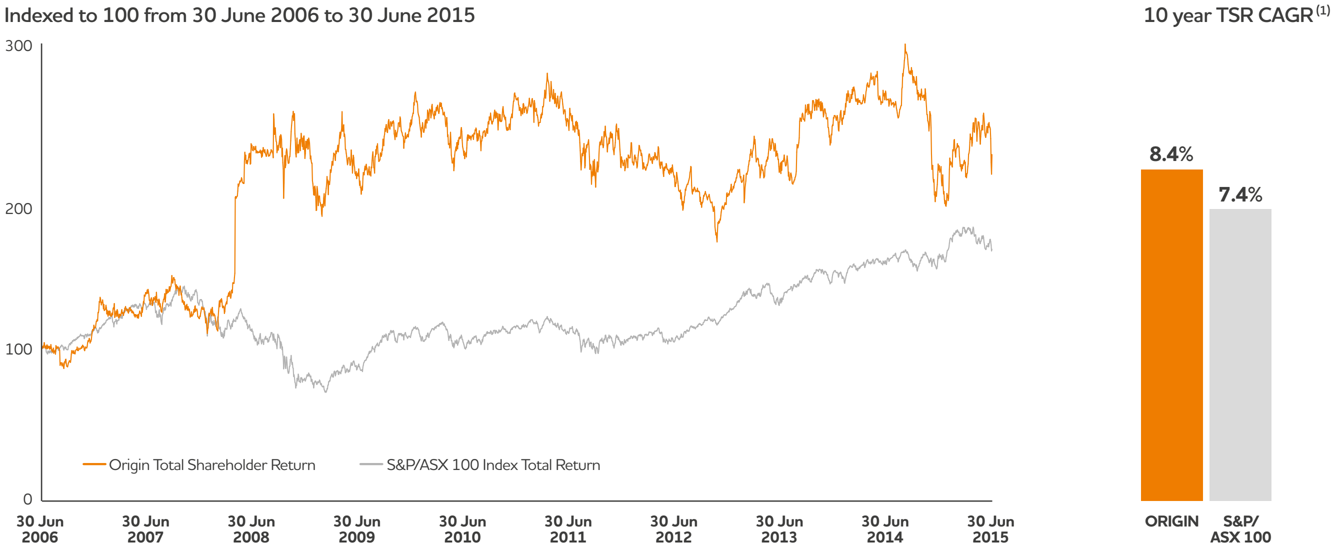
Table 7: Ten Year Performance History

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	CAGR(1)
Earnings And Cash Flow											
Revenue $m	5,880	6,436	8,275	8,042	8,534	10,344	12,935	14,747	14,518	13,804	9.9%
Statutory Profit $m	332	457	517	6,941	612	186	980	378	530	(658)	
Statutory EPS – basic(2)											
cents per share	40.7	53.1	57.4	768.8	67.7	19.6	90.6	34.6	48.1	(59.5)	
Underlying Profit $m	338	370	443	530	585	673	893	760	713	682	8.1%
Underlying EPS – basic(2)cents per share	41.5	43.0	49.2	58.7	64.8	71.0	82.6	69.5	64.8	61.7	4.5%
Group OCAT ($m)	768	818	875	797	965	1,585	1,781	1,142	2,041	1,578	8.3%
Group OCAT Ratio %	15.0	13.7	12.3	10.4	10.9	13.0	11.5	6.4	11.5	8.4	
Total Shareholder Return (TSR)											
Share Price 30 June ($)	7.04	9.51	15.43	14.23	14.52	15.79	12.20	12.57	14.62	11.97	6.1%
Dividends (cents)	18.0	21.0	50.0(3)	50.0	50.0	50.0	50.0	50.0	50.0	50.0	12.0%
TSR Index (Table 8)	100.0	138.4	230.0	217.8	229.4	257.5	206.2	221.6	267.3	227.2	
10 Year TSR %(4)										125.0	
Annual TSR %	(1.0)	38.4	66.2	(5.3)	5.3	12.2	(19.9)	7.4	20.6	(15.0)	

Over the past decade, returns for Origin shareholders have also been strong relative to the S&P/ASX 100 as can be seen in Table 8, although the gap has closed reflecting more challenged near term performance.

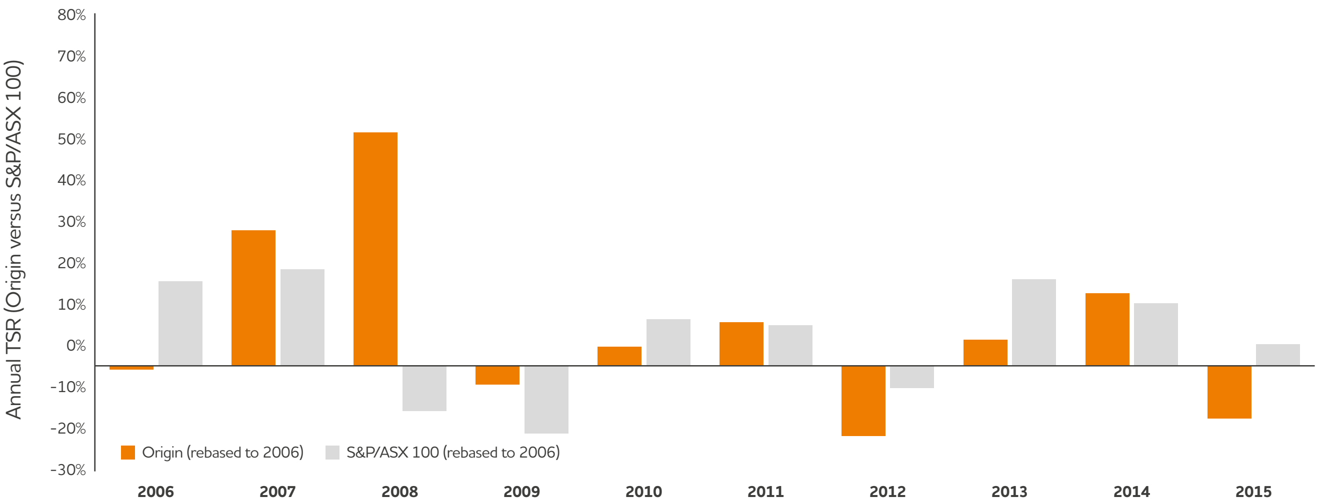
(1) Compound annual growth rate (%pa) between 30 June 2006 to 30 June 2015.
(2) EPS and Share Price have been restated for the bonus element of the Rights Issue completed in April 2011.
(3) Includes additional dividend paid in November 2008.
(4) The 10-Year TSR% includes the full period of FY2006 and represents the period from 30 June 2005 to 30 June 2015.

Table 8: 10 year TSR versus S&P/ASX 100



Following a period of subdued performance between FY2009 and FY2013, Origin's TSR performance was relatively strong in FY2014, rising in the early part of FY2015, but declining sharply following the significant reduction in oil prices in late 2014. This has created the share price profile outlined in Table 9.

Table 9: Annual TSR by year: Past 10 Years



As can be seen in Table 10, Origin's payout ratio to KMP has been broadly consistent as a proportion of the two primary drivers of Underlying Profit and OCAT. Equity grants, which include Deferred Share Rights under the STI Plan since FY2014, are higher in FY2015 primarily due to the share price variation in the last twelve months, but remain below 0.5 per cent of issued capital.

Table 10: Benefit Share

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Benefit Share										
Cash STI payout (KMP) as % of OCAT[(2)]	0.4	0.4	0.5	0.7	0.5	0.4	0.3	0.2	0.2	0.3
Cash STI payout (KMP) as % of Underlying profit[(3)]	0.8	0.9	0.9	1.0	0.8	0.8	0.6	0.3	0.6	0.7
No. Deferred STI and LTI rights (KMP) as a % of issued capital[(4)]	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.3

There were no returns of capital to shareholders during the year.

(1) The 10-Year TSR% includes the full period of FY2006 and represents the period from 30 June 2005 to 30 June 2015.
(2) OCAT before cash bonus payout.
(3) Underlying profit before bonus payout.
(4) Number of Options, PSRs and DSRs granted (or for FY2015 expected to be granted) divided by weighted average shares on issue for the relevant year.

3.2 The STI outcomes for Executives are aligned with the key performance indicators that drive performance over the short and longer term

The STI awarded reflects financial and operational outcomes over the course of a financial year. The financial and safety outcomes for the current and prior year are shown in Table 11.

Table 11: STI Performance Conditions

	2014	2015
Underlying EPS – basic cents per share	64.8	61.7
Group OCAT Ratio %	11.5	8.4
Corporate STI Financial Performance Metric Outcome (%)(1)	64.4	65.3
Origin safety metric (TRIFR(2))	5.0	3.8
Origin safety metric outcome (%)	100	100
Origin engagement metric (score)	n/a	52
Origin engagement metric outcome (%)	n/a	60.0

Employee engagement measures were included for the first time in the FY2015 STI performance hurdles. The outcome of the measurement is determined annually through a voluntary employee survey conducted externally by AON Hewitt using its methodology to measure engagement levels. The survey conducted in May 2015 recorded an improvement of 10 per cent in engagement score over the prior year.

The relevant outcomes for Executive KMP vary according to their Business Unit performance and are summarised in Table 14. In determining these outcomes, the Board has exercised discretion, both upwards and downwards over time. Downwards discretion was exercised for FY2015.

As CEO of the publicly listed New Zealand company, Contact Energy, D Barnes' STI was exposed to Contact's corporate STI financial metric rather than Origin's metric.

3.3 LTI vesting is closely aligned to shareholder return over the long term, with no vesting in the current year

The strong alignment of remuneration outcomes with shareholders' interests is demonstrated by the fact that no LTI granted in prior years vested in FY2015 or in any of the preceding two years, as shown in Table 12.

Table 12: Three Year LTI Performance History

	2013	2014	2015
LTI Performance			
Vesting period TSR(3) (CAGR % pa)	(1.1)	1.3	3.3
LTI Vesting %(4)	0	0	0

Table 13 identifies the value of LTI that vested or was forfeited during the period.

3.4 Actual Pay Outcomes

Table 13 also provides a summary of the actual remuneration received for the performance year either as cash or, in the case of prior equity awards, the value which vested or was forfeited during the year. Details in this table supplement the statutory requirements in Appendix 3. Unlike the statutory table, which represents remuneration outcomes prepared in accordance with Australian Accounting Standards (AAS), this table shows the actual remuneration value received by executives:

(1) For FY2014 and FY2015 the two performance indicators Underlying EPS and OCAT Ratio combined in equal weights to form the Group STI Financial Performance Metric (see Table 2).
(2) Total Recordable Injury Frequency Rate (TRIFR), a standard industry measure of recordable injuries per million work hours.
(3) The period most representative of the vesting cycle for LTI awards that were tested during the periods was three years. Accordingly the TSR data shown here is a 3-year rolling CAGR measured at each 30 June.
(4) The LTI vesting represents the level of LTI vesting achieved as a proportion of LTI tested during the period. In the case of Options, 'vesting' means achieving the performance hurdle and reaching the exercise price during the period.

Table 13: Actual Pay Outcomes – linking performance and reward

Name		Fixed Remuneration[(1)]	STI Cash Payment[(2)]	Total Cash Payments[(3)]	Prior Year Equity Awards Vested During Year[(4)]	Prior Year Equity Awards Forfeited During Year[(5)]
G King	2015	2,500,000	1,333,333	3,833,333	0	2,532,060
	2014	2,500,000	1,400,000	3,900,000	0	2,093,699
K Moses	2015	1,371,000	788,667	2,159,667	0	982,540
	2014	1,325,000	856,667	2,181,667	0	471,066
D Baldwin[(6)]	2015	1,078,833	709,333	1,788,166	0	858,438
	2014	994,000	730,000	1,724,000	0	370,985
D Barnes[(7)]	2015	861,577	261,339	1,122,916	0	156,170
	2014	810,976	503,334	1,314,310	0	79,259
F Calabria	2015	1,086,000	745,333	1,831,333	0	818,860
	2014	1,050,000	600,000	1,650,000	0	259,708
P Zealand[(8)]	2015	638,333	379,792	1,018,125	0	332,920
	2014	740,000	446,667	1,186,667	0	111,164
Total	**2015**	**7,535,743**	**4,217,797**	**11,753,540**	**0**	**5,680,988**
	2014	**7,419,976**	**4,536,668**	**11,956,644**	**0**	**3,385,881**

No vesting of any prior year equity awards occurred during FY2015, and over $5.6 million of previously reported statutory remuneration was forfeited during the period.

Relative TSR performance to 30 June 2015 gives indicative vesting of nil for all LTI grants currently outstanding. This means that it is unlikely that executives will receive any value from LTI vesting in the next three years. Any vesting in the future will depend on Origin's TSR performance through to the relevant actual test dates.

(1) Fixed Remuneration here represents the actual cash salary and superannuation earned during the period. It does not, however, reflect Contact Energy Board fees earned by G King, K Moses and D Baldwin. Following the sale of Contact Energy, these individuals have resigned from the Board of Contact Energy and those fees will not be ongoing. The Contact Energy fees paid in 2015 and 2014 are detailed in Table 24.

(2) For 2015 the cash STI payment represents two-thirds of the 2015 STI outcome to be paid in September 2015. The remaining one-third is deferred in the form of equity and will vest in equal tranches in October 2016, 2017 and 2018. For 2014 the cash STI payment represents two-thirds of the 2014 STI outcome paid in September 2014, with the remaining one-third deferred in the form of equity that will vest in October 2015, 2016 and 2017

(3) This is the addition of the first and second columns.

(4) Prior year equity awards include LTI allocations, subject to performance hurdles, which have vested during the year, and will (commencing in 2016, when the first Deferred STI allocations are scheduled to vest) include Deferred STI allocations subject to service hurdles. The Vested equity value is calculated as the number of securities that vested during the year multiplied by the closing price of Origin (or, where relevant, Contact) ordinary shares on the day they vested, less any exercise price paid or payable.

(5) Prior year equity awards include LTI and Deferred STI allocations granted in prior years that were forfeited during the year, meaning that the grant yielded no value or benefit. The Forfeited Value represents the value that was disclosed and attributed to remuneration at the time of the equity grant, and represents the grant date fair value of the forfeited instrument(s). See Table 26.

(6) D Baldwin transitioned to his new role of Chief Executive Officer Integrated Gas during the year, and his Fixed Remuneration comprises seven months at $1,028,000 and five months at $1,150,000.

(7) D Barnes Fixed Remuneration and STI payments are from Contact Energy Limited converted to AUD at 1.0777.

(8) P Zealand was Key Management Personnel for part of the FY2015 year (1 July 2014 to 30 April 2015) and his cash payments reflect this pro-rata period.

3.5 Variable pay allocations align staff and shareholder interests

The alignment between executives and shareholders is summarised by the variable pay allocations determined for the year, as summarised in Table 14.

The earned STI awards based on Group annual performance (Table 11) and personal performance are shown in terms of the cash award and the component that is deferred for up to three years.

Table 14: STI awarded for the year

					Cash	Deferred[1]	
Name		Fixed Remuneration[2]	Maximum STI as % of Fixed Remuneration	STI awarded % of maximum[3]	STI non-deferred award[4]	STI deferred award[4]	Total STI
Executive Directors							
G King	2015	2,500,000	150	53	1,333,333	666,667	2,000,000
	2014	2,500,000	150	56	1,400,000	700,000	2,100,000
K Moses	2015	1,371,000	135	64	788,667	394,333	1,183,000
	2014	1,325,000	135	72	856,667	428,333	1,285,000
Other Executive KMP							
D Baldwin	2015	1,150,000	130	71	709,333	354,667	1,064,000
	2014	994,000	130	85	730,000	365,000	1,095,000
D Barnes[5]	2015	861,577	130	35	261,339	130,669	392,008
	2014	810,976	130	69	503,334	251,666	755,000
F Calabria	2015	1,086,000	130	79	745,333	372,667	1,118,000
	2014	1,050,000	130	66	600,000	300,000	900,000
P Zealand[6]	2015	638,333	130	46	379,792	0	379,792
	2014	740,000	130	70	446,667	223,333	670,000
Total	**2015**	**7,606,910**			**4,217,797**	**1,919,003**	**6,136,800**
	2014	**7,419,976**			**4,536,668**	**2,268,332**	**6,805,000**

Table 15 shows the actual LTI allocations (conditional pay) relative to the Target Values as explained in Section 2.3. These LTI allocations are subject to meeting performance conditions over periods of four years. If those performance conditions are not met, the awards will be forfeited without having generated any value to the executive. The grant of equity relating to the FY2015 allocations for Executive Directors will be subject to shareholder approval.

(1) Deferred STI is subject to clawback and meeting service obligations over 3 years.
(2) Fixed Remuneration represents the annual rate of cash salary and superannuation at the end of the period and is the reference for calculation of the STI opportunity and award amounts. It does not include Contact Energy Board fees paid to G King, K Moses and D Baldwin.
(3) Where the actual STI payment is less than maximum potential, the difference is foregone. The proportion of potential STI foregone is the difference between 100 per cent and the Actual STI as a percentage of maximum. Note that in exceptional circumstances there is board discretion to award above maximum STI, in which case the notional foregone would then be zero.
(4) 2015 STI constitutes a non-deferred cash bonus and deferred DSR awarded for performance during the year ended 30 June 2015, determined following the close of 2015 results and paid/granted in September/October 2015. 2014 STI constitutes a non-deferred cash bonus and deferred DSR awarded for performance during the year ended 30 June 2014, determined following the close of 2014 results and paid/granted in September/October 2014.
(5) Fixed Remuneration set by Contact Energy Board in NZD and converted to AUD at $1.0777 being the average over FY2015 (FY2014 $1.107).
(6) P Zealand was KMP for part of the FY2015 year, 1 July 2014 to 30 April 2015. His Fixed Remuneration and STI award represents the pro-rata period for FY2015 during which he was KMP. No Deferred STI was awarded in respect of FY2015.

Table 15: LTI conditional pay awarded for the year

Name		Fixed Remuneration(1)	LTI opportunity as % of Fixed Remuneration	LTI allocated as % of opportunity	LTI allocation(2)
Executive Directors					
G King	2015	2,500,000	120	83	2,500,000(3)
	2014	2,500,000	120	80	2,400,000(4)
K Moses	2015	1,371,000	85	100	1,165,350(3)
	2014	1,325,000	85	90	1,010,000(4)
Other Executive KMP					
D Baldwin	2015	1,150,000	80	100	920,000
	2014	994,000	70	100	695,000
D Barnes(5)	2015	861,577	70	100	603,090
	2014	810,976	70	93	544,379
F Calabria	2015	1,086,000	70	100	760,000
	2014	1,050,000	70	90	660,000
P Zealand(6)	2015	638,333	70	0	0
	2014	740,000	70	80	415,000
Total	**2015**	**7,606,910**			**5,948,440**
	2014	**7,419,976**			**5,724,379**

Table 16 summarises all variable pay awarded in respect of the year, separated into the cash and deferred/conditional pay. All of the total deferred conditional pay is subject to forfeiture. In the case of LTI, the conditional pay is subject to the achievement of market hurdles in addition to service obligations.

Table 16: Total pay awarded for the year

				Conditional pay		
Name		Fixed Remuneration(7)	STI non-deferred award(8)	STI deferred award(8)	LTI allocation(9)	Total cash and conditional pay
Executive Directors						
G King	2015	2,500,000	1,333,333	666,667	2,500,000(10)	7,000,000(10)
	2014	2,500,000	1,400,000	700,000	2,400,000(11)	7,000,000(11)
K Moses	2015	1,371,000	788,667	394,333	1,165,350(10)	3,719,350(10)
	2014	1,325,000	856,667	428,333	1,010,000(11)	3,620,000(11)
Other Executive KMP						
D Baldwin(12)	2015	1,078,833	709,333	354,667	920,000	3,062,833
	2014	994,000	730,000	365,000	695,000	2,784,000
D Barnes(13)	2015	861,577	261,339	130,669	603,090	1,856,675
	2014	810,976	503,334	251,666	544,379	2,110,355
F Calabria	2015	1,086,000	745,333	372,667	760,000	2,964,000
	2014	1,050,000	600,000	300,000	660,000	2,610,000
P Zealand(14)	2015	638,333	379,972	0	0	1,018,125
	2014	740,000	446,667	223,333	415,000	1,825,000
Total	**2015**	**7,535,743**	**4,217,797**	**1,919,003**	**5,948,440**	**19,620,983**
	2014	**7,419,976**	**4,536,668**	**2,268,332**	**5,724,379**	**19,949,355**

(1) Fixed Remuneration represents the annual rate of cash salary and superannuation at the end of the period and is the reference for calculation of the LTI Target Value and allocation amounts. It does not include Contact Energy Board fees paid to G King, K Moses and D Baldwin.
(2) Deferred LTI is subject to clawback and Origin's meeting performance hurdles over 4 years. The LTI award allocation value as set out in Table 5 and that may vest (partially or fully) or lapse in a future period.
(3) The grant of equity relating to the FY2015 allocation will be subject to shareholder approval to be obtained at the 2015 AGM.
(4) The grant of equity relating to the FY2014 allocation was obtained at the 2014 AGM.
(5) Fixed Remuneration set by Contact Energy Board in NZD and converted to AUD at $1.0777 being the average over FY2015 (FY2014 $1.107). LTI allocation for FY2014 was a mixture of Origin and Contact equity. Following the sale of Origin's shares in Contact in August 2015, no Origin LTI was allocated in respect of FY2015.
(6) P Zealand was KMP for part of the FY2015 year, 1 July 2014 to 30 April 2015. His Fixed Remuneration represents the pro-rata period for FY2015 during which he was KMP. No LTI was awarded in respect of FY2015.
(7) Fixed Remuneration here represents the actual cash salary and superannuation earned during the period. It does not, however, reflect Contact Energy Board fees earned by G. King, K. Moses and D. Baldwin. Following the sale of Contact Energy, these individuals have resigned from the Board of Contact Energy and those fees will not be ongoing. The Contact Energy fees paid in 2015 and 2014 are detailed in Table 24.
(8) Deferred STI is subject to clawback and meeting service obligations over 3 years.
(9) Deferred LTI is subject to clawback and Origin's meeting performance hurdles over 4 years. The LTI award allocation value as set out in Table 15 and that may vest (partially or fully) or lapse in a future period.
(10) The grant of equity relating to the FY2015 allocation will be subject to shareholder approval to be obtained at the 2015 AGM.
(11) The grant of equity relating to the FY2014 allocation was obtained at the 2014 AGM.
(12) D Baldwin transitioned to his new role of Chief Executive Officer Integrated Gas during the year, and his Fixed Remuneration comprises seven months at $1,028,000 and five months at $1,150,000
(13) Fixed Remuneration set by Contact Energy Board in NZD and converted to AUD at $1.0777 being the average over FY2015 (FY2014 $1.107). LTI allocation for FY2014 was a mixture of Origin and Contact equity. Following the sale of Origin's shares in Contact in August 2015, no Origin LTI was allocated in respect of FY2015.
(14) P Zealand was KMP for part of the FY2015 year, 1 July 2014 to 30 April 2015. His Fixed Remuneration and STI award represents the pro-rata period for FY2015 during which he was KMP. No Deferred STI or LTI was awarded in respect of FY2015.

4. REMUNERATION CHANGES WILL SUPPORT FURTHER ALIGNMENT OF THE INTERESTS OF EXECUTIVES AND SHAREHOLDERS

Following investor feedback and a comprehensive review undertaken by the Remuneration Committee and the Board with the assistance of *Pay Governance*, a number of key changes are proposed to the remuneration system.

The key objective in undertaking this review has been to strengthen alignment of the interests of shareholders and Origin's most senior executives. The ways this will occur are outlined below.

These changes will become effective for the new remuneration cycle commencing 1 July 2015 (FY2016). It does not affect DSRs and LTIs allocated after 1 July 2015 in relation to the FY2015 year, the basis of which was outlined in the FY2014 Remuneration Report.

4.1 Benchmarks have been refined to reflect industry peers and company size

Going forward, Origin will use a new and specific set of remuneration benchmarks that will reflect its most direct Australian industry peers and relative company size. To that end, Directors will have regard to companies that are 10 above and 10 below Origin on the ASX, as well as AGL, Woodside, Santos and Oil Search if they are not already in that group. This approach recognises the relationship between remuneration and company size while taking peer groups into account.

It is recognised that Directors will need to exercise judgement in examining data in relation to these companies as they may change from time to time, dependent on movements in the ASX, as well as in Origin's relative share price.

This set of benchmarks will:

- provide the relevant benchmark for setting Fixed Remuneration at the midpoint of the external market as described in Section 2.1.
- determine the maximum remuneration benchmark in rewarding superior performance, as well as the At Target remuneration outcome.

Directors recognise that it may take some time to achieve these benchmarks, particularly if Fixed Remuneration for a particular executive is above the target. In such cases, the desired outcome will be achieved over time by holding Fixed Remuneration constant. If a new executive is appointed, they will be paid at the benchmark rate.

4.2 Fixed Remuneration will not be increased for Executive KMP in FY2016

In keeping with the approach outlined above, no changes to Fixed Remuneration for Executive KMP will apply for FY2016(1).

Increases for Executives who are not KMP will be moderate, with the average being around 2.7 per cent.

4.3 STI will be more strongly aligned with shareholders interests

Two key changes are proposed in relation to STI.

4.3.1 Metrics for assessing STI

Origin currently uses Operating Cash after Tax (OCAT) as a proportion of Productive Capital as one of the two corporate financial metrics for assessing performance for the STI.

However, it is recognised that this measure is not commonly used and that it does not reflect the full value of cash invested. At the same time, Directors are cognisant of the importance of cash generation for any company, but particularly for Origin at this stage of its investment cycle. Directors have reflected on those matters and have decided to replace the OCAT Ratio metric with an Operating Cash Flow measure, commencing from 1 July 2015. Such a measure is more transparent from a shareholder's perspective.

4.3.2 Longer period of deferral for DSRs

To lengthen the deferral period to more strongly reflect Origin's investment cycle, going forward, DSRs for Executive KMP will vest in three equal tranches at the end of years two, three and four respectively. This represents a change from the current vesting profile at years one, two and three.

In other words, the average vesting period has been lengthened from two to three years.

4.4 LTI changes will be implemented that strengthen executive alignment with shareholders

Three key changes to LTI are being made.

4.4.1 The LTI mix is being changed

Directors have considered feedback that fewer Options are preferred in the LTI mix. As a consequence of this feedback, the ratio of Options to PSRs will be reduced from 75:25 to 50:50.

4.4.2 A second hurdle is being introduced

Currently, Origin has a single TSR hurdle which is evaluated against the S&P ASX 100 benchmark. For Executive KMP going forward, consistent with evolving market practice, a second hurdle will be introduced as follows:

- The hurdle for determining whether Options will vest will continue to be TSR, but instead it will be evaluated against the comparator group outlined in Section 4.1, namely 10 companies above and 10 below, in addition to AGL, Santos, Woodside and Oil Search if they are not already in that group. That hurdle will be held constant for the life of the options, unless the constituent company ceases to be listed on the ASX, in which case it will be deleted entirely from the list.
- The hurdle for PSRs will be a return on total capital employed (ROCE) measure, which will be calculated on a simple arithmetic average for each year of the vesting period.

4.4.3 The vesting schedule will be lengthened

The performance period for Options will be increased and tested for vesting at 30 June in year five. Currently, they are tested for vesting in year four.

PSRs, which will have a ROCE hurdle, will be tested for vesting at 30 June in year four.

The longer vesting schedule is consistent with Origin's investment cycle.

(1) The increase that applied to D Baldwin during FY2015 related to his appointment to the role of Chief Executive Officer, Integrated Gas.

5. APPROPRIATE GOVERNANCE AND REMUNERATION ARRANGEMENTS FOR NEDs HAVE ENSURED A STRONG FOCUS ON SHAREHOLDERS' INTERESTS

Effective governance is central to Origin's remuneration approach. It is achieved through a clear definition of responsibilities; appropriate composition of the Board Remuneration Committee; and adherence to processes that ensure independent decision-making. It is also supported by appropriate remuneration arrangements for NEDs.

5.1 Governance responsibilities are clearly defined

The full Board has oversight of Origin's remuneration arrangements. It is accountable for executive and Non-executive Directors' remuneration and the policies and process governing both.

The Board Remuneration Committee, through its Chairman, reports to the full Board and advises on these matters. The Committee is comprised of a minimum of three members who must be Non-executive Directors. All current members of the Committee, including its Chairman, are independent. There is a standing invitation to all Board members to attend the Committee's meetings.

The main responsibilities of the Board and Remuneration Committee are described in Table 17.

Table 17: Responsibilities of the Board and Remuneration Committee

	Approved by the Board (on recommendation of the Remuneration Committee)	Approved by the Remuneration Committee
Executive Remuneration Structure	— The remuneration strategy, policy and structure and compliance with legal and regulatory requirements — Levels of delegated responsibility to the Remuneration Committee and management for remuneration-related decisions — Individual remuneration for KMP and other members of the Executive Management Team — Allocations made under all equity based remuneration plans	— Identification of the employee population that receives deferred at-risk remuneration — Remuneration recommendations in relation to non-KMP and non-EMT employees — Specific remuneration related matters as delegated by the Board
Non-executive Director Remuneration	— The Remuneration structure for Non-executive Directors — Remuneration for Non-executive Director fees (subject to the maximum aggregate amount being approved by shareholders)	

5.2 The Remuneration Committee is composed of Non-executive Directors with an appropriate level of independence and expertise

For the greater part of FY2015, the Board Remuneration Committee was comprised of three Non-executive Directors. It currently consists of four independent Non-executive Directors, as shown in Table 18. Each Director has strong remuneration experience either as a member of board remuneration committees at other major companies or in their prior role as an executive.

Table 18: Remuneration Committee FY2015

Role	Status	Other Origin Committees
Current Members		
H Nugent (Chairman)	Independent, Non-executive Director	Audit; Risk; Nomination
G Cairns	Independent, Non-executive Director; Origin Chairman (since October 2013)	Audit; Health, Safety & Environment; Risk; Nomination; Origin Foundation (Chairman)
R Norris	Independent, Non-executive Director	Audit
S Sargent (from 29 May 2015)	Independent, Non-executive Director	Health, Safety & Environment
Former Member		
B Beeren (until 22 October 2014)	Non-executive Director	

The Committee met six times during FY2015.

5.3 Board and Remuneration Committee processes ensure independence

The Remuneration Committee operates under a Charter published on the Company's website at www.originenergy.com.au. In particular, the Charter identifies the processes for dealing with conflicts of interest. The Charter and all associated processes are followed assiduously by the Board and Remuneration Committee.

The Committee has established protocols for engaging and dealing with external advisors, including those defined as Remuneration Consultants for the purpose of the *Corporations Act 2001* (Cth). The protocols require engagement by the Committee; instruction by the Chairman of the Committee; delivery of reports direct to the Committee through its Chairman; and a prohibition on communication with Company management except as authorised by the Chairman and limited to the provision or validation of factual and policy data. The advisor must furnish a statement confirming the absence of any undue influence from management.

The Committee appointed *Pay Governance* as its advisor under these protocols in FY2015. *Pay Governance* did not act as a Remuneration Consultant for the purposes of the *Corporations Act 2001* (Cth). It provided market benchmarking and comparative data to inform the Board's decisions both on remuneration structure and design. *Pay Governance* has provided a statement confirming the absence of any influence from management.

Table 19 summarises the sources of remuneration data used in FY2015.

Table 19: Sources of Remuneration Data, FY2015

Advisor/Consultant FY2015	KMP benchmarking and market data used by Committee to formulate its own recommendations to Board	Remuneration Consultant for the purposes of the Corporations Act	Comments
Pay Governance	Yes	No	Benchmarking and market analysis, advisor to Remuneration Committee
Hay Group	Yes	No	Hay PayNet® database access to remuneration survey data
Mercer Consulting	No	No	Fair valuation of equity instruments, actuarial assessment of superannuation

5.4 Origin's remuneration approach is to ensure Non-executive Directors are remunerated in ways that maintain their independence

Appropriate remuneration for Non-executive Directors is achieved by:

- Setting Board and Committee fees taking into account market rates for relevant Australian organisations for the time commitment and responsibilities involved; and
- Delivering those fees in a form that is not contingent on Origin's performance.

As a result, remuneration arrangements for Non-executive Directors are different from those in place for Executives. Non-executive Directors' remuneration is not performance-based or dependent on the Company's results. Fees are fixed to allow for independent and objective assessment of executive and Company performance.

No Executive KMP is remunerated for acting as a Director of Origin. The Managing Director, the Executive Director, Finance & Strategy and the Chief Executive Officer, Integrated Gas are, however, remunerated for serving as Directors of Contact Energy[(1)].

5.5 Non-executive Directors' fees are appropriate in light of market rates, and remain within the shareholders' aggregate cap

Board and Committee fees are reviewed annually having regard to the level of fees paid to Non-executive Directors at Australian companies of comparable size and complexity. This year, the same comparator group has been used for NEDs as proposed to be used going forward for senior executives. This approach reflects the responsibilities and time commitment necessary for the role.

Per diem fees may also be paid on occasions where approved special work is undertaken outside of the expected commitments. None were paid during FY2015.

Following this year's review, which was undertaken internally, no increases have been made to existing fees, which remain unchanged since FY2013. However, in recognition of the increasing significance of the work of the Risk Committee, previously undertaken by all Directors, a dedicated committee under its own Chairman has been appointed. Accordingly, fees for the Risk Committee will be introduced for the first time commencing in FY2016.

The Origin Chairman receives a single fee that is inclusive of Committee activities, while other Non-executive Directors receive a base Board fee and separate fees for the role on specific Committees, other than to the Nomination Committee which is considered within the base fee. All fees are inclusive of superannuation contributions.

The aggregate cap for Non-executive Directors' remuneration ($2,700,000) was last approved by shareholders at the 2010 Annual General Meeting. The Board does not propose a change to this cap for FY2015.

Table 20 shows the structure and level of Non-executive Director fees for the current year and for FY2016:

Table 20: Non-executive Directors' Fee Structure ($)

Fees	FY2015	FY2016
Board fees		
Chairman (inclusive of all Committee work)	677,000	677,000
Non-executive Director base fee	196,000	196,000
Committee fees (except for Chairman)		
Audit		
Chairman	57,000	57,000
Member	29,000	29,000
Remuneration		
Chairman	47,000	47,000
Member	21,000	21,000
Health, Safety & Environment		
Chairman	42,000	42,000
Member	21,000	21,000
Risk		
Chairman	0	42,000
Member	0	21,000
Nomination		
Chairman & members	0	0

(1) Following the sale of Origin Energy's shares in Contact Energy in August 2015 these individuals have resigned from the Board of Contact Energy and these fees will not be ongoing.

5.6 Non-executive Directors are required to acquire and hold shares in the Company

To more closely align the interests of the Board and shareholders, Non-executive Directors are required to hold a minimum of 20,000 shares in the Company within three years of appointment.

Details on the Directors' holdings in shares are set out in Table 29.

APPENDICES: KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Appendix 1: KMP

KMP include Executive Directors and executives with authority and responsibility for planning, directing and controlling the activities of Origin Energy and its controlled entities (together making Executive KMP) and Non-executive Directors. Origin's Non-executive Directors are required by the *Corporations Act 2001* (Cth) to be included as KMP for the purpose of disclosure in the Remuneration Report. However, the Non-executive Directors do not consider themselves to be part of 'management'.

Table 21: Key Management Personnel, FY2015

		Notes
Non-executive Directors		
G Cairns	Independent Chairman	
J Akehurst	Independent	
M Brenner	Independent	
B Morgan	Independent	
R Norris	Independent	
H Nugent	Independent	
S Sargent	Independent	Joined the Board 29 May 2015
Non-executive Director – former		
B Beeren	Non-executive	Executive Director from March 2000 to January 2005, retired 22 October 2014
Executive Directors		
G King	Managing Director	
K Moses	Executive Director, Finance & Strategy	
Other KMP – current		
D Baldwin	Chief Executive Officer, Integrated Gas	Chief Executive Officer, LNG until 31 January 2015, Chief Executive Officer, Integrated Gas since 1 February 2015, both KMP roles
D Barnes	Chief Executive Officer, Contact Energy	Ceased to be KMP following the sale of Origin's shares in Contact Energy in August 2015
F Calabria	Chief Executive Officer, Energy Markets	
Other KMP – former		
P Zealand	Chief Executive Officer, Upstream (until 31 April 2015)	Assumed non-KMP role of Director Technical Projects from 1 May 2015

Except where otherwise noted, the remuneration and other related party disclosures included in the Remuneration Report have been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and in compliance with AASB 124 *Related Party Disclosures*. For the purpose of these disclosures, all the individuals listed above have been determined to be KMP, as defined by AASB 124 *Related Party Disclosures*.

Appendix 2: Contractual Arrangements for Executive KMP

The table below sets out the main terms and conditions of the employment contracts of the Managing Director and Executive KMP (excluding Non-executive Directors) as at 30 June 2015.

As noted in Section 2, the contractual terms were determined with reference to the size and complexity of the job roles, benchmarked against the external market. They reflect the principles of reward for performance and alignment with the interests of shareholders.

Table 22: Contractual Details for Executive KMP

Role	Contract Expiry	Notice Period	Termination Payments (subject to termination benefits legislation)
Managing Director	Ongoing (no fixed term)	— 12 months by either party or shorter notice by agreement — Immediate for misconduct, breach of contract or bankruptcy	— Statutory entitlements only for termination with cause — In the event of termination other than for cause, or by the Managing Director giving 12 months notice, an STI can be paid that reflects the extent of achievement against the objectives set for the year having regard to the part of the year that has elapsed prior to termination. In such a case, the STI payment will be made in cash. — DSRs, Options and/or PSRs lapse on termination other than in cases of death, disability, bona fide redundancy or genuine retirement.
Executive Director Finance & Strategy and other Executive KMP(1)	Ongoing (no fixed term)	— Up to 3 months by either party — Immediate for misconduct, breach of contract or bankruptcy	— Statutory entitlements only for termination with cause — Payment in lieu of notice at Company discretion — For Company termination 'without cause' pro rata earned STI is payable — For Company termination 'without cause' payment equivalent to 3 weeks' Fixed Remuneration per year of service capped at 74 weeks; a minimum may also apply (generally 18-22 weeks)

Details regarding the Managing Director's remuneration arrangements are provided in earlier sections of this Report but are included in the summary below for completeness:

Table 23: Managing Director's Remuneration

Element	FY2015 details
Fixed Remuneration	$2,500,000. No change for FY2016.
STI	At-Target: 90 per cent of Fixed Remuneration Maximum 150 per cent of Fixed Remuneration 80 per cent of the outcome determined by Group financial, safety and engagement metrics, 20 per cent by individual measures. Details of changes that will apply in FY2016 are outlined in Section 4.
LTI	Target Value Allocation: 120 per cent of Fixed Remuneration Relative TSR hurdle and four year vesting for Options and for PSRs. LTI allocation split 75 per cent Options and 25 per cent PSRs (by value). Details of changes that will apply in FY2016 are outlined in Section 4.

Changes to STI and LTI arrangements as identified in section 4 will take effect from 1 July 2015 forward.

The Managing Director maintains a significant shareholding in the Company, as reflected in Table 29 of this Report (and equivalent tables in prior Reports).

(1) The table includes arrangements agreed prior to the amendments to the Corporations Act 2001 (Cth) regarding termination payments which came into effect on 24 November 2009. Entitlements under pre existing contracts are generally not subject to the new limits on termination payments. The new legislative provisions apply to KMP contract variations after 24 November 2009 and to agreements with KMPs appointed after 24 November 2009.

Appendix 3: Statutory Remuneration Disclosures

Table 24: Remuneration Table for FY2014 and FY2015

			Short-term benefits		
		Base salary/fees	Contact Energy Fees[(1)]	Cash STI[(2)]	Non-monetary benefits[(3)]
Executive Directors					
G King	2015	2,478,696	213,417	1,333,333	59,364
	2014	2,479,704	201,445	1,400,000	52,402
K Moses	2015	1,336,203	139,649	788,667	34,337
	2014	1,304,883	131,436	856,667	39,211
Executive KMP					
D Baldwin[(6)]	2015	1,047,841	139,185	709,333	41,740
	2014	964,016	130,985	730,000	22,472
D Barnes[(7)]	2015	831,966	–	261,339	4,072
	2014	810,976	–	503,334	6,803
F Calabria	2015	1,047,183	–	745,333	22,108
	2014	1,005,925	–	600,000	27,286
Executive KMP - former					
P Zealand[(8)]	2015	605,581	–	379,792	40,842
	2014	703,143	–	446,667	31,802
Non-executive Directors (current)					
J Akehurst	2015	219,207	–	–	7,210
	2014	220,215	–	–	187
M Brenner	2015	206,208	–	–	187
	2014	129,921	–	–	187
G Cairns	2015	658,208	–	–	187
	2014	524,016	–	–	187
B Morgan	2015	255,207	–	–	187
	2014	256,215	–	–	187
R Norris	2015	238,503	–	–	187
	2014	218,512	–	–	187
H Nugent	2015	253,208	–	–	187
	2014	254,459	–	–	187
S Sargent[(9)]	2015	19,137	–	–	16
	2014	–	–	–	–
Non-executive Directors (former)					
B Beeren[(10)]	2015	61,042	157,743	–	61
	2014	184,883	148,600	–	1,520
Totals[(11)]	**2015**	**9,258,190**	**649,994**	**4,217,797**	**210,685**
	2014	**9,056,868**	**612,466**	**4,536,668**	**182,618**

(1) G King, D Baldwin, B Beeren and K Moses are the Company's nominees on the Board of Contact Energy. Remuneration is converted to Australian dollars using an annual (1 July 2014 – 30 June 2015) average exchange rate of $1.0777 (2013 - $1.107).

(2) The non-deferred Cash STI in respect of the relevant reporting period represents two-thirds of the total STI award based on achieving personal goals and satisfying specified performance criteria during that period plus any discretionary amounts awarded for exceptional contributions. FY2015 cash STI constitutes the non-deferred cash bonus granted for the year ended 30 June 2015, determined following the close of FY2015 results and to be paid in September 2015. FY2014 cash STI constitutes the non-deferred cash bonus granted for the year ended 30 June 2014, determined following the close of FY2014 results and paid in September 2014.

(3) Non-monetary benefits include insurance premiums and fringe benefits such as car parking.

(4) The Deferred STI in respect of the relevant reporting period represents one-third of the total STI award referred to in Note 2 above. The Deferred STI awards in respect of the current year's performance will be granted as DSRs in the following financial year. Origin begins recognising an expense (based on the allocation value, which is one-third of the total STI awards expected) from 1 July of the current financial year in relation to these future grants. In the following financial year the accumulated expense recognised will be adjusted for the final determination of fair value at the date of grant and the number of instruments expected to vest, and will use this valuation for recognising the expense over the remaining vesting periods. The valuation uses a discounted cash flow methodology that recognises that dividends are not paid on DSRs.

(5) The accounting value of the Options and PSRs awarded is calculated as the fair value at the date of grant using a Monte Carlo simulation methodology that takes into account market hurdles and that dividends are not paid on Options or PSRs. The value is allocated to each reporting period evenly over the service period to the first test date. The remuneration value disclosed is the portion of the fair value of the Options and PSRs allocated to the relevant reporting period.

Post-employment benefits	Accounting value of long-term benefits					Totals	
Superannuation	Deferred STI[4]	LTI (Options & Rights)[5]	Movement in accrued leave	Termination Benefits	Total Remuneration	% of Total Remuneration 'At Risk'	% of Remuneration that is share based
21,304	422,622	1,989,402	62,500	–	6,580,638	57%	37%
20,296	223,493	2,840,212	62,500	–	7,280,052	61%	42%
34,797	254,238	907,082	55,286	–	3,550,259	55%	33%
17,784	136,754	1,180,878	33,125	–	3,700,738	59%	36%
18,792	222,651	736,054	30,282	–	2,945,878	57%	33%
17,784	116,531	972,294	19,041	–	2,973,123	61%	37%
29,650	125,084	726,035	26,654	–	2,004,800	55%	42%
21,000	80,351	687,642	17,500	–	2,127,606	60%	36%
26,616	209,092	567,174	38,415	–	2,655,921	57%	29%
25,608	95,777	794,966	26,250	–	2,575,812	58%	35%
29,165	66,468	355,821	10,804	–	1,488,473	54%	28%
29,124	71,299	408,615	9,245	–	1,699,895	55%	28%
18,792	–	–	–		245,209	–	–
17,784	–	–	–	–	238,186	–	–
18,792	–	–	–	–	225,187	–	–
11,150	–	–	–	–	141,258	–	–
18,792	–	–	–	–	677,187	–	–
17,784	–	–	–	–	541,987	–	–
18,792	–	–	–	–	274,186	–	–
17,784	–	–	–	–	274,186	–	–
18,792	–	–	–	–	257,482	–	–
17,784	–	–	–	–	236,483	–	–
18,792	–	–	–	–	272,187	–	–
17,784	–	–	–	–	272,430	–	–
1,641	–	–	–	–	20,794	–	–
–	–	–	–	–	–	–	–
5,787	–	–	–	–	224,633	–	–
17,784	–	–	–	–	352,787	–	–
280,504	**1,300,155**	**5,281,568**	**223,941**	**–**	**21,422,834**	**–**	**–**
249,450	**724,205**	**6,884,607**	**167,661**	**–**	**22,414,543**	**–**	**–**

(6) The accounting value of Options and Rights includes equity issued by Contact Energy in relation to D Baldwin's employment by Contact Energy prior to April 2011.

(7) During employment with Contact Energy, D Barnes is paid in New Zealand currency. Short term benefits are converted to Australian dollars using an annual average exchange rate of $1.0777 (1 July 2014 to 30 June 2015) (2014 - $1.107). Post employment superannuation benefits are remitted monthly in Australian dollars using the month-end exchange rate. Fixed Remuneration (base salary plus superannuation) and all or part of Contact Energy's variable remuneration for the period of employment with Contact Energy is reimbursed by Contact Energy. The accounting value of Deferred STI and of LTI includes equity issued by Contact Energy in relation to D Barnes employment by Contact after 1 April 2011.

(8) P Zealand was KMP until 31 April 2015, thereafter continuing in the non-KMP role of Director Technical Projects. Data relates to his period as KMP.

(9) S Sargent was appointed as a Non-executive Director on 29 May 2015.

(10) B Beeren retired as Non-executive Director on 22 October 2014.

(11) All named Executive KMP and Executive Directors are employed and remunerated by the Company and its controlled entities. All Non-executive Directors are remunerated by the Company.

Table 25: Details of Equity Grants

The table below lists all equity-based incentive grants current at 30 June 2015 made to Directors and to executives. No terms of equity-settled share-based transactions (including Options, PSRs and DSRs granted as compensation to a KMP) have been altered or modified by the issuing entity during the reporting period or the prior period.

Granted	Number Outstanding	Exercise Price	Expiry Date
Options			
10 May 2010	11,600	$14.89	10 Aug 2015
28 Oct 2010	1,877,290	$14.91	31 Dec 2015
15 Oct 2011	153,673	$13.01	30 Jun 2016
15 Oct 2011	3,867,649	$13.01	15 Jan 2017
11 Apr 2012	184,845	$12.91	11 Jul 2017
15 Oct 2012	6,831,415	$11.78	15 Oct 2019
24 Dec 2012	41,381	$11.78	15 Oct 2019
14 Oct 2013	3,784,774	$13.97	14 Oct 2020
22 Oct 2014	2,569,779	$15.65	22 Oct 2021
Performance Share Rights			
10 May 2010	4,322	–	10 Aug 2015
28 Oct 2010	683,837	–	31 Dec 2015
15 Oct 2011	37,818	–	1 Apr 2016
15 Oct 2011	1,626,204	–	15 Oct 2016
11 Apr 2012	52,565	–	11 Apr 2017
15 Oct 2012	3,300,358	–	15 Oct 2015
24 Dec 2012	11,342	–	15 Oct 2015
14 Oct 2013	2,373,438	–	14 Oct 2016
22 Oct 2014	635,154	–	22 Oct 2018
Deferred Share Rights			
15 Oct 2011	24,370	–	15 Oct 2015
15 Oct 2012	6,302	–	15 Oct 2015
15 Oct 2012	6,302	–	15 Oct 2016
14 Oct 2013	9,540	–	14 Oct 2015
14 Oct 2013	9,540	–	14 Oct 2016
14 Oct 2013	9,540	–	14 Oct 2017
22 Apr 2014	15,099	–	31 Dec 2015
25 Aug 2014	21,270	–	15 Oct 2015
25 Aug 2014	27,031	–	14 Oct 2016
22 Oct 2014	56,847	–	22 Oct 2015
22 Oct 2014	1,265,844	–	24 Oct 2016
22 Oct 2014	56,847	–	23 Oct 2017
31 Mar 2015	9,937	–	24 Oct 2016

Table 26: Analysis of Movements in Options, PSRs, and DSRs

A summary of the movement in FY2015, by value, of rights (Options, PSRs, and DSRs) to equity in the Company (or in the case of D Baldwin and D Barnes in Contact Energy) held by KMP is provided in the table below. No Non-executive Directors hold Options, PSRs or DSRs.

	Type	Value of Options, PSRs, and DSRs ($)		
		Granted(1)	Exercised(2)	Forfeited
Executive Directors				
G King	Options	$1,271,560	–	$1,277,100
	PSRs	$535,872	–	$1,254,960
	DSRs	$642,718	–	–
K Moses	Options	$535,115	–	$494,500
	PSRs	$225,515	–	$488,040
	DSRs	$393,299	–	–
Other Executive KMP				
D Barnes	Options	$75,948	–	$80,640
	PSRs	$32,010	–	$75,530
	Contact Options(3,4)	$328,004	–	–
	Contact PSRs(3,4)	$109,335	–	–
	Contact DSRs(3,4)	$249,869	–	–
D Baldwin	Options	$368,223	–	$268,800
	PSRs	$155,185	–	$267,260
	DSRs	$335,185	–	–
	Contact Options(3,4)	–	–	$198,998
	Contact PSRs(3,4)	–	–	$123,380
	Contact DSRs(3,4)	–	–	–
F Calabria	Options	$349,680	–	$412,160
	PSRs	$147,370	–	$406,700
	DSRs	$275,502	–	–
P Zealand	Options	$219,875	–	$170,240
	PSRs	$92,663	–	$162,680
	DSRs	$205,090	–	–

(1) The value of Options granted in the year is the fair value calculated at grant date using a Black Scholes model with a Monte Carlo simulation methodology to account for hurdles. The value of PSRs granted in the year is the fair value calculated at grant date using a Monte Carlo simulation methodology to account for hurdles. The value of DSRs granted in the year is the fair value calculated at grant date using a Discounted Cashflow technique. The fair value of each instrument has been calculated independently by Mercer Consulting. The value disclosed for each instrument (Options, PSRs, and DSRs) is the total value for each instrument over the period. This amount is allocated to remuneration (Table 24) over the vesting period. Refer Note F3 of the financial statements for further detail of the assumptions used in determining grant date fair value of Options and PSRs.

(2) The value of rights (Options, PSRs, and DSRs) exercised during the year is calculated as the market price of the Company's shares on the ASX as at the close of trading on the date the rights were exercised, after deducting any exercise price. The exercise price for PSRs is nil. There were no rights exercised during the year.

(3) Granted values are based on the average exchange rate of $1.0777 (1 July 2014 to 30 June 2015). Forfeited values refer to the previously disclosed grant date values.

(4) D Barnes and D Baldwin's Contact securities were issued under the Contact Energy Employee Long-term Incentive Scheme as Chief Executive Officer or Managing Director (respectively) of Contact Energy. Contact Energy relies on NZSX Listing Rule 7.3.9 to allow participation of the CEO/Managing Director in the Long-term Incentive Scheme. D Baldwin receives cash director's fees from Contact Energy in his capacity as a director post 1 April 2011 following the end of his secondment to Contact Energy, but will not be granted any further securities in Contact Energy under its Long-term Incentive Scheme. However, he retains existing securities subject to their corresponding exercise hurdles and vesting requirements. Refer to Contact Energy's website – www.contactenergy.co.nz for further details.

Table 27: Details of Options, PSRs and DSRs Granted in FY2015

Rights (Options, PSRs, and DSRs) to equity in the Company (or in the case of D Baldwin and D Barnes in Contact Energy) granted to KMP during the period are listed below. No Non-executive Directors hold Options, PSRs or DSRs.

KMP	Type	Number Granted during FY2015	Grant Date	Fair Value(1)	Exercise Price	Vesting Date	Expiry Date
Executive Directors							
G King	Options	825,688	22 Oct 2014	$1.54	$15.65	22 Oct 2018	22 Oct 2021
	PSRs	73,710	22 Oct 2014	$7.27	–	22 Oct 2018	22 Oct 2018
	DSRs	15,992	22 Oct 2014	$13.87	–	22 Oct 2015	22 Oct 2015
	DSRs	15,992	22 Oct 2014	$13.39	–	24 Oct 2016	24 Oct 2016
	DSRs	15,992	22 Oct 2014	$12.93	–	23 Oct 2017	23 Oct 2017
K Moses	Options	347,477	22 Oct 2014	$1.54	$15.65	22 Oct 2018	22 Oct 2021
	PSRs	31,020	22 Oct 2014	$7.27	–	22 Oct 2018	22 Oct 2018
	DSRs	9,786	22 Oct 2014	$13.87	–	22 Oct 2015	22 Oct 2015
	DSRs	9,786	22 Oct 2014	$13.39	–	24 Oct 2016	24 Oct 2016
	DSRs	9,786	22 Oct 2014	$12.93	–	23 Oct 2017	23 Oct 2017
Other KMP							
D Barnes	Options	49,317	22 Oct 2014	$1.54	$15.65	22 Oct 2018	22 Oct 2021
	PSRs	4,403	22 Oct 2014	$7.27	–	22 Oct 2018	22 Oct 2018
	Contact Options(2)	620,157	1 Oct 2014	$0.53	$5.51	1 Oct 2017	30 Nov 2019
	Contact PSRs(2)	32,371	1 Oct 2014	$3.38	–	1 Oct 2017	30 Nov 2019
	Contact DSRs(2)	17,130	1 Oct 2014	$4.86	–	1 Oct 2015	30 Nov 2017
	Contact DSRs(2)	17,130	1 Oct 2014	$4.86	–	1 Oct 2016	30 Nov 2017
	Contact DSRs(2)	17,130	1 Oct 2014	$4.86	–	1 Oct 2017	30 Nov 2017
D Baldwin	Options	239,106	22 Oct 2014	$1.54	$15.65	22 Oct 2018	22 Oct 2021
	PSRs	21,346	22 Oct 2014	$7.27	–	22 Oct 2018	22 Oct 2018
	DSRs	8,340	22 Oct 2014	$13.87	–	22 Oct 2015	22 Oct 2015
	DSRs	8,340	22 Oct 2014	$13.39	–	24 Oct 2016	24 Oct 2016
	DSRs	8,340	22 Oct 2014	$12.93	–	23 Oct 2017	23 Oct 2017
F Calabria	Options	227,065	22 Oct 2014	$1.54	$15.65	22 Oct 2018	22 Oct 2021
	PSRs	20,271	22 Oct 2014	$7.27	–	22 Oct 2018	22 Oct 2018
	DSRs	6,855	22 Oct 2014	$13.87	–	22 Oct 2015	22 Oct 2015
	DSRs	6,855	22 Oct 2014	$13.39	–	24 Oct 2016	24 Oct 2016
	DSRs	6,855	22 Oct 2014	$12.93	–	23 Oct 2017	23 Oct 2017
P Zealand	Options	142,776	22 Oct 2014	$1.54	$15.65	22 Oct 2018	22 Oct 2021
	PSRs	12,746	22 Oct 2014	$7.27	–	22 Oct 2018	22 Oct 2018
	DSRs	5,103	22 Oct 2014	$13.87	–	22 Oct 2015	22 Oct 2015
	DSRs	5,103	22 Oct 2014	$13.39	–	24 Oct 2016	24 Oct 2016
	DSRs	5,103	22 Oct 2014	$12.93	–	23 Oct 2017	23 Oct 2017

No Options, PSRs, or DSRs have been granted since the end of the reporting period. Options, PSRs, and DSRs were provided at no cost to the recipients. Unvested Options and PSRs expire on the earlier of their expiry date or on cessation of employment. In addition to a continuing employment service condition, the ability to exercise Options and PSRs is conditional on the consolidated entity achieving certain performance hurdles. Subject to achieving the performance hurdles, Options and PSRs granted in the period will be exercisable four years after the Grant Date. Details of the performance hurdles are included in the LTI information in section 2.3 (and, for Contact Energy, refer to Contact Energy's website – www.contactenergy.co.nz).

(1) Fair values are at the date of grant.
(2) Converted to Australian dollars using an average exchange rate of $1.0777 (1 July 2014 to 30 June 2015). For terms refer to Contact Energy's website – www.contactenergy.co.nz.

Table 28: Options, PSRs and DSRs movement in holdings and transactions during FY2015

Movement during the reporting period in the number of rights (Options, PSRs, and DSRs) to equity in the Company (and, for D Baldwin and D Barnes, in Contact Energy) held directly, indirectly or beneficially by the KMP including their related parties are listed below. No Non-executive Directors hold Options, PSRs, or DSRs.

	Type	Held at Year Start	Granted during the year	Exercised	Lapsed	Held at Year End	Vested During Year[1]	Vested & Exercisable at Year End[2]
Executive Directors								
G King	Options	2,861,054	825,688	–	297,000	3,389,742	–	–
	PSRs	833,950	73,710	–	111,146	796,514	–	–
	DSRs	–	47,976	–	–	47,976	–	–
K Moses	Options	1,202,418	347,477	–	115,000	1,434,895	–	–
	PSRs	351,647	31,020	–	43,224	339,443	–	–
	DSRs	–	29,358	–	–	29,358	–	–
Other Executive KMP								
D Barnes	Options	137,980	49,317	–	18,000	169,297	–	–
	PSRs	42,811	4,403	–	6,689	40,525	–	–
	DSRs	–	–	–	–	–	–	–
	Contact Options	1,902,450	620,157	–	–	2,522,607	–	–
	Contact PSRs	334,479	32,371	–	–	366,850	–	–
	Contact DSRs	–	51,390	–	–	51,390	–	–
D Baldwin	Options	881,910	239,106	–	60,000	1,061,016	–	–
	PSRs	260,499	21,346	–	23,670	258,175	–	–
	DSRs	–	25,020	–	–	25,020	–	–
	Contact Options	724,555	–	–	253,609	470,946	–	–
	Contact PSRs	151,451	–	–	45,347	106,104	–	–
	Contact DSRs	–	–	–	–	–	–	–
F Calabria	Options	808,842	227,065	–	92,000	943,907	–	–
	PSRs	238,748	20,271	–	36,020	222,999	–	–
	DSRs	–	20,565	–	–	20,565	–	–
P Zealand	Options	427,294	142,776	–	38,000	532,070	–	–
	PSRs	124,225	12,746	–	14,408	122,563	–	–
	DSRs	–	15,309	–	–	15,309	–	–

(1) No options or rights vested at the end of the year.
(2) There were no vested but unexercisable rights at the end of the reporting period.

Table 29: Equity Holdings and Transactions

Movements during the reporting period in the number of ordinary shares of the Company and in Contact Energy held directly, or indirectly or beneficially by KMP, including their related parties:

Shares held in Origin	Held at Year Start	Purchases	Received on exercise of options[1]	Received on exercise of PSRs[1]	Sales	Held at Year End[2]
Non-executive Directors[4]						
J Akehurst	71,200	–	–	–	–	71,200
M Brenner	–	21,000	–	–	–	21,000
G Cairns	104,480	–	–	–	–	104,480
B Morgan	20,000	10,000	–	–	–	30,000
R Norris	20,000	20,000	–	–	–	40,000
H Nugent	38,834	–	–	–	–	38,834
S Sargent[3]	–	–	–	–	–	–
Non-executive Director (former)						
B Beeren[5]	1,381,680	–	–	–	–	1,381,680
Executive Directors						
G King	1,009,059	–	–	–	–	1,009,059
K Moses	233,374	–	–	–	100,000	133,374
Other KMP						
D Barnes	20,154	66[6]	–	–	–	20,220
D Baldwin	1,358	111[6]	–	–	–	1,469
F Calabria	80,704	66[6]	–	–	–	80,770
Other KMP – former						
P Zealand	203,441	3,882[6]	–	–	–	207,323

Shares held in Contact Energy Limited	Held at Year Start	Purchases	Received on exercise of options[1]	Received on exercise of PSRs[1]	Sales	Held at Year End[2]
Non-executive Directors – former[4]						
B Beeren	35,901	–	–	–	–	35,901
Executive Directors						
G King	33,886	–	–	–	–	33,886
K Moses	21,038	–	–	–	–	21,038
Other KMP						
D Baldwin	1,000	–	–	–	–	1,000

(1) After vesting and after payment of the exercise price (the exercise price for PSRs is nil).
(2) Other than options and rights disclosed elsewhere in this Report, no other equity instruments including shares in the Company or in Contact Energy were granted to members of the KMP during the reporting period.
(3) S Sargent was appointed to the Board on 29 May 2015.
(4) Non-executive Directors purchased shares on-market and were not issued shares under any incentive or equity plans.
(5) B Beeren retired from the Board on 22 October 2014.
(6) Includes allotment of 66 shares by the Company under the General Employee Share Plan.

Table 30: Loans and Other Transactions with KMP

(a) Loans

There were no loans with KMP during the year.

(b) Other Transactions with the consolidated entity or its controlled entities

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

- the receipt of dividends from Origin Energy Limited and Contact Energy Limited;
- participation in the Employee Share Plan and Equity Incentive Plan Terms and conditions of employment;
- reimbursement of expenses;
- purchases of goods and services; and
- interest on Retail Notes.

Certain Directors of Origin Energy Limited are also Directors of other companies which supply Origin Energy Limited with goods and services or acquire goods or services from Origin Energy Limited. Those transactions are approved by management within delegated limits of authority and the Directors do not participate in the decisions to enter into such transactions. If the decision to enter into those transactions should require approval of the Board, the Director concerned will not vote upon that decision nor take part in the consideration of it.

Signed in accordance with a resolution of Directors:

Gordon Cairns, Chairman
Sydney, 20 August 2015

LEAD AUDITOR'S INDEPENDENCE DECLARATION

KPMG

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

To: the directors of Origin Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

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

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

KPMG

KPMG

Alison Kitchen

Alison Kitchen
Partner

Sydney

20 August 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

BOARD OF DIRECTORS

Gordon Cairns

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Gordon Cairns joined the Board on 1 June 2007 and became Chairman in October 2013. He is Chairman of the Nomination Committee and the Origin Foundation and a member of the Risk, Remuneration, Audit and Health, Safety and Environment committees.

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

Gordon is a Director of Macquarie Group Limited (since November 2014), Macquarie Bank Limited (since November 2014), Chairman of Quick Service Restaurant Group (since October 2011) and Non-executive Director of World Education Australia (since November 2007). He is also a senior advisor to McKinsey & Company. He was previously Chairman of David Jones Ltd (March 2014 - August 2014), Rebel Group (2010-2012), Director of The Centre for Independent Studies (May 2006 - August 2011) and Director of Westpac Banking Corporation (July 2004 - December 2013).

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

Grant King

MANAGING DIRECTOR

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

Prior to joining Boral, he was General Manager, AGL Gas Companies. Grant is a councillor of the Australian Petroleum Production and Exploration Association, a Director of the Business Council of Australia and Chairman of the Business Council of Australia Infrastructure & Sustainability Growth Committee. He is a former Chairman of Contact Energy Limited (2004-2015), a former Director of Envestra Ltd (1997-2007) and former Chairman of the Energy Supply Association of Australia Ltd. Grant is a Fellow of the AICD.

Grant has a Civil Engineering degree from the University of NSW and a Master of Management from the University of Wollongong.

John Akehurst

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

His executive career was in the upstream oil and gas and LNG industries, initially with Royal Dutch Shell and then as Chief Executive of Woodside Petroleum Ltd. John is currently a member of the Board of the Reserve Bank of Australia and a Director of CSL Ltd (since August 2003), and Chairman of Transform Exploration Pty Ltd.

He is Chairman of the National Centre for Asbestos Related Diseases and of the Fortitude Foundation, a former Chairman of Alinta Ltd and Coogee Resources Ltd and a former Director of Oil Search Ltd, Securency Ltd, Murdoch Film Studios Pty Ltd and the University of Western Australia Business School.

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

Maxine Brenner

INDEPENDENT NON-EXECUTIVE DIRECTOR

Maxine Brenner joined the Board in November 2013. She is a member of the Audit and Nomination committees and, from 1 July 2015, became the Chairman of the Risk Committee.

Maxine is a Non-executive Director of Orica Ltd (since April 2013) and Qantas Airways Ltd (since August 2013). She is also an Independent Director and Chairman of the Audit and Risk Committee for Growthpoint Properties Australia and a member of the University of NSW Council.

Maxine was formerly a Managing Director of Investment Banking at Investec Bank (Australia) Ltd. Prior to Investec, Maxine was a Lecturer in Law at the University of NSW and a lawyer at Freehills, specialising in corporate law. Her former directorships include Treasury Corporation of NSW, Neverfail Springwater Ltd, Federal Airports Corporation, where she was Deputy Chair, and Bulmer Australia Ltd. In addition, Maxine has served as a member of the Takeovers Panel.

Maxine holds a Bachelor of Arts and a Bachelor of Laws from the University of NSW.

Bruce Morgan

INDEPENDENT NON-EXECUTIVE DIRECTOR

Bruce Morgan joined the Board in November 2012 and is Chairman of the Audit Committee and a member of the Health, Safety and Environment, Nomination and Risk committees.

Bruce served as Chairman of the Board of PricewaterhouseCoopers (PwC) Australia between 2005 and 2012. In 2009, he was elected as a member of the PwC International Board, serving a four year term. He was previously Managing Partner of PwC's Sydney and Brisbane offices. An audit partner of the firm for over 25 years, he was focused on the financial services and energy and mining sectors leading some of the firm's most significant clients in Australia and internationally.

He is Chairman of Sydney Water Corporation (since October 2013), a Director of Caltex Australia Ltd (since June 2013), Chairman of Redkite (since April 2015), a Director of the University of NSW Foundation and the European Australian Business Council.

Bruce has a Bachelor of Commerce (Accounting and Finance) from the University of NSW. He is a Fellow of Chartered Accountants Australia and New Zealand and of the AICD.

Karen Moses

EXECUTIVE DIRECTOR, FINANCE AND STRATEGY

Karen Moses joined the Board in March 2009. She is responsible for the finance, tax and accounting functions, interactions with capital markets and for information technology. In addition, she oversees corporate strategy and transactional activity, and overall risk including health, safety and environment, commodity risk, compliance and insurance. Karen also sits on the Board of Australia Pacific LNG and oversees Origin's international development opportunities.

Karen has over 30 years' experience in the energy industry spanning oil, gas, electricity and coal commodities and upstream production, supply and downstream marketing operations. This experience has been gained both within Australia and overseas. Karen has worked with Origin (formerly Boral Energy) since 1994 and prior to that Exxon and BP. Karen is a former Director of Contact Energy Limited (2004-2015), Energia Andina S.A., Australian Energy Market Operator Ltd (2009-2012), Energy and Water Ombudsman (Victoria) Ltd, Australian Energy Market Operator (Transitional) Ltd and VENCorp (2007-2009).

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

BOARD OF DIRECTORS

Ralph Norris KNZM

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ralph Norris joined the Board in April 2012. He is a member of the Audit and Remuneration committees.

Ralph retired as Managing Director and Chief Executive Officer of the Commonwealth Bank of Australia in November 2011 following a 40 year career in business and the banking sector in Australia and New Zealand. During his career, he had a number of senior executive roles including Chief Executive Officer of ASB Bank and Air New Zealand Ltd. He is a Chairman of Fletcher Building Ltd (since October 2014) and RANQX Holdings Ltd (since June 2015) and Director of Fonterra Ltd (since May 2012), New Zealand Treasury, FSF Funds Management Ltd, the Advisory Board of Tax Management Ltd and Families Inc and a former Director of the Business Council of Australia, the International Monetary Conference, Chairman of Sovereign Insurance Ltd, the New Zealand Bankers' Association, New Zealand Business Roundtable and the Australian Bankers' Association.

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

Ralph was awarded an honorary doctorate by the University of NSW in 2013. He was made a Knight Companion of the New Zealand Order of Merit in 2009 and a Distinguished Companion of the New Zealand Order of Merit for services to business in 2006. He is a Fellow of the New Zealand Institute of Management and a Fellow of the New Zealand Computer Society.

Dr Helen Nugent AO

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr Helen Nugent joined the Board in March 2003. She is Chairman of the Remuneration Committee and a member of the Audit, Risk and Nomination committees. Previously, she was Chairman of the Audit Committee.

She has significant experience in the financial services and resources sectors. She is Chairman of Veda Group Limited (since September 2013) and Funds SA (the $26 billion investment fund of the South Australian Government). She is a former Non-executive Director of Macquarie Group Limited (August 2007 - July 2014), Macquarie Bank Limited (June 1999-July 2014), Chairman of Swiss Re Life and Health (Australia) (2001-2010) and Swiss Re (Australia) (2001-2005); and Director of Strategy at Westpac Banking Corporation. While a partner at McKinsey & Company, she worked extensively in the financial services and resources sectors, including for one of Australia's leading resources company.

She gives back to society in education and the arts.

Dr Nugent holds a Bachelor of Arts (Hons), a Doctorate of Philosophy in Indian History and an Honorary Doctorate in Business from the University of Queensland. She also holds a Master of Business Administration (with Distinction) from the Harvard Business School.

Steven Sargent

INDEPENDENT NON-EXECUTIVE DIRECTOR

Steven Sargent joined the Board in May 2015. He is a member of the Health, Safety and Environment and Remuneration committees.

Steven is a Non-executive Director of Veda Group Limited (since March 2015), Bond University Limited (since January 2010) and the Great Barrier Reef Foundation (since March 2015). Over recent years Steven has been a member of the Australian Treasurer's Financial Sector Advisory Council, President of the American Chamber of Commerce and a Director on the Board of the Business Council of Australia.

Steven was most recently the President and Chief Executive Officer of GE Mining, GE's global mining technology and services business. He joined GE Capital in 1993 and held a number of global leadership positions with the company, spanning the US, Europe and Asia. He was a member of the Australian B20 Leadership Group and Coordinating Chair of the B20 Human Capital Taskforce.

Steven holds a Bachelor of Business from Charles Sturt University in New South Wales and is a Fellow with the Australian Academy of Technological Sciences and Engineering.

EXECUTIVE MANAGEMENT TEAM

David Baldwin

CHIEF EXECUTIVE OFFICER
INTEGRATED GAS

David Baldwin joined Origin in May 2006 and is responsible for Origin's Integrated Gas business, which manages the Company's portfolio of natural gas and LNG interests across Australia, New Zealand and internationally, as well as exploration and development activities focused on the growth of the gas and LNG businesses.

Integrated Gas includes Origin's interests in Australia Pacific LNG, as operator of the upstream and pipeline components of the joint venture and as gas marketing agent.

Prior to this role, David was Chief Executive Officer of Origin's LNG business and was also previously the Company's Chief Development Officer. Until April 2011, David was Managing Director of integrated energy company Contact Energy in New Zealand, in which Origin had a 53.1 per cent interest. He continues to serve on the Board of Australia Pacific LNG and is a former Director of Contact Energy Limited (2009 - 2015).

Before joining Origin, David held senior roles with MidAmerican Energy Holdings Company (now Berkshire Hathaway Energy) in Asia and the United States, and with Shell in New Zealand and the Netherlands.

David holds a Master of Business Administration from Victoria University and a Bachelor of Engineering (Chemical) from Canterbury University.

Frank Calabria

CHIEF EXECUTIVE OFFICER
ENERGY MARKETS

Frank Calabria joined Origin as Chief Financial Officer in November 2001 and was appointed Chief Executive Officer Energy Markets in March 2009. In this role, Frank is responsible for the integrated business within Australia including retailing and trading of natural gas, electricity and LPG, power generation and the solar and emerging business.

Frank is Chairman of the Energy Supply Association of Australia (ESAA) and a Director of the Australian Energy Market Operator (AEMO).

Prior to joining Origin, Frank held roles with Pioneer International Ltd, Hanson plc and Hutchison Telecommunications.

Frank has a Bachelor of Economics from Macquarie University and a Master of Business Administration (Executive) from the Australian Graduate School of Management.

Frank is also a Fellow of Chartered Accountants Australia and New Zealand and a Fellow of the Financial Services Institute of Australasia.

Andrew Clarke

GROUP GENERAL COUNSEL
AND COMPANY SECRETARY

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

Phil Craig

EXECUTIVE GENERAL MANAGER
CORPORATE AFFAIRS

Phil Craig joined Origin in May 2001 and was appointed Executive General Manager Corporate Affairs in March 2012. In this role, Phil has responsibility for Origin's brand and reputation, government and media relations, policy development and sustainability, and the Origin Foundation.

Previously, Phil held roles leading Origin's retail business, and in marketing, strategy and project management. Prior to Origin, Phil worked in the banking, telecommunications and consulting sectors.

He has a Bachelor of Commerce from the University of Melbourne and a Master of Business Administration with Distinction from Warwick Business School (UK).

Carl McCamish

EXECUTIVE
GENERAL MANAGER
PEOPLE AND CULTURE

Carl McCamish joined Origin in March 2008 and is responsible for the Company's human resources strategy. Carl was previously Executive General Manager Corporate Development and subsequently Executive General Manager Corporate Affairs.

Before joining Origin, Carl was head of strategic development at the private equity firm, Terra Firma. He was previously Senior Energy Advisor in the United Kingdom Prime Minister's Strategy Unit. Before that he worked at McKinsey & Company management consultants.

Carl has a Bachelor of Arts and Laws from the University of Melbourne and a Masters in Industrial Relations and Labour Economics from Oxford University where he was a Rhodes Scholar.

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

Origin aspires to the highest standards of integrity, personal safety and environmental performance. To achieve this, every employee and contractor is required to act in accordance with Origin's governance and business conduct standards across its operations in Australia and internationally.

Compliance with the 3rd edition ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles)

This statement has been approved by the Board and summarises the Company's governance practices which were in place throughout the financial year ended 30 June 2015. During the financial year and to the date of this Report, Origin has complied with all of the ASX Principles.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board's roles and responsibilities are formalised in a Board Charter, which is available on the Company's website. The Charter sets out those functions that are delegated to management and those that are reserved for the Board. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Before a Director is appointed, the Company undertakes appropriate evaluations. These include independent checks of a candidate's character, experience, education, criminal record, bankruptcy history, and any other factors which may affect the Company's or the individual's reputation.

Where a candidate is standing for election or re-election as Director, the notice of meeting will set out information on the candidate including biographical details, qualifications and experience, independence status, outside interests and the recommendation of the rest of the Board on the resolution.

At the time of joining the Company, Directors and senior executives are provided with letters of appointment, together with key Company documents and information, setting out their term of office, duties, rights and responsibilities, and entitlements on termination.

The performance of all key executives, including the Managing Director, is reviewed annually against:

— a set of personal financial and non-financial goals;
— Company goals; and
— adherence to the Company's Compass, which reflects the role that Origin's Purpose, Principles, Values and Commitments play in everyday decision making.

The Remuneration Committee and the Board consider the performance of the Managing Director and all members of the Executive Management Team (EMT) when deciding whether to award performance-related remuneration through short-term and long-term incentives for the year completed and when assessing fixed remuneration for future periods. Further information on the outcomes of the FY2015 assessment of executive remuneration is set out in the Remuneration Report.

Each year, the Directors review the performance of the whole Board, Board committees and individual Directors. This year, a full review was undertaken with assistance from an independent external consultant, covering individual Director performance, the Board and Committees' activities and work program, time commitments, meeting efficiency and Board contribution to Company strategy, monitoring, compliance and governance. The results of the review were discussed by the whole Board, and initiatives to improve or enhance Board performance and effectiveness were considered and recommended.

Diversity

The Company encourages diversity and expression of ideas and opinions whilst requiring alignment with Origin's Principles, Values and Commitments and the policies established to implement them.

The Company is committed to providing equality of opportunity and a rewarding workplace for all employees, and has policies and procedures in place to:

— prevent and eliminate unlawful discrimination and harassment;
— promote a culture, through communication and visible leadership, where managers and employees proactively apply the Company's diversity policies and program;
— maintain workplace flexibility policies suitable for a leading Australian company; and
— maintain a process to deliver gender pay equity at all job levels across the Company.

Gender Diversity

Increasing gender diversity, especially in senior roles, is an ongoing policy priority.

Accordingly, the Company committed in FY2015 to:

— continue to deliver equal average pay for men and women at each job grade;
— increase the number of women in senior roles, with a target to improve our rate of appointment of women to senior roles by 15 per cent; and
— improve our retention of women in senior roles, with a target to improve our turnover rate among women in senior roles by 15 per cent.

Progress against these targets is reported internally on a quarterly basis to the Diversity Council, comprising the EMT and chaired by the Managing Director. Performance against the targets in FY2015 is described in the following three paragraphs.

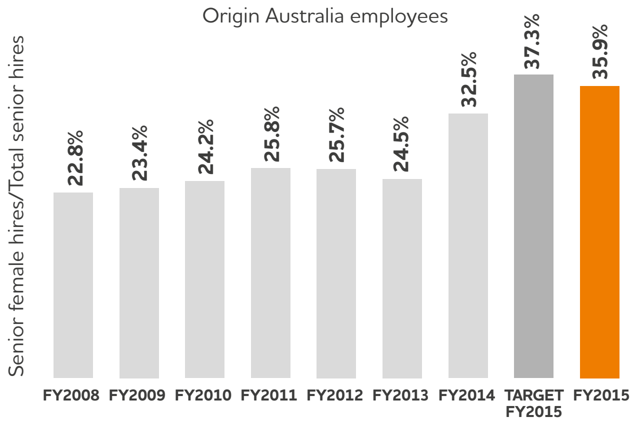
Target to deliver equal average pay for men and women at each job grade

Average pay for men and women at each job grade fluctuates through the year with turnover, recruitment and promotions, but once a year the Company undertakes a comprehensive review of all aspects of remuneration. In FY2015 average female pay was higher at some grades than average male pay and lower at others. The average difference between male and female pay across all job grades was within our targeted <1%. Job grades are defined using standard Hay Pay Scales.

Target to improve our rate of appointment of women to senior roles by 15 per cent versus the prior year

The percentage of women recruited into senior roles (35.9 per cent) was comfortably the highest ever, as shown in the chart following. Key policies and actions to drive this result include: every interview panel for a senior role must be made up of both men and women; where possible[1] every shortlist must have at least one woman; and progress versus target for each Business Unit is reported to and reviewed by the Diversity Council each quarter.

External appointment to senior roles (% female)

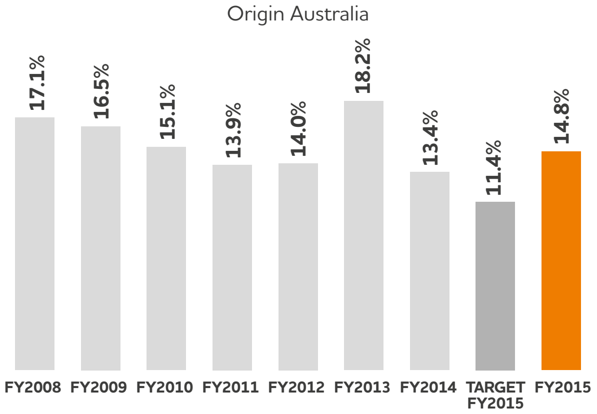


(1) Some senior roles, mainly engineering and technical, receive no female applicants or no candidates are able to be identified.

Target to improve our turnover rate among senior women by 15 per cent vs the prior year

The rate of senior female turnover actually increased this year. Like FY2013, which included a significant downsizing program in Energy Markets, both male and female turnover increased in FY2015.

Senior female turnover (% pa)



Identify targets for FY2016

Origin's targets for equal pay and for senior appointments will remain the same as last year.

However Origin's turnover target will change. In recent years Origin has targeted a 15 per cent year on year reduction in turnover of senior women. However the turnover rate for senior women, as for men, has been mainly driven by economic factors unrelated to differential treatment by gender.

For FY2016, the Company will instead measure the difference in male turnover and female turnover rates among our senior employees, with a target to reduce the gap between female and male turnover to zero. While male and female turnover are strongly correlated, female turnover in senior roles has on average been higher than male turnover for most of the last ten years. In FY2015 the turnover rate for women in senior roles was 1.8 percentage points higher than the male rate.

In summary Origin's targets for FY2016 are:

- continue to deliver equal average pay for men and women at each job grade; and
- improve the proportion of senior roles occupied by women, with targets to:
  - improve Origin's rate of appointment of women to senior roles by 15 per cent compared to FY2015; and
  - reduce the gap between female and male turnover rates to zero.

The Board oversees the Company's strategies on gender diversity, including monitoring the Company's achievements against gender targets set by the Board. The Board has set itself a target of having at least 40 per cent females by 2020.

Define seniority in a meaningful way

For the purpose of setting gender diversity targets, we define seniority by reference to standard Hay Pay Scale job grades rather than by reference to reporting relationship to the CEO. We do this for two reasons:

- to make genuine comparisons of seniority. Executives leading four support functions report to the CEO. A large number of people in areas such as legal, company secretary, human resources and communications are therefore only two or three steps below the CEO, whereas many roles with significant line management responsibility, large teams or bottom line accountability are not; and
- to make analysis comparable over time. Any restructure that changes EMT roles also changes the reporting relationship of hundreds of people at lower levels, making it impossible to accurately compare progress on gender pay equality at those levels before and after the restructure.

The cohort we define as 'senior roles' includes all people in Hay Pay Scale job grades that pay approximately $150,000 per year or more in total remuneration(1). As at 30 June 2015 there were 1,861 people in senior roles, of which 28.1 per cent were women.

Monitor gender breakdown by reporting relationship to the CEO

While the Company does not use reporting relationship to the CEO to define Origin's gender diversity targets, the gender profile of these cohorts is of interest to some external stakeholders and is presented in the table below.

Selected cohorts by gender, 30 June 2015

Cohort(2)	# people in cohort	percentage female
Board	9	33%
CEO-1 EMT	9	11%
CEO-2	51	29%
CEO-3	158	34%
Senior roles (see discussion above)	1,861	28.1%

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board is structured to facilitate the effective discharge of its duties and to add value through its deliberations.

In FY2015, the Board had 10 scheduled meetings, including a two-day strategic planning meeting. The Board also had two separate scheduled workshops to consider matters of particular relevance. Directors also conducted visits of Company operations and met with operational management during the year.

From time to time, the Board delegates its authority to non-standing committees of Directors to deal with transactional or other urgent matters. In the 12 months to 30 June 2015, three such additional Board Committee meetings were held.

At each scheduled Board meeting, Directors receive reports from executive management, risk, financial and operational reports, a health, safety and environment report and reports on major projects or initiatives in which the Company is involved. In addition, the Directors receive reports from Board Committees and, as appropriate, presentations on opportunities and challenges for the Company.

Non-executive Directors also meet without the Executive Directors and management to address such matters as succession planning, key strategic issues, and Board operation and effectiveness.

All Directors have access to Company employees, advisers and records. In carrying out their duties and responsibilities, Directors have access to advice and counsel from the Chairman, the Company Secretary and the Group General Counsel, and are able to seek independent professional advice at the Company's expense, after consultation with the Chairman.

New Directors undergo an induction program which includes meetings with members of management, Chairman of the Board, and Chairmen of each relevant Board Committee, and visits to key operations to familiarise them with the Company's business and administration. Directors also receive continuing education through ongoing briefings and workshops on industry, regulatory or other relevant topics.

The Board's size and composition is determined by the Directors, within limits set by the Company's Constitution, which requires a Board of between five and 12 Directors. As at 30 June 2015, the Board comprised nine Directors, including seven Non-executive Directors,

(1) The number can only be approximate because exact remuneration varies by individual by year according to their assessed performance under the Short Term Incentive Scheme.

(2) Definitions for CEO-1, CEO-2 and CEO-3 are as per Workplace Gender Equality Agency guidelines. That is, they do not include clerical and administrative staff or other staff that do not themselves manage other people. With all staff included, CEO-3 at Origin was 49 per cent female out of a total cohort of 269 as at 30 June 2015.

all of whom are considered independent by the Board, and two Executive Directors. Of the nine Directors, three are women. Directors' profiles, duration of office and details of their skills, experience and special expertise are set out in the Directors' Report.

The Board seeks to have an appropriate mix of skills, experience, expertise and diversity to enable it to discharge its responsibilities and add value to the Company. The Board values diversity in all respects, including gender and differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem solving skills.

Together, the Directors contribute the following key skills and experience:

Skills & experience	Board representation (out of 9 Directors)
Diversity Diversity in gender, background, geographic origin, experience (industry and public, private and non-profit sectors).	9
Executive & strategic leadership Senior executive and directorship experience.	9
Financial & risk management Senior executive experience in financial accounting and reporting, corporate finance, risk and internal controls.	9
Governance & Board Prior experience as a Board member or membership of governance bodies.	9
HSE & sustainability Experience related to health, safety, environment, social responsibility and sustainability.	9
Industry (oil & gas, exploration) Experience in the oil and gas industry, or upstream or integrated exploration and production company.	6
International Experience working in an organisation with global operations, or understanding of different cultural, political, regulatory and business requirements.	9
Regulatory & public policy Legal background or experience in regulatory and public policy.	9
Remuneration Remuneration Committee membership or experience in relation to remuneration, including incentive programs.	9
Retail & marketing Experience in retail or marketing industry.	7

The Company's policy on the Independence of Directors requires that the Board is comprised of a majority of independent Directors. In defining the characteristics of an independent Director, the Board uses the ASX Principles, together with its own consideration of the Company's operations and businesses and appropriate materiality thresholds. Further details of the matters considered by the Board in assessing independence are contained in the Independence of Directors Policy which is part of the Board Charter and is available on the Company's website.

The Board reviews each Director's independence annually. At its review for the FY2015 reporting period, the Board formed the view that Mr Gordon Cairns, Chairman, and Directors Mr John Akehurst, Ms Maxine Brenner, Mr Bruce Morgan, Sir Ralph Norris, Dr Helen Nugent and Mr Steven Sargent were independent.

The Board selects and appoints the Chairman from the independent Directors. The Chairman, Mr Cairns, is independent and his role and responsibilities are separate from those of the Managing Director.

Five Committees assist the Board in executing its duties relating to audit, remuneration, health, safety and environment (HSE), nomination and risk.

Each Committee has its own Charter which sets out its role, responsibilities, composition, structure, membership requirements and operation. These are available on the Company's website. Each Committee's Chairman reports to the Board on the Committee's deliberations at the following Board meeting where the Committee meeting minutes are also tabled. Additional and specific reporting requirements to the Board by each Committee are addressed in the respective Committee Charters.

Additional information about the Audit Committee, Risk Committee, HSE Committee and Remuneration Committee is provided in response to Principles 4, 7 and 8 respectively.

A list of the members of each Board Committee as at 30 June 2015 is set out below and their attendance at Committee meetings during FY2015 is set out in the Directors' Report.

Board Committee membership as at 30 June 2015

	Audit	Remuneration	Health, Safety & Environment	Nomination	Risk	Tenure
Independent Non-executive Directors						
John Akehurst			Chairman	Member	Member	6 years 4 months
Maxine Brenner[1]	Member				Member	1 year 9 months
Gordon Cairns	Member	Member	Member	Chairman	Chairman	8 years 2 months
Bruce Morgan	Chairman		Member	Member	Member	2 years 9 months
Ralph Norris	Member	Member			Member	3 years 4 months
Helen Nugent	Member	Chairman		Member	Member	12 years 5 months
Steven Sargent		Member	Member		Member	3 months
Executive Directors						
Grant King			Member		Member	15 years 6 months
Karen Moses					Member	6 years 5 months

The Nomination Committee is comprised of the Chairman of the Board and the Chairman of each other Board Committee, and is Chaired by Mr Cairns. It met three times during FY2015, and provides support and advice to the Board by:

- assessing the range of skills and experience required on the Board and of Directors as part of the Company's continued consideration of Board renewal and succession planning;
- reviewing the performance of Directors and the Board;
- establishing processes to identify suitable Directors, including the use of professional intermediaries;
- recommending Directors' appointments and re-elections; and
- considering the appropriate induction and continuing education provided for Directors.

When identifying potential candidates, the Nomination Committee considers the current and future needs of the Company and desired attributes and skill sets for a new Director. Where a candidate is recommended by the Nomination Committee, the Board will assess that candidate against a range of criteria including background, experience, professional qualifications and the potential for the candidate's skills to augment the existing Board and his/her availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a Director, that Director will stand for election by shareholders at the following Annual General Meeting.

Each year the performance of the Directors retiring by rotation and seeking re-election under the Constitution is reviewed by the Nomination Committee (other than the relevant Director), the results of which form the basis of the Board's recommendation to shareholders. The review considers a Director's expertise, skill and experience, along with his/her understanding of the Company's business, preparation for meetings, relationships with other Directors and management, awareness of ethical and governance issues, independence of thought and overall contribution.

The Board reviewed the performance of Mr John Akehurst, Ms Karen Moses, and Dr Helen Nugent, who are standing for re-election at the Annual General Meeting in October 2015. The Board found that each of the Directors seeking re-election had been high performing Directors and concluded that each of them should be proposed for re-election. Individual Directors were not present for his or her own review.

Mr Steven Sargent joined the Board in May 2015 and will be standing for election at the Annual General Meeting in accordance with the ASX Listing Rules. The Board (with Mr Sargent absent) has reviewed the performance of Mr Sargent in the three months since his appointment and concluded that he should be proposed for election.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

All Directors and employees are expected to comply with the law and act with a high level of integrity. The Company has a Code of Conduct and a number of policies governing conduct in pursuit of Company objectives in dealing with shareholders, employees, customers, communities, business partners, suppliers, contractors and other stakeholders. The Code of Conduct is based on the Company's Statement of Purpose, Principles, Values and Commitments (Origin Compass), which serves as a guide to Origin's decision making, behaviours and actions for its employees.

The Origin Compass and a summary of the Code of Conduct is available on the Company's website.

The Company encourages individuals to report known or suspected instances of inappropriate conduct, including breaches of the Code of Conduct and other policies and directives. There are policies in place to protect employees and contractors from any reprisal, discrimination or being personally disadvantaged as a result of their reporting a concern.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

The Board has an Audit Committee which comprises five Non-executive Directors, all of whom are independent. The Chairman of the Board cannot chair the Audit Committee. The Chairman of the Audit Committee, Mr Bruce Morgan, is an independent Director with significant financial expertise. All members of the Committee are financially literate and the Committee possesses sufficient accounting and financial expertise and knowledge of the industry in which the Company operates.

Prior to approval of the Company's financial statements for each financial period, the Managing Director and the Executive Director, Finance & Strategy gave the Board a declaration that, in their opinion, the financial records have been properly maintained, that the financial statements complied with the accounting standards and gave a true and fair view, and that their opinion had been formed on the basis of a sound system of risk management and internal compliance and control which was operating effectively.

The Audit Committee oversees the structure and management systems that are designed to protect the integrity of the Company's corporate reporting. The Audit Committee reviews the Company's half and full year financial reports and makes recommendations to the Board on adopting financial statements. The Committee provides additional assurance to the Board with regard to the quality and reliability of financial information. The Committee has the authority to seek information from any employee or external party.

The internal and external auditors have direct access to the Audit Committee Chairman and, following each scheduled Committee meeting, meet separately with the Committee without Executive Directors or management present.

The Committee reviews the independence of the external auditor, including the nature and level of non-audit services provided, and reports its findings to the Board every six months.

The names of the members of the Audit Committee are set out in the table under Principle 2 and their attendance at meetings of the Committee is set out in the Directors' Report.

The external auditor attends the Company's Annual General Meeting and is available to answer questions from shareholders relevant to the audit.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has adopted policies and procedures to ensure compliance with its continuous disclosure obligations and accountability of senior management for that compliance.

The Company is committed to providing timely, full and accurate disclosure and to keeping the market informed with quarterly releases detailing exploration, development and production, and half and full year reports to shareholders including through interactive web portals.

All material matters are disclosed to the ASX immediately (and subsequently to the media, where relevant), as required by the ASX Listing Rules. All material investor presentations are released to the ASX and are posted on the Company's website. Other reports or media statements that are not material enough to be an ASX announcement are also included on the Company's website. Shareholders can subscribe to a free email notification service and receive notice of any announcements released by the Company.

Both the Continuous Disclosure Policy and the Communications with Shareholders Policy are available on the Company's website.

(1) Ms Brenner became the Chairman of the Risk Committee and a member of the Nomination Committee on 1 July 2015.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Company respects the rights of its shareholders and has adopted policies to facilitate the effective exercise of those rights through participation at general meetings and providing them with information about the Company and its operations.

The Company is committed to providing a high standard of communication to shareholders and other stakeholders so that they have all available information reasonably required to make informed assessments of the Company's value and prospects.

Shareholders are able to review the financial and non-financial performance of the Company via a half year report, annual Shareholder Review, a full Annual Report, Sustainability Report and annual general meeting materials. These reports are also available on the ASX and in online digital format via Origin's website.

Sustainability reporting is guided by the Global Reporting Initiative and includes disclosures of material environmental, social and governance (ESG) aspects of the Company's business activities.

The Company also discloses other ESG information via regulated National Greenhouse Emissions Reporting, as well as voluntary disclosure platforms such as the Carbon Disclosure Project and the Dow Jones Sustainability Index. ESG disclosures are also made to meet FTSE4Good requirements.

All communications from, and the majority of communications to, the Company's share registry are available electronically, including the publication of company reports, and shareholders are encouraged to take up the option of e-communications.

The Company's website contains a list of key dates and all recent announcements, presentations, past and current company reports and notices of meetings. Shareholder meetings and results announcements are webcast and an archive of these meetings is published on the Company's website.

The Company welcomes and encourages shareholders to attend and participate at its AGM, either in person, by proxy or attorney or by other means adopted by the Board. At each AGM, the Chairman will allow a reasonable opportunity for shareholders to ask questions of the Board. Shareholders who are unable to attend the AGM will be able to view a webcast of the meeting (and certain past AGMs) on the Company's website.

The Company has a dedicated investor relations function to facilitate effective two-way communication with investors. This is in conjunction with a wider stakeholder engagement program.

The Communications with Shareholders Policy is available on the Company's website.

In addition to shareholders, the Company's projects and operations necessitate interaction with a range of stakeholders including local communities, business partners, government, industry, media, suppliers and NGOs. The Company has a program to support these stakeholder interactions and facilitate constructive relationships. These include:

- dedicated community advisors to help facilitate and implement the Company's engagement with local communities and regular dialogue with the communities in which we operate;
- regular interaction with policy makers within the jurisdictions of its operations, particularly to help develop sound and stable policy to ensure business certainty;
- engagement with policy makers, media and NGOs to promote mutual understanding; and
- contribution to the formulation of energy policy through public submissions to various enquiries (public submissions the Company has made in these areas are available on the Company's website).

Customers are a central part of Origin's engagement, innovation and value creation. The Company continues to adapt processes, introduce new products and invest in technology, to provide customers with greater choice and an improved customer experience. In October 2014, the Company introduced the strategic Net Promoter Score (NPS) as a primary measure of customer advocacy. At the end of the 2015 financial year, Origin's strategic NPS was -39 which represents a 9 point improvement over the prior year. This year also saw a significant reduction in overall customer complaint levels, including to Ombudsmen.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

The Company has established a Risk Committee to oversee its policies and procedures in relation to risk management and internal control systems. Up to 30 June 2015, the Risk Committee comprised the full Board and was chaired by the Chairman of the Board. From 1 July 2015, the Board has decided to restructure the Risk Committee to comprise the Chairman of other Board Committees and is chaired by another independent Non-executive Director. As such, Ms Maxine Brenner was appointed Chairman of the newly restructured Risk Committee. The Chief Risk Officer has direct access to the Chairman of the Risk Committee.

The Company's risk policies are designed to identify, assess, address and monitor strategic, operational (including risks to health, safety and the environment), legal, reputational, commodity, environmental, social and financial risks to achieve business objectives. Certain specific risks are covered by insurance and the Board has also approved policies for hedging interest rates, foreign exchange rates and commodities.

Management is responsible for the design and implementation of the risk management and internal control systems to manage the Company's business risks. Management reports to the Risk Committee on how those risks are being managed effectively. The highest potential exposure risks are reported to the Risk Committee and the Board, along with associated controls and risk mitigation plans. The Risk Committee also reviews the Company's risk management framework annually to satisfy itself that it continues to be sound. Management has reported to the Risk Committee and the Board that, as at 30 June 2015, its material business risks are being managed effectively.

In addition to reports from the Risk Committee, the Board receives monthly reports on key risk areas such as, but not limited to, health and safety, project development, commodity exposures and exchange rates. General Company-wide reviews of major risks are undertaken on a regular basis for corporate, operational and development activities.

The Company also has an internal audit function which utilises both internal and external resources to provide an independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems. The internal audit function has direct access to the Audit Committee Chairman and management, and has the right to seek information.

The names of the members of the Risk Committee are set out in the table under Principle 2 and their attendance at meetings of the Committee is set out in the Directors' Report.

The Risk Management Policy and information on Origin's policies on risk oversight and management of material business risks is available on the Company's website. The Risk Committee Charter is also available on the Company's website.

The Board has also established a Health, Safety & Environment (HSE) Committee which supports and advises the Board on HSE matters and HSE related risks arising out of the activities and operations of Origin and its related companies. The HSE Committee comprises the Managing Director and four Non-executive Directors, all of whom are independent. The Chairman, Mr John Akehurst, is an independent Director. The Board considers that the direct impact that the deliberations of the HSE Committee can have on the day-to-day operations of the Company makes it appropriate for the Managing Director to be a member of that Committee.

The names of the members of the HSE Committee are set out under Principle 2 and their attendance at meetings of the Committee is as set out in the Directors' Report.

Beyond the financial results, the Company is witnessing changes in community attitudes and increased focus on local and global environmental challenges. The Company recognizes the need for disclosure to help investors assess both short term and long term risks and prospects.

Origin assesses the environmental and social risks associated with all projects and operations. Projects are developed with precautionary engineering and management measures in place to mitigate or manage key environmental and social risks, and operations are managed using policies and procedures to control remaining environmental and social risks. Environmental and social risk management is subject to periodic audits and assurance.

Given the importance and scale of the Company's investment in the Australia Pacific LNG project, it receives particular attention by the Board. The Board, and its relevant Committees, have a number of mechanisms through which they maintain appropriate oversight of the Australia Pacific LNG project related risks. These include a comprehensive assurance program, ongoing management briefings and detailed monthly reports, participation in CSG workshops, and evaluating progress in the field by undertaking visits to both the gasfields in the Surat and Bowen basins and the LNG facility under development at Curtis Island.

Detailed and documented approvals exist in respect of environmental and social regulations associated with Australia Pacific LNG. These approvals have been issued by regulatory bodies following extensive consultation with community and other stakeholders. Australia Pacific LNG's and Origin's processes and internal compliance monitoring activities are designed to ensure activities are conducted in accordance with regulatory approvals.

The Company makes commitments that extend beyond the law. Australia Pacific LNG, in partnership with the CSIRO, established a research partnership called Gas Industry Social & Environmental Research Alliance (GISERA). Among other socio-economic and environmental impacts, GISERA conducts research to better understand the impacts of CSG development and make public its results.

It is also imperative that Origin maintains a respectful relationship with landholders and local communities for decades to come. In addition to mandatory requirements, the Company has its own best practice guidelines which include consideration of the landholders' requirements, as well as environmental, native title and cultural heritage aspects.

Effective and responsible management of water resources is also important for Origin's business. The management of water resources is governed by external Federal and State laws and regulations. The GISERA research referenced above also refers to impacts on groundwater of CSG development. The Company has formal water management plans, and strategies and monitoring programs to guide how we use, re-use or dispose of water.

As one of Australia's largest power generators, Origin closely measures, manages and reports on the emissions associated with its generation operations. A large proportion of these are governed by laws and regulations. In addition, the Company voluntarily reports its emissions, and management of this extends to the active development of a low carbon power generation portfolio including natural gas, wind and solar.

The Australian Government's legislated Large-scale Renewable Energy Target (RET) requires that 33 TWh of electricity come from renewable sources by 2020. Notwithstanding that the Australian power generation market is currently oversupplied, substantial investment will be required in large scale renewable energy projects over the next five years to achieve the target, which requires approximately 5,000 MW of new generation. Origin is currently considering the potential development of wind and large scale solar to contribute to the target.

Origin measures its reputation, or how the Company is perceived by Australians (including shareholders) through the implementation of an independent benchmark using RepTrak® methodology. Origin's reputation performance and reputation risk management activities are reported to the Board on a semi-annual basis. The RepTrak results were incorporated into corporate affairs strategies throughout the year.

In addition to stakeholder measurement through RepTrak, Origin engages a range of suppliers to provide real-time mainstream and social media monitoring to evaluate the external operating environment and ensure emerging risks, issues and shifting public and policy debates are identified and addressed accordingly. Quarterly quantitative and qualitative mainstream media analysis is undertaken to better understand external trends, sentiment and key public influencers. This insight influences and informs Origin's external affairs, public policy, and sustainability approaches as well as stakeholder engagement strategies.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Remuneration Report sets out details of the Company's policies and practices for remunerating Directors, key management personnel and employees.

The Board has a Remuneration Committee which comprises four Non-executive Directors, all of whom are independent. The Chairman, Dr Helen Nugent, is an independent Director. The names of the members of the Remuneration Committee are set out under Principle 2 and their attendance at meetings of the Committee is as set out in the Directors' Report.

Further information about the Remuneration Committee's activities is provided in the Remuneration Report.

The remuneration of Non-executive Directors is structured separately from that of the Executive Directors and senior executives. Information on remuneration for Non-executive Directors is in the Remuneration Report.

The Company has established a policy which governs dealings in its securities. This precludes any Origin personnel from engaging in short-term dealings in the Company's securities and margin loans should not be entered into if they could cause a dealing that is in breach of the general insider trading provisions of the Corporations Act or the Policy. Origin personnel are prohibited from entering into hedging transactions which operate to limit the economic risk of any of their unvested equity-based incentives. The Dealing in Securities Policy is available on the Company's website.

The Code of Conduct, Dealings in Securities Policy and other relevant policies are supported by appropriate training programs and regular updates.

Information referred to in this Corporate Governance Statement as being on the Company's website may be found at the web address: www.originenergy.com.au under the section 'Investor Centre' – 'Corporate Governance'.

FINANCIAL STATEMENTS CONTENTS

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE

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

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

The income statement should be read in conjunction with the accompanying notes set out on pages 73 to 114.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

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

The statement of comprehensive income should be read in conjunction with the accompanying notes set out on pages 73 to 114.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

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

The statement of financial position should be read in conjunction with the accompanying notes set out on pages 73 to 114.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE

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

The statement of changes in equity should be read in conjunction with the accompanying notes set out on pages 73 to 114.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE

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

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

The statement of cash flows should be read in conjunction with the accompanying notes set out on pages 73 to 114.

OVERVIEW

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

Notes have been grouped into the following sections:

- Results for the year
- Operating assets and liabilities
- Capital, funding and risk management
- Taxation
- Group structure
- Other information

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

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

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

The financial statements:

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

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, a number of judgements and estimates have been made. Judgements and estimates which are material to the financial statements are found in the following notes:

- Income (note A2)
- Trade and other receivables (note B1)
- Exploration, evaluation and development assets (note B2)
- Property, plant and equipment (note B3)
- Intangible assets (note B4)
- Provisions (note B5)
- Fair value of financial assets and liabilities (note C4)
- Income tax expense (note D1)

A RESULTS FOR THE YEAR

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

A1 SEGMENTS

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

A1.1 Segment results for the year ended 30 June

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

(1) Energy retailing, power generation and LPG operations predominantly in Australia.
(2) Gas and oil exploration and production in Australia, New Zealand and other international areas of interest.
(3) The Group's investment in Australia Pacific LNG Pty Ltd and the results of the Group's activities as Australia Pacific LNG Upstream Operator. Costs incurred, and recoveries received, in relation to the Group's role as the Australia Pacific LNG Upstream Operator are recharged to Australia Pacific LNG in accordance with the Shareholder Agreement. Costs (and the related recoveries) are allocated between the LNG and Corporate segments based on the segment which incurred the underlying expense and may be reflected in different accounting periods.
(4) Includes the Group's 53.09 per cent controlling interest in Contact Energy Limited (Contact Energy) which is involved in energy retailing and power generation in New Zealand. This is classified as a discontinued operation at 30 June 2015, refer to note E4. It also includes $10 million of net financing costs and $4 million of income tax expense and NCI relating to the Group's funding of its investment which is classified in continuing operations.
(5) Various business development and support activities that are not allocated to operating segments.
(6) Underlying profit includes $603 million (2014: $605 million) from continuing operations and $79 million (2014: $108 million) from discontinued operations. Discontinued operations comprise the Contact Energy segment result adjusted for Group funding costs of $14 million (2014: $12 million).
(7) Includes $459 million loss (2014: $418 million gain) from continuing operations and $199 million loss from discontinued operations (2014: $112 million gain). Discontinued operations comprise the Contact Energy segment adjusted for Group funding costs of $14 million (2014: $12 million).

A1 SEGMENTS (CONTINUED)

Explanatory notes to segment results for the year ended 30 June

(a) Segment revenue eliminations

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

(b) Underlying EBITDA

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

(c) Net financing costs

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

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

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

(e) LNG related items excluded from underlying profit

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

A1 SEGMENTS (CONTINUED)

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

(f) Other items excluded from underlying profit

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

A1.2 Segment Assets and Liabilities as at 30 June

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

(1) Includes amounts which are classified as held for sale at 30 June 2015. Refer to note E4. Remaining liabilities of $221 million relate to funding of Contact Energy.
(2) Cash contributions to Australia Pacific LNG are accounted for as loans rather than an increase in the Group's investment (2015: $2,330 million; 2014: $974 million).

A1.3 Geographical information

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

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

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

A2 INCOME

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

(1) Excludes amounts classified as discontinued operations at 30 June 2015. Refer to note E4.
(2) Revenue from the sale of oil and gas by the Exploration & Production and LNG segments is recognised when title to the commodity passes to the customer. Revenue from the sale of electricity and gas by the Energy Markets segment is recognised on delivery of the product. Amount excludes revenue from discontinued operations of $2,254 million (2014: $2,155 million). Note A1 provides segment revenue.
(3) Interest income is recognised as it accrues.

Key estimate: unbilled revenue

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

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

A3 EXPENSES

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

(1) Excludes amounts classified as discontinued operations at 30 June 2015. Refer to note E4.
(2) Includes contributions to defined contribution superannuation funds from continuing operations of $66 million (2014: $56 million).
(3) Includes operating lease rental expense of $93 million (2014: $86 million) from continuing operations.
(4) Financing costs incurred for the construction of a qualifying asset are capitalised whilst the asset is being constructed or prepared for use at the rate applicable to the borrowings. Where borrowings are not specific to an asset, financing costs are calculated at an average rate based on the general borrowings of the Group (2015: 4.90 per cent; 2014: 6.19 per cent).

A4 RESULTS OF EQUITY ACCOUNTED INVESTEES

$million	Share of EBITDA	Share of interest, tax, depreciation and amortisation (ITDA)	Share of net profit/(loss)	Equity accounted investment carrying amount
2015				
Australia Pacific LNG[1]	16	(101)	(85)	6,231
Other joint venture entities	(2)	–	(2)	236
Total	**14**	**(101)**	**(87)**	**6,467**
Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit[2]	39	39	78	
Total excluding Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit[3]	**53**	**(62)**	**(9)**	
2014				
Australia Pacific LNG[1]	21	(33)	(12)	6,154
Other joint venture entities	(12)	–	(12)	171
Total	**9**	**(33)**	**(24)**	**6,325**
Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit[2]	45	(21)	24	
Total excluding Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit[3]	**54**	**(54)**	**–**	

(1) Australia Pacific LNG's summary financial information is separately disclosed in note E1.
(2) Detailed further in note E1.
(3) Disclosure is provided to enable the reconciliation to share of interest, tax, depreciation and amortisation of equity accounted investees included in the segment analysis in note A1.

A5 EARNINGS PER SHARE

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

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

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

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

Diluted underlying earnings per share represents earnings for the period attributable to the parent over an average weighted number of shares (2015: 1,106,936,898; 2014; 1,108,696,503) which has been adjusted to reflect the number of shares which would be issued if outstanding options, performance share rights and deferred shares rights were to be exercised (2015: 453,262; 2014: 7,680,811).

Due to the statutory loss attributable to the parent entity for the year ended 30 June 2015, the effect of these instruments has been excluded in the 30 June 2015 calculation of diluted earnings per share and diluted earnings per share from continuing operations as they would reduce the loss per share.

A6 DIVIDENDS

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

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

Dividend franking account

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

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

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

B OPERATING ASSETS AND LIABILITIES

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

B1 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

Key judgements and estimates

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

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

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

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

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

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

B2 EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

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

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

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

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

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

Key judgement: recoverability of exploration and evaluation assets

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

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

Acquisition of exploration permits in the Browse Basin

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

B3 PROPERTY, PLANT AND EQUIPMENT

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

(1) Reflects impairments of $73 million (tax expense $20 million) of New Zealand onshore assets, $257 million of Cooper Basin assets (tax expense $77 million), $174 million of BassGas assets (tax expense $52 million) and $50 million of Otway Basin assets (tax expense $15 million).
(2) Relates to amounts classified as held for sale at 30 June 2015. Refer to note E4.
(3) Reflects impairments of $15 million of New Zealand onshore assets, $5 million of contracted power stations and $2 million of Contact Energy's land.

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

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

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

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

Generation property, plant and equipment	1% – 33%
Other land and buildings	0% – 18%
Other plant and equipment	1% – 50%
Producing areas of interest	2% – 25%

B3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

Key judgements and estimates

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

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

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

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

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

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

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

In assessing recoverable amount, an asset's estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The pre-tax discount rates that have been applied to the above non-current assets in the current and prior measurement of recoverable amount range between 9.3 per cent and 10.3 per cent (2014: between 10.1 per cent and 12.2 per cent).

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

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

B4 INTANGIBLE ASSETS

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

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

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

(1) During the period the Group's investment in Contact Energy was classified as held for sale and was remeasured to the lower of its carrying amount and fair value less costs to sell at the time of reclassification resulting in an impairment loss of $265 million being recognised. Refer to note E4.
During the period a decision was made to defer work on an organisation wide IT implementation. As a consequence, an impairment charge of $72 million was recognised in the financial statements which reflects the write-down of the intangible asset relating to this project to its recoverable amount of $104 million. The intangible asset relating to this project is allocated across the reportable segments. The impairment is recorded in the Corporate Segment.
(2) Relates to amounts classified as held for sale at 30 June 2015. Refer to note E4.
(3) Includes impairment losses of $48 million comprising goodwill of $11 million and $2 million of other intangibles relating to contracted power stations and $35 million in respect of Australian and New Zealand Carbon Conscious assets.

Goodwill is stated at cost less any accumulated impairment losses and is not amortised. Software and other intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is recognised as an expense on a straight-line basis over the estimated useful lives of the intangible assets.

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

Key judgement

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

Impairment testing

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

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

B5 PROVISIONS

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

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

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

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

Key estimate: restoration, rehabilitation and dismantling costs

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

B6 OTHER FINANCIAL ASSETS AND LIABILITIES

	2015 $million[1]	2014 $million
Other financial assets		
Current		
Environmental scheme certificates	168	134
Available-for-sale financial assets	91	67
	259	**201**
Non-current		
Environmental scheme certificates	154	115
Available-for-sale financial assets	43	27
Mandatorily Redeemable Cumulative Preference Shares issued by Australia Pacific LNG (refer to note E1)	3,304	974
	3,501	**1,116**
Other financial liabilities		
Current		
Environmental scheme surrender obligations	156	422
Other financial liabilities	–	16
	156	**438**

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

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

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

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

C CAPITAL, FUNDING AND RISK MANAGEMENT

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

C1 INTEREST-BEARING LIABILITIES

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

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

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

The contractual maturities of non-current borrowings are as follows:

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

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

Significant funding transactions during the year

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

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

C2 RISK MANAGEMENT

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

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

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

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

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

C2.1 Credit risk

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

The Group has Board approved credit risk management policies which allocate credit limits to counterparties based on publicly available credit information from recognised providers where available. Credit policies cover exposures generated from the sale of products and the use of derivative instruments. The Group also utilises International Swaps and Derivative Association (ISDA) agreements with all derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties. Refer note F8.

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

C2 RISK MANAGEMENT (CONTINUED)

C2.2 Liquidity risk

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

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

Derivative financial instruments

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

Non-derivative financial instruments

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

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

The Group has the following committed undrawn floating rate borrowing facilities:

	2015 $million[1]	2014 $million
Expiring within one year	–	76
Expiring beyond one year	4,226	5,193
	4,226	**5,269**

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

C2 RISK MANAGEMENT (CONTINUED)

C2.3 Foreign exchange (FX) risk

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

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

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

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

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

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

	Impact on post-tax profit		Impact on equity	
$million	Increase	Decrease	Increase	Decrease
2015(1)				
US dollar	167	(167)	157	(157)
Euro(2)	(11)	10	(26)	25
2014				
US dollar	158	(158)	163	(163)
Euro(2)	(10)	10	(11)	11

(1) Includes impact of amounts classified as held for sale at 30 June 2015.
(2) Exposure to EUR is a result of ineffectiveness of some fair value hedges that are swapped in AUD.

C2.4 Price risk

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

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

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

	Impact on post-tax profit		Impact on equity	
$million	Increase	Decrease	Increase	Decrease
2015(1)				
Electricity forward price	(16)	16	–	–
Oil forward prices	–	–	(57)	57
Environmental scheme certificate prices	17	(17)	17	(17)
2014				
Electricity forward price	5	(5)	36	(36)
Oil forward prices	–	–	(53)	53
Environmental scheme certificate prices	12	(12)	12	(12)

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

C2 RISK MANAGEMENT (CONTINUED)

C2.5 Interest rate risk

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

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

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

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

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

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

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

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

	Impact on post-tax profit		Impact on equity	
$million	**Increase**	**Decrease**	**Increase**	**Decrease**
2015(1)				
Interest rates	60	(67)	59	(69)
2014				
Interest rates	19	(25)	31	(37)

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

C3 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group monitors its current and future funding requirements for at least the next five years and regularly assesses a range of funding alternatives to meet these requirements in advance of when the funds are required.

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

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

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

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

C4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

Key estimate: fair value

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

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

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

$million	Note	Level 1	Level 2	Level 3	Total
2015					
Derivative financial assets	C5	16	519	339	874
Environmental scheme certificates	B6	322	–	–	322
Available-for-sale financial assets	B6	134	–	–	134
Financial assets held for sale	E4	21	68	–	89
Total financial assets carried at fair value		**493**	**587**	**339**	**1,419**
Derivative financial liabilities	C5	(5)	(830)	(505)	(1,340)
Environmental scheme surrender obligations	B6	(156)	–	–	(156)
Financial liabilities held for sale	E4	(8)	(62)	–	(70)
Total financial liabilities carried at fair value		**(169)**	**(892)**	**(505)**	**(1,566)**
2014					
Derivative financial assets	C5	7	489	373	869
Environmental scheme certificates	B6	249	–	–	249
Available-for-sale financial assets	B6	94	–	–	94
Total financial assets carried at fair value		**350**	**489**	**373**	**1,212**
Derivative financial liabilities	C5	(8)	(843)	(631)	(1,482)
Environmental scheme surrender obligations	B6	(422)	–	–	(422)
Total financial liabilities carried at fair value		**(430)**	**(843)**	**(631)**	**(1,904)**

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

C4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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

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

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

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

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

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

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

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

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

Gains/(losses) on initial recognition of financial instruments

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

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

C4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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

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

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

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

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

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

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

C5 HEDGING & DERIVATIVES

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

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

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

Derivatives are initially recognised at fair value on the date they are entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains or losses on derivatives which are not designated as hedging instruments are recognised in the income statement and was a $587 million loss in the year ended 30 June 2015 (2014: $176 million loss). This includes a $27 million loss relating to discontinued operations (2014: $6 million gain).

The Group designates certain derivatives as either:

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

The Group documents at the inception of these transactions the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

C5 HEDGING & DERIVATIVES (CONTINUED)

The following table shows the fair value of instruments which have been designated as hedging instruments:

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

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

Analysis of financial instruments which have been designated as hedging instruments

(a) Fair value hedges

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

The changes in the fair values of the hedged items and hedging instruments recognised in the income statement for the year are disclosed in the following table:

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

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

(b) Cash flow hedges

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

Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

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

	2015 $million	2014 $million
Effective portion of the gains/(losses) on cash flow hedges recognised in the cash flow hedge reserve (pre tax)	246	(154)
Gains transferred from the cash flow hedge reserve to sales	33	4
Gains/(losses) transferred from the cash flow hedge reserve to cost of sales	21	(29)
Gains transferred from the cash flow hedge reserve to decrease in fair value of financial instruments	7	7
Losses transferred from the cash flow hedge reserve to finance cost	(64)	(16)
	(3)	**(34)**
Ineffectiveness (losses)/gains recognised in the income statement from cash flow hedges	(2)	3

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

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

C5 HEDGING & DERIVATIVES (CONTINUED)

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

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

(d) Types of derivatives

Interest rate swaps

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

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

Cross currency interest rate swaps

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

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

Forward foreign exchange contracts

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

Electricity derivatives

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

Oil derivatives

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

C6 SHARE CAPITAL AND RESERVES

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

Terms and conditions

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

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

Nature and purpose of reserves

Share-based payments reserve

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

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations, and the translation of transactions that hedge the Group's net investments in foreign operations.

Hedging reserve

The hedging reserve is used to record the effective portion of the gains or losses on cash flow hedging instruments that have not yet settled. Amounts are recognised in profit or loss when the associated hedged transactions affect profit or loss or as part of the cost of an asset if non-monetary.

Available-for-sale reserve

Changes in fair value and exchange differences arising on translation of investments are taken to the available-for-sale reserve. Amounts are recognised in profit or loss when the associated investments are sold/settled or impaired.

C7 OTHER COMPREHENSIVE INCOME

$million	Foreign currency translation reserve	Hedging reserve	Available-for-sale reserve	Retained earnings	Non-controlling interests	Total other comprehensive income
2015						
Items that will not be reclassified to the income statement						
Actuarial gain on defined benefit superannuation plan, net of tax	–	–	–	5	–	5
	–	**–**	**–**	**5**	**–**	**5**
Items that may be reclassified to the income statement						
Foreign currency translation differences for foreign operations	254	–	–	–	(75)	179
Net loss on hedge of net investment in foreign operations	(71)	–	–	–	–	(71)
Cash flow hedges – effective portion of changes in fair value, net of tax	–	169	–	–	2	171
Cash flow hedges – reclassified to income statement, net of tax	–	1	–	–	1	2
Cash flow hedges – foreign currency translation gain, net of tax	–	1	–	–	–	1
Available for sale financial assets – valuation gain taken to equity, net of tax	–	–	20	–	–	20
	183	**171**	**20**	**–**	**(72)**	**302**
Total other comprehensive income	**183**	**171**	**20**	**5**	**(72)**	**307**
2014						
Items that will not be reclassified to the income statement						
Actuarial gain on defined benefit superannuation plan, net of tax	–	–	–	5	–	5
	–	**–**	**–**	**5**	**–**	**5**
Items that may be reclassified to the income statement						
Foreign currency translation differences for foreign operations	158	–	–	–	153	311
Net loss on hedge of net investment in foreign operations	(17)	–	–	–	–	(17)
Cash flow hedges – effective portion of changes in fair value, net of tax	–	(106)	–	–	(3)	(109)
Cash flow hedges – reclassified to income statement, net of tax	–	26	–	–	(2)	24
Cash flow hedges – foreign currency translation gain, net of tax	1	(1)	–	–	–	–
Available for sale financial assets – valuation gain taken to equity, net of tax	–	–	3	–	–	3
	142	**(81)**	**3**	**–**	**148**	**212**
Total other comprehensive income	**142**	**(81)**	**3**	**5**	**148**	**217**

D TAXATION

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

D1 INCOME TAX EXPENSE

	2015 $million	2014 $million
Income tax		
Current tax (benefit)/expense	(20)	210
Deferred tax benefit	(38)	(107)
Under provided in prior years	–	6
Total income tax (benefit)/expense	**(58)**	**109**
Income tax (benefit)/expense attributable to:		
(Loss)/profit from continuing operations	(85)	24
Profit from discontinued operations	27	85
	(58)	**109**

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

The Company and its wholly-owned Australian resident entities, which met the membership requirements, formed a tax-consolidated group with effect from 1 July 2003. The head entity within the tax consolidated group is Origin Energy Limited. Tax funding arrangement amounts are recognised as inter-entity amounts.

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

D1 INCOME TAX EXPENSE (CONTINUED)

Key judgements

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

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

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

Income tax expense recognised in other comprehensive income

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

D2 DEFERRED TAX

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced if it is no longer probable that the related tax benefit will be realised.

Movement in temporary differences during the year

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

(1) As part of the acquisition of Eraring Energy Pty Limited the previously recognised deferred tax liability in respect of property, plant and equipment for the GenTrader arrangements of $317 million was de-recognised, and replaced by a deferred tax liability on owned property, plant and equipment of $163 million on acquisition date. Refer to note E2.
(2) Relates to amounts classified as held for sale at 30 June 2015. Refer to note E4.

Unrecognised deferred tax assets and liabilities

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

(1) PRRT is considered, for accounting purposes, to be a tax based on income under AASB 112 Income Taxes. Accordingly, any current and deferred PRRT expense is measured and disclosed on the same basis as income tax. The application of PRRT legislation relies on a forecast of future years expenditure in order to determine whether the utilisation of the PRRT base will be required. As the forecast indicates that no utilisation is required, no deferred tax asset has been recognised with respect to PRRT in these financial statements.
(2) A deferred tax liability has not been recorded in respect of the investment in Australia Pacific LNG as the Group is able to control the timing of the reversal of the temporary difference through its voting rights and it is not expected that the temporary difference will reverse in the foreseeable future.

E GROUP STRUCTURE

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

E1 JOINT ARRANGEMENTS

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

E1.1 Interests in joint ventures

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

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

(1) Australia Pacific LNG is a separate legal entity. Operating, management and funding decisions require the unanimous support of the Foundation shareholders ('FS'), which includes the Group and ConocoPhillips. Accordingly, joint control exists and the Group has classified the investment in Australia Pacific LNG as a joint venture.
(2) Energia Andina S.A. is a separate legal entity. Key decisions require super majority (four directors) approval, with the Group entitled to appoint two of the five directors. As a consequence joint control exists and the Group has classified the investment as a joint venture. The Group's ownership interest increased to 49.9 per cent in the current financial year due to additional contributions made to Energia Andina to fund the acquisition of a 40 per cent interest in the Javiera joint venture.
(3) Energia Austral SpA is a separate legal entity. Key decisions require super majority (four directors) approval, with the Group entitled to appoint two of the five directors. As a consequence joint control exists and the Group has classified the investment as a joint venture. The Group's ownership interest can change between reporting periods when equity contributions are made to the joint venture.
(4) During the year ended 30 June 2015 Gas Industry Superannuation Pty Limited was deregistered.
(5) This is a joint venture of Contact Energy and as a result was classified as held for sale at 30 June 2015.

E1.2 Investment in Australia Pacific LNG Pty Ltd

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

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

E1 JOINT ARRANGEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

E1 JOINT ARRANGEMENTS (CONTINUED)

E1.4 Interests in unincorporated joint operations

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

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

E2 BUSINESS COMBINATIONS

2015

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

2014

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

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

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

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

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

E3 CONTROLLED ENTITIES

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

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

E3 CONTROLLED ENTITIES (CONTINUED)

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

E3 CONTROLLED ENTITIES (CONTINUED)

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

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

Changes in controlled entities

2015

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

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

2014

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

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

E4 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

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

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

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

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

F OTHER INFORMATION

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

F1 CONTINGENT LIABILITIES

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

Guarantees

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

	2015 $million(1)	2014 $million
Bank guarantees – unsecured	250	328
Letters of credit – unsecured	25	22

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

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

Joint arrangements

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

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

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

Legal and regulatory

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

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

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

Capital expenditure

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

F2 COMMITMENTS

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

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

(1) Includes $28 million (2014: $6 million) related to discontinued operations.
(2) Includes $690 million (2014: $2,024 million) in relation to the Group's share of Australia Pacific LNG's capital and joint venture commitments.
(3) Includes $25 million (2014: $24 million) related to discontinued operations.

F2 COMMITMENTS (CONTINUED)

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

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

F3 SHARE-BASED PAYMENTS

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

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

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

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

(a) Equity Incentive Plan

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

(i) Long Term Incentive (LTI)

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

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

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

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

	Options	PSRs
Grant date	22 Oct 2014	22 Oct 2014
Grant date share price	$14.36	$14.36
Exercise price	$15.65	$Nil
Volatility (per cent)	21%	21%
Dividend yield (per cent)	4%	4%
Risk free rate (per cent)	2.85%	2.68%
Grant date fair value (per award)	$1.54	$7.27

F3 SHARE-BASED PAYMENTS (CONTINUED)

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

(ii) Short Term Incentive (STI)

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

Equity Incentive Plan awards outstanding

Set out below is a summary of awards outstanding at the beginning and end of the financial year:

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

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

(b) Employee Share Plan (ESP)

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

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

	Grant date	Shares granted	Cost per share(1)	Total cost $'000
2015				
	23 Sep 2014	315,038	$15.05	4,741
		315,038		**4,741**
2014				
	1 Oct 2013	292,063	$14.17	4,139
		292,063		**4,139**

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

(c) Contact Energy (discontinued operations)

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

F4 RELATED PARTY DISCLOSURES

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

Certain directors of Origin Energy Limited are also directors of other companies which supply Origin Energy Limited with goods and services or acquire goods or services from Origin Energy Limited. Those transactions are approved by management within delegated limits of authority and the directors do not participate in the decisions to enter into such transactions. If the decision to enter into those transactions should require approval of the Board, the director concerned will not vote upon that decision nor take part in the consideration of it.

F5 KEY MANAGEMENT PERSONNEL

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

Loans and other transactions with key management personnel

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

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

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

F6 NOTES TO THE STATEMENT OF CASH FLOWS

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

The following table reconciles profit to net cash provided by operating activities:

	Note	2015 $million	2014 $million
(Loss)/profit for the period		**(590)**	**638**
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation and amortisation		809	732
Executive share-based payment expense		35	35
Impairment losses recognised – trade and other receivables		83	117
Exploration expense		29	54
Impairment of assets		889	133
Decrease in fair value of financial instruments		683	278
Net financing costs		368	431
(Increase)/decrease in tax balances		(165)	92
Net gain on settlement of GenTrader arrangements		–	(357)
Gain on dilution of the Group's interest in equity accounted investees and sale of assets		(2)	(26)
Non-cash share of net profits of equity accounted investees		87	24
Unrealised foreign exchange loss		36	19
Release of unfavourable contract liability		(193)	–
Changes in assets and liabilities, net of effects from acquisitions/disposals:			
— Receivables		262	65
— Inventories		6	(58)
— Payables		(173)	(91)
— Provisions		15	17
— Other(1)		(346)	124
Total adjustments(2)		**2,423**	**1,589**
Net cash from operating activities		**1,833**	**2,227**

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

Issue of shares in respect of the Dividend Reinvestment Plan	C6	79	79

(1) 'Other' includes payment of $300 million relating to the settlement of Energy Markets' final carbon liability.
(2) Adjustments include amounts which are classified as discontinued operations and held for sale at 30 June 2015. Refer to note E4 for details of cash flows relating to discontinued operations.

F7 AUDITORS' REMUNERATION

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

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

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

F8 MASTER NETTING OR SIMILAR AGREEMENTS

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

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

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

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

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

F9 DEED OF CROSS GUARANTEE

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

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

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

F9 DEED OF CROSS GUARANTEE (CONTINUED)

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

F10 PARENT ENTITY DISCLOSURES

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

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

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

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

F11 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

F12 SUBSEQUENT EVENTS

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

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

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

DIRECTORS' DECLARATION

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

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

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

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

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

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 There are reasonable grounds to believe that the Company and the controlled entities identified in note E3 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to ASIC Class Order 98/1418.

3 The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* (Cth) from the Managing Director and the Executive Director, Finance and Strategy for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the directors:

Gordon M Cairns, Chairman
Director
Sydney, 20 August 2015

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

Report on the financial report

We have audited the accompanying financial report of Origin Energy Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, the notes to the financial statements Overview and A to F12 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In the notes to the financial statements Overview, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the consolidated entity comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the consolidated entity's financial position and of its performance.

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

(continued overleaf)

INDEPENDENT AUDITOR'S REPORT

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

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

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

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

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Origin Energy Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Alison Kitchen
Partner

Sydney

20 August 2015

SHARE AND SHAREHOLDER INFORMATION

Information set out below was applicable as at 20 August 2015.

As at 20 August 2015, there were:

- 164,697 holders of ordinary shares in the Company; and
- 189 holders of 19,396,816 Options, 563 holders of 8,711,325 Performance Share Rights, and 557 holders of 1,501,594 Deferred Share Rights granted under the Origin Energy Equity Incentive Plan.

There is not a current on-market buy-back of Origin shares.

During the reporting period 315,038 Origin shares were purchased on-market for the purpose of the General Employee Share Plan. The average price per share purchased was $15.05.

ANALYSIS OF SHARES

Holding Ranges	Holders	Total Units	%
1-1,000	74,094	34,392,752	3.101
1,001-5,000	72,604	167,587,185	15.113
5,001-10,000	11,834	82,419,930	7.432
10,001-100,000	6,009	119,354,838	10.763
100,001 and above	156	705,174,269	63.591
Totals	**164,697**	**1,108,928,974**	**100.000**

6,192 shareholders hold less than a marketable parcel as at 20 August 2015.

SUBSTANTIAL SHAREHOLDERS

There were no substantial shareholders as disclosed by notices received by the Company as at 20 August 2015.

TOP 20 HOLDINGS

Shareholder	Number of shares	% of issued shares
HSBC Custody Nominees (Australia) Limited	224,661,305	20.259
J P Morgan Nominees Australia Limited	186,628,514	16.830
National Nominees Limited	103,374,396	9.322
Citicorp Nominees Pty Limited	56,876,778	5.129
BNP Paribas Noms Pty Ltd (DRP)	19,758,625	1.782
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	11,860,865	1.070
RBC Investor Services Australia Nominees Pty Limited (Bkcust A/C)	8,198,516	0.739
UBS Wealth Management Australia Nominees Pty Ltd	7,461,444	0.673
Argo Investments Limited	7,339,947	0.662
Australian Foundation Investment Company Limited	6,957,423	0.627
BNP Paribas Nominees Pty Ltd (Agency Lending Drp A/C)	5,719,736	0.516
AMP Life Limited	5,456,069	0.492
HSBC Custody Nominees (Australia) Limited (NT-Comnwlth Super Corp A/C)	5,348,712	0.482
RBC Investor Services Australia Nominees Pty Limited (Mba A/C)	2,735,742	0.247
Navigator Australia Ltd (MLC Investment Sett A/C)	2,443,920	0.220
The Senior Master Of The Supreme Court (Common Fund No 3 A/C)	2,268,437	0.205
Netwealth Investments Limited (Wrap Services A/C)	1,594,657	0.144
Australian United Investment Company Limited	1,500,000	0.135
Nulis Nominees (Australia) Limited (Navigator Mast Plan Sett A/C)	1,451,319	0.131
Questor Financial Services Limited (TPS Rf A/C)	1,304,564	0.118
	662,940,969	**59.782**

SHARE AND SHAREHOLDER INFORMATION

SHAREHOLDER ENQUIRIES

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

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

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

DIVIDENDS

Origin will pay a final dividend for the 2015 financial year of 25 cents per share unfranked on 28 September 2015.

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

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

TAX FILE NUMBER

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

INFORMATION ON ORIGIN

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

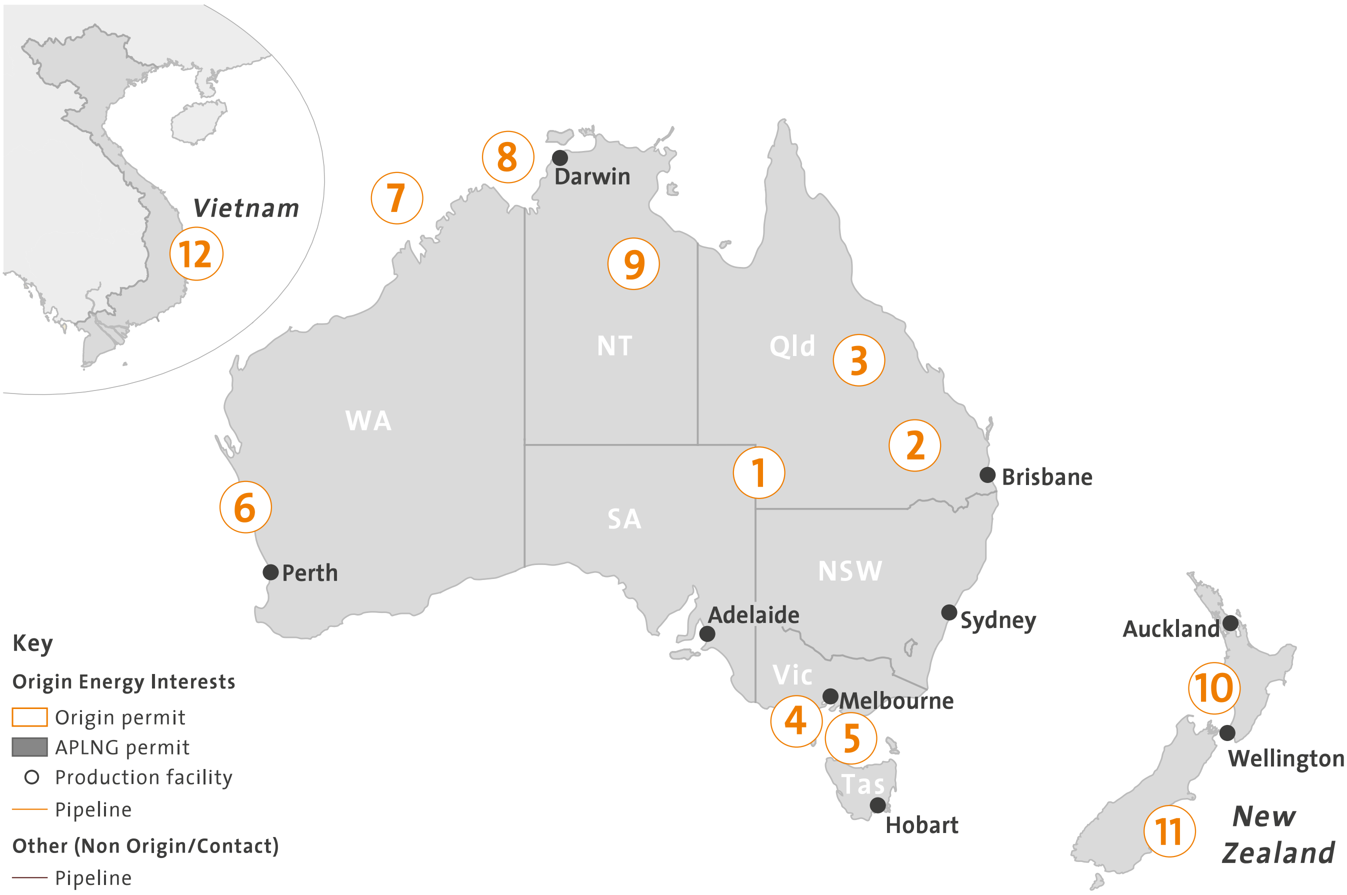
SECURITIES EXCHANGE LISTING

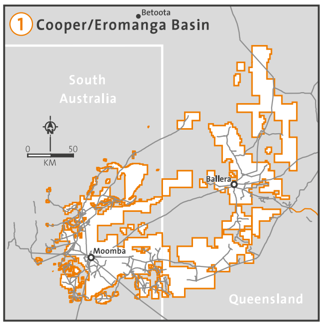
Origin shares are traded on the Australian Securities Exchange Limited (ASX). The symbol under which Origin shares are traded is 'ORG'. Origin's Subordinated Notes are also traded on the ASX under the symbol ORGHA.

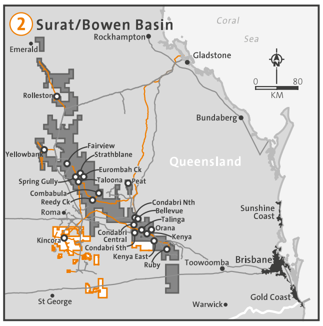
VOTING RIGHTS OF MEMBERS

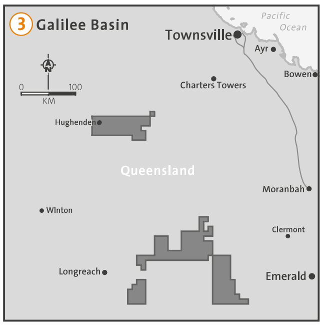
At a meeting of members, each member who is entitled to attend and vote may attend and vote in person or by proxy, attorney or representative. On a show of hands, every person present who is a member, proxy, attorney or representative, shall have one vote and on a poll, every member who is present in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

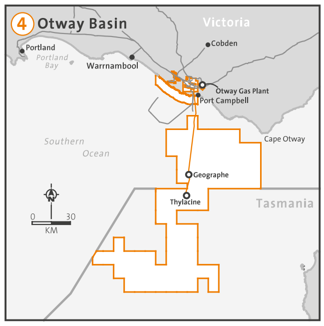
EXPLORATION AND PRODUCTION PERMITS AND DATA

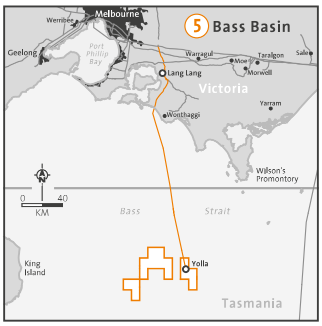


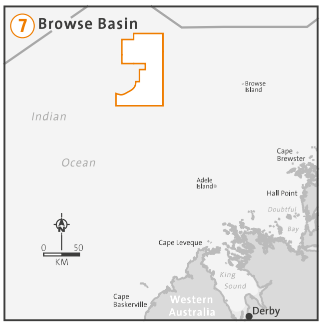


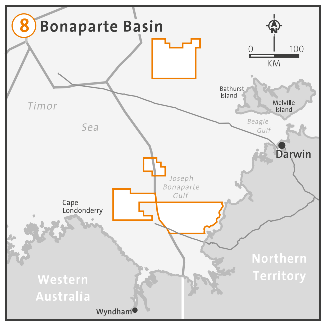


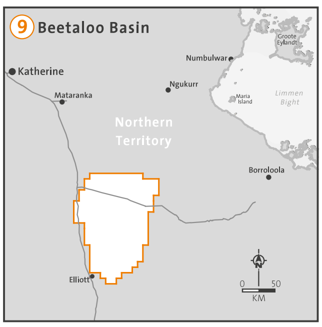


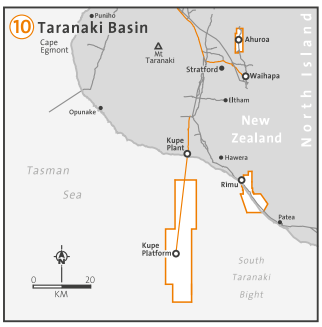


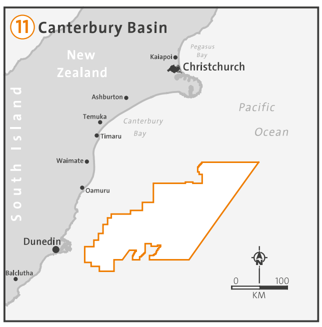












EXPLORATION AND PRODUCTION PERMITS AND DATA

Origin held interests in the following permits as at 30 June 2015.

Basin/Project Area	Interest	Notes
AUSTRALIA		
COOPER BASIN (South Australia)		
Patchawarra East Block PPLs	10.54%	
SA Unit PPLs	13.19%	
Reg Sprigg West Unit (PPL 194/PPL 211)	7.90%	
PEL 637 and PRL 106	40.00%	
PELs 638	33.75%	
COOPER BASIN (Queensland)		
SWQ Unit Subleases	16.74%	
Aquitaine A & B Blocks of ATP 1189P and associated PLs	25.00%	
Aquitaine C Block of ATP 1189P and associated PLs	27.00%	
Wareena Block of ATP 1189P and associated PLs	10.00%	
GALILEE BASIN (Queensland)		
ATP's 666P, 667P and 668P	37.50%	*(1)
SURAT BASIN (Queensland)		
PL 14	100.00%	*
PL 512	69.00%	*(2)
PL 30	75.00%	*
PLs 21, 22, 27 and 64	87.50%	*
PLs 53, 511[3] and 227	100.00%	*
PL 264	90.00%	*
PL 71 (Exploration)	72.00%	*
PL 71 (Production)	90.00%	*
PL 70	100.00%	*
ATP 471P Weribone Pooling Area	50.64%	*
ATP 336P and PLs 10W, 11W, 12W, 28, 69 and 89	46.25%	
PL 11 Snake Creek East 1 Exclusion Zone	25.00%	
ATP 647P (Block 2656 only)	50.00%	*
ATP 754P	50.00%	*
ATP 788P	100.00%	*
ATP 788P Deeps	25.00%	*
ATP 1190P Bainbilla	24.75%	(4)
DENISON TROUGH (Queensland)		
PLs 41, 42, 43, 44, 45, 54, 67, 173, 183 and 218	18.75%	*(1)
ATP 337P (ATP 1191(A)**	18.75%	*(1)
PLs 450(A), 451(A), 457(A) and PL1012(A)	18.75%	(1)
ATP 337P FO (ATP FO 1191(A)**	11.25%	(1)
ATP 1177P	18.75%	(1)
PPL's 10 and 11	18.75%	*(1)
LNG (Gladstone)		
PPL's 162 and 163	37.50%	*(1)
PFL 20	37.50%	*(1)
CSG (Queensland)		
Fairview		
ATP 526P and PLs 90, 91, 92, 99, 100, 232, 233, 234, 235 and 236	8.97%	(1)
Spring Gully		
ATP 592P and PLs 195, 203, 415, 416, 417, 268(A)~, 414(A), 418(A) and 419(A)	35.44%	*(1)
PL 204	37.40%	*(1)
PL 200	35.89%	*(1)
PPL 180	37.50%	*(1)

Basin/Project Area	Interest	Notes
Talinga/ Orana		
ATP 692P, PLs 209, 215, 226, 272, 216(A), 225(A), 289(A), 445(A) and 481(A)	37.50%	*(1)
PPL's 171 and 181	37.50%	*(1)
PFL 26	37.50%	*(1)
Kenya/ Argyle/Lauren/Bellevue		
PLs 179, 180, 228, 229 and 263	15.23%	(1)
PL 247	11.02%	(1)
ATP 648 and PLs 257, 273, 274, 275, 278, 279, 442, 466, 474 and 503(A)	11.72%	(1)
ATP 1188P	11.72%	(1)
PFL 19	11.72%	(1)
PPL's 107 and 176	15.23%	(1)
Peat		
PL 101	37.50%	*(1)
Other Bowen Basin		
ATP 804P	10.99%	(1)
ATP 745P and PLs 420, 421 and 440	8.94%	(1)
PLs 219 and 220	37.50%	*(1)
Other Surat Basin		
ATP 606P and PLs 297, 404, 408, 403(A), 405(A), 406(A), 407(A), 412(A), 413(A) and 444(A)	34.77%	*(1)
ATP 631P, PLs 281(A) and 282(A)	6.79%	(1)
ATP 663P and PLs 434(A), 435(A), 436(A), 437(A), 438(A) and 439(A)	37.50%	*(1)
ATP973P, and PLs 265, 266 and 267	37.50%	*(1)
ATP 972P, and PLs 469(A), 470(A) and 471(A)	34.77%	*(1)
ATP 1178P, PL 1011(A)	37.50%	*(1)
PPL's 143, 177, 178, 185 and 186	37.50%	*(1)
ONSHORE OTWAY BASIN		
Victoria		
PPLs 6,9 and PRL1	90.00%	*
PPLs 4, 5, 7, 10 and 12	100.00%	*
PPL 2 Ex (Iona Exclusion)	100.00%	*
PPL 8	100.00%	*
OFFSHORE OTWAY BASIN		
Victoria		
Vic/P42 (V)	100.00%	*
Vic/P43	67.23%	*
Vic/L23	67.23%	*
Vic/P69	100.00%	*
Vic/L1(V)	100.00%	*
Tasmania		
T/L2 and T/L3	67.23%	*
T/30P	70.77%	*(5)
T/34P	86.63%	*
Bass Basin (Tasmania)		
T/L1	42.50%	*
T/18P	39.00%	*
PERTH BASIN (Western Australia)		
EP320 and L11	67.00%	*
L 14	49.19%	*
L1/L2 (Excluding Dongara, Mondarra and Yardarino)	50.00%	

Basin/Project Area	Interest	Notes
BROWSE BASIN (Western Australia)		
WA-315P and WA-398P	40.00%	
BONAPARTE BASIN (Western Australia & Northern Territory)		
WA 454P	50.00%	*
NT/RL1 and WA6R	5.00%	
NT/P84	50.00%	
NT/P85	50.00%	
BEETALOO BASIN (Northern Territory)		
EP 76, EP 98 and EP117	35.00%	
NEW ZEALAND		
TARANAKI BASIN		
PML 38146	50.00%	*
PMP 38151	100.00%	*
PMP 38155	100.00%	*
CANTERBURY BASIN		
PEP 38264	45.00%	
VIETNAM		
SONG HONG BASIN		
Block 121	45.00%	*

Notes:

- * Operatorship
- (1) Interest held through 37.5 per cent ownership of Australia Pacific LNG Joint Venture
- ~ Replacement tenure for PL 203
- ** Replacement tenure for ATP 337
- (2) Replacement tenure for PL 74
- (3) Replacement tenure for PL 174
- (4) Replacement tenures for ATP 471
- (5) Percentage increase due to Toyota Tsusho Gas E&P Otway Limited withdrawal

ANNUAL RESERVES REPORT

This Annual Reserves Report provides an update on the reserves and resources of Origin Energy Limited (Origin) and its share of Australia Pacific LNG, as at 30 June 2015. The data is compared with and reconciled to the position at 30 June 2014.

SUMMARY OF 2P RESERVES

Origin proved plus probable (2P) reserves decreased by 213 PJe (66 PJe excluding production) to a total of 6,260 PJe, when compared to 30 June 2014. The key changes in 2P reserves include:

— 66 PJe increase from new bookings from the Speculant (Otway Basin) and Waitsia / Senecio (Perth Basin) discoveries
— 132 PJe net decrease due to revisions and extensions in various assets
— 147 PJe decrease due to production

Table 1: Origin 2P reserves (by area)

2P Reserves by area (PJe)	2P 30 June 2014	Acquisition/ Divestment	New Booking/ Discovery	Revisions/ Extensions	Production	2P 30 June 2015
Australia Pacific LNG						
Surat/Bowen (Unconventional)(1)	5,284	–	–	(52)	(65)	5,167
Cooper Basin						
SA Cooper Basin	214	–	0	(16)	(12)	187
SWQ Cooper Basin	58	–	1	1	(6)	53
Other Onshore Australia						
Perth Basin	23	–	16	7	(4)	43
Ironbark (Unconventional)	259	–	–	(3)	–	256
Australia Offshore						
Otway Basin	325	–	49	(27)	(33)	313
Bass Basin	129	–	–	(32)	(7)	90
New Zealand						
Onshore Taranaki	10	–	–	(9)	(1)	–
Offshore Taranaki (Kupe)	170	–	–	–	(19)	151
Total	**6,473**	**–**	**66**	**(132)**	**(147)**	**6,260**

(1) Includes Denison Trough conventional downward revision/extensions of 8.4 PJe and 0.4 PJe of production.

During the year, changes were recorded in the following areas:

— Australia Pacific LNG 2P reserves decreased by 118 PJe to 5,167 PJe with 52 PJe due to revisions and extensions predominantly associated with lower oil prices and 65 PJe due to production.
— Cooper Basin 2P reserves decreased by 32 PJe to 240 PJe, with revisions to field development plans accounting for a decrease of 15 PJe and the remainder due to 18 PJe of production.
— Perth Basin 2P reserves increased by 20 PJe to 43 PJe, primarily due to the initial Waitsia / Senecio discovery adding 16 PJe.
— Ironbark 2P reserves decreased by 3 PJe to 256 PJe. 3P reserves decreased by 155 PJe to 714 PJe due to re-classification of these Possible reserves to 2C contingent resources as a result of ongoing analysis of low permeability areas. 2C contingent resources have increased by 288 PJe to 326 PJe due to the abovementioned re-classification from Possible reserves in addition to the encouraging results in neighbouring acreage.
— Otway Basin 2P reserves decreased by 12 PJe to 313 PJe, with a new booking for the Speculant discovery of 49 PJe more than offset by the downward revision of 27 PJe in the Geographe field due to lower than expected reservoir performance and production of 33 PJe.
— Bass Basin 2P reserves decreased by 39 PJe to 90 PJe. Results from the Yolla 5 and 6 drilling campaign provided an updated view of the connectivity of the reservoirs resulting in a downward revision of 32 PJe. Production was 7 PJe.
— Onshore Taranaki Basin 2P reserves have been reclassified to contingent resources following the impairment of the assets at 31 December 2014.

Minor revisions to reserves occurred in other areas as additional data and technical studies are incorporated into forward estimates. Around 87 per cent of 2P reserves are unconventional.

Table 2: Origin 2P reserves (by product and development type)

2P Reserves by area (PJe)	Gas (PJ)	LPG (kT)	Condensate (kbbl)	Oil (kbbl)	Total (PJe) Developed	Total (PJe) Undeveloped	Total (PJe)
Australia Pacific LNG							
Surat/Bowen (Unconventional)	5,167	–	–	–	1,012	4,155	5,167
Cooper Basin							
SA Cooper Basin	148	286	2,198	2,206	98	88	187
SWQ Cooper Basin	45	50	508	418	31	22	53
Other Onshore Australia							
Western Australia	42	–	15	–	43	–	43
Ironbark (Unconventional)	256	–	–	–	–	256	256
Australia Offshore							
Otway Basin	270	492	3,539	–	159	154	313
Bass Basin	67	213	2,366	6	38	52	90
New Zealand							
Onshore Taranaki	–	–	–	–	–	–	–
Offshore Taranaki (Kupe)	105	451	4,376	–	88	63	151
Total	**6,100**	**1,492**	**13,002**	**2,631**	**1,470**	**4,790**	**6,260**

Table 3: Origin 2P reserve changes (by product)

2P Reserves (PJe)	Gas (PJ)	LPG (kT)	Condensate (kbbl)	Oil (kbbl)	Total (PJe)
2P 30 June 2014	6,274	1,752	16,007	4,490	6,473
Acquisition/divestment	–	–	–	–	–
New bookings/discoveries	60	58	426	155	66
Revisions/extensions	(104)	(176)	(1,845)	(1,696)	(132)
Production	(130)	(142)	(1,586)	(318)	(147)
2P 30 June 2015	**6,100**	**1,492**	**13,002**	**2,631**	**6,260**
Change	(173)	(260)	(3,005)	(1,859)	(213)
Change (percentage)	(3)	(15)	(19)	(41)	(3)

SUMMARY OF 1P RESERVES

Origin proved (1P) reserves increased by 544 PJe (after production) to a total of 2,763 PJe, when compared to previous reporting period, as stated in Table 4. Around 82 per cent of 1P reserves are unconventional.

Table 4: Origin 1P reserves (by area)

1P Reserves by area (PJe)	1P 30 June 2014	Acquisition/ Divestment	New Booking /Discovery	Revisions/ Extensions	Production	1P 30 June 2015
Australia Pacific LNG						
Surat/Bowen (Unconventional)(1)	1,718	–	–	620	(65)	2,272
Cooper Basin						
SA Cooper Basin	86	–	–	8	(12)	82
SWQ Cooper Basin	25	–	1	7	(6)	26
Other Onshore Australia						
Western Australia	13	–	8	(2)	(4)	15
Ironbark (Unconventional)	–	–	–	–	–	–
Australia Offshore						
Otway Basin	168	–	28	25	(33)	188
Bass Basin	90	–	–	(1)	(7)	83
New Zealand						
Onshore Taranaki	3	–	–	(2)	(1)	–
Offshore Taranaki (Kupe)	116	–	–	–	(19)	97
Total	**2,218**	**–**	**37**	**655**	**(147)**	**2,763**

(1) Includes Denison Trough conventional reserves revisions/extensions of -5.2 PJe and production of 0.4 PJe.

ANNUAL RESERVES REPORT

Table 5: Origin 1P reserves (by product and development type)

1P Reserves by area (PJe)	Gas (PJ)	LPG (kT)	Condensate (kbbl)	Oil (kbbl)	Total (PJe) Developed	Total Undeveloped	(PJe)
Australia Pacific LNG							
Surat/Bowen (Unconventional)	2,272	–	–	–	1,012	1,260	2,272
Cooper Basin							
SA Cooper Basin	66	120	906	829	38	44	82
SWQ Cooper Basin	22	22	233	240	16	10	26
Other Onshore Australia							
Western Australia	15	–	7	–	15	–	15
Ironbark (Unconventional)	–	–	–	–	–	–	–
Australia Offshore							
Otway Basin	161	311	2,254	–	103	85	188
Bass Basin	61	196	2,172	1	35	48	83
New Zealand							
Onshore Taranaki	–	–	–	–	–	–	–
Offshore Taranaki (Kupe)	68	291	2,634	0	79	18	97
Total	**2,666**	**940**	**8,207**	**1,070**	**1,298**	**1,465**	**2,763**

Table 6: Origin 1P reserve changes (by product)

1P Reserves (PJe)	Gas (PJ)	LPG (kT)	Condensate (kbbl)	Oil (kbbl)	Total (PJe)
1P 30 June 2014	2,110	988	9,291	1,638	2,218
Acquisition/divestment	–	–	–	–	–
New bookings/discoveries	33	33	253	102	37
Revisions/extensions	652	61	248	(351)	655
Production	(130)	(142)	(1,586)	(318)	(147)
1P 30 June 2015	**2,666**	**940**	**8,207**	**1,070**	**2,763**
Change	556	(48)	(1,085)	(568)	544
Change (percentage)	26	(5)	(12)	(35)	25

AUSTRALIA PACIFIC LNG RESERVES AND RESOURCES

Reserves and resources held by 100 per cent Australia Pacific LNG have been prepared independently by NSAI (Netherland, Sewell & Associates, Inc.). The reserves and resources data are based on technical, commercial and operational information provided by Origin on behalf of Australia Pacific LNG.

Table 7 provides 1P, 2P and 3P reserves and 2C resources for Australia Pacific LNG (100 per cent) and Table 8 shows Origin's 37.5 per cent interest in these Australia Pacific LNG reserves and resources.

Table 7: Reserves/resources held by Australia Pacific LNG (100 per cent share).

Reserves (PJe)	30/06/14 Reserves	Acquisition/ Divestment	New Booking /Discovery	Revisions/ Extensions	Production	30/06/15 Reserves
1P	4,581	–	–	1,653	(174)	6,059
2P	14,091	–	–	(139)	(174)	13,778
3P	17,459	–	–	(1,111)	(174)	16,174
Resources (PJe)	**Resources**					**Resources**
2C	2,679	–	–	81	–	2,760

Table 8: Reserves/resources held by Origin (37.5 per cent share in Australia Pacific LNG).

Reserves (PJe)	30/06/14 Reserves	Acquisition/ Divestment	New Booking/ Discovery	Revisions/ Extensions	Production	30/06/15 Reserves
1P	1,718	–	–	620	(65)	2,272
2P	5,284	–	–	(52)	(65)	5,167
3P	6,547	–	–	(417)	(65)	6,065
Resources (PJe)	**Resources**					**Resources**
2C	1,005	–	–	30	–	1,035

The 620 PJe increase in 1P revisions and extensions is due to development drilling.

The 52 PJe decrease in 2P revisions and extensions is predominantly due to lower oil price assumptions.

The 417 PJe decrease in 3P revisions and extensions is primarily due to re-classification of low permeability 3P reserves to 2C contingent resources. There is ongoing investigation on this contingent resource opportunity.

The 30 PJe increase in 2C revisions and extensions is largely due to the above mentioned re-classification from 3P reserves. This uplift was offset by reductions associated with drilling and pilot results across the acreage.

NOTES RELATING TO THIS REPORT

(a) Methodology regarding Reserves and Resources

The Reserves Report has been prepared to be consistent with the Petroleum Resources Management System (PRMS) 2007 published by Society of Petroleum Engineers (SPE). This document may be found at the SPE website: spe.org/industry/docs/Petroleum_Resources_Management_System_2007.pdf. Additionally, this Reserves Report has been prepared to be consistent with the ASX reporting guidelines.

The conventional (non-CSG) reserves estimates are prepared by employees who are qualified petroleum reserves and resource evaluators working in each of our assets utilising an Origin approved Reserves and Resources Process.

An independent assessment of our CSG reserves, which include the ATP 788P (Ironbark) permit and reserves held by Australia Pacific LNG, has been undertaken by NSAI. For these assets Origin reports NSAI's independent estimate of reserves and resources consistent with the SPE guidelines, as follows: proved reserves (1P); proved plus probable reserves (2P); proved plus probable plus possible reserves (3P); best estimate contingent resource (2C).

Origin does not intend to report Prospective or Undiscovered Resources as defined by the SPE in any of its areas of interest on an ongoing basis.

(b) Economic test for reserves

The assessment of reserves requires a commercial test to establish that reserves can be economically recovered. Within the commercial test, operating cost and capital cost estimates are combined with fiscal regimes and product pricing to confirm the economic viability of producing the reserves.

In the case of oil, condensate and LPG forward estimates of prices are used in line with the forward curves available through various international benchmarking agencies, appropriately adjusted for local market conditions.

Gas reserves are assessed against existing contractual arrangements, local market conditions, as appropriate. In the case of gas reserves where contracts are not in place a forward price scenario based on monetisation of the reserves through domestic markets has been used, including power generation opportunities, direct sales to LNG and other end users and utilisation of Origin's wholesale and retail channels to market.

For CSG reserves that are intended to supply the Australia Pacific LNG CSG to LNG project, the economic test is based on gas prices calculated using the Residual Pricing Method (RPM). The RPM mechanism is used within the Petroleum Resource Rent Tax (PRRT) regime to determine an appropriate transfer price for integrated gas to liquids projects.

RPM applies the same rate of return to the upstream and downstream businesses of the Australia Pacific LNG project, and divides residual profit equally between the businesses. The residual profit is a function of the upstream 'cost plus' and the downstream 'net back' prices. The residual price is exposed to changes in the supply/demand balance in the market through the oil price-linked LNG contract, as well as other market forces through the long term bond rate.

(c) Reversionary Rights

Some of Australia Pacific LNG CSG reserves and resources are subject to reversionary rights to transfer back to Tri-Star a 45 per cent interest in Australia Pacific LNG's share of those CSG interests that were acquired from Tri-Star in 2002 if certain conditions are met. Origin has assessed the potential impact of reversionary rights associated with such interests based on economic tests consistent with these reserves and resources and based on that assessment does not consider that reversion will impact the reserves and resources quoted in this report. In October 2014, Tri-Star filed proceedings against Australia Pacific LNG claiming that reversion has occurred. Australia Pacific LNG will defend the claim.

(d) Information regarding the preparation of this Reserves Report

The internationally recognised petroleum consultant NSAI has prepared assessments of the reserves and resources for Australia Pacific LNG and the Ironbark asset based on technical, commercial and operational data provided by Origin on behalf of Australia Pacific LNG.

The statements in this Report relating to reserves and resources as of 30 June 2015 for Australia Pacific LNG and the Ironbark asset are based on information in the NSAI reports dated 27 July 2015 and 22 July 2015, respectively. The data has been compiled by Mr. Dan Paul Smith, a full-time employee of NSAI. Mr. Dan Paul Smith has consented to the statements based on this information, and to the form and context in which these statements appear.

The statements in this Report relating to reserves and resources for other assets have been compiled by Andrew Mayers, a full-time employee of Origin. Andrew Mayers is a qualified reserves and resources evaluator and has consented to the form and context in which these statements appear.

(e) Rounding

Information on reserves is quoted in this report rounded to the nearest whole number. Some totals in tables in this report may not add due to rounding. Items that round to zero are represented by the number 0, while items that are actually zero are represented with a dash '–'.

ANNUAL RESERVES REPORT

(f) Abbreviations

Bbl	barrel
Bscf	billion standard cubic feet
CSG	coal seam gas
Kbbls	kilo barrels = 1,000 barrels
Ktonnes	kilo tonnes = 1,000 tonnes
Mmboe	million barrels of oil equivalent
PJ	petajoule = 1 x 10^{15} joules
PJe	petajoule equivalent

(g) Conversion Factors for PJe

Crude oil	0.00583 PJ/kbbls = 5.83 PJ / mmboe
Condensate	0.00541 PJ/kbbls
LPG	0.0493 PJ/ktonnes
CSG	1.038 PJ/Bscf

(h) Reference Point

Reference points for Origin's petroleum reserves and contingent resources are defined points within Origin's operations where normal exploration and production business ceases, and quantities of the produced product are measured under defined conditions prior to custody transfer. Fuel, flare and vent consumed to the reference points are excluded.

(i) Preparing and Aggregating Petroleum Resources

Petroleum reserves and contingent resources are typically prepared by deterministic methods with the support from probabilistic methods. Petroleum reserves and contingent resources are aggregated by arithmetic summation by category and as a result, proved reserves may be a conservative estimate due to the portfolio effects of the arithmetic summation. Proved plus probable plus possible may be an optimistic estimate due to the same aforementioned reasons.

(j) Methodology and Internal Controls

The reserves estimates undergo an assurance process to ensure that they are technically reasonable given the available data and have been prepared according to our reserves and resources process, which includes adherence to the PRMS Guidelines. The assurance process includes peer reviews of the technical and commercial assumptions. The annual reserves report is reviewed by management with the appropriate technical expertise, including Chief Petroleum Engineer and Integrated Gas General Managers.

(k) Qualified Petroleum Reserves and Resources Evaluators

The material presented in this report is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of the listed qualified reserves and resources evaluators. These individuals have consented to the statements based on this information, and to the form and context in which these statements appear.

Name	Employer	Professional Organisation[1]
Andrew Mayers	Origin Energy (Chief Petroleum Engineer)	SPE, APEGA, RPEQ
Chung Chen	Origin Energy	SPE, EA, RPEQ
Samantha Phillips	Origin Energy	APEGA
Simon Smith	Origin Energy	SPE
Jason Billings	Origin Energy	SPE, P.E (Alaska)
Reneke van Soest	Origin Energy	SPE
Petrina Weatherstone	Origin Energy	SPE
Sarah Bishop	Origin Energy	SPE, EA, RPEQ
Jocelyn Young	Origin Energy	SPE
David MacDougal	Origin Energy	SPE
Alan Mourgues	Origin Energy	SPE, EA, RPEQ

(1) SPE: Society of Petroleum Engineers; AAPG: American Association of Petroleum Geologists; APEGA: The Association of Professional Engineers and Geoscientists of Alberta; EA: Engineers of Australia; RPEQ: Board of Professional Engineers Queensland

FIVE YEAR FINANCIAL HISTORY

A reconciliation between Statutory and Underlying profit measures can be found in note A1 of the Origin Consolidated Financial Statements.

	2015[1]	2014	2013	2012	2011
Income statement ($million)					
Total external revenue	13,804	14,518	14,747	12,935	10,344
Underlying:					
EBITDA	2,149	2,139	2,181	2,257	1,782
Depreciation and amortisation expense	(807)	(732)	(695)	(614)	(539)
Share of interest, tax, depreciation and amortisation of equity accounted investees[2]	(62)	(54)	(48)	(45)	(49)
EBIT	1,280	1,353	1,438	1,598	1,194
Net financing costs	(169)	(192)	(255)	(217)	(143)
Income tax expense	(349)	(342)	(339)	(415)	(316)
Non-controlling interests	(80)	(106)	(84)	(73)	(62)
Segment result and Underlying consolidated profit	682	713	760	893	673
Impact of items excluded from segment result and Underlying consolidated profit net of tax	(1,340)	(183)	(382)	87	(487)
Statutory:					
Profit attributable to members of the parent entity	(658)	530	378	980	186
Statement of financial position ($million)					
Total assets	33,367	30,941	29,589	28,071	26,900
Net debt/(cash)	13,273	9,134	6,808	5,522	4,060
Shareholders' equity – members/parent entity interest	12,723	13,444	13,283	13,094	12,232
Adjusted net debt/(cash)[3]	13,102	9,146	7,037	5,738	4,283
Shareholders' equity – total	14,159	15,129	14,794	14,458	13,516
Cash flow and capital expenditure ($million)					
Operating cash flow after tax (OCAT)[4]	1,578	2,041	1,142	1,781	1,585
Free cash flow	1,196	1,599	1,188	1,415	1,316
Capital expenditure	1,886	1,012	1,172	1,680	4,954
Stay-in-business	306	309	267	194	203
Growth	894	699	905	1,561	1,626
Acquisitions	686	4	–	(75)	3,125
Productive Capital	17,471	16,577	15,783	14,523	11,571
Group OCAT Ratio (%)	8.4	11.5	6.4	11.5	13.0
Key ratios					
Statutory basic earnings per share (cents)	(59.5)	48.1	34.6	90.6	19.6
Underlying basic earnings per share (cents)	61.7	64.8	69.5	82.6	71.0
Free cash flow per share (cents)	107.8	144.9	108.5	129.9	123.6
Total dividend per share (cents)	50	50	50	50	50
Net debt to net debt plus equity (adjusted) (%)[3]	48	38	32	28	23
Underlying EBITDA by segment ($million)					
Energy Markets	1,260	1,053	1,333	1,562	1,174
Exploration & Production	399	487	395	322	268
Australia Pacific LNG	72	83	60	54	63
Contact Energy	487	533	435	400	345
Corporate	(69)	(17)	(42)	(81)	(68)
General information[5]					
Number of employees (excluding Contact Energy)	6,922	6,701	5,658	5,941	5,213
2P reserves (PJe)[6]	6,260	6,473	6,201	6,807	7,041
Product sales volumes (PJe)	154	153	133	140	150
Natural gas and Ethane (PJ)	128	123	110	118	128
Crude oil (kbbls)	1,754	2,036	1,462	1,286	1,067
Condensate/naphtha (kbbls)	1,581	1,843	1,548	1,563	1,792
LPG (kT)	147	160	113	119	136
Production volumes (PJe)	148	142	123	130	135
Generation (MW) – owned and contracted	5,994	6,010	5,930	5,900	5,310
Generation dispatched (TWh)	19.94	17.20	15.70	14.89	9.56
Number of customers ('000)	4,266	4,295	4,293	4,359	4,502
Electricity	2,801	2,876	2,917	3,014	3,214
Natural gas	1,083	1,036	998	963	923
LPG	382	383	378	382	365
Electricity (TWh)	36.3	38.3	42	43	34
Natural gas (PJ)	146.6	108	127	130	142
LPG (kT)	415	386	437	502	476
Weighted average number of shares	1,106,483,636	1,101,015,692	1,093,837,731	1,081,691,687	947,741,899

(1) Includes discontinued operations and assets held for sale unless stated otherwise.
(2) Origin discloses its equity accounted results in two lines 'share of EBITDA of equity accounted investees' included in EBITDA and 'share of interest, tax, depreciation and amortisation of equity accounted investees' included between EBITDA and EBIT.
(3) Total current and non-current interest bearing liabilities only, less cash and cash equivalents, less fair value adjustments on FX hedging transactions.
(4) Group OCAT is calculated from Underlying EBITDA as the primary source of cash contribution, but adjusted for stay-in-business capital expenditure, changes in working capital, non cash items and tax paid.
(5) General information excludes Contact Energy.
(6) Includes Origin's share of APLNG reserves. Shareholding was 42.5 per cent at 30 June 2012 and post-Sinopec completion on 12 July 2012 is 37.5 per cent.

GLOSSARY AND INTERPRETATION

FINANCIAL MEASURES

Statutory Financial Measures

Statutory Financial Measures are measures included in the Financial Statements for the Origin Consolidated Group, which are measured and disclosed in accordance with applicable Australian Accounting Standards. Statutory Financial Measures also include measures that have been directly calculated from, or disaggregated directly from financial information included in the Financial Statements for the Origin Consolidated Group.

Term	Meaning
Net Debt	Total current and non-current interest bearing liabilities only, less cash and cash equivalents.
Non-controlling interest	Economic interest in a controlled entity of the consolidated entity that is not held by the Parent entity or a controlled entity of the consolidated entity.
Shareholders' Equity	Shareholders' residual interest in the assets of the consolidated entity after deducting all liabilities, including non-controlling interests.
Statutory EBIT	Earnings before interest and tax (EBIT) as calculated from the Origin Consolidated Financial Statements, including EBIT of discontinued operations.
Statutory EBITDA	Earnings before interest, tax, depreciation and amortisation (EBITDA) as calculated from the Origin Consolidated Financial Statements, including EBITDA of discontinued operations.
Statutory effective tax rate	Statutory income tax expense divided by Statutory Profit before tax.
Statutory earnings per share	Statutory profit divided by weighted average number of shares.
Statutory income tax expense	Income tax expense as disclosed in the Income Statement of the Origin Consolidated Financial Statements, including income tax expense of discontinued operations.
Statutory net financing costs	Interest expense net of interest income as disclosed in the Origin Consolidated Financial Statements, including net financing costs of discontinued operations.
Statutory Profit/Loss	Net profit/loss after tax and non-controlling interests as disclosed in the Income Statement of the Origin Consolidated Financial Statements.
Statutory profit before tax	Profit before tax as disclosed in the Income Statement of the Origin Consolidated Financial Statements.
Statutory share of ITDA	The consolidated entity's share of interest, tax, depreciation and amortisation (ITDA) of equity accounted investees as disclosed in the Origin Consolidated Financial Statements, including ITDA of discontinued operations.

Non-IFRS Financial Measures

This document includes certain Non-IFRS Financial Measures. Non-IFRS Financial Measures are defined as financial measures that are presented other than in accordance with all relevant Accounting Standards. Non-IFRS Financial Measures are used internally by management to assess the performance of Origin's business, and to make decisions on allocation of resources. The Non-IFRS Financial Measures have been derived from Statutory Financial Measures included in the Origin Consolidated Financial Statements, and are provided in this report, along with the Statutory Financial Measures to enable further insight and a different perspective into the financial performance, including profit and loss and cash flow outcomes, of the Origin business.

The principle non-IFRS profit and loss measure of Underlying Profit has been reconciled to Statutory Profit in Section 3. The key Non-IFRS Financial Measures included in this report are defined below.

Term	Meaning
Adjusted Net Debt	Total current and non-current interest bearing liabilities only, less cash and cash equivalents, less fair value adjustments on FX hedging transactions
Free cash flow	Cash available to fund distributions to shareholders and growth capital expenditure.
Free cash flow per share	Free cash flow divided by the closing number of shares on issue.
Gearing Ratio	Net Debt divided by Net Debt plus Shareholders' Equity.
Gross Margin	Gross profit divided by Revenue.
Gross Profit	Revenue less cost of goods sold.
Group OCAT	Group Operating cash flow after tax (OCAT) of the consolidated entity (including Origin's share of Australia Pacific LNG OCAT).
Group OCAT ratio	(Group OCAT – interest tax shield) / Productive Capital.
Interest tax shield	The tax deduction for interest paid.
Operating cash flow	Operating cash flow before tax.
Operating cash flow return (OCFR)	Operating cash flow / Productive Capital excluding tax balances.
Current year	12 months ended 30 June 2015.
Prior year	12 months ended 30 June 2014.
Productive Capital	Funds employed including Origin's share of Australia Pacific LNG and excluding capital works in progress for projects under development which are not yet contributing to earnings. Calculated on a rolling 12 month basis.
Share of ITDA	Share of interest, tax, depreciation and amortisation (ITDA) of equity accounted investees
Total Segment Revenue	Total revenue for the Energy Markets, Exploration & Production, LNG, Contact Energy and Corporate segments, including inter-segment sales, as disclosed in note A1 of the Origin Consolidated Financial Statements.
Underlying average interest rate	Underlying interest expense for the current period divided by Origin's average drawn debt during the current period (excluding funding related to Australia Pacific LNG).

GLOSSARY AND INTERPRETATION

Term	Meaning
Underlying profit and loss measures: — **Underlying Profit/ Segment Result** — **Depreciation and Amortisation** — **EBIT** — **EBIT margin** — **EBITDA** — **Effective tax rate** — **EPS** — **Income tax expense / benefit** — **Net financing costs/ income** — **Non-controlling interests** — **Profit before tax** — **Share of ITDA**	Underlying measures are measures used internally by management to assess the profitability of the Origin business. The Underlying profit and loss measures are derived from the equivalent Statutory profit measures disclosed in the Consolidated Financial Statements and exclude the impact of certain items that do not align with the manner in which the Managing Director reviews the financial and operating performance of the business. Underlying EBIT, Underlying EBITDA, Segment Result and Underlying Profit are disclosed in note A1 of the Origin Consolidated Financial Statements. Underlying EPS is disclosed in note A5 of the Origin Consolidated Financial Statements.

NON-FINANCIAL TERMS

Term	Meaning
1P reserves	Proved Reserves are those reserves which analysis of geological and engineering data can be estimated with reasonable certainty to be commercially recoverable. There should be at least a 90 per cent probability that the quantities actually recovered will equal or exceed the estimate.
2P reserves	The sum of Proved plus Probable Reserves. Probable Reserves are those additional reserves which analysis of geological and engineering data indicate are less likely to be recovered than Proved Reserves but more certain than Possible Reserves. There should be at least a 50 per cent possibility that the quantities actually recovered will equal or exceed the best estimate of Proved plus Probable Reserves (2P).
3P reserves	Proved plus Probable plus Possible Reserves. Possible Reserves are those additional Reserves which analysis of geological and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have at least a 10 per cent probability of exceeding the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario.
2C resources	The best estimate quantity of petroleum estimated to be potentially recoverable from known accumulations by application of development oil and gas projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. The total quantities ultimately recovered from the project have at least a 50 per cent probability to equal or exceed the best estimate for 2C contingent resources.
Capacity factor	A generation plant's output over a period compared with the expected maximum output from the plant in the period based on 100 per cent availability at the manufacturer's operating specifications.
Discounting	For Energy Markets, discounting refers to offers made to customers at a reduced price to the published tariffs. While a customer bill comprises a fixed and a variable portion, Origin's discounts only apply to the variable portion. In some cases, these discounts are conditional, such as requiring direct debit payment or on-time payments.
Equivalent reliability factor	Equivalent reliability factor is the availability of the plant after scheduled outages.
GJ	Gigajoule = 10^9 joules
GJe	Gigajoules equivalent = 10^{-6} PJe
Joule	Primary measure of energy in the metric system.
kT	kilo tonnes = 1,000 tonnes
kW	Kilowatt = 10^3 watts
kWh	Kilowatt hour = standard unit of electrical energy representing consumption of one kilowatt over one hour.
MW	Megawatt = 10^6 watts
MWh	Megawatt hour = 10^3 kilowatt hours
Netback	For Contact Energy is calculated by deducting the network, meter, levy and cost to serve costs from the retail customer tariffs.
Oil Sale Agreements	Agreements to sell a portion of future oil and condensate production from July 2015 for 72 months at prices linked to the oil forward pricing curve at the agreement date. The cash proceeds were received upfront in the 2013 financial year at a locked-in price of $62.40/bbl.
PJ	Petajoule = 10^{15} joules
PJe	Petajoules equivalent = an energy measurement Origin uses to represent the equivalent energy in different products so the amount of energy contained in these products can be compared. The factors used by Origin to convert to PJe are: 1 million barrels crude oil = 5.8 PJe; 1 million barrels condensate = 5.4 PJe; 1 million tonnes LPG = 49.3 PJe; 1 TWh of electricity = 3.6 PJe.
Ramp gas	Short term Queensland gas supply as upstream assets associated with CSG-to-LNG projects gradually increase production in advance of first LNG
TW	Terawatt = 10^{12} watts
TWh	Terawatt hour = 10^9 kilowatt hours
Watt	A measure of power when a one ampere of current flows under one volt of pressure.

GLOSSARY AND INTERPRETATION

INTERPRETATION

All comparable results reflect a comparison between the current year and the prior year ended 30 June 2014, unless specifically stated otherwise.

A reference to Contact Energy is a reference to Origin's controlled entity (53.09 per cent ownership) Contact Energy Limited in New Zealand. In accordance with Australian Accounting Standards, Origin consolidates Contact Energy within its result. On 10 August 2015, Origin divested its entire interest in Contact Energy.

A reference to Australia Pacific LNG or APLNG is a reference to Australia Pacific LNG Pty Limited in which Origin holds a 37.5 per cent shareholding. Origin's shareholding in Australia Pacific LNG is equity accounted.

A reference to $ is a reference to Australian dollars unless specifically marked otherwise.

All references to debt are a reference to interest bearing debt only (excludes Australia Pacific LNG shareholder loans).

Individual items and totals are rounded to the nearest appropriate number or decimal. Some totals may not add down the page due to rounding of individual components.

When calculating a percentage change, a positive or negative percentage change denotes the mathematical movement in the underlying metric, rather than a positive or a detrimental impact.

Percentage changes on measures for which the numbers change from negative to positive, or vice versa, are labelled as not applicable.

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