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 2008	31 March 2007

Results for announcement to the market

				$m
Consolidated revenue from operations	up	11.4%	to	3,009.6
Profit after tax attributable to shareholders	up	6.7%	to	224.5
Net profit for the period attributable to shareholders before individually material items	up	13.1%	to	229.8

Dividends			Amount per security	Franked amount per security at 30% tax
Interim dividend	- Ordinary	Cents	39.00	14.00
Previous corresponding period				
Interim dividend	- Ordinary	Cents	36.00	14.00
	- Preference	Cents	2.50	0.97

Record date for determining entitlements to the dividend:	Ordinary Shares	2-Jun-08
Payment date of dividend:	Ordinary Shares	4-Jul-08

	Current period	Previous corresponding period
	Cents	Cents
Net tangible asset backing per ordinary security	(148.9)	27.4

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:

Consolidated Income Statements

For the period ended 31 March:

	Notes	**2008 $m**	2007 $m
Sales revenue	(4)	**3,009.6**	2,701.7
Other income	(4)	**20.3**	40.8
Expenses			
Changes in inventories of finished goods and work in progress		**74.7**	43.1
Raw materials and consumables used and finished goods purchased for resale		**(1,500.7)**	(1,321.7)
Share based payments		**(6.3)**	(2.5)
Other employee benefits expense		**(526.3)**	(470.1)
Depreciation expense		**(85.2)**	(74.2)
Amortisation expense		**(20.2)**	(13.3)
Purchased services		**(196.5)**	(194.6)
Repairs and maintenance		**(62.6)**	(54.8)
Outgoing freight		**(137.4)**	(121.1)
Lease payments - operating leases		**(36.1)**	(29.9)
Cost of cancellation of cumulative non-redeemable preference shares		**(7.5)**	-
Other expenses from ordinary activities including individually material items		**(120.7)**	(168.6)
Share of net profits of associates accounted for using the equity method	(9)	**11.3**	14.1
		(2,613.5)	(2,393.6)
Profit from operations		**416.4**	348.9
Net financing costs			
Financial income		**20.7**	19.9
Financial expenses		**(111.1)**	(74.5)
Net financing costs		**(90.4)**	(54.6)
Profit before income tax expense		**326.0**	294.3
Income tax expense	(12)	**(89.5)**	(72.9)
Profit for the period		**236.5**	221.4
Net profit for the period attributable to:			
Shareholders of Orica Limited		**224.5**	210.4
Minority interest		**12.0**	11.0
Net profit for the period		**236.5**	221.4
		cents	cents
Earnings per share			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
Basic	(2)	**68.4**	62.7
Diluted	(2)	**67.5**	61.8

The Consolidated Income Statements are to be read in conjunction with the accompanying notes.

Consolidated Statements of Recognised Income and Expense

For the period ended 31 March:

	2008	2007
	$m	$m
Net (loss)/gain on hedge of net investments in foreign subsidiaries	**(2.6)**	1.8
Cash flow hedges		
- Effective portion of changes in fair value	**33.1**	6.3
Exchange differences on translation of foreign operations	**26.4**	(49.2)
Income tax on income and expense recognised directly through equity	**(19.3)**	(2.5)
Net income and expense recognised directly in equity	**37.6**	(43.6)
Profit for the period	**236.5**	221.4
Total recognised income and expense for the period	**274.1**	177.8

Attributable to:		
Shareholders of Orica Limited	**262.1**	166.8
Minority interest	**12.0**	11.0
Total recognised income and expense for the period	**274.1**	177.8

The Consolidated Statements of Recognised Income and Expense are to be read in conjunction with the accompanying notes.

Consolidated Balance Sheets

as at:

	Notes	**31 March 2008 $m**	30 September 2007 $m	31 March 2007 $m
Current assets				
Cash and cash equivalents	(13)	**237.8**	370.7	253.6
Trade and other receivables		**986.9**	915.9	857.9
Other financial assets - derivative assets		**124.7**	18.0	20.1
Inventories		**716.6**	604.3	632.4
Other assets		**69.5**	36.2	49.7
Total current assets		**2,135.5**	1,945.1	1,813.7
Non-current assets				
Trade and other receivables		**108.5**	109.5	107.8
Investments accounted for using the equity method		**128.0**	124.5	131.7
Other financial assets		**1.1**	1.1	3.8
Property, plant and equipment		**1,840.9**	1,742.9	1,663.9
Intangible assets		**2,806.5**	2,055.5	2,026.3
Deferred tax assets		**146.7**	222.5	211.4
Other assets		**3.0**	3.2	6.6
Total non-current assets		**5,034.7**	4,259.2	4,151.5
Total assets		**7,170.2**	6,204.3	5,965.2
Current liabilities				
Trade and other payables		**904.9**	921.6	888.4
Other financial liabilities - derivative liabilities		**163.5**	111.0	70.6
Interest bearing liabilities	(13)	**1,046.4**	582.7	273.7
Current tax liabilities		**31.4**	62.6	80.2
Provisions		**243.7**	269.7	238.9
Total current liabilities		**2,389.9**	1,947.6	1,551.8
Non-current liabilities				
Trade and other payables		**8.2**	4.9	5.5
Interest bearing liabilities	(13)	**1,375.9**	1,093.7	1,212.9
Deferred tax liabilities		**77.7**	117.6	94.6
Provisions		**408.3**	412.9	438.0
Total non-current liabilities		**1,870.1**	1,629.1	1,751.0
Total liabilities		**4,260.0**	3,576.7	3,302.8
Net assets		**2,910.2**	2,627.6	2,662.4
Equity				
Ordinary shares	(7)	**870.0**	702.4	796.5
Reserves	(8)	**(143.6)**	(188.5)	(87.3)
Retained earnings	(8)	**1,610.9**	1,562.8	1,402.2
Total equity attributable to ordinary shareholders of Orica		**2,337.3**	2,076.7	2,111.4
Equity attributable to Step-Up Preference Securities holders	(7)	**490.0**	490.0	490.0
Minority interest in controlled entities		**82.9**	60.9	61.0
Total equity		**2,910.2**	2,627.6	2,662.4

The Consolidated Balance Sheets are to be read in conjunction with the accompanying notes.

Consolidated Statements of Cash Flows

For the period ended 31 March:

	Notes	**2008 $m Inflows/ (Outflows)**	2007 $m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		**3,237.2**	2,967.6
Payments to suppliers and employees		**(2,925.5)**	(2,636.6)
Interest received		**21.7**	21.0
Borrowing costs		**(103.4)**	(67.8)
Dividends received		**7.5**	10.8
Royalties and other operating revenue received		**20.0**	17.3
Net income taxes paid		**(96.4)**	(56.1)
Net cash flows from operating activities		**161.1**	256.2
Cash flows from investing activities			
Payments for property, plant and equipment		**(154.1)**	(129.2)
Payments for intangibles (software)		**(4.2)**	-
Payments for minorities' share of controlled entities	(10)	**(3.0)**	-
Payments for purchase of businesses/controlled entities	(10)	**(809.3)**	(938.8)
Proceeds from sale of property, plant and equipment		**2.9**	5.9
Proceeds from sale of investments		**-**	7.7
Proceeds from sale of businesses/controlled entities	(11)	**1.7**	70.6
Net cash flows used in investing activities		**(966.0)**	(983.8)
Cash flows from financing activities			
Proceeds from long term borrowings		**281.7**	-
Cancellation of cumulative non-redeemable preference shares		**(9.5)**	-
Net movement in short term financing		**403.6**	186.9
Payments for finance leases		**(3.3)**	-
Proceeds from issue of ordinary shares		**12.0**	20.4
Proceeds from issue of ordinary shares - underwritten Dividend Reinvestment Plan (DRP)		**81.2**	-
Proceeds from issue of shares to minority interests		**16.0**	-
Payments for buy-back of ordinary shares - LTEIP	(7)	**(7.5)**	(39.2)
Dividends paid - Orica ordinary shares		**(80.5)**	(148.0)
Distributions paid - Step-Up Preference Securities	(6)	**(19.6)**	(24.9)
Dividends paid - minority interests		**(4.5)**	(9.3)
Net cash flows from/(used in) financing activities		**669.6**	(14.1)
Net decrease in cash held		**(135.3)**	(741.7)
Cash at the beginning of the period		**367.7**	1,008.2
Effects of exchange rate changes on cash		**2.2**	(14.2)
Cash at the end of the period		**234.6**	252.3

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:

	2008	2007
Cash	**237.8**	253.6
Bank overdraft	**(3.2)**	(1.3)
	234.6	252.3

The Consolidated Statements of Cash Flows are to be read in conjunction with the accompanying notes.

Condensed notes to the consolidated financial report for the period ended 31 March 2008

1. Accounting policies

The significant accounting policies adopted in preparing the financial report of Orica Limited ('the Company' or 'Orica') and 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 financial report for the half year reporting period ended 31 March 2008 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 half year 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. Orica is domiciled in Australia.

This half year 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 2007 prepared under Australian Accounting Standards including Australian Interpretations and the Corporations Act 2001. This financial report should also be read with the changes in accounting policy 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.

Except as described below, the accounting policies applied by the Group in the consolidated half year financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 September 2007.

The amounts shown 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.

(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 half year financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards (IFRS).

(iii) Changes in accounting policies

The following changes in accounting policies have been implemented for the period – however they have had no financial impact on the Orica Group:

- AASB 7 Financial Instruments: Disclosures, issued August 2005 and applicable for the year commencing 1 October 2007.
- AASB 2005-10 Amendments to Australian Accounting Standards amending AASB 132 Financial Instruments: Presentation and Disclosure, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings per share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time adoption of Australian Equivalents to International Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts, AASB 1038 Life Insurance Contracts.

(iv) Recently issued or amended accounting standards

The following Australian Accounting Standards have recently been issued but are not yet effective and have not been adopted in the reporting period:

- AASB 8 Operating Segments – applicable from annual reporting periods beginning on or after 1 January 2009.
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 102 Inventories, AASB 107 Cash Flow Statements, AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment of Assets, AASB 1023 General Insurance Contracts, and AASB 1038 Life Insurance Contracts] – applicable from annual reporting periods beginning on or after 1 January 2009. These amendments arise from the issuance of AASB 8 Operating Segments.
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – applicable from annual reporting periods beginning on or after 1 January 2008.
- AASB 101 Presentation of Financial Statements – applicable from annual reporting periods beginning on or after 1 January 2009.
- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 – applicable from annual reporting periods beginning on or after 1 January 2009.
- AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101 – applicable from annual reporting periods beginning on or after 1 January 2009.

1. Accounting policies (continued)

- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 – applicable from annual reporting periods beginning on or after 1 July 2009.
- AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements – applicable from annual reporting periods beginning on or after 1 July 2009.

(v) Comparatives

Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

2. Earnings per share (EPS)

(i) As reported in Income Statements	Notes	2008 $m	2007 $m
Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica			
Net profit for the period		**236.5**	221.4
Net profit for the period attributable to minority interests		**(12.0)**	(11.0)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)		**(14.0)**	(18.1)
Earnings used in calculation of EPS attributable to ordinary shareholders of Orica		**210.5**	192.3

	Number	Number
Weighted average number of shares used as the denominator:		
Number for basic earnings per share	**307,873,238**	306,718,024
Effect of executive share options	**3,978,338**	4,485,769
Number for diluted earnings per share	**311,851,576**	311,203,793

	Cents per share	Cents per share
Total attributable to ordinary shareholders of Orica		
Basic earnings per share	**68.4**	62.7
Diluted earnings per share	**67.5**	61.8

(ii) Adjusted for individually material items	Notes	$m	$m
Reconciliation of earnings used in the calculation of EPS adjusted for individually material items attributable to ordinary shareholders of Orica			
Net profit for the period		**236.5**	221.4
Net profit for the period attributable to minority interests		**(12.0)**	(11.0)
Orica Step-Up Preference Securities (net of tax benefit)		**(14.0)**	(18.1)
Adjusted for individually material items	(5)	**5.3**	(7.3)
Earnings used in calculation of EPS attributable to ordinary shareholders of Orica		**215.8**	185.0

	Cents per share	Cents per share
Total attributable to ordinary shareholders of Orica		
Basic earnings per share	**70.1**	60.3
Diluted earnings per share	**69.2**	59.4

3. 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 six business segments comprising Mining Services, Minova, Consumer Products, Chemnet, Chemical Services and Other.

On 26 October 2007, Orica acquired Excel Mining Systems LLC and it is included in the Minova business segment.

The Minova group was acquired on 1 January 2007.

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 segments	Products/services
Mining Services	Manufacture and supply of explosives and mining services, initiating systems and blasting technology to the mining, quarrying, construction and exploration industries.
Minova	Manufacture and supply of specialty bolts, accessories and chemicals for stabilisation and ventilation systems in underground mining and civil works.
Consumer Products	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	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.
Other	Minor activities, operation of the Botany Groundwater Recycling Business, non-operating assets, corporate and support costs and financial items such as foreign currency gains/losses on interest bearing liabilities.

3. Segment report (continued)

Primary reporting
Business segments
2008
$m

	Mining Services	Minova	Consumer Products	Chemnet	Chemical Services	Other	Eliminations	Consolidated
Revenue								
External sales	1,574.8	337.0	446.5	471.3	179.3	0.7	-	3,009.6
Inter-segment sales	6.1	-	0.1	15.2	29.3	-	(50.7)	-
Total sales revenue	1,580.9	337.0	446.6	486.5	208.6	0.7	(50.7)	3,009.6
Other income	12.3	-	0.7	1.5	0.6	5.2	-	20.3
Total revenue and other income	1,593.2	337.0	447.3	488.0	209.2	5.9	(50.7)	3,029.9
Results								
Profit/(loss) before individually material items, net financing costs and income tax expense	271.1	64.0	59.9	36.4	36.3	(44.7)	-	423.0
Individually material items	(4.6)	(2.0)	-	-	-	-	-	(6.6)
Profit/(loss) from operations	266.5	62.0	59.9	36.4	36.3	(44.7)	-	416.4
Net financing costs								(90.4)
Profit before income tax expense								326.0
Income tax expense								(89.5)
Profit after income tax expense								236.5
Minority interests in profit after income tax								(12.0)
Net profit for the period relating to shareholders of Orica Limited								224.5
Segment assets	3,357.9	1,836.0	448.1	546.3	491.5	490.4	-	7,170.2
Segment liabilities	902.0	111.5	180.2	170.2	58.4	2,837.7	-	4,260.0
Investments accounted for using the equity method	126.2	-	1.7	0.1	-	-	-	128.0
Acquisitions of PPE, intangibles and other non-current assets	112.6	3.8	10.4	28.9	12.0	7.6	-	175.3
Impairment of inventories	2.2	0.3	1.3	0.5	0.5	-	-	4.8
Impairment of trade receivables	1.7	0.4	0.5	0.5	-	-	-	3.1
Depreciation	57.5	3.7	5.7	4.1	11.9	2.3	-	85.2
Amortisation	7.0	10.5	1.4	0.1	0.1	1.1	-	20.2
Non-cash expenses other than depreciation and amortisation:								
- share based payments	2.3	0.5	0.6	0.4	0.2	2.3	-	6.3
Share of associates net profit equity accounted	11.2	-	-	0.1	-	-	-	11.3

3. Segment report (continued)

Primary reporting
Business segments
2007
$m

	Mining Services	Minova	Consumer Products	Chemnet	Chemical Services	Other	Eliminations	Consolidated
Revenue								
External sales	1,501.1	115.5	424.4	452.9	207.8	-	-	2,701.7
Inter-segment sales	5.4	-	-	16.6	21.9	-	(43.9)	-
Total sales revenue	1,506.5	115.5	424.4	469.5	229.7	-	(43.9)	2,701.7
Other income	13.4	0.5	-	1.9	21.8	3.2	-	40.8
Total revenue and other income	1,519.9	116.0	424.4	471.4	251.5	3.2	(43.9)	2,742.5
Results								
Profit/(loss) before individually material items, net financing costs and income tax expense	245.2	17.4	43.2	32.3	32.0	(24.5)	-	345.6
Individually material items	(17.9)	-	-	-	21.2	-	-	3.3
Profit/(loss) from operations	227.3	17.4	43.2	32.3	53.2	(24.5)	-	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 shareholders of Orica Limited								210.4
Segment assets	3,042.6	1,034.7	407.2	510.5	461.1	509.1	-	5,965.2
Segment liabilities	908.5	102.6	187.8	130.7	78.3	1,894.9	-	3,302.8
Investments accounted for using the equity method	130.5	-	0.7	0.5	-	-	-	131.7
Acquisitions of PPE, intangibles and other non-current assets	84.5	2.3	4.2	3.1	28.6	4.4	-	127.1
Impairment of inventories	(0.1)	-	0.9	0.5	1.3	-	-	2.6
Impairment of trade receivables	(0.7)	-	0.7	0.3	(3.8)	(8.0)	-	(11.5)
Depreciation	52.6	1.5	5.7	3.7	9.1	1.6	-	74.2
Amortisation	7.9	3.2	1.9	0.1	0.1	0.1	-	13.3
Non-cash expenses other than depreciation and amortisation: - share based payments	1.1	-	0.2	0.2	0.1	0.9	-	2.5
Share of associates net profit/(loss) equity accounted	14.3	-	(0.2)	-	-	-	-	14.1

3. Segment report (continued)

Secondary reporting
Geographical segments
2008
$m

	Australia	New Zealand	Asia	North America	Latin America	Europe	Other	Eliminations	Consolidated
Revenue									
External sales	1,269.9	204.3	231.4	537.8	354.3	384.5	27.4	-	3,009.6
Inter-segment sales	75.3	5.7	9.3	26.2	7.5	29.7	2.5	(156.2)	-
Total sales revenue	1,345.2	210.0	240.7	564.0	361.8	414.2	29.9	(156.2)	3,009.6
Other income	8.2	0.4	0.8	1.0	7.4	2.5	-	-	20.3
Total revenue and other income	1,353.4	210.4	241.5	565.0	369.2	416.7	29.9	(156.2)	3,029.9
Results									
Profit before individually material items, net financing costs and income tax expense	181.8	25.9	38.7	68.4	39.6	65.1	3.5	-	423.0
Individually material items	(1.4)	(0.5)	(0.5)	(1.3)	(1.8)	(1.1)	-	-	(6.6)
Profit from operations	180.4	25.4	38.2	67.1	37.8	64.0	3.5	-	416.4
Net financing costs									(90.4)
Profit before income tax expense									326.0
Income tax expense									(89.5)
Profit after income tax expense									236.5
Minority interests in profit after income tax									(12.0)
Net profit for the period relating to shareholders of Orica Limited									224.5
Segment assets	2,775.5	264.2	405.8	1,501.8	597.7	1,591.5	33.7	-	7,170.2
Segment liabilities	2,698.1	656.8	89.5	302.3	148.4	359.0	5.9	-	4,260.0
Investments accounted for using the equity method	1.8	-	56.6	53.6	2.2	13.8	-	-	128.0
Acquisitions of PPE, intangibles and other non-current assets	82.5	6.1	26.3	29.0	12.4	18.1	0.9	-	175.3
Impairment of inventories	3.5	0.4	0.7	0.1	(0.1)	0.2	-	-	4.8
Impairment of trade receivables	1.0	0.1	0.1	0.2	0.2	1.5	-	-	3.1
Depreciation	47.7	2.6	4.5	12.3	6.8	10.9	0.4	-	85.2
Amortisation	6.5	0.3	0.3	6.1	1.1	5.9	-	-	20.2
Non-cash expenses other than depreciation and amortisation: - share based payments	4.6	0.1	0.1	0.5	0.4	0.6	-	-	6.3
Share of associates net profit equity accounted	0.5	-	1.9	7.9	0.4	0.6		-	11.3

3. Segment report (continued)

Secondary reporting
Geographical segments
2007
$m

	Australia	New Zealand	Asia	North America	Latin America	Europe	Other	Eliminations	Consolidated
Revenue									
External sales	1,187.0	231.1	213.4	392.9	334.9	325.5	16.9	-	2,701.7
Inter-segment sales	64.9	8.2	8.3	2.9	3.2	29.2	2.1	(118.8)	-
Total sales revenue	1,251.9	239.3	221.7	395.8	338.1	354.7	19.0	(118.8)	2,701.7
Other income	(8.8)	35.9	2.2	0.3	5.2	5.8	0.2	-	40.8
Total revenue and other income	1,243.1	275.2	223.9	396.1	343.3	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	35.1	39.8	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	35.1	36.7	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 shareholders of Orica Limited									210.4
Segment assets	2,510.1	309.6	388.5	630.4	671.2	1,423.0	32.4	-	5,965.2
Segment liabilities	1,827.0	605.3	69.2	322.4	115.6	357.3	6.0	-	3,302.8
Investments accounted for using the equity method	2.3	-	57.9	58.0	2.1	11.4	-	-	131.7
Acquisitions of PPE, intangibles and other non-current assets	60.0	5.2	8.3	25.5	8.6	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)	(0.4)	(0.3)	(0.6)	(0.4)	-	(11.5)
Depreciation	40.3	2.9	5.0	9.0	6.8	9.7	0.5	-	74.2
Amortisation	5.4	0.3	0.4	1.1	0.8	5.3	-	-	13.3
Non-cash expenses other than depreciation and amortisation: - share based payments	1.9	0.1	-	0.3	0.1	0.1	-	-	2.5
Share of associates net profit equity accounted	0.3	-	3.7	8.9	0.6	0.6	-	-	14.1

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

4. Sales revenue and other income

	2008 $m	2007 $m
Sales revenue	**3,009.6**	2,701.7
Other income		
Royalty income	**1.2**	1.0
Other income	**18.8**	16.3
Profit from sale of businesses/controlled entities	**-**	23.5
Profit on sale of property, plant and equipment	**0.3**	-
Total other income	**20.3**	40.8

5. Specific income and expenses

	2008			2007		
	Gross $m	**Tax $m**	**Net $m**	Gross $m	Tax $m	Net $m
Profit after income tax includes the following individually material items of income/(expense):						
Profit on disposal of:						
Adhesives and Resins (A&R) [1]	**-**	**-**	**-**	21.2	(1.8)	19.4
Integration costs - (expenditure)/income: [2]						
Dyno Nobel	**(4.6)**	**0.6**	**(4.0)**	(17.9)	5.8	(12.1)
Minova/Excel	**(2.0)**	**0.4**	**(1.6)**	-	-	-
Individually material items	**(6.6)**	**1.0**	**(5.6)**	3.3	4.0	7.3
Minority interests in individually material items	**(0.3)**	**-**	**(0.3)**	-	-	-
Individually material items attributable to shareholders of Orica	**(6.3)**	**1.0**	**(5.3)**	3.3	4.0	7.3

[1] Profit on sale of Adhesives and Resins business assets in Australia and New Zealand.
[2] Costs including asset write downs and provisions relating to the integration and restructuring of the Minova and Mining Services business following the purchase of the Minova/Excel and Dyno Nobel businesses.

6. Dividends and distributions

	2008 $m	2007 $m
Dividends and distributions		
Dividends paid or declared in respect of the period ended 31 March were:		
Ordinary shares		
final dividend of 48 cents per share, 43.75% franked at 30%, paid 15 Dec 2006	**-**	148.0
final dividend of 53 cents per share, 32.08% franked at 30%, paid 14 Dec 2007	**162.4**	-
Cumulative non-redeemable 5% preference shares (1)		
final dividend of 2.5 cents per share, 43.75% franked at 30%, paid 12 Jan 2007	**-**	0.05
final dividend of 2.5 cents per share, 32.08% franked at 30%, paid 18 Jan 2008	**0.05**	-
Distributions paid in respect of the period ended 31 March were:		
Step-Up Preference Securities		
distribution at 6.995% per annum, per share, unfranked, paid 30 November 2006 for the period from 15 March 2006 to 30 November 2006	**-**	24.9
distribution at 7.8133% per annum, per share, unfranked, paid 30 November 2007 for the period from 31 May 2007 to 29 November 2007	**19.6**	-
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the period were as follows:		
paid in cash	**80.6**	122.0
satisfied by issue of shares	**81.9**	-
Dividends satisfied by the purchase of shares on market for dividend reinvestment plan (2)	**-**	26.1
Distributions paid in cash	**19.6**	24.9
No distributions were satisfied by the issue/purchase of shares.		

(1) Dividends on these shares have been charged to the Income Statement as borrowing costs as the shares are classified as liabilities. These were cancelled on 15 January 2008.
(2) During the period, the Company bought nil (2007 1,089,528) shares on market to satisfy shareholders' dividend reinvestment plan requirements. The transaction costs have been charged directly against contributed equity.

Subsequent events
Since the end of the half year, the directors declared the following dividend:
Interim dividend on ordinary shares of 39 cents per share, 35.9% franked at 30%, payable 4 July 2008.

The financial effect of the interim dividend on ordinary shares has not been brought to account in the financial statements for the period ended 31 March 2008 and will be recognised in the 2008 annual financial statements.

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 around 35%.

Amount per security of foreign source dividend:

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

The last date for receipt of election notices for the dividend	Ordinary	2-Jun-08

7. Contributed equity

	2008 $m	2007 $m
Issued and fully paid:		
Cumulative non-redeemable 5% preference shares - nil (2007 2,000,000) [1]	**-**	-
Step-Up Preference Securities - 5,000,000 (2007 5,000,000) [2]	**490.0**	490.0
Ordinary shares - 315,074,820 (2007 311,004,179)	**870.0**	796.5

[1] On 15 January 2008, the 5% cumulative non-redeemable preference shares were cancelled for a cash payment of $4.75 for each cancelled 5% preference share. The excess over the face value of $7.5 million has been charged to the income statement. Under AASB 139, the 5% cumulative non-redeemable preference shares were treated as non-current interest bearing liabilities.

[2] The Group issued Step-Up Preference Securities (SPS) via a prospectus dated 17 February 2006. The SPS are stapled securities comprising a fully paid 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 ranked 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 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 ranked 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 the 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.

7. Contributed equity (continued)

Movements in issued and fully paid shares of the Company since 1 October 2006 were as follows:

Details	Date	Number of shares	Issue price $	$m
Cumulative non-redeemable 5% preference shares				
Opening balance	1-Oct-06	2,000,000		-
Balance at end of the period	31-Mar-07	2,000,000		-
Balance at end of the period	30-Sep-07	2,000,000		-
Shares cancelled	**15-Jan-08**	**(2,000,000)**		**-**
Balance at end of the period	**31-Mar-08**	**-**		**-**
Step-Up Preference Securities				
Opening balance [i]	1-Oct-06	5,000,000		490.0
Balance at end of the period	31-Mar-07	5,000,000		490.0
Balance at end of the period	30-Sep-07	5,000,000		490.0
Balance at end of the period	**31-Mar-08**	**5,000,000**		**490.0**
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-06	309,217,777		815.3
Shares issued under the Orica executive option plans [3]		1,786,402		13.5
Share movements under the Orica LTEIP plan [4]		-		(32.3)
Balance at end of the period	31-Mar-07	311,004,179		796.5
Shares issued under the Orica executive option plans [3]		139,604		1.1
Shares issued under the Orica dividend reinvestment plan		491,901		14.8
Share movements under the Orica LTEIP [4]		-		0.9
Shares issued under the Orica SESLP plan [5]		-		2.2
Shares issued under the Orica GEESP plan [ii]		20,502		1.7
Share buy-back [iii]		(3,743,479)	30.67	(114.8)
Balance at end of the period	30-Sep-07	307,912,707		702.4
Shares issued under the Orica executive option plans [3]		**24,802**		**0.2**
Shares issued under the Orica dividend reinvestment plan		**3,021,980**		**81.9**
Shares issued under the Orica dividend reinvestment plan underwriting agreement		**2,922,919**		**81.2**
Share movements under the Orica LTEIP plan [4]		**1,192,412**		**4.3**
Balance at end of the period	**31-Mar-08**	**315,074,820**		**870.0**

[i] Shares issued net of cost.
[ii] Shares issued under the Orica general employee exempt share plan.
[iii] Shares bought back and cancelled over a period from May 2007 to July 2007.

7. Contributed equity (continued)

Details	Date	Number of shares	Issue price $	$m
[(3)] Shares issued under the Orica executive option plan				
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
Movement for the period	31-Mar-07	1,786,402		13.5
2006/2007		132,066	7.33	1.0
		7,538	8.66	0.1
Movement for the period	30-Sep-07	139,604		1.1
2007/2008		**5,000**	**5.09**	**-**
		19,802	**7.33**	**0.2**
Movement for the period	**31-Mar-08**	**24,802**		**0.2**

The options have been exercised at various times during the period. The weighted average of the fair value of shares issued was $29.94 (2007 $24.13).

Details	Date	Number of shares	Issue price $	$m
[(4)] Shares issued/bought back under the Orica LTEIP plan				
2006/2007				
Shares bought back	Various	-		(39.2)
Shares issued - loan repayment	Various	-		6.9
Movement for the period	31-Mar-07	-		(32.3)
Shares issued - loan repayment	Various	-		0.9
Balance at end of the period	30-Sep-07	-		(31.4)
2007/2008				
Shares issued	**Various**	**1,192,412**	**31.8**	**-**
Shares bought back	**Various**	**-**		**(7.5)**
Shares issued - loan repayment	**Various**	**-**		**11.8**
Movement for the period	**31-Mar-08**	**1,192,412**		**4.3**
[(5)] Shares issued under the Orica SESLP plan				
2006/2007				
Movement for the period	31-Mar-07	-		-
Shares issued - loan repayment	Various	-		2.2
Balance at end of the period	30-Sep-07	-		2.2
2007/2008				
Movement for the period	**31-Mar-08**	**-**		**-**

Under the SESLP and LTEIP, eligible executives are provided with a three year, interest free, non-recourse loan from Orica for the sole purpose of acquiring shares in the Company. 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 November 2006 and January 2008 LTEIP executive allocations, executives who leave Orica within three years are not entitled to deal with the shares. The shares are returned to Orica.

7. Contributed equity (continued)

Options over unissued shares:

Exercisable between		Balance 30 Sep 06	Issued/ reinstated during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 07	Exercised during the period	Lapsed during the period	Balance 30 Sep 07
01 Jan 03	31 Dec 09	16,500	-	(5,500)	-	11,000	-	-	11,000
01 Jan 04	31 Dec 10	34,600	-	-	-	34,600	-	-	34,600
31 Dec 04	31 Dec 11	59,000	-	(10,000)	-	49,000	-	-	49,000
31 Oct 05	31 Oct 07 (1)	1,787,490	-	(1,635,622)	-	151,868	(132,066)	-	19,802
31 Oct 05	31 Oct 07 (1)	15,066	-	(7,528)	-	7,538	(7,538)	-	-
31 Oct 05	31 Oct 07 (1)	12,191	-	(12,191)	-	-	-	-	-
31 Oct 05	31 Oct 07 (1)	26,845	-	(26,844)	-	1	-	-	1
31 Oct 05	31 Oct 07 (1)	10,000	-	(10,000)	-	-	-	-	-
31 Oct 05	31 Oct 07 (1)	41,168	-	(41,168)	-	-	-	-	-
10 Nov 05	31 Oct 07 (1)	16,504	-	(16,504)	-	-	-	-	-
10 Nov 06	31 Oct 07 (1)	21,045	-	(21,045)	-	-	-	-	-
Total		2,040,409	-	(1,786,402)	-	254,007	(139,604)	-	114,403

Exercisable between		**Balance 30 Sep 07**	**Issued/ reinstated during the period**	**Exercised during the period**	**Cancelled during the period**	**Balance 31 Mar 08**
01 Jan 03	**31 Dec 09**	**11,000**	**-**	**-**	**-**	**11,000**
01 Jan 04	**31 Dec 10**	**34,600**	**-**	**-**	**-**	**34,600**
31 Dec 04	**31 Dec 11**	**49,000**	**-**	**(5,000)**	**-**	**44,000**
31 Oct 05	**31 Oct 07 (1)**	**19,802**	**-**	**(19,802)**	**-**	**-**
31 Oct 05	**31 Oct 07 (1)**	**1**	**-**	**-**	**(1)**	**-**
Total		**114,403**	**-**	**(24,802)**	**(1)**	**89,600**

(1) 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 required by Orica's Corporate Governance practices.

	2008 $m	2007 $m
Total equity reconciliation		
Total equity at the beginning of the period	**2,627.6**	2,668.2
Total changes recognised in statement of recognised income and expense	**262.1**	166.8
Transactions with owners as owners		
Dividends paid	**(162.4)**	(148.0)
Distributions paid	**(19.6)**	(24.9)
Less tax credit on Step-Up Preference Securities distributions	**5.6**	6.8
Share based payments reserve movements	**6.3**	2.5
Transfer of reserves to Income Statement on disposal of foreign subsidiaries	**-**	0.4
Equity reserve arising from purchase of minorities	**1.0**	-
Total changes in contributed equity	**167.6**	(18.8)
Total changes in minority interest	**22.0**	9.4
Total equity at the end of the period	**2,910.2**	2,662.4

8. Consolidated statement of reserves and retained earnings

	2008 $m	2007 $m
Reserves and retained earnings		
(a) Reserves		
Share based payments	**27.9**	21.4
Cash flow hedging	**18.7**	7.5
Foreign currency translation	**(184.2)**	(116.2)
Equity - arising from purchase of minorities	**(6.0)**	-
Balance at end of the period	**(143.6)**	(87.3)
Movement in reserves during the period		
Share based payments		
Balance at beginning of the period	**21.6**	18.9
Share based payments expense	**6.3**	2.5
Balance at end of the period	**27.9**	21.4
Cash flow hedging		
Balance at beginning of the period	**(4.5)**	3.1
Movement for the period	**23.2**	4.4
Balance at end of the period	**18.7**	7.5
Foreign currency translation		
Balance at beginning of the period	**(198.6)**	(68.6)
Transfer to income statement on disposal of foreign subsidiaries	**-**	0.4
Translation of overseas controlled entities at the end of the period	**14.4**	(48.0)
Balance at end of the period	**(184.2)**	(116.2)
Equity - arising from purchase of minorities		
Balance at beginning of the period	**(7.0)**	-
Purchase of minority interests	**1.0**	-
Balance at end of the period	**(6.0)**	-
(b) Retained earnings		
Retained earnings at the beginning of the period	**1,562.8**	1,357.9
Operating profit after income tax attributable to shareholders of Orica	**224.5**	210.4
Dividends/distributions paid:		
Step-Up Preference Securities distributions	**(19.6)**	(24.9)
Less tax credit on Step-Up Preference Securities distributions	**5.6**	6.8
Ordinary dividends – final	**(162.4)**	(148.0)
Retained earnings at end of the period	**1,610.9**	1,402.2

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 2008	31 March 2007	**31 March 2008**	31 March 2007
	%	%	**$m**	$m
Emirates Explosives L.L.C. [1]	**-**	-		
Nelson Brothers, LLC	**50.0**	50.0		
Nelson Brothers Mining Services, LLC	**50.0**	50.0	**9.4**	12.6
Thai Nitrate Company Ltd	**50.0**	50.0		
Australian Plantations Pty Ltd	**50.0**	50.0		
Botany Industrial Park Pty Limited	**33.4**	33.4		
BXL Bulk Explosives Limited	**50.0**	50.0		
Controladora DNS de RL de CV	**49.0**	49.0		
Dyno Nobel Petrolera	**47.0**	47.0		
Dyno Nobel UMMC LLC	**50.0**	50.0		
Exor Explosives Limited	**50.0**	50.0		
Geneva Nitrogen LLC	**50.0**	50.0		
Geodynamics B.V.	**27.3**	27.3		
Irish Mining Emulsion Systems Ltd	**50.0**	50.0		
Makina Kimya Nitro Nobel Kimya Sanayii A.S (Disposed 3 May 2007)	**-**	25.0		
MicroCoal Inc.	**50.0**	50.0		
MSW-Chemie GmbH	**31.5**	31.5	**Individually**	Individually
Norabel Ignition Systems AB	**50.0**	50.0	**not material.**	not material.
Northwest Energetic Services, LLC [1]	**-**	33.3	**In aggregate**	In aggregate
Orica Camel Coatings Ltd	**50.0**	50.0		
OY Forcit	**20.0**	20.0	**1.9**	1.5
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**	40.0		
Troisdorf GmbH	**50.0**	50.0		
Ulaex SA	**50.0**	50.0		
Wurgendorf GmbH	**50.0**	50.0		
Total			**11.3**	14.1

[1] Consolidated as a subsidiary: Emirates Explosives L.L.C. from 6 November 2006, Northwest Energetic Services, LLC from 1 December 2007.

10. Businesses acquired

Consolidated - 2008
Acquisition of businesses and controlled entities
The consolidated entity acquired the following businesses and entities (100% unless stated otherwise):

Excel Mining
On 24 September 2007, Orica announced that it had signed an agreement to acquire all of Excel Mining Systems LLC. The acquisition was completed on 26 October 2007.

Other entities
Intermountain West Energy, Inc., on 1 December 2007.
Northwest Energetic Service, LLC shareholding increased to 51.3% (2007 33.3%), on 1 December 2007.
Evolutia Chemicals SA, on 17 December 2007.
Southern Blasting Services, Inc., on 1 October 2007.

Businesses
Business assets of CHC Resources (Pty) Ltd, on 1 March 2008.
Business assets of Enviro Solutions Pty Ltd, on 17 March 2008.

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.

2008	Book Values $m	Fair Value Adjustments $m	Total $m
Consideration [(1)]			
cash paid	**839.3**	**-**	**839.3**
net cash acquired	**(27.0)**	**-**	**(27.0)**
deferred settlement	**4.6**	**-**	**4.6**
Total consideration	**816.9**	**-**	**816.9**
Fair value of net assets of businesses/controlled entities acquired			
trade and other receivables	**28.6**	**-**	**28.6**
inventories	**25.4**	**1.6**	**27.0**
investments	**-**	**-**	**-**
property, plant and equipment	**23.6**	**-**	**23.6**
intangibles including purchased goodwill	**275.9**	**-**	**275.9**
other assets	**2.2**	**0.8**	**3.0**
payables and interest bearing liabilities	**(28.9)**	**-**	**(28.9)**
provision for employee entitlements	**(1.0)**	**-**	**(1.0)**
provision for environmental	**-**	**(1.5)**	**(1.5)**
contingent liabilities	**-**	**(2.1)**	**(2.1)**
	325.8	**(1.2)**	**324.6**
Less minority interest at date of acquisition	**(1.5)**	**-**	**(1.5)**
	324.3	**(1.2)**	**323.1**
Goodwill on acquisition			**493.8**

[(1)] The total consideration includes $809.3 million for newly controlled entities, and $3 million for the partial purchase of the minority share in controlled entities.

Results contributed by acquired businesses and entities since acquisition date

	$m
Revenue for the period	**129.4**
Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period	**29.7**

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the acquired businesses and entities for the 6 months to 31 March 2008 are estimated as follows:

	$m
Revenue for the period	**159.5**
EBITDA	**37.9**

The historical information was compiled by Orica management based on financial information available to Orica during due diligence and assuming no material transactions between Orica and the acquired businesses. Goodwill on the purchase of these entities is attributable mainly to the synergies expected to be achieved from integrating these businesses.

10. Businesses acquired (continued)

Consolidated - 2007
Acquisition of businesses and controlled entities
The consolidated entity acquired the following businesses and entities (100% unless stated otherwise):

Minova entities
In October 2006, Orica agreed to acquire the Minova group. 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 accounting to be finalised following the acquisition date.

2007	Book Values $m	Fair Value Adjustments $m	Total $m
Consideration			
cash paid	950.3	-	950.3
net cash acquired	(11.5)	-	(11.5)
deferred settlement	21.9	-	21.9
Total 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. Businesses acquired (continued)

Results contributed by acquired businesses and entities since acquisition date

	$m
Revenue for the period	125.9
EBITDA for the period	23.4

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

	$m
Revenue for the period	241.5
EBITDA	38.6

The historical information was compiled by Orica management based on financial information available to Orica during due diligence and assuming no material transactions between Orica and the acquired businesses. Goodwill on the purchase of these entities is attributable mainly to the synergies expected to be achieved from integrating these businesses.

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

11. Businesses disposed

Disposal of businesses/controlled entities
The following businesses/controlled entities were disposed of:

2008
(1) On 23 October 2007, Essential Oils of Tasmania business in Australia.

2007
(1) On 31 October 2006, Welvic PVC business in Australia.
(2) On 1 December 2006, B&J Perlite and Vermiculite business in Australia.
(3) On 8 December 2006, Adhesives and Resins business in Indonesia.
(4) On 31 January 2007, Adhesives and Resins business assets in Australia and New Zealand.
(5) On 9 February 2007, Bridestowe lavender farm in Australia.

	Consolidated	
	2008 **$m**	2007 $m
Consideration		
cash received	**1.7**	91.8
cash disposed	**-**	(15.0)
deferred settlement	**-**	(6.2)
Inflow of cash	**1.7**	70.6
deferred settlement	**-**	6.2
Net consideration	**1.7**	76.8
Carrying value of net assets of businesses/controlled entities disposed		
trade and other receivables	**0.3**	16.6
inventories	**1.4**	14.4
property, plant and equipment	**0.5**	32.8
other assets	**-**	3.9
payables and interest bearing liabilities	**(0.3)**	(13.1)
provision for employee entitlements	**-**	(1.0)
provision for restructuring	**(0.2)**	-
provision for income tax	**-**	(0.3)
	1.7	53.3
Profit on sale of business/controlled entities	**-**	23.5

12. Income tax expense

	2008	2007
	$m	$m
a) Income tax expense recognised in the Income Statement		
Current tax expense		
Current year	**71.0**	69.3
Deferred tax	**18.7**	2.9
(Over)/under provided in prior years	**(0.2)**	0.7
Total income tax expense in Income Statement	**89.5**	72.9
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	**99.8**	87.3
Tax effect of items which (reduce)/increase tax expense:		
variation in tax rates of foreign controlled entities	**(0.2)**	(0.8)
tax (over)/under provided in prior years	**(0.2)**	0.7
non allowable share based payment	**1.9**	0.8
other foreign deductions	**(15.7)**	(16.8)
sundry items	**4.9**	5.7
Income tax expense attributable to profit before individually material items	**90.5**	76.9
Income tax expense/(benefit) attributable to individually material items		
Prima facie income tax (benefit)/expense calculated at 30% on (loss)/profit from individually material items	**(2.0)**	1.0
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 taxable profit on sale (A&R)	**-**	(5.1)
non allowable Minova integration costs	**0.6**	-
non allowable Dyno Nobel integration costs	**0.3**	-
Income tax expense/(benefit) attributable to (loss)/profit from individually material items	**(1.0)**	(4.0)
Income tax expense reported in the Income Statement	**89.5**	72.9

13. Standby arrangements and credit facilities

Reconciliation of net debt:

	2008 $m	2007 $m
Current interest bearing liabilities	**1,046.4**	273.7
Non current interest bearing liabilities	**1,375.9**	1,212.9
Less cash and cash equivalents	**(237.8)**	(253.6)
Net debt	**2,184.5**	1,233.0

As at 31 March 2008, short term facilities have been drawn in preference to long term facilities due to the relative interest cost of these borrowings. The Group has unused credit facilities of $1,360.4 million as detailed below:

Credit facilities:

	2008 $m	2007 $m
Unsecured bank overdraft facilities available	**100.1**	103.6
Amount of facilities unused	**96.9**	102.3
Committed standby and loan facilities available including Private Placement and medium term note	**3,414.0**	2,404.0
Amount of facilities unused	**1,360.4**	1,200.0

The unsecured bank overdraft facilities are provided by banks. The bank overdrafts are payable on demand and are subject to an annual review. The repayment dates of the committed standby and loan facilities range from 19 December 2008 to 24 October 2018.

14. 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 Waste 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 15.

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 a licence to export waste for destruction overseas will be obtained. German authorities have rejected Orica's application to import the waste into Germany for treatment. Orica has lodged objections against these rejections. It is also assumed that the methods planned for environmental clean up 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

14. Critical accounting judgements and estimates (continued)

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, 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. In respect of the Botany Groundwater contamination, a provision was established in 2004 to cover the estimated costs associated with remediation until 2014. Costs are expected to be incurred after this date, but it is not possible to predict the timeframe over which remediation will be required. 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.

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.

Foreign exchange movements

The 2007 annual report gives a detailed analysis of the foreign exchange exposure of the consolidated entity and risks in relation to foreign exchange movements.

Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that

14. Critical accounting judgements and estimates (continued)

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 CGUs, 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 balance 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 2008 is $60.8 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 temporary 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.

Acquisition accounting

During the period, Orica acquired Excel Mining Systems LLC (Excel). 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 Excel will be presented in the 2008 financial statements. However, they may vary significantly from those disclosed in this report.

15. Contingent liabilities and contingent assets

Environmental

(i) General

A number of sites within the Group have 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.

15. Contingent liabilities and contingent assets (continued)

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 the 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 a portion of the treated water is sold by Orica to 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 sought permission to export the HCB waste for final destruction at high temperature incinerators in Germany. In May 2007, the Federal Government issued a duly motivated statement of fact that Australia does not have the technical capability to treat Orica’s HCB waste. In June 2007, German authorities rejected Orica’s application to import the HCB waste into Germany. Orica has lodged objections against these rejections. In the event that Orica does not obtain the necessary regulatory approvals to export the waste overseas for destruction, it 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 and has determined that direct 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.

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 Plc, the vendor of the business to Orica, 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

15. Contingent liabilities and contingent assets (continued)

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.
- Contracts of sale covering companies and assets which were divested during the current and prior years include commercial warranties and indemnities to the purchasers.

16. Events subsequent to balance date

On 24 April 2008, Orica announced it has entered into a joint venture agreement with Hunan Nanling Industrial Explosive Materials Company, Limited to establish a new non-electric detonator initiating systems plant in Hunan Province, China. Orica will have a 51% interest in the joint venture. The joint venture investment is subject to regulatory approval.

On 28 April 2008, the directors declared an interim dividend of 39 cents per share payable on 4 July 2008. The financial effect of this dividend is not included in the financial statements for the period ended 31 March 2008 and will be recognised in the 2008 annual financial statements.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2008, 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.

Annette Cook
Company Secretary
28 April 2008

Orica Limited and its Controlled Entities

Directors' Declaration on the Financial Report set out on pages 3 to 30

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,

(a) the financial statements and notes, set out on pages 3 to 30, 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 2008 and of its performance 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 28th day of April 2008.

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 2008 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
R R Caplan (appointed 1 October 2007)
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 period and of the results of those operations is contained in the accompanying Orica Limited 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 16) that has arisen since 31 March 2008, 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 33.

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 28th day of April 2008.

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 2008 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

KPMG

Alison Kitchen

Alison Kitchen
Partner

Melbourne

28 April 2008

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 2008, the interim consolidated income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 16 and the directors' declaration, set out on pages 3 to 31 of the Group 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 the Company 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 establishing and maintaining internal control 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 Group's financial position as at 31 March 2008 and 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 Group's financial position as at 31 March 2008 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 Kitchen
Partner

Melbourne

28 April 2008