

Origin Energy Finance Limited

**Financial Statements
30 June 2014**

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Directors' Declaration

Independent Auditor's Report

Origin Energy Finance Limited

Directors' Report

For the year ended 30 June 2014

The Directors of Origin Energy Finance Limited (the **Company**) present their report together with the financial statements for the year ended 30 June 2014 and the auditor's report thereon.

Directors

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

Frank G Calabria

Grant A King

Karen A Moses

Frank G Calabria

Frank Calabria was appointed Director of the Company on 19 May 2011. Frank joined Origin as Chief Financial Officer in November 2001 and was appointed Chief Executive Officer Energy Markets in March 2009. In this role, Frank is responsible for the integrated operations within Australia including power generation and natural gas, electricity and LPG trading and retailing.

Prior to joining Origin, Frank held roles with Pioneer International Limited, Hanson plc and Hutchison Telecommunications. Frank is a director of the Energy Supply Association of Australia. He has a Bachelor of Economics from Macquarie University and a Master of Business Administration (Executive) from the Australian Graduate School of Management. Frank is also a Fellow of the Institute of Chartered Accountants of Australia and a Fellow of the Financial Services Institute of Australasia.

Grant A King

Grant King was appointed Director of the Company on 19 May 2011 and has been the Managing Director of the parent entity (Origin Energy Limited) since Origin Energy Limited's demerger from Boral Limited in February 2000. He was Managing Director of Boral Energy from 1994 until the demerger.

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

Origin Energy Finance Limited

Directors' Report

For the year ended 30 June 2014

Grant has a Civil Engineering degree from the University of New South Wales and a Master of Management from the University of Wollongong.

Karen A Moses

Karen Moses was appointed Director of the Company on 19 May 2011 and has been an Executive Director of the parent entity (Origin Energy Limited) since March 2009. She is responsible for the finance, tax and accounting functions, interactions with capital markets and for information technology. In addition she oversees corporate strategy and transactional activity, and overall risk including health, safety and environment, commodity risk, compliance and insurance. Karen also sits on the Boards of APLNG and Contact Energy and oversees Origin's international development opportunities.

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

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

Company Secretaries

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

Andrew C Clarke

Helen Hardy

Andrew C Clarke

Andrew Clarke was appointed Company Secretary of the Company on 19 May 2011. Andrew joined the parent entity (Origin Energy Limited) in May 2009 and is responsible for the company secretarial and legal functions.

He was a partner of a national law firm for 15 years and was Managing Director of a global investment bank for more than two years prior to joining Origin. Andrew has a Bachelor of Laws (Hons) and a Bachelor of Economics from Sydney University.

Origin Energy Finance Limited

Directors' Report

For the year ended 30 June 2014

Helen Hardy

Helen Hardy was appointed Company Secretary of the Company on 19 May 2011. Helen joined the parent entity (Origin Energy Limited) in March 2010.

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

Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

<i>Director</i>	<i>Number of Board meetings attended</i>	<i>Number of Board meetings held during the time the director held office during the year</i>
F G Calabria	4	5
G A King	4	5
K A Moses	5	5

Principal activities

The principal activity of the Company during the year was that of a financing entity.

Operating and financial review

The net profit for the year was \$31,404,000 (2013: \$10,560,000).

In October 2013, the Company issued €800 million eight year Medium Term Notes. The Notes have a coupon of 3.5 per cent and will mature in October 2021. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries. Distributions are payable annually.

In October 2013, the Company also issued US\$800 million Notes in the United States 144A market. The Notes are due in October 2018 with a coupon of 3.5 per cent payable semi-annually. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries.

Origin Energy Finance Limited

Directors' Report

For the year ended 30 June 2014

On 19 December 2013, the Company issued US\$150 million Notes in the United States Private Placement market. The notes are in two tranches and due to mature in 2020 and 2023. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries.

The proceeds from the above facilities have been lent to the parent entity, Origin Energy Limited (OEL) on similar terms and conditions plus a margin.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year ended 30 June 2014 other than the funding discussed above.

Dividends

The Directors have not declared or recommended a dividend during the financial period (2013: Nil).

Events subsequent to reporting date

There has not arisen in the period between 30 June 2014 and the date of these financial statements any item, transaction or event of a material nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial periods.

Likely developments

The Company intends to continue to operate as a financing entity.

Environmental regulation

The Company was established as a financing entity, and, as such, whilst the Company is subject to various environmental regulations, they have no impact on its operations.

Directors' interests

The Directors do not have any shares, or options over unissued shares, in the Company.

Indemnities and insurance for directors and officers

Under OEL constitution, OEL may indemnify current and past directors and officers for losses or liabilities incurred by the person as a director or officer of the Company or its related bodies corporate to the extent allowed under law. The constitution also permits OEL to purchase and maintain a directors' and officers' insurance policy. No indemnity has been granted to an auditor of OEL in their capacity as auditor of the Company.

Origin Energy Finance Limited

Directors' Report

For the year ended 30 June 2014

OEL has entered into agreements with current Directors and certain former Directors whereby it will indemnify those Directors from all losses or liabilities in accordance with the terms of the constitution.

The agreements stipulate that OEL will meet the full amount of any such liabilities, including costs and expenses to the extent allowed under law. OEL is not aware of any liability having arisen, and no claims have been made during or since the year ended 30 June 2014 under these agreements.

During the year, OEL has paid insurance premiums in respect of directors' and officers' liability, and legal expense insurance contracts for the year ended 30 June 2014.

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

The Company itself has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Company, nor have any applications been made in respect of the Company under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

The auditor's independence declaration is attached to, and forms part of, the Directors' Report for the financial year ended 30 June 2014.

Rounding off

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

Signed in accordance with a resolution of Directors:



Karen A Moses
Director

Sydney, 28 August 2014



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

To: the directors of Origin Energy Finance Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

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

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'Alison Kitchen'.

Alison Kitchen
Partner

Sydney

28 August 2014

Origin Energy Finance Limited
Statement of Comprehensive Income
for the year ended 30 June

	Note	2014 \$000	2013 \$000
Revenue			
Interest income	2	247,953	117,419
Other income	2	21	857
Expenses			
Interest expense	2	(203,111)	(103,190)
Profit before income tax		44,863	15,086
Income tax expense	3	(13,459)	(4,526)
Profit for the period		31,404	10,560
Other comprehensive income for the period		-	-
Total comprehensive income for the period		31,404	10,560

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

Origin Energy Finance Limited
Statement of Financial Position
as at 30 June

	Note	2014 \$000	2013 \$000
Current assets			
Other receivables	4	80,933	30,200
Total current assets		80,933	30,200
Non-current assets			
Other receivables	4	5,464,512	3,210,321
Deferred tax assets	7	949	698
Total non-current assets		5,465,461	3,211,019
Total assets		5,546,394	3,241,219
Current liabilities			
Trade and other payables	5	80,933	35,947
Total current liabilities		80,933	35,947
Non-current liabilities			
Interest-bearing liabilities	6	5,422,128	3,193,343
Total non-current liabilities		5,422,128	3,193,343
Total liabilities		5,503,061	3,229,290
Net assets		43,333	11,929
Equity			
Share capital	8	150	150
Retained earnings		43,183	11,779
Total equity		43,333	11,929

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

Origin Energy Finance Limited
Statement of Changes in Equity
for the year ended 30 June

\$'000	Share capital	Retained earnings	Total equity
Balance as at 1 July 2013	150	11,779	11,929
Other comprehensive income	-	-	-
Profit after tax expense for the period	-	31,404	31,404
Total comprehensive income for the period	-	31,404	31,404
Balance as at 30 June 2014	150	43,183	43,333
Balance as at 1 July 2012	150	1,219	1,369
Other comprehensive income	-	-	-
Profit after tax expense for the period	-	10,560	10,560
Total comprehensive income for the period	-	10,560	10,560
Balance as at 30 June 2013	150	11,779	11,929

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

Origin Energy Finance Limited
Statement of Cash Flows
for the year ended 30 June

		2014 \$000	2013 \$000
Cash flows from operating activities			
Interest received		146,757	78,077
Interest paid		(146,757)	(78,077)
Net cash from operating activities	10	-	-
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		2,153,135	1,771,811
Loans to parent entity		(2,153,135)	(1,771,811)
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		-	-
Effect of exchange rate changes on cash		-	-
Cash and cash equivalents at the end of the period		-	-

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

Origin Energy Finance Limited

Notes to the financial statements

1. Statement of significant accounting policies

Origin Energy Finance Limited (the Company) is a company domiciled in Australia. The financial statements of the Company are for the year ended 30 June 2014.

The address of the Company's registered office is Level 45 Australia Square, 264-278 George Street, Sydney, NSW, Australia, 2000.

The Company is a for-profit entity and the core business of the Company is that of a financing entity. The Company holds Euro denominated capital securities listed on the London Stock Exchange Regulated Main Market, Euro denominated Medium Term Notes listed on the Singapore Exchange Securities Trading Limited and the Luxembourg Stock Exchange and United States (US) dollar denominated Senior Unsecured Notes issued in the United States 144A market and the United States Private Placement market.

(A) Statement of compliance

The Company is a public company limited by shares and the financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth). The financial statements of the Company comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 28 August 2014.

(B) Basis of preparation

The financial statements are presented in Australian dollars, which is the functional currency of the Company. Unless otherwise stated all reference to '\$' refers to Australian dollars.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. The Company has not elected to early adopt any accounting standards and amendments.

The financial statements are prepared on the historical cost basis.

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

(C) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. There were no significant estimates or judgements made in the preparation of the financial report.

(D) Segment reporting

Due to the nature of the business being a finance company, the Company has one operating segment.

Origin Energy Finance Limited

Notes to the Financial Statements

1. Statement of significant accounting policies (continued)

(E) Other receivables

Other receivables are initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost less accumulated impairment losses.

(F) Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of borrowings on an effective interest basis. Interest expense is recognised in the statement of comprehensive income.

(G) Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any related income tax benefit.

(H) Interest income

Interest income in the statement of comprehensive income comprises interest receivable on funds/loans and is recognised as it accrues.

(I) Income tax

Income tax on the profit and loss for the period comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax receivable/payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recorded is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation legislation

The Company is a member of the Australian tax-consolidated group comprising the ultimate holding company, Origin Energy Limited, and its wholly owned Australian subsidiaries.

Consistent with *UIG1052 Tax Consolidated Accounting*, the head entity, Origin Energy Limited, recognises all of the current tax assets and liabilities of the tax-consolidated group (after elimination of intra-group transactions), as well as deferred tax assets arising from tax losses and credits.

Subsidiaries (including the Company) are required to recognise deferred tax assets other than those arising from tax losses, as well as all deferred tax liabilities.

Origin Energy Finance Limited

Notes to the Financial Statements

1. Statement of significant accounting policies (continued)

(I) Income tax (continued)

The entities in the Origin Energy Limited tax-consolidated group have entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity, resulting in the Company recognising a receivable/(payable) to related parties equal in amount to the tax liability/(asset) assumed.

(J) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the Company's functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(K) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2014, and have not been applied in preparing these financial statements. The Company has reviewed these standards and interpretations, and has determined none of these standards and interpretations materially impact the Company.

Origin Energy Finance Limited
Notes to the Financial Statements
for the year ended 30 June

	2014	2013
2. Profit	\$000	\$000
Profit before income tax		
Interest income from related parties	247,953	117,419
Net foreign exchange gain	21	857
Interest expense	(203,111)	(103,190)
Profit before income tax	44,863	15,086
3. Income tax expense		
Current tax expense	13,710	5,410
Deferred tax benefit	(251)	(884)
Total income tax expense in the statement of comprehensive income	13,459	4,526
Reconciliation between tax expense and pre-tax net profit		
Profit before income tax	44,863	15,086
Income tax using the domestic corporation tax rate of 30%	13,459	4,526
Adjustments to income tax expense	-	-
Income tax expense on pre-tax net profit	13,459	4,526

Origin Energy Finance Limited
Notes to the Financial Statements
as at 30 June

4. Other receivables	2014	2013
	\$000	\$000
Current		
Receivables from parent entity	80,933	30,200
	80,933	30,200
Non-Current		
Loans to parent entity	5,422,128	3,193,343
Receivables from parent entity	42,384	16,978
	5,464,512	3,210,321

Refer to note 12 for further details.

5. Trade and other payables

Current		
Accrued interest	80,933	30,200
Payable to parent entity	-	5,747
	80,933	35,947

6. Interest-bearing liabilities

Non-current		
Euro denominated Capital Securities	720,405	697,973
US\$ denominated Senior Unsecured Notes	1,529,077	534,276
Euro denominated Medium Term Notes	3,172,646	1,961,094
	5,422,128	3,193,343

Euro denominated Capital Securities

On 16 June 2011, the Company issued €500 million Capital Securities (non convertible preference shares) on the London Stock Exchange. The securities are classified as non-current borrowings for accounting purposes and mature after 60 years, with redemption possible by the Company after seven years or twelve years or any distribution payment date thereafter. Semi annual distributions are payable on 16 June and 16 December at a rate of 7.875 per cent per annum for the first seven years and thereafter at reset or floating rates in accordance with the terms of the prospectus. The Capital Securities are guaranteed on a subordinated basis by Origin Energy Limited.

Euro denominated Medium Term Notes

On 11 October 2012, the Company issued €500 million seven year Medium Term Notes under its Euro Medium Term Note Program. The Notes have a coupon of 2.875 per cent and will mature on 11 October 2019. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries. Distributions are payable annually. The Notes are listed on the Singapore Stock Exchange.

On 5 April 2013, the Company issued €150 million ten year Medium Term Notes under its Euro Medium Term Note Program. The Notes have a coupon of 3 per cent and will mature on 5 April 2023. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries. Distributions are payable annually. The Notes are listed on the Luxembourg Stock Exchange.

Origin Energy Finance Limited
Notes to the Financial Statements
as at 30 June

6. Interest-bearing liabilities (continued)

On 23 April 2013, the Company issued €750 million seven and a half year Medium Term Notes under its Euro Medium Term Note Program. The Notes have a coupon of 2.50 per cent and will mature in October 2020. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries. Distributions are payable annually. The Notes are listed on the Singapore Stock Exchange.

On 4 October 2013, the Company issued €800 million eight year Medium Term Notes. The Notes have a coupon of 3.5 per cent and will mature in October 2021. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries. Distributions are payable annually. The Notes are listed on the Singapore Stock Exchange and the Luxembourg Stock Exchange.

US\$ denominated Senior Unsecured Notes

On 14 October 2011, the Company issued US\$500 million Notes in the United States 144A market. The Notes are due on 14 October 2021 with a coupon of 5.45 per cent payable on 14 April and 14 October until 14 October 2021. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries.

On 9 October 2013, the Company issued US\$800 million Notes in the United States 144A market. The Notes are due in October 2018 with a coupon of 3.5 per cent payable semi-annually. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries.

On 19 December 2013, the Company issued US\$150 million Notes in the United States Private Placement market. The Notes are in two tranches and due to mature in 2020 and 2023. The Notes are guaranteed by Origin Energy Limited and certain of its subsidiaries.

	2014	2013
7. Tax assets and liabilities	\$000	\$000
Movement in temporary differences during the period		
Deferred tax asset/(liability) at the beginning of the period	698	(186)
Recognised in statement of comprehensive income - borrowing costs	251	884
Deferred tax asset at the end of the period	<u>949</u>	<u>698</u>

8. Share capital

Issued and paid-up capital		
15,000,002 ordinary shares, fully paid	<u>150</u>	<u>150</u>

On incorporation of the Company on 19 May 2011, 2 ordinary fully paid shares were issued for \$1 each to Origin Energy Limited. On 10 June 2011, 15,000,000 ordinary fully paid shares were issued for \$0.01 each to Origin Energy Limited.

Origin Energy Finance Limited
Notes to the Financial Statements

8. Share capital (continued)

Terms and conditions

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

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

The Euro denominated capital securities are non convertible preference shares and therefore treated as debt, refer to note 6.

9. Auditors' remuneration

Audit fees for the audit of the Company are borne by Origin Energy Limited, the parent entity of Origin Energy Finance Limited.

**10. Notes to the statement of cash flows
for the year ended 30 June**

	2014 \$000	2013 \$000
Reconciliation of profit to net cash provided by operating activities		
Profit for the period	31,404	10,560
Adjustments to reconcile profit to net cash provided by operating activities:		
Net financing income	(44,842)	(14,229)
Net foreign exchange gain	(21)	(857)
Changes in assets and liabilities:		
• Receivables	(31,276)	(22,401)
• Payables	44,986	27,811
• Deferred taxes	(251)	(884)
Total adjustments	(31,404)	(10,560)
Net cash provided by operating activities	-	-

Origin Energy Finance Limited
Notes to the Financial Statements
as at 30 June

11. Financial instruments

(a) Financial assets

The Company classifies its financial assets in the following categories: loans and receivables. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets, except for amounts expected to be settled within 12 months after the reporting date, which are classified as current assets. Loans and receivables are classified as 'other receivables' in the statement of financial position (note 4).

Recognition

Loans and receivables are carried at amortised cost using the effective interest method.

The carrying amounts and fair values of the non-current receivables are as follows:

	Carrying value		Fair value	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Loans to parent entity	5,422,128	3,193,343	6,182,796	3,955,999
Receivables from parent entity	42,384	16,978	37,732	14,540
	5,464,512	3,210,321	6,220,528	3,970,539

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:

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

For these 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. These instruments are in Level 2 of the fair value hierarchy as they are valued using inputs other than quoted prices that are observable for the instrument, either directly (as prices) or indirectly (derived from prices).

The carrying amounts of the Company's non-current receivables include exposure to the following currencies:

	2014	2013
	\$000	\$000
Euro	3,958,423	2,684,396
US dollar	1,563,687	549,025
	5,522,110	3,233,421

The above balances exclude transaction costs which are denominated in Australian dollars.

Origin Energy Finance Limited
Notes to the financial statements
as at 30 June

11. Financial instruments (continued)

(b) Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out under the direction of the Board of Directors. Financial risks are identified, evaluated and hedged via transactions undertaken with the parent entity.

(i) Market risk

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from the future interest payments on long-term borrowings, and recognised assets and liabilities (including foreign receivables and borrowings).

To manage the foreign exchange risk arising from the future principal and interest payments required on foreign currency denominated long-term borrowings, the Company executes transactions with its parent entity in the same currencies. Accordingly, the Company's post-tax profit and other equity are not subject to significant foreign exchange rate risk.

(ii) Credit risk

The Company's financial assets are receivables from the parent entity, Origin Energy Limited. The Company has assessed the ability of the parent entity to meet its financial obligations to Origin Energy Finance Limited, noting Origin Energy Limited and its controlled entities within the Origin Energy Limited Deed of Cross Guarantee have sufficient operating cash flow, liquid assets and access to committed, undrawn debt facilities to meet the current and future obligations of the Company.

(iii) Liquidity risk

All interest and principal payments and other financial obligations of the Company are met by the parent entity on the Company's behalf.

(iv) Interest rate risk (cash flow and fair value)

All interest costs are hedged through offsetting transactions with the parent entity. The Company has no net exposure to interest rate risk.

(c) Capital risk management

The Company's capital structure is aligned to its objectives as a funding vehicle.

Origin Energy Finance Limited
Notes to the financial statements
as at 30 June

11. Financial instruments (continued)

(d) Interest-bearing liabilities

	2014 \$000	2013 \$000
Euro denominated Capital Securities	720,405	697,973
US\$ denominated Senior Unsecured Notes	1,529,077	534,276
Euro denominated Medium Term Notes	3,172,646	1,961,094
Total interest-bearing borrowings	5,422,128	3,193,343

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the reporting date are as follows:

Six months or less	-	-
Six to twelve months	-	-
One to five years	845,333	-
Over five years	4,576,795	3,193,343
	5,422,128	3,193,343

The remaining contractual maturity of non-current borrowings is as follows:

One to two years	-	-
Two to five years	845,333	-
Over five years	4,576,795	3,193,343
Total interest-bearing borrowings	5,422,128	3,193,343

The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying value		Fair value	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Euro denominated Capital Securities	720,405	697,973	786,141	729,241
US\$ denominated Senior Unsecured Notes	1,529,077	534,276	1,662,135	578,986
Euro denominated Medium Term Notes	3,172,646	1,961,094	3,393,486	1,956,159
	5,422,128	3,193,343	5,841,762	3,264,386

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:

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

For these 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. These instruments are in Level 1 of the fair value hierarchy as they are valued using quoted prices (unadjusted) in active markets for identical instruments.

Origin Energy Finance Limited

Notes to the financial statements

11. Financial instruments (continued)

(d) Interest-bearing liabilities (continued)

The carrying amounts of the Company's borrowings include exposure to the following currencies:

	2014 \$000	2013 \$000
Euro	3,918,030	2,676,810
US dollar	1,542,389	539,782
	5,460,419	3,216,592

The above balances exclude transaction costs which are denominated in Australian dollars.

12. Related party disclosures

Origin Energy Finance Limited is a subsidiary of Origin Energy Limited.

Origin Energy Limited and a number of its controlled entities provide services to entities within the Origin Energy Limited Group, including the Company, such services include corporate related activities such as accounting, tax and treasury activities.

The transactions between the Company and the Origin Energy Limited Group are:

- The Company has a foreign currency intercompany receivable from Origin Energy Limited equal to the Company's external debt obligations and associated costs, plus a margin.
- The Company has an intercompany receivable from Origin Energy Limited equal to the Company's share capital balance, refer to note 8 for the details of issued share capital.
- The Company is a subsidiary member of the Origin Energy Limited Australian tax-consolidated group and has entered into a tax funding arrangement, refer to note 1(I).
- Origin Energy Limited and certain of its subsidiaries guarantee the Company's interest-bearing liabilities, refer to note 6.

The Company has no direct employees, all employees who perform work for the Company are employed by the parent entity, Origin Energy Limited.

The Company acts as guarantor to several debt arrangements held by Origin Energy Limited. As at 30 June 2014, there were no amounts drawn under these guarantees.

Key management personnel are remunerated by Origin Energy Limited. No incremental remuneration has been provided to the key management personnel in consideration for their roles and responsibilities as they relate to the Company due to the limited incremental services required to perform these roles and responsibilities in excess of the requirements of providing services in their roles as key management personnel of the consolidated parent entity. As such, no key management personnel of the Company receives short-term employee benefits, post-employment benefits, other long-term employee benefits, termination benefits, or share-based payments directly from the Company.

13. Subsequent events

There has not arisen in the period between 30 June 2014 and the date of these financial statements any item, transaction or event of a material nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial periods.

Directors' Declaration

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

- 1 The 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 Company as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (Cth).
- 2 The financial report also complies with International Financial Reporting Standards as disclosed in note 1 of the financial statements.
- 3 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:



Karen A Moses
Director

Sydney, 28 August 2014



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

We have audited the accompanying financial report of Origin Energy Finance Limited (the Company), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1(A), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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

Independence

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

(continued overleaf)



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

Auditor's opinion

In our opinion:

- (a) the financial report of Origin Energy Finance Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(A).

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'Alison Kitchen'.

Alison Kitchen
Partner

Sydney

28 August 2014