



Half Year Report
to Shareholders
31 March 2004

Half Year Result Confirms Progress



Dear Shareholder,

The 2004 half-year result reflects continued improvement in the performance of your Company.

In the six months ended 31 March 2004 Orica declared a net profit after tax of \$122 million, a 26% increase on the same period last year.

This represents a return on shareholder's funds of 18%. The interim dividend has been increased by 28% to 23 cents per share franked at 30%.

Our confidence in our existing businesses has been confirmed by these results. Mining Services and Consumer Products delivered record profits. Chemicals continued to perform strongly and the fertilisers business improved its profitability reflecting synergies from the merger of Incitec Fertilizers and Pivot in 2003 and partial recovery from the drought.

During the last six months we have actioned our growth strategy of 'building on strength'. Orica Consumer Products completed the acquisition of the Yates Consumer Lawn and Garden Business. Mining Services expanded into new geographies with the acquisition of Indian Explosives Limited, the purchase of new detonator technology in South Africa and entry into a joint venture agreement with the Znamja Group in the former Soviet Union. In addition we have committed to further expansion of our ammonium nitrate facility at Yarwun in Queensland.

In April we announced the acquisition of the Bronson and Jacobs food and speciality chemicals business. This business offers an exciting opportunity to expand our successful chemicals trading activities into Asia.

Orica has achieved a reduction in its energy and water usage and carbon dioxide emissions. In the coming months we will be setting stretch targets to improve our future environmental performance. We are committed to addressing any environmental legacy issues inherited by Orica in a responsible manner, and will be investing to improve the environmental conditions on our former and existing sites.

It is pleasing to see that the relentless focus on safety is producing positive results in a further reduction in the number of injuries suffered by our employees and contractors.

On behalf of the Board I would like to recognise the important contribution Orica's employees have made to the continued improvement in the Company's performance. We recognise that our people are delivering great results and increased efficiency with fewer resources.

In the short term we intend to further strengthen the performance of Orica's existing businesses through top line growth and sustainable cost reductions. In addition we will pursue opportunities that meet our performance targets and support delivery of Orica's growth strategy.

Overall, we are confident about our future.

A handwritten signature in black ink, appearing to read 'D.P. Mercer'.

Don Mercer
Chairman



Business Performance

Orica continues to improve earnings with underlying net profit after tax (NPAT) for the six months to 31 March 2004 up 26% to \$122M. There were no significant items in the current period.

Financial Highlights

- 26% increase in underlying NPAT to \$122M (pcp: \$97M).
- Earnings per share up 27%.
- Return on shareholders' funds increased to 18%.
- Interim dividend up 28% to 23 cents per share (cps) - 30% franked.

Business Highlights

- Record results in Mining and Consumer Products reflecting robust market conditions.
- Continued strong profitability from Chemicals despite increased expenditure on MIEX® and challenging market conditions.
- Improved profitability from Fertilisers reflecting synergies from the merger of Incitec Fertilizers and Pivot commenced during the previous year, and partial recovery from the drought.

Mergers, Acquisitions, Development

- Completion, in November 2003, of the acquisition of Indian Explosives Limited and Initiating Explosives Systems India.
- Completion of the acquisition of Yates Consumer Lawn and Garden Care business in October 2003.
- Further expansion of Australian ammonium nitrate manufacturing capacity at Yarwun (expected completion March 2005).
- Agreement reached with Sasol to purchase SMI electronic detonator technology in South Africa.
- Signing of a Mining Services Joint Venture agreement with the Znamja group in the Kuzbass region of Siberia.
- Acquisition of Bronson and Jacobs food and speciality chemicals business (completed 1 June 2004).

Strategy

Orica is positioned to be the number one global niche chemical company that actively seeks product innovation and value adding opportunity in order to fill or create market niches.

We have started to shape the future face of the company as we continue to pursue earnings momentum and move into strategic growth.

Orica's strategy of 'building on strength' is based on three principles:

- Market leadership in all businesses;
- Growing only value adding businesses - those that have 'earned the right to grow'; and
- Related growth of our existing (best) businesses.

This is a low risk approach, but has the capability of producing superior returns.

Revenue Summary

Six Months Ended 31 March

| A\$M | 2004 | 2003 | Change F/(U) |
|--------------------------------|--------------|--------------|--------------|
| Mining Services | 796 | 811 | (2)% |
| Fertilisers | 433 | 246 | 76% |
| Consumer Products | 387 | 335 | 15% |
| Chemicals | 481 | 466 | 3% |
| Other Operations | - | 21 | (100)% |
| Eliminations | (43) | (37) | (18)% |
| Total sales revenue | 2,054 | 1,842 | 11% |
| Other operating revenue | 20 | 91 | (78)% |
| Total operating revenue | 2,074 | 1,933 | 7% |

Earnings Summary

Six Months Ended 31 March

| A\$M | 2004 | 2003 | Change F/(U) |
|------------------------------------|--------------|---------------|-----------------|
| EBIT | | | |
| Mining Services | 106.6 | 103.2 | 3% |
| Fertilisers | 31.5 | (0.7) | >100% |
| Consumer Products | 50.6 | 48.1 | 5% |
| Chemicals | 51.6 | 52.6 | (2)% |
| Other Operations | - | (14.0) | 100% |
| Corporate Centre | (13.3) | (11.9) | (12)% |
| Other Support Costs | (11.0) | (10.8) | (2)% |
| Total EBIT | 216.0 | 166.5 | 30% |
| Net interest | (36.5) | (27.7) | (32)% |
| Tax expense | (49.9) | (37.2) | (34)% |
| Minority interests | (7.4) | (4.6) | (61)% |
| NPAT and minority interests | 122.2 | 97.0 | 26% |
| Significant items after tax | - | (139.5) | - |
| NPAT and significant items | 122.2 | (42.5) | >100% |



Financial Performance

| For the six months ended 31 March | 2004 | 2003 | % change |
|---|-------|--------|----------|
| Sales revenue (\$m) | 2,054 | 1,842 | 11 |
| Net profit after tax and minority interests before significant items (\$m) | 122.2 | 97.0 | 26 |
| Net profit after tax and minority interests and after significant items (\$m) | 122.2 | (42.5) | >100 |
| Earnings per share (cents) | | | |
| – before significant items | 44.2 | 34.8 | 27 |
| – including significant items | 44.2 | (15.3) | >100 |
| Return on shareholders funds (%) | 18 | 14.6 | - |
| Interim dividend (cents) | 23 | 18 | 28 |
| Payout ratio (%) | 52 | 52 | - |
| Interest cover* (times) | 5.9 | 6.0 | - |
| Gearing** (%) | 40.1 | 42.8 | - |

* Trading profit excluding significant items before interest and tax/net interest

** Net debt/net debt plus equity

Brightening homes and shareholders

New Dulux products such as 'Designer Silk' and 'NeverMiss' have not only brightened homes around the South Pacific and proven that the best technology provides commercial advantage...

... but also these products have contributed to a record result for Orica Consumer Products (OCP) during the Half Year and a boost to the interim dividend.

Shareholders will benefit from more than a bigger dividend – an OCP voucher included with this Half Year Report provides a \$20 discount on an expert colour consultancy to shareholders in Australia.

'Designer Silk' is a wall paint which gives a unique silky finish and 'NeverMiss' is a ceiling paint which goes on pink and dries white so any gaps are easy to see.

They are two of hundreds of quality brands manufactured, traded and distributed by the OCP team such as Dulux, Berger, British Paints, Walpamur, Cabots, Selleys and Yates garden products.

The commitment to technology that underpins the successful OCP brands extends throughout Orica's businesses such as Mining Services i-kon™ initiating systems, Chemical Group's MIEX® water purifying resin and Incitec Pivot Limited's agronomy research centre.

Technology which turns science into solutions is driving Orica's vision to become the world leading niche chemical company.



Never Miss



Designer Silk



Yates garden products



Selleys

Shareholder Calendar

(dates subject to change)

| | |
|--|------------------|
| Full year results and 2004 final dividend announced | 3 November 2004 |
| Books close for 2004 final dividend (ordinary shares) | 17 November 2004 |
| 2004 final dividend paid | 8 December 2004 |
| 2004 Annual General Meeting | 15 December 2004 |
| Books close for preference dividend | 14 January 2005 |
| Preference share dividend paid | 31 January 2005 |

The Orica Board

| | |
|--------------------------|-------------------------|
| Don Mercer | Chairman |
| Malcolm Broomhead | Managing Director & CEO |
| Jim Hall | Executive Directors |
| Graeme Liebelt | |
| Peter Duncan | Non-executive Directors |
| Catherine Walter | |
| Michael Beckett | |
| Peter Kirby | |
| Michael Tilley | |

Orica Limited – contact details

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Shareholder and analyst enquiries:

Many shareholder and analyst inquiries may be answered by visiting our website at www.orica.com

The website contains extensive information on the company, the latest statements released to the ASX, annual and half year reports and investor and shareholder information.

Shareholders may also access information relating to their holdings via a link to the Share Registrar, ASX Perpetual, at www.asxperpetual.com.au. All you will need is your SRN or HIN and your surname/company name and postcode.

Investor relations manager

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