

ASX Announcement

Orica Delivers Significant Earnings Growth

Orica today announced a Net Profit After Tax and Significant Items for the half year ended 31 March 2007 of \$210 million, up 71% over the previous half year. Excluding individually Significant Items, Net Profit after Tax was \$203 million, up 39% on 2006. Sales revenue increased 4% to \$2.7 billion. Cash flow from net operating activities improved by \$273 million to \$256 million.

The board of directors has declared a 36 cents per share interim dividend, up 10 cents (38%) on the 2006 interim dividend. The interim dividend will be franked at 14 cents per share (39% franking).

Orica's Managing Director and Chief Executive Officer, Graeme Liebelt, said that the results highlighted the continued growth of Orica's underlying earnings, particularly in the Mining Services business which delivered a record result and Consumer Products which had an excellent 6 months primarily as a result of increased market share and a slowly improving Australian paint market.

"The record result from Mining Services underscores strong trading conditions in the global mining and resource market. We believe this trend will continue as customers in the resources sector strive to increase their volume of output, both from existing and new mines. The improved result in Consumer Products reflects the benefit from investing in enhancing the competitive position of the business over the past 12 months", Mr Liebelt said.

"What is also most pleasing is the way in which the significant acquisitions of Dyno and Minova have contributed to the earnings result. The integration of Dyno continues to progress well and synergies are being delivered faster than expected while Minova has made a positive start since joining the group from 1 January 2007."

"With the ongoing integration of Dyno and now adding Minova to the portfolio, Orica has become the true global leader in the Mining Services business with over 25% market share, which is more than double our nearest competitor. We now have operations in more than 50 countries and sell into twice that many, allowing the company to benefit from both geographic and market growth opportunities", he said.

Earnings from the Chemical Services division were slightly ahead of last year with the benefit of ongoing market growth in Mining Chemicals offset by a lower contribution from Watercare which was, in part, impacted by the drought.

The performance of Chemnet continues to improve as the benefits from last year's restructuring program are being progressively delivered. This business division still faces difficult trading conditions in the Australian and New Zealand manufacturing sectors. Chemnet is positioned to meet Orica's financial returns criteria in the near future.

"In addition to the strength of our core earnings and the benefit of the acquired businesses, Orica continues to actively manage its capital base to create a foundation for a period of sustained profit improvement as evidenced by the divestment of the Adhesives and Resins Business in January 2007" Mr Liebelt said.

"The outlook for Orica offers strong growth potential as well as a less volatile earnings stream," Mr Liebelt said.

Subject to global economic conditions, we expect group net profit (before significant items) in 2007, to be significantly higher than that reported in 2006, resulting from a full year contribution from the acquired Dyno businesses, benefits from the recently commissioned ammonium nitrate expansion at Yarwun, nine months' earnings contribution from the Minova acquisition, in addition to improved earnings across the existing businesses.

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ORICA LIMITED - PROFIT REPORT



RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2007

Orica's net profit after tax (NPAT) and significant items for the six months ended 31 March 2007 of \$210M was up 71%⁽¹⁾ compared with the previous corresponding period (pcp).

NPAT before significant items was up 39% on the pcp, to \$203M⁽²⁾.

FINANCIAL HIGHLIGHTS

- Sales revenue up 4% to \$2,702M. Underlying sales growth excluding the impact of Minova and Incitec Pivot is up 17%.
- EBIT up 25% to \$346M⁽²⁾.
- Earnings per share⁽²⁾ up 21% to 60.1 cents.
- Return on shareholders' funds⁽¹⁾ of 15.6% is slightly ahead of pcp.
- Gearing⁽³⁾ at 31.7%, down from 35.2% in pcp.
- Net interest expense \$55M is in line with pcp. Interest cover has improved to 6.3 times (5.0 times in pcp).
- Interim dividend is 36 cents per share (cps) up 38% on the pcp - franked at 14 cps (39% franked.)

BUSINESS HIGHLIGHTS

- Record result in Mining Services with EBIT up 62% to \$245M, reflecting strong conditions in all regions and the continued successful integration of the Dyno Nobel businesses.
- Strong underlying performance in Consumer Products on the back of improving market conditions and increased market share flowing from investment in brands.
- A positive start by Minova which continues to trade strongly in buoyant markets.
- Chemical Services result was ahead of last year with the benefit of ongoing market growth in Mining Chemicals.
- The benefits of the restructure in Chemnet are being realised.

⁽¹⁾ Based on comparison of actual reported earnings and has not been adjusted for the impact of discontinued businesses.

⁽²⁾ Before significant items.

⁽³⁾ Net debt/net debt + book equity.

A\$M	6 Months Ended March		
	2007	2006	Change F/(U)
Sales Revenue	2,701.7	2,598.6	4%
<i>Underlying Results</i> ⁽²⁾			
EBIT	345.6	276.2	25%
Net interest expense	(54.6)	(55.6)	2%
Tax	(76.9)	(61.4)	(25%)
Minority interests	(11.0)	(13.4)	18%
NPAT and minority interests	203.1	145.8	39%
Earnings per share (cents)	60.1	49.5	21%
Return on shareholders' funds	15.6%	15.5%	
<i>Results including Significant items:</i>			
Significant items after tax and minority interests	7.3	(22.8)	
NPAT and minority interests	210.4	123.0	71%
Earnings per share (cents)	62.4	41.7	50%
Return on shareholders' funds	16.1%	13.1%	
<i>Financial Items</i>			
Interim ordinary dividend per share	36.0	26.0	38%
Payout Ratio	59.9%	52.5%	
Net debt	1,233.0	1,423.0	13%
Gearing	31.7%	35.2%	
Interest cover (times)	6.3	5.0	
Average exchange rate (A\$/US\$)	77.7	74.0	(5%)

OUTLOOK - 2007

Subject to global economic conditions, we expect group net profit (before significant items) in 2007, to be significantly higher than that reported in 2006, resulting from a full year contribution from the acquired Dyno businesses, benefits from the recently commissioned ammonium nitrate expansion in Yarwun, nine months' earnings contribution from the Minova acquisition, in addition to improved earnings across the existing businesses.

ORICA LIMITED
PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007

REVENUE

Sales revenue increased by \$103M (+4%) to \$2,702M. Major factors were:

- Underlying revenue (excluding acquisitions, divestments and foreign exchange impacts) of \$2,586M improved \$383M (+17%), driven primarily by:
 - Ongoing growth in Mining Services due to strong demand in all regions;
 - Additional revenue contribution from Dyno of \$312M;
 - Revenue improvement in Chemical Services due to increasing demand for sodium cyanide in the Mining Chemicals division; and
 - Market share increases and general market growth in Consumer Products offset by,
 - Reduction in Chemnet revenue of \$35M.
- Revenue decreased by \$41M due to unfavourable foreign exchange rates.
- Sales revenue from the recently acquired Minova business was \$116M.
- Sales revenue of businesses divested since the pcp was \$418M.
- Other income increased \$11M on the pcp to \$41M, mainly due to the profit on sale of the Adhesives and Resins businesses offset by lower profit on sale of other assets.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

- Total EBIT increased 25% to \$346M (pcp: \$276M) primarily due to:
 - EBIT from acquired businesses, including synergies, of \$71M (Dyno \$54M and Minova \$17M);
 - Improvement in underlying earnings from Mining Services of \$41M, reflecting growth in all markets and the ongoing benefits of the Yarwun AN expansion;
 - Improvement in underlying earnings in Consumer Products (market and market share growth), Chemical Services (Mining Chemicals) and Chemnet (benefits of last year's restructure);
- Partly offset by:
- Consumer Products \$10M restructure of Yates and \$4M environmental provision; and
 - No Fertilisers contribution due to the sale of Incitec Pivot.

INTEREST

- Net interest expense of \$55M decreased by \$1M from pcp, mainly due to:

Revenue Summary	6 Months Ended March		
	A\$M	2007	2006
Mining Services	1,506.5	1,134.2	33%
Fertilisers	-	395.5	-
Consumer Products	424.4	401.8	6%
Chemical Services	229.7	231.3	(1%)
Chemnet	469.5	504.9	(7%)
Minova	115.5	-	-
Eliminations	(43.9)	(69.1)	36%
Total sales revenue	2,701.7	2,598.6	4%
Other income	40.8	29.6	38%
Total	2,742.5	2,628.2	4%

Earnings Summary	6 Months Ended March			
	A\$M	2007	2006	Change F/(U)
EBIT				
Mining Services	245.2	150.9	62%	
Fertilisers	-	41.9	-	
Consumer Products (1)	43.2	47.7	(9%)	
Chemical Services	32.0	31.5	2%	
Chemnet	32.3	28.7	13%	
Minova (2)	17.4	-	-	
Corporate Centre	(18.5)	(17.7)	(5%)	
Other Support Costs	(6.0)	(6.8)	12%	
Total EBIT	345.6	276.2	25%	
Net Interest	(54.6)	(55.6)	2%	
Tax expense	(76.9)	(61.4)	(25%)	
Outside equity interests	(11.0)	(13.4)	18%	
NPAT and minority interests	203.1	145.8	39%	
Significant items after tax	7.3	(22.8)		
NPAT and significant items	210.4	123.0	71%	

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

- Lower average net debt levels primarily due to cash on deposit prior to the acquisition of Minova;
 - No capitalised interest in the current period, compared with \$8M in the pcp;
- Offset by:
- An increase of \$3M in the current period for non-cash interest on unwinding of discounted environmental provisions.

- Interest cover was 6.3 times (pcp 5.0 times).

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PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007

TAX

- Tax expense was \$77M with an effective tax rate of 26.4% (pcp: 27.8%).

NET PROFIT

- Net profit after tax and significant items was up 71% to \$210M (pcp: \$123M).
- Net profit after tax and minority interests but before significant items increased 39% to \$203M (pcp: \$146M).

SIGNIFICANT ITEMS

- Significant items for the period totalled \$7M profit after tax (pcp a loss of \$23M). Major items in the current period were:

- A net profit of \$19M on disposal of the Adhesives and Resins businesses;

Partly offset by:

- \$12M expense relating to the integration of the acquired Dyno Nobel businesses.

SHARE BUYBACK

- Approximately 54% of the current \$250M on-market share buy-back has been completed, at a cost of \$135M and an average price of \$20.60.
- The balance of \$115M of the current buy-back remains active.

DIVIDEND

- Directors have increased the interim dividend by 38% to 36 cps (pcp: 26 cps) franked at 14 cps.
- Franking capacity in the near term is forecast to be no higher than 35%.

MERGERS & ACQUISITIONS, DEVELOPMENT

- Purchase of Minova for \$870M including transaction costs of \$13M.
- Completion of the sale of the Adhesives and Resins businesses for an after-tax profit of \$19M.
- Further progress was made on the development of an ammonium nitrate (AN) manufacturing facility in Bontang, Indonesia.

Significant items after tax and minority interests A\$M	6 Months Ended March	
	2007	2006
Legacy Issues		
Cockle Creek (NSW)	-	(13.8)
Divestments		
Adhesives & Resins profit on sale	19.4	-
Dyno Nobel Expenditure		
Integration costs	(12.1)	(7.9)
Net financing expense	-	(1.1)
	<u>(12.1)</u>	<u>(9.0)</u>
Total	<u>7.3</u>	<u>(22.8)</u>

Ordinary dividend	6 Months Ended March		
	2007	2006	Change F/(U)
Interim Ordinary Dividend			
- CPS	36.0	26.0	38%
- Franking %	38.9%	34.6%	

- Mining Services continues to develop its business through organic growth, a number of small bolt-on acquisitions and increasing Orica's share in joint ventures.
- The Watercare business in Chemical Services continues to work on the commercial development of new technologies, including Miex™ and bioremediation. In addition, it continues to extend the range of products it is offering to the watercare market by way of organic growth and small bolt-on acquisitions.
- The uprate of the Yarwun Sodium Cyanide facility of the Mining Chemicals business in Chemical Services is well progressed and is expected to be commissioned before the financial year end. As a result of escalating construction costs in North Queensland, Australia, the final cost of this project could be up to \$50M (a 25% increase on the previous estimate). Continued strength in the sodium cyanide market means that the project continues to meet required investment hurdles.

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PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007

BALANCE SHEET

- Key balance sheet movements since March 2006 were:
 - Underlying trade working capital was in line with the pcp. The reduction from pcp of \$86M is net of the impact of the acquisitions of Dyno (\$90M) and Minova (\$100M) less divestments, primarily Fertilisers (\$263M);
 - Net property, plant and equipment is \$110M less than the pcp, mainly due to the disposal of Incitec Pivot, partly offset by the acquisition of Dyno and Minova. Excluding the impact of acquisitions and divestments, net PP&E increased \$71M from the pcp mainly due to the Yarwun uprates (Ammonium Nitrate and Sodium Cyanide) and spending on the Botany Groundwater Treatment Plant;
 - Intangible assets are \$1,389M higher than the pcp, mainly due to the acquisition of Dyno and Minova; and
 - The decrease in net other assets of \$1,339M over the pcp was primarily due to a reduction in non-current receivables of \$959M held at 31 March 2006 before the Dyno assets were acquired, and an increase in provisions of \$267M and non-trade payables of \$155M.
- Key balance sheet movements since September 2006 were:
 - Trade working capital increased by \$158M, largely due to the acquisition of Minova (\$100M) and decreased creditor levels due largely to timing of payments;
 - Net property, plant and equipment increased by \$61M. The key movements were due to sustenance and growth capital expenditure (\$127M) and net acquisitions and divestments (\$18M), offset by depreciation (\$74M) and negative foreign exchange impacts (\$10M);
 - Intangible assets increased by \$885M, mainly arising from the acquisition of Minova;
 - Other assets and liabilities increased by \$179M mainly due to acquired sundry liabilities, provisions and tax balances;

Balance Sheet			
A\$M	March 2007	Sept 2006	March 2006
Inventories	632.4	579.1	943.6
Trade Debtors	765.3	719.7	756.8
Trade Creditors	(609.0)	(668.4)	(825.4)
Total Trade working capital	788.7	630.4	875.0
Net property, plant & equipment	1,663.9	1,603.1	1,774.0
Intangible assets	2,026.3	1,141.3	637.3
Other (liabilities)/assets	(583.5)	(404.5)	755.1
Net debt	(1,233.0)	(302.1)	(1,423.0)
Net Assets	2,662.4	2,668.2	2,618.4
Orica shareholders' equity	2,601.4	2,616.6	2,431.6
Outside equity interests	61.0	51.6	186.8
Equity	2,662.4	2,668.2	2,618.4
Gearing	31.7%	10.2%	35.2%
Gearing (adjusted) ⁽ⁱ⁾	38.1%	18.4%	41.3%

⁽ⁱ⁾ Gearing recalculated with Hybrid shares notionally reclassified as 50% equity and 50% debt.

- Net debt increased by \$931M to \$1,233M, primarily due to acquisitions (\$939M), sustenance and growth capital cash spend (\$129M) and the payment of dividends and the Orica SPS distribution (\$182M), partly offset by net operating cash flows (\$256M), proceeds from the sale of the Adhesives and Resins businesses and other cash inflows from investing activities (\$84M);
 - Shareholders' equity decreased by \$15M due to a decrease in reserves (\$33M) and contributed equity (\$19M), partly offset by an increase in retained earnings (\$37M); and
 - Outside equity interests have increased due to profits attributable to minorities.
- At 31.7%, accounting gearing (net debt/net debt + equity) increased by 21.5 percentage points since September 2006 (10.2%). In accordance with accounting standards, the hybrid shares are recognised as equity.
 - Adjusted gearing, which treats the hybrid shares as 50% equity and 50% debt in accordance with the Standard & Poors credit rating treatment, was 38.1% (18.4% September 2006).

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PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007

CASH FLOW

- Net operating cash inflows were \$256M, compared with the pcp net outflow of \$17M, mainly due to:
 - EBITDA growth of 24%, to \$433M; and
 - \$189M lower trade working capital increase than the pcp.

- Net investing cash outflows of \$984M (\$1,151M pcp), mainly due to:
 - Lower sustenance capital spending of \$58M compared with the pcp of \$103M. The larger pcp spend was driven by \$33M turnaround spend and Incitec Pivot sustenance spend of \$30M prior to its disposal;
 - Lower growth capital spend of \$71M compared with the pcp of \$178M. A large component of the pcp spend was in relation to the Yarwun AN expansion;
 - \$30M increased spending on acquisitions, with the pcp spending dominated by the Dyno acquisitions and the current period spending due mainly to the Minova acquisition and other sundry smaller acquisitions;
 Offset partly by:
 - \$84M proceeds from the sale of the Adhesives and Resins businesses, and other surplus assets and other investing cash inflows (pcp \$39M).

- Net financing cash outflows of \$14M (pcp inflow \$1,112M), mainly due to:
 - Lower proceeds from the issue of shares, driven by the net \$508M rights issue and the net \$491M Orica SPS hybrid issue in the pcp; and
 - Higher dividends to ordinary shareholders and the payment of the SPS distribution (\$68M higher than the pcp in total).

Statement of Cash Flows	6 Months Ended March		
A\$M	2007	2006	Change F/(U)
Net operating cash flows			
EBIT	345.6	276.2	25%
Add: Depreciation	74.2	69.8	(6%)
Add: Amortisation	13.3	4.4	(202%)
EBITDA	433.1	350.4	24%
Net interest paid	(46.8)	(49.0)	4%
Net income tax paid	(56.1)	(51.5)	(9%)
Trade Working Capital mvt	(75.9)	(264.6)	
Non Trade Working capital mvt	1.9	(2.3)	
	<u>256.2</u>	<u>(17.0)</u>	
Net investing cash flows			
Capital spending			
Sustenance capital ⁽¹⁾	(58.3)	(102.5)	43%
Growth capital	(70.9)	(178.4)	60%
Total Capital Spending	<u>(129.2)</u>	<u>(280.9)</u>	54%
Acquisitions			
Proceeds from surplus asset sales and businesses	84.2	38.9	116%
	<u>(983.8)</u>	<u>(1,150.9)</u>	
Net financing cash flows			
\$M			
Proceeds from issue of shares	20.4	1,026.8	(1,006.4)
Movement in borrowings	186.9	205.1	(18.2)
Dividends paid - Orica Limited	(148.0)	(105.3)	(42.7)
Dividends paid - preference securities	(24.9)	-	(24.9)
Dividends paid - Other shareholders	(9.3)	(11.8)	2.5
Other	(39.2)	(3.2)	(36.0)
	<u>(14.1)</u>	<u>1,111.6</u>	<u>(1,125.7)</u>
(1) Sustenance capital			
Routine	(58.3)	(69.7)	
Major shutdown/turnaround	-	(32.8)	
Total	<u>(58.3)</u>	<u>(102.5)</u>	

ORICA SPS

- The first distribution on the Orica SPS securities relating to the period 15 March 2006 to 29 November 2006 was paid on 30 November 2006 (\$25M). Subject to the terms of the SPS, 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 7.82% (BBSW on 30 November 2006 6.47% plus 1.35%).

ORICA LIMITED

PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007

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 our strengths and enable us to better serve 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 financial criteria, including our 15% Internal Rate of Return, continue to provide the financial discipline required for assessing growth opportunities.

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

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

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

Major strategic initiatives in the six months to 31 March 2007 were:

Minova:

- Orica completed the acquisition of the Minova group of companies in late December 2006. Minova is a clear global leader in providing specialist chemical products for underground mining and civil engineering activities.
- The Minova acquisition also enhances Orica's position as the leading company in global mining services.

Mining Services:

- 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 (for example, Ghana), via the formation of strategic joint ventures

(for example, Russia) and by small bolt-on acquisitions (for example, OMS North America has acquired two small manufacturing plants and increased its ownership in the Nelson Brothers Western Joint Venture from 27.7% to 50%).

- OMS has made substantial progress towards developing an ammonium nitrate facility at Bontang in Kalimantan, Indonesia.

Consumer Products:

- Orica Consumer Products (OCP) continues to pursue its market leadership strategy in Australia and New Zealand by sustained investment in both product innovation and marketing. New products that have been well received by consumers include Dulux Once, Dulux Preplock, Dulux 8 litre Roller Bucket, Aquadeck, and Hortico Pest Barrier Spray.
- OCP have announced a restructure of the Yates business, primarily focusing on supply chains relating to product ranges that have been severely impacted by prolonged drought conditions throughout much of Australia.

Chemnet:

- In April 2006 the business commenced a restructuring program to better position it to meet Orica's return criteria. The restructure program is almost complete. Total costs are \$10M lower than the pcp and are expected to be \$20M lower for the full year.

Chemical Services:

- The 80ktpa Sodium Cyanide uprate at Yarwun is well progressed and the uprated plant is expected to be operational before financial year end. As a result of escalating construction costs in North Queensland, Australia, the final cost of this project could be up to \$50M. Continued strength in the sodium cyanide market means that the project continues to meet required investment hurdles.
- Miex® commercialisation continues to gather momentum and it is expected to be profitable in 2008. Interest in the Miex® technology for applications other than drinking water is also growing steadily.

ORICA LIMITED
PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007
MINING SERVICES

Record result with profitability up 62% to \$245M, including a contribution of \$54M from the acquired Dyno businesses (including synergies).

HIGHLIGHTS

- Excluding Dyno, profitability up 27% due to strong growth in the base business.
- Dyno integration (including rationalisation of operations) is on track and synergies are being realised ahead of plan.
- Continued robust volumes in major markets.
- Continued growth in Electronic Blasting Systems (EBS) and other value adding technologies such as Blast Based Services (BBS).
- Strategic acquisitions in North America.

BUSINESS SUMMARIES

Australia/Asia

- EBIT of \$136M, up 41% on pcp. Regional volume growth strong at 9%.
- Full benefit of Yarwun ammonium nitrate expansion.
- Increased penetration into the China domestic market.

North America

- EBIT of \$32M, up 35% on pcp. Regional volume up 2%.
- Electronic detonator sales up 63% on pcp.
- Consolidation of EBS manufacturing at Brownsburg, Canada is on track.
- Terra AN sourcing optimisation delivering benefits.
- Strategic acquisitions made: SEC, BST Manufacturing Inc. and increased equity in Nelson Brothers Western JV to 50%.

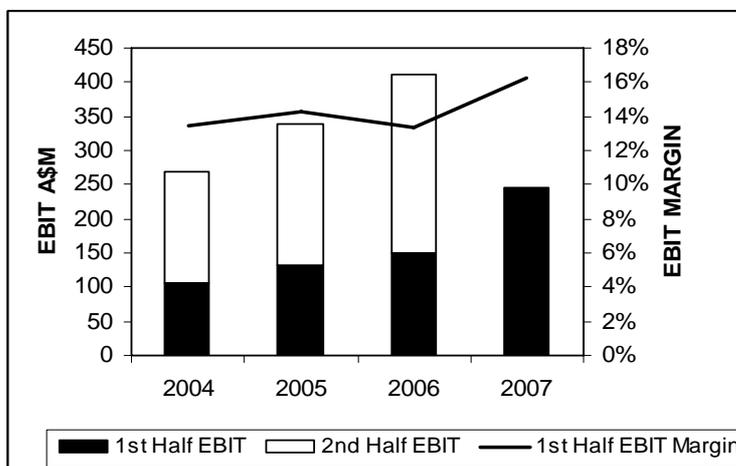
Latin America

- EBIT of \$39M, up 98% on pcp, with regional volume up 4%.
- Successful re-negotiation of key contracts.
- Electronic detonator sales up 33% on pcp.
- Improved results from all countries except Brazil.

EARNINGS

A\$M	6 Months Ended March		
	2007	2006	Change F/(U)
Sales Revenue	1,506.5	1,134.2	33%
EBIT	245.2	150.9	62%
Net Assets	2,241.3	1,387.0	62%
EBIT:			
Australia/Asia	136.2	96.9	41%
North America	31.5	23.4	35%
Latin America	38.5	19.4	98%
EMEA	39.0	11.2	248%

EBIT TREND



Europe, Middle East and Africa (EMEA)

- EBIT of \$39M, up 248% on pcp.
- Regional volume up 15%, with strong demand in Turkey and Germany.
- Increased manufacturing presence in Russia and Ghana.
- Relocation of non-electric detonator manufacturing from Troisdorf, Germany to Gyttop, Sweden, is progressing to plan.

OUTLOOK - 2007

- Market conditions, especially the coal market in Australia, to remain strong.
- Full benefits of low-cost AN volumes ex Terra to flow through.
- Continued realisation of Dyno synergy benefits.
- Further growth opportunities in emerging markets and adjacent geographies.

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PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007
CONSUMER PRODUCTS

Strong performance with underlying earnings up 10% on pcp. Total reported earnings down by 9% after the establishment of a \$10M provision for restructuring of the Yates business and a \$4M environmental provision.

HIGHLIGHTS

- Sales revenue increased by 6% on pcp.
- The Australian paint market returned to positive growth (approximately 4%) following two years of decline. Growth was driven primarily by housing renovation activity.
- Continued market share growth in ANZ Paints, Selleys and Yates businesses.
- Margins improved as a result of product and business mix and innovative new product releases.

BUSINESS SUMMARIES

Paints and Woodcare

- Sales revenue growth of 9% on pcp driven by market growth, market share gains, improved product mix and launch of new products.
- Strong volume growth compared with pcp in the Australian Retail paints business, resulting from:
 - both market growth and market share increases through major channel partners;
 - new product sales; and
 - investment in marketing spend to support the brands.
- Australian Trade paint earnings increased due to enhanced market share and favourable product mix.
- New Zealand earnings up in a flat market due to market share and productivity gains.
- Strong earnings growth in Texture Coatings as these are continually being substituted for traditional brick finishes.
- Raw material price pressures generally eased.
- Strong Woodcare earnings growth, driven by an 8% increase in revenue coming from higher decking product sales over the summer.
- An environmental provision of \$4M has been established for remediating some contaminated soil at the Padstow site in NSW.

Other

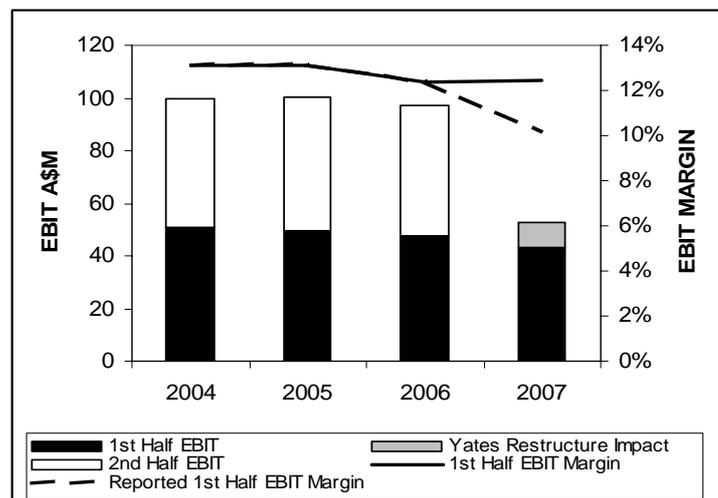
- Powder Coatings sales were in line with pcp.

EARNINGS

A\$M	6 Months Ended March		Change F/(U)
	2007	2006	
Sales Revenue	424.4	401.8	6%
EBIT	43.2	47.7	(9%)
Underlying EBIT ⁽¹⁾	52.7	47.7	10%
Net Assets	213.7	235.8	(9%)
Business Sales:			
Paints	299.1	275.3	9%
Other*	125.3	126.5	(1%)

* Selleys, Yates, Powders & Eliminations
 (1) Excluding the impact of the Yates restructuring provision

UNDERLYING EBIT TREND



- The drought has negatively impacted the EBIT from Yates garden care and Selleys' car care range by approximately \$1M.
- The \$10M Yates provision is to be used to restructure the business over the next 18 months to better suit the industry outlook. Actual cash outflow associated with this restructure is \$2M.

OUTLOOK - 2007

- Second half revenue and earnings expected to increase at a lower rate than the first half as Australian market growth is expected to moderate. NZ is expected to remain flat.
- Investment in brands and product innovation will continue to support recent market share gains.
- A small business platform has been established in China with initial focus on Texture Coatings and Selleys.

ORICA LIMITED
PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007
CHEMICAL SERVICES

Chemical Services increased EBIT by 2% to \$32M. The Adhesives and Resins (A&R) business division of Industrial Chemicals was divested in January 2007.

HIGHLIGHTS

- Sales revenue of \$230M is in line with pcp.
- Excluding the disposal of A&R, sales were up in the underlying businesses by 14% on pcp.

BUSINESS SUMMARIES

Watercare

- Underlying sales in Watercare were marginally down on the pcp. The water treatment industry has encountered reductions in volumes due to the sustained drought conditions.
- EBIT impact of the drought was \$2M.
- There was a lag effect of recovering cost increases in the market of approximately \$2M.
- World alumina caustic prices remain high.
- Minor bolt-on acquisitions of CSBP chlor-alkali assets and Ultraviolet Technology of Australasia were completed during the period and are performing well.
- Miex® continues to gather momentum in the USA and Europe. There are now 11 operational Miex® systems worldwide and a further 10 systems in the design or construction phase.

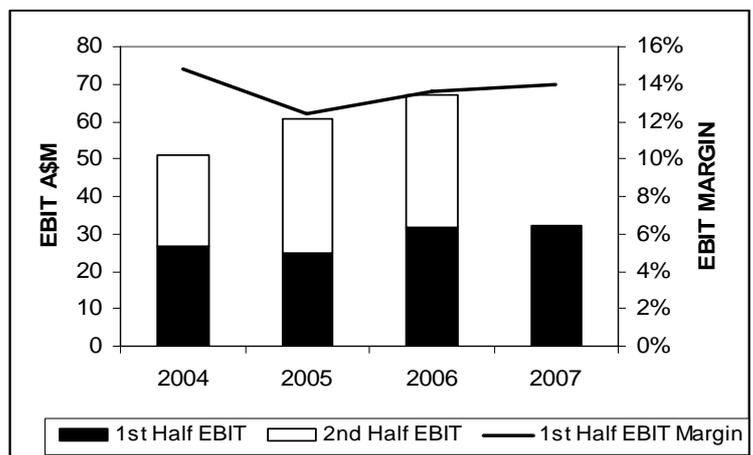
Mining Chemicals

- Sales increased by 30% over the pcp as sodium cyanide sales volumes continue to increase with the benefit of the 2006 uprate and generally strong demand from the gold mining industry.
- The uprate of the Yarwun Sodium Cyanide plant from 60ktpa to 80ktpa has progressed well. Ongoing increases in materials and labour have led to an anticipated increase in the cost of the project by \$10M up to \$50M. The plant is expected to be commissioned before the financial year end. Continued strength in the sodium cyanide market means that the project continues to meet required investment hurdles.

EARNINGS

A\$M	6 Months Ended March		Change F/(U)
	2007	2006	
Sales Revenue	229.7	231.3	(1%)
EBIT	32.0	31.5	2%
Net Assets	372.9	387.1	(4%)
Business Sales:			
Watercare	97.5	96.2	1%
Mining Chemicals	75.1	57.9	30%
Industrial Chemicals	57.1	77.2	(26%)

EBIT TREND



Industrial Chemicals

- A&R businesses were divested in January 2007. The realised gain of \$19M is included in significant items.
- Specialty Chemicals' volumes are robust as a result of ongoing strength in the resources industry.

OUTLOOK - 2007

- Sodium cyanide demand expected to remain strong.
- Prices for caustic expected to remain high.
- Results in Watercare will continue to be impacted if ongoing drought-enforced water restrictions continue.
- Miex® expected to be cash break-even this financial year.

ORICA LIMITED
PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007
CHEMNET

Chemnet profitability up 13% to \$32M due to the benefits of the restructure program, partly offset by ongoing difficult trading conditions in some market segments.

HIGHLIGHTS

- Chemnet sales down 7% on the pcp. Underlying sales (excluding divested businesses) were down 5%.
- Despite lower sales, EBIT increased as a result of cost reductions from the restructure program. At 7%, EBIT margin was up on pcp (6%).

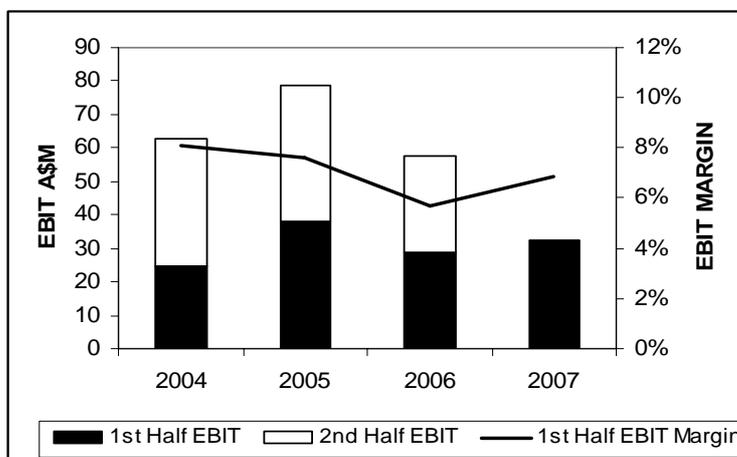
BUSINESS SUMMARIES

- Sales continue to decline due to a number of factors, including:
 - The continued slowdown in Australia's manufacturing sectors, especially automotive and whitegoods;
 - Ongoing aggressive cost reduction programs by key customers, including some direct sourcing; and
 - Increased competitive activity in Chemnet's markets.
- The restructure program announced in April 2006 has largely been completed with the following key achievements:
 - A sustainable reduction of \$10M (annualised \$20M) in the cost base;
 - The business is positioned to focus on value-add or niche positions;
 - 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.
- The Latin American business continues to grow and, in addition to servicing Chile and Peru, permanent personnel are now located in Brazil and Argentina.

EARNINGS

A\$M	6 Months Ended March		
	2007	2006	Change F/(U)
Sales Revenue	469.5	504.9	(7%)
EBIT	32.3	28.7	13%
Net Assets	372.7	424.5	(12%)

EBIT TREND



- The weaker \$NZ negatively impacted earnings of the NZ businesses by \$1M.

OUTLOOK - 2007

- Market conditions are expected to remain difficult.
- Benefits from the restructure program will continue to be delivered.
- Continued focus on refinement and efficiency of supply chain.

ORICA LIMITED
PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007
MINOVA

Minova earnings for its first quarter are in line with Orica's expectations.

HIGHLIGHTS

- Effective acquisition date of Minova was 1 January 2007.
- Minova sales of \$116M and underlying EBIT of \$24M represent strong growth over the equivalent quarter in 2006.
- Minova EBIT of \$17M includes the negative impact of \$7M of acquisition adjustments to inventory (non-recurring) and \$3M amortisation of identifiable intangibles. Neither of these adjustments impacted cash flows.
- Sales growth has come from the mining customer base in Europe, Australia and South Africa as well as new tunnelling projects in Europe (particularly Spain) and Japan.

INTEGRATION

- Minova's core strategy and operations have not been impacted by the change of ownership.
- The integration plan for Minova remains unchanged with any major integration initiatives to be delayed until the practical completion of the integration of the acquired Dyno Nobel businesses into Orica Mining Services. This will not preclude commercial opportunities being jointly pursued by Minova and Mining Services.
- The benefits of some corporate functions (for example treasury, procurement and SH&E) will be provided from Orica's existing structure.
- Minova's senior management have been retained.

EARNINGS

A\$M	6 Months Ended March		
	2007	2006	Change
Sales Revenue	115.5	-	-
EBIT	17.4	-	-
Net Assets	925.9	-	-

STRATEGY

- Minova will continue to expand its mining business in developing markets with strong growth expected in Russia, China and Kazakhstan over the medium term.
- In addition to organic growth from Minova's core product range, product development and expansion of the product range will continue to provide ongoing growth opportunities.
- Minova will continue to roll out its European civil engineering business model in order to capture growth opportunities from tunnelling activity worldwide.
- Minova has commenced the process of leveraging Orica's international mining presence, and vice versa.

OUTLOOK - 2007

- Mining and civil engineering markets are generally expected to remain strong.
- Prospects are good for securing further large coal mining tenders in Eastern Europe.

ORICA LIMITED
PROFIT REPORT – SIX MONTHS ENDED 31 MARCH 2007
CORPORATE CENTRE AND CULTURE

CORPORATE CENTRE & SUPPORT COSTS

- Corporate Centre costs of \$18M were in line with the pcp.
- Other support costs of \$6M were \$1M lower than the pcp, mainly reflecting:
 - Qenos doubtful debts provision reversal of \$8M; partly offset by:
 - Provision for potential tax claims under a warranty provided on sale agreement of \$2M;
 - Costs of \$2M incurred in improving the sustainability of Orica's trade working capital position; and
 - Botany Groundwater Treatment Plant operating costs and depreciation of \$2M that have been incurred post commissioning.

CULTURE

Orica is committed to entrenching a culture underpinned by four core principles, each of which is discussed below.

Significant activity is currently being directed to refreshing and recommitting to the Orica "Deliver the Promise" culture throughout the Group.

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

The Group achieved its lowest ever all worker recordable case rate (number of injuries and illnesses per 200,000 hours worked) of 0.46, compared with 0.57 for the previous year.

There was one major distribution incident which involved spillage of sodium cyanide when a road train overturned in the Northern Territory. An extensive clean-up operation was carried out, and there were no injuries or damage to the environment as a result of the incident.

Generally, the trend in distribution incidents continues to improve as Orica implements revised transport safety procedures across the Group. Good progress continues to be made towards meeting the Challenge 2010 goals, which are the targets the Group has set itself to reduce its environmental footprint. Energy and water consumption were reduced, whilst plans to reduce greenhouse gas emissions are being developed. A Group Carbon Trading Manager has also been appointed.

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 approximately 6.5 megalitres a day, a level in excess of that required to contain the groundwater plume.

Treated water is progressively being sold to industrial customers in the Botany precinct, including Qenos and Orica Watercare. This will make a tangible contribution to the conservation of Sydney's water supply.

A plant to repack Hexachlorobenzene (HCB) for export and destruction was recently completed on time and within budget at a cost of approximately \$14M. Repackaging of the HCB waste, which is currently stored on site at Botany, has commenced. Orica is awaiting approval from the Australian Government and the relevant German authorities in the near future to progress the export and destruction of the HCB.

2. Commercial Ownership

A focus on minimising cost, maximising productivity and improving customer service continues to be a focus at Orica. Orica employees around the globe are using the Six Sigma methodology to improve performance in many areas, including trade working capital, global procurement, and manufacturing efficiency.

3. Creative Customer Solutions

During the half year, Orica businesses continued to show innovation to help our customers succeed. Consumer Products launched a number of new products, including a range of products researched and developed in collaboration with key customers. Orica Watercare continues to work on extending commercial applications for the Miex® technology to wastewater recycling and other applications. Mining Services has developed a new Surface Remote Blasting System (SURBS) reducing the time and cost associated with blasting.

4. Working Together

There are a number of examples of people across different parts of Orica working together to achieve better solutions for our customers and improved financial outcomes. For example, Mining Services and Chemical Services teams are working together in Ghana to deliver integrated solutions to our customers in the gold mining industry.

Further Information

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