



To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	16 February 2017
From	Helen Hardy	Pages	72
Subject	ORG Half Year Results for the period ended 31 December 2016		

We attach the following documents relating to Origin Energy's Results for the half year ended 31 December 2016:

1. ASX Appendix 4D & Interim Financial Statements
2. Directors' Report including the Operating Financial Review

Regards

Helen Hardy
Company Secretary

02 8345 5000

Origin Energy Limited and Controlled Entities

Appendix 4D

Results for announcement to the market

31 December 2016

			31 December 2016	31 December 2015
Total Group Revenue (\$million)	up	3% to	6,321	6,130
Revenue (\$million) - continuing operations	up	8% to	6,083	5,629
Revenue (\$million) - discontinued operations	down	52% to	238	501
Net loss for the period attributable to members of the parent entity (\$million)				
	down	560% to	(1,677)	(254)
From continuing operations (\$million)	down	656% to	(1,496)	(198)
From discontinued operations (\$million)	down	223% to	(181)	(56)
			31 December 2016	30 June 2016
Net tangible asset backing per ordinary security	down	17% to	\$4.33	\$5.21
Dividends				
			Amount per security	Franked amount per security at 30 per cent tax
Interim dividend determined subsequent to 31 December 2016			nil	nil
Previous corresponding period (31 December 2015)			10 cents	nil
Record date for determining entitlements to the dividend			N/A	
Dividend payment date			N/A	
Brief explanation of any of the figures reported above or other item(s) of importance not previously released to the market.				
Refer to the attached Directors' Report and Operating and Financial Review for explanations.				
Discussion and Analysis of the results for the year ended 31 December 2016.				
Refer to the attached Directors' Report and Operating and Financial Review for commentary.				

**Origin Energy Limited
and its Controlled Entities
Interim Financial Statements
31 December 2016**

Origin Energy Limited and its Controlled Entities

Interim Financial Statements

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Origin Energy Limited and its Controlled Entities
Interim income statement

for the half year ended 31 December	Note	2016 \$million	2015 ⁽¹⁾ \$million
Continuing operations			
Revenue	A2	6,083	5,629
Other income	A2	110	2
Expenses	A3	(6,513)	(5,510)
Results of equity accounted investees	A5	(1,104)	(80)
Interest income	A2	108	93
Interest expense	A3	(287)	(288)
Loss before income tax		(1,603)	(154)
Income tax benefit/(expense)		108	(40)
Loss for the period from continuing operations		(1,495)	(194)
Discontinued operations			
Loss from discontinued operations	C3	(181)	(49)
Loss for the period		(1,676)	(243)
Profit/(loss) for the period attributable to:			
Members of the parent entity		(1,677)	(254)
Non-controlling interests		1	11
Loss for the period		(1,676)	(243)
Earnings per share			
Basic earnings per share	A6	(95.6) cents	(18.1) cents
Diluted earnings per share	A6	(95.6) cents	(18.1) cents
Profit/(loss) for the period from continuing operations attributable to:			
Members of the parent entity		(1,496)	(198)
Non-controlling interests		1	4
Loss for the period		(1,495)	(194)
Earnings per share from continuing operations			
Basic earnings per share	A6	(85.3) cents	(14.1) cents
Diluted earnings per share	A6	(85.3) cents	(14.1) cents

(1) Certain amounts have been re-presented to separately show those operations classified as discontinued operations.

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

Origin Energy Limited and its Controlled Entities
Interim statement of comprehensive income

for the half year ended 31 December	2016 \$million	2015 \$million
Loss for the period	(1,676)	(243)
Other comprehensive income		
<i>Items that may be reclassified to the income statement</i>		
Foreign currency translation differences for foreign operations	212	119
Available for sale financial assets		
Valuation gain taken to equity	7	18
Cash flow hedges		
Changes in cashflow hedges	(105)	284
Net loss on hedge of net investment in foreign operations	-	(29)
Total other comprehensive income for the period, net of tax	114	392
Total comprehensive income for the period	(1,562)	149
Total comprehensive income attributable to:		
<i>Items that may be reclassified to the income statement</i>		
Members of the parent entity	(1,563)	138
Non-controlling interests	1	11
	(1,562)	149
Total comprehensive income for the period	(1,562)	149
Total comprehensive income for the period attributable to members of the parent entity arising from:		
Continuing operations	(1,246)	58
Discontinued operations	(317)	80

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

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

as at	Note	31 December 2016 \$million	30 June 2016 \$million
Current assets			
Cash and cash equivalents		120	146
Trade and other receivables		1,736	1,945
Inventories		187	248
Derivatives		294	253
Other financial assets	B1	518	312
Income tax receivable		3	59
Assets classified as held for sale	C3	2,619	471
Other assets		128	137
Total current assets		5,605	3,571
Non-current assets			
Trade and other receivables		3	3
Derivatives		1,204	1,134
Other financial assets	B1	3,956	4,943
Investments accounted for using the equity method	C1	6,494	5,945
Property, plant and equipment		3,756	5,685
Exploration and evaluation assets		848	1,932
Development assets		-	292
Intangible assets		5,351	5,366
Other assets		35	27
Total non-current assets		21,647	25,327
Total assets		27,252	28,898
Current liabilities			
Trade and other payables		1,505	2,048
Payables to joint ventures		133	-
Interest-bearing liabilities		107	110
Derivatives		45	18
Other financial liabilities	B1	644	375
Provision for income tax		1	6
Employee benefits		151	215
Provisions		59	71
Liabilities classified as held for sale	C3	691	46
Total current liabilities		3,336	2,889
Non-current liabilities			
Trade and other payables		15	68
Interest-bearing liabilities		9,325	9,506
Derivatives		1,241	1,050
Deferred tax liabilities		116	110
Employee benefits		32	35
Provisions		205	710
Total non-current liabilities		10,934	11,479
Total liabilities		14,270	14,368
Net assets		12,982	14,530
Equity			
Share capital	B3	7,150	7,150
Reserves		985	857
Retained earnings		4,825	6,502
Total parent entity interest		12,960	14,509
Non-controlling interests		22	21
Total equity		12,982	14,530

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

Origin Energy Limited and its Controlled Entities
Interim statement of changes in equity
for the half year ended 31 December

\$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 2016	7,150	197	314	321	25	6,502	21	14,530
Other comprehensive income (Loss)/Profit	-	-	212	(105)	7	-	-	114
	-	-	-	-	-	(1,677)	1	(1,676)
Total comprehensive income/(expense) for the period	-	-	212	(105)	7	(1,677)	1	(1,562)
Share-based payments	-	14	-	-	-	-	-	14
Total transactions with owners recorded directly in equity	-	14	-	-	-	-	-	14
Balance as at 31 December 2016	7,150	211	526	216	32	4,825	22	12,982
Balance as at 1 July 2015	4,599	171	315	71	19	7,548	1,436	14,159
Other comprehensive income (Loss)/Profit	-	-	90	284	18	-	-	392
	-	-	-	-	-	(254)	11	(243)
Total comprehensive income/(expense) for the period	-	-	90	284	18	(254)	11	149
Dividends paid (refer to note A7)	-	-	-	-	-	(277)	(8)	(285)
Movement in share capital	2,535	-	-	-	-	-	-	2,535
Share-based payments	-	17	-	-	-	-	-	17
Sale of Contact Energy	-	(6)	(65)	3	-	-	(1,423)	(1,491)
Transfer within reserves	-	-	-	-	-	(5)	5	-
Total transactions with owners recorded directly in equity	2,535	11	(65)	3	-	(282)	(1,426)	776
Balance as at 31 December 2015	7,134	182	340	358	37	7,012	21	15,084

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

Origin Energy Limited and its Controlled Entities
Interim statement of cash flows

for the half year ended 31 December	2016	2015
	\$million	\$million
Cash flows from operating activities		
Cash receipts from customers	7,077	7,311
Cash paid to suppliers	(6,633)	(6,841)
Cash generated from operations	444	470
Income taxes paid, net of refunds received	51	(2)
Net cash from operating activities	495	468
Cash flows from investing activities		
Acquisition of property, plant and equipment	(236)	(248)
Acquisition of exploration and development assets	(22)	(65)
Acquisition of other assets	(23)	(82)
Investment in equity accounted investees	(228)	(8)
Loans to equity accounted investees	-	(996)
Interest received from equity accounted investees	102	140
Investment in equity accounted investees (funding of APLNG debt service reserve account) ⁽¹⁾	(127)	-
Interest received from other parties	-	1
Net proceeds from sale of investment in Contact Energy	-	1,599
Net proceeds from sale of non-current assets	365	8
Net cash (used) in/from investing activities	(169)	349
Cash flows from financing activities		
Proceeds from borrowings	2,664	5,025
Repayment of borrowings	(2,826)	(7,757)
Proceeds from share rights issue	-	2,496
Interest paid	(281)	(320)
Dividends paid by the parent entity	-	(251)
Dividends paid to non-controlling interests	-	(8)
Loan from equity accounted investees ⁽¹⁾	127	-
Net cash used in financing activities	(316)	(815)
Net increase in cash and cash equivalents	10	2
Cash and cash equivalents at the beginning of the period	146	155
Effect of exchange rate changes on cash	2	1
Cash and cash equivalents at the end of the period⁽²⁾	158	158

(1) Relates to cash calls provided by the Group to Australia Pacific LNG to allow it to meet its project finance Debt Service Reserve Account requirements. These amounts were subsequently loaned back to the Group by Australia Pacific LNG. The loan is disclosed as a payable to joint ventures in the Interim Statement of Financial Position.

(2) Cash and cash equivalents at the end of the period of \$158 million includes \$38 million of cash and cash equivalents which are classified as held for sale.

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

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

Overview

Origin Energy Limited (the Company) is a company domiciled in Australia. The interim financial statements of the Company for the half year ended 31 December 2016, comprise the Company and its controlled entities (together referred to as 'the Group').

The interim financial statements were approved by the Board of Directors on 16 February 2017.

The interim financial statements do not include all of the information required for a full annual financial report, and should be read in conjunction with the financial statements of the Group for the full year ended 30 June 2016, which are available upon request from the Company's registered office at Level 45, Australia Square, 264 - 278 George Street, Sydney NSW 2000 or at <http://reports.originenergy.com.au>.

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

The interim financial statements are presented in Australian dollars.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the interim financial statements have been rounded off to the nearest million dollars, unless otherwise stated.

Certain comparative amounts have been reclassified for consistency with the current period's presentation.

The accounting policies and judgements/estimates applied by the Group in these interim financial statements are the same as those applied in its financial statements for the full year ended 30 June 2016.

Estimates of recoverable amounts are based on an asset's value in use or fair value less costs of disposal, using a discounted cash flow method. This 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, supply-and-demand conditions, reserves, future operating profiles and production costs.

The recoverable amounts of non-current assets have been assessed at 31 December 2016 based on the types of judgements and estimates described above. Where required, any impairment has been recognised in the interim income statement.

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

A Results for the half year

This section highlights the performance of the Group for the half 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) and segment assets and liabilities (A1.2).

A1.1 Segment results for the half year ended 31 December

\$million	Ref.	Energy Markets ⁽¹⁾		Integrated Gas ⁽²⁾		Corporate ⁽³⁾		Total continuing operations		Contact Energy ⁽⁴⁾		Other discontinued operations		Total discontinued operations ⁽⁷⁾		Consolidated	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue																	
Segment revenue		6,026	5,629	57	-	-	-	6,083	5,629	-	251	397	335	397	586	6,480	6,215
Eliminations	(a)	-	-	-	-	-	-	-	-	-	-	(159)	(85)	(159)	(85)	(159)	(85)
External revenue		6,026	5,629	57	-	-	-	6,083	5,629	-	251	238	250	238	501	6,321	6,130
Underlying EBITDA	(b)	734	721	287	21	(31)	(51)	990	691	-	61	155	116	155	177	1,145	868
Depreciation and amortisation		(158)	(164)	(9)	(7)	-	-	(167)	(171)	-	(20)	(133)	(136)	(133)	(156)	(300)	(327)
Share of ITDA of equity accounted investees		-	-	(400)	(57)	-	-	(400)	(57)	-	-	-	-	-	-	(400)	(57)
Underlying EBIT	(c)	576	557	(122)	(43)	(31)	(51)	423	463	-	41	22	(20)	22	21	445	484
Net financing costs ⁽⁵⁾		-	-	(86)	-	(48)	(31)	(134)	(31)	-	(9)	(6)	(6)	(6)	(15)	(140)	(46)
Income tax expense ⁽⁶⁾		-	-	-	-	(115)	(157)	(115)	(157)	-	(11)	(5)	(2)	(5)	(13)	(120)	(170)
Non-controlling interests (NCI)		-	-	-	-	(1)	(4)	(1)	(4)	-	(10)	-	-	-	(10)	(1)	(14)
Segment result and underlying profit		576	557	(208)	(43)	(195)	(243)	173	271	-	11	11	(28)	11	(17)	184	254
Items excluded from underlying profit																	
Fair value and foreign exchange	(d)	52	64	(6)	(94)	12	(43)	58	(73)	-	(10)	(4)	(34)	(4)	(44)	54	(117)
LNG related items pre revenue recognition	(e)	-	-	(52)	(208)	-	-	(52)	(208)	-	-	-	-	-	-	(52)	(208)
Disposals, impairments and business restructuring	(f)	95	(12)	(1,856)	(3)	(137)	(290)	(1,898)	(305)	-	14	(239)	(37)	(239)	(23)	(2,137)	(328)
Tax and NCI on items excluded from underlying profit		-	-	-	-	223	117	223	117	-	6	51	22	51	28	274	145
Items excluded from underlying profit		147	52	(1,914)	(305)	98	(216)	(1,669)	(469)	-	10	(192)	(49)	(192)	(39)	(1,861)	(508)
Statutory loss attributable to members of the parent entity																(1,677)	(254)

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

(2) Unconventional Gas business including the Group's investment in Australia Pacific LNG, the results of the Group's activities as Australia Pacific LNG Upstream Operator and management of the Group's exposure to LNG pricing risk. The results of the Group's Upstream conventional business have been classified as 'Other discontinued operations'.

(3) Various business development and support activities that are not allocated to operating segments. The December 2015 results include \$6 million of net financing costs and \$5 million of income tax benefit and NCI relating to the Group's funding of its investment in Contact Energy.

(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, up to the date of sale of the Group's interest in Contact Energy on 10 August 2015. The results of Contact Energy were classified as a discontinued operation at 31 December 2015 (refer to note C3).

(5) Net financing costs have been allocated to the Integrated Gas segment relating to the LNG business, the Contact Energy segment (until disposal on 10 August 2015) and to other discontinued operations.

(6) Income tax expense for entities in the Origin tax consolidated group is allocated to the Corporate segment with the exception of amounts related to other discontinued operations.

(7) Further details of discontinued operations are included in note C3.

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

A1 Segments (continued)

Explanatory notes to segment results for the half year ended 31 December

(a) Segment revenue eliminations

Sales between segments occur on an arm's length basis. The Upstream conventional business (classified as Other discontinued operations) sells gas and LPG to the Energy Markets segment and previously LPG to Contact Energy. Contact Energy previously sold electricity to the Upstream conventional business.

(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 \$327 million (2015: \$16 million). Refer to note C1.2 for details.

(c) Net financing costs

Net financing costs is the aggregation of interest income of \$108 million (2015: \$93 million), interest expense of \$287 million (2015: \$288 million) from continuing operations, interest expense of \$6 million relating to discontinued operations (2015: \$15 million), less net interest expense relating to Australia Pacific LNG funding of \$45 million (2015: \$164 million).

	2016		2015	
	Gross	Tax and NCI	Gross	Tax and NCI
(d) Fair value and foreign exchange movements				
\$million				
Decrease in fair value of financial instruments	(53)	16	(62)	22
LNG foreign currency gain/(loss)	107	(32)	(44)	12
LNG translation of foreign denominated long term tax balances	-	-	(11)	-
Tax benefit on translation of foreign denominated long term tax balances	-	(1)	-	1
	54	(17)	(117)	35

(e) LNG related items pre revenue recognition

Net financing costs incurred in funding the Australia Pacific LNG project	(45)	14	(164)	48
LNG pre-production costs not able to be capitalised	(7)	2	(44)	6
	(52)	16	(208)	54

(f) Disposals, impairments and business restructuring

Gain on sale of Rimu, Kauri and Manutahi (RKM)	1	-	-	-
Gain on sale of Mortlake Pipeline	88	(26)	-	-
Gain on sale of Surat Basin	2	(1)	-	-
Gain on sale of Cullerin Range Wind Farm	12	(4)	-	-
Loss on sale of OTP Geothermal Pte Ltd	(1)	-	-	-
Gain on sale of Contact Energy	-	-	14	-
Disposals	102	(31)	14	-
<i>Integrated Gas</i>				
Share of Australia Pacific LNG impairment of non-current assets	(1,031)	-	-	-
Browse Basin	(825)	247	-	-
Assets held for sale	(243)	73	-	-
BassGas	-	-	(61)	18
Surat Basin	-	-	30	(9)
<i>Corporate</i>				
Investment in Energia Austral SpA	(114)	-	-	-
IT transformation	-	-	(94)	29
Investment in Energia Andina S.A.	-	-	(86)	-
Investment in OTP Geothermal Pte Ltd	-	-	(71)	-
Impairments	(2,213)	320	(282)	38
Integration & transformation costs	-	-	(3)	1
Restructure costs	(16)	4	(55)	16
Corporate transaction costs	(10)	3	(2)	1
De-recognition of New Zealand tax losses forecast to be no longer available post IPO	-	(21)	-	-
Business restructuring	(26)	(14)	(60)	18
Total disposals, impairments and business restructuring	(2,137)	275	(328)	56

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

A1 Segments (continued)

A1.2 Segment Assets and Liabilities

Million as at	Energy Markets		Integrated Gas		Corporate		Total continuing operations		Contact Energy assets and liabilities held for sale		Other assets and liabilities held for sale		Total assets and liabilities held for sale ⁽²⁾		Consolidated	
	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
Assets																
Segment assets	12,396	12,133	970	4,431	132	118	13,498	16,682	-	-	2,344	318	2,344	318	15,842	17,000
Investments accounted for using the equity method (refer to note C1)	-	-	6,494	5,945	-	-	6,494	5,945	-	-	9	152	9	152	6,503	6,097
Cash, funding related derivatives and tax assets			3,837	4,848	804	952	4,641	5,800	-	-	266	1	266	1	4,907	5,801
Total assets	12,396	12,133	11,301	15,224	936	1,070	24,633	28,427	-	-	2,619	471	2,619	471	27,252	28,898
Liabilities																
Segment liabilities	(2,241)	(2,247)	(807)	(1,293)	(452)	(380)	(3,500)	(3,920)	-	-	(668)	(46)	(668)	(46)	(4,168)	(3,966)
Financial liabilities, interest-bearing liabilities, funding related derivatives and tax liabilities			(7,391)	(6,905)	(2,688)	(3,497)	(10,079)	(10,402)	-	-	(23)	-	(23)	-	(10,102)	(10,402)
Total liabilities	(2,241)	(2,247)	(8,198)	(8,198)	(3,140)	(3,877)	(13,579)	(14,322)	-	-	(691)	(46)	(691)	(46)	(14,270)	(14,368)
Acquisitions of non-current assets (includes capital expenditure) ⁽¹⁾	142	223	240	383	7	15	389	621	-	7	59	25	59	32	448	653

(1) The Integrated Gas segment includes \$226 million of cash contributions to Australia Pacific LNG. 2015 cash contributions of \$996 million to Australia Pacific LNG are not treated as acquisitions as they are accounted for as loans rather than an increase in the Group's investment.

(2) Further details of held for sale amounts are included in note C3.

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

A2 Income

for the half year ended 31 December	2016 \$million ⁽¹⁾	2015 \$million ⁽¹⁾
Income from continuing operations		
Revenue ⁽²⁾	6,083	5,629
Net gain on sale of assets	99	-
Other	11	2
Other income	110	2
Interest earned from other parties	-	1
Interest earned on Australia Pacific LNG MRCPS (refer to note C1)	108	92
Interest income⁽³⁾	108	93

(1) Excludes amounts classified as discontinued operations. Refer to note C3.

(2) Revenue from the sale of oil and gas by the Integrated Gas and Other Discontinued Operations 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.

(3) Interest income is recognised as it accrues.

A3 Expenses

for the half year ended 31 December	2016 \$million ⁽¹⁾	2015 \$million ⁽¹⁾
Expenses from continuing operations		
Raw materials and consumables used	4,804	4,287
Labour	315	370
Depreciation and amortisation	167	171
Impairment of assets	939	251
Decrease in fair value of financial instruments	48	18
Net foreign exchange (gain)/loss	(107)	44
Other	347	369
Expenses	6,513	5,510
Interest charged by other parties	47	30
Impact of discounting on long term provisions	1	2
Interest expense related to Australia Pacific LNG funding	239	256
Interest expense	287	288
Financing costs capitalised	1	31

(1) Excludes amounts classified as discontinued operations. Refer to note C3.

A4 Income tax expense

for the half year ended 31 December	2016 per cent	2015 per cent
Effective statutory tax rate for continuing operations	7	(26)

The 31 December 2016 effective statutory tax rate for continuing operations of 7% is different to the restated comparative period (26%) and the corporate rate of 30% primarily due to the non-deductible impairment of both international investments and the investment in Australia Pacific LNG.

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

A5 Results of equity accounted investees

\$million		Share of interest, tax, depreciation and amortisation (ITDA)	Share of net profit/(loss)
for the half year ended 31 December 2016			
Australia Pacific LNG ⁽¹⁾	(1,146)	42	(1,104)
Total	(1,146)	42	(1,104)

Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit ⁽¹⁾	1,473	(442)	1,031
Total excluding Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit⁽²⁾	327	(400)	(73)

\$million			
for the half year ended 31 December 2015			
Australia Pacific LNG ⁽¹⁾	(22)	(57)	(79)
Other joint venture entities	(2)	1	(1)
Total	(24)	(56)	(80)

Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit ⁽¹⁾	40	(1)	39
Total excluding Group's share of Australia Pacific LNG's items excluded from underlying consolidated profit⁽²⁾	16	(57)	(41)

(1) Detailed further in note C1.

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

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

A6 Earnings per share

for the half year ended 31 December	2016	2015
Earnings per share based on statutory consolidated loss		
Basic earnings per share	(95.6) cents	(18.1) cents
Diluted earnings per share	(95.6) cents	(18.1) cents
Basic earnings per share from continuing operations	(85.3) cents	(14.1) cents
Diluted earnings per share from continuing operations	(85.3) cents	(14.1) cents
Basic earnings per share from discontinued operations	(10.3) cents	(4.0) cents
Diluted earnings per share from discontinued operations	(10.3) cents	(4.0) cents
Earnings per share based on underlying consolidated profit⁽¹⁾		
Underlying basic earnings per share	10.5 cents	18.1 cents
Underlying diluted earnings per share	10.5 cents	18.1 cents

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

Calculation of earnings per share

Basic earnings per share is calculated as profit for the period attributable to the parent (2016: \$1,677 million loss; 2015: \$254 million loss) divided by the average weighted number of shares.

Basic earnings per share from continuing operations is calculated as profit for the period from continuing operations attributable to the parent (2016: \$1,496 million loss; 2015: \$198 million loss) divided by the average weighted number of shares.

Diluted earnings per share represents profit for the period attributable to the parent divided by an average weighted number of shares (2016: 1,757,916,870; 2015: 1,407,518,327) 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 (2016: 3,975,222; 2015: 720,324). Due to the statutory loss attributable to the parent for the half years ended 31 December 2016 and 2015, the effect of these instruments and the impact of the rights issue has been excluded from the 31 December 2016 and 2015 calculation of diluted earnings per share and diluted earnings per share from continuing operations as their inclusion would reduce the loss per share.

A7 Dividends

	2016	2015
	\$million	\$million
Nil final dividend (2015: Final dividend of 25 cents per share, unfranked, paid 28 September 2015)	-	277

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

B Financial instruments and share capital

B1 Other financial assets and liabilities

as at	31 Dec 2016 \$million	30 June 2016 \$million
Other financial assets		
<i>Current</i>		
Environmental scheme certificates	455	261
Available-for-sale financial assets	63	51
	518	312
<i>Non-current</i>		
Available-for-sale financial assets	119	95
Mandatorily Redeemable Cumulative Preference Shares issued by Australia Pacific LNG (refer to note C1) ⁽¹⁾	3,837	4,848
	3,956	4,943

(1) The A\$4.8 billion Mandatorily Redeemable Cumulative Preference Shares (MRCPS) were cancelled on 1 July 2016 and replaced with US\$2.8 billion of MRCPS and US\$0.8 billion capital contribution.

Other financial liabilities

<i>Current</i>		
Environmental scheme surrender obligations	526	270
Other financial liabilities	118	105
	644	375

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

B2 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:

<i>Instrument</i>	<i>Fair Value Methodology</i>
Financial instruments traded in active markets	Quoted market prices at reporting date.
Forward foreign exchange	Present value of estimated future cash flows using quoted forward exchange rates.
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 and other financial assets	Quoted market prices, dealer quotes for similar instruments, or present value of estimated future cash flows.
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 non-exchange traded futures	Present value of estimated future cash flows using market forward prices.
Electricity derivatives which are not regularly traded with no observable market price	The valuation models for long term electricity derivatives 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. The 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. The valuation models for short-term electricity derivatives include premiums for lack of volume in the market relative to the size of the instruments being valued.
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.
Oil put option	The oil put options are referenced to the Japan Customs-cleared Crude (JCC) index with strike prices in both US\$ and A\$. The put option instruments are valued using a Monte Carlo simulation model which generates potential future oil and foreign exchange price outcomes over the period covered by the oil put option.

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.

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

B2 Fair value of financial assets and liabilities (continued)

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

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

	Level 1 \$million	Level 2 \$million	Level 3 \$million	Total \$million
as at 31 December 2016				
Derivative financial assets	125	1,052	321	1,498
Environmental scheme certificates	455	-	-	455
Available-for-sale financial assets	182	-	-	182
Total financial assets carried at fair value	762	1,052	321	2,135
Derivative financial liabilities	(2)	(875)	(409)	(1,286)
Environmental scheme surrender obligations	(526)	-	-	(526)
Total financial liabilities carried at fair value	(528)	(875)	(409)	(1,812)
as at 30 June 2016				
Derivative financial assets	115	1,022	250	1,387
Environmental scheme certificates	261	-	-	261
Available-for-sale financial assets	146	-	-	146
Total financial assets carried at fair value	522	1,022	250	1,794
Derivative financial liabilities	(3)	(717)	(348)	(1,068)
Environmental scheme surrender obligations	(270)	-	-	(270)
Total financial liabilities carried at fair value	(273)	(717)	(348)	(1,338)

The consolidated entity recognises transfers between levels of the fair value hierarchy as of the beginning of the reporting period during which the transfer occurred. There were no transfers during the period.

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

	\$million
Balance as at 1 July 2016	(98)
Net gain recognised in other comprehensive income	13
Net loss realised in revenue line	(31)
Net loss realised in cost of sales	(98)
Net loss from financial instruments at fair value	(30)
Cash settlements on existing instruments	156
Balance as at 31 December 2016	(88)

Following the announcement to divest the conventional upstream assets (refer note C3), a cash flow hedge was de-designated as the underlying forecast transaction no longer met the highly probable criteria of hedge accounting requirements.

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

B2 Fair value of financial assets and liabilities (continued)

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

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

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

Liquidity premium: A premium was applied to allow for the lack of volume in the market relative to the size of the instruments being valued.

Lower strike premium: A premium was applied to allow for instances where instruments have lower strike prices compared to strike prices associated with the observable market prices.

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.

Oil put inputs: Both observable external market data and internally derived forecast data are used in the valuation. Observable external market data includes foreign exchange movements, risk free interest rates, and Brent oil prices. Internally derived data principally includes the forward price path for Japanese Customs-cleared Crude (JCC) which is not readily observable in the market. The forward curve for JCC is inferred from the Brent oil forward curve.

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:

for the half year ended 31 December	2016		2015	
	Effect on profit or loss		Effect on profit or loss	
	Increase	Decrease	Increase	Decrease
	\$million		\$million	
Long term electricity derivative assets	60	(60)	30	(30)
Long term electricity derivative liabilities	59	(59)	58	(58)
Short term electricity derivative assets	11	(11)	-	-
Oil derivative assets	-	-	(28)	40

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

B2 Fair value of financial assets and liabilities (continued)

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 interim income statement during the half year:

	31 December
as at	2016 \$million
Derivative assets	
Opening balance - gain	72
Transfers to liabilities	(29)
Recognised in the interim income statement	(1)
Closing balance - gain	42
Derivative liabilities	
Opening balance - gain	34
Transfers to assets	29
Recognised in the interim income statement	(26)
Closing balance - gain	37

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 interim statement of financial position:

as at 31 December	Fair value hierarchy level	Carrying value		Fair value	
		31 Dec 2016 \$million	30 Jun 2016 \$million	31 Dec 2016 \$million	30 Jun 2016 \$million
Assets					
Other financial assets	2	3,837	4,848	3,278	5,128
Liabilities					
Bank loans - unsecured	2	1,570	726	1,522	764
Capital markets borrowings - unsecured	2	7,747	8,772	8,085	8,642
		9,317	9,498	9,607	9,406

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.

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

B3 Share capital

	6 months to 31 December 2016 \$million	12 months to 30 June 2016 \$million
Issued and paid-up capital		
1,754,891,624 (June 2016: 1,753,335,764) ordinary shares, fully paid	7,150	7,150
Ordinary share capital at the beginning of the period	7,150	4,599
Shares issued:		
• Nil (June 2016: 636,086,881) shares under a rights issue	-	2,509
• Nil (June 2016: 6,483,666) shares in accordance with the Dividend Reinvestment Plan	-	42
• 1,555,860 (June 2016: 1,136,313) shares in accordance with the Equity Incentive Plan	-	-
Total movements in ordinary share capital	-	2,551
Ordinary share capital at the end of the period	7,150	7,150

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.

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

C 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 and changes made to the Group structure during the half year.

C1 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.

C1.1 Interests in joint ventures

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

Joint venture entity	Reporting date	Country of incorporation	Ownership interest (%)	
			2016	2015
Australia Pacific LNG Pty Ltd ⁽¹⁾	30 June	Australia	37.5	37.5
Energia Andina S.A. ⁽²⁾	31 December	Chile	49.9	49.9
Energia Austral SpA ⁽³⁾	31 December	Chile	34.0	34.0
KUBU Energy Resources (Pty) Limited	30 June	Botswana	50.0	50.0
OTP Geothermal Pte Ltd ⁽⁴⁾	31 December	Singapore	-	50.0
PNG Energy Developments Limited	31 December	PNG	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, 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.

(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) OTP Geothermal Pte Ltd is a separate legal entity. On 16th August 2016 the Group sold its interest in OTP Geothermal Pte Ltd.

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

C1 Joint arrangements (continued)

C1.2 Investment in Australia Pacific LNG Pty Ltd

Australia Pacific LNG's second LNG train commenced production during the period, with revenue recognition for the second train commencing in November 2016. A summary of Australia Pacific LNG's financial performance for the periods ended 31 December 2016 and 31 December 2015, and its financial position as at 31 December 2016 and 30 June 2016 follows:

\$million for the half year ended 31 December	2016		2015	
	Total APLNG	Origin interest	Total APLNG	Origin interest
Operating revenue	1,475		229	
Operating expenses	(603)		(180)	
EBITDA	872	327	49	18
Depreciation and amortisation expense	(770)		(182)	
Interest income	2		3	
Interest expense	(393)		(19)	
Income tax benefit	90		44	
Underlying result for the period	(199)	(75)	(105)	(40)
Elimination of MRCPS depreciation ⁽¹⁾	-	2	-	-
Total underlying result for the period	(199)	(73)	(105)	(40)
Items excluded from segment result:				
Impairment of non-current assets	(2,749)	(1,031)	-	-
Net foreign exchange loss	-	-	(7)	(3)
Tax expense on translation of foreign denominated tax balances	-	-	(30)	(11)
Pre-production costs not able to be capitalised	-	-	(61)	(23)
Restructure costs	-	-	(7)	(2)
Total items excluded from segment result	(2,749)	(1,031)	(105)	(39)
Net loss for the period	(2,948)	(1,104)	(210)	(79)
Other comprehensive income	-	-	170	63
Total comprehensive loss	(2,948)	(1,104)	(40)	(16)

(1) The interest on the Mandatorily Redeemable Cumulative Preference Shares (MRCPS) was capitalised by Australia Pacific LNG prior to commencement of revenue recognition. As the project is now operational, previously capitalised interest is being unwound through depreciation. The proportion of the unwind attributable to Origin's share is eliminated as Origin had previously eliminated the impact of the capitalised interest through the equity investment balance.

Impairment of investment

\$million

for the half year ended 31 December

Share of Australia Pacific LNG impairment of non-current assets

2016

2015

1,031

-

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

C1 Joint arrangements (continued)

C1.2 Investment in Australia Pacific LNG Pty Ltd (continued)

Impairment of investment (continued)

The carrying amount of the Group's equity accounted investment in Australia Pacific LNG (APLNG) is reviewed at each reporting date to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made.

APLNG has performed its own impairment assessment at 31 December 2016 and determined that an impairment of US\$2,888 million (A\$3,927 million) pre-tax should be recognised. As a result, the Group has taken up its 37.5% share (A\$1,031 million post-tax) of the impairment recognised by APLNG. This is recorded within the results from equity accounted investees in the Interim Income Statement.

The Group's own assessment of the carrying value of its equity accounted investment in APLNG identified no additional impairment. The Group's share of the impairment recognised by APLNG is due to a change in a number of assumptions but principally a significant increase in USD interest rates impacting APLNG's underlying risk free and base rates by 0.9%.

The APLNG valuation is determined based on an assessment of fair value less costs of disposal (based on level 3 fair value hierarchy). Key assumptions in APLNG's valuation are reserves, future production profiles, commodity prices, operating costs and any future development costs necessary to produce the reserves.

Estimated unconventional reserve quantities in APLNG are based upon interpretations of geological and geophysical models and assessment of the technical feasibility and commercial viability of producing the reserves. Reserve estimates are prepared which conform to guidelines prepared by the Society of Petroleum Engineers. These assessments require assumptions to be made regarding future development and production cost, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Estimated reserve quantities include a Probabilistic Resource Assessment approach.

Estimates of future commodity prices are based on APLNG's best estimate of future market prices with reference to external industry and market analysts' forecasts, current spot prices and forward curves. Future commodity prices for impairment testing are reviewed 6 monthly. Where volumes are contracted, future prices are based on the contracted price.

Oil prices (Brent oil Nominal, US\$/bbl) used by APLNG in its impairment assessment were:

31 December 2016

2017	2018	2019	2020	2021 ⁽¹⁾
59	59	69	74	77

⁽¹⁾ Escalated at 2.1% from 2021

Forecasts of the foreign exchange rate for foreign currencies, where relevant, are estimated with reference to observable external market data and forward values, including analysis of broker and consensus estimates.

The future estimated AUD/USD rates applied by APLNG are represented below:

31 December 2016

2017	2018	2019	2020	2021
0.72	0.71	0.71	0.70	0.70

The pre-tax discount rate, determined as APLNG's weighted average cost of capital, adjusted for risks where appropriate, that has been applied is 10.2% (30 June 2016: 9.0%).

In the event that future circumstances vary from these assumptions, the recoverable amount of the investment could change materially and result in further impairment losses or the reversal of previous impairment losses.

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

C1 Joint arrangements (continued)

C1.2 Investment in Australia Pacific LNG Pty Ltd (continued)

\$million as at	31 December 2016	30 June 2016
Summary statement of financial position of Australia Pacific LNG		
Cash and cash equivalents	624	286
Other current assets	527	584
Current assets	1,151	870
Receivables from shareholders	310	-
Property, plant and equipment	37,966	40,011
Exploration, evaluation and development assets	537	1,354
Other non-current assets	1,630	379
Non-current assets	40,443	41,744
Total assets	41,594	42,614
Bank loans - secured	829	360
Other current liabilities	830	890
Current liabilities	1,659	1,250
Bank loans - secured	10,598	10,742
Payable to shareholders	10,231	12,927
Other non-current liabilities	1,378	1,463
Non-current liabilities	22,207	25,132
Total liabilities	23,866	26,382
Net assets	17,728	16,232
Group's interest of 37.5 per cent	6,649	6,087
Group's own costs	25	25
Mandatorily Redeemable Cumulative Preference Shares elimination ⁽¹⁾	(180)	(167)
Investment in Australia Pacific LNG Pty Ltd	6,494	5,945

(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 interim 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 a portion of interest expense associated with the MRCPS.

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

C1 Joint arrangements (continued)

C1.2 Investment in Australia Pacific LNG Pty Ltd (continued)

In calculating Origin's return on capital employed, an adjustment is made to the carrying value of the Australia Pacific LNG equity accounted investment as noted below.

	31 December 2016 \$million	30 June 2016 \$million
Investment in Australia Pacific LNG Pty Ltd	6,494	5,945
Less: Non-cash fair value uplift ⁽¹⁾	(860)	(1,923)
Adjusted investment in Australia Pacific LNG Pty Ltd	5,634	4,022

(1) Non-cash fair value uplift represents the increase in Origin's equity accounted investment in Australia Pacific LNG arising from the partly paid shares issued to ConocoPhillips (CoP) in October 2009 and the dilution impact of subsequent share issues to Sinopec (August 2011 and July 2012).

In the initial years, Origin was not required to make an equivalent contribution and instead recorded a non-cash fair value uplift to its investment in Australia Pacific LNG. The amount is being reduced by the \$1,031 million impairment during the period. The equity contributions made by CoP and Sinopec to Australia Pacific LNG were used to fund construction of the LNG Project assets, which will be depreciated over their useful lives (approximately 30 years).

In each period Origin's equity accounted share of Australia Pacific LNG's earnings will include a depreciation charge referable to the non-cash fair value uplift. When these earnings are reflected in Origin's investment balance this depreciation amount will reduce the remaining balance of the non-cash fair value uplift.

The 31 December 2016 balance includes an estimated depreciation charge of \$32 million (30 June 2016: \$22 million) associated with the non-cash fair value uplift described above.

C2 Changes in controlled entities

2016

There were no significant business combinations during the period.

Changes in controlled entities

Sagasco South East Inc was deregistered on 10 October 2016.

Cullerin Range Wind Farm Pty Ltd was sold during the half year ended 31 December 2016.

Darling Downs Solar Farm Operating Holding Pty Ltd, Darling Downs Solar Farm Asset Holding Pty Ltd, Darling Downs Solar Farm Asset Pty Ltd and Darling Downs Solar Farm Operating Pty Ltd were incorporated during the half year ended 31 December 2016.

2015

There were no significant business combinations during the period.

Changes in controlled entities

On 10 August 2015 Contact Energy Limited ceased to be controlled by the Group (refer note C3).

On 2 November 2015 the Group acquired 100 per cent of Horan and Bird Energy Pty Limited.

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

C3 Discontinued operations and assets held for sale

On 6 December 2016 the Group announced its intention to divest the conventional upstream assets by way of an initial public offering. The associated earnings, along with those from the Darling Downs Pipeline, have been classified as discontinued operations in the Interim Income Statement and all related note disclosures for the current and comparative period. The earnings of Contact Energy, prior to the Group's sale of its investment on 10 August 2015, were also classified as discontinued operations in the comparative period.

for the half year ended 31 December	2016	2015
Results of discontinued operations	\$million	\$million
Revenue	238	501
Net gain on sale of assets	3	15
Expenses	(219)	(562)
Impairment	(243)	-
Net financing expense	(6)	(15)
Profit/(loss) before income tax	(227)	(61)
Income tax (expense)/benefit	46	12
Loss after tax from discontinued operations	(181)	(49)
Attributable to:		
Members of the parent entity	(181)	(56)
Non-controlling interest	-	7
	(181)	(49)
Financing costs capitalised	6	15
Cash flows of discontinued operations		
Cash flows from operating activities	105	125
Cash flows used in investing activities	(86)	(223)
Cash flows used in financing activities ⁽¹⁾	-	(63)
Net increase/(decrease) in cash and cash equivalents	19	(161)

⁽¹⁾ Cash flows used in financing activities in the Origin Group are managed by Group Treasury on a consolidated basis and are not classified as cash flows from discontinued operations. Prior period cash flows used in financing activities relate to Contact Energy.

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

C3 Discontinued operations and assets held for sale (continued)

The assets and liabilities relating to the announced IPO of the conventional Upstream business, Stockyard Hill Wind Farm, Darling Downs Pipeline and Javiera solar project have been classified as held for sale at 31 December 2016 (June 2016: Mortlake Pipeline, Cullerin Range Wind Farm, New Zealand on-shore assets, Waitsia, Senecio, Beharra, Energia Austral SpA, OTP Geothermal Pte Ltd and Javiera solar project).

	31 December 2016 \$million	30 June 2016 \$million
Assets and liabilities classified as held for sale		
Cash and cash equivalents	38	-
Trade and other receivables	81	2
Inventories	71	2
Other financial assets	-	5
Other assets	12	-
Investments accounted for using the equity method	9	152
Property, plant and equipment	2,175	294
Exploration and evaluation assets	-	9
Intangible assets	5	6
Tax assets	228	1
Assets classified as held for sale	2,619	471
Trade and other payables	164	9
Provisions	504	37
Deferred tax liabilities	23	-
Liabilities classified as held for sale	691	46

D 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.

D1 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.

as at	31 December 2016 \$million	30 June 2016 \$million
Bank guarantees - unsecured	410	398
Letters of credit - unsecured	2	2

The Group's share of guarantees for certain contractual commitments of its joint ventures is shown at note D2. 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.

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

D1 Contingent liabilities (continued)

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 (APLNG) has secured US\$8.5 billion in funding through a project finance facility. As of 31 December 2016, APLNG has drawn down US\$8.5 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. On 31 October 2016 US\$5.1 billion (37.5 per cent share being US\$1.9 billion) of shareholder guarantees were released after the project's first production train successfully satisfied lender's completion tests. The remaining US\$3.4 billion remains guaranteed at 31 December 2016 (37.5 per cent share being US\$1.3 billion).

In September 2016, APLNG made a loan to the Group of \$US96 million and receipt of this \$US96 million from APLNG is shown as a current payable to joint ventures in the Statement of Financial Position. The loan was made by APLNG to the Group in accordance with the terms of the APLNG project financing facility, which allows APLNG to make a loan to a shareholder if the shareholder provides the project financiers with a letter of credit for the amount of the loan.

The Group continues to provide parent company guarantees in excess of its 37.5 per cent shareholding in Australia Pacific LNG in respect of certain historical domestic contracts.

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. Where outcomes can be reasonably predicted, provisions are recorded.

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.

Origin Energy Limited and its Controlled Entities

Notes to the interim financial statements

D2 Commitments

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

as at	31 December 2016 \$million ⁽¹⁾	30 June 2016 \$million ⁽¹⁾
Capital expenditure commitments	83	81
Joint venture commitments ⁽²⁾	926	993

(1) Includes \$31 million (June 2016: \$27 million) of capital expenditure commitments and \$122 million (June 2016: \$139 million) of joint venture commitments relating to discontinued operations.

(2) Includes \$791 million (June 2016: \$822 million) in relation to the Group's share of Australia Pacific LNG's capital, joint venture and operating lease commitments.

D3 Notes to the interim statement of cash flows

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

for the half year ended 31 December	2016 \$million	2015 \$million
-------------------------------------	-------------------	-------------------

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

Investment in equity accounted investees ⁽¹⁾	(1,116)	-
Reduction in loan to equity accounted investees ⁽¹⁾	1,116	-
Issue of shares in respect of the Dividend Reinvestment Plan	-	26
	-	26

(1) Relates to non-cash movement in relation to cancellation of MRCPS and capital contribution as disclosed in note B1.

D4 Subsequent events

No item, transaction or event of a material nature has arisen since 31 December 2016 that would significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

Directors' Declaration

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

- (a) the interim financial statements and notes are in accordance with the Corporations Act 2001 (Cth), including:
 - (i) giving a true and fair view of the financial position of the Group as at 31 December 2016 and of its performance, for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other applicable accounting standards and the *Corporations Regulations 2001* (Cth); and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Gordon M Cairns, Chairman
Director

Sydney, 16 February 2017



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

We have reviewed the accompanying interim financial report of Origin Energy Limited, which comprises the consolidated interim statement of financial position as at 31 December 2016, consolidated interim income statement and consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the interim period ended on that date, notes to the interim financial statements Overview and A to D4 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Responsibility of the Directors for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Origin Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature of 'KPMG' in black ink, written in a cursive, stylized font.

KPMG

A handwritten signature of 'Duncan McLennan' in black ink, written in a cursive, stylized font.

Duncan McLennan
Partner

Sydney

16 February 2017

Directors' Report for the six months ended 31 December 2016

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 half year ended 31 December 2016 ("the period"). The Operating and Financial Review forms part of this Directors' Report.

Directors

The names of the Directors of the Company holding office during the half year ended 31 December 2016 and up until the date of this Report are as follows:

Gordon M Cairns (Chairman)

Frank G Calabria (Managing Director & Chief Executive Officer) (appointed 19 October 2016)

Grant A King (Managing Director) (retired 19 October 2016)

John H Akehurst

Maxine N Brenner

Bruce W D Morgan

Helen M Nugent

Scott R Perkins

Steven A Sargent

Review of Operations

A review of the operations and results of operations of Origin during the period is set out in the Operating and Financial Review, which is attached and forms part of this Directors' report.

Dividend

The Directors have determined not to pay an interim dividend for the half year ended 31 December 2016.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration made under Section 307C of the *Corporations Act 2001* is attached to and forms part of the Directors' Report for the half year ended 31 December 2016.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 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.

Signed in accordance with a resolution of the Directors:



Mr Gordon M Cairns
Chairman
Sydney, 16 February 2017



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

To: the directors of Origin Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the interim period ended 31 December 2016 there have been:

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

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of Duncan McLennan, written in black ink.

Duncan McLennan
Partner

Sydney

16 February 2017



ORIGIN ENERGY

Operating and Financial Review

For the half year ended 31 December 2016

This report is attached to and forms part of the 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 1.2 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 in Appendix 3 of this OFR. 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.

On 6 December 2016 Origin announced its intention to divest selected upstream conventional assets via an Initial Public Offering (IPO). On 10 August 2015, Origin divested its entire 53.09% interest in Contact Energy. The selected upstream assets and Contact Energy are treated as discontinued operations in Origin's financial statements. Financial information in this report, unless otherwise stated, references total operations including those classified as discontinued, consistent with the way Origin management assesses performance. Note C3 of Origin's accounts contains earnings, cash flow and statement of financial position for Discontinued Operations.

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1. REVIEW OF OPERATIONS

1.1 Results Overview

During the period Origin continued to progress its key priorities of reducing debt and improving returns:

- Completed the APLNG CSG to LNG and conventional Halladale / Speculant projects, marking the end of a multi-year expenditure program and contributing to a significant increase in production, EBITDA and cash flow in the Integrated Gas business.
- Announced intention to divest, via Initial Public Offering (IPO), selected conventional upstream assets (NewCo) to accelerate debt reduction and simplify the Integrated Gas business.
- Progressed asset sales program with the realisation of \$365 million (bringing total asset sale proceeds to \$483 million) from the completion of previously announced sales. Sale processes for Darling Downs pipeline and Stockyard Hill wind development are well underway. The program is on track to reach the target of \$800 million.
- Successfully executed its Energy Markets strategies resulting in:
 - a continuing trend of increasing earnings with higher natural gas volumes and increased volumes and margins in electricity;
 - improved customer experience and retention, and product innovation resulting in increased customer numbers and operating cost reductions;
 - growing renewable energy by contracting additional solar Power Purchase Agreement (PPA) commitments at attractive prices, providing competitive cost of energy on an ongoing basis; and
 - increased sales volumes and margins from Solar & Energy Services.
- Reduced capital expenditure and Origin contribution to APLNG following the completion of growth projects.
- Reduced operating costs with continued focus across the business on operating efficiencies and the benefits of prior head-count reductions.

Progress made during the period positions Origin well for the remainder of 2017 financial year:

- FY2017 Underlying EBITDA range has improved to \$2,450 - \$2,615 million, compared to the previous guidance range of \$2,370 – \$2,615 million (subject to market conditions).
- Remaining Origin contribution to APLNG from 1 January 2017 of \$0.3 billion (\$0.2 billion lower than previous guidance¹ driven by higher revenue and lower capital spend).
- Targeting Adjusted Net Debt well below \$9 billion by 30 June 2017, excluding IPO proceeds should the transaction complete before the end of FY2017.

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Change (\$m)
Statutory Loss	(1,677)	(254)	(1,423)
Underlying EBITDA	1,145	868	277
Underlying Profit	184	254	(70)
Operating cash flow	495	468	27
Adjusted Net Debt	9,143	9,131 ²	12
Interim dividend per share - unfranked	Nil	10.0¢	

2017 Half Year Highlights

- Statutory Loss of \$1,677 million reflecting impairments of \$1,893 million relating to Origin's investments in APLNG, conventional upstream exploration assets held for sale, the Browse Basin and Energía Austral SpA.
- Underlying EBITDA up \$277 million with an increased contribution from all business segments.

¹ Previous guidance of Origin's remaining contribution to APLNG was \$0.6 billion from 1 July 2016 less \$124 million contributed in the six months to 31 December 2016.

² Adjusted Net Debt as at 30 June 2016.

- Underlying profit of \$184 million, down \$70 million driven by a lower contribution from APLNG due to low oil prices resulting in insufficient LNG revenue to cover increased ITDA (interest, tax, depreciation and amortisation).
- Operating cash flow of \$495 million, up \$27 million. Lower net cash flow from operating and investing activities (NCOIA) due to the sale of Contact in the prior period.
- Adjusted net debt flat at \$9.1 billion, targeting debt reduction in 2H FY2017.
- The Board has determined to not pay an interim dividend in respect of earnings for the first half of the financial year.

1.2 Statutory results

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Movement (\$m)
Statutory Loss	(1,677)	(254)	(1,423)
Statutory earnings per share	(95.6¢)	(18.1¢)	(77.5¢)
Items Excluded from Underlying Profit			
Fair value and foreign exchange movements ³	37	(82)	119
LNG items pre revenue recognition ³	(36)	(154)	118
Disposals, impairments and business restructuring ³	(1,862)	(272)	(1,590)
Total Items Excluded from Underlying Profit	(1,861)	(508)	(1,353)
Underlying Profit	184	254	(70)

Statutory loss of \$1,677 million reflects an Underlying Profit of \$184 million and Items excluded from Underlying Profit of -\$1,861 million including impairment of \$1,893 million relating to:

- Origin's share of impairment following APLNG's review of asset carrying values (\$1,031 million)

In determining the carrying value of its assets, APLNG considers a range of project and macro assumptions – including oil price, AUD/USD exchange rates, discount rates and costs. The cumulative net effect of these has reduced the valuation over time but had not warranted a revision by APLNG of the carrying value of its assets until now. Since the last assessment at 30 June 2016, there has been a change in a number of relevant assumptions but principally an increase in US dollar interest rates which caused an increase in the discount rate from 9.0 per cent to 10.2 per cent (pre-tax). As a result, APLNG is now recognising an impairment.

Origin's own assessment of the carrying value of its equity accounted investment in APLNG identified that no further impairment was required, based on the same discount rate as APLNG and using Brent oil price consistent with the forward curve at 31 December 2016 for the short term, stepping up to US\$71/bbl (real) from FY2021 and an AUD/USD exchange rate consistent with the 31 December 2016 forward curve and a long term rate of 0.70 from FY2021. Origin's valuation of its investment in APLNG is sensitive to changes in these assumptions which could impact the financial statements in the future.

- The impairment of the Browse Basin (\$578 million) following an assessment of the likely timing and potential commercialisation of the resource. Based on new information, Origin has formed the view that the Caldita-Barossa fields are now the lead prospects to be developed to backfill Darwin LNG and other commercialisation alternatives are unlikely in the near term.

³ Aggregation of items excluded from Underlying Profit has changed from the prior period

- Upstream exploration assets held for sale (\$170 million). Following a review of the carrying value of the assets to be included in the proposed Initial Public Offering of our conventional gas assets (announced in December 2016) an impairment of exploration assets that primarily offer low growth has been recognised.
- International Development asset Energia Austral SpA in Chile (\$114 million). After an extended sale process, the impairment reflects the reduced prospects of an asset sale proceeding.

Movements in Statutory earnings per share reflect movements in earnings and the effect of a higher weighted average number of shares following the entitlement offer completed during October 2015.

Underlying Profit is derived from Statutory Profit and excludes certain items to provide a more representative view of the ongoing performance of the business. Items Excluded from Underlying Profit are classified into the following categories:

Fair value and foreign exchange movements (\$37 million post-tax):

- Non-cash loss due to the appreciation of the forward oil price following the purchase of oil put options and collars to reduce exposure to low oil prices partly offset by movement into underlying earnings of put option expense⁴ (-\$18 million);
- Financial instruments impacting Energy Markets including environmental certificates (+\$36 million);
- Foreign exchange movements relating to LNG (+\$11 million); and
- Non-cash gain due to higher variable Australian dollar interest rates resulting in a lower net liability on variable to fixed swaps (+\$8 million).

LNG related items pre revenue recognition⁵ (-\$36 million post-tax):

- -\$31 million net financing costs⁶ on the average debt balance relating to the funding of APLNG and interest income received on Mandatorily Redeemable Cumulative Preference Shares (MRCPS). The net financing costs would otherwise be capitalised if the development project was held directly by Origin rather than via an equity accounted investment; and
- Pre-production costs not able to be capitalised (\$5 million).

Disposals, impairments and business restructuring (-\$1,862 million post-tax):

- Impairment \$1,893 million (as described above).
- Gains associated with the asset sales programme (\$71 million).
- Business restructuring costs (\$40 million) including Origin's cost reduction programs (\$12 million) and tax loss write-offs associated with Origin's conventional upstream assets held for sale (\$21 million).

⁴ On 22 December, 2015 Origin announced the purchase of put options over 15 million barrels of oil for the 2017 financial year. Origin has purchased put options over a further 20 million barrels for the 2018 financial year.

⁵ Train 1 costs (including net financing costs) and disproportionate share of costs related to infrastructure assets, were included in Underlying Profit from 1 March, 2016 following Train 1 revenue recognition and Train 2 costs included in Underlying Profit from 5 November, 2016.

⁶ A further \$60 million after tax (\$86 million pre tax) is included in Underlying earnings representing four months of net financing costs related to Train 1 and infrastructure assets. See Appendix 1 for further details

1.3 Underlying financial performance⁷

Financial information in this section, unless otherwise stated, references total operations including those classified as discontinued, consistent with the way Origin management assesses performance. Note C3 of Origin's accounts contains earnings, cash flow and balance sheet information for Discontinued Operations.

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Change (%)
Energy Markets Underlying EBITDA	734	721	2
Integrated Gas Underlying EBITDA	442	137	223
Corporate Underlying EBITDA	(31)	(51)	(39)
Contact Energy	-	61	N/A
Underlying EBITDA	1,145	868	32
Underlying depreciation and amortisation	(300)	(327)	(8)
Underlying share of APLNG ITDA	(400)	(57)	602
Underlying EBIT	445	484	(8)
Underlying net financing costs ⁸	(140)	(46)	204
Underlying Profit before income tax and non-controlling interests	305	438	(30)
Underlying income tax expense	(120)	(170)	(29)
Non-controlling interests' share of Underlying Profit	(1)	(14)	(93)
Underlying Profit	184	254	(28)
Underlying earnings per share	10.5¢	18.1¢	(42)
Interim dividend per share - unfranked	Nil	10.0¢	

Underlying EBITDA increased \$277 million or 32% to \$1,145 million:

- Energy Markets Underlying EBITDA increased \$13 million with underlying growth from natural gas, electricity, LPG and solar & energy services partly offset by low cost ramp gas exiting the market and the impact of a planned maintenance outage at Eraring.
- Integrated Gas Underlying EBITDA increased \$305 million reflecting the commencement of LNG sales (none in the prior period) from APLNG and the commencement of gas sales from Halladale/Speculant.

Depreciation and amortisation decreased \$27 million to \$300 million including the impacts of:

- The sale of Contact Energy in the prior period (\$20 million) and lower Energy Markets (\$6 million), partly offset by
- Integrated Gas (up \$1 million) increased depreciation and amortisation following the commencement of production at Halladale / Speculant offset by ceasing to depreciate and amortise the conventional upstream assets held for sale from 7 December 2016.

Origin's Underlying share of APLNG ITDA increased \$343 million to \$400 million reflecting the commencement of LNG production.

Underlying net financing costs increased \$94 million to \$140 million reflecting:

- net financing costs associated with the funding of Origin's investment in APLNG moving into Underlying financing costs following commencement of LNG sales; and
- ceasing to capitalise interest associated with upstream projects (including the Browse Basin) partly offset by

⁷ Refer to Glossary in Appendix 3 for definitions of terms in the table.

⁸ Refer to Appendix 1 for additional detail.

- the impact of the sale of Origin's interest in Contact Energy in the prior period. Refer to Appendix 1 for additional detail on the Underlying net financing costs.

Underlying Profit decreased \$70 million or 28% to \$184 million.

1.4 Statement of cash flows

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Change (\$m)	Change (%)
Total cash flow from operating activities	495	468	27	6
Cash flow from investing activities				
Capital expenditure	(283)	(403)	120	(30)
APLNG net contribution	(124)	(856)	732	(86)
APLNG – reserve accounts	(127)	-	(127)	N/A
Net disposals / (acquisitions)	365	1,608	(1,243)	(77)
Total cash flow used in investing activities	(169)	349	(518)	(148)
Net cash flow from operating and investing activities (NCOIA)	326	817	(491)	(60)
Cash flow from financing activities				
Net proceeds/(repayment) of debt	(162)	(2,732)	2,570	(94)
APLNG – loan proceeds	127	-	127	N/A
Interest paid	(281)	(320)	39	(12)
Dividends paid	-	(259)	259	(100)
Proceeds from share issue	-	2,496	(2,496)	(100)
Total cash flow from financing activities	(316)	(815)	499	(61)

Total cash flow from operating activities increased 6% or \$27 million to \$495 million. Refer to section 1.5.

Cash flow used in investing activities increased \$518 million to \$169 million primarily due to the sale of Contact in the prior period. Capital expenditure and Origin's net contribution to APLNG have reduced by \$120 million and \$732 million respectively.

APLNG – reserve accounts represents cash provided to APLNG to satisfy project finance debt service reserve account requirements (\$127 million). Upon issue of a bank guarantee to APLNG by Origin, this amount was returned to Origin as a loan (classified as a financing cash flow).

Net cash from operating and investing activities (NCOIA) of \$326 million in the current period along with proceeds returned from APLNG in relation to the funding of reserve accounts (\$127 million) was used to meet interest payments (\$281 million) and repay debt (\$162 million). NCOIA decreased \$491 million due to the sale of Contact in the prior period, partly offset by lower capital expenditure and Origin net contribution to APLNG in the current period.

1.5 Cash flows from operating activities reconciliation

The following table reconciles Underlying EBITDA to Cash Flows from operating activities.

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Change (\$m)	Change (%)
Underlying EBITDA	1,145	868	277	32
Origin's share of APLNG EBITDA	(327)	(18)	(309)	1,717
Exploration expense	44	56	(12)	(21)
Oil Puts premium amortised ⁹	50	-	50	N/A
Oil Forward Sale	(73)	(69)	(4)	6
Change in working capital	(254)	(68)	(186)	274
Oil Puts premium paid ⁹	(64)	(117)	53	(45)
Insurance relating to completion of APLNG	(7)	(37)	30	(81)
Re-structuring costs	(13)	(56)	43	(77)
Other	(57)	(89)	32	(36)
Tax paid	51	(2)	53	N/A
Cash flows from operating activities	495	468	27	6

Cash flows from operating activities increased 6% or \$27 million to \$495 million.

EBITDA adjusted for the non-cash impacts of the contribution from equity accounted APLNG operations, exploration expense, Oil Puts premium amortised and Oil Forward Sale increased \$2 million.

Increased working capital (\$186 million) primarily in the Energy Markets business driven by increased coal and gas inventory and a reduction in creditors, including the impacts of timing of gas deliveries to LNG customers and oil derivative payments. Working capital is expected to decrease in the second half of financial year 2017 relative to current levels.

Lower oil put option premium (\$53 million) reflected a revised hedging strategy and improving forward oil prices.

Operational progress during the period resulted in a \$106 million reduction in costs:

- Lower restructuring (\$43 million) and Other (\$32 million) costs primarily the result of the implementation of efficiencies and head-count reductions in the prior period
- Lower APLNG related insurance following project completion (\$30 million)

⁹ Origin has implemented hedging to protect its ability to reduce debt in a low oil price environment. During the prior period Origin purchased put options for \$117 million covering exposure to 15 million barrels in financial year 2017. In the current period, a combination of put options and collars were purchased for \$64 million covering exposure to 20 million barrels in financial year 2018. The hedging costs are amortised over the period to which the derivatives relate.

1.6 Financial Position and Return on Capital¹⁰

As at	31-Dec-16 (\$m)	31-Dec-15 (\$m)
Net Assets	12,982	15,084
<i>including:</i>		
Investment in APLNG	6,494	6,161
MRCPS ¹¹ issued by APLNG	3,837	4,300
Non-cash fair value uplift	(860)	(1,945)
Adjusted net assets	12,122	13,139
Origin net debt	9,274	9,348
Net derivative liabilities	(213)	(320)
Origin's share of APLNG project finance	4,285	4,217
Capital employed	25,468	26,384
Origin's adjusted EBIT	445	484
Origin's equity share of APLNG interest and tax	113	(10)
Dilution depreciation adjustment	32	-
Adjusted EBIT	590	473

As at 31 December 2016, Origin's capital employed of \$25,468 million includes capital related to APLNG of \$13,756 million, comprising the carrying value of its equity accounted investment (\$6,494 million), the balance of MRCPS (\$3,837 million) and Origin's share of APLNG project finance (\$4,285 million) less the non-cash fair value uplift¹² (\$860 million after the deduction of Origin's share of APLNG impairment) recorded on the creation of APLNG and subsequent share issues to Sinopec. APLNG is ramping up to full operations in a low oil price environment, and as a result, is yet to deliver a meaningful return on capital.

Adjusted EBIT increased \$117 million to \$590 million reflecting increased earnings across all Origin segments, with the commencement of LNG sales resulting in a Dilution depreciation adjustment of \$32 million associated with the Non-cash fair value uplift (reducing the balance of the latter over the expected life of the assets). Lower capital employed reflects the impairments of exploration assets held for sale, upstream investment in the Browse Basin and International Development assets in Chile.

1.7 Funding and capital management

Liquidity

Origin continues to hold sufficient liquidity for all foreseeable funding requirements. During the period Origin extended the maturity of \$4.5 billion of syndicated bank loans by 34 months to October 2021 and redeemed the A\$900 million Subordinated Notes on 22 December 2016.

As at 31 December 2016, Origin held cash and cash equivalents of \$158 million (\$146 million at 30 June 2016) and \$5.7 billion of committed undrawn debt facilities and cash (excluding bank guarantees).

¹⁰ Return on capital (ROCE) in respect of FY2017 remuneration will be treated consistently with the FY2016 Remuneration (REM) report.

¹¹ Mandatory Redeemable Preference Shares (MRCPS).

¹² Refer to definition in Appendix 6.

Adjusted Net Debt

Between 2011 and 2015, Origin raised foreign currency denominated debt in the US and Euro markets. This foreign currency debt was hedged into either AUD or USD using cross currency interest rate swap (CCIRS) derivatives.

Accounting standards require the foreign currency debt and the linked CCIRS derivatives to be disclosed in different lines on the Statement of Financial Position (Balance Sheet). Foreign currency debt is translated at the current market spot rate and classified as interest-bearing liabilities, whilst the associated CCIRS derivatives are measured at current market rates (fair value) and are classified as either derivative assets or derivative liabilities on the Statement of Financial Position. It is the combination of the interest-bearing liabilities and the derivative assets or derivative liabilities that reflect the Company's adjusted net debt position or the quantum of funds the Company is required to repay upon maturity of the debt.

As at 31 December 2016, Origin's interest bearing liabilities on the Statement of Financial Position were \$9,432 million. The associated CCIRS was a net derivative asset of \$131 million on the Statement of Financial Position. Adjusted Net Debt of \$9,143 million increased \$12 million compared to the prior period. Refer to Appendix 2 for additional detail.

As at	31 December 2016 (\$m)	30 June 2016 (\$m)
Total interest bearing liabilities	9,432	9,616
Less: cash and cash equivalents	(158)	(146)
Net Debt	9,274	9,470
Fair value adjustments on FX hedging transactions	(131)	(339)
Adjusted Net Debt	9,143	9,131

Interest rates

Origin's Statutory average interest rate incurred on debt for the current period was 6.5%, consistent with the prior period. The average interest rate reflected in the Underlying finance costs was 6.4% compared to 5.6% in the prior period. During the period Underlying net financing costs included a portion of the costs associated with the funding of Origin's investment in APLNG following commencement of LNG sales. The funding of this investment included hybrid debt incurring a higher interest rate relative to the portfolio average, resulting in a higher underlying interest rate.

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. Origin's New Zealand Dollar debt obligations were converted to Australian Dollar obligations following the sale of Contact Energy in August 2015.

Approximately 61% of Origin's consolidated debt obligations are fixed to 30 June 2017 at an average rate of 6.2% including margin.

APLNG Debt

The total amount drawn down by APLNG from its project finance facility during the period was nil. Interest on the project finance facility of US\$38 million has been capitalised during the current period and US\$130 million has been recorded in the Income Statement. At 31 December 2016, US\$8,462 million of the total US\$8,500 million project finance facility had been drawn.

APLNG Funding

Origin's capital contributions to APLNG were previously made via subscription for AUD Mandatory Redeemable Cumulative Preference Shares (MRCPS) issued by APLNG or ordinary equity investment. On 1 July 2016 APLNG adopted US dollar functional currency for accounting and reporting purposes. At that time APLNG's MRCPS facility of A\$12.9 billion (Origin share A\$4.8 billion) was repaid and cancelled. This was funded by the issue of new USD denominated MRCPS of US\$7.4 billion (Origin share US\$2.8 billion) and capital contributions of US\$2.2 billion (Origin share US\$0.8 billion). No new cash contributions were made by shareholders as part of these changes.

During the period Origin's investment in APLNG was via capital contribution. Origin has a US\$2.8 billion MRCPS receivable as at 31 December 2016. The USD MRCPS earn an effective interest rate of 6.37% per annum. Origin plans to manage the income statement impact of foreign exchange rate gains or losses related to its US dollar denominated MRCPS receivable against exposure to its existing US dollar denominated debt portfolio. Any residual foreign exchange impact will be disclosed outside of underlying earnings.

Share capital

During the current period, Origin issued an additional 1.6 million shares under incentive plans and the total number of shares on issue was 1,755 million at 31 December 2016.

The weighted average number of shares used to calculate basic EPS at 31 December 2016 increased by 347 million to 1,754 million from 1,407 million at 31 December 2015.

1.8 Interim dividend –Nil

As a result of Origin's primary focus on reducing debt, the Board has determined not to pay a dividend in respect of earnings for the first half of the financial year.

2. PROSPECTS AND OUTLOOK FOR FUTURE FINANCIAL YEARS

2.1 Prospects

Origin recently announced the decision to focus on its Energy Markets business and simplified Integrated Gas business. There are three pillars to Origin's strategy built on the foundation of a high performance culture:

1. Reducing debt and improving returns
2. Leadership in Energy Markets – market leading customer experience, growth through renewables and gas, and new energy solutions
3. Leadership in Integrated Gas - largest developer and operator of unconventional gas resources in Australia

Reducing debt and improving returns

- **Maximise earnings and operating cash flow**

Continue the strong performance in the Energy Markets business and increase production, improve operational and capital efficiency in Integrated Gas. Continue to reduce costs through operational improvement programs across all areas of the Company.

- **Limit capital spend**

Capital expenditure (excluding APLNG) is predominantly limited to maintaining existing assets and meeting joint venture and permit commitments and investing in digital capability to improve customer experience and increase operating efficiency.

- **Complete the planned IPO of the conventional upstream business**

The successful completion of the transaction will focus the business, accelerate debt reduction and reduce ongoing capital spend, while retaining gas integration benefits through contractual arrangements with NewCo. The IPO is targeted for 2017.

- **Continue to deliver on the asset sales program**

The sale of infrastructure, wind and geothermal assets totalling \$483 million have been completed, with the Darling Downs pipeline and Stockyard Hill wind development processes well underway and targeted to complete by the end of FY2017. The program is on track to reach the target of \$800 million.

Leadership in Energy Markets

Energy Markets continues to advance key elements of its strategy spanning customers, the integrated wholesale portfolio and new energy solutions, with a vision to become Australia's most trusted energy solutions provider.

The Australian energy market is currently, and expected to continue to be, characterised by a combination of increased amounts of renewable energy entering the market, coal plant closures, and increased natural gas demand driven by the ramp up of LNG exports. This has created a tightening supply/demand balance and increased wholesale prices and volatility in both gas and electricity markets. Origin's integrated portfolio is well positioned in this environment to deliver a competitive cost of energy in both electricity and gas and benefit from volume and duration of gas supply.

Origin is growing its renewable energy supply by actively contracting solar and wind PPA's at prices well below the average of recent years. During the period Origin has executed 275 MW of renewable PPA's. Origin's total PPA portfolio comprises 732 MW commenced to date, 375 MW signed but not yet commenced, and approximately 600 MW being progressed relating to Darling Downs Solar Farm and Stockyard Hill Wind Farm. This growth in renewable supply is expected to benefit Origin's portfolio in the medium term, lowering its average cost of energy.

These trends of increasing wholesale prices and volatility are expected to improve Origin's competitive position compared to retailers with less integrated and flexible portfolios. Origin's short energy and long capacity position, combined with a short REC portfolio, means that Origin's existing generation assets will not be stranded through its growing renewable position, and the gas peaking fleet in particular will benefit from increased electricity price volatility.

Energy Markets' customer strategy is to provide market leading customer experience and service, while targeting high value customers through differentiated products and services. The development of Origin's digital and innovation capabilities will ensure Origin can provide this level of customer experience at an efficient cost.

Origin is targeting ongoing reductions in operating costs across Natural Gas and Electricity cost to serve, generation and LPG through operational excellence and innovation.

For customers, product and service innovations like Solar-as-a-Service, Predictable Plan, batteries and metering services will be a priority. The continued success and growth of the LPG, Solar, Centralised Energy Services and Acumen businesses underpin Origin's aspiration to expand the multi-product holdings of customers and increase customer life time value.

Leadership in Integrated Gas

Origin has announced a planned IPO of its conventional upstream business. This will focus the Integrated Gas business on its unconventional onshore activities. Origin is Australia's largest onshore unconventional gas developer and has clear scale and capability in exploring, developing and producing these resources. Importantly, Origin will retain the gas integration benefits associated with the conventional upstream assets through contractual arrangements with NewCo.

Origin continues to build resilience to low oil prices with the key priorities being to:

- Protect Origin's ability to repay debt by reducing downside oil price risks whilst maintaining substantial oil price upside exposure.
- Continue execution momentum at APLNG, in particular
 - fulfilling the two train operational 90 day project finance lenders' test and other completion tests to release the remaining shareholder guarantees; and
 - improve operating and capital efficiency.
- Secure new high value markets for spot and strip sales and LNG backfill opportunities.

APLNG

The APLNG project has commenced production from Trains 1 and 2, with 87 cargoes loaded to date, the majority under long term Sale and Purchase Agreements with Sinopec and Kansai. The 120 day Train 1 project finance lenders' test was successfully completed, with the plant performing above design nameplate capacity resulting in the release of 60% of shareholder guarantees relating to APLNG's US\$8.5 billion project finance facility. The focus now shifts to ensuring the successful completion of the 90 day two train lenders' test and securing the release of the remaining shareholder guarantees (US\$3.4 billion) in the first half of FY2018.

Origin's remaining contribution to APLNG is expected to be \$0.3 billion from 1 January 2017, \$0.2 billion lower than previous guidance¹³.

Well costs have declined in line with original expectations and Origin remains focused on further cost reductions through the adoption of new well technology and innovation.

¹³ Previous guidance of Origin's remaining contribution to APLNG was \$0.6 billion from 1 July 2016 less \$124 million contributed in the six months to 31 December 2016.

Building a high performance culture

Origin recognises that having the right people and establishing a high performance culture is integral to successfully executing priorities and will:

- Build the capability and culture to deliver with a focus on our purpose, values and behaviours.
- Develop our leaders.
- Leverage diversity for performance and innovation by increasing indigenous and female participation.
- Increase local procurement and activity to encourage more staff to live locally.
- Focus on customer and community centricity across Origin through the introduction of participation programmes for all our employees.

2.2 Outlook

Origin's FY2017 Underlying EBITDA range has improved to \$2,450 - \$2,615 million¹⁴, compared to the previous guidance range of \$2,370 – \$2,615 million (subject to market conditions):

- **Energy Markets Underlying EBITDA is expected to be \$1,440 - \$1,500 million**, compared to the previous guidance range \$1,440 - \$1,540 million. Natural Gas gross profit to increase relative to FY2016 and prior guidance due to increased Business sales volumes and margins. Electricity gross profit to increase relative to FY2016 due to margin expansion, however lower than previously guided due to extreme weather conditions in February. Record Queensland system demand (February month to date average maximum 11% higher than previous record¹⁵) leading to a short position combined with higher wholesale energy prices. Cost to serve to be in line with FY2016 with operating efficiencies offset by increased acquisition/retention activity.
- **E&P Underlying EBITDA is expected to be \$350- \$400 million**, in line with previous guidance. The contribution in the second half of FY2017 is expected to be higher (subject to IPO timing) than the first half of FY2017 reflecting a full 6 month contribution of Halladale/Speculant production and lower exploration expense.
- **LNG Underlying EBITDA is expected to be \$730– \$780 million** compared to the previous guidance range \$650 - \$750 million. LNG Underlying EBITDA includes earlier revenue recognition (from November 2016) as a result of Train 2 commencing production earlier than expected, and lower gas sales to QGC, partly offset by lower effective Australian Dollar oil prices and higher capitalised revenue in the first half FY2017 compared to prior guidance.

The contribution in the second half of FY2017 is expected to be higher than the first half of FY2017 reflecting two trains in operation, and expected higher effective Australian Dollar oil prices through the second half compared to the first half FY2017, partly offset by the planned first year shutdown of Train 1 during the second half of FY2017.

- **Corporate Underlying EBITDA is expected to be (\$65) – (\$70) million** compared to the previous guidance range (\$70) – (\$75) million.

Underlying Depreciation & Amortisation (ex-APLNG) will be lower in the second half of FY2017 relative to the first half of FY2017. On 6 December 2016 Origin announced its intention to divest its conventional upstream business by IPO, resulting in the classification of this business as “held for sale” and a “discontinued operation” in Origin’s statutory accounts. As such, the depreciation and amortisation of this business ceased on this date. Total depreciation in the first half of FY2017 was \$300 million, of which \$133 million was attributed to around five months of operations associated with the conventional upstream business.

¹⁴ Based on US\$52.33 per barrel and AUD/USD exchange rate of \$0.73. For APLNG the effective oil price for oil linked LNG sales will incorporate the lag in oil prices associated with LNG Sale and Purchase Agreements. Previous guidance based on average oil price of US\$52.90/bbl and AUD/USD exchange rate of \$0.74

¹⁵ Source: AEMO

Underlying APLNG ITDA will be higher in the second half of FY2017 relative to the first half of FY2017 due to a full six month contribution from both LNG trains.

Underlying net financing costs will be higher in the second half of FY2017 relative to the first half of FY2017 due to a full six month contribution from both LNG trains. All APLNG net finance costs previously excluded from Underlying Profit will be recognised in Underlying Profit in the second half of FY2017.

Underlying NPAT in FY2017 is expected to be in the range of \$480- \$590million.

Excluding potential IPO proceeds, targeting Adjusted Net Debt well below \$9 billion by 30 June 2017, driven by an expected increase in operating cash flow in the second half, including a reduction in working capital. Cash flow in the second half is also expected to reflect the completion of Origin's targeted \$800 million asset sales program and Origin's remaining contribution to APLNG of \$0.3 billion (\$0.2 billion lower than previous guidance¹⁶).

¹⁶ Previous guidance of Origin's remaining contribution to APLNG was \$0.6 billion from 1 July 2016 less \$124 million contributed in the six months to 31 December 2016.

3. REVIEW OF SEGMENT OPERATIONS

3.1 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, improve customer experience and increase customer lifetime value. Energy Markets has a diverse portfolio of gas and coal supply contracts, and operates one of Australia's largest, most flexible and diverse generation portfolios. In addition, Energy Markets is increasing its investment in renewable energy across both solar and wind opportunities.

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Change %
Total Segment Revenue ¹⁷	6,026	5,629	7%
Underlying EBITDA	734	721	2%
Segment Result	576	557	3%
Underlying EBIT margin	10.7%	11.2%	
Cash flow from operating activities	501	621	(19%)
Capital expenditure	154	116	33%
Net cash flow from operating and investing activities	662	505	31%

Underlying EBITDA increased \$13 million to \$734 million with increased contributions from Electricity gross profit (\$22 million), LPG (\$13 million), Solar & Energy Services (\$7 million) and lower Electricity and Natural Gas Operating Costs (\$1 million), partly offset by a reduced contribution from Natural Gas gross profit (\$30 million).

Increased Electricity gross profit reflects margin improvement in both retail and business customer segments, partly offset by a planned 1 in 20 year maintenance outage at Eraring and the cost of operational contracts associated with recently sold assets.

Lower Natural Gas gross profit reflects the impact of low cost ramp gas supplies leaving the market and a lower realised oil price on sales to LNG producers, partly offset by increased volumes and margins.

Lower Electricity and Natural Gas Operating Costs reflect a reduction in customer Maintenance Costs of \$8 million partly offset by an increase in customer Acquisition and Retention costs of \$7 million to grow customer numbers.

Underlying EBIT margin decreased to 10.7% from 11.2% primarily due the contraction in Natural Gas Gross Profit and a higher proportion of sales to Business customers in the Electricity segment at lower relative margins.

Net cash flow from operating and investing activities increased by \$157 million to \$662 million reflecting the successful sale of the Mortlake gas pipeline for \$243 million and the Cullerin range wind farm for \$72 million, partly offset by lower cash flow from operating activities and higher capital expenditure.

Cash flow from operating activities decreased \$120 million to \$501 million. EBITDA growth was more than offset by unfavourable working capital movements and higher capital expenditure. Collection performance continues to improve, with debtor days reducing by 2 in the current period. However, working capital was negatively impacted (\$150 million) by increased coal and gas inventory and a reduction in creditors, including the impacts of timing of gas deliveries to LNG customers and oil derivative payments. Working capital is expected to decrease in the second half of financial year 2017 relative to current levels.

¹⁷ Refer to Glossary in Appendix 3.

Capital expenditure of \$154 million increased by \$38 million compared to the prior period, due to a major planned maintenance outage at Eraring (\$45 million), with a higher proportion of total financial year capital expenditure occurring in the first half of the year.

3.1.1 Natural Gas

Half year ended 31 December	2016	\$/GJ	2015 ¹⁸	\$/GJ	Change %	Change (\$/GJ)
Volumes Sold (PJ)	120.9		113.9		6	
Retail (Consumer & SME)	24.5		24.2		1	
Business	74.6		60.1		24	
Total external volumes	99.1		84.3		17	
Internal Sales (Generation)	21.9		29.6		(26)	
Revenue (\$m)	1,090	11.0	1,006	11.9	8	(0.9)
Retail (Consumer & SME)	554	22.6	534 ¹⁹	22.1	4	0.5
Business	536	7.2	471	7.8	14	(0.6)
Cost of goods sold (\$m)	(823)	(8.3)	(709)	(8.4)	16	0.1
Network Costs	(358)	(3.6)	(361)	(4.3)	(1)	0.7
Energy Procurement Costs	(466)	(4.7)	(348)	(4.1)	34	(0.6)
Gross Profit (\$m)	267	2.7	297¹⁹	3.5	(10)	(0.8)
Gross Margin %	24.5%		29.6%		(17.5)	
Period-end customer accounts ('000)	1,106		1,077		3	
Average customer accounts ('000)	1,099		1,077		2	
\$ Gross profit per customer	243		276		(12)	

Natural Gas sales volumes increased 6% or 7 PJ to 120.9 PJ. Business customer volumes increased 14.5 PJ or 24%, with sales to LNG producers increasing by 20 PJ to 36 PJ. Volumes supplied for internal generation reduced 8 PJ or 26%, with the gas being utilised for sales to LNG producers.

Natural Gas revenue rates declined by \$0.90/GJ to \$11/GJ. Lower Business revenue rates were driven by increased sales to LNG producers at a lower average rate than the remainder of Business sales, including the effect of a lower realised oil price. Higher Retail revenue rates reflect the recovery of higher wholesale energy prices.

Energy Procurement Costs increased \$0.60/GJ to \$4.70/GJ largely reflecting the impact of low cost ramp gas leaving the market.

Natural Gas Gross Profit decreased by 10% or \$30 million to \$267 million reflecting the impact of low cost ramp gas supplies leaving the market (\$50 million) and lower realised oil price on sales to LNG producers (\$20 million), partly offset by increased domestic customer volumes and margins (\$40 million).

Gross Profit unit margin decreased \$0.80/GJ to \$2.70/GJ predominantly due the impact of low cost ramp gas leaving the market.

¹⁸ Osborne gas sales re-classified as internal due to new operational agreement. As a result prior period external sales volumes, revenues and costs have been revised with no impact on gross profit.

¹⁹ The period ending 31 December 2015 has been re-stated to reflect a change in the treatment of other income, which is now treated as an offset to Electricity and Natural Gas Operating Costs.

Retail Natural Gas volumes sold

Half year ended 31 December (PJ)	2016	2015	Change (PJ)	Change %
NSW	5.1	4.4	0.7	16.6
Victoria	14.8	15.1	(0.3)	(2.1)
Queensland	1.5	1.6	(0.0)	(3.1)
South Australia	3.0	3.1	(0.1)	(2.4)
Total Retail volumes	24.5	24.2	0.3	1.2

3.1.2 Electricity

Half year ended 31 December	2016	\$/MWh	2015 ²⁰	\$/MWh	Change %	Change (\$/MWh)
Volumes Sold (TWh)	19.4		18.6		4	
Retail (Consumer & SME)	9.2		9.4		(2)	
Business	10.2		9.3		10	
Revenue (\$m)	3,867	199.6	3,571	191.7	8	7.9
Retail (Consumer & SME)	2,482	270.4	2,419 ²¹	258.6	3	11.8
Business	1,381	135.6	1,121	121.0	23	14.7
Externally Contracted Generation	3		31		(91)	
Cost of goods sold (\$m)	(3,172)	(163.7)	(2,899)	(155.6)	9	(8.1)
Network Costs	(1,863)	(96.2)	(1,808)	(97.1)	3	0.9
Wholesale Energy Costs	(1,205)	(62.2)	(960)	(51.5)	26	(10.7)
Generation Operating costs	(103)	(5.3)	(130)	(7.0)	(21)	1.7
Energy Procurement Costs	(1,309)	(67.6)	(1,090)	(58.5)	20	(9.0)
Gross Profit (\$m)	695	35.9	673²¹	36.1	3	(0.2)
Gross Margin %	18.0%		18.9%		(4.7)	
Period-end customer accounts ('000)	2,740		2,760		(1)	
Average customer accounts ('000)	2,740		2,768		(1)	
\$ Gross profit per customer	254		243		4	

Electricity volumes increased by 0.8 TWh or 4% to 19.4 TWh. Energy Markets successfully increased Business volumes by 0.9 TWh, while Retail volumes decreased by 0.2 TWh predominantly reflecting milder weather.

Electricity revenue unit rates increased by \$7.90/MWh or 8%, reflecting higher wholesale market energy prices in both the Retail and Business segments.

Energy Procurement Costs increased \$9.0/MWh (compared to black and green wholesale market increases of approximately \$18/MWh) reflecting higher gas and coal fuel costs, rising pool prices and contract prices, the impact of the planned Eraring outage for one in 20 year maintenance, and the cost of contracts for recently sold assets.

²⁰ Prior period restated to better reflect the recognition of volumes, revenues and costs associated with feed-in volumes from solar customers with no impact on gross profit.

²¹ The period ending 31 December 2015 has been re-stated to reflect a change in the treatment of other income which is now treated as an offset to Electricity and Natural Gas Operating Costs.

Generation Operating Costs decreased \$27 million reflecting the end of the Worsley Joint Venture and underlying cost reductions through operational efficiencies.

Electricity Gross Profit increased by 3% or \$22 million reflecting margin improvement in both customer segments (\$78 million), partly offset by a planned 1 in 20 year maintenance outage at Eraring (\$41 million) and the cost of contracts for previously owned assets (\$15 million)

Gross Profit unit margin decreased \$0.20/MWh to \$35.90/MWh reflecting a higher proportion of lower margin Business volumes which more than offset the impact of margin expansion in both customer segments.

Retail Electricity volumes sold

Half year ended 31 December (TWh)	2016	2015	Change (TWh)	Change (%)
NSW	4.5	4.5	(0.0)	(0.2)
Victoria	1.7	1.9	(0.3)	(13.8)
Queensland	2.5	2.4	0.1	4.8
South Australia	0.5	0.5	(0.0)	(2.2)
Total Retail volumes	9.2	9.4	(0.2)	(1.8)

Generation portfolio

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

Half year ended 31 December	Nameplate Capacity (MW)	Type ²²	Equivalent Reliability Factor ²³	Capacity Factor	Electricity Output (GWh)	Pool Revenue (\$m)	Pool Revenue (\$/MWh)
Eraring	2,880	Black Coal	88.7%	46%	5,841	322	55
Darling Downs	644	CCGT	98.5%	52%	1,490	95	64
Osborne	180	CCGT	100.0%	41%	322	45	139
OCGT	2,037	OCGT	93.7%	6%	556	87	157
Shoalhaven	240	Pump/Hydro	91.6%	5%	57	7	121
Cullerin Range*	30	Wind	93.0%	60%	5	0	87
Internal Generation	6,011		91.5%		8,272	557	67
Renewable PPA's	732	Solar / Wind	n.a.	37%	1,209		

Origin generated 8.3 TWh of electricity from its internal generation portfolio (10.3 TWh in the prior period) representing 42% (53% in the prior period) of Origin's 19.4 TWh of Electricity volumes sold. Output from Eraring decreased by 1.1 TWh to 5.8 TWh reflecting the planned 1 in 20 year maintenance outage. Output from Origin's gas-fired generation fleet decreased by 0.8 TWh to 2.4 TWh reflecting decreased availability of low cost ramp gas.

During the period Origin contracted 1.2 TWh of renewable energy power purchase agreements. New agreements for 275 MW have been entered into during the period, being a further 35 MW as part of the Clare Solar development in North Queensland, 220 MW Bungala solar development in South Australia, 11 MW Lakeland solar development in far north Queensland and 11 MW Degrussa solar development in Western

²² OCGT = Open cycle gas turbine; CCGT = Combined cycle gas turbine.

²³ Availability for Eraring = Equivalent Availability Factor (which takes into account de-ratings).

Australia. These new PPA's have been signed at prices well below the average of recent years and continue to pivot the portfolio to a renewable future.

3.1.3 Electricity and Natural Gas Operating Costs

Half year ended 31 December	2016	2015 ²⁴	Change	Change %
Cost to maintain (\$ per average customer ²⁵)	(59)	(61)	2	(3)
Cost to acquire/retain (\$ per average customer)	(16)	(14)	(2)	15
Elec & Natural Gas Cost to Serve²⁶ (\$ per average customer²⁵)	(75)	(75)	0	(0)
Maintenance Costs (\$m)	(220)	(229)	8	(4)
Acquisition & Retention Costs ²⁵ (\$m)	(59)	(52)	(7)	14
Elec & Natural Gas Operating Cost (\$m)	(280)	(281)	1	(0)

Electricity and Natural Gas Operating Costs decreased by \$1 million driven by a \$8 million decrease in Maintenance costs partly offset by a \$7 million increase in Acquisition and Retention Costs.

The reduction in customer Maintenance Costs reflects ongoing productivity improvements and outsourcing arrangements reducing labour and property costs.

The increase in customer Acquisition and Retention Costs reflects an increase in total sales (customer wins and retains) of 60,000, resulting in a 17,000 increase in customer accounts during the period.

Paperless billing increased, with around 1.7 million customer accounts now taking up e-billing (54% increase) and 0.9 million customers accounts paying by direct debit (26% increase).

Improvements in customer experience have led to a reduction in Ombudsman complaints from 3.9 to 2.6 (per 1,000 customers), and an increase in the Interaction Net Promoter Score (NPS)²⁷ of 4 points to +13.4.

3.1.4 LPG

Half year ended 31 December	2016	2015	Change %
Volumes (kt)	233	242	(4)
Revenue (\$m)	331	322	(3)
Cost of Goods Sold (\$m)	(221)	(214)	3
Gross Profit (\$m)	109	109	1
Operating Costs (\$m)	(61)	(73)	(16)
Underlying EBITDA (\$m)	48	35	36

LPG Gross Profit was maintained at \$109 million. Gross profit was maintained with margin on retail sales volumes in the Pacific region offsetting reduced margin on wholesale volumes in Australia.

Operating costs decreased \$12 million resulting in an underlying EBITDA increase of \$13 million or 36% reflecting ongoing cost reduction initiatives.

²⁴ The period ending 31 December 2015 has been re-stated to reflect a change in the treatment of other income which is now treated as an offset to Electricity and Natural Gas Operating Costs.

²⁵ Customer wins (HY17:286,000; prior corresponding period: 258,000) and retains (HY17: 734,000; prior corresponding period: 702,000) and represents Cost to Serve per average customer account, excluding serviced hot water accounts.

²⁶ 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.

²⁷ Refer to Glossary in Appendix 3.

3.1.5 Solar & Energy Services

Half year ended 31 December	2016	2015	Change %
Revenue (\$m)	75	69	9
Cost of Goods Sold (\$m)	(38)	(41)	(7)
Gross Profit (\$m)	37	28	31
Operating Costs (\$m)	(33)	(32)	5
Underlying EBITDA (\$m)	4	(4)	(198)

Solar & Energy Services sales volumes increased from the prior period:

- Solar sales of 23 MW in the current period (up 14MW on the prior period)
- Centralised Energy Services customer accounts increased by 16,000 to 126,000
- Origin's Acumen metering business deployed 22,000 electricity meters and 8,000 serviced hot water meters in the current period, with 39,000 billable electricity meters and 54,000 billable serviced hot water meters now installed

Solar & Energy Services underlying EBITDA increased by 198% or \$7 million to \$4 million. The growth in EBITDA was predominantly due to an increased solar contribution from reduced module costs, reduced costs of legacy inverter claims not covered under warranties and growth in home product sales. Centralised Energy Services and Acumen Metering also increased their contributions due to growing customer accounts and billable meters.

3.1.6 Natural Gas, Electricity and LPG customer accounts

Origin's customers increased 17,000 during the period reflecting the loss of 1,000 Electricity customers and the addition of 18,000 Natural Gas customers.

Customer account movement

Customer Accounts ('000)	31 December 2016			30 June 2016			Change
	Electricity	Natural Gas	Total	Electricity	Natural Gas	Total	
NSW ²⁸	1,233	260	1,493	1,240	252	1,492	1
Victoria	761	165	926	761	160	921	5
Queensland	561	481	1,041	566	478	1,044	(3)
South Australia ²⁹	185	201	386	174	199	372	14
Total	2,740	1,107	3,846	2,741	1,089	3,830	17

As at 31 December 2016, Origin's penetration of dual fuel (Electricity and Natural Gas) customer accounts was 35.4%, increasing from 34.9% at 30 June 2016 reflecting Origin's continued focus on high value dual fuel customers. As at 31 December 2016, Origin had 390,000 LPG customer accounts, an increase of 3,000 accounts from 30 June 2016.

3.1.7 Capital Expenditure

Capital expenditure of \$154 million was an increase of \$38 million from the prior period, due to a planned major maintenance outage at Eraring (\$45 million), expenditure towards the replacement of the Business customer billing system and a higher proportion of total financial year capital expenditure occurring in the first half of the year.

²⁸ Australian Capital Territory (ACT) customer accounts are included in New South Wales.

²⁹ Northern Territory customers are included in South Australia.

3.2 Integrated Gas

Integrated Gas includes Origin's E&P and LNG operations.

LNG includes Origin's 37.5% equity accounted share of the results of APLNG and Origin's activities and transactions arising from its operatorship of the APLNG upstream operations and management of Origin's exposure to LNG pricing risk.

In Origin's Financial Statements, the financial performance of APLNG is equity accounted. Consequently, revenue and expenses from APLNG do not appear on a line by line basis in the Integrated Gas segment result. Origin's share of APLNG's Underlying EBITDA is included in the Underlying EBITDA of the Integrated Gas segment. Origin's share of APLNG'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 APLNG's Underlying net profit after tax is included in the Underlying EBIT and Segment Result lines.

E&P includes exploration and production interests 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.

Origin has announced its intention to divest via IPO its conventional upstream business supplying Australian and New Zealand domestic markets. For details, refer to the announcement dated 6 December 2016.

Half year ended 31 December	2016			2015			Change (%)
	E&P (\$m)	LNG (\$m)	Integrated Gas (\$m)	E&P (\$m)	LNG (\$m)	Integrated Gas (\$m)	
Underlying EBITDA	155	287	442	116	21	137	223
Segment Result	22	(208)	(186)	(20)	(43)	(63)	195
Cash flow from operating activities	107	(90)	17	53	(155)	(102)	(117)
Exploration expense	44	-	44	56	-	56	(21)
Capital expenditure	115	5	120	245	17	262	(54)
Contribution to APLNG	-	124	124	-	856	856	(86)
Net cash flow from operating and investing activities ³⁰	3	(347)	(344)	(184)	(1,029)	(1,213)	(72)

Strong operational performance delivered increased production, EBITDA and cash flow from operating activities:

- The APLNG project completed during the period and the first cargo was produced from Train 2 on 8 October.
- Strong APLNG upstream performance with production increasing 76% to meet downstream requirements.
- Completion of the Halladale / Speculant project in the Otway Basin resulted in a 12% increase in production from E&P operations.
- Underlying EBITDA increased \$305 million or 223% to \$442 million reflecting increased production.
- The Segment Result decreased \$123 million to a loss of \$186 million with low oil prices following the commencement of LNG sales resulting in insufficient revenue to cover increased ITDA and the recognition of net financing costs (\$86 million) associated with the funding of Origin's investment in APLNG.

³⁰ Includes cash (classified as investing activity) provided to APLNG to satisfy Project Finance reserve requirements (\$127 million) via bank guarantee returned to Origin as a loan (classified as financing activity).

- Net cash flow from operating and investing activities increased by \$869 million reflecting Origin's lower contribution to APLNG following the completion of the export project and ramp up of LNG production, higher EBITDA and lower capital expenditure within E&P as growth projects completed, and lower cash costs associated with oil hedging.

3.2.1 LNG

LNG financial performance

LNG financial performance includes Origin's share of APLNG. APLNG's financial performance during the period reflected the recognition of a six month contribution from Train 1 of its CSG-LNG export project, and a two month contribution from Train 2 with revenues relating to APLNG Train 2 recognised in the income statement from November 2016.

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Change (\$m)
APLNG Underlying EBITDA (Origin share)	327	18	309
LNG (other)	(40)	3	(43)
LNG Underlying EBITDA	287	21	266
APLNG Underlying ITDA (Origin share)	(400)	(57)	(343)
LNG D&A expense	(9)	(7)	(2)
Origin's net financing costs	(86)	-	(86)
LNG Segment Result	(208)	(43)	(165)
Cash flow from operating activities	(90)	(155)	65

Underlying LNG EBITDA increased \$266 million reflecting:

- Higher share of APLNG EBITDA (\$309 million) following the commencement of LNG production and sales (\$334 million) partly offset by the impact of lower oil prices on APLNG's lower gas sales to QGC (\$27 million); and
- Lower LNG (other), primarily due to the expensing of Oil Puts hedging net of pay-out (\$36 million).

The LNG segment result decreased \$165 million primarily reflecting:

- Decrease in Origin's share of APLNG Underlying NPAT (\$33 million) with LNG sales revenue insufficient to offset the associated increase in ITDA due to the impact of a low oil price (effective oil price of US\$42 per barrel for contracted volumes);
- The impact of oil hedging implemented by Origin to protect the ability to reduce debt (\$36 million); and
- The movement into Underlying earnings (from Items excluded from Underlying Profit in HY2016) of a portion of Origin's net financing costs associated with the funding of Origin's investment in APLNG following recognition of LNG sales (\$86 million).

Cash flow from operating activities increased \$65 million to (\$90 million) reflecting a decrease in oil hedging costs (\$53 million).

APLNG Production, Sales and Revenue

Operating Performance	Total APLNG (PJe)	Origin share (PJe)	Total APLNG (PJe)	Origin share (PJe)
	Half year ended 31 Dec 2016		Half year ended 31 Dec 2015	
Production Volumes	294	110	167	63
Natural Gas (domestic)	111	42	158	59
Natural Gas (LNG feed gas)	182	68	9	4
Sales Volumes	291	109	155	58
Natural Gas	120	45	155	58
LNG	171	64	0	0
Sales Volumes Net³¹	271	102	110	41
Natural Gas	109	41	110	41
LNG	162	61	0	0

Total APLNG production increased by 127 PJe or 76% to 294 PJe, to meet LNG Train demand. Domestic volumes decreased reflecting a reduction in short term ramp sales to maximise LNG production.

Further information regarding production, sales volumes and revenues is provided in Origin's December 2016 Quarterly Production Report, available at www.originenergy.com.au.

APLNG Underlying financial performance

Financial performance (\$ million)	31 December 2016		31 December 2015	
	100% APLNG	Origin share	100% APLNG	Origin share
Operating revenue	1,475		229	
Operating expenses	(603)		(180)	
Underlying EBITDA	872	327	49	18
D&A expense	(770)		(182)	
Net financing expense	(391)		(16)	
Income tax benefit	90		44	
Underlying ITDA	(1,071)	(402)	(154)	(58)
Underlying Result	(199)	(73)	(105)	(40)

APLNG Project

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

APLNG 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.

³¹ Sales volumes are net of 20 PJe of capitalised sales (31 Dec 2015: 45 PJe).

Project performance and key milestones

The APLNG Project is now 100% complete as at 31 December 2016 with minor project close out work remaining for the Downstream project.

APLNG successfully completed the 120 day Train 1 operational lenders test with the plant performing above design nameplate capacity and met all other requirements of the Train 1 project finance lenders' test resulting in the release of US\$5.1 billion (60 per cent) of shareholder guarantees relating to APLNG's \$US8.5 billion project finance facility.

During the period, commissioning of Train 2 was completed with first cargo produced on 8 October 2016, and completion of the Bechtel Performance Test and hand-over of the plant to the Operator on 12 December 2016. Train 2 has performed in line with expectations, and continues to ramp up LNG production in advance of the two train 90 day lenders test in the first half of financial year 2018.

During the period, production from operated fields was increased to meet LNG train demand with average production from operated assets increasing to 1,175 TJ/d in the December 2016 quarter from 689TJ/d in the December 2015 quarter.

During the period a total of 45 produced LNG cargoes were loaded and shipped from the APLNG facility on Curtis Island, including to Sinopec and Kansai in accordance with their respective long term Sales and Purchase Agreements.

Key Accomplishments / Milestones

The following table reports progress against the key goals and milestones Origin outlined in its full year 2016 financial year Operating and Financial Review:

Goals	Plan	Actual Progress
Train 1 project finance lenders' tests met and 60% of shareholder guarantees released	Q2 FY17	Accomplished
First Cargo from Train 2	Q2 FY17	Accomplished
Train 2 revenue recognition	Q3 FY17	Accomplished Q2 FY17

Key Project goals and milestones for the 2017 financial year

The following table reports key remaining milestones.

Key Goals and Milestones	FY17 Plan
Train 2 project finance lenders' tests met and remaining shareholder guarantees released	H1 FY2018

Capital expenditure and funding

Origin's net contribution to APLNG during the period was \$124 million.

No draw down of the project finance facility by APLNG occurred during the period. Project finance facility interest of US\$167 million was incurred during the period of which US\$38 million was capitalised. At 31 December 2016, US\$8,462 million of the project finance facility had been drawn.

3.2.2 Exploration and Production

Production, Sales and Revenue

Half year ended 31 December	2016	2015	Change (%)
Total Production (PJe)	44.2	39.5	12
Total Sales (PJe)	51.5	42.8	20
Revenue (\$m) ³²	360	307	17
Underlying EBITDA	155	116	34
Cash flow from operating activities	108	53	104

Origin's share of total production increased 4.7 PJe to 44.2 PJe due to higher Otway Basin production (6.1 PJe) following the commencement of production from Halladale / Speculant, partly offset by lower deliverability and natural field decline at Otway, and lower Bass Basin production (1.0 PJe) due to planned statutory maintenance shutdown.

Sales volumes increased 8.7 PJe to 51.5 PJe due to increased production and use of inventory to meet higher gas nominations at Cooper Basin. Commodity Sales Revenue increased by \$53 million or 17% to \$360 million, in-line with higher sales volumes.

E&P EBITDA increased \$39 million to \$155 million primarily due to commencement of production from Halladale / Speculant and lower exploration expense.

Cash flow from operating activities increased \$55 million to \$108 million due to higher EBITDA adjusted for non-cash exploration expense (\$26 million), and lower working capital requirements in the current period (\$29 million).

Costs of goods sold and Stock movement

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Change %
Cost of goods sold	(39)	(40)	(3)
Stock movement	(24)	2	N/A

Stock movement reflects a reduction in gas inventory due to higher customer nominations in the period within the Cooper Basin.

³² Includes gain/(loss) – forward sale and hedging of \$17 million in current period (\$19 million prior period).

Expenses

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Change %
Royalties, tariffs and freight	(42)	(21)	100
General operating costs	(95)	(104)	(9)
Exploration expense	(44)	(56)	21
Total expenses	(181)	(181)	(0)

Total expenses of \$181 million were in-line with the prior period with an increase in royalties, tariffs and freight (\$21 million) driven by higher sales volumes and revenue, offset by decreased exploration expense (\$12 million) and lower general operating costs (\$9 million). Exploration expense included the write-off of T/34P following application for consent to surrender the exploration permit (\$26 million) and Crowes Foot 3D offshore seismic survey acquisition (\$11 million) in the current period and the \$53 million write-off of Vietnam in the prior period.

Further information regarding production, sales volumes and revenues is provided in Origin's December 2016 Quarterly Production Report, available at www.originenergy.com.au.

Capital Expenditure

Capital expenditure decreased \$130 million from the prior period following the completion of development projects across the Otway, Bass and Cooper basins. Capital expenditure for the period of \$115 million included:

- Otway including Halladale / Speculant – \$40 million;
- Cooper Basin – \$16 million;
- Beetaloo Basin farm-in – \$14 million;
- Bass Basin: \$12 million; and
- Other assets \$33 million.

Operations

Production and Development

Origin's producing operations include assets in the Bass and Otway Basins off the south coast of Victoria, the Cooper Basin in central Australia the Perth Basin in Western Australia and the Taranaki Basin in New Zealand.

Origin's development activities during the year reflected actions taken by Origin to limit capital expenditure to completing projects that have commenced and utilise existing infrastructure.

In the Otway Basin, the Halladale and Speculant fields achieved first gas on 26 August 2016 resulting in increased production at the Otway Gas Plant.

In the Perth Basin, the non-operated Stage 1A Waitsia gas field project achieved first gas on 24 August 2016. Stage 1A comprised the installation of new infrastructure to connect Waitsia-1 and Senecio-3 gas wells to the Xyris Production Facility (XPF).

During the planned maintenance shutdown at BassGas, the compressor piping was successfully tied in, and production is now flowing via the new compressor and condensate module bypass piping. The compression and condensate modules are expected to come online late in the 2017 financial year.

Exploration and Appraisal

Development and appraisal activities within Australia and New Zealand during the period were confined to joint venture and permit commitments.

In the Otway Basin, the Crowes Foot 3D offshore seismic survey was acquired during the period in exploration permit VICP/69. The processing of the 3D seismic data is underway. The Enterprise 2 3D seismic acquisition commenced in January in the offshore exploration permit VIC/P42(V).

In the Beetaloo Basin, hydraulic fracture stimulation and extended production test of the Amungee NW-1H well was completed in the period confirming the existence of moveable hydrocarbons. The third vertical well in the program, Beetaloo W-1 well in EP117 reached total depth in the period.

As part of Origin's obligations under the CBOS Farm-in Agreements entered into in 2014, Origin committed to a multi well work programme in the Cooper Basin. In fulfilment of the farm-in obligations, the hydraulic fracture stimulation and extended production test of the Ethereal-1 exploration well in PEL 637 was partially completed with further evaluation work planned.

3.3 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.

Origin's net financing costs (excluding costs relating to LNG operations) and tax are recorded in the Corporate segment.

Financial Performance

Half year ended 31 December	2016 (\$m)	2015 (\$m)	Change (%)
Underlying EBITDA	(31)	(51)	(39)
Segment Result ³³	(206)	(251)	(18)
Capital expenditure	8	17	(53)
Net cash flow from operating and investing activities	9	1,479	(99)

- Lower Underlying EBITDA loss due to functional cost savings.
- Segment Result includes non-APLNG Underlying net financing costs of \$54 million and Underlying income tax expense of \$120 million.
- Net cash flow from operating and investing activities decreased due to the prior period sale of Origin's interest in Contact Energy (\$1,599 million).

³³ The Corporate Segment Result includes interest and tax relating to discontinued operations.

APPENDIX 1 – NET FINANCING COSTS

Half year ended 31 December	2016	2015	Change
Statutory Net Financing Cost – total operation			
Total interest charged by other parties	(293)	(341)	48
Impact of discounting on long term provisions	(7)	(8)	1
Capitalised interest	7	46	(39)
Total interest expense	(293)	(303)	10
MRCPS interest income	108	92	16
Other interest income	-	1	(1)
Statutory Net financing costs	(185)	(210)	25
Average interest rate³⁴	6.5%	6.5%	0.0%
Items excluded from Underlying Net Financing Costs relating to funding of APLNG			
Total interest expense	(68)	(256)	188
MRCPS interest income	23	92	(69)
Net financing costs relating to funding of APLNG	(45)	(164)	119
Average interest rate³⁴	6.8%	6.8%	0.0%
Underlying Net Financing Cost – total operations			
Total interest charged by other parties (excluding costs associated with funding of APLNG)	(54)	(85)	31
Total interest charged by other parties (costs associated with funding of APLNG)	(171)	-	(171)
Impact of discounting on long term provisions	(7)	(8)	1
Capitalised interest	7	46	(39)
Total interest expense	(225)	(47)	(178)
MRCPS interest income (in Underlying)	85	-	85
Other interest income	-	1	(1)
Underlying Net financing costs	(140)	(46)	(94)
Average interest rate³⁴	6.4%	5.6%	0.8%
Average interest rate³⁴ (excluding costs associated with funding of APLNG)	5.5%	5.6%	(0.1%)
Underlying Net Financing Cost – discontinued operations			
Underlying Net financing costs	(6)	(15)	9
Average interest rate³⁴	5.5%	6.9%	(1.4%)

³⁴ Average interest rate calculated using total interest charged by other parties

APPENDIX 2 – RECONCILIATION OF ADJUSTED NET DEBT

	Issue Currency	Issue Notional	Hedged Currency	Hedged Notional	AUD \$m Dec-16	AUD \$m Dec-16	AUD \$m Dec-16
					Interest- bearing liabilities	Fair value adjustments on FX hedging transactions	Adjusted net debt
AUD debt	AUD	1,280	AUD	1,280	1,280	0	1,280
USD Debt left in USD	USD	850	USD	850	1,175	0	1,175
USD debt swapped to AUD	USD	895	AUD	1,004	1,244	(240)	1,004
EUR debt swapped to AUD	EUR	2,700	AUD	3,727	4,040	(313)	3,727
EUR debt swapped to USD	EUR	1,000	USD	1,372	1,456	441	1,897
NZD debt swapped to AUD	NZD	246	AUD	218	237	(19)	218
Total					9,432	(131)	9,301
Cash and cash equivalents							(158)
Adjusted net debt							(9,143)

APPENDIX 3– 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
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 earnings per share	Statutory profit divided by weighted average number of shares.
Cash flows from operating activities	Statutory cash flows from operating activities as disclosed in the Cash Flow Statement of the Origin Consolidated Financial Statements.
Cash flows used in investing activities	Statutory cash flows used in investing activities as disclosed in the Cash Flow Statement of the Origin Consolidated Financial Statements.
Cash flows from financing activities	Statutory cash flows from financing activities as disclosed in the Cash Flow Statement of the Origin Consolidated Financial Statements
External revenue	Revenue after elimination of intersegment sales on consolidation as disclosed in the Income Statement of the Origin Consolidated Financial Statements
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.
Statutory net financing costs	Interest expense net of interest income as disclosed in the Origin Consolidated Financial Statements.

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 1.2. The key Non-IFRS Financial Measures included in this report are defined below.

Term	Meaning
Current period	6 months ended 31 December 2016.
Prior period	6 months ended 31 December 2015.
Underlying Profit	Underlying net profit after tax and non-controlling interests as disclosed in note A1 of the Origin Consolidated Financial Statements.
Underlying earnings per share	Underlying profit/loss divided by weighted average number of shares.
Items excluded from Underlying Profit	<p>Items that do not align with the manner in which the Managing Director reviews the financial and operating performance of the business which are excluded from Underlying Profit. Items excluded from Underlying Profit are categorised as:</p> <p>Fair value and foreign exchange movements – reflecting the impact of mark to market movements on financial assets and liabilities from period to period</p> <p>LNG related items before revenue recognition – primarily comprising net financing costs incurred (but unable to be capitalised) in funding Origin's investment in APLNG which relate to the period prior to revenue recognition for each of the two LNG Trains.</p> <p>Disposals, impairments and business restructuring – reflecting the impact of actions and decisions to dispose, acquire, revalue or restructure the company's assets and business operations.</p>
Total Segment Revenue	Total revenue for the Energy Markets, Integrated Gas, 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 APLNG).
Underlying EBITDA	Underlying earnings before underlying interest, underlying tax, underlying depreciation and amortisation (EBITDA) as disclosed in note A1 of the Origin Consolidated Financial Statements.
Underlying depreciation and amortisation	Underlying depreciation and amortisation as disclosed in note A1 of the Origin Consolidated Financial Statements.
Underlying EBIT	Underlying earnings before underlying interest and underlying tax (EBIT) as disclosed in note A1 of the Origin Consolidated Financial Statements.
Underlying income tax expense	Underlying income tax expense as disclosed in note A1 of the Origin Consolidated Financial Statements.
Underlying net financing costs	Underlying interest expense net of interest income as disclosed in note A1 of the Origin Consolidated Financial Statements.
Underlying profit before tax	Underlying profit before tax as disclosed in note A1 of the Origin Consolidated Financial Statements.
Underlying share of ITDA	The Group's share of underlying interest, underlying tax, underlying depreciation and underlying amortisation (ITDA) of equity accounted investees as disclosed in note A1 of the Origin Consolidated Financial Statements.
Underlying ROCE	<p>Underlying ROCE is calculated as Adjusted EBIT / Average Capital Employed.</p> <ul style="list-style-type: none"> Average Capital Employed = Shareholders Equity + Origin Debt + Origin's Share of APLNG project finance + Non-cash fair value uplift + net derivative liabilities. The average is a simple average of opening and closing in any year. Adjusted EBIT = Origin Underlying EBIT and Origin's share of APLNG Underlying EBIT + Dilution Adjustment = Statutory Origin EBIT adjusted to remove the following items: a) Items excluded from underlying earnings; b) Origin's share of APLNG underlying interest and tax; and c) the depreciation of the Non-cash fair value uplift adjustment. In contrast, for remuneration purposes Origin's statutory EBIT is adjusted to remove Origin's share of APLNG statutory interest and tax (which is included in Origin's reported EBIT) and certain items excluded from underlying earnings. Gains and losses on disposals and impairments will only be

Term	Meaning
	excluded subject to Board discretion. The Remuneration Report provides specific details.
Gross Profit	Revenue less cost of goods sold.
Adjusted Net Debt	Net Debt adjusted to remove fair value adjustments on hedged borrowings.
Non-cash fair value uplift	Reflects the impact of the accounting uplift in the asset base of APLNG of \$1.9 billion which was recorded on the creation of APLNG and subsequent share issues to Sinopec. This balance will be depreciated in APLNG's income statement on an ongoing basis and, therefore, a dilution adjustment is made to remove this depreciation. The non-cash fair value uplift adjustments are disclosed and explained in Note C1.2 of the financial statements.
TRIFR	Total Recordable Incident Frequency Rate.

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% 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% 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% 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% 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% 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

Term	Meaning
NPS	Net Promoter Score (NPS) is a measure of customers' propensity to recommend Origin to friends and family
Oil Forward 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.

Interpretation

All comparable results reflect a comparison between the current period and the prior period ended 31 December 2015, unless specifically stated otherwise.

A reference to APLNG is a reference to APLNG Pty Limited in which Origin holds a 37.5% shareholding. Origin's shareholding in APLNG 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.

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.