Orica Limited
ABN 24 004 145 868

ASX Announcement

Orica Delivers Strong Results and Growth in Year of Transition

Orica today announced a Net Profit After Tax and Significant Items for the year ended 30 September 2006 of $539 million, up 159% over the previous year. Excluding individually Significant Items, Net Profit after Tax was $380 million, up 12% on 2005. Sales revenue increased 5% to $5.4 billion.

The board of directors has declared a 48 cents per share final dividend, bringing the total dividend for 2006 to 74 cents per share, an increase of 4% over the 2005 total dividend. The 2006 total dividend is franked at 41%.

Orica's Managing Director and Chief Executive Officer, Graeme Liebelt, said the results showed the continued strength of Orica's underlying earnings in a year when Orica's business portfolio had been significantly re-shaped for the future.

"The record results from Mining Services and Chemical Services, underscore strong trading conditions in their respective markets. We believe these trends will continue as customers in the resources sector strive to increase their volume of output, both from existing and new mines", Mr Liebelt said.

"This year has seen Orica become the true global leader in Mining Services. We now have operations in 50 countries and sell into twice that many, exposing the company to both geographic and market growth opportunities", he said.

Earnings from the Consumer Products division were down marginally on the prior year, a pleasing performance in light of softer market conditions.

"Consumer Products has improved its competitive position in 2006 and is well positioned for any recovery in overall market conditions", Mr Liebelt said.

Chemnet's earnings were down 26% reflecting a range of factors including difficult trading conditions in the Australian and New Zealand manufacturing sectors and loss of market share. The previously announced restructuring program resulted in cost savings in the second half of $9 million and more are expected in the coming year.

"In addition to the strength of our core earnings, during 2006 we have laid the foundations for a period of sustained profit improvement through a significant re-shaping of Orica. The divestment of Qenos and Incitec Pivot, the acquisition of the Dyno Nobel businesses and recently the Minova acquisition, position Orica as one of the few businesses based in Australia that can claim to be a true global leader," Mr Liebelt said.

“The business platforms that now make up the group offer growth potential as well as a less volatile earnings stream,” Mr Liebelt said.

Subject to global economic conditions, group net profit before significant items in 2007, is expected to be higher than that reported in 2006, as we look forward to a full year contribution from the acquired Dyno businesses and recently commissioned ammonium nitrate expansion at Yarwun, in addition to improved earnings across our existing businesses. We also expect a nine month earnings contribution from the recently announced Minova acquisition.

November 13, 2006

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ORICA LIMITED - PROFIT REPORT

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

Orica's net profit after tax (NPAT) and significant items for the year ended 30 September 2006 of $539M was up 159% compared with the previous corresponding period (pcp). NPAT before significant items was up 12% on the pcp, to $380M[(1)].

FINANCIAL HIGHLIGHTS

- Sales revenue up 5% to $5.4 billion.
- EBIT up 9% to $658M[(1)].
- Earnings per share[(1)] up 1% to 125.5 cents
- Return on shareholders' funds[(2)] down from 25.5% for the pcp to 19.3% due to an expanded capital base to fund the Dyno Nobel acquisition.
- Gearing[(2)] at 10.2%, down from 42.3% in pcp.
- Net interest expense $92M, down 10%, with interest cover of 7.1 times.
- Final dividend is 48 cents per share (cps) - franked at 21 cps. Total dividend for 2006 is 74 cps (2005 : 71 cps), franked at 30 cps (40.5%).

BUSINESS HIGHLIGHTS

- Record result in Mining Services (EBIT +21%) reflecting strong demand in all regions and resilience to higher input costs.
- Earnings from the newly acquired Dyno Nobel businesses were $26M for the period June 2006 to September 2006.
- Record result in Chemical Services (EBIT +10%) reflecting a strong performance in Mining Chemicals, firm caustic soda pricing and the successful integration of the Aluminates acquisition in 2005.
- Consumer Products performed satisfactorily in a softer retail market (EBIT –3%) with ongoing gains in market share.
- Weaker Chemnet performance (EBIT –26%) due to lower volumes compared to the prior period. A restructure of the group was announced in April and $9M of cost savings were achieved in the second half.

[(1)] Before significant items.
[(2)] Net debt/net debt + book equity.
[(3)] Hybrid shares notionally re-classified as 50% equity and 50% debt

Prior period numbers have been re-stated under A-IFRS

A$M	Year Ended September 2006	2005	Change F/(U)
Sales Revenue	5,359.2	5,126.7	5%
Underlying Results [(1)]:			
EBIT	657.7	600.9	9%
Net interest expense	(92.2)	(102.5)	10%
Tax	(156.4)	(134.9)	(16%)
Minority interests	(28.8)	(23.6)	(22%)
NPAT and minority interests	**380.3**	**339.9**	**12%**
Earnings per share (cents)	125.5	124.6	1%
Return on shareholders' funds	19.3%	25.5%	
Results including Significant items:			
Significant items after tax and minority interests	158.8	(131.6)	
NPAT and minority interests	**539.1**	**208.3**	**159%**
Earnings per share (cents)	177.8	76.3	133%
Return on shareholders' funds	27.3%	15.6%	
Financial Items			
Interim ordinary dividend per share	26.0	25.0	4%
Final ordinary dividend per share	48.0	46.0	4%
Total ordinary dividend per share	74.0	71.0	4%
Payout Ratio	59.0%	57.0%	3%
Net debt	302.1	1,112.1	73%
Gearing	10.2%	42.3%	
Gearing (adjusted) [(3)]	18.4%	42.3%	
Interest cover (times)	7.1	5.9	
Average exchange rate (A$/US$)	74.5	76.5	3%

OUTLOOK - 2007

- Subject to global economic conditions, group net profit before significant items in 2007, is expected to be higher than that reported in 2006, as we look forward to a full year contribution from the acquired Dyno businesses and recently commissioned ammonium nitrate expansion at Yarwun, in addition to improved earnings across our existing businesses. We also expect a nine month earnings contribution from the recently announced Minova acquisition.

Note: numbers in this report are subject to rounding.

ORICA LIMITED
PROFIT REPORT – YEAR ENDED 30 SEPTEMBER 2006

REVENUE

Sales revenue increased by $233M (+5%) to $5,359M. Major factors were:

- Sales revenue from acquired businesses (+$325M).
- Underlying revenue, excluding acquisitions, divestments and foreign exchange impacts, of $4,413M improved $407M (+10%), driven primarily by:
  - Improved performance from Mining Services due to strong demand in all regions +$386M and;
  - Revenue improvement in Chemical Services (+$55M) due to a strong performance from Mining Chemicals and firm caustic soda pricing;

Partly offset by:
  - A reduction in Chemnet's underlying sales of $60M (-6%) primarily due to lower volumes.

- Revenue increased $8M due to a favourable foreign exchange impact versus the pcp.
- Other income increased $434M on pcp to $499M, due to the profit on asset sales (Incitec Pivot $409M and Orica Kimit mining business $6M).

Revenue Summary

A$M	Year Ended September 2006	2005	Change F/(U)
Mining Services	2,620.9	1,987.0	32%
Fertilisers	613.6	1,073.9	(43%)
Consumer Products	785.0	768.5	2%
Chemical Services	477.0	411.9	16%
Chemnet	987.4	1,029.5	(4%)
Eliminations	(124.7)	(144.1)	13%
Total sales revenue	**5,359.2**	**5,126.7**	**5%**
Other income	498.6	64.3	675%
Total	**5,857.8**	**5,191.0**	**13%**

Earnings Summary

A$M	Year Ended September 2006	2005	Change F/(U)
EBIT			
Mining Services	412.0	340.0	21%
Fertilisers	74.3	83.5	(11%)
Consumer Products	97.3	100.5	(3%)
Chemical Services	67.1	60.8	10%
Chemnet	57.7	78.5	(26%)
Corporate Centre	(36.3)	(35.9)	(1%)
Other Support Costs	(14.4)	(26.5)	46%
Total EBIT	**657.7**	**600.9**	**9%**
Net Interest	(92.2)	(102.5)	10%
Tax expense	(156.4)	(134.9)	(16%)
Outside equity interests	(28.8)	(23.6)	(22%)
NPAT and minority interests	**380.3**	**339.9**	**12%**
Significant items after tax	158.8	(131.6)	
NPAT and significant items	**539.1**	**208.3**	**159%**

EARNINGS BEFORE INTEREST AND TAX (EBIT)

- Total EBIT increased 9% to $658M (pcp $601M) primarily due to:
  - EBIT from acquired businesses (+$37M);
  - Improvement in underlying earnings from Mining Services (+$46M);
  - A record performance from Chemical Services (+$6M);
  - Lower corporate project spend (+$12M) compared to the pcp.

  offsetting:
  - A reduction in Chemnet's earnings (-$21M) due to difficult trading conditions experienced by the business primarily impacting volumes; and
  - Lower fertiliser contribution due to the sale of Incitec Pivot during the year (-$9M).

INTEREST

- Net interest expense was $92M compared with $103M pcp. This reduction was due to:
  - A decrease in average net debt levels partly offset by the impact of holding large cash balances during the last quarter at lower interest rates than incurred on gross debt;
  - Higher capitalised interest relating to the Yarwun ammonium nitrate project ($9M).

  partly offset by:
  - unwinding of discounting on the Botany Groundwater provision ($5M).

- Interest cover was 7.1 times (pcp 5.9 times).

TAX

- Tax expense was $156M with an effective tax rate of 27.7% (pcp: 27.1%).

NET PROFIT

- Net profit after tax and significant items was up 159% to $539M (pcp: $208M).
- Net profit after tax and minority interests but before significant items increased 12% to $380M (pcp: $340M).

SIGNIFICANT ITEMS

- Significant items amounted to a gain of $159M after tax (2005 loss of $132M). Major items in the current period were:

- Profit on sale of Incitec Pivot Ltd of $409M;

Partly offset by:

- Legacy provisions totalling $86M relating to: the treatment and export of HCB waste and treatment of contaminated soil at the Botany site ($49M); remediation of the disused Villawood site in Sydney ($23M) and; Orica's share of the provision for the remediation of IPL's Cockle Creek facility ($14M);
- Restructuring and rationalisation costs of $43M relating to the restructure of Chemnet announced April 2006 ($35M) and the closure of the Seneca site ($8M);
- Integration and financing items relating to the acquired Dyno Nobel businesses ($76M);
- Asset write-downs relating to the Adhesives & Resins business in Indonesia ($10M);
- Environmental provision for the remediation of the Seneca AN facility in Illinois ($19M); and
- Provision for tax indemnity relating to the Crop Care business that was sold in 2002 ($16M).

Significant items after tax A$M	**Year Ended September 2006**	**2005**
Legacy Issues		
HCB Waste	(49.1)	-
Villawood (NSW)	(23.1)	-
Cockle Creek (NSW)	(13.7)	-
Botany Groundwater (NSW)	-	(18.5)
	(85.9)	(18.5)
Restructuring & Rationalisation		
Chemnet	(35.1)	-
IPL	-	(30.9)
Corporate	-	(10.6)
Chemical Services	-	(4.6)
Seneca (North America)	(8.2)	-
	(43.3)	(46.1)
Dyno Nobel income/(expenditure)		
Integration costs	(78.2)	-
Net financing income	2.3	-
	(75.9)	-
Other		
Profit on disposal of IPL	408.8	-
Impairment writedowns:		
Adhesives and Resins	(10.1)	(11.5)
Seneca (North America)	-	(14.7)
Seneca Environmental provision (North America)	(18.8)	-
Tax indemnity - Cropcare	(16.0)	-
Qenos Divestment	-	(34.0)
Restructuring provisions on acquisitions	-	(6.8)
	363.9	(67.0)
Total	158.8	(131.6)

Ordinary dividend	**Year Ended September 2006**	**2005**	**Change F/(U)**
Final Ordinary Dividend			
- CPS	48.0	46.0	4%
- Franking %	43.8%	32.6%	
Interim Ordinary Dividend			
- CPS	26.0	25.0	4%
- Franking %	34.6%	32.0%	
Total Ordinary Dividend			
- CPS	74.0	71.0	4%
- Franking %	40.5%	32.4%	

SHARE BUYBACK

- The Orica on-market share buyback was re-activated in July 2006. During the financial year a total of 3.6M shares were bought back at an average price of $22.53 per share.

DIVIDEND

- Directors have increased the final dividend by 4% to 48 cps (pcp: 46 cps) franked at 21cps. Franking capacity in the near term is forecast to be no higher than 35%.

MERGERS & ACQUISITIONS, DEVELOPMENT

- Completed the acquisition of the Dyno Nobel businesses announced September 2005.
- Completion of the sale of Qenos to China National Chemical Corporation.
- Sale of Orica's 70% stake of Incitec Pivot Limited (IPL), via a share placement to institutional investors and a selective buy back conducted by IPL. Gross proceeds of $857M with after tax profit on sale of $409M.

MERGERS & ACQUISITIONS, DEVELOPMENT (cont.)

- The uprate of the Yarwun ammonium nitrate complex was successfully commissioned in August 2006.
- The sale, subject to ACCC approval, of the Australian and New Zealand Adhesives & Resins businesses to Hexion Speciality Chemicals for an undisclosed sum above book value.
- On October 17 2006, Orica announced it had agreed to purchase mining services company Minova for A$870M including transaction costs ($13M). Subject to regulatory approvals completion is expected by the end of calendar year 2006.

BALANCE SHEET

Balance Sheet A$M	Sept 2006	March 2006	Sept 2005
Inventories	579.1	943.6	826.4
Trade Debtors	719.5	756.8	548.4
Trade Creditors	(668.2)	(825.4)	(770.5)
Total Trade working capital	630.4	875.0	604.3
Net property, plant & equipment	1,603.1	1,774.0	1,593.7
Net other assets	736.8	1,392.4	433.6
Net debt	(302.1)	(1,423.0)	(1,112.1)
Net Assets	**2,668.2**	**2,618.4**	**1,519.5**
Orica shareholders' equity	2,616.6	2,431.6	1,327.9
Outside equity interests	51.6	186.8	191.6
Equity	**2,668.2**	**2,618.4**	**1,519.5**
Gearing	**10.2%**	**35.2%**	**42.3%**
Gearing (adjusted) [i]	**18.4%**	**41.3%**	**42.3%**

[i] Gearing recalculated with Hybrid shares notionally reclassified as 50% equity and 50% debt.

- Trade working capital increased $26M (4%) to $630M from the pcp. The increase was mainly attributable to changes in business mix; AIFRS impact on pcp debtor comparatives ($82M); and sales revenue growth impacting debtors.
- Excluding the impact of acquisitions and divestments, trade working capital increased by $58M (13%). The increase was due to sales growth across most businesses and an increase in debtors resulting from trade finance recognised at 30 September 2006 in accordance with AIFRS (not in pcp).
- On an underlying basis, excluding the impact of acquisitions, divestments and AIFRS adjustments on pcp, trade working capital decreased by $24M (4%) on the pcp, and the working capital to sales ratio fell to 11.6% from 13.4%.
- During the period the improved underlying creditors performance ($32M) was largely due to an improvement in payment terms across the group while inventories declined ($45M) due to an increased focus on reducing stock levels. Underlying growth in debtors (+$54M) was in line with underlying sales growth of 10%.
- Net property, plant and equipment is $2M lower than the pcp, mainly due to investments in the Yarwun AN expansion ($145M), AN plant turnaround expenditure ($34M), the Botany Groundwater treatment plant ($30M) and the acquisition of Dyno (+$117M), offset by the divestment of IPL (-$298M) and depreciation.
- The increase in net other assets of $315M over the pcp was primarily due to acquisitions and divestments. Intangibles and deferred tax assets increased due to the acquisition of Dyno. This was partly offset by an increase in non-trade payables and provisions.
- Net debt of $302M has decreased $810M since September 2005, primarily due to funds received from the IPL sale and net proceeds from capital raisings during the year ($1,034M).
- Key balance sheet movements since March 2006 were; trade working capital (-$245M) mainly due to the disposal of IPL, net other assets (-$656M) primarily reflects the reversal of the Dyno Nobel non-trade receivable held at March 06, before Dyno assets were acquired; and net debt (-$1,121M) primarily due to the sale of IPL.
- Shareholders' equity increased $1,289M largely as a result of net proceeds from capital raisings and the profit on sale of IPL.
- Outside equity interests have decreased mainly due to the disposal of IPL.
- At 10.2%, accounting gearing (net debt/net debt + equity) reduced by 32.1 percentage points over the pcp (42.3%). In accordance with AIFRS, the hybrid shares are recognised as equity. Adjusted gearing, which treats the hybrid shares as 50% equity and 50% debt in accordance with the Standard & Poors credit rating treatment, was 18.4%.

CASH FLOW

- Net operating cash inflows were $414M, compared to the pcp inflows of $376M, mainly due to:
  - EBITDA growth of 10% to $815M;
  - No disputed tax assessment cost in 2006 ($105M in the pcp);
  - A slight improvement in non trade working capital ($4M) mainly due to decreased non trade debtors and increased non trade creditors.

  partially offset by:
  - Net interest paid was 10% higher ($90M compared to $82M) due to a timing difference relating to the payment of interest on private placement debt.
  - Trade working capital was adversely impacted ($213M) due to the higher seasonal trade working capital position of IPL at the time of disposal, and increased Mining Services debtors due to higher sales.
- Net investing cashflows outflow of $376M due to:
  - Increased sustenance capital spending of $179M, 21% higher than 2005. The largest components of this was turnaround spend of $34M and IPL sustenance capex of $30M prior to its disposal.
  - Growth capital spend of $215M, consistent with $214M in the pcp;
  - Acquisitions of $882M, mainly for the Dyno Nobel business; and
  - Proceeds from asset sales of $876M were primarily due to the sale of IPL.
- Net financing cash flows of $757M due mainly to the net proceeds from the rights issue ($508M) and hybrid issue ($490M), partly offset by the payment of dividends and other financing cash outflows.
- Cash dividends paid to Orica shareholders of $186M increased by $8M over the pcp.

Statement of Cash Flows	**Year Ended September**		
			Change
A$M	**2006**	**2005**	**F/(U)**
EBIT	657.7	600.9	9%
Add: Depreciation	142.6	136.0	(5%)
Add: Amortisation	14.3	4.4	(225%)
EBITDA	814.6	741.3	10%
Net interest paid	(90.3)	(82.0)	(10%)
Net income tax paid	(101.6)	(104.4)	3%
Disputed amended tax assessment	-	(105.0)	
Trade Working Capital mvt	(212.6)	175.2	
Non Trade Working capital mvt	3.8	(249.3)	
	413.9	375.8	
Net investing cash flows			
Capital spending			
Sustenance capital (i)	(178.5)	(147.0)	(21%)
Growth capital	(215.3)	(213.6)	(1%)
Sub-total	(393.8)	(360.6)	(9%)
Acquisitions	(882.2)	(59.2)	(1390%)
Proceeds from surplus asset sales, businesses and investments	876.0	119.0	(636%)
Other	23.9	-	
	(376.1)	(300.8)	
Net financing cash flows			$M
Proceeds from issue of shares	1,034.0	27.5	1,006.5
Movement in borrowings	-	220.9	(220.9)
Dividends paid - Orica shareholders	(186.2)	(178.2)	(8.0)
Dividends paid - Other shareholders	(5.9)	(24.1)	18.2
Other	(84.7)	(53.7)	(31.0)
	757.2	(7.6)	764.8
(i) Sustenance capital spending:			
Routine	(145.0)	(147.0)	
Major shutdown/turnaround	(33.5)	-	
Total	(178.5)	(147.0)	

ORICA SPS

- The first distribution on the Orica SPS securities relating to the period 15 March 2006 to 29 November 2006 will be paid on 30 November 2006 (A$25M). Subject to directors discretion, future distributions are payable semi-annually in arrears on 31 May and 30 November each year. All distributions are unfranked.
- The distribution rate is 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 is 6.995% (BBSW on 15 March 5.645% plus 1.35%).

STRATEGY

Orica turns science into solutions for our customers which, in turn, creates value for our shareholders.

The realisation of this vision will be apparent through the consistent and sustainable achievement of above-average returns to our shareholders.

Our strategy for sustainable profit growth and strong returns on investment is driven by:

- Securing market leadership positions in selected 'niche' markets, which build on our strengths and enable us to better serve customers, develop and retain technological advantage and achieve the benefits of scale;
- Growing only value adding businesses - those that have "earned the right to grow"; and
- Growing "close to the core".

Strict financial criteria, such as our 18% Return on Net Assets requirement for new investments by the third full year of ownership, continue to provide the financial discipline required for assessing growth opportunities.

Orica sees growth coming from four areas: Industry and Organic Growth; Productivity Improvements; Expansion Capital expenditure; and Mergers and Acquisitions.

Orica's businesses have strong operating cash flows which help fund future growth.

This strategy is a relatively low risk approach that has the potential to produce superior returns for our shareholders.

Major strategic initiatives in the 12 months to September 30 2006 were:

Mining Services:

- Completion of the acquisition of the European, Middle Eastern, African, Asian and Latin American business of Dyno Nobel. The acquisition was compelling for Orica from both a strategic and financial perspective.
- Successful commissioning of the Yarwun Ammonium Nitrate expansion project. This involved almost doubling manufacturing capacity at the Yarwun plant in Queensland. Yarwun is now the largest industrial grade ammonium nitrate plant in the world, ahead of Orica's plant in Carseland, Canada. This project will deliver strong returns on investment from FY2007.

Fertilisers:

- Orica exited the fertiliser industry through divesting its 70% stake in Incitec Pivot. The final sale price was a positive outcome for Orica shareholders and provides further scope for Orica to re-invest in its remaining business platforms that deliver attractive returns.

Consumer Products:

- Completion of a number of projects aimed at improving the customer offering, including the establishment of an in-house merchandising service in Australia (Retail Select) and the re-launch of the Yates product range. The business has improved its market position versus its largest competitors and continues to look for expansion opportunities that meet our strict strategic and financial criteria.

Chemnet:

- In April 2006 the business commenced a restructuring program to enable it to be in a position to meet Orica's return criteria. The restructure program is progressing with $9M of cost savings achieved in the second half. The cost savings target is $20M per annum from 2007 onwards.

Chemical Services:

- A further uprate of the sodium cyanide plant at Yarwun to 80kt per annum has been approved, to take advantage of growing demand in the gold mining sector.
- Miex® commercialisation continues to gather momentum and it is expected to be profitable in 2008.

Group:

- Continuation of initiatives to improve key processes and capabilities to deliver sustainable growth and productivity improvements across the group, such as the six sigma program.

Record result with profitability up 21% to $412M, including a four month contribution of $26M from the acquired Dyno businesses.

HIGHLIGHTS

- Sales revenue growth of 32% driven by strong demand and pass through of higher input costs.
- Excluding Dyno, sales revenue up 19% and profitability up 14% to $386M.
- Successful renegotiation of key contracts.
- Yarwun expansion successfully commissioned.
- Strong growth in electronic detonators (+35%).
- Dyno integration on track.
- EBIT margin impacted by rising input costs, higher AN imports into Australia, increased depreciation expense and the inclusion of Dyno.

Australia/Asia

- EBIT of $224M, up 10% on pcp. Regional volume strong (+9%).
- EBIT margins impacted by:
  - Margin reduction in percentage terms from higher input cost pass through in selling prices.
  - Imported ammonia prices up 32%. The lag before cost recovery impacted EBIT by $5M.
  - Increasing AN demand prior to Yarwun commissioning required imports (83kt versus pcp 78kt) impacting EBIT adversely by $2M.
  - Higher depreciation expense ($10M) due to recent capital expenditure projects.
- Kooragang Island turnaround project impacted EBIT by $5M.
- Electronic detonator sales up 29%.

North America

- EBIT $83M, up 18% on pcp. Regional volume up 9% as a result of strong coal and quarry and construction activity.
- AN optimisation strategy with closure of Seneca AN plant to be replaced by Terra volumes.
- Electronic detonator sales up 36%.

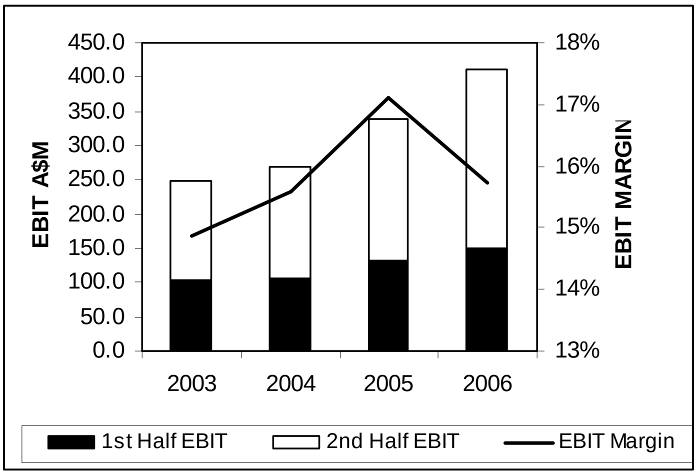
Latin America

- EBIT of $36M, up 5% on pcp, with regional volume up 12%.
- EBIT impacted by higher fuel and freight costs, adverse FX movements ($5M), and spend on evaluating potential AN projects ($5M).

EARNINGS

A$M	Year Ended September 2006	2005	Change F/(U)
Sales Revenue	2,620.9	1,987.0	32%
EBIT	412.0	340.0	21%
Net Assets	2,184.1	1,104.2	98%
RONA	25%	32%	
EBIT:			
Australia/Asia	223.8	203.5	10%
North America	83.2	70.4	18%
Latin America	35.8	34.2	5%
Europe	43.2	31.9	35%
Dyno Nobel	26.0	-	-

EBIT TREND



Europe, Middle East and Africa

- EBIT $43M, including profit on sale of Kimit JV ($6M). Underlying EBIT growth 17%.
- Regional volume up 9% due to strong growth in Turkey, Germany and Spain.
- Improved performance in Eastern Europe.

Dyno

- EBIT contribution of $26M after adverse acquisition accounting adjustments ($5M).
- Performance in line with expectations.
- Dyno operates at lower EBIT margins than the group average which impacted reported EBIT margins.

OUTLOOK - 2007

- Market conditions expected to remain strong.
- Expecting $40M-$50M of Dyno integration synergies in first full year FY2007
- Full year impact of Yarwun expansion.
- Volatility in input pricing is reflected in product pricing, albeit with a lag.

Earnings down by 3% to $97M due to overall market downturn mitigated by market share gains and cost efficiency improvement.

HIGHLIGHTS

- Sales revenue up marginally from prior year. Profitability adversely affected by change in business mix and higher raw material prices.
- Market share increases in a soft market with increased marketing spend ($4M) to support successful new product launches.
- Strong New Zealand business performance despite weaker economy and lower $NZ translation.
- Continued productivity savings providing additional resources for business development and brand building investment.

BUSINESS SUMMARIES

Paints and Woodcare

- Sales revenue increased 3% on pcp.
- Retail decorative volumes were flat but showed improvement towards the end of the year.
- Australian paint trade revenue marginally higher due to market share gains as a result of sales force effectiveness initiatives.
- Raw material price increases experienced in some businesses impacted cost of sales.
- Paint manufacturing facility in Western Australia was closed and closure costs recognised ($1M).
- Strong earnings growth in both Protective Coatings and Textures due to project wins and market share gains.
- Woodcare sales (+8%) boosted by launch of new products in the interior and decking segments and acquisition of Enviropro.
- Orica's 88% holding in Orica Coatings Fiji was divested to a Fijian company in March 2006.

Other

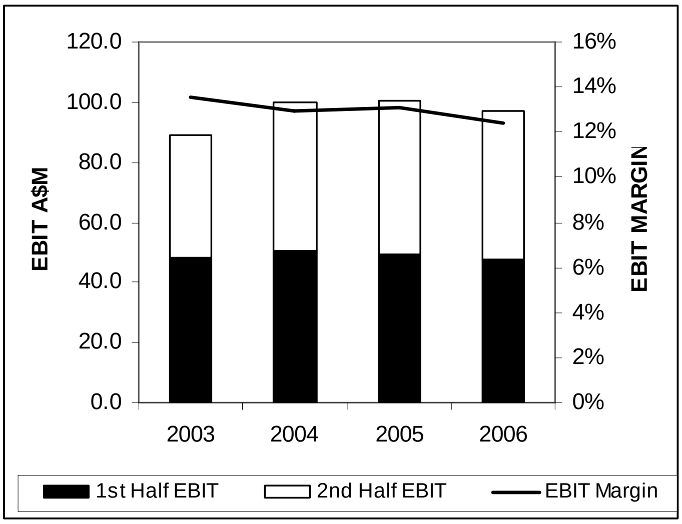
- Powder Coatings sales declined (-12%) as a result of the continuing trend by manufacturing customers to move facilities offshore.
- Selleys improved earnings from successful new product launches, marketing campaigns and manufacturing efficiency gains.

EARNINGS

A$M	Year Ended September 2006	2005	Change F/(U)
Sales Revenue	785.0	768.5	2%
EBIT	97.3	100.5	(3%)
Net Assets	222.5	215.8	3%
RONA	44%	46%	
Business Sales:			
Paints	535.3	520.6	3%
Other*	249.7	247.9	1%

* Selleys, Yates, Powders & Eliminations

EBIT TREND



- Yates profitability improved with growth in share of key channels to market, despite ongoing drought and water restrictions impacting market conditions.

OUTLOOK - 2007

- The expected improvement in the Australian decorative paint market is qualified by the potential for negative consumer confidence impacts as a result of adverse movements in interest rates and petrol prices.
- NZ market conditions likely to remain weak.
- Recent investments in brand equity and new products continue to improve OCP's market position.

Chemical Services increased profitability by 10% to a record full year result of $67M.

HIGHLIGHTS

- Sales revenue of $477M, up 16% on pcp. Excluding the impact of the Aluminates acquisition, sales growth was 13%.
- Profitability improvement reflects strong performance from mining chemicals and the Aluminates acquisition. Excluding Aluminates earnings grew 7%.

BUSINESS SUMMARIES

Watercare

- Strong sales growth of $22M due to continued high caustic soda prices.
- Volumes down in some derivative chlor-alkali products due to lower industrial consumption.
- The acquisition of CSBP's chlorine business ($9M), subject to ACCC approval, complements Watercare's existing business.
- Miex®: progress on commercialisation continues. Currently there are 9 operating plants worldwide. Final approval has been received for a further 8 plants. Net commercialisation costs of $6M (2005: $7M).
- The Enzymes technology continues to show promise, however due to delays in application development adoption rates are slower than anticipated. Development costs $4M.

Mining Chemicals

- Sodium cyanide volumes up 28%, driven by growth in gold production.
- Improved pricing partially offset by higher raw material costs (ammonia, caustic soda and freight) and increased traded product volumes at lower margins versus manufactured product.

Industrial Chemicals

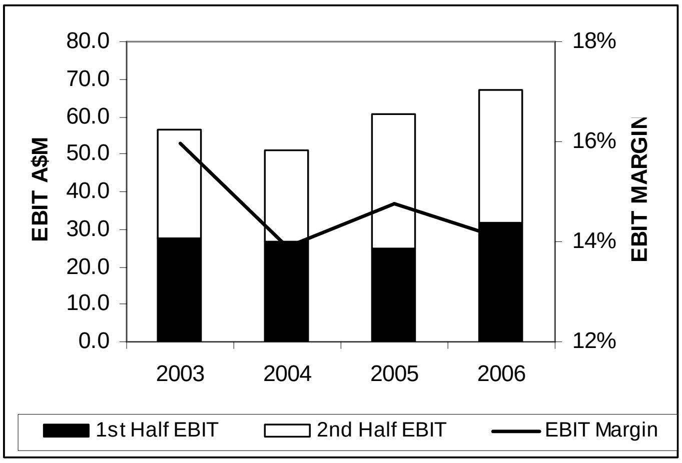
- Earnings marginally higher than pcp due to strong demand for emulsifiers from the resources industry, offset by tougher market conditions in Adhesives & Resins.

EARNINGS

A$M	Year Ended September 2006	2005	Change F/(U)
Sales Revenue	477.0	411.9	16%
EBIT	67.1	60.8	10%
Net Assets	391.2	368.2	6%
RONA	18%	16%	
RONA*	20%	19%	
* Excluding Miex			
Business Sales:			
Watercare	185.8	164.2	13%
Mining Chemicals (i)	136.5	87.2	57%
Industrial Chemicals (i) (ii)	154.7	160.5	(4%)

(i) Comparatives restated to reflect the transfer of Specialty Chemicals from Mining Chemicals to Industrial Chemicals
(ii) Includes intra-segment eliminations

EBIT TREND



OUTLOOK - 2007

- The further uprate of the Yarwun sodium cyanide plant to 80ktpa is expected to be commissioned late calendar 2007.
- Agreement to sell the Australian & NZ Adhesives & Resins businesses to Hexion Specialty Chemicals, subject to ACCC approval.
- Sodium cyanide volume growth and caustic soda prices are expected to remain favourable.

Chemnet profitability down 26% to $58M as a result of ongoing difficult trading conditions. A restructuring program commenced in April 2006.

HIGHLIGHTS

- Chemnet sales down 4% as Australian & NZ businesses were impacted by slower end markets for customers.
- EBIT declined primarily due to lower volume.
- Initial benefits of restructuring in second half.

BUSINESS SUMMARY

- Volume decreases due to a number of factors including
  - The downturn in Australia's general manufacturing sectors.
  - Aggressive cost cutting initiatives by key customers including some direct sourcing.
  - Loss of volume and market share in Bronson & Jacobs.
  - Continued pressure on Marplex from the downturn in the local automotive and whitegoods manufacturing sector.
- EBIT impacted by costs associated with the remediation of the Port Kembla site ($2M).
- Lower rental income ($2M) due to asset rationalisation in the prior year
- The weaker $NZ impacted translation from the NZ businesses
- Input cost recovery in most businesses.
- Strong performance from Latin American business acquired in 2005.

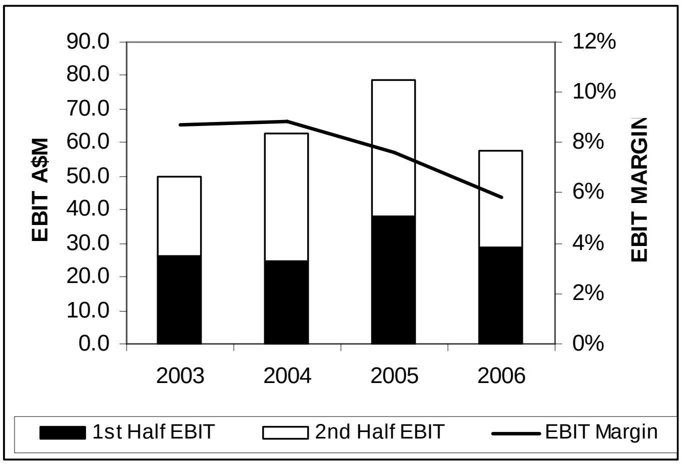
<u>Restructure Program</u>

- The restructure program that commenced in April 2006 is progressing with Chemnet's cost base significantly reduced.
- In the second half fixed cost savings ($9M) were achieved, offsetting cash fixed cost increases in the first half ($5M). The cost savings target is $20M per annum from 2007 onwards.
- 90% of planned headcount reduction complete.

EARNINGS

A$M	Year Ended September 2006	2005	Change F/(U)
Sales Revenue	987.4	1,029.5	(4%)
EBIT	57.7	78.5	(26%)
Net Assets	342.2	409.0	(16%)
RONA	15%	20%	

EBIT TREND



- Bronson & Jacobs closed a major warehouse in Sydney.
- Underperforming assets have been highlighted for divestment.
- The product range and supply chain restructuring process is continuing with many unprofitable lines exited.

OUTLOOK - 2007

- Market conditions are expected to remain challenging.
- The restructuring program will be completed and a full year impact of cost savings will be realised.
- Continued focus on refinement and efficiency of supply chains.
- Continue organic growth initiatives aimed at leveraging Chemnet's broad based business platform by further penetrating into new profitable product segments.

CORPORATE CENTRE AND OTHER SUPPORT COSTS

- Corporate centre costs of $36M were relatively flat on pcp.
- Other support costs of $14M were $12M lower on the pcp, mainly reflecting a net reduction in costs relating to corporate initiatives compared with the pcp and the transfer of some initiatives from the corporate centre to the business units (such as the Enzymes bioremediation initiative). This was partially offset by increased spending on growth projects ($6M).

CULTURE

Orica is committed to entrenching a culture underpinned by four core principles and in late 2006 Orica embarked on a program to further strengthen our employees' focus on these principles – this is particularly important given our acquisition of a number of new businesses during the year. Significant progress has been made on the four key cultural principles:

1. Safety, Health & Environment (SH&E)

The all worker recordable case rate (number of injuries and illnesses per 200,000 hours worked) was 0.57 compared with 0.85 in the previous calendar period. There was one worker fatality at Incitec Pivot's Mackay site in Australia. This, of course, is unacceptable and Orica has implemented actions in response to this incident.

Although there was a significant reduction in the number of incidents involving transport and distribution of our products, tragically, three of these incidents resulted in deaths to members of the public. A full review of transport safety procedures has been completed, the outcomes of which are currently being implemented.

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, while ensuring the more efficient environmental operation of current plants.

2. Commercial Ownership

A continued focus on efficiency, cost levels and effective use of resources contributes to the performance and resilience of all Orica's businesses, particularly those operating in slower markets. A cross company team has been established to improve Orica's long term trade working capital position and cashflow generation.

3. Creative Customer Solutions

During 2006, all of Orica's businesses have demonstrated innovation and creativity in helping our customers succeed.

Several Orica Consumer Products businesses have received supplier of the year awards in Australia and New Zealand during 2006, including Paint Xpress, a self-tinting colour delivery system designed for a low service retail environment.

Orica Watercare continues to make progress on the commercialisation of various products including Modular Magnapak systems to enable small communities to benefit from MIEX® water purification technology.

Orica Mining Services has developed a service called 'Rock to Specification' (R2S) which aims to improve our mining customers' productivity.

4. Working Together

People across different parts of Orica continue to work together to achieve better solutions for our customers and improved financial outcomes. For example, Orica experts across three continents sucessfully commissioned Orica Mining Service's new bulk emulsions plant in Ghana, Africa – to serve the needs of its customer, Newmont Ghana Gold Ltd.

Further Information

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