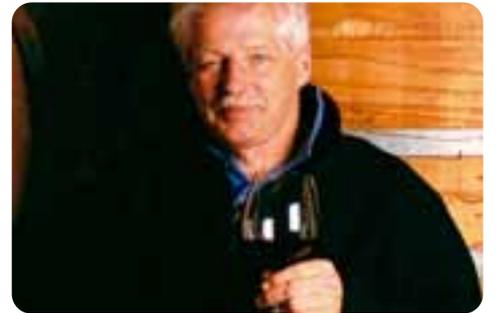
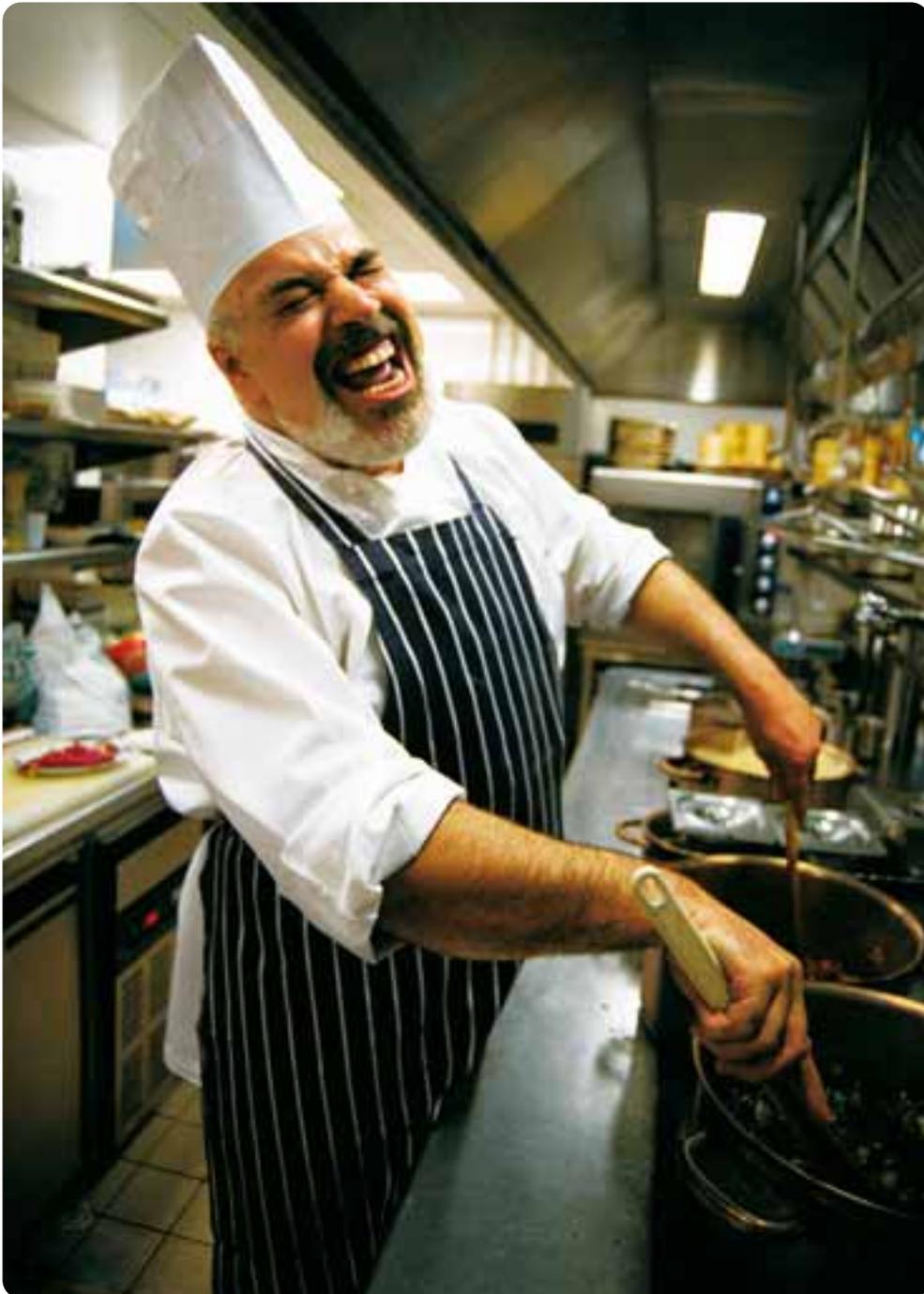


Half Year Report to Shareholders

31 March 2005





Half Year Result Confirms Progress

Dear Shareholder,

Your Company is continuing to perform well, as reflected in the 2005 half-year result.

For the six months to 31 March 2005 Orica declared a net profit after tax of \$131 million, an increase of 7% on the same period last year.

The interim dividend has been increased by 9% to 25 cents per share, franked at 8 cents per share.

Both Mining Services and Chemicals have continued to perform strongly, delivering outstanding half-year results. Our North American Mining Services business has completed a turnaround in the toughest market in the world through a largely self-driven focus on productivity. On an annualised basis, the business is now meeting its target 18% Return on Net Assets (RONA).

After delivering record profits last year, Consumer Products has been impacted by tougher market conditions and increased raw material costs, but continues to perform sustainably. The results of our fertilisers business, Incitec Pivot Limited, are a reflection of a more competitive market together with mixed weather conditions. As with all our businesses, Orica Consumer Products and Incitec Pivot Limited are focused on improving productivity through programs directed at procurement, supply chain and manufacturing efficiencies.

We are pursuing organic growth through initiatives such as increasing the ammonium nitrate capacity at our Yarwun site in Queensland to meet increasing demand by coalminers in the region. Capacity has already been increased by a further 25,000 tonnes, and work has commenced at Yarwun on a 300,000 tonne expansion of ammonium nitrate capacity to 595,000 tonnes.

In addition, growth is being pursued through our mergers & acquisitions strategy. This continues to revolve around 'bolt-on' opportunities that help to ensure our portfolio is developed in a manner that capitalises on our strong market positions. Over the past three years, we have completed some 20 merger and acquisition opportunities.

Activity in the past half-year included the acquisition of Bronson and Jacobs, Woods and Woods and Keith Harris Flavours and Fragrances. Orica also acquired Aluminates Chemical Industries and a 51% equity interest in the Andean Chemical Group of companies in Chile and Peru. A distribution agreement between Orica Mining Services and Exsa was established in Peru. We are already starting to see good returns from these arrangements.

Orica has also pursued opportunities to restructure debt. Following similar deals in 2000 and 2003, we have repaid short-term debt with money borrowed from the US private placement market for 10 and 12 years at very competitive rates. These arrangements are a clear indication of the investment market's faith in Orica.

Progress has been made on the sale of Qenos and we plan to complete the sale by the end of this financial year.

There were several changes at the senior management level during the last six months. Jim Hall, Finance Director and Chief Financial Officer, announced his retirement in January. He was succeeded as Chief Financial Officer by Noel Meehan whose breadth and depth of financial experience both within Orica and external to the organisation make him ideally suited to the role. Other changes included the retirement of Chemicals Group General Manager, Barbara Gibson, who led the division to 15 consecutive half-years of profit growth. I would like to take this opportunity to thank Jim and Barbara for their distinguished service to Orica.

In these cases, as with other management changes, we have benefited from Orica's strength in succession planning and have filled these senior positions with internal candidates. By developing our best employees we can quickly fill vacated positions with excellent replacements who build on the successes of their predecessors whilst bringing their own individual strengths to the role.

Once again, all Orica's employees are to be congratulated on the way they have embraced opportunities to meet productivity targets and demonstrated outstanding creativity in their dealings with customers.

Our commitment to 'Delivering the Promise' extends beyond our customers and shareholders. We seek to engage with the communities around our operations, and we have continued to make progress in our environmental performance in areas such as use of power and water and emissions to air, water and land.

We are taking a proactive approach to managing projects to remediate and restore legacy contamination sites and to address more efficient environmental operation of current plants. Whilst, in certain instances, external factors prevent us from concluding our remediation activities, other sites have been fully remediated with great success. A report on our remediation efforts appears on the last page of this report.

Our focus on safety is relentless. However, whilst the underlying trend in Recordable Cases and Lost Time Cases remains favourable, there were tragically three fatalities in Brazil. Although our overall performance is considered world class, our systems, as currently applied, are not always achieving their first objective which is preventing deaths and serious injuries. Safety continues to have the priority attention of the Board and senior management, and our objective remains 'No injuries to anyone, ever'.

Going forward, in the second half of 2005 we anticipate further earnings growth compared to earnings in the corresponding half of 2004, although this will be dependent on the global economic environment and rainfall in Australia. Subsequent to our half-year results announcement there has been some rain and we are hopeful about the outlook for the remainder of the year. Longer-term, we will continue to focus on productivity (both capital and cost efficiency) as well as growth in our core business areas that we believe can provide attractive returns to our shareholders.

Don Mercer
Chairman

Business Performance

Orica continued to improve earnings with net profit after tax (NPAT) for the six months ended 31 March 2005 up 7% to \$131M. There are no significant items in the current period.

Financial Highlights

- Sales revenue up 16%.
- 7% increase in NPAT to \$131M (pcp: \$122M).
- Earnings per share up 8% to 48 cents per share (cps).
- Interim dividend up 9% to 25 cents per share - franked at 8 cps.

Business Highlights

- Record half-year results in Mining Services and Chemicals reflecting good market conditions, ongoing efficiency gains (including benefits of restructuring in North America Mining Services) and earnings from acquired businesses in Chemicals.
- Consumer Products result was impacted by softening market conditions, increased raw material costs and increased marketing spend.
- Profitability from Fertilisers has been adversely impacted by mixed weather conditions in some parts of East Coast Australia, and competitor activity.

Mergers, Acquisitions, Development

- Acquired Bronson and Jacobs, Woods and Woods and Keith Harris Flavours and Fragrances.
- Successful commissioning in April 2005 of 25,000 tonnes (9%) additional ammonium nitrate capacity at Yarwun (Queensland).
- Work at Yarwun has commenced on the 300,000 tonne expansion of ammonium nitrate capacity to 595,000 tonnes.
- Acquisition of Aluminates Chemical Industries.

Strategy

Orica is a company that turns science into solutions for our customers. Our vision is to be the best performing science-based solutions company in the world.

Our vision will be achieved by:

- Securing market leadership positions in niche markets, which build on our strengths and create economic value for our shareholders.

Orica aims to continue to deliver above-average market returns and our 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 businesses.

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

We see growth coming from four areas:

- Industry growth
- Productivity improvements
- Expansion capital; and
- Mergers and acquisitions.

Orica's businesses have strong operating cash flows which can fund future growth and by adhering to our strict financial criteria, continuing the focus on Efficiency and Culture, we are confident that the growth strategy will lead to increased earnings, increased dividends and above-average returns for shareholders.

Revenue Summary

Six Months Ended 31 March

A\$M	2005	2004	Change F/(U)
Mining Services	920	796	16%
Chemicals	688	481	43%
Consumer Products	391	387	1%
Fertilisers	440	433	2%
Eliminations	(55)	(43)	(25)%
Total sales revenue	2,384	2,054	16%
Other operating revenue	26	20	30%
Total operating revenue	2,410	2,074	16%

Earnings Summary

Six Months Ended 31 March

A\$M	2005	2004	Change F/(U)
EBIT			
Mining Services	129.5	106.6	21%
Chemicals	58.4	51.6	13%
Consumer Products	48.1	50.6	(5)%
Fertilisers	22.2	31.5	(30)%
Corporate Centre	(14.3)	(13.3)	(8)%
Other Support Costs	(7.0)	(11.0)	36%
Total EBIT	236.9	216.0	10%
Net interest	(47.1)	(36.5)	(29)%
Tax expense	(51.4)	(49.9)	(3)%
Minority interests	(7.7)	(7.4)	(4)%
NPAT and minority interests	130.7	122.2	7%

Financial Performance

For the six months ended 31 March

	2005	2004	% change
Sales revenue (\$m)	2,384	2,054	16
Net profit after tax and minority interests (\$m)	130.7	122.2	7
Earnings per share (cents)	47.9	44.2	8
Interim dividend (cents)	25	23	9
Payout ratio (%)	52.2	52	-
Interest cover* (times)	5	5.9	
Gearing** (%)	46.9	40.1	

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

** Net debt/net debt plus equity

Leadership in Site Remediation



Cabarita, New South Wales as an operating site, circa 1990

Orica and its predecessors have been part of the chemical industry for well over 100 years. Historically, many operating standards have been below those that exist today and much has been learned over time in relation to the long-term effects of manufacturing on the environment.

We are taking a proactive approach to addressing legacy issues resulting from the historical operations of our company and those we have acquired. As an organisation we are acknowledging the effects of historical operations, facing up to our social responsibilities and taking positive steps to clean up.

To date, seven major sites have been remediated and returned to alternative uses that include residential, retail and commercial. These sites are located in New South Wales (Cabarita and Rhodes), South Australia (Port Adelaide), Victoria (Cheltenham and Ascot Vale) and New Zealand (Avondale and Panmure).

At Cabarita, for example, Orica's remediation efforts have successfully eliminated soil contamination at the former paint factory and the site turned into a luxury housing development. At Rhodes, contamination from past chemical and paint manufacture has also been cleaned up with great success and luxury apartments now stand on the site. Similar success has been achieved in the Auckland suburbs of Panmure and Avondale where the local community, regulators and government were all involved in the remediation of soil and groundwater at former paint factories.

Several manufacturing sites have some level of soil and groundwater issues relating to the presence of chemicals that were used in the manufacture of various products, including plastics, that have since been found to be potentially harmful to people and the environment. Orica is committed to cleaning up any contamination resulting from historical operations at these sites. We research the problems and investigate the available technologies and processes to ensure that the job is done thoroughly.

Sites are remediated to a standard suitable for their intended future use. Current activities include soil and groundwater remediation



Remediated Cabarita site, circa 1998

programs at Botany (New South Wales), Parafield Gardens (South Australia) and Villawood (New South Wales). Site investigations are currently in progress at Deer Park and Yarraville in Victoria, while remediation options are being investigated at former fertiliser sites at Wallaroo and Port Lincoln (South Australia). Remediation options for Kooragang Island are under discussion with the New South Wales Environment Protection Agency (EPA).

Taking a proactive approach and bearing all costs associated with cleaning up sites are the means by which Orica is taking a leadership role in site remediation while some other industries and organisations are still coming to terms with legacy issues.

In addition, we are working to bring current practices to standards that meet or exceed both regulatory requirements and community expectations. We believe companies like Orica have a responsibility to the community not just to produce products to meet market needs, but also to manage production so that people can live and work in safety. A good example is our Kooragang Island site where a combination of site improvements and process improvements has had a significant impact on our environmental performance.

By making such improvements to our current operations we will ensure that legacy issues remain a thing of the past and we can all look forward to a better future.

Shareholder Calendar

(dates subject to change)

Full year results and 2005 final dividend announced	21 November 2005
Books close for 2005 final dividend (ordinary shares)	30 November 2005
2005 final dividend paid	16 December 2005
Books close for preference dividend	13 January 2006
2005 Annual General Meeting	24 January 2006
Preference share dividend paid	31 January 2006

Don Mercer	Chairman
Malcolm Broomhead	Managing Director & CEO
Noel Meehan	Chief Financial Officer
Graeme Liebelt	Executive Director
Peter Duncan	Non-executive Directors
Catherine Walter	
Michael Beckett	
Peter Kirby	
Michael Tilley	
Garry Hounsell	

Orica Limited – contact details

ABN 24 004 145 868

Shareholder and analyst enquiries:
Many shareholder and analyst enquiries 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/orica. All you will need is your SRN or HIN and your surname/company name and postcode.

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