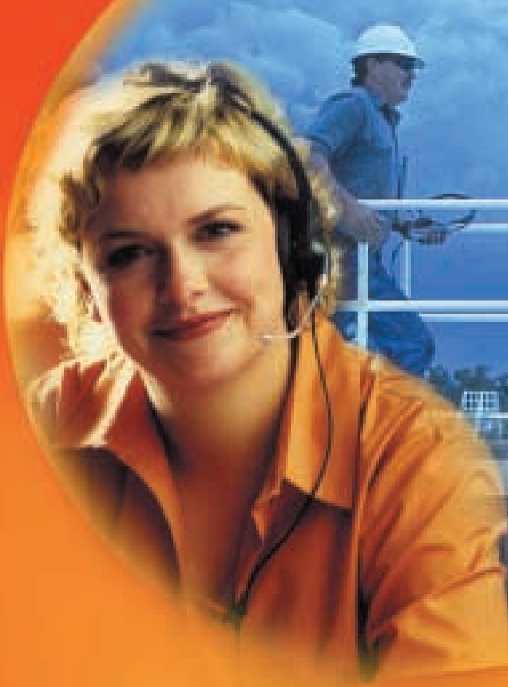

Half Yearly Report to Shareholders

For the half year ended
31 December 2001

Origin energy

Half Year in Brief

- *Revenue up 46% to $1237.5 million*
- *EBITDA up 24% to $192.6 million*
- *Profit after tax up 10% to $54.7 million*
- *Increased capital expenditure of $138.4 million mainly funded growth projects*
- *$197 million raised through Share Placement and Share Purchase Plan*
- *Strong balance sheet with net debt to equity of 35%*
- *Fully franked interim dividend of two cents per share payable on 22 March 2002*

Share Sale Facility
Shareholders with registered holdings of 10,000 shares or less will be entitled to participate in a Share Sale Facility. This will enable these shareholders to sell 5% of their holding free of brokerage at market price. Shareholders who participated in the share buy back in 2001 will directly receive details of the facility. Other shareholders with 10,000 shares or less can participate by contacting the share registry on 1300 664 446 on or before 12 April 2002.

Shareholders with unmarketable parcels (less than 170 shares) will be able to use the facility to sell the whole of their holding.

On line Annual Report
As part of our aim to continually improve shareholder services, shareholders may now access the Origin Energy annual report on line. The benefits to shareholders include cost savings and the faster delivery of information. Reducing the number of paper reports also helps the environment. Those shareholders who wish to take advantage of this service should contact the share registry on 1300 664 446 for more information or complete and mail the form enclosed.

Note: Except where otherwise stated, comparison figures quoted refer to the December 2001 half year against the December 2000 half year.

Dear Shareholders

Origin Energy (Origin) achieved a profit after tax (PAT) of $54.7 million for the six months ended 31 December 2001, a 10.4% increase on the profit in the previous corresponding period.

Origin's earnings before interest, tax, depreciation and amortisation (EBITDA) were up 24.1% to $192.6 million. This result reflects a significant increase in contribution from Retail and Trading, which more than offset small reductions in Upstream and Generation earnings.

Total revenue increased by 45.5% to $1,237 million primarily on the back of increased sales revenue in the Retail business.

The main factors contributing to the result were:

- a strong contribution from the electricity retail business in Victoria following the acquisition of the Powercor retail business in June 2001;
- a significant improvement in the performance of the LPG business due mainly to lower supply costs resulting from a reduction in world oil prices;
- reduced contribution from oil production due to reductions in volumes produced and lower realised prices reflecting lower world oil prices;
- reduced contribution from merchant generation operations as a result of lower prices compared to the previous corresponding period; and
- increased interest costs reflecting additional borrowings used to fund the company's development and acquisition program.

Tax expense increased from $20.6 million to $25.8 million primarily reflecting the non-deductibility of amortisation of electricity licences and contracts acquired from Powercor.

Earnings per share on the expanded capital of the company for the December 2001 half was steady at 8.7 cents.

Funding and Capital Management

The company's balance sheet remains strong with a net debt to equity ratio of 35% as at 31 December 2001. This compares with 55% as at 30 June 2001. The company undertook capital raisings of $123 million by a private placement in July 2001 and $74 million through a share purchase plan in September 2001. These funds were used to fund the company's developments and reduce debt. Consequently gearing has improved and borrowings have reduced from $743 million at 30 June 2001 to $567 million at 31 December 2001. Interest cover remains robust at 4.7 times.

Capital expenditure during the six-month period of $138.4 million was nearly double the previous corresponding period. This was due to higher expenditure in greenfields exploration (including drilling of two offshore wells in the Otway Basin and several onshore wells in the Otway and Perth Basins), construction of the Quarantine Power Station and expenditure on retail systems in readiness for Full Retail Contestability (FRC).

Origin has established a debt issuance program that will enable it to issue medium-term notes and commercial paper using its recently acquired A-2 (long-term) and BBB+ (short-term) credit rating by Standard & Poor's. The facility will enable the company to refinance its existing borrowings to reduce interest costs. To date, $130 million has been raised under this facility.

Risk Management

The company continues to hedge a significant portion of its exposure to the oil price and the USD exchange rate. Currently, Origin has hedged 61% of its oil and condensate exposure over the six months to 30 June 2002 at prices above US$26 per barrel and 70% of its exposure to the USD at an average of less than US57 cents.

Origin undertakes energy contracting and trading activities as a natural part of optimising the value of its physical assets and business positions. During the half year, the Board undertook a thorough review of these activities. This included the implementation of rigorous short-term and long-term risk limits for the trading of electricity and natural gas, assessment of contracting and risk management strategies, and review of business reporting and accountability measures. The company is fully compliant with these policies and the Board will continue to review risk management strategies on a regular basis.

Returns to Shareholders

A fully franked interim dividend of two cents per share was declared payable on 22 March 2002 to shareholders in the company on 7 March 2002.

Origin's present policy is to only pay fully franked dividends. The availability of franking credits for the interim dividend is the result of a fully franked dividend being received from its subsidiary Oil Company of Australia Limited (OCA). The company expects to have limited franking credits available over the next two years.

To assist small shareholders, particularly those who participated in last year's share buy-back, Origin is implementing a sale facility to enable those shareholders to realise additional returns on their investment. These shareholders will be able to sell 5% of their holdings free of brokerage. The facility will also allow shareholders with unmarketable parcels to sell their total holdings free of brokerage. Details of the facility can be found on page 2.

Decisions on future returns to shareholders, including the company's dividend policy, will be reviewed on an ongoing basis.

An additional 1,653,355 shares were issued during the period in relation to the company's Dividend Reinvestment Plan. As a result of a private placement, 44.2 million shares were issued, and 26.5 million shares were issued to shareholders under a Share Purchase Plan. As at 31 December 2001, Origin had 646,312,069 shares on issue.

Outlook

The main factors influencing earnings during the June 2002 half year will include:

- reduced contributions from oil production reflecting the sale of the Bodalla assets and the prospect of lower oil prices compared to the previous period;
- increased contributions from energy retailing reflecting tariff increases implemented for electricity and gas sales in Victoria; and
- increased contributions from Generation as the Quarantine Power Station is now in operation.

Earnings are also sensitive to weather with mild summer weather potentially reducing earnings from Generation while unseasonable winter weather will affect Retail earnings.

Based on performance in the December half year and taking the above factors into consideration, Origin expects earnings for the full year to comfortably exceed last year's results.

Looking further ahead, progress on various projects and initiatives being undertaken by the company provide significant potential for continued growth. The company's strong cash flow and low gearing ensure Origin is well placed to fund that growth.

H Kevin McCann
Chairman

Grant King
Managing Director

Operations Review

Exploration and Production

	Dec 01 $m	Dec 00 $m	% Change
EBITDA	**102.8**	105.9	–2.9
EBIT	**58.1**	65.0	–10.7
Sales Volumes (Pje)	**45.9**	44.5	3.0

Lower earnings reflected lower average oil prices and reduced oil production.

Sales of crude oil fell by 11% as a result of declining production in the Cooper and Eromanga Basins. This was partially offset by increased sales of natural gas and condensate. Insurance proceeds from the claim for disruption to the liquids handling plant at Moomba in mid 2001 have been included in the result for the half year.

Although oil prices fell significantly during September, the impact was mitigated by Origin's policy of hedging oil sales. Consequently, the average oil price achieved was down only 6.7% to $42.44 per barrel compared to $45.51 in the corresponding period in 2000.

Capital expenditure for the six-month period was up $17 million to $74.9 million. This included expenditure on plant and equipment and participation in 67 development, appraisal and exploration wells. Of these wells, 79% were subsequently cased and suspended for future production.

In February 2002, the company's 85% owned subsidiary, OCA, bought major interests in the Fairview and Durham Coal Seam Gas (CSG) projects and exploration over the Walloon Coal Measures in the Surat Basin in Central Queensland. Acquired for $49.2 million, the combined sites of the CSG project will be a significant new gas resource for Queensland.

Other significant developments during the half year include:

BassGas Project In July, gas sales agreements were signed with two parties to the joint venture for Origin to purchase their share of the Yolla gas production.

Approval was obtained from the Victorian and Commonwealth Governments for the Environmental Effects and Environmental Impact Statements to be put on public exhibition. The successful tenderer will be appointed in the first quarter of 2002.

A further 7% interest in the Yolla field was acquired from AWE Petroleum lifting Origin's interest to 37.5%.

Offshore Otway Basin Appraisal well, Thylacine 2, was successfully drilled with gas flowing at 28 million cubic feet a day. Incoming operator Woodside is conducting a comprehensive feasibility study into the development of the Geographe and Thylacine gas fields.

Eromanga Basin An agreement was reached between OCA and Beach Petroleum NL for the sale of oil interests in the Bodalla and Naccowlah assets for a consideration of $16.5 million.

Bowen/Surat Basin In line with the company's environmental commitment, the Yellowbank Flare Project in the Denison Trough was commissioned in November as a valid emissions reduction (VER) project. The facility is Origin's first Greenhouse abatement project and is expected to save 700,000 tonnes of greenhouse gas emissions over four years.

Onshore Perth Basin A new oil field was discovered at Hovea which flowed oil at 950 bpd and gas at 0.1 million cubic feet a day from an initial drill stem test, and gas was discovered at Beharra Springs North 1, which flowed gas at 30 million cubic feet a day on test.

Offshore Perth Basin Origin entered into a farm-in with Dana Petroleum plc and Black Rock Petroleum in January to earn 30% equity and assume operatorship of the highly prospective WA 226P permit in the new offshore Northern Perth Basin oil province.

Retail and Trading

	Dec 01 $m	Dec 00 $m	% Change
EBITDA	**72.5**	29.7	144.3
EBIT	**41.3**	10.2	303.8

Retail and Trading reported a significantly improved performance driven by the successful integration of the electricity retail business recently acquired from Powercor.

Earnings were up despite an increase in operating expenditure due mostly to costs associated with the new electricity customers.

Electricity The electricity retail business contributed an incremental $46.4 million in gross margin compared to last year from a volume of 2,767 GWh.

In addition to retail sales, the large trading positions acquired with the Powercor business have performed better than original expectations.

Looking forward, the Victorian Government approved a 13.5% electricity tariff increase for standing offer prices effective from 13 January 2002. Government subsidies will offset this increase resulting in a net price increase to customers of 4%. This will result in an annualised revenue increase of $75 million.

Natural Gas Natural gas sales volumes were relatively flat reflecting similar year on year weather conditions, particularly in Victoria where the degree days remained 9% below the long term average.

Sales to existing large industrial customers increased with new contracts entered into with BP Refinery Bulwer Island, Queensland Magnesium, Anaconda Nickel and Adelaide Brighton Cement. These sales, together with additional sales to the Mobil Oil Refinery in Adelaide under an existing contract, have contributed additional gross margin with no corresponding increase in operating expenditures.

An average 2.5% increase in Victorian gas tariffs was implemented from January 2002 which should provide annualised revenue increases of up to $15 million.

During the period, regulators in South Australia and Queensland delivered finalised access arrangements covering networks in those States. Origin will now seek tariff reviews in these States based on the new underlying costs.

LPG The profitability of the LPG business improved despite a reduction in sales volumes. Lower international contract prices for LPG resulted in an improved EBITDA. Autogas demand was low, as LPG/petrol price differentials remained narrow. Domestic and commercial volumes remained relatively static. Although revenues were reduced by the reduction in volumes, this was more than offset by favourable movements in LPG costs and stronger price discipline.

Other initiatives and highlights include:

- acquisition of Victoria's leading retailer of gas appliances, Gasmart, for $7.5 million in November 2001; and
- greater than forecast output from Codrington Wind Farm. With 100% of the output contracted by Origin, the company is in a sound position to meet its obligations under the Federal Government's Renewable Energy legislation and establish a leadership position in environmental energy products.

The major challenge for the retail business is the introduction of Full Retail Contestability (FRC) which started with electricity competition in Victoria from January 2002. In preparation, Origin has reviewed all business processes required to comply with new regulations and codes, developed its competitive strategy, delivered system capability to provide sales and marketing support and is implementing brand and communication programs.

As a result, the company is well placed to compete in the new FRC environment. Expenditure to half year end on systems to facilitate FRC has been $47 million with a further $57 million expected by June 2002.

Generation

	Dec 01 $m	Dec 00 $m	% Change
EBITDA	**10.6**	12.6	-16.5
EBIT	**2.6**	8.9	–70.3
Total Sales (MWh)	**926,584**	764,610	21.2

The Generation division reported lower earnings due to adverse trading conditions for its merchant power plants.

The result was primarily due to lower prices in Queensland and South Australia following the commissioning of major new base load capacity in both States. South Australia also experienced the mildest start to summer since 1969. The average price in South Australia was 52% less than the prior corresponding half year. Largely as a result of these lower prices, merchant output was 22% lower than the previous corresponding period.

The reduction in volume from the merchant plants was more than offset by increased production by contract plants. The Bulwer Island and Worsley plants made a full six-month contribution. Production from the Osborne plant was lower due to a major scheduled maintenance shutdown. At Bulwer Island, the plant's Cyclone gas turbines suffered a number of failures. Turbine providers, Alstom, are providing a rectification plan to allow the facility to achieve design output and availability.

Significant developments during the half year include:

- the 95MW Quarantine Power Station in South Australia, which was commissioned in December 2001, ahead of schedule and under budget.

- a contract signed in July to purchase Fletcher Challenge South West Cogeneration Pty Ltd, which owns a 50% interest in the 120MW South West Cogeneration Project in Western Australia. The contract will be finalised in first quarter calendar 2002.
  A contribution of $3.1 million from the project has been included in Generation's EBIT.

- the South Australian Government granting a licence for the SEA Gas pipeline in February 2002. The project is on schedule to deliver gas from Victoria to South Australia in the third quarter of calendar 2003.

Networks

	Dec 01 $m	Dec 00 $m	% Change
EBITDA	12.3	11.3	9.2%
EBIT	11.0	10.3	6.7%

An increase in management fees from 2.5% to 3% contributed to an improved result for the networks business.

Earnings from management fees were $5.6 million, while Origin's equity interest in Envestra delivered distributions of $6.7 million.

During the period, regulators in South Australia and Queensland delivered final determinations for access arrangements covering Envestra's distribution networks in these States. This has significantly reduced the regulatory uncertainty associated with Envestra's earnings and has led to a significant appreciation in Envestra's share price.

Operating cash flow decreased $7.7 million, reflecting payments received for capital projects completed for Envestra in 1999/2000.

Gas delivered for Envestra increased by 1%, a result that was again constrained by unseasonably warm winter weather in Victoria and South Australia.

During the six-month period, 10,400 new customers were connected to networks operated and maintained by Origin.

Overall, 136 kilometres of new mains were laid, an increase of 40%, predominantly from higher subdivision activity.

Corporate

Corporate costs increased from $6 million to $7.5 million. This reflected the inclusion of a provision of $1.6 million raised pending the completion of the South West Cogeneration Project acquisition.

Safety

The lost time injury frequency rate (LTIFR) at 31 December 2001 was 3.7, significantly down from 6.7 for the previous corresponding period, and down from 4.9 at 30 June 2001. This remains above the company's short-term target of 3.5.

Statement of Financial Performance

$'000 For the half year ended	CONSOLIDATED Dec 01	 Dec 00
Sales revenue	1,222,755	831,791
Share of net profit of associates and joint venture entities	3,543	2,392
	1,226,298	834,183
Other revenue	14,713	18,925
Total revenue	1,241,011	853,108
EBITDA	192,643	155,173
Depreciation and amortisation	87,141	66,716
EBIT	105,502	88,457
Net interest expense	22,502	15,628
Profit from ordinary activities before tax	83,000	72,829
Income tax on ordinary activities	25,776	20,632
Profit from ordinary activities after tax	57,224	52,197
Net profit attributable to outside equity interests	2,562	2,669
Net profit for the period attributable to members	54,662	49,528

Statement of Financial Position

$'000	CONSOLIDATED	
As at the end of	Dec 01	June 01
Current assets		
Cash assets	21,155	15,910
Receivables	388,347	480,242
Investments and other financial assets	681	–
Inventories	48,065	39,680
Other	63,824	49,016
Total current assets	522,072	584,848
Non-current assets		
Receivables	32,792	36,137
Investments (equity accounted)	50,132	49,985
Other investments and other financial assets	201,153	208,245
Exploration and evaluation expenditure capitalised	84,828	63,688
Development properties	3,850	193
Other property, plant and equipment (net)	1,123,259	1,009,452
Intangibles (net)	696,699	705,002
Deferred tax assets	150,490	161,872
Other	8,507	9,404
Total non-current assets	2,351,710	2,243,978
Total assets	2,873,782	2,828,826
Current liabilities		
Payables	351,555	338,321
Interest bearing liabilities	47,041	223,049
Current tax liabilities	7,637	13,513
Provisions	81,526	93,594
Total current liabilities	487,759	668,477
Non-current liabilities		
Payables	28,188	40,221
Interest bearing liabilities	520,000	520,034
Deferred tax liabilities	183,084	183,010
Provisions	85,330	88,712
Total non-current liabilities	816,602	831,977
Total liabilities	1,304,361	1,500,454
Net assets	1,569,421	1,328,372
Equity		
Capital/contributed equity	381,366	178,457
Reserves	114,569	115,269
Retained profits	1,039,169	999,223
Equity attributable to members of the parent entity	1,535,104	1,292,949
Outside equity interest in controlled entities	34,317	35,423
Total equity	1,569,421	1,328,372

Statement of Cash Flows

$'000 For the half year ended	CONSOLIDATED Dec 01	 Dec 00
Cash flows related to operating activities		
Receipts from customers	1,390,105	845,322
Payments to suppliers and employees	(1,202,063)	(694,978)
Dividends/distributions received from associates and joint venture entities	4,000	1,221
Other dividends received	409	394
Interest and other items of similar nature received	817	1,341
Interest and other costs of finance paid	(23,182)	(17,478)
Income taxes paid	(14,128)	(3,248)
Other (subvention payments)	(10,000)	(11,000)
Net operating cash flows	145,958	121,574
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(72,573)	(35,990)
Proceeds from sale of property, plant and equipment	692	10,506
Payment for purchase of controlled entities	(7,651)	–
Payment for purchases of equity investments	(700)	(4,550)
Other (payment for exploration and development)	(59,253)	(34,335)
Net investing cash flows	(139,485)	(64,369)
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc)	197,892	–
Proceeds from borrowings	–	7,884
Repayment of borrowings	(176,040)	(38,384)
Dividends paid	(22,653)	(23,219)
Net financing cash flows	(801)	(53,719)
Net increase in cash held	5,672	3,486
Cash at beginning of period	15,910	99
Exchange rate adjustments	(427)	(360)
Cash at end of period	21,155	3,225

Shareholding Enquiries

ASX Perpetual Registrars Limited
Locked Bag A14
Sydney South NSW 1232

Telephone 1300 664 446
e-mail registrars@aprl.com.au
Web site www.registrars.aprl.com.au

Other Enquiries

Company Secretary
Origin Energy Limited
GPO Box 5376
Sydney NSW 2001

Telephone (02) 9220 6400
e-mail investor.relations@originenergy.com.au
Web site www.originenergy.com.au

Origin Energy Limited
ABN 30 000 051 696

Issued 03/02
Printed on paper produced from sustainable plantation forests, totally chlorine free, oxygen bleached and bio-degradable.

Origin energy
delivering the goods