Appendix 4D
Half year report

Name of entity:	**ORICA LIMITED**
ABN:	**24 004 145 868**

Half year ended ('current period')	Half year ended ('previous corresponding period')
31 March 2007	31 March 2006

Results for announcement to the market

				$m
Consolidated Revenue from operations	up	4.0%	to	2,701.7
Profit after tax attributable to members	up	71.1%	to	210.4
Net profit for the period attributable to members before individually material items	up	39.3%	to	203.1

Dividends/distributions			Amount per security	Franked amount per security at 30% tax
Interim dividend	- Ordinary	Cents	36.00	14.00
	- Preference	Cents	2.50	0.97
Previous corresponding period				
Interim dividend	- Ordinary	Cents	26.00	9.00
	- Preference	Cents	2.50	0.87

Record date for determining entitlements to the dividend/distribution:

	Ordinary Shares	15-Jun-07
	Cumulative Preference Shares	13-Jul-07
Payment dates of dividends:	Ordinary Shares	6-Jul-07
	Cumulative Preference Shares	31-Jul-07

Net tangible assets per security:

	Current period	Previous corresponding period
	Cents	Cents
Net tangible asset backing per ordinary security	27	417

For the profit commentary and any other significant information needed by an investor to make an informed assessment of Orica's results please refer to the accompanying Orica Limited Profit Report.

Contents:

The Fertilisers business (previously treated as a separate segment) was disposed of in 2006 and for financial reporting purposes it has been treated as a discontinued business.
The current period financials have been significantly impacted by the acquisition of Minova (1 January 2007) and Dyno (1 June 2006). The accompanying Orica Limited Profit Report on 2007 half year performance focuses on comparisons to the 2006 reported financials as disclosed in Note 11 in this report.

Consolidated income statement

For the period ended 31 March:

From continuing operations:	Notes	**2007 $m**	2006 $m
This statement should be read in conjunction with note 11, discontinued operations and businesses disposed.			
Sales revenue	(3)	**2,701.7**	2,203.1
Other income	(3)	**40.8**	18.5
Expenses			
Changes in inventories of finished goods and work in progress		**43.1**	25.9
Raw materials and consumables used and finished goods purchased for resale		**(1,321.7)**	(1,150.2)
Share based payments		**(2.5)**	(9.2)
Other employee benefits expense		**(470.1)**	(374.3)
Depreciation expense		**(74.2)**	(55.6)
Amortisation expense		**(13.3)**	(3.4)
Purchased services		**(194.6)**	(170.8)
Repairs and maintenance		**(54.8)**	(67.0)
Outgoing freight		**(121.1)**	(101.3)
Lease payments - operating leases		**(29.9)**	(23.4)
Other expenses from ordinary activities including individually material items		**(168.6)**	(80.7)
Share of net profits of associates accounted for using the equity method	(9)	**14.1**	4.8
		(2,393.6)	(2,005.2)
Profit from operations		**348.9**	216.4
Net financing costs			
Financial income		**19.9**	9.1
Financial expenses		**(74.5)**	(60.4)
Net financing costs		**(54.6)**	(51.3)
Profit before income tax expense		**294.3**	165.1
Income tax expense	(12)	**(72.9)**	(53.8)
Profit after tax but before profit and loss of discontinued operation and gain on disposal of discontinued operations		**221.4**	111.3
Profit of discontinued operation and gain on disposal of discontinued operation, net of tax	(11)	**-**	19.1
Profit for the period		**221.4**	130.4
Net profit for the period attributable to:			
Equity holders of Orica Limited		**210.4**	123.0
Minority interest		**11.0**	7.4
Net profit for the period		**221.4**	130.4
		cents	cents
Earnings per share			
Earnings per ordinary share attributable to equity holders of Orica Limited:			
From continuing operations:			
Basic	(5)	**62.4**	36.3
Diluted	(5)	**62.2**	36.0
Total attributable to equity holders of Orica Limited:			
Basic	(5)	**62.4**	41.7
Diluted	(5)	**62.2**	41.4

The consolidated income statement is to be read in conjunction with the accompanying notes.

Consolidated balance sheet
as at:

	Notes	**31 March 2007 $m**	30 September 2006 $m	31 March 2006 $m
Current assets				
Cash and cash equivalents		**253.6**	1,009.1	167.1
Trade and other receivables		**857.9**	810.1	859.6
Other financial assets		**20.1**	16.7	5.0
Inventories		**632.4**	579.1	943.6
Non-current assets classified as held for sale	(11)	**-**	30.3	4.7
Other assets		**49.7**	34.4	99.2
Total current assets		**1,813.7**	2,479.7	2,079.2
Non-current assets				
Trade and other receivables		**107.8**	103.6	1,067.3
Investments accounted for using the equity method		**131.7**	122.2	50.7
Other financial assets		**3.8**	3.7	-
Property, plant and equipment		**1,663.9**	1,603.1	1,774.0
Intangible assets		**2,026.3**	1,141.3	637.3
Deferred tax assets		**211.4**	221.5	271.0
Other assets		**6.6**	33.9	29.3
Total non-current assets		**4,151.5**	3,229.3	3,829.6
Total assets		**5,965.2**	5,709.0	5,908.8
Current liabilities				
Trade and other payables		**959.0**	935.4	1,022.9
Interest bearing liabilities		**273.7**	45.6	287.8
Current tax liabilities		**80.2**	56.5	4.8
Provisions		**238.9**	262.6	167.7
Total current liabilities		**1,551.8**	1,300.1	1,483.2
Non-current liabilities				
Trade and other payables		**5.5**	6.9	1.2
Interest bearing liabilities		**1,212.9**	1,265.6	1,302.3
Deferred tax liabilities		**94.6**	41.8	181.2
Provisions		**438.0**	426.4	322.5
Total non-current liabilities		**1,751.0**	1,740.7	1,807.2
Total liabilities		**3,302.8**	3,040.8	3,290.4
Net assets		**2,662.4**	2,668.2	2,618.4
Equity				
Parent entity interest				
Contributed equity	(7)	**1,286.5**	1,305.3	1,379.1
Reserves	(8)	**(80.5)**	(46.6)	36.2
Retained earnings	(8)	**1,395.4**	1,357.9	1,016.3
Total parent entity interest		**2,601.4**	2,616.6	2,431.6
Minority interest in controlled entities		**61.0**	51.6	186.8
Total equity		**2,662.4**	2,668.2	2,618.4

The consolidated balance sheet is to be read in conjunction with the accompanying notes.

Consolidated statement of recognised income and expense

For the period ended 31 March:

	2007 $m	2006 $m
Net gain on hedge of net investments in foreign subsidiaries	**1.8**	2.7
Cash flow hedges		
- Effective portion of changes in fair value	**6.3**	52.9
Exchange differences on translation of foreign operations	**(42.0)**	32.5
Income tax on items taken directly to or transferred directly from equity	**(2.5)**	(18.1)
Adjustments to reserves and retained earnings on transition to AASB 139	**-**	(20.7)
Net income recognised directly in equity	**(36.4)**	49.3
Profit for the period	**221.4**	130.4
Total recognised income and expense for the period	**185.0**	179.7
Attributable to:		
Members of Orica Limited	**174.0**	172.3
Minority interest	**11.0**	7.4
Total recognised income and expense for the period	**185.0**	179.7

The consolidated statement of recognised income and expense is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the period ended 31 March:

	Notes	**2007 $m Inflows/ (Outflows)**	2006 $m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		**2,967.6**	2,661.3
Payments to suppliers and employees		**(2,636.6)**	(2,603.7)
Interest received		**21.0**	8.8
Borrowing costs		**(67.8)**	(57.8)
Dividends received - associates		**10.8**	6.3
Royalties and other operating revenue received		**17.3**	19.6
Net income taxes paid		**(56.1)**	(51.5)
Net cash flows from operating activities		**256.2**	(17.0)
Cash flows from investing activities			
Payments for property, plant and equipment		**(129.2)**	(280.9)
Payments for Dyno Nobel acquisition receivable (1)		**-**	(884.4)
Payment for minorities' share of controlled entities		**-**	(6.6)
Payments for purchase of businesses/controlled entities	(10)	**(938.8)**	(17.9)
Proceeds from sale of property, plant and equipment		**5.9**	30.3
Proceeds from sale of investments		**7.7**	7.0
Proceeds from sale of businesses/controlled entities	(11)	**70.6**	1.6
Net cash flows used in investing activities		**(983.8)**	(1,150.9)
Cash flows from financing activities			
Net movement in short term financing		**186.9**	205.1
Proceeds from issue of ordinary shares		**20.4**	539.9
Proceeds from issue of Orica Step-Up Preference Securities		**-**	486.9
Payments for buy-back of shares		**(39.2)**	(3.2)
Dividends paid - Orica shareholders	(6)	**(148.0)**	(105.3)
Dividends paid - Step up Preference Shares	(6)	**(24.9)**	-
Dividends paid - minority interest		**(9.3)**	(11.8)
Net cash flows from financing activities		**(14.1)**	1,111.6
Net increase/(decrease) in cash held		**(741.7)**	(56.3)
Cash at the beginning of the financial period		**1,008.2**	211.9
Effects of exchange rate changes on cash		**(14.2)**	3.1
Cash at the end of the financial period		**252.3**	158.7

Reconciliation of cash

Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

	2007	2006
Cash	**253.6**	167.1
Bank overdraft	**(1.3)**	(8.4)
	252.3	158.7

(1) The amount of $884.4m represented purchase price attributable to entities that the Group gained control over subsequent to 31 March 2006.

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Condensed notes to the consolidated financial report for the period ended 31 March 2007

1. Accounting policies

The significant accounting policies adopted in preparing the financial report of Orica Limited (‘the Company’ or ‘Orica’) and of its controlled entities (collectively ‘the consolidated entity’ or ‘the Group’) are stated below to assist in a general understanding of this financial report.

(i) Basis of preparation

This general purpose consolidated interim financial report (the financial report) for the half year reporting period ended 31 March 2007 has been prepared in accordance with the requirements of applicable Accounting Standards including AASB 134 “Interim Financial Reporting”, the Corporations Act 2001 and other mandatory professional reporting requirements.

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and investments in financial assets other than controlled entities and associates which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair value attributable to the risks that are being hedged.

The financial report is presented in Australian dollars which is Orica’s functional and presentation currency.

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 September 2006 prepared under Australian Equivalents to International Financial Reporting Standards (AIFRS), changes in accounting policies for accounting standard requirements summarised below and any public announcements made by Orica during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(ii) Statement of compliance

This financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards (IFRS).

(iii) Changes in accounting policies

Except as described below, the accounting policies applied by the Group in the financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 September 2006.

AASB 2005-9 “Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139, AASB 132]” – Financial Guarantee Contracts

Where a contract meets the definition of a financial guarantee, the contract is recognised at fair value at inception and then recognised at the greater of amortised cost, or the best estimate of total payments under the contract terms.

The amendment above is applicable to the Group for the first time during the half-year ended 31 March 2007. The adoption of this new and revised Standard has had no financial impact on the consolidated entity’s income statement or balance sheet presented in the financial report.

Recently issued or amended accounting standards

The following Australian Accounting Standard has recently been issued but is not yet effective and has not been adopted in the annual reporting period:

AASB 7 “Financial Instruments: Disclosures”, issued August 2005 and applicable for the year commencing 1 October 2007. The adoption of AASB 7 gives rise to disclosure changes only in the annual report.

2.Segment Report

Segment information is presented in respect of the consolidated entity's business and geographical segments. The primary format is business segments. The consolidated entity's operations have been divided into seven business segments comprising Mining Services, Consumer Products, Chemnet, Chemical Services, Minova, Fertilisers and Other Operations and Corporate & Support Services.

The Minova business was acquired on 1 January 2007.

The Fertilisers business was disposed on 15 May 2006 and is reported as a discontinued operation.

The consolidated entity's policy is to transfer products internally at negotiated commercial prices. Other income includes royalties, profit on sale of property, plant and equipment and profit from sale of businesses and controlled entities.

The consolidated entity's geographical segments are determined based on the location of the Group's assets.

The major products and services from which the above segments derive revenue are:

Defined business areas	**Products/services**
Mining Services (OMS)	Manufacture and supply of explosives and mining services, initiating systems and blasting technology to the mining, quarrying, construction and exploration industries.
Consumer Products (OCP)	Manufacture and supply of paints and other surface coatings to the decorative and technical markets and a range of home handyman, car care and garden care products.
Chemnet	Distribution and trading of a broad range of industrial and specialty chemicals, raw materials, ingredients and associated services to a wide range of manufacturers.
Chemical Services (Chem.Serv.)	Manufacture and supply of a broad range of industrial and specialty chemicals including chlorine, MIEX® DOC resin, sodium hypochlorite, caustic soda, adhesives and resins (disposed of on 31 January 2007) and related chemicals for watercare, food, timber and general industrial purposes, and sodium cyanide to the gold mining industry.
Minova	Manufacture and supply of specialty chemicals of stabilisation and ventilation systems in underground mining and civil works.
Other Operations, and Corporate & Support Services	Minor activities, non-operating assets, corporate costs and financial items such as foreign currency gains/losses on borrowings.
Fertilisers (Fert.)	Manufacture, import and supply of a broad range of fertilisers including nitrogen, phosphate and other fertilisers for the agricultural industry including profit/loss on sale of discontinued operation.

2. Segment report (continued)

Primary reporting Business segments	OMS	OCP	Chemnet	Chem.Serv.	Minova	Other Operations and Corporate & Support Services	Eliminations	Total Continuing Operations	Fert.	Eliminations	Consolidated
2007											
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue											
External sales	**1,501.1**	**424.4**	**452.9**	**207.8**	**115.5**	**-**	**-**	**2,701.7**	**-**	**-**	**2,701.7**
Inter-segment sales	**5.4**	**-**	**16.6**	**21.9**	**-**	**-**	**(43.9)**	**-**	**-**	**-**	**-**
Total sales revenue	**1,506.5**	**424.4**	**469.5**	**229.7**	**115.5**	**-**	**(43.9)**	**2,701.7**	**-**	**-**	**2,701.7**
Other income	**13.4**	**-**	**1.9**	**21.8**	**0.5**	**3.2**	**-**	**40.8**	**-**	**-**	**40.8**
Total revenue and other income	**1,519.9**	**424.4**	**471.4**	**251.5**	**116.0**	**3.2**	**(43.9)**	**2,742.5**	**-**	**-**	**2,742.5**
Results											
Profit before individually material items, net financing costs and income tax expense	**245.2**	**43.2**	**32.3**	**32.0**	**17.4**	**(24.5)**	**-**	**345.6**	**-**	**-**	**345.6**
Individually material items	**(17.9)**	**-**	**-**	**21.2**	**-**	**-**	**-**	**3.3**	**-**	**-**	**3.3**
Profit from operations	**227.3**	**43.2**	**32.3**	**53.2**	**17.4**	**(24.5)**	**-**	**348.9**	**-**	**-**	**348.9**
Net financing costs											**(54.6)**
Profit before income tax expense											**294.3**
Income tax expense											**(72.9)**
Profit after income tax expense											**221.4**
Minority interests in profit after income tax											**(11.0)**
Net profit for the period relating to members of Orica Limited											**210.4**
Segment assets	**3,172.1**	**409.8**	**513.9**	**461.2**	**1,035.3**	**372.9**	**-**	**5,965.2**	**-**	**-**	**5,965.2**
Segment liabilities	**932.4**	**189.9**	**131.1**	**79.1**	**156.1**	**1,814.2**	**-**	**3,302.8**	**-**	**-**	**3,302.8**
Investments accounted for using the equity method	**129.9**	**0.7**	**0.5**	**-**	**-**	**0.6**	**-**	**131.7**	**-**	**-**	**131.7**
Acquisitions of PPE, intangibles and other non-current assets	**84.5**	**4.2**	**3.1**	**28.6**	**2.3**	**4.4**	**-**	**127.1**	**-**	**-**	**127.1**
Impairment of inventories	**(0.1)**	**0.9**	**0.5**	**1.3**	**-**	**-**	**-**	**2.6**	**-**	**-**	**2.6**
Impairment of trade receivables	**(0.7)**	**0.7**	**0.3**	**(3.8)**	**-**	**(8.0)**	**-**	**(11.5)**	**-**	**-**	**(11.5)**
Depreciation and amortisation	**60.5**	**7.6**	**3.8**	**9.2**	**4.7**	**1.7**	**-**	**87.5**	**-**	**-**	**87.5**
Non-cash expenses other than depreciation and amortisation: - share based payments	**1.1**	**0.2**	**0.2**	**0.1**	**-**	**0.9**	**-**	**2.5**	**-**	**-**	**2.5**
Share of associates net profit equity accounted	**14.3**	**(0.2)**	**-**	**-**	**-**	**-**	**-**	**14.1**	**-**	**-**	**14.1**

2. Segment report (continued)

Primary reporting Business segments	OMS	OCP	Chemnet	Chem.Serv.	Minova	Other Operations and Corporate & Support Services	Elimina-tions	Total Continuing Operations	Fert.	Elimina-tions	Consolidated
2006											
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue											
External sales	1,124.2	401.7	481.8	214.0	-	-	-	2,221.7	376.9	-	2,598.6
Inter-segment sales	10.0	0.1	23.1	17.3	-	-	(43.0)	7.5	18.6	(26.1)	-
Total sales revenue	1,134.2	401.8	504.9	231.3	-	-	(43.0)	2,229.2	395.5	(26.1)	2,598.6
Other income	13.8	-	1.9	0.7	-	2.1	-	18.5	11.1	-	29.6
Total revenue and other income	1,148.0	401.8	506.8	232.0	-	2.1	(43.0)	2,247.7	406.6	(26.1)	2,628.2
Results											
Profit before individually material items, net financing costs and income tax expense	150.9	47.7	28.7	31.5	-	(24.5)	-	234.3	41.9	-	276.2
Individually material items	(9.3)	-	-	-	-	0.7	-	(8.6)	(28.3)	-	(36.9)
Profit from operations	141.6	47.7	28.7	31.5	-	(23.8)	-	225.7	13.6	-	239.3
Net financing costs											(55.6)
Profit before income tax expense											183.7
Income tax expense											(53.3)
Profit after income tax expense											130.4
Minority interests in profit after income tax											(7.4)
Net profit for the period relating to members of Orica Limited											123.0
Segment assets	3,055.4	413.1	581.9	463.3	-	291.4	-	4,805.1	1,103.7	-	5,908.8
Segment liabilities	640.0	174.8	140.2	58.6	-	1,894.5	-	2,908.1	382.3	-	3,290.4
Investments accounted for using the equity method	47.9	0.5	1.5	-	-	0.8	-	50.7	-	-	50.7
Acquisitions of PPE, intangibles and other non-current assets	215.7	3.6	4.5	11.1	-	8.9	-	243.8	28.3	-	272.1
Impairment of PPE	-	-	-	-	-	-	-	-	1.0	-	1.0
Impairment of inventories	1.0	0.9	2.1	1.1	-	-	-	5.1	0.4	-	5.5
Impairment of trade receivables	(0.7)	0.1	1.3	0.2	-	-	-	0.9	(0.1)	-	0.8
Depreciation and amortisation	37.5	7.2	4.3	8.5	-	1.5	-	59.0	15.2	-	74.2
Non-cash expenses other than depreciation and amortisation: - share based payments	3.4	1.1	0.7	0.6	-	3.4	-	9.2	0.4	-	9.6
Share of associates net profit equity accounted	5.0	(0.2)	-	-	-	-	-	4.8	-	-	4.8

2. Segment report (continued)

Secondary reporting Geographical segments 2007	Australia	New Zealand	Asia	Americas	Europe	Other	Elimina-tions	Consolidated
	$m	$m	$m	$m	$m	$m	$m	$m
Revenue								
External sales	**1,187.0**	**231.1**	**213.4**	**727.8**	**325.5**	**16.9**	**-**	**2,701.7**
Inter-segment sales	**64.9**	**8.2**	**8.3**	**6.1**	**29.2**	**2.1**	**(118.8)**	**-**
Total sales revenue	**1,251.9**	**239.3**	**221.7**	**733.9**	**354.7**	**19.0**	**(118.8)**	**2,701.7**
Other income (1)	**(8.8)**	**35.9**	**2.2**	**5.5**	**5.8**	**0.2**	**-**	**40.8**
Total revenue and other income	**1,243.1**	**275.2**	**223.9**	**739.4**	**360.5**	**19.2**	**(118.8)**	**2,742.5**
Results								
Profit before individually material items, net financing costs and income tax expense	**150.6**	**32.3**	**38.5**	**74.9**	**46.7**	**2.6**	**-**	**345.6**
Individually material items (1)	**(19.6)**	**35.5**	**(0.3)**	**(3.1)**	**(9.2)**	**-**	**-**	**3.3**
Profit from operations	**131.0**	**67.8**	**38.2**	**71.8**	**37.5**	**2.6**	**-**	**348.9**
Net financing costs								**(54.6)**
Profit before income tax expense								**294.3**
Income tax expense								**(72.9)**
Profit after income tax expense								**221.4**
Minority interests in profit after income tax								**(11.0)**
Net profit for the period relating to members of Orica Limited								**210.4**
Segment assets	**2,476.0**	**314.6**	**391.5**	**1,295.9**	**1,454.0**	**33.2**	**-**	**5,965.2**
Segment liabilities	**1,750.6**	**610.8**	**76.7**	**473.1**	**385.6**	**6.0**	**-**	**3,302.8**
Investments accounted for using the equity method	**2.3**	**-**	**57.9**	**60.1**	**11.4**	**-**	**-**	**131.7**
Acquisitions of PPE, intangibles and other non-current assets	**60.0**	**5.2**	**8.3**	**34.1**	**19.5**	**-**	**-**	**127.1**
Impairment of inventories	**2.3**	**0.2**	**0.2**	**(0.3)**	**0.2**	**-**	**-**	**2.6**
Impairment of trade receivables	**(7.7)**	**0.2**	**(2.3)**	**(0.7)**	**(0.6)**	**(0.4)**	**-**	**(11.5)**
Depreciation and amortisation	**45.7**	**3.2**	**5.4**	**17.7**	**15.0**	**0.5**	**-**	**87.5**
Non cash expenses other than depreciation and amortisation: - share based payments	**1.9**	**0.1**	**-**	**0.4**	**0.1**	**-**	**-**	**2.5**
Share of associates net profit equity accounted	**0.3**	**-**	**3.7**	**9.5**	**0.6**	**-**	**-**	**14.1**

(1) On disposal of the Adhesives and Resins business a gain was realised in the New Zealand segment and a loss in the Australian segment.

2. Segment report (continued)

Secondary reporting Geographical segments 2006	Australia	New Zealand	Asia	Americas	Europe	Other	Elimina-tions	Consolidated
	$m	$m	$m	$m	$m	$m	$m	$m
Revenue								
External sales	1,476.8	245.9	186.1	587.4	101.8	0.6	-	2,598.6
Inter-segment sales	62.8	6.1	4.1	4.4	18.9	3.2	(99.5)	-
Total sales revenue	1,539.6	252.0	190.2	591.8	120.7	3.8	(99.5)	2,598.6
Other income	22.1	0.3	0.5	6.1	0.6	-	-	29.6
Total revenue and other income	1,561.7	252.3	190.7	597.9	121.3	3.8	(99.5)	2,628.2
Results								
Profit before individually material items, net financing costs and income tax expense	163.4	32.5	25.5	43.8	12.8	(1.8)	-	276.2
Individually material items	(39.1)	-	-	(1.7)	3.9	-	-	(36.9)
Profit from operations (1)	124.3	32.5	25.5	42.1	16.7	(1.8)	-	239.3
Net financing costs								(55.6)
Profit before income tax expense								183.7
Income tax expense								(53.3)
Profit after income tax expense								130.4
Minority interests in profit after income tax								(7.4)
Net profit for the period relating to members of Orica Limited								123.0
Segment assets	4,377.6	263.4	260.7	825.2	174.2	7.7	-	5,908.8
Segment liabilities	2,073.6	599.6	90.0	451.6	72.6	3.0	-	3,290.4
Investments accounted for using the equity method	3.4	-	(0.6)	37.4	10.5	-	-	50.7
Acquisitions of PPE, intangibles and other non-current assets	229.7	2.8	4.6	20.8	9.1	5.1	-	272.1
Impairment of PPE	1.0	-	-	-	-	-	-	1.0
Impairment of inventories	3.4	0.6	0.3	1.2	-	-	-	5.5
Impairment of trade receivables	1.0	0.4	(0.8)	0.5	(0.3)	-	-	0.8
Depreciation and amortisation	50.5	3.2	3.8	12.6	4.0	0.1	-	74.2
Non-cash expenses other than depreciation and amortisation: - share based payments	7.6	0.1	0.2	1.3	0.4	-	-	9.6
Share of associates net profit equity accounted	(0.1)	-	-	4.1	-	0.8	-	4.8

(1) The discontinued operation (Fertilisers) operated in one geographical segment - Australia.

3. Sales revenue and other income from continuing operations

This note should be read in conjunction with note 11, discontinued operations and businesses disposed.

	2007 $m	2006 $m
Sales revenue	**2,701.7**	2,203.1
Other income		
Royalty income	**1.0**	0.7
Other income	**16.3**	7.8
Profit from sale of businesses/controlled entities	**23.5**	0.4
Profit on sale of property, plant and equipment	**-**	9.6
Total other income	**40.8**	18.5

4. Specific profit and loss income and expenses

This note should be read in conjunction with note 11, discontinued operations and businesses disposed.

	2007			2006		
	Gross $m	**Tax $m**	**Net $m**	Gross $m	Tax $m	Net $m
Profit after income tax includes the following individually material items of income and expenses:						
Profit on disposal of Adhesives and Resins (1)	**21.2**	**(1.8)**	**19.4**	-	-	-
Environmental provisions:						
Cockle Creek (NSW)	**-**	**-**	**-**	(28.3)	8.5	(19.8)
Dyno Nobel (expenditure)/income:						
Integration costs (2)	**(17.9)**	**5.8**	**(12.1)**	(9.3)	1.4	(7.9)
Net financing income (3)	**-**	**-**	**-**	0.7	(1.8)	(1.1)
Individually material items	**3.3**	**4.0**	**7.3**	(36.9)	8.1	(28.8)
Minority interests in individually material items	**-**	**-**	**-**	(8.5)	2.5	(6.0)
Individually material items attributable to members of Orica	**3.3**	**4.0**	**7.3**	(28.4)	5.6	(22.8)

(1) Profit on sale of Adhesives and Resins businesses in Australia, New Zealand and Indonesia.
(2) Costs including asset write downs and provisions relating to the integration and restructuring of the Mining Services business following the purchase of the Dyno Nobel businesses.
(3) Financing income received from the Dyno Nobel businesses related to purchase price paid prior to the acquisition, offset by interest cost on borrowings associated with the purchase.

5. Earnings per share (EPS)

	2007 Cents per share	2006 Cents per share
(i) As reported in income statement		
From continuing operations		
Basic earnings per share	**62.4**	36.3
Diluted earnings per share	**62.2**	36.0
From discontinued operations		
Basic earnings per share	**-**	5.4
Diluted earnings per share	**-**	5.4
Total attributable to equity holders of Orica		
Basic earnings per share	**62.4**	41.7
Diluted earnings per share	**62.2**	41.4

	Number	Number
Weighted average number of shares used as the denominator:		
Number for basic earnings per share	**310,393,906**	294,773,292
Effect of executive share options	**608,602**	2,155,233
Effect of Orica Step-Up Preference Securities	**531,255**	10,302
Number for diluted earnings per share	**311,533,763**	296,938,827
The following Orica long term equity incentive plans have not been included in the calculation for diluted earnings per share as they are not dilutive:		
- issue date 23 December 2005	**-**	1,208,392

	$m	$m
Reconciliation of earnings used in the calculation of earnings per share		
Net profit for the period from continuing operations	**221.4**	111.3
Net profit for the period from continuing operations attributable to minority interests	**(11.0)**	(4.4)
Orica Step-Up Preference Securities	**(16.7)**	-
Net profit for the period from continuing operations attributable to ordinary equity holders	**193.7**	106.9
Net profit for the period from discontinued operations	**-**	19.1
Net profit for the period from discontinued operations attributable to minority interests	**-**	(3.0)
Earnings used in calculation of earnings per share	**193.7**	123.0

(ii) Adjusted for individually material items	**Cents per share**	Cents per share
From continuing operations		
Basic earnings per share	**60.1**	39.3
Diluted earnings per share	**59.8**	39.0
From discontinued operations		
Basic earnings per share	**-**	10.2
Diluted earnings per share	**-**	10.1
Total attributable to equity holders of Orica		
Basic earnings per share	**60.1**	49.5
Diluted earnings per share	**59.8**	49.1

	$m	$m
Reconciliation of earnings used in the calculation of earnings per share adjusted for individually material items		
Net profit for the period from continuing operations	**221.4**	111.3
Net profit for the period from continuing operations attributable to minority interests	**(11.0)**	(4.4)
Orica Step-Up Preference Securities	**(16.7)**	-
Adjusted for individually material items from continuing operations	**(7.3)**	9.0
Net profit for the period from continuing operations attributable to ordinary equity holders	**186.4**	115.9
Net profit for the period from discontinued operations	**-**	19.1
Net profit for the period from discontinued operations attributable to minority interests	**-**	(3.0)
Adjusted for individually material items from discontinued operations	**-**	13.8
Earnings used in calculation of earnings per share	**186.4**	145.8

6. Dividends and distributions

	2007 $m	2006 $m
Dividends		
Dividends paid or declared in respect of the period to 31 March were:		
Ordinary		
final dividend of 46 cents per share, 32.6% franked at 30%, paid 16 Dec 2005	**-**	126.1
final dividend of 48 cents per share, 43.75% franked at 30%, paid 15 Dec 2006	**148.0**	-
Preference (1)		
final dividend of 2.5 cents per share, 32.6% franked at 30%, paid 31 Jan 2006	**-**	0.05
final dividend of 2.5 cents per share, 43.75% franked at 30%, paid 12 Jan 2007	**0.05**	-
Redeemable Preference		
distribution at 6.995% per annum, per share, unfranked, paid 30 November 2006	**24.9**	-
Dividends/distribution paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the period were as follows:		
paid in cash	**146.9**	105.4
satisfied by issue of shares	**-**	20.8
Dividends satisfied by the purchase of shares on market for dividend reinvestment plan (2)	**26.1**	-
Subsequent events		
Since the end of the half financial year, the directors declared the following dividends:		
Ordinary		
Interim dividend of 36 cents per share, 38.9% franked at 30%, payable 6 July 2007	**-**	**-**

The financial effect of the interim ordinary dividend has not been brought to account in the financial statements for the period ended 31 March 2007 and will be recognised in the 2007 financial report.

(1) Dividends on these shares have been charged to the Income Statement as borrowing costs because the shares are classified as liabilities.
(2) During the period, the Company bought 1,089,528 (2006 nil) shares on market to satisfy shareholders' Dividend Reinvestment Plan (DRP) requirements and the transaction costs have been charged directly against contributed equity.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.
It is anticipated that dividends will be partly franked at a rate of no more than 35%.

Amount per security of foreign source dividend:

Interim dividend:				Interim dividend:			
Current period	-	Ordinary	Nil	Previous period	-	Ordinary	Nil

A dividend reinvestment plan for ordinary securities and a share acquisition scheme have operated since 30 April 1998. No discount will be applied for shares acquired under either plan for the time being.

The last date(s) for receipt of election notices for the dividend	Ordinary	15-Jun-07
	Preference	13-Jul-07

7. Contributed equity

	2007 $m	2006 $m
Contributed equity		
Issued and fully paid: (1)		
Cumulative non-redeemable 5% preference shares - (2)	**-**	-
Orica Step-Up Preference Securities - 5,000,000 (2006 5,000,000) (3)	**490.0**	490.9
Ordinary shares - 311,004,179 (2006 312,360,105) (4)	**796.5**	888.2
Balance at end of the period	**1,286.5**	1,379.1

(1) Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of issued shares.
(2) Under AASB 139, the 5% cumulative non-redeemable preference shares are treated as non-current interest bearing liabilities.
(3) The Group issued Orica Step-Up Preference Securities (SPS) via a prospectus dated 17 February 2006. The SPS are stapled securities comprising a fully paid SPS Preference Share and a fully paid unsecured note. The SPS have no fixed repayment date, but Orica has the right to repurchase them for cash or convert the SPS into a variable number of ordinary shares in Orica from November 2011 or earlier in certain circumstances. Holders rank ahead of ordinary shares but behind cumulative non-redeemable preference shares and creditors. Distributions payable on the SPS are discretionary, payable semi annually, non cumulative, unfranked and payable based on the 180 day bill swap rate plus a margin of 1.35% per annum. Should the credit rating of Orica SPS fall below Standard and Poor's BBB- or equivalent, or no longer be rated, then an additional 1% will be added to the distribution rate. Distributions are payable in priority to distributions on Orica shares, but behind existing Orica preference shares. Where a distribution on SPS is not paid, Orica may not declare or pay any dividends, pay any interest, or distribute any income or capital on any security that ranks behind the SPS until Orica has paid SPS distributions scheduled for the twelve months following the missed distribution or Orica has paid an amount equivalent to the unpaid distributions in the last twelve months, or all SPS have been repurchased or converted, or a special resolution of the SPS holders has been passed approving such payment. Orica SPS holders do not have voting rights in shareholder meetings except in limited circumstances.
Under a Deed of Undertaking and Indemnity between Orica Limited and Australian Stock Exchange Limited (ASX), the ASX reserves the right (but without limiting its absolute discretion) to remove either or both of the Company and Orica New Zealand Securities Ltd (Orica NZ) from the official list if a) any of SPS Preference Shares of the Company and Notes of Orica NZ cease to be stapled together, or b) if any SPS Preference Share or Notes are issued by either of the Company or Orica NZ which are not stapled to corresponding securities in the other entity.
(4) Includes 34,426,827 shares issued pursuant to rights issue prospectus dated 21 November 2005.

7. Contributed equity (continued)

Movements in issued and fully paid shares of the Company since 1 October 2005 were as follows:

Details	Date	Number of shares	Issue price $	$m
Cumulative non-redeemable 5% preference shares				
Opening balance	1-Oct-05	2,000,000	1.00	2.0
Reclassification under AASB 139	1-Oct-05			**(2.0)**
Balance	**31-Mar-06**	**2,000,000**		**-**
Balance	**30-Sep-06**	**2,000,000**		**-**
Balance	**31-Mar-07**	**2,000,000**		**-**
Step-Up Preference Securities				
Opening balance	1-Oct-05	**-**		**-**
Step-Up Preference Securities issued (1)	16-Mar-06	5,000,000	100.00	500.0
Step-Up Preference Securities issued - costs (1)	16-Mar-06	**-**		(9.1)
Balance	**31-Mar-06**	**5,000,000**		**490.9**
Step-Up Preference Securities issued - costs (1)	30-Sep-06	**-**		(0.9)
Balance	**30-Sep-06**	**5,000,000**		**490.0**
Balance	**31-Mar-07**	**5,000,000**		**490.0**
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-05	273,104,280		327.3
Shares issued under the Orica executive option plan (4)		2,581,918		20.3
Shares issued under the Orica dividends reinvestment plan		1,038,688	20.06	20.8
Shares issued under the Orica LTEIP plan (5)	23-Dec-05	1,208,392		7.7
Shares issued under the Orica Rights Issue (3)		34,426,827	15.00	516.4
Expenses related to the Orica Rights Issue (3)		-		(8.0)
Shares issued under the Orica SESLP plan (6)		-		3.7
Balance	**31-Mar-06**	**312,360,105**		**888.2**
Shares issued under the Orica executive option plan (4)		475,575		3.4
Shares issued under the Orica LTEIP plan (5)		-		5.5
Expenses related to the Orica Rights Issue (3)		-		(0.4)
Shares issued under the Orica dividends reinvestment plan				0.1
Share buy-back (2)		(3,617,903)		(81.5)
Balance	**30-Sep-06**	**309,217,777**		**815.3**
Shares issued under the Orica executive option plan (4)		**1,786,402**		**13.5**
Shares issued under the Orica dividends reinvestment plan		**-**		**-**
Share movements under the Orica LTEIP plan (5)		**-**		**(32.3)**
Balance	**31-Mar-07**	**311,004,179**		**796.5**

(1) Shares issued and costs incurred pursuant to the Step-Up Preference Securities issue in accordance with the prospectus dated 17 February 2006.

(2) Shares bought back and cancelled over a period from July 2006 to August 2006.

(3) Shares issued and costs incurred pursuant to rights issue prospectus dated 21 November 2005.

7. Contributed equity (continued)

Details	Date	Number of shares	Issue price $	$m
(4) Shares issued under the Orica executive option plan				
2005/2006		25,000		0.1
		6,800		-
		27,000		0.2
		14,900		0.1
		373,407		2.7
		1,982,007		15.7
		23,380		0.2
		12,191		0.1
		15,066		0.1
		5,908		0.1
		34,241		0.3
		41,015		0.4
		10,000		0.1
		11,003		0.2
Total for period to :	31-Mar-06	2,581,918		20.3
2005/2006				
		7,000	5.09	-
		457,104	7.33	3.4
		4,620	7.73	-
		6,851	9.77	-
Total for period to :	30-Sep-06	475,575		3.4
2006/2007				
		10,000	**5.09**	**0.1**
		1,635,622	**7.33**	**11.9**
		5,500	**7.73**	**-**
		12,191	**8.44**	**0.1**
		7,528	**8.66**	**0.1**
		41,168	**9.60**	**0.4**
		26,844	**9.77**	**0.3**
		10,000	**9.78**	**0.1**
		16,504	**12.80**	**0.2**
		21,045	**16.77**	**0.3**
Total for period to :	**31-Mar-07**	**1,786,402**		**13.5**

The options and award rights have been exercised at various times during the year. The weighted average of the fair value of shares issued was $24.13 (2006: $20.84).

Details	Date	Number of shares	Issue price $	$m
(5) Shares issued/bought back under the Orica LTEIP plan				
Shares issued	23-Dec-05	1,208,392	20.67	-
Shares bought back	23-Dec-05			(0.1)
Shares bought back	23-Dec-05			(2.9)
Shares issued - loan repayment				10.7
Total for period to :	**31-Mar-06**	**1,208,392**		**7.7**
Shares bought back	23-Dec-05			(0.2)
Shares issued - loan repayment				5.7
Total for period to :	**30-Sep-06**	**1,208,392**		**5.5**
Shares bought back				**(39.2)**
Shares issued - loan repayment				**6.9**
Total for period to :	**31-Mar-07**	**-**		**(32.3)**
(6) Shares issued under the Orica SESLP plan				
Shares issued - loan repayment	Various			3.7
Total for period to :	**31-Mar-06**	**-**		**3.7**
Shares issued				**-**
Total for period to :	**30-Sep-06**	**-**		**-**
Shares issued				**-**
Total for period to :	**31-Mar-07**	**-**		**-**

Under the SESLP and LTEIP, eligible executives are provided with a 3 year, interest free, non-recourse loan from Orica for the sole purpose of acquiring shares in Orica. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after tax basis) towards repaying the loan. The shares issued to the executives are either purchased on market or issued by Orica. Shares issued under employee incentive share plans in conjunction with non-recourse loans are accounted for as options. As a result, the amounts receivable from employees in relation to these loans are not recognised in the financial statements. Shares issued under the plans are recognised as shares issued at nil value, with a share based payments expense recognised in the income statement. Shares purchased on-market under the plans are recognised as a share buy-back. Repayments of share loans are recognised as share capital.

Under the December 2006 LTEIP executive allocations, executives that leave Orica within three years are not entitled to deal with the shares. The shares are returned to Orica.

7. Contributed equity (continued)

(7) Options over unissued shares:

Exercisable between		Balance 30 Sep 05	Issued/ Reinstated During Period	Exercised During Period	Lapsed During Period	Balance 31 Mar 06	Exercised During Period	Lapsed During Period	Balance 30 Sep 06
01 Jan 03	31 Dec 09	44,500	-	(23,380)	-	21,120	(4,620)	-	16,500
01 Jan 04	31 Dec 10	56,300	-	(21,700)	-	34,600	-	-	34,600
31 Dec 04	31 Dec 06	118,000	-	(52,000)	-	66,000	(7,000)	-	59,000
31 Oct 05	31 Oct 07 (8)	4,877,662	-	(2,355,414)	-	2,522,248	(457,104)	(277,654)	1,787,490
31 Oct 05	31 Oct 07 (8)	30,132	-	(15,066)	-	15,066	-	-	15,066
31 Oct 05	31 Oct 07 (8)	24,382	-	(12,191)	-	12,191	-	-	12,191
31 Oct 05	31 Oct 07 (8)	80,619	-	(46,923)	-	33,696	(6,851)	-	26,845
31 Oct 05	31 Oct 07 (8)	20,000	-	(10,000)	-	10,000	-	-	10,000
31 Oct 05	31 Oct 07 (8)	75,409	-	(34,241)	-	41,168	-	-	41,168
10 Nov 05	31 Oct 07 (8)	27,507	-	(11,003)	-	16,504	-	-	16,504
10 Nov 06	31 Oct 07 (8)	21,045	-	-	-	21,045	-	-	21,045
Total		5,375,556	-	(2,581,918)	-	2,793,638	(475,575)	(277,654)	2,040,409

Exercisable between		Balance 30 Sep 06	**Issued/ Reinstated During Period**	**Exercised During Period**	**Lapsed During Period**	**Balance 31 Mar 07**
01 Jan 03	31 Dec 09	16,500	**-**	**(5,500)**	**-**	**11,000**
01 Jan 04	31 Dec 10	34,600	**-**	**-**	**-**	**34,600**
31 Dec 04	31 Dec 06	59,000	**-**	**(10,000)**	**-**	**49,000**
31 Oct 05	31 Oct 07 (8)	1,787,490	**-**	**(1,635,622)**	**-**	**151,868**
31 Oct 05	31 Oct 07 (8)	15,066	**-**	**(7,528)**	**-**	**7,538**
31 Oct 05	31 Oct 07 (8)	12,191	**-**	**(12,191)**	**-**	**-**
31 Oct 05	31 Oct 07 (8)	26,845	**-**	**(26,844)**	**-**	**1**
31 Oct 05	31 Oct 07 (8)	10,000	**-**	**(10,000)**	**-**	**-**
31 Oct 05	31 Oct 07 (8)	41,168	**-**	**(41,168)**	**-**	**-**
10 Nov 05	31 Oct 07 (8)	16,504	**-**	**(16,504)**	**-**	**-**
10 Nov 06	31 Oct 07 (8)	21,045	**-**	**(21,045)**	**-**	**-**
Total		2,040,409	**-**	**(1,786,402)**	**-**	**254,007**

(8) Options may be exercised from one day after the release of the annual results to 31 October of the following year during specific trading periods as outlined in the Corporate Governance practices disclosure.

Pursuant to the terms on which they were granted, the exercise price of outstanding ESOP and SOP options were adjusted in accordance with ASX listing rule 6.22.2 to reflect the impact of the rights issue in December 2005 as follows:

Old price	5.67	5.72	7.91	8.31	9.02	9.24	10.18	10.35	10.36	13.38	17.35
New price	5.09	5.14	7.33	7.73	8.44	8.66	9.60	9.77	9.78	12.80	16.77

7. Contributed equity (continued)

	2007 $m	2006 $m
Total equity reconciliation		
Total equity at the beginning of the period	**2,668.2**	1,519.5
Total changes recognised in statement of recognised income and expense	**174.0**	172.3
Transactions with owners as owners		
Dividends provided for or paid	**(172.9)**	(126.1)
Share based payments reserve movements	**2.5**	9.6
Purchase of minorities	**-**	(1.9)
Contribution of equity	**(18.8)**	1,051.8
Adjustments to Share Capital on transition to AASB 139	**-**	(2.0)
Total changes in minority interest	**9.4**	(4.8)
Total equity at the end of the period	**2,662.4**	2,618.4

8. Consolidated statement of reserves and retained earnings

	2007 $m	2006 $m
Reserves and retained earnings		
(a) Reserves		
Share based payments	**21.4**	18.7
Cash flow hedging	**(11.2)**	18.2
Foreign currency translation	**(90.7)**	1.2
Equity	**-**	(1.9)
Balance at end of the period	**(80.5)**	36.2
Movement in reserves during the period		
Share based payments		
Balance at beginning of year	**18.9**	9.1
Share based payments expense	**2.5**	9.6
Balance at end of the period	**21.4**	18.7
Cash flow hedging		
Balance at beginning of year	**(15.6)**	-
Transition adjustments re AASB 139	**-**	(19.0)
Movement for the period	**4.4**	37.2
Balance at end of the period	**(11.2)**	18.2
Foreign currency translation		
Balance at beginning of year	**(49.9)**	(29.9)
Transition adjustments re AASB 139	**-**	6.5
Transfer to income statement on disposal of foreign subsidiaries	**0.4**	-
Translation of overseas controlled entities at the end of the period	**(41.2)**	24.6
Balance at end of the period	**(90.7)**	1.2
Equity reserve		
Balance at beginning of year	**-**	-
Purchase of minority interests	**-**	(1.9)
Balance at end of the period	**-**	(1.9)
(b) Retained earnings		
Retained earnings at the beginning of the period	**1,357.9**	1,019.4
Operating profit after income tax attributable to members of Orica	**210.4**	123.0
Dividends:		
Preference – declared/paid	**(24.9)**	-
Ordinary – final prior year declared/paid	**(148.0)**	(126.1)
Retained earnings at the end of the period	**1,395.4**	1,016.3

9. Investments accounted for using the equity method

The consolidated entity has an interest in the following entities:

Name of entity:	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit	
	31 March 2007	31 March 2006	**31 March 2007**	31 March 2006
	%	%	**$m**	$m
Emirates Explosives LLC [1]	**N/a**	49.0		
Nelson Brothers, LLC	**50.0**	50.0		
Nelson Brothers Mining Services, LLC	**50.0**	27.7	**12.6**	4.8
Thai Nitrate Company Ltd	**50.0**	-		
Australian Plantations Pty Ltd	**50.0**	50.0		
Botany Industrial Park Pty Limited	**33.4**	50.0		
BXL Bulk Explosives Limited	**50.0**	50.0		
Controladora DNS de RL de CV	**49.0**	-		
Dyno Nobel Petrolera	**47.0**	-		
Dyno Nobel UMMC LLC	**50.0**	-		
Exor Explosives Limited	**50.0**	50.0		
Geneva Nitrogen LLC	**50.0**	50.0		
Geodynamics B.V.	**29.0**	29.0		
Irish Mining Emulsion Systems Ltd	**50.0**	-		
Makina Kimya Nitro Nobel Kimya Sanayii A.S	**25.0**	-		
MicroCoal Inc.	**50.0**	5.0		
MSW-Chemie GmbH	**31.5**	31.5	**Individually**	Individually
Norabel Ignition Systems AB	**50.0**	-	**not material**	not material
Northwest Energetic Services, LLC	**33.3**	33.3	**In aggregate**	In aggregate
Orica Camel Coatings Ltd	**50.0**	50.0		
OY Forcit	**20.0**	-	**1.5**	nil
PIIK Limited Partnership	**49.0**	49.0		
Pigment Manufacturers of Australia Limited	**50.0**	50.0		
Pinegro Products Pty Ltd	**50.0**	50.0		
Sprewa Sprengmittel GmbH	**24.0**	24.0		
SVG&FNS Philippines Holdings Inc	**40.0**	-		
Troisdorf GmbH	**50.0**	50.0		
Ulaex SA	**50.0**	-		
Wurgendorf GmbH	**50.0**	50.0		
Total			**14.1**	4.8

[1] Consolidated as a subsidiary since 6 November 2006 - 70% ownership

10. Acquisition and disposal of businesses/controlled entities

Businesses acquired

Consolidated - 2007

The consolidated entity acquired the following businesses and entities (100% unless stated otherwise):

Minova entities

In October 2006, Orica agreed to acquire the mining services company Minova. The acquisition was completed on 1 January 2007.

Other entities

BST Manufacturing Inc on 1 February 2007.

Businesses

Business assets of Detacorp and SEC Holdings on 1 October 2006.
Chlor-alkali assets of CSBP Limited on 5 December 2006.
Business assets of Ultraviolet Technology of Australasia Pty Ltd on 20 February 2007.

Accounting standards require the fair value of the net assets acquired to be recognised. These financial statements include the preliminary purchase price allocation of acquired net assets. Accounting standards permit up to 12 months for acquisition accounting to be finalised following the acquisition date.

	Book Values	Fair Value Adjustments	Total
2007	**$m**	**$m**	**$m**
Consideration			
cash paid to acquire businesses/controlled entities	**950.3**	**-**	**950.3**
net cash acquired	**(11.5)**	**-**	**(11.5)**
Outflow of cash	**938.8**	**-**	**938.8**
deferred settlement	**21.9**	**-**	**21.9**
Net consideration	**960.7**	**-**	**960.7**
Fair value of net assets of businesses/controlled entities acquired			
trade and other receivables	**125.2**	**-**	**125.2**
inventories	**38.4**	**6.8**	**45.2**
property, plant and equipment	**50.9**	**-**	**50.9**
intangibles including purchased goodwill	**21.0**	**171.0**	**192.0**
other assets	**4.6**	**-**	**4.6**
payables and interest bearing liabilities	**(113.8)**	**(13.5)**	**(127.3)**
provision for dividends	**(1.1)**	**-**	**(1.1)**
provision for employee entitlements	**(8.1)**	**2.0**	**(6.1)**
provision for environmental	**-**	**(6.6)**	**(6.6)**
provision for taxation	**(9.7)**	**(56.8)**	**(66.5)**
other provisions	**(5.3)**	**(7.1)**	**(12.4)**
	102.1	**95.8**	**197.9**
Less minority interest at date of acquisition	**(3.8)**	**-**	**(3.8)**
	98.3	**95.8**	**194.1**
Goodwill on acquisition			**766.6**

10. Acquisition and disposal of businesses/controlled entities (continued)

Results contributed by acquired businesses and entities since acquisition date	**2007 $m**
Revenue for the period	**125.9**
Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period	**23.4**

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the 6 months to 31 March 2007 are as follows:

	2007 $m
Operating revenue	241.5
EBITDA	38.6

Goodwill has arisen on the purchase of these entities because of assets that did not meet the criteria for recognition as an identifiable intangible asset at date of acqusition.

Consolidated - 2006

The consolidated entity acquired the following businesses and entities (100% unless stated otherwise):
(1) In December 2005, the purchases of Dyno Nobel (Thailand) Limited, Dyno Nobel Slovakia AS, Dyno Nobel Schweiz AG and Ensign-Bickford Venezuela C.A. (51%), were completed.
(2) During March 2006, the purchases of Dyno Nobel Philippines Inc. and Nitro Asia Company Inc. were completed.

2006	Book Values $m	Fair Value Adjustments $m	Total $m
Consideration			
cash paid	17.9	-	17.9
acquisition costs	9.8	-	9.8
net cash acquired	(9.8)	-	(9.8)
	17.9	-	17.9
Fair value of net assets of businesses/controlled entities acquired			
trade and other receivables	6.1	-	6.1
inventories	7.5	-	7.5
property, plant and equipment	1.8	-	1.8
intangibles including purchased goodwill	-	-	-
other assets	10.9	-	10.9
payables and interest bearing liabilities	(7.6)	-	(7.6)
provision for dividends	-	-	-
provision for employee entitlements	-	-	-
provision for restructuring and rationalisation	-	-	-
provision for environmental	-	-	-
provision for taxation	(0.5)	-	(0.5)
other provisions	(0.8)	-	(0.8)
	17.4	-	17.4
Less minority interest at date of acquisition	(1.4)	-	(1.4)
	16.0	-	16.0
Goodwill on acquisition			1.9

11. Discontinued operations and businesses disposed

The Fertilisers business was disposed of on 15 May 2006 and is reported as a discontinued operation for the period ended 31 March. This note shows the results of the continuing businesses and the discontinued operation.

For the period ended 31 March	Continuing 2007 $m	Discontinued 2007 $m	Consolidated 2007 $m	Continuing 2006 $m	Discontinued 2006 $m	Consolidated 2006 $m
Sales revenue	**2,701.7**	**-**	**2,701.7**	2,203.1	395.5	2,598.6
Other income	**40.8**	**-**	**40.8**	18.5	11.1	29.6
Expenses						
Changes in inventories of finished goods and work in progress	**43.1**	**-**	**43.1**	25.9	97.0	122.9
Raw materials and consumables used and finished goods purchased for resale	**(1,321.7)**	**-**	**(1,321.7)**	(1,150.2)	(365.4)	(1,515.6)
Share based payments	**(2.5)**	**-**	**(2.5)**	(9.2)	(0.4)	(9.6)
Other employee benefits expense	**(470.1)**	**-**	**(470.1)**	(374.3)	(34.3)	(408.6)
Depreciation expense	**(74.2)**	**-**	**(74.2)**	(55.6)	(14.2)	(69.8)
Amortisation expense	**(13.3)**	**-**	**(13.3)**	(3.4)	(1.0)	(4.4)
Purchased services	**(194.6)**	**-**	**(194.6)**	(170.8)	(23.1)	(193.9)
Repairs and maintenance	**(54.8)**	**-**	**(54.8)**	(67.0)	(26.1)	(93.1)
Outgoing freight	**(121.1)**	**-**	**(121.1)**	(101.3)	(12.6)	(113.9)
Lease payments - operating leases	**(29.9)**	**-**	**(29.9)**	(23.4)	(5.4)	(28.8)
Other expenses from ordinary activities including individually material items	**(168.6)**	**-**	**(168.6)**	(80.7)	1.8	(78.9)
Share of net profits of associates accounted for using the equity method	**14.1**	**-**	**14.1**	4.8	-	4.8
	(2,393.6)	**-**	**(2,393.6)**	(2,005.2)	(383.7)	(2,388.9)
Profit from operations	**348.9**	**-**	**348.9**	216.4	22.9	239.3
Net financing costs						
Financial income	**19.9**	**-**	**19.9**	9.1	0.3	9.4
Financial expenses	**(74.5)**	**-**	**(74.5)**	(60.4)	(4.6)	(65.0)
Net financing costs	**(54.6)**	**-**	**(54.6)**	(51.3)	(4.3)	(55.6)
Profit before income tax expense	**294.3**	**-**	**294.3**	165.1	18.6	183.7
Income tax expense	**(72.9)**	**-**	**(72.9)**	(53.8)	0.5	(53.3)
Profit after tax	**221.4**	**-**	**221.4**	111.3	19.1	130.4
Net Profit for the period attributable to:						
Equity holders of Orica Limited	**210.4**	**-**	**210.4**	106.9	16.1	123.0
Minority interest	**11.0**	**-**	**11.0**	4.4	3.0	7.4
Net Profit for the period	**221.4**	**-**	**221.4**	111.3	19.1	130.4

11. Discontinued operations and businesses disposed (continued)

Disposal of businesses/controlled entities
The following businesses/controlled entities were disposed of for the period ending 31 March:

2007
On 31 October, disposed of its Welvic PVC business in Australia.
On 1 December, B&J Perlite and Vermiculite business in Australia.
On 8 December, Adhesives and Resins business in Indonesia.
On 31 January, Adhesives and Resins business assets in Australia and New Zealand.
On 9 February, lavender farm-Bridestowe located in Australia.

2006
On 2 March 2006, Orica disposed of its 88.3% share in Orica Paints (Fiji) Limited.

	Consolidated	
	2007	2006
	$m	$m
Consideration		
gross proceeds	**91.8**	1.8
cash disposed	**-**	(0.1)
disposal costs	**(15.0)**	(0.1)
deferred settlement	**(6.2)**	-
Inflow of cash	**70.6**	1.6
deferred settlement	**6.2**	-
Net consideration	**76.8**	1.6
Carrying value of net assets of businesses/controlled entities disposed		
trade and other receivables	**16.6**	1.1
inventories	**14.4**	1.2
property, plant and equipment	**32.8**	0.5
other assets	**3.9**	0.2
payables and interest bearing liabilities	**(13.1)**	(1.3)
provision for employee entitlements	**(1.0)**	-
provision for dividends	**-**	(0.3)
provision for income tax	**(0.3)**	-
provision for other	**-**	(0.2)
	53.3	1.2
Less outside equity interests at date of disposal	**-**	-
	53.3	1.2
Profit on sale of business/controlled entities	**23.5**	0.4

Cash flows from discontinued operations		
Cash flows from operating activities	**-**	(66.9)
Cash flows from investing activities	**-**	(9.1)
Cash flows from financing activities	**-**	84.3
Total	**-**	8.3

11. Discontinued operations and businesses disposed (continued)

Reconciliation of net profit after tax for the period ended 31 March:

	Continuing 2007 $m	Discontinued 2007 $m	Consolidated 2007 $m	Continuing 2006 $m	Discontinued 2006 $m	Consolidated 2006 $m
Before individually material items						
Profit before income tax expense	**291.0**	**-**	**291.0**	173.7	46.9	220.6
Income tax expense	**(76.9)**	**-**	**(76.9)**	(53.4)	(8.0)	(61.4)
Profit after tax before Minority Interests	**214.1**	**-**	**214.1**	120.3	38.9	159.2
Minority Interests	**11.0**	**-**	**11.0**	4.4	9.0	13.4
Profit after tax before individually material items	**203.1**	**-**	**203.1**	115.9	29.9	145.8
Individually material items						
Profit before income tax expense	**3.3**	**-**	**3.3**	(8.6)	(28.3)	(36.9)
Income tax expense	**4.0**	**-**	**4.0**	(0.4)	8.5	8.1
Profit after tax before Minority Interests	**7.3**	**-**	**7.3**	(9.0)	(19.8)	(28.8)
Minority Interests	**-**	**-**	**-**	-	(6.0)	(6.0)
Profit after tax from individually material items	**7.3**	**-**	**7.3**	(9.0)	(13.8)	(22.8)
Net profit after tax						
Profit before income tax expense	**294.3**	**-**	**294.3**	165.1	18.6	183.7
Income tax expense	**(72.9)**	**-**	**(72.9)**	(53.8)	0.5	(53.3)
Profit after tax before Minority Interests	**221.4**	**-**	**221.4**	111.3	19.1	130.4
Minority Interests	**11.0**	**-**	**11.0**	4.4	3.0	7.4
Profit after tax	**210.4**	**-**	**210.4**	106.9	16.1	123.0
Net Profit for the period attributable to:						
Equity holders of Orica Limited	**210.4**	**-**	**210.4**	106.9	16.1	123.0
Minority interest	**11.0**	**-**	**11.0**	4.4	3.0	7.4
Net Profit for the period	**221.4**	**-**	**221.4**	111.3	19.1	130.4

	Consolidated 2007 $m	Consolidated 2006 $m
Assets/liabilities held for sale		
Property, plant and equipment	**-**	4.7
Total non-current assets held for sale	**-**	4.7

12. Income tax :

For the period ended 31 March:

	Continuing 2007 $m	Discontinued 2007 $m	Consolidated 2007 $m	Continuing 2006 $m	Discontinued 2006 $m	Consolidated 2006 $m
Income tax expense						
a) Income tax expense recognised in the income statement						
Current tax expense						
Current year	**69.3**	**-**	**69.3**	22.3	10.3	32.6
Deferred tax	**2.9**	**-**	**2.9**	29.3	(9.1)	20.2
Under/(over) provided in prior years	**0.7**	**-**	**0.7**	2.2	(1.7)	0.5
Total income tax expense in income statements	**72.9**	**-**	**72.9**	53.8	(0.5)	53.3
b) Reconciliation of income tax expense to prima facie tax payable						
Income tax expense attributable to operating profit before individually material items						
Prima facie income tax expense calculated at 30% on profit before individually material items	**87.3**	**-**	**87.3**	55.0	11.2	66.2
Tax effect of items which (reduce)/increase tax expense:						
variation in tax rates of foreign controlled entities	**(0.8)**	**-**	**(0.8)**	1.7	-	1.7
tax under/(over) provided in prior years	**0.7**	**-**	**0.7**	2.2	(1.7)	0.5
non allowable share based payment	**0.8**	**-**	**0.8**	2.6	0.1	2.7
non taxable profit on sale of investments	**-**	**-**	**-**	(0.4)	(1.4)	(1.8)
other foreign deductions	**(16.8)**	**-**	**(16.8)**	(10.7)	-	(10.7)
sundry items	**5.7**	**-**	**5.7**	3.0	(0.2)	2.8
Income tax expense attributable to profit before individually material items	**76.9**	**-**	**76.9**	53.4	8.0	61.4
Income tax expense/(benefit) attributable to individually material items						
Prima facie income tax (benefit)/expense calculated at 30% on loss from individually material items	**1.0**	**-**	**1.0**	(2.6)	(8.5)	(11.1)
Tax effect of items which (reduce)/increase tax expense:						
variation in tax rates of foreign controlled entities	**0.1**	**-**	**0.1**	-	-	-
individually material items:						
non allowable Dyno Nobel integration costs	**-**	**-**	**-**	1.3	-	1.3
non allowable Dyno Nobel net financing income	**-**	**-**	**-**	1.7	-	1.7
non taxable profit on sale (Adhesives & Resins)	**(5.1)**	**-**	**(5.1)**	-	-	-
Income tax expense/(benefit) attributable to profit from individually material items	**(4.0)**	**-**	**(4.0)**	0.4	(8.5)	(8.1)
Income tax expense reported in the income statements	**72.9**	**-**	**72.9**	53.8	(0.5)	53.3

13. Critical accounting judgements and estimates

Management determines the development, selection and disclosure of the consolidated entity's critical accounting policies, estimates and accounting judgements and the application of these policies and estimates. Management necessarily makes judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing the financial report are reasonable and in accordance with accounting standards. Changes in the assumptions underlying the estimates could result in a significant impact on the financial statements. The most critical of these assumptions and judgements are:

Contingent liabilities

In the normal course of business, contingent liabilities may arise from product-specific and general legal proceedings, from guarantees or from environmental liabilities connected with our current or former sites. Where we believe that potential liabilities have a low probability of crystallising or it is not possible to quantify reliably, we disclose them as contingent liabilities. These are not provided for in the financial statements but are disclosed in the notes. In view of the significance of environmental issues associated with Botany (NSW, Australia) Groundwater, Botany Hexachlorobenzene (HCB) Waste, Botany Car Park Encapsulation, Villawood (NSW, Australia) and Seneca (Illinois, USA) they continue to be disclosed as contingent liabilities even though estimated costs have been recognised in the financial statements. Further details regarding contingent liabilities are set out in Note 14.

Environmental and Decommissioning Provisions

The business of the Group is subject to a variety of laws and regulations in the jurisdictions in which it operates or maintains properties. Provisions for expenses that may be incurred in complying with such laws and regulations are set aside if environmental inquiries or remediation measures are probable and the costs can be reliably estimated. For sites where there are uncertainties with respect to what Orica's remediation obligations might be or what remediation techniques might be approved and no reliable estimate can presently be made of regulatory and remediation costs, no amounts have been provided for. With regard to the HCB Waste Clean Up, it is assumed that the licence to export waste to Europe will be obtained. It is also assumed that the methods planned for environmental cleanup will be able to treat the issues within the expected timeframe.

It is difficult to estimate the future costs of environmental remediation because of many uncertainties, particularly with regard to the status of laws, regulations and the information available about conditions in the various countries and at the individual sites. Significant factors in estimating the costs include previous experiences in similar cases, expert opinions regarding environmental programs, current costs and new developments affecting costs, management's interpretation of current environmental laws and regulations, the number and financial position of third parties that may become obligated to participate in any remediation costs on the basis of joint liability, and the remediation methods which are likely to be deployed.

Environmental costs are estimated using either the work of external consultants and/or internal experts. Changes in the assumptions underlying these estimated costs could impact future reported results. Subject to these factors, but taking into consideration experience gained to date regarding environmental matters of a similar nature, Orica believes the provisions to be appropriate based upon currently available information. However, given the inherent difficulties in estimating liabilities in this area, and recent experience, it cannot be guaranteed that additional costs will not be incurred beyond the amounts provided. It is possible that final resolution of these matters may require expenditures to be made in excess of established provisions over an extended period of time that may result in changes in timing of anticipated cash flows from those assumed and in a range of amounts that cannot be reasonably estimated. The discount rate used for environmental provisioning is Orica's weighted average cost of capital and this may vary from year to year.

Legal Proceedings

The outcome of currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and that could significantly impact the business and results of operations of the Group. Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Group could be materially affected by the unfavourable outcome of litigation. Litigation and administrative proceedings are evaluated on a case-by-case basis considering the available information, including that from legal counsel, to assess potential outcomes. Where it is considered probable that a future obligation will result in an outflow of resources, a provision is recorded in the amount of the present value of the expected cash outflows if these are deemed to be reliably measurable.

In the course of acquisitions and disposals of businesses and assets, Orica routinely negotiates warranties and indemnities across a range of commercial issues and risks, including environmental risks associated with real property. Management uses the information available and exercises judgement in the overall context of these transactions, in determining the scope and extent of these warranties and indemnities. In assessing Orica's financial position, management relies on warranties and indemnities received, and considers potential exposures on warranties and indemnities provided. It is possible that the financial position, results of operations and cash flows of the Group could be materially affected if circumstances arise where warranties and indemnities received are not honoured, or for those provided, circumstances change adversely.

13. Critical accounting judgements and estimates (continued)

Defined benefit superannuation fund obligations

The expected costs of providing post-retirement benefits under defined benefit arrangements relating to employee service during the period are charged to the income statement. Any actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the consolidated statement of recognised income and expense. In all cases, the pension costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of significant judgement in relation to assumptions for future salary and pension increases, long term price inflation and investment returns. While management believes the assumptions used are appropriate, a change in the assumptions used would impact the earnings of the Group.

Property, plant and equipment and definite life intangible assets

The Group's property, plant and equipment and intangible assets, (other than indefinite life intangibles), are depreciated/amortised on a straight line basis over their useful economic lives. Management reviews the appropriateness of useful economic lives of assets at least annually but any changes to useful economic lives could affect prospective depreciation rates and asset carrying values.

Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit (CGU). The recoverable amount of those assets, or CGU's, is measured as the higher of their fair value less costs to sell and value in use. Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate CGUs. The determination of value in use requires the estimation and discounting of cashflows. The estimation of the cashflows considers all the information available at closing date which may deviate from actual developments. This includes, among other things, expected revenue from sales of products, the return on assets, future costs and discount rates. Subsequent changes to the CGU allocation or to the timing of cash flows could impact the carrying value of the respective assets.

Impairment testing of the Botany Groundwater Treatment Plant has assumed that the treated water from this plant will be sold to industrial customers for the assumed prices (using Sydney Water prices as a guide). The carrying value of the Groundwater Treatment Plant included in property, plant and equipment at 31 March 2007 is $62.9 million.

Current Asset Provisions

In the course of normal trading activities, management uses its judgement in establishing the net realisable value of various elements of working capital – principally inventory and accounts receivable. Provisions are established for obsolete or slow moving stocks, bad or doubtful debts and product warranties. Actual expenses in future periods may be different from the provisions established and any such differences would affect future earnings of the Group.

Taxation

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which such determination is made.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Assumptions are also made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets and deferred tax liabilities recorded on the Balance Sheet and the amount of tax losses and timing differences not yet recognised. In these circumstances, the carrying amount of deferred tax assets and liabilities may change resulting in an impact on the earnings of the Group.

Foreign exchange movements

The 2006 Annual report gives a detailed analysis of the foreign exchange exposure of the consolidated entity and risks in relation to foreign exchange movements.

Acquisition Accounting

During the period, Orica acquired the Minova Group. In the year to 30 September 2006, Orica progressively acquired the Dyno Nobel businesses on a country by country basis as regulatory approvals were obtained. Acquisition accounting standards require the fair value of the net assets acquired to be recognised. This report includes the preliminary purchase price allocation of acquired net assets. Accounting standards permit up to 12 months for acquisition accounting to be finalised following the acquisition date. The final classification of the acquired net assets of Dyno Nobel will be presented in the full year annual report at 30 September 2007 and the final classification of the acquired net assets of Minova will be presented in 2008 financial reporting. However they may vary significantly from those disclosed in this report.

14. Contingent liabilities and contingent assets

Environmental

(i) General

A number of sites within the Group has been identified as requiring environmental remediation or review. Appropriate implementation of remediation actions to meet Orica's obligations for these sites is continuing.

In accordance with the current accounting policy provisions have been created for all known environmental liabilities that can be reliably estimated. For sites where the requirements have been assessed and are capable of reliable measurement, estimated regulatory and remediation costs have been capitalised, expensed as incurred or provided for. For environmental matters where there are significant uncertainties with respect to Orica's remediation obligations or the remediation techniques that might be approved, no reliable estimate can presently be made of regulatory and remediation costs.

There can be no assurance that new information or regulatory requirements with respect to known sites or the identification of new remedial obligations at other sites will not require additional future provisions for environmental remediation and such provisions could be material.

Orica has entered into arrangements with the relevant regulatory authorities for a number of sites to investigate possible land and groundwater contamination and where appropriate, undertake voluntary remediation activities on these sites. Where reliable estimates are possible and remediation techniques have been identified for these sites, provisions have been established in accordance with current accounting policy.

(ii) Significant environmental matters which are in progress at the date of this report are as follows:

Botany Groundwater (New South Wales, Australia)

Orica is continuing to conduct extensive remediation activities, including the operation of a Groundwater Treatment Plant, to treat the groundwater at Botany, which is contaminated with pollutants from historical operations. The Groundwater Treatment Plant has been commissioned and the treated water is used by Orica and other corporations to replace town drinking water in industrial uses. Testing of the quality of the recycled water is ongoing.

Orica is also investigating suitable remediation options for Dense Non-Aqueous Phase Liquid (DNAPL) source areas. No provision has been established for remediation activities in respect of DNAPL as a reliable estimate is not possible at this stage.

Orica has received preliminary results indicating elevated concentrations of mercury in soil and groundwater at the southern end of the Botany site and at adjacent offsite locations. An environmental consultant has been commissioned to assess and report on these concentrations of mercury. No provision has been established for remediation activities in respect of this matter as the extent of contamination is unknown.

Hexachlorobenzene (HCB) Waste Clean Up (Botany, New South Wales, Australia)

In August 2006, Orica submitted its application for export approval of HCB waste to the Federal Government. In its application, Orica is seeking permission to export the HCB waste for final destruction at high temperature incinerators in Germany. The submission of this application follows an extensive search for a suitable host site in regional New South Wales in accordance with the recommendation of the New South Wales Government Independent Review Panel. A suitable host site could not be located that was acceptable to the local community and that met Orica's siting criteria. In the event that the Federal Government does not grant Orica permission to export the waste, Orica will continue to ensure the safe storage of the HCB waste at Botany. Orica provided for the estimated costs associated with export and treatment of the waste in the 2006 financial statements.

Car Park Waste Encapsulation (Botany, New South Wales, Australia)

Soil and ash contaminated with low level chlorinated materials (including hexachlorobutadiene and HCB) are stored in an approved and licensed encapsulation on the Botany site, known as the Car Park Waste Encapsulation. Orica has investigated technologies that may be suitable to treat this material and has evaluated conventional destruction methods, such as thermal desorption. Orica has also funded research into novel technologies, including in-situ bioremediation. Due to uncertainty relating to bioremediation, thermal treatment of this waste is the preferred treatment technology. As required under the Botany site environmental licence conditions, Orica has submitted an application for planning approval of the proposed remediation. Orica has provided for estimated costs of treatment of the soil using thermal desorption technology.

Acquisition Accounting Environmental Provisions

With respect to the sites acquired as a result of both the Dyno and Minova acquisitions, preliminary environmental provisions have been created on acquisition in accordance with applicable accounting standards. There can be no assurance that these preliminary provisions are sufficient to meet future environmental obligations, as only a limited environmental review of these sites has been possible pre and post acquisition. Acquisition accounting standards permit acquisition accounting to be finalised up to 12 months following the acquisition date. The preliminary environmental provisions for Dyno acquired entities will be reviewed and updated, if necessary, in 2007 while for Minova they will be reviewed and updated if necessary in 2008. They may vary significantly from those disclosed in this report.

14. Contingent liabilities and contingent assets (continued)

Taxation

(i) Tax investigations and audits

Consistent with other companies of the size and diversity of Orica, the Group is the subject of periodic information requests, investigations and audit activities by the Australian Taxation Office ("ATO") and tax authorities in other jurisdictions in which Orica operates.

(ii) Brazilian Tax Action

The Brazilian Taxation authority is claiming unpaid taxes relating to the 1997 financial year of approximately $25 million. ICI, the vendor, has been notified to preserve Orica's rights under the tax indemnity obtained upon acquisition of the business. The Brazilian Taxation authority has been granted security over the Lorena site in relation to these matters.

(iii) Tax Audit – 1998 Sale of Pharmaceuticals Business

On 13 October 2004, Orica Limited received a notice of amended assessment from the ATO for $210.3 million (primary tax of $95.3 million, penalties of $23.8 million and interest of $91.2 million). The amended assessment relates to the sale of the pharmaceuticals business to Zeneca in September 1998.

On 9 November 2004, Orica lodged an objection against the amended assessment. On 10 March 2005, the ATO disallowed the objection and, in March 2005, Orica applied to have the matter dealt with by the Federal Court.

After due consideration, the directors are of the opinion the ATO's case has no merit and accordingly no liability is recognised.

In accordance with the ATO administrative practice, Orica has paid 50% of the amended assessment, which has been recognised as a non-current receivable.

On 28 March 2006, the ATO advised Orica of an error with the interest calculation in relation to the amended assessment, reducing the interest component by $10.2 million. On the basis of the 50% arrangement, Orica Limited received a refund of $5.1 million from the ATO.

The ATO has indicated that if it is unsuccessful in defending the amended assessment against Orica, it may consider issuing an amended assessment for a similar amount to Orica Australia Pty Ltd in respect of the same transaction. The ATO considers that it is not in a position to decide if the second assessment should be issued until the outcome of the dispute with Orica Limited is known. Orica would also contest this matter.

Guarantees, indemnities and warranties

- The consolidated entity has entered into various long term supply contracts. For some contracts, minimum charges are payable regardless of the level of operations, but in all cases the levels of operations are expected to remain above those that would trigger minimum payments.
- There are a number of legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, which may arise cannot be reliably measured at this time.
- The consolidated entity has entered into various sales contracts where minimum savings are guaranteed to customers and such savings are expected to be achieved in the ordinary course of business.
- There are guarantees relating to certain leases of property, plant and equipment and other agreements arising in the ordinary course of business.

15. Events subsequent to balance date

In late March 2007, Orica Limited received a non-binding and indicative proposal from a consortium (comprising Bain Capital Partners LLC, Blackstone Capital Partners V, Pacific Equity Partners Limited and Morgan Stanley Principal Investments, Inc ("Consortium")) offering to acquire all of the issued share capital of Orica Limited for A$32.00 per share by way of a scheme of arrangement. The proposal was subject to due diligence and a number of other conditions.

The Board of Orica Limited carefully considered the Consortium's proposal. The Board believed that the proposal significantly undervalued Orica and its growth prospects and accordingly rejected the proposal.

The Board's rejection of the Consortium's proposal was announced to the Australian Stock Exchange on 18 April 2007.

On 30 April 2007, the directors declared a interim dividend of 36 cents per share payable on 6 July 2007. The financial effect of this dividend is not included in the financial statements for the period ended 31 March 2007 and will be recognised in the 2007 full year financial statements.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2007, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Compliance statement

This report has been subject to review by KPMG.

The entity has a formally constituted audit committee.

Sign here:……………………………….. Date………………

(Company Secretary)

Print name:……………………………………………

Orica Limited and its Controlled Entities

Directors' Declaration on the Financial Report set out on pages 3 to 33

I, Donald Penn Mercer, being a director of Orica Limited, do hereby state in accordance with a resolution of the directors that in the opinion of the directors,

1. (a) the financial statements and notes, set out on pages 3 to 33, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the consolidated entity as at 31 March 2007 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and

   (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

D P Mercer
Chairman
Dated at Melbourne this 30th day of April 2007.

Orica Limited and its Controlled Entities
Directors' Report

The directors of Orica Limited (Orica) present the consolidated financial report in the form of Appendix 4D of the Australian Stock Exchange (ASX) Listing Rules, for the period ended 31 March 2007 and the auditor's review report thereon.

Directors

The directors of the Company during or since the end of the half-year are:
D P Mercer, Chairman
G R Liebelt, Managing Director
N A Meehan, Executive Director Finance
M E Beckett
P J Duncan
G A Hounsell
P M Kirby
N L Scheinkestel
M Tilley
C M Walter

The office of company secretary is held by A Cook.

Review and results of operations

A review of the operations of the consolidated entity during the financial year and of the results of those operations is contained in the accompanying Profit Report.

Events subsequent to balance date

The directors have not become aware of any significant matter or circumstance (other than referred to in note 15) that has arisen since 31 March 2007, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 36.

Rounding

The amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest tenth of a million dollars, the company being in a class specified in the ASIC Class Order 98/100 dated 10 July 1998.

Signed on behalf of the board in accordance with a resolution of the directors of Orica Limited.

D P Mercer
Chairman
Dated at Melbourne this 30th day of April 2007.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Orica Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 March 2007 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Alison M Kitchen
Partner

Melbourne
30 April 2007

Independent auditor’s review report to the members of Orica Limited

We have reviewed the accompanying half-year financial report of Orica Limited (“the Company”), which comprises the consolidated interim balance sheet as at 31 March 2007, the consolidated interim income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a description of accounting policies, other explanatory notes 1 to 15 and the directors’ declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year’s end or from time to time during the half -year.

Directors’ Responsibility for the Financial Report

The directors of Orica Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity’s financial position as at 31 March 2007 and of its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Orica Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orica Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity’s financial position as at 31 March 2007 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

Alison Kitchen

Alison M Kitchen
Partner

Melbourne
30 April 2007