Orica Limited
ABN 24 004 145 868

Strong first half for Orica

Orica today announced a net profit after tax and individually material items of $55 million for the half year ended 31 March 2010, down $165 million compared with the previous half year. Excluding individually material items, net profit after tax was $293 million, up 11% on 2009.

The Board has declared an interim dividend of 41 cents per share, franked at 16 cents per share, representing an increase of 3 per cent on the 2009 interim dividend.

Orica also announced that it will proceed with the demerger of DuluxGroup to create a stand-alone, ASX-listed company. Orica expects the demerger to occur in July 2010, subject to shareholder, court and other approvals. (Please see separate ASX announcement about the demerger.)

Orica Managing Director Graeme Liebelt said the strong first half result demonstrated the resilience of Orica's core strategic position and the company's tight control of costs, cash and margins.

"We knew the first half would be tough compared with 2009 and that has proven to be the case, with year on year softness in volumes. But the work we've done on the fundamentals in terms of controlling our costs, cash and margins – combined with an ongoing focus on strategic growth priorities – has us very well placed to capitalise on the market recovery we see ahead, based on our customers' plans," Mr Liebelt said.

"All four Orica business platforms achieved record earnings, despite significant headwinds in the form of generally subdued volumes across the globe and the negative impact of the strong Australian dollar," Mr Liebelt said.

"There's a great deal of self help in this result. Net operating cash inflows increased by 24% reflecting, in part, further improvement in trade working capital management.

"Orica Mining Services increased earnings before interest and tax (EBIT) by 4% compared with the 2009 first half to $331 million, largely due to productivity improvements and the continued benefits of improved ammonium nitrate (AN) pricing as contracts rolled over.

"Markets were generally soft except in Latin America and Asia which saw improved conditions. In Australia the business saw weakened demand from thermal and metallurgical coal markets, in part due to severe rain in Queensland. The US volume decline was mostly due to softer demand from thermal coal markets and a subdued quarry and construction sector.

"While responding to the immediate market conditions, we continue to invest in long term growth opportunities and have progressed the 300ktpa AN plant in Bontang Indonesia which is due to come online in 2011. Expansion of the ammonia plant at Kooragang Island in New South Wales has commenced and feasibility work continues on the expansion of ammonium nitrate capacity at that site. Further progress was also made towards the 2011 commissioning of an initiating systems facility in Nanling China.

“Minova had a very good first half with EBIT up 13% to $66 million, driven by strong volumes in China and significantly improved margins in the US steel business. This was despite continued difficult trading conditions in the US, Western and Central Europe and negative foreign exchange impacts.

“Orica Chemicals increased EBIT by 8% to $94 million due mostly to a 24% increase in sodium cyanide volumes compared with the 2009 first half and some recovery in general chemicals volumes. This volume growth combined with disciplined cost management to offset lower average global caustic prices and negative foreign exchange impacts.

“DuluxGroup had a very pleasing first half with sales up 4% and EBIT up 6% compared with the 2009 first half. Profit growth in paints and Selleys benefited from continued investment in marketing and product development. The Australian and New Zealand paints group increased its market share.

“The quality of both DuluxGroup and the core Orica business is evident in Orica’s financial performance and the proposed demerger of DuluxGroup is a natural evolution of Orica’s strategy and should create two even better companies, each free to capitalise on its strategic strengths.

“Orica would then comprise three business platforms: Orica Mining Services, Minova and the Chemicals Group. Together they generate approximately 90% of their earnings from the mining and construction sectors. Orica will be largely focused on its core business where we are the global leaders in the supply of business-critical consumables and services to these sectors.

“We see a very strong outlook in long term demand for our products driven by increased mining and development volumes, linked to the continuing urbanisation and industrialisation of China, India and other rapidly developing countries. Higher strip ratios, lower ore grades and increasing safety and security regulations are all important underlying growth drivers for Orica’s core businesses.

“Orica businesses have continued to deliver earnings growth in generally subdued markets. Importantly, continued investment in long term growth projects, marketing, research and development, combined with a very strong balance sheet, have us well placed to take advantage of opportunities anticipated from improved market conditions.

There are some early signs of recovery in demand in a number of the markets in which we operate and our businesses are performing well. We continue to expect Group net profit after tax (before individually material items) in 2010 to be higher than that reported in 2009, on a comparable basis.

3 May 2010

- **Contacts**:

- **Analysts’ contact:** Anita Stevenson, Investor Relations Manager, (03) 9665 7844
  Mobile: 0416 211 498
- **Media contact:** Lisa Walters, Communications Manager, (03) 9665 7538
  Mobile: 0421 585 750
- **Web site**: www.orica.com

ORICA LIMITED PROFIT REPORT

RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2010

Net profit after tax (NPAT) and individually material items for the half year ended 31 March 2010 was down $165M to $55M, compared with the previous corresponding period (pcp) of $220M.

Orica's NPAT before individually material items of $293M was up 11% compared with the pcp of $264M.

Return on shareholders' funds [(1)] up 3.1 percentage points to 15.7% and EPS [(1)] up 17% on the pcp to 80.6 cents.

Operating cash flow improved by 24% to $269M.

FINANCIAL HIGHLIGHTS [1]

- EBIT up 6% to $496M;
- Productivity benefits of $34M;
- Rolling TWC to sales [(4)] improved to 13.5% (pcp: 14.6%) and cash conversion improved to 86.2% (pcp: 73.4%);
- Gearing [(2)] at 24.9%, down from 25.7% in the pcp;
- Interest cover at 7.0 times; and
- Interim ordinary dividend is 41 cents per share (cps) - franked at 16 cps, an increase of 3% over the pcp (40 cps).

BUSINESS HIGHLIGHTS [1]

- Record first half results for all businesses, assisted by improved pricing and productivity, disciplined cost management and a slow recovery in volumes across some of our markets, which more than offset a $56M adverse foreign exchange movement;
- Excellent operating cash flow performance and improvement in trade working capital over the pcp;
- Record result for Mining Services with EBIT up 4% to $331M, reflecting pricing and productivity benefits;
- Minova EBIT up 13% to $66M, driven by strong volumes in China and improved margins in the US;
- Record result for Chemicals with EBIT at $94M, 8% ahead of last year, reflecting stronger volumes in some market segments, partly offset by lower average caustic prices; and
- Record earnings in DuluxGroup with EBIT up 6% to $65M, driven by market share gains and margin improvement.

A$M	Six Months Ended March 2010	2009	Change F/(U)
Sales Revenue	3,226.0	3,960.2	(19%)
Underlying Results			
EBIT	495.9	469.4	6%
Net interest expense	(70.6)	(71.5)	1%
Tax expense	(115.2)	(113.8)	(1%)
Non controlling interests	(16.9)	(19.9)	15%
NPAT and non controlling interests	**293.2**	**264.2**	**11%**
Earnings per ordinary share (cents)	80.6	68.6	17%
Return on shareholders' funds	15.7%	12.6%	
Results including individually material items:			
Individually material items after tax and non controlling interests	(238.1)	(43.8)	
NPAT and non controlling interests	**55.1**	**220.4**	**(75%)**
Earnings per ordinary share (cents)	13.5	56.4	(76%)
Return on shareholders' funds	3.0%	10.5%	
Financial Items			
Interim ordinary dividend per share (cents)	41.0	40.0	3%
Payout Ratio	50.5%	54.4%	
Net debt	1,228.9	1,477.0	17%
Gearing [(2)]	24.9%	25.7%	
Gearing (adjusted) [(3)]	29.9%	30.0%	
Interest cover (times)	7.0	6.6	
Average exchange rate (A$/US$)	90.5	66.7	(36%)

OUTLOOK - 2010

- There are some early signs of recovery in demand in a number of the markets in which we operate and our businesses are performing well. We continue to expect Group net profit after tax (before individually material items) in 2010 to be higher than that reported in 2009, on a comparable basis.

(1) Before individually material items.
(2) Net debt/(net debt + book equity).
(3) Calculation as per Note (2) with Step-Up Preference Securities (SPS) notionally treated as 50% Debt and 50% equity.
(4) Rolling 12-month average TWC / Rolling 12-month total sales.

Note: numbers in this report are subject to rounding.

REVENUE

- Sales revenue of $3.2B decreased by $734M (-19%), driven primarily by:
  - Unfavourable foreign exchange movements ($647M);
  - Adverse weather conditions in Australia and Asia;
  - Soft conditions in US coal markets negatively impacting volumes in Mining Services and Minova; and
  - Lower average caustic prices.

  Partly offset by:
  - Improvements in AN pricing in Australia;
  - Higher volumes due to a recent modest recovery in demand in some market segments, particularly the industrial, automotive and mining markets within Chemicals, construction markets in the Nordics and mining markets in Turkey, Africa and Latin America; and
  - Market share increases in DuluxGroup.

Revenue Summary

A$M	Six Months Ended March 2010	2009	Change F/(U)
Mining Services	1,661.2	2,215.6	(25%)
Minova	395.4	503.2	(21%)
Chemicals	711.0	810.8	(12%)
DuluxGroup	486.2	469.2	4%
Other & Eliminations	(27.8)	(38.6)	28%
Total sales revenue	**3,226.0**	**3,960.2**	**(19%)**
Other income	16.0	12.7	26%
Total	**3,242.0**	**3,972.9**	**(18%)**

EARNINGS BEFORE INTEREST AND TAX (EBIT)

- EBIT increased by 6% to $496M (pcp: $469M) primarily due to:
  - Net volume and margin improvements of $57M, reflecting improved AN pricing in Australia, improved margin recovery in some businesses that were negatively impacted by volatility in input price changes in the pcp, and a recovery in volumes in some market segments;
  - Productivity and synergy improvements of $34M from the continued benefit of restructuring activities undertaken in the prior period in Mining Services and synergy benefits in Minova and Chemicals; and
  - Non-recurrence of the under-recovery of steel input costs in Minova's US business (included in the pcp).

  Partly offset by:
  - Unfavourable impact of foreign exchange movements of $56M;
  - Inflationary impact on fixed costs of $14M;
  - Unfavourable ammonia lag of $5M; and
  - Increased Corporate and Support costs of $4M (refer below).

Earnings Summary

A$M	Six Months Ended March 2010	2009	Change F/(U)
EBIT			
Mining Services	331.2	319.0	4%
Minova	66.1	58.5	13%
Chemicals	93.6	86.3	8%
DuluxGroup	64.9	61.1	6%
Corporate Centre	(23.9)	(23.0)	(4%)
Other Support Costs	(36.0)	(32.5)	(11%)
Total EBIT	**495.9**	**469.4**	**6%**
Net Interest	(70.6)	(71.5)	1%
Tax expense	(115.2)	(113.8)	(1%)
Non controlling interests	(16.9)	(19.9)	15%
NPAT and non controlling interests	**293.2**	**264.2**	**11%**
Individually material items after tax	(238.1)	(43.8)	
NPAT and individually material items	**55.1**	**220.4**	**(75%)**

INTEREST

- Net interest expense of $71M was in line with the pcp ($72M), and
- Interest cover was 7.0 times (pcp 6.6 times).

CORPORATE CENTRE & SUPPORT COSTS

- Corporate centre costs of $24M was in line with the pcp; and
- Other Support costs of $36M were $4M higher than the pcp, primarily due to an increase in the Botany Groundwater environmental provision of $5M and additional insurance claims of $9M, partially offset by the reduction in mark-to-market losses on EBIT hedges (included in the pcp) of $10M.

TAX EXPENSE

- Tax expense was $115M with an effective tax rate of 27.1% (pcp: 28.6%). The lower effective rate was primarily a result of increased profits in overseas jurisdictions with lower tax rates.

NET PROFIT

- Net profit after tax before individually material items increased 11% to $293M (pcp: $264M); and
- Net profit after tax and individually material items was down 75% to $55M (pcp: $220M).

INDIVIDUALLY MATERIAL ITEMS

- Total individually material items for the period were a loss after tax of $238M (pcp: loss of $44M). This included the Pharmaceuticals tax case ($192M); the establishment of a provision for the remediation of mercury contamination at Botany, New South Wales ($32M); an increase in environmental provisions for HCB waste disposal ($13M) and the ongoing integration of Minova/Excel ($2M).

DIVIDEND

- The directors have increased the interim ordinary dividend by 3% to 41 cps (pcp: 40 cps) - franked at 16 cps; and
- Franking capacity in the near term is unlikely to exceed 40%.

Individually material items after tax and non controlling interests	**Six Months Ended March**	
A$M	**2010**	**2009**
Restructuring & Rationalisation		
Mining Services	-	(17.4)
Pharmaceuticals tax case	(191.8)	-
Environmental provisions		
Mercury remediation	(31.5)	-
HCB remediation	(12.7)	-
Asset Impairment Writedowns		
Marplex	-	(14.0)
Integration Expenses		
Dyno Nobel and Minova	(2.1)	(11.1)
Demerger Expenses		
DuluxGroup	-	(15.3)
Gain on derivatives	-	14.0
Total	(238.1)	(43.8)

Ordinary dividend	**Six Months Ended March**		**Change**
	2010	**2009**	**F/(U)**
Interim Ordinary Dividend			
- CPS	41.0	40.0	3%
- Franking %	39.0%	35.0%	

BANK DEBT FACILITIES

- The average term of the bank debt facilities is approximately 3 years;
- Bank debt facilities total $2.3B of which $0.2B was drawn at 31 March 2010;
- The facilities are multi currency, flexible and cancellable at Orica’s option; and
- Effective interest rate for the period was 7.7% (pcp 6.6%).

BALANCE SHEET

- **Key balance sheet movements since March 2009 were:**
  - Trade working capital (TWC) has decreased by $167M from the pcp as a result of an underlying improvement of $66M, combined with a favourable foreign exchange impact of $101M;
  - Rolling TWC to sales (2) has improved to 13.5% (pcp: 14.6%);
  - Net property, plant and equipment (PP&E) is $21M up on the pcp, mainly due to spend on growth projects ($273M), sustenance capital ($135M) and PP&E from acquired businesses ($1M); offset by depreciation ($200M), foreign exchange translation ($119M), asset write downs ($62M) and disposals ($9M). Significant capital spend since the pcp included Bontang ($145M), Kooragang Island ammonia upgrade ($21M), Nanling ($11M), and the Russian Olkon bulk emulsion plant ($7M) within Mining Services; the Yarwun 95k sodium cyanide uprate ($3M) within Chemicals and the upgrade to the Gracefield plant ($3M) within DuluxGroup;
  - Intangible assets are down $548M mainly due to the impact of foreign exchange translation on intangible assets ($545M). Amortisation of intangibles ($42M) was offset by the acquisition of businesses/entities ($25M) and additions of intangibles ($14M) during the period;
  - Net other liabilities increased by $116M mainly due to the write-off of the tax receivable and recognition of a tax provision in relation to the Pharmaceuticals tax case ($192M), a reduction in investments ($76M), partly offset by a reduction in non current provisions ($73M) and an increase in deferred tax assets ($71M);
  - Net debt decreased by $248M mainly as a result of strong operating cash flow and lower spend on acquisitions;
  - Orica shareholders' equity decreased by $570M, mainly due to a decrease in the foreign currency translation reserve of $685M, partly offset by earnings net of dividends paid and an increase in shares on issue as a result of the Dividend Reinvestment Plan (DRP); and
  - Non controlling interests have increased by $9M due to share capital introduced by new subsidiaries, offset by buy-outs of non-controlling interests.

Balance Sheet

A$M	March 2010	Sept 2009	March 2009
Inventories	634.8	619.8	834.8
Trade Debtors	874.2	865.2	954.5
Trade Creditors	(770.5)	(763.0)	(883.9)
Total Trade working capital	738.5	722.0	905.4
Net property, plant & equipment	2,161.8	2,075.0	2,141.1
Intangible assets	2,626.6	2,756.5	3,174.2
Net other liabilities	(587.6)	(486.2)	(471.8)
Net debt	(1,228.9)	(1,094.5)	(1,477.0)
Net Assets	**3,710.4**	**3,972.8**	**4,271.9**
Orica shareholders' equity	3,589.6	3,860.7	4,159.8
Non controlling interests	120.8	112.1	112.1
Equity	**3,710.4**	**3,972.8**	**4,271.9**
Gearing	**24.9%**	**21.6%**	**25.7%**
Gearing (adjusted) (1)	**29.9%**	**26.5%**	**30.0%**

(1) Gearing recalculated with SPS Securities notionally reclassified as 50% equity and 50% debt.

- **Key balance sheet movements since September 2009 were:**
  - TWC increased by $17M due to an increase in inventories and trade debtors, partly offset by favourable foreign exchange translation of $11M;
  - Net property, plant and equipment was up $87M mainly due to capital spending ($210M), offset by depreciation ($99M) and foreign exchange translation impacts ($21M);
  - Intangible assets decreased by $130M, due to the impact of foreign exchange translation ($122M) and amortisation ($21M), partly offset by acquisitions ($13M); and
  - Net debt increased by $134M largely due to dividends paid in the first half of the year ($198M), income tax and interest paid ($180M) and growth capital and acquisition spend ($171M). This was partly offset by operating cash inflows (excluding tax and interest paid) in the first half of $449M.

GEARING

- Accounting gearing (net debt/(net debt + equity)) decreased to 24.9% from 25.7% in March 2009. In accordance with accounting standards, the SPS securities are recognised as equity; and
- Adjusted gearing, which treats the SPS securities as 50% equity and 50% debt (Standard & Poors credit rating treatment), was 29.9% (pcp 30.0%).

(2) Rolling 12-month average TWC / Rolling 12-month total sales.

CASH FLOW

- Net operating cash inflows increased by $52M to $269M, compared with the pcp mainly due to:
  - EBITDA growth of $21M to $616M (pcp $595M);
  - $3M reduction in interest paid, largely attributable to lower average net debt levels compared to the same period last year;
  - $11M reduction in income tax paid due to the timing of payments; and
  - An improvement in working capital management resulting in a cash outflow of $12M (compared to $78M in the pcp).

  Partly offset by:
  - An increase in non-trade working capital outflows of $50M largely due to movements in non trade creditors ($31M) and increases in prepayments ($14M), and foreign exchange movements.
- Net investing cash outflows of $225M decreased by $97M from $321M in the pcp. The decrease was mainly due to:
  - A reduction in acquisition spend of $115M;
  - An increase in the proceeds from sale of investments in the current period of $12M; and
  - An $8M reduction in sustenance capital spending.

  Partly offset by:
  - Increased spending on growth capital projects of $38M, mainly due to increased spend on Bontang.
- Net financing cash flows decreased by $172M to $65M outflow (pcp inflow $107M) mainly due to:
  - A reduction in inflows from borrowings of $237M; and
  - An increase in dividends paid to non controlling interests of $5M.

  Partly offset by:
  - A decrease in cash dividends paid to Orica Limited shareholders of $22M, due to shares being issued to satisfy the DRP requirements, rather than shares being bought back on market (as occurred in the pcp);
  - A reduction in SPS distributions paid of $12M, due to a lower distribution rate; and
  - A reduction in payments for LTEIP shares of $29M, due to an increase in the repayment of loans by eligible employees.

Statement of Cash Flows	**Six Months Ended March**		
A$M	**2010**	**2009**	**Change F/(U)**
Net operating cash flows			
EBIT	495.9	469.4	6%
Add: Depreciation	99.1	102.0	3%
Add: Amortisation	20.6	23.1	11%
EBITDA	615.6	594.5	4%
Net interest paid	(65.5)	(68.7)	5%
Net income tax paid	(114.5)	(125.4)	9%
Trade Working Capital mvt	(12.3)	(78.4)	
Non Trade Working capital mvt	(154.5)	(104.7)	
	268.8	217.3	
Net investing cash flows			
Capital spending			
Sustenance capital (1)	(72.4)	(80.0)	9%
Growth capital	(129.1)	(90.9)	(42%)
Total Capital Spending	(201.5)	(170.9)	(18%)
Acquisitions	(42.2)	(157.3)	73%
Proceeds from surplus asset sales, investments and businesses	19.2	7.1	170%
	(224.5)	(321.1)	
Net financing cash flows			$M
Net proceeds from share issues (inclusive of non controlling interests)	9.3	1.6	7.7
Net (payments)/proceeds from LTEIP (2)	(2.3)	(31.3)	29.0
Movement in borrowings	126.3	363.8	(237.5)
Dividends paid - Orica Limited	(176.0)	(198.0)	22.0
Distributions paid - SPS securities	(11.5)	(23.5)	12.0
Dividends paid - NCI shareholders	(10.6)	(5.8)	(4.8)
	(64.8)	106.8	(171.6)
(1) Sustenance capital			
Routine	(72.4)	(80.0)	
Major shutdown/turnaround	-	-	
Total	(72.4)	(80.0)	

(2) LTEIP - long term employee equity incentive plans

ORICA SPS

- A distribution of $12M on the SPS securities was paid during the period; and
- The distribution was unfranked and the distribution rate was calculated as the sum of the 180 Bank Bill Swap Rate (BBSW) plus a margin of 1.35%. The distribution rate for the current period ending 30 May 2010 is 5.77% pa.

Record result with EBIT up 4% to $331M.

HIGHLIGHTS

- Productivity and efficiency improvements with an incremental EBIT benefit of $28M delivered in the period;
- Benefits of improved AN pricing as contracts rollover;
- Strong growth in Electronic Blasting Systems (EBS) with volumes up 17% period on period;
- AN volumes down 4% compared to the pcp due to soft conditions in US thermal coal markets and lower volumes in Australia/Asia, in part due to rain; and
- Foreign exchange movements, net of hedging costs, negatively impacted earnings.

BUSINESS SUMMARIES

Australia/Asia

- EBIT of $190M, up 11% ($19M) on the pcp, achieved mostly through improved AN pricing and productivity benefits from disciplined cost management;
- Unfavourable lag impact on ammonia cost recovery; and
- AN volumes down 5% with softer demand from thermal and metallurgical coal markets in Australia and Asia, partly impacted by rain.

North America

- EBIT of $50M, down 13% ($7M) on the pcp due to unfavourable foreign exchange movements of $16M;
- AN volumes down 11% due mainly to softer demand from US thermal coal markets; and
- Tight cost control and productivity initiatives continued to deliver benefits and offset the impact of difficult market conditions.

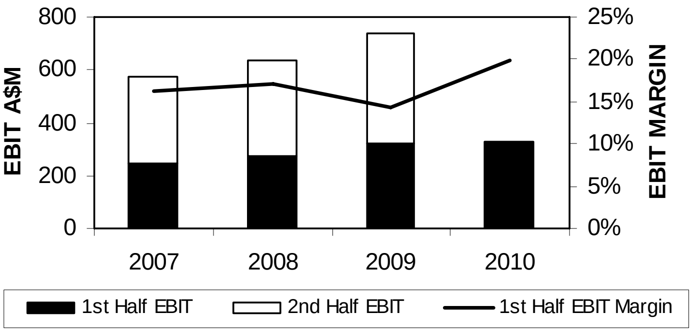
Latin America

- EBIT of $59M, down 7% ($5M) on the pcp due mainly to unfavourable foreign exchange movements of $19M;
- AN volumes up 4% with improved conditions in metals markets; and
- EBIT benefits delivered through tight cost control and productivity initiatives.

EARNINGS

	Six Months Ended March		
A$M	2010	2009	Change F/(U)
Sales Revenue	1,661.2	2,215.6	(25%)
EBIT	331.2	319.0	4%
Operating Net Assets	2,680.3	2,847.6	(6%)
EBIT:			
Australia/Asia	190.1	170.9	11%
North America	49.7	56.8	(13%)
Latin America	59.4	63.9	(7%)
EMEA	32.0	27.4	17%

EBIT TREND



Europe, Middle East and Africa (EMEA)

- EBIT of $32M, up 17% ($5M) on the pcp;
- Productivity initiatives and improved recovery of input cost changes continued to deliver benefits;
- Improving demand in the Nordics, Turkey and Africa. Demand conditions in most other markets remained soft; and
- Unfavourable foreign exchange impact on EBIT of $5M.

PERSPECTIVES FOR SECOND HALF 2010

- Recovery in infrastructure and US thermal coal markets;
- Improving demand in base metals as well as Asian and Australian thermal and metallurgical coal markets;
- Ongoing growth in EBS and Blast Based Services (BBS);
- Continued firm ammonia prices; and
- Strong AUD will continue to negatively impact EBIT.

Record result with EBIT up 13% at $66M.

HIGHLIGHTS

- Improved margins in the US steel bolts business;
- Continued penetration of the Chinese market, with strong volume growth, and a steady recovery in Russia;
- Volumes adversely impacted by difficult trading conditions in Western and Central Europe, and ongoing softness in US coal markets;
- Bolt-on acquisitions completed in the UK and Chile, developing our presence in these markets;
- Integration activity progressing to plan; and
- Foreign exchange movements negatively impacted earnings by $14M and sales by $98M.

BUSINESS SUMMARIES

Minova Americas:

- Margins significantly improved in the US business due to improved steel base pricing and the non-recurrence of the under-recovery of steel input costs incurred in the prior period;
- Lower bolt and resin volumes due to ongoing softness in US coal markets;
- EBIT negatively impacted by foreign exchange movements; and
- Disciplined cost management continues to deliver underlying earnings improvement.

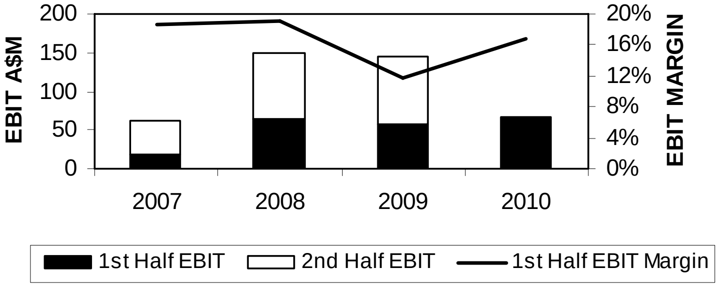
Minova Europe:

- Steady recovery in demand in Russia;
- Difficult trading conditions in Western and Central Europe;
- Softer tunnelling activity, period on period, due to extreme winter weather conditions;
- Acquisition of Weldgrip, complementing existing UK operations;
- Acquisition of 25% share in FiReP, a leading manufacturer of glass reinforced plastic products; and
- Net unfavourable EBIT impact of foreign exchange movements.

EARNINGS

A$M	Six Months Ended March 2010	2009	Change F/(U)
Sales Revenue	395.4	503.2	(21%)
EBIT	66.1	58.5	13%
Operating Net Assets	1,641.6	2,039.3	(20%)

EBIT TREND



Australia, Pacific and Africa:

- Lower volumes and price for resin and steel products in Australia due to increased competitor activity; and
- Slow recovery in demand in South Africa.

China:

- Continued market penetration with strong volume growth; and
- Expansion of manufacturing capacity to support growth progressed, with the commissioning of the Daxing resins plant uprate and completion of the new Taian bolt plant during the period.

PERSPECTIVES FOR SECOND HALF 2010

- Continued growth in China;
- Further geographic expansion through bolt-on acquisitions;
- Recovery in mining markets across most regions and steady demand in civil engineering markets;
- Tight cost control and productivity focus; and
- Continued progress on integration activities.

Record result with EBIT up 8% to $94M.

HIGHLIGHTS

- Record first half result for Mining Chemicals;
- Steady recovery in automotive, industrial and mining markets in Australia;
- Improved business performance in Latin America;
- Disciplined cost management and delivery of incremental synergy benefits;
- Lower average global caustic price; and
- Negative impact to EBIT from movements in foreign exchange rates.

BUSINESS SUMMARIES

General Chemicals

- General Chemicals sales down 13% on the pcp due mainly to the impact of foreign exchange movements;
- Australian trading volumes up 3%, with a steady recovery in industrial and mining markets. Agricultural and construction markets remain soft;
- Volume growth in Marplex from improving automotive and general plastics market segments and growth in infrastructure projects;
- Improved margins in the Latin American business following significant input price rises in the prior period;
- Steady performance from Bronson & Jacobs;
- Difficult trading conditions and ongoing soft demand in New Zealand; and
- Negative impact of a stronger AUD on trading margins (in absolute dollars).

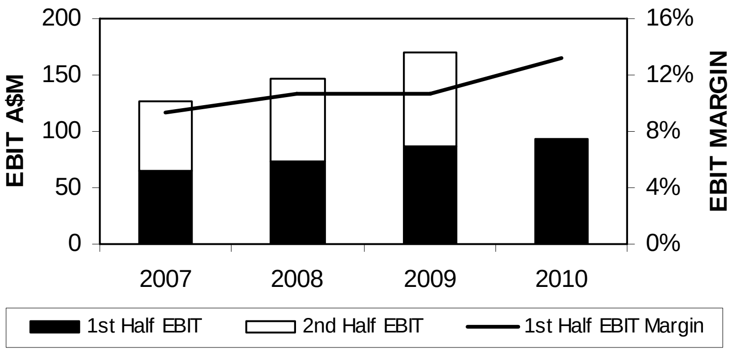
Watercare

- Sales flat versus the pcp, with the impact of lower average global caustic prices and unfavourable foreign exchange movements offset by higher volumes; and
- Volumes up 7% versus the pcp due mainly to new business.

EARNINGS

A$M	Six Months Ended March		
	2010	2009	Change F/(U)
Sales Revenue	711.0	810.8	(12%)
EBIT	93.6	86.3	8%
Operating Net Assets	780.4	829.5	(6%)
Business Sales:			
General Chemicals	475.1	548.7	(13%)
Watercare	115.8	116.0	(0%)
Mining Chemicals	119.4	137.8	(13%)

EBIT TREND



Mining Chemicals

- Sales in Mining Chemicals down 13% on the pcp, primarily due to the unfavourable impact of a stronger AUD and the pass through of lower raw material input costs, offset partly by higher volumes; and
- Volumes for sodium cyanide were up 24% versus the pcp due to strong demand from gold markets.

PERSPECTIVES FOR SECOND HALF 2010

- Sodium cyanide demand expected to remain firm;
- Steady conditions in most markets in Australia and Latin America;
- New Zealand market not expected to deteriorate further;
- Global caustic prices to remain soft;
- Negative earnings impact of a stronger Australian dollar; and
- Continued focus on productivity and cost control.

Record result with EBIT up 6% on the pcp to $65M.

HIGHLIGHTS

- Sales revenue increased by 4% on the pcp;
- Earnings growth for Decorative Paints driven by market and share growth;
- Investment in marketing and product development driving earnings growth for Selleys;
- Improved market conditions for Powder & Industrial Coatings;
- Margin recovery after input cost rises in the prior period; and
- Yates adversely impacted by soft market conditions.

BUSINESS SUMMARIES

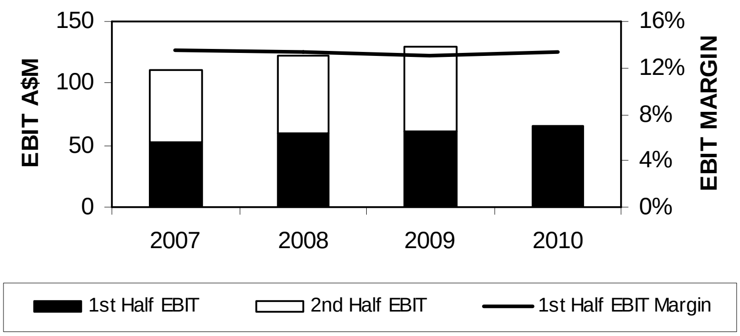
Coatings

- Sales revenue growth of 6% on the pcp;
- Australian decorative coatings earnings grew strongly versus the pcp due to revenue growth. Trade channels were especially strong due to market share gains, as was the Cabot's woodcare business which benefited from another successful marketing campaign. Revenue also increased in the Retail channel;
- New Zealand decorative coatings EBIT was in line with the prior year in a relatively flat market;
- Powder & Industrial Coatings business delivered earnings well above the pcp due mainly to a rebound in market demand;
- Continued solid performance from the PNG business; and
- Earnings in China in line with the pcp as volume increases were offset by rising input prices.

EARNINGS

A$M	Six Months Ended March		
	2010	**2009**	**Change F/(U)**
Sales Revenue	486.2	469.2	4%
EBIT	64.9	61.1	6%
Operating Net Assets	287.0	311.5	(8%)
Business Sales:			
Coatings	372.5	352.6	6%
Home and Garden (Selleys & Yates)	113.7	116.6	(2%)

EBIT TREND (1)



Home Improvement and Garden Care

- Earnings increase for Selleys driven by revenue growth and sustained productivity focus; and
- Yates adversely impacted by the flow-on effect of softer than expected market conditions experienced during the peak Spring season.

PERSPECTIVES FOR SECOND HALF 2010

- Australian markets continuing to recover, following a decline in 2009;
- New Zealand markets remain volatile but appear to have bottomed;
- Continued investment in marketing, innovation and sales, supported by sustained focus on productivity and cost control; and
- Ongoing development of China business platform.

(1) Excludes the $9.5M Yates restructuring provision in 2007.

SAFETY

Orica is committed to eliminating all work related injuries and illnesses from our workplaces.

The Company is continuing to implement preventative measures and learnings arising from injuries and other serious incidents, and participating in external benchmarking.

The Company achieved an all worker recordable case rate (number of injuries and illnesses per 200,000 hours worked) of 0.73, compared with 0.63 for the previous period. Whilst the overall rate has slipped slightly there has been a greater focus to ensure all incidents are reported, particularly across recently acquired sites in more remote regions. This has resulted in an increase in the recordable case rate. The overall severity or impact of the injuries sustained has reduced compared to past years and the Company continues the ongoing focus on safety in all the businesses as we strive for the goal of "no injuries to anyone, ever".

The number of significant distribution incidents year to date has decreased to 13 compared to 17 in the previous period. There continues to be an ongoing focus on reducing distribution incidents and process safety related events as the Company implements enhanced and consistent safety procedures and reporting across the Group and with its transport service providers.

SUSTAINABILITY

Progress continues to be made towards meeting the Challenge 2010 goals, which are the targets the Company has set itself to reduce environmental impact and improve safety, health and environmental performance. In comparison to actual 2009 levels, energy consumption, greenhouse gas emissions, water consumption and waste generation parameters have all decreased. Greenhouse gas reductions are due to on-going improvements in nitrous oxide abatement at Carseland (Canada) and Bacong (the Philippines) whilst energy, water and waste reductions are due in part to slightly lower production as well as improvements from efficiency gains.

In October 2009, Orica submitted its first National Greenhouse and Energy Report (NGER) to the Australian Federal Government's Department of Climate Change in response to the enactment of the NGER legislation.

Orica continues to devote considerable resources to cleaning up legacy sites and is committed to dealing with environmental issues from the past in an honest and practical way. The Botany Groundwater Treatment Plant continues to operate at a level in excess of that required to contain the groundwater plume and treated water is being sold to industrial customers in the Botany precinct, including Orica's ChlorAlkali plant. Progress continues to be made in exploring options to export Hexachlorobenzene (HCB) waste for destruction in dedicated facilities in Europe.

BUSINESS DEVELOPMENT

During the period, work continued on a number of growth projects. This included:

- The ongoing development of the 300ktpa AN facility in Bontang, Indonesia. Cumulative spend to 31 March 2010 is $223M. Site piling work is almost complete with preparation work underway for erection of the absorber and prill tower. The overall project is tracking to plan with commissioning expected in 2011;
- Feasibility work on an ammonium nitrate capacity expansion at Kooragang Island Australia. All statutory approvals have been received for the proposed expansion, with timing of the project dependent on market and demand conditions;
- The ammonia plant expansion project at Kooragang Island, for a capacity uprate of 65ktpa. The uprate has received all statutory approvals and Orica Board sanction, with a target completion date of late 2011. All major equipment has been ordered and site work has commenced;
- The continuation of feasibility work on AN expansion opportunities in Latin America;
- Construction of a non-electric detonator initiating systems facility in Nanling, China, commissioning of which is expected early 2011. Orica has entered a Joint Venture arrangement for the construction and operation of the plant, with 51% ownership; and
- The sodium cyanide plant expansion project at Yarwun which will uprate the plant by 15kt, increasing capacity to 95kt, with a target commissioning date of 2011.

MERGERS & ACQUISITIONS

The period saw continued activity within Minova with further geographic and technological expansion through bolt-on acquisitions. This included:

- Acquisition of 25% share in FiReP, a Swiss based leading manufacturer of glass reinforced plastic products;
- Acquisition of Weldgrip, a UK based leading supplier of high quality strata and ground stabilisation products, tools and equipment, supplying the civil engineering, tunnelling and mining industries, which complements our existing UK operations; and
- Acquisition of 51% of a Chilean bolt manufacturer, strengthening Minova's presence in the Latin American market.

Further Information

Anita Stevenson
Manager Investor Relations
Phone: + 61 3 9665 7844
Mobile: + 61 (0) 416 211 498

Lisa Walters
Manager Corporate Affairs
Phone: + 61 3 9665 7538
Mobile: + 61 (0) 421 585 750