ORICA LIMITED - PROFIT REPORT

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

Net profit after tax and significant items was down 10% to $488M (pcp: $539M including a net profit on significant items of $159M).

Orica's net profit after tax (NPAT) before significant items for the year ended 30 September 2007 of $498M[(1)] was up 31% compared with the previous corresponding period (pcp).

FINANCIAL HIGHLIGHTS

- Sales revenue up 3% to $5,527M. Underlying sales growth was 12% (excluding acquisitions and divestments).
- EBIT up 24% to $813M[(1)].
- NPAT after minority interests up 31% to $498M.
- Earnings per ordinary share[(1)] up 21% to 152.6 cents.
- Return on shareholders' funds[(1)] at 19.2% is in line with the pcp.
- Gearing[(2)] at 33.2%, up from 10.2% in the pcp.
- Final ordinary dividend is 53 cents per share (cps) - franked at 17 cps. Total ordinary dividend for 2007 is 89 cps, an increase of 20% over pcp (74 cps).

BUSINESS HIGHLIGHTS

- Record result in Mining Services with EBIT up 40% to $575M, reflecting firm conditions in most regions and the ongoing successful integration of the former Dyno Nobel businesses.
- Record performance in Consumer Products on the back of improving market conditions and increased market share flowing from continuing investment in our brands.
- Chemical Services' result was ahead of last year, with the benefit of ongoing market growth in Mining Chemicals and continued progress in the commercialisation of the MIEX® technology.
- Chemnet's result was slightly ahead of last year, as the cost benefits of the restructure are being realised.
- A positive start by Minova which continues to trade strongly in firm resources markets.

(1) Before significant items and not adjusted for the impact of discontinued businesses.

(2) Net debt/net debt + book equity.

(3) Calculation as per Note (2) with SPS securities notionally treated as 50% Debt and 50% equity.

	Year Ended September		
A$M	**2007**	**2006**	**Change F/(U)**
Sales Revenue	5,527.2	5,359.2	3%
EBIT	812.7	657.7	24%
Net interest expense	(122.6)	(92.2)	(33%)
Tax	(166.2)	(156.4)	(6%)
Minority interests	(26.1)	(28.8)	9%
NPAT and minority interests	**497.8**	**380.3**	**31%**
Earnings per ordinary share (cents)	152.6	126.4	21%
Return on shareholders' funds	19.2%	19.3%	
Results including Significant items:			
Significant items after tax and minority interests	(10.1)	158.8	
NPAT and minority interests	**487.7**	**539.1**	**(10%)**
Earnings per ordinary share (cents)	149.3	179.2	(17%)
Return on shareholders' funds	18.8%	27.3%	
Financial Items			
Interim ordinary dividend per share	36.0	26.0	38%
Final ordinary dividend per share	53.0	48.0	10%
Total ordinary dividend per share	89.0	74.0	20%
Payout Ratio	55.2%	60.5%	
Net debt	1,305.7	302.1	(332%)
Gearing (2)	33.2%	10.2%	
Gearing (adjusted) (3)	39.6%	18.4%	
Interest cover (times)	6.6	7.1	
Average exchange rate (A$/US$)	80.7	74.5	(8%)

OUTLOOK - 2008

- Subject to global economic conditions, Group net profit (before significant items) in 2008 is expected to be higher than that reported in 2007. This is a result of an additional three months contribution from Minova, 11 months contribution from Excel Mining Systems and improved earnings across the other businesses.

Note: numbers in this report are subject to rounding.

REVENUE

Sales revenue increased by $168M (+3%) to $5,527M. Major items were:

- Revenue (excluding acquisitions and divestments) of $5,195M improved $563M (+12%), driven primarily by:
  - Ongoing growth in Mining Services due to firm demand in most regions;
  - Market share increases and a general improvement in market conditions for Consumer Products; and
  - Increasing demand for sodium cyanide in Chemical Services;

  Offset by:
  - A reduction in Chemnet revenues of $35M (after adjusting for divested businesses).
- Revenue decreased against the pcp by $151M due to unfavourable movement in exchange rates.
- Sales revenue from the acquired Minova business was $332M,
- Incremental revenue from the former Dyno businesses was $435M, and
- Sales revenue of businesses divested since the pcp was $726M.
- Other income decreased $437M on the pcp reflecting the profit on sale of the Fertilisers business, Incitec Pivot (IPL) in the pcp.

Revenue Summary

A$M	Year Ended September 2007	2006	Change F/(U)
Mining Services	3,111.2	2,620.9	19%
Fertilisers	-	613.6	-
Consumer Products	826.3	785.0	5%
Chemical Services	425.1	477.0	(11%)
Chemnet	927.7	987.4	(6%)
Minova	332.1	-	-
Other & Eliminations	(95.2)	(124.7)	24%
Total sales revenue	**5,527.2**	**5,359.2**	**3%**
Other income	61.5	498.6	(88%)
Total	**5,588.7**	**5,857.8**	**(5%)**

Earnings Summary

A$M	Year Ended September 2007	2006	Change F/(U)
EBIT			
Mining Services	575.1	412.0	40%
Fertilisers	-	74.3	-
Consumer Products (1)	101.6	97.3	4%
Chemical Services	68.7	67.1	2%
Chemnet	58.7	57.7	2%
Minova (2)	61.6	-	-
Corporate Centre	(39.3)	(36.3)	(8%)
Other Support Costs	(13.7)	(14.4)	5%
Total EBIT	**812.7**	**657.7**	**24%**
Net Interest	(122.6)	(92.2)	(33%)
Tax expense	(166.2)	(156.4)	(6%)
Outside equity interests	(26.1)	(28.8)	9%
NPAT and minority interests	**497.8**	**380.3**	**31%**
Significant items after tax	(10.1)	158.8	
NPAT and significant items	**487.7**	**539.1**	**(10%)**

(1) Inclusive of $10M Yates restructuring provision in 2007
(2) Inclusive of $7M acquisition accounting entries in 2007

EARNINGS BEFORE INTEREST AND TAX (EBIT)

- Total EBIT increased 24% to $813M (pcp: $658M) primarily due to:
  - Incremental EBIT from acquired businesses, including synergies, of $157M (Dyno $95M and Minova $62M);
  - Improvement in underlying earnings from Mining Services of $68M (17.7%), reflecting growth in all markets and the benefits of the Yarwun ammonium nitrate (AN) expansion;
  - Improvement in underlying earnings in Consumer Products (market and market share growth) and Chemical Services (Mining Chemicals);

  Partly offset by:
  - Difficult market conditions experienced by Chemnet largely offsetting the benefits of last year's cost reduction program;
  - Consumer Products $10M restructure of Yates and $4M environmental provision;
  - A net negative impact from unfavourable foreign exchange rates of $18M; and
  - No Fertilisers contribution due to the sale of IPL in the pcp.

INTEREST

- Net interest expense of $123M increased by $30M from pcp, mainly due to:
  - Higher average net interest rates - $10M;
  - Higher net debt and lower capitalised interest during the year - $13M; and
  - An increase of $6M for non-cash interest on unwinding of discounted environmental provisions.
- Interest cover was 6.6 times (pcp 7.1 times).

TAX

- Tax expense was $166M with an effective tax rate of 24.1% (pcp: 27.7%). The lower effective rate was primarily as a result of favourable adjustments relating to prior years.

NET PROFIT

- Net profit after tax before significant items increased 31% to $498M (pcp: $380M).
- Net profit after tax and significant items was down 10% to $488M (pcp: $539M including a net profit on significant items of $159M).

SIGNIFICANT ITEMS

- Significant items for the year totalled $10M loss after tax (pcp: profit of $159M). Items in the current period were:
  - A net profit of $24M on disposal of the Adhesives and Resins businesses; and
  - a reversal of a $16M tax indemnity due to a favourable taxation ruling;

  offset by:
  - $33M expense relating to the ongoing integration of the acquired Dyno Nobel businesses; and
  - a $16M charge associated with restructuring and goodwill impairment of Marplex.

SHARE BUYBACK

- The $250M on market share buy-back was completed in July 2007 at an average price of $24.26.

DIVIDEND

- Directors have increased the final ordinary dividend by 10% to 53 cps (pcp: 48 cps) - franked at 17 cps.
- Franking capacity in the near term is forecast to be around 35%.

MERGERS & ACQUISITIONS, DEVELOPMENT

- The purchase of Minova for $870M was completed on 1 January 2007.
- The sale of the Adhesives and Resins businesses was completed in January 2007 for an after-tax profit of $24M.
- The purchase of Excel Mining Systems for approximately $775M was completed on 26 October 2007.
- Further progress has been made on the development of an AN manufacturing facility in Bontang, Indonesia.

Significant items after tax and minority interests A$M	**Year Ended September** **2007**	**2006**
Legacy Issues		
HCB Waste	-	(49.1)
Villawood (NSW)	-	(23.1)
Cockle Creek (NSW)	-	(13.7)
Botany Groundwater (NSW)	-	-
	-	(85.9)
Restructuring & Rationalisation		
Marplex	(16.4)	-
Chemnet	-	(35.1)
Seneca (North America)	-	(8.2)
	(16.4)	(43.3)
Dyno Nobel Expenditure		
Integration costs	(33.4)	(78.2)
Net financing expense	-	2.3
	(33.4)	(75.9)
Other		
Adhesives & Resins profit on sale	23.7	-
Profit on disposal of IPL	-	408.8
Impairment writedowns:		
Adhesives and Resins	-	(10.1)
Seneca Environmental provision (North America)	-	(18.8)
Tax indemnity - Cropcare	16.0	(16.0)
	39.7	363.9
Total	(10.1)	158.8

Ordinary dividend	**Year Ended September** **2007**	**2006**	**Change F/(U)**
Final Ordinary Dividend			
- CPS	53.0	48.0	10%
- Franking %	32.1%	43.8%	
Interim Ordinary Dividend			
- CPS	36.0	26.0	38%
- Franking %	38.9%	34.6%	
Total Ordinary Dividend			
- CPS	89.0	74.0	20%
- Franking %	34.8%	40.5%	

- Mining Services continues to develop its business through organic growth, a number of small bolt-on acquisitions and increasing Orica's share ownership in joint ventures.
- Chemical Services' Watercare division continues to work on the commercial development of new technologies, with MIEX® steadily gaining market acceptance and extending its product offering in the watercare market by way of small bolt-on acquisitions.
- The uprate of the Yarwun sodium cyanide facility of the Chemical Services' Mining Chemicals business was completed on time and within the revised budget of $50M.

BALANCE SHEET

- **Key balance sheet movements since September 2006 were:**
  - The increase in reported trade working capital was $123M from the pcp. This was due primarily to the impact of the acquisition of Minova ($87M), partly offset by the impact of divestments (primarily Adhesives and Resins $7M). Underlying trade working capital was up $49M compared with the pcp, mainly due to increased inventory and debtors as a result of increased sales in Mining Services.
  - Rolling trade working capital to sales has improved to 14.8% (16.4% in the pcp);
  - Net property, plant and equipment is $140M up on the pcp, mainly due to completion of the sodium cyanide ($39M) and ammonium nitrate uprate projects ($15M), Electronic Blasting Systems (EBS) capacity uprate at Brownsburg ($25M), investment in the Terra project ($17M), the relocation of the emulsion plant in the Emirates ($8M) and ongoing investment in Russia ($5M). The movement attributable to the acquisition of Minova was $38M;
  - Intangible assets are $914M higher than the pcp, mainly due to the acquisition of Minova ($898M) as well as intangibles on smaller acquisitions.
  - The increase in net other liabilities of $214M over the pcp was partly due to the acquisition of Minova ($145M), fair value adjustments to Dyno acquisition provisions ($24M) and an increase in employee provisions ($15M).
  - Net debt increased by $1,004M from pcp to $1,306M, primarily due to acquisitions ($958M), sustenance and growth capital expenditure ($337M), completion of the share buyback ($115M), dividends and distributions paid ($307M), partly offset by operating cash flows of $524M and sale proceeds from divestment of assets of $124M.
  - Orica shareholders equity decreased by $50M, mainly due to the completion of the share buy back ($115M) and net reduction in the foreign currency translation reserve due to unfavourable currency movements ($130M), dividends/distributions paid ($289M) partly offset by the increase in retained earnings due to profit after tax.

Balance Sheet

A$M	Sept 2007	March 2007	Sept 2006
Inventories	604.3	632.4	579.1
Trade Debtors	795.3	765.3	705.5
Trade Creditors	(660.6)	(609.0)	(668.2)
Total Trade working capital	739.0	788.7	616.4
Net property, plant & equipment	1,742.9	1,663.9	1,603.1
Intangible assets	2,055.5	2,026.3	1,141.3
Net other liabilities	(604.1)	(583.5)	(390.5)
Net debt	(1,305.7)	(1,233.0)	(302.1)
Net Assets	**2,627.6**	**2,662.4**	**2,668.2**
Orica shareholders' equity	2,566.7	2,601.4	2,616.6
Outside equity interests	60.9	61.0	51.6
Equity	**2,627.6**	**2,662.4**	**2,668.2**
Gearing	**33.2%**	**31.7%**	**10.2%**
Gearing (adjusted) (i)	**39.6%**	**38.1%**	**18.4%**

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

  - Outside equity interests have increased due to higher profits in the businesses offset by dividends received.

- **Key balance sheet movements since March 2007 were:**
  - Trade working capital decreased by $50M, largely due to a reduction in inventory and timing of payments to suppliers;
  - Intangible assets increased by $29M, mainly arising from adjustments to fair value assessments on the Dyno and Minova acquisitions; and
  - Net property, plant and equipment increased by $79M. The key movements were the sodium cyanide uprate at Yarwun, the EBS capacity uprate project at Brownsburg and turnarounds at the Kooragang Island and Carseland plants during the period.

GEARING

- At 33.2%, accounting gearing (net debt/net debt + equity) increased by 23.0 percentage points since September 2006 (10.2%). In accordance with accounting standards, the SPS securities are recognised as equity.
- Adjusted gearing, which treats the SPS securities as 50% equity and 50% debt in accordance with the Standard & Poors credit rating treatment, was 39.6% (18.4% September 2006).

CASH FLOW

- Net operating cash inflows were $524M, compared with the pcp net inflow of $414M, mainly due to:
  - EBITDA growth of $181M, to $996M; and
  - A net reduction in trade working capital movement of $163M;

  Partly offset by:
  - $18M increase in interest paid, due to higher average interest rates and lower interest capitalisation levels;
  - $40M increase in income tax paid, due to an increase in earnings; and
  - $177M increase in non-trade working capital outflows, due to payments made against environmental and restructuring provisions ($60M), a general decrease in non-trade creditors, spend on significant items and foreign exchange reserve movements.
- Net investing cash outflows of $1,172M ($376M pcp). The increase is mainly due to:
  - $69M increased spending on acquisitions, with the current period spending due mainly to the Minova Group acquisition and other smaller bolt-on acquisitions. The pcp cash outflow was attributable to the Dyno acquisition; and
  - A reduction in proceeds from surplus asset sales of $776M. Current period proceeds were $124M with divestment of Adhesives and Resins being the main item. The pcp proceeds were mainly from the divestment of IPL.

  Offset partly by:
  - Lower sustenance capital spending of $139M compared with the pcp of $179M (pcp included major turnaround at IPL) and lower growth capital spend of $198M compared with the pcp of $209M (pcp included Yarwun ammonium nitrate uprate).
- Net financing cash inflows of $25M (pcp inflow $757M), mainly due to:
  - Minimal proceeds from the issue of shares compared to the net $508M rights issue and the net $490M Orica SPS security issue inflows in the pcp;
  - An increase in short term borrowings;
  - Completion of the share buy back ($115M);
  - Net payments for shares issued to employees under long term incentive plans ($29M), and
  - Higher dividends to ordinary shareholders and the payment of SPS distributions ($103M higher than the pcp in total);

Statement of Cash Flows	**Year Ended September**		
A$M	**2007**	**2006**	**Change F/(U)**
Net operating Cash Flows			
EBIT	812.7	657.7	24%
Add: Depreciation	153.3	142.6	(8%)
Add: Amortisation	29.9	14.3	(109%)
EBITDA	995.9	814.6	22%
Net interest paid	(108.3)	(90.3)	(20%)
Net income tax paid	(141.4)	(101.6)	(39%)
Trade Working Capital mvt	(49.2)	(212.6)	
Non Trade Working capital mvt	(172.7)	3.8	
	524.3	413.9	
Net investing cash flows			
Capital spending			
Sustenance capital [1]	(138.8)	(178.5)	22%
Growth capital	(198.2)	(208.5)	5%
Total Capital Spending	(337.0)	(387.0)	13%
Acquisitions	(958.3)	(889.0)	(8%)
Proceeds from surplus asset sales and businesses	123.5	899.9	(86%)
	(1,171.8)	(376.1)	
Net financing cash flows			$M
Net proceeds from issue of shares	16.3	1,017.1	(1,000.8)
Net (payments)/proceeds from LTEIP/SESLP [2]	(29.2)	16.9	(46.1)
Movement in borrowings	459.0	-	459.0
Dividends paid - Orica Limited	(244.5)	(186.2)	(58.3)
Distributions paid - SPS securities	(44.4)	-	(44.4)
Dividends paid - Other shareholders	(17.6)	(5.9)	(11.7)
Share buybacks	(114.8)	(84.7)	(30.1)
	24.8	757.2	(732.4)

[1] Sustenance capital

Routine	(130.1)	(145.0)
Major shutdown/turnaround	(8.7)	(33.5)
Total	(138.8)	(178.5)

[2] LTEIP/SESLP - long term employee equity incentive plans

ORICA SPS

- The first two distributions on the Orica SPS securities relating to the period 15 March 2006 to 29 November 2006 ($24.9M) and for the 6 months to 30 May 2007 ($19.5M) were paid during the year. Subject to the terms of the SPS securities, 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 7.81% (BBSW on 31 May 2007 6.46% plus 1.35%).

STRATEGY

Orica's strategy for sustainable profit growth and strong returns on investment is driven by:

- securing market leadership positions in selected 'niche' markets, which build on the businesses strengths and enable the Company to better service customers, develop and retain technological advantage and achieve benefits of scale;
- growing only businesses that have "earned the right to grow"; and
- growing "close to the core".

Strict adherence to financial criteria continues to provide the discipline required for assessing growth opportunities.

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

Orica's businesses are focussed on generating strong operating cash flows to help fund future growth as well as delivering on productivity (for example the successful integration of the former Dyno businesses demonstrates our competence in driving productivity and integrating large acquisitions).

This strategy has been successful and is a relatively low risk approach that has the potential to produce superior returns for shareholders in the longer term.

Major strategic initiatives in the year to 30 September 2007 were:

<u>Minova/Excel:</u>

- Orica completed the acquisition of the Minova group of companies on 1 January 2007. Minova is a clear global leader in providing specialist chemical products for underground mining and civil engineering activities.
- On 26 October 2007, Orica completed the acquisition of Excel Mining Systems ("Excel"). Excel is the leading supplier of metal based strata reinforcement products for underground mining in the USA.
- The Minova and Excel acquisitions are complementary and position Orica as the leading supplier of strata support systems to the mining and tunnelling industries.

<u>Mining Services:</u>

- Orica Mining Services (OMS) continues to leverage its position as the pre-eminent global commercial explosives company by growing the business organically as its customers increase output and open new mines, via the formation of strategic joint ventures and by small bolt-on acquisitions.
- OMS continues to make steady progress towards developing an ammonium nitrate facility in Indonesia, with final engineering design likely to be completed during 2008. The feasibility of establishing an ammonium nitrate facility in Latin America is continuing.

<u>Consumer Products:</u>

- Orica Consumer Products (OCP) successfully continues to pursue its market leadership strategy in Australia and New Zealand by sustained investment in both product innovation and marketing.
- OCP's entry into Asian markets is progressing well with a small but growing presence in China.
- OCP announced a restructure of the Yates business, primarily focusing on supply chain improvement and a rationalisation of product ranges that have been severely impacted by prolonged drought conditions throughout much of Australia.

<u>Chemnet:</u>

- The restructure program is complete and the business is firmly focussed on delivering improved sales and margins.
- The increase to 100% ownership in our Latin American business (from 51%) and the establishment of a bulk sulphuric acid tank in Darwin are important drivers to the ongoing recovery of Chemnet.

<u>Chemical Services:</u>

- The 80ktpa sodium cyanide uprate at Yarwun was completed on time and within the revised capital budget of $50M.
- MIEX® commercialisation continues to gather momentum and is expected to be around break even in 2008. Interest in the MIEX® technology continues in new geographies as well as for applications other than drinking water.

Record result with profitability up 40% to $575M, including a contribution of $121M from the acquired Dyno businesses (including synergies).

HIGHLIGHTS

- Excluding Dyno, profitability up $68M (18%) due to strong growth in the base businesses.
- Dyno integration (including rationalisation of operations) is on track and synergies are being realised ahead of plan. Synergies delivered to date total $70M.
- Continued robust volumes and favourable market conditions in most major markets contributed to increased EBIT margin.
- Continued growth in Electronic Blasting Systems (EBS) and other value adding technologies such as Blast Based Services (BBS).
- Strategic bolt-on acquisitions in North America.

BUSINESS SUMMARIES

Australia/Asia

- EBIT of $314M, up 38% on pcp.
- Regional volume growth was strong at 11% largely driven by increasing market share from the Yarwun ammonium nitrate expansion. Market growth was approximately 5-6%.
- Business is increasing penetration into the Chinese domestic market and has secured some new opportunities in Western Australia.

North America

- EBIT of $84M, in line with pcp. Negative impact from foreign exchange on the translation of earnings was $7M.
- Regional volume up 2% with lower demand for coal while electronic detonator sales were up 90% on pcp.
- Consolidation and expansion of EBS manufacturing at Brownsburg, Canada is on track and the Terra sourcing project is delivering expected benefits.

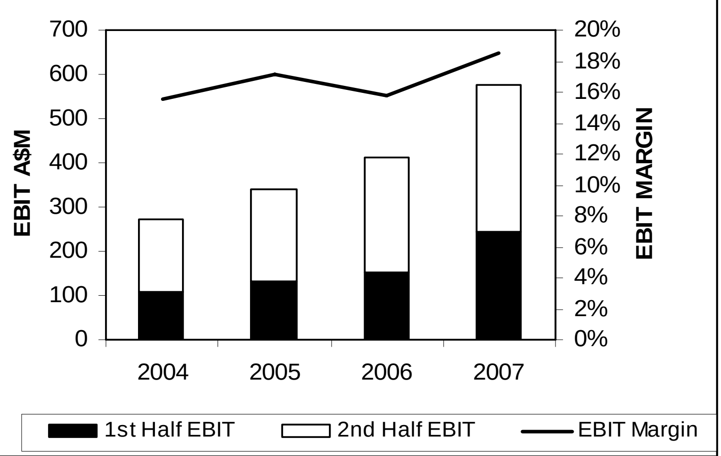
Latin America

- EBIT of $85M, up 63% on pcp, with regional volume up 4%. Negative impact from foreign exchange on the translation of earnings was $10M.
- Progress has been made in the manufacturing rationalisation project, as part of the Dyno integration, and will continue into 2008.
- Electronic detonator sales up 50% on pcp.

EARNINGS

A$M	Year Ended September 2007	2006	Change F/(U)
Sales Revenue	3,111.2	2,620.9	19%
EBIT	575.1	412.0	40%
Operating Net Assets	2,307.1	2,184.1	6%
RONA	26%	25%	
EBIT:			
Australia/Asia	314.0	227.3	38%
North America	83.5	83.2	0%
Latin America	84.7	51.9	63%
EMEA	92.9	49.6	87%

EBIT TREND



Europe, Middle East and Africa (EMEA)

- EBIT of $93M, up 87% on pcp.
- Regional volume up 9%, with strong demand in Turkey, Germany and Estonia.
- Increased manufacturing presence in Russia and Ghana.
- Relocation of non-electric detonator manufacturing from Germany to Sweden is largely complete.

OUTLOOK - 2008

- Market conditions, especially for resources in Australia, to remain firm.
- Steady ongoing easing of infrastructure constraints in the US and Australia is expected.
- Continued realisation of Dyno synergy benefits and benefits of smaller acquisitions.
- Further growth opportunities in emerging markets (eg China and Russia).
- A strengthening Australian dollar will continue to adversely impact translated earnings.

Minova earnings for its first 9 months were in line with Orica's expectations.

HIGHLIGHTS

- Effective acquisition date of Minova was 1 January 2007.
- Minova sales of $332M and underlying EBIT of $69M represent growth in excess of 10% over the equivalent period in 2006.
- Minova EBIT of $62M includes the negative impact of $7M of one off acquisition adjustments relating to inventory, $13M amortisation of identifiable intangibles and $3M negative impact from unfavourable exchange rates since acquisition date.
- Sales growth for Minova has been strong across most regions (except for lower activity in Poland and the US) and also benefited from further tunnelling projects in Europe and South East Asia.
- The synergies associated with cost reduction are being delivered to expectation.

STRATEGY AND INTEGRATION

- The senior management of Minova have all been retained and are actively implementing the core strategy of:
  - Expanding into developing markets;
  - Expanding Minova's product offering to include metal based strata products;
  - Developing Minova's expertise in civil engineering outside of Europe; and
  - Leveraging Orica's international mining presence, and vice versa.
- The acquisition of Excel Mining Systems LLC, the leading US and largest global supplier of metal based strata reinforcement products, in October 2007, is highly complementary to Minova and a key step in delivering the strategy.
- The key management of Excel have been retained.

EARNINGS

	Period Ended September		
A$M	2007	2006	Change
Sales Revenue	332.1	-	-
EBIT	61.6	-	-
Operating Net Assets	905.6	-	-
RONA*	10.1%	-	

* EBIT excl $7m IFRS acquistion adjs and extrapolated to 12 months

- The combined Minova and Excel product offering strengthens the position in a growing underground mining segment which is being driven by the resources boom, enhanced safety practices globally and a slow trend toward underground, as opposed to surface, for new mining activity. The combined expertise also enhances capability to service tunnelling projects.
- The integration of Minova and Excel is fundamental to the success of the acquisition. In order to ensure the full benefits of the synergies between Minova and Excel, building on the success of the Dyno integration, two teams have been established to focus on operational and revenue synergies.
- Both teams will report to the Managing Director of Minova.
- The Managing Director of Minova will continue to report to the CEO of Orica.

OUTLOOK - 2008

- Mining and civil engineering markets are generally expected to remain firm in most geographies.
- Increasing demand for energy and newer mining technologies in China and Russia is leading to opportunity.
- As mines mature and safety requirements increase, there is an increasing intensity of use of Minova and Excel products.
- Realisation of Excel synergy benefits in line with expectation.
- A strengthening Australian dollar will continue to adversely impact translated earnings.

Record performance with underlying earnings up 14% on pcp. Total reported earnings up by 4% after the establishment of a $10M provision for restructuring of the Yates business and a $4M environmental provision.

HIGHLIGHTS

- Sales revenue increased by 5% on pcp.
- The Australian paint market returned to positive growth (approximately 3%) following two years of decline. Growth was driven primarily by increased renovation activity.
- Continued market share growth in Australasian Paints, Selleys and Yates businesses.

BUSINESS SUMMARIES

Paints and Woodcare

- Sales revenue growth of 7% on pcp driven by market growth, market share gains and the launch of new products.
- Strong volume growth compared with pcp in the Australian Retail paints business, resulting from:
  - market growth and market share increases through major channel partners;
  - new product sales; and
  - investment in marketing spend to support the brands and consumer recognition.
- Australian Trade paint earnings increased due to increased market share.
- New Zealand earnings were up despite a relatively flat market due to retail market share and productivity gains.
- Strong earnings growth in Texture Coatings as these products are continually being substituted for traditional brick finishes.
- Strong Woodcare earnings growth, driven by a 7% increase in revenue coming from higher decking product sales.
- Raw material price increases were largely offset by a combination of the strengthening Australian dollar, price increases and productivity improvements.
- An environmental provision of $4M was established for remediating Padstow, NSW.

Other

- Record result for Selleys driven by sales growth of 6% complemented by market share growth and productivity improvements.

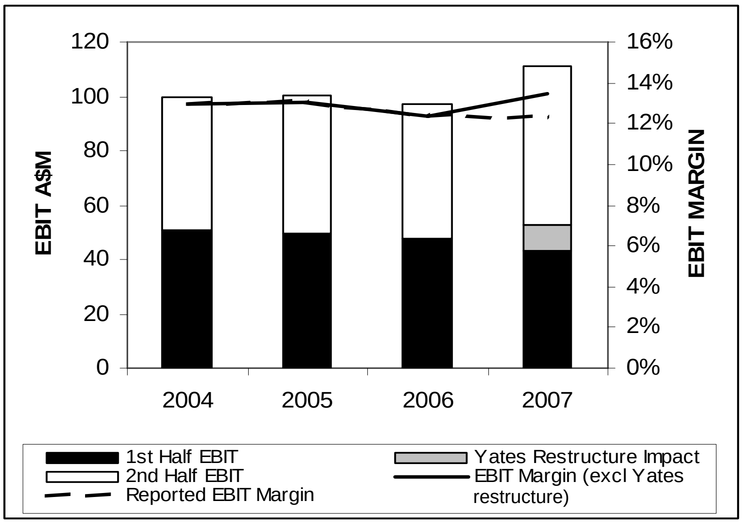
EARNINGS

A$M	Year Ended September 2007	2006	Change F/(U)
Sales Revenue	826.3	785.0	5%
EBIT	101.6	97.3	4%
Underlying EBIT (1)	111.1	97.3	14%
Operating Net Assets	242.7	222.5	9%
RONA	44%	44%	
Business Sales:			
Paints and Woodcare	574.7	535.3	7%
Other*	251.6	249.7	1%

* Selleys, Yates, Powders & Eliminations

(1) Excluding the impact of the Yates restructuring provision

EBIT TREND



- Powder coatings ANZ business delivered improved sales and EBIT over pcp.
- Progress has been made on restructuring the Yates business with some sites already closed and the resultant cost savings beginning to flow through.
- The business platform in China continues to grow.

OUTLOOK - 2008

- Revenue and earnings of the Australasian paints and Selleys businesses are expected to steadily increase in generally improving market conditions.
- Raw material prices expected to increase driven by a rising oil price.
- Investment in brands and product innovation will continue to support recent market share gains.

Chemical Services increased EBIT by 2% to $69M. The Adhesives and Resins (A&R) business was divested in January 2007.

A$M	Year Ended September 2007	2006	Change F/(U)
Sales Revenue	425.1	477.0	(11%)
EBIT	68.7	67.1	2%
Operating Net Assets	397.1	391.2	2%
RONA	17%	18%	
RONA*	19%	20%	
* Excluding MIEX®			
Business Sales:			
Watercare	198.0	185.8	7%
Mining Chemicals	148.8	136.5	9%
Industrial Chemicals	78.3	154.7	(49%)

HIGHLIGHTS

- Excluding the disposal of A&R, sales were up in the underlying businesses by 10% and EBIT was up by 11% on pcp.
- The uprate of the Yarwun sodium cyanide plant from 60ktpa to 80ktpa has been completed on time and within the revised cost estimate of $50M.

BUSINESS SUMMARIES

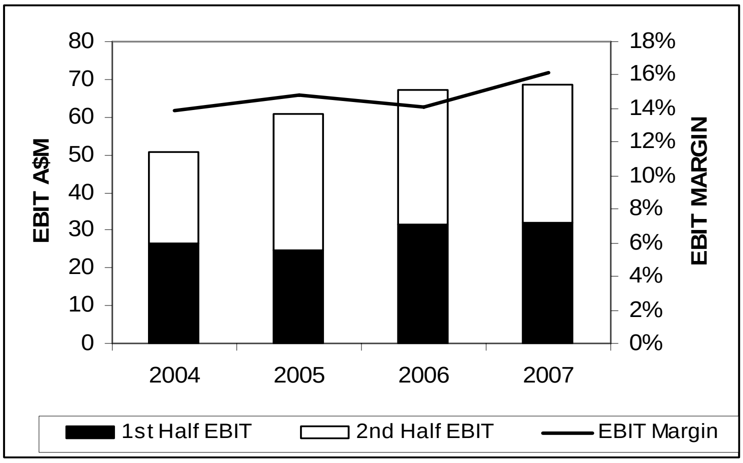
Watercare

- Sales in Watercare were up 7% on pcp attributable mainly due to the impact of acquisitions and MIEX®.
- The Australian water treatment industry has encountered substantial reductions in volumes due to sustained drought-enforced water restrictions. The EBIT impact in 2007 was $4M.
- With an improved focus, the business recovered most of the cost increases incurred in the first half of the year.
- World caustic prices remain high.
- To further enhance our capability in water treatment, the following small bolt-on acquisitions; CSBP Chlor-Alkali assets, Ultraviolet Technology of Australasia and Wendouree Water Treatment were completed during the year and are all performing to expectation.
- MIEX® continues to gather momentum in the USA and Europe. There are now 12 operational MIEX® plants worldwide and a further 14 plants are in the design or construction phase. Geographical expansion and opportunities to utilise the MIEX® technology for industrial purposes are being pursued.

Mining Chemicals

- Sales increased by 9% over the pcp as sodium cyanide sales volumes continue to increase with the benefit of the 2006 uprate and generally firm demand in gold mining.
- Current year earnings were adversely impacted by the need to trade sodium cyanide while the Yarwun plant was down for an extended period for commissioning of the uprate.

EBIT TREND



Industrial Chemicals

- A&R businesses were divested in January 2007. The realised gain of $24M is included in significant items.
- Specialty Chemicals' volumes and profits are robust as a result of ongoing strength in the resources industry.

OUTLOOK - 2008

- Sodium cyanide demand expected to remain firm.
- Prices for caustic expected to remain high.
- Sales revenue in Watercare will continue to be impacted if ongoing drought-enforced water restrictions continue.
- MIEX® expected to be around EBIT break-even in 2008.

Chemnet profitability up 2% to $59M due to the benefits of the restructure program being offset by ongoing difficult trading conditions in some market segments. RONA improved but remains below target.

A$M	Year Ended September 2007	2006	Change F/(U)
Sales Revenue	927.7	987.4	(6%)
EBIT	58.7	57.7	2%
Operating Net Assets	335.2	342.2	(2%)
RONA*	16.9%	15.4%	
RONA	17.3%	15.4%	

* Excluding Marplex goodwill impairment

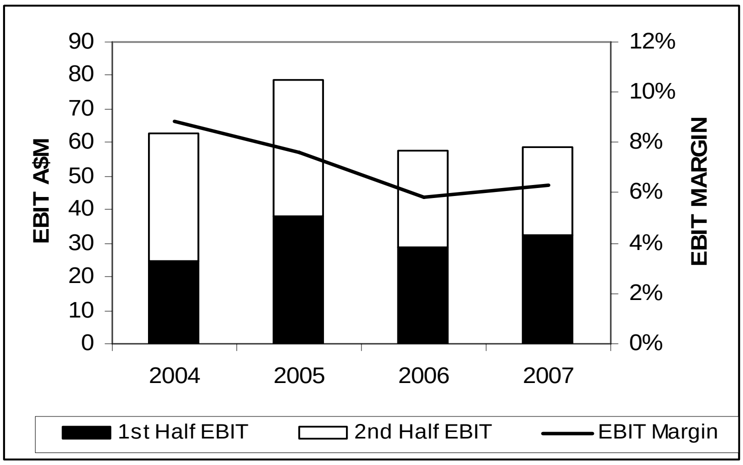
HIGHLIGHTS

- Despite lower sales, EBIT was maintained in line with pcp as a result of cost reductions from the restructure program. At 6.3%, EBIT margin was up on pcp (5.8%).
- Chemnet sales down 6% on the pcp. On an underlying basis, excluding divested businesses, sales were down 4%.

BUSINESS SUMMARY

- Sales continue to decline due to a number of factors, including:
  - The continued slowdown in Australasia's manufacturing sectors, especially automotive, cabling and whitegoods;
  - Ongoing aggressive cost reduction programs by key customers, including some customers switching to direct sourcing; and
  - Increased competitive activity in Chemnet's markets.
- The restructure program announced in 2006 has been completed with the following key achievements:
  - A sustainable reduction of $20M in the fixed cost base;
  - Three small businesses were divested during the period resulting in a net gain of $1M; and
  - An investment has been made in a training program for all commercial and supply chain employees in the business. This program will continue in 2008.
- The Latin American business continues to grow and, in addition to servicing Chile and Peru, operations are now located in Brazil and Argentina and business is starting to flow. Recognising the strong outlook in this region, Orica increased its ownership in the Latin American business to 100% (previously 51%) in August.
- In June, Chemnet successfully won the non-compete court case against the former CEO of Bronson and Jacobs.

EBIT TREND



- Chemnet has invested in a bulk sulphuric acid tank in Darwin, NT, to supply the mining industry under long term agreements. The tank came into operation from October 2007.
- In respect to Marplex, the ongoing disappointing trading performance has resulted in restructuring and goodwill impairment costs of $16M which has been recognised as a significant item.

OUTLOOK - 2008

- Market conditions are expected to remain difficult in Australasia.
- The focus of management is on growing sales and margin and repositioning the business to more value add offerings and stronger markets.
- Continuing focus on refinement and efficiency of the supply chain.

CORPORATE CENTRE & SUPPORT COSTS

- Corporate Centre costs of $39M were $3M higher than last year mainly due to an increase in remuneration from the introduction of a Key Executive Retention Plan.
- Other support costs of $14M were in line with the prior year, inclusive of the following major items:
  - One off Qenos doubtful debts recovery of $8M and a net favourable insurance result of $9M ($6M higher than pcp);

  offset by:
  - Takeover defence and stranded M&A bid costs of $13M and Botany Groundwater Treatment Plant operating costs and depreciation of $7M.

CULTURE

Orica is committed to a culture underpinned by four core principles, each of which is discussed below. Importantly, the task of refreshing and recommitting the majority of employees to the Orica "Deliver the Promise" culture was completed in 2007.

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

The Group achieved an all worker recordable case rate (number of injuries and illnesses per 200,000 hours worked) of 0.60, compared with 0.57 for the previous year. While there were successes in many areas, the second half of the year was marred by two fatal incidents. An employee was killed in a truck incident in Chile and 28 people died in a contractor's truck explosion in Mexico. Both these incidents have been thoroughly investigated, together with the relevant authorities. Our deepest sympathies go to the victims' families, along with assurances that the learning from these incidents will be used to prevent any recurrence.

Disappointingly there was an increase in the number of distribution incidents during the year. There is continued focus on reducing distribution incidents as Orica implements enhanced transport safety procedures across the Group.

Progress continues to be made towards meeting the Challenge 2010 goals, which are the targets the Group has set itself to reduce its environmental impact. Water consumption and waste generation were reduced, whilst energy efficiency and greenhouse gas emissions increased due to higher production of energy and greenhouse intensive products. Plans are in place to improve energy efficiency and reduce greenhouse gas emissions.

The Group Carbon Trading Manager is progressing solutions in various countries as emissions trading markets continue to develop.

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 is operating at a level well in excess of that required to contain the groundwater plume and treated water is being sold to industrial customers in the Botany precinct.

The planned export and destruction of the stored Hexachlorobenzene (HCB) waste was rejected by the relevant German authorities, however, the decision has been objected to and an answer is expected by the end of calendar 2007.

2. Commercial Ownership

A focus on growth, maximising productivity and improving customer service continues to be a priority at Orica. An ever increasing number of Orica employees around the globe are using Six Sigma methodologies to improve performance in many areas, including trade working capital, global procurement and manufacturing efficiency. In terms of customer service, all businesses are now monitoring customer satisfaction on a monthly basis and implementing practices to ensure improving trends.

3. Creative Customer Solutions

During the year, Orica businesses continued to develop innovative solutions to help customers succeed in their markets. Consumer Products launched a number of new products, including a range of products researched and developed in collaboration with key customers. Orica Mining Services continues to develop new Blast Based Service offerings aimed at improving blast performance and improving productivity in the customers' operations.

4. Working Together

There are many examples of people across different parts of Orica working together to achieve better solutions for our customers and improved financial outcomes. Chemnet Latin America and Mining Chemicals divisions worked together to install recently a solids to liquid cyanide facility in Lima, Peru.

Further Information

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