ORICA LIMITED - PROFIT REPORT

RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2008

Net profit after tax (NPAT) and significant items for the half year ended 31 March 2008 was up 7% to $225M, compared with the previous corresponding period (pcp) of $210M. The loss on significant items was $5.3M ($7.3M profit in the pcp).

Orica's net profit after tax before significant items of $230M was up 13% compared with the pcp.

A$M	Six Months Ended March 2008	2007	Change F/(U)
Sales Revenue	3,009.6	2,701.7	11%
EBIT	423.0	345.6	22%
Net interest expense	(90.4)	(54.6)	(66%)
Tax expense	(90.5)	(76.9)	(18%)
Minority interests	(12.3)	(11.0)	(12%)
NPAT and minority interests	**229.8**	**203.1**	**13%**
Earnings per ordinary share (cents)	70.1	60.3	16%
Return on shareholders' funds	17.0%	15.6%	
Results including Significant items:			
Significant items after tax and minority interests	(5.3)	7.3	
NPAT and minority interests	**224.5**	**210.4**	**7%**
Earnings per ordinary share (cents)	68.4	62.7	9%
Return on shareholders' funds	16.6%	16.1%	
Financial Items			
Interim ordinary dividend per share	39.0	36.0	8%
Payout Ratio	53.5%	55.1%	
Net debt	2,184.5	1,233.0	(77%)
Gearing (2)	42.9%	31.7%	
Gearing (adjusted) (3)	47.8%	38.1%	
Interest cover (times)	4.7	6.3	
Average exchange rate (A$/US$)	89.7	77.7	(15%)

FINANCIAL HIGHLIGHTS

- Sales revenue up 11% to $3.0B. Underlying sales growth was 9% (excluding major acquisitions and divestments).
- EBIT up 22% to $423M(1).
- Earnings per ordinary share(1) up 16% to 70.1 cents.
- Return on shareholders' funds(1) at 17.0% is up from the pcp.
- Gearing(2) at 42.9%, up from 31.7% in the pcp.
- Interim ordinary dividend is 39 cents per share (cps) - franked at 14 cps, an increase of 8% over the pcp (36 cps).

BUSINESS HIGHLIGHTS

- Record result in Mining Services with EBIT up 11% to $271M, reflecting earnings growth in most regions and the ongoing successful integration of the former Dyno Nobel businesses.
- Record performance in Consumer Products on the back of improved market share in Australia flowing from continuing investment in our brands and an ongoing focus on productivity.
- The underlying result for Chemical Services was 25% ahead of last year, with the benefit of ongoing market growth in Mining Chemicals, improving volumes and business discipline in Watercare and steady progress in the commercialisation of the MIEX® technology.
- Chemnet's result was 13% ahead of last half year, as sales and margins have started to trend positively.
- Minova EBIT was 268% ahead of the pcp driven by additional earnings contributions from Minova (full six months) and Excel Mining Systems LLC (Excel) which has made a contribution in line with expectations since being acquired at the end of October.
- Earnings for Mining Services and Minova continue to be adversely impacted by unfavourable foreign exchange movements.

Note: numbers in this report are subject to rounding.

OUTLOOK - 2008

- Despite some adverse impacts from rising input costs and foreign exchange, our businesses continue to perform to expectation. Accordingly we see no reason to change our prior outlook statement in that Group net profit (before significant items) in 2008 is expected to be higher than that reported in 2007.

(1) Before significant items.
(2) Net debt/(net debt + book equity).
(3) Calculation as per Note (2) with SPS securities notionally treated as 50% Debt and 50% equity.

REVENUE

Sales revenue increased by $308M (+11%) to $3,010M. Major items were:

- Revenue (excluding major acquisitions and divestments) of $2,895M improved $231M (+9%), driven primarily by:
  - Ongoing growth in Mining Services due to firm demand in most regions;
  - A full six month contribution from the Minova businesses (three months in the pcp);
  - Market share increases and a general improvement in market conditions for Consumer Products in Australia;
  - Increasing demand for sodium cyanide and watercare products; and
  - An improvement across most business segments in Chemnet.
- Revenue decreased against the pcp by $120M due to unfavourable movement in exchange rates.
- Sales revenue from the acquired Excel business was $115M.
- Sales revenue of Adhesives and Resins (A&R) in the pcp was $38M.
- Other income decreased $21M on the pcp reflecting the profit on sale of the A&R business in the pcp.

Revenue Summary

A$M	Six Months Ended March 2008	2007	Change F/(U)
Mining Services	1,580.9	1,506.5	5%
Consumer Products	446.6	424.4	5%
Chemical Services	208.6	229.7	(9%)
Chemnet	486.5	469.5	4%
Minova	337.0	115.5	192%
Other & Eliminations	(50.0)	(43.9)	(14%)
Total sales revenue	**3,009.6**	**2,701.7**	**11%**
Other income	20.3	40.8	(50%)
Total	**3,029.9**	**2,742.5**	**10%**

EARNINGS BEFORE INTEREST AND TAX (EBIT)

- Total EBIT increased 22% to $423M (pcp: $346M) primarily due to:
  - Improvement in earnings from Mining Services of $26M (11%) to a record $271M, reflecting growth in most markets and ongoing margin improvement from generally favourable trading conditions;
  - A full six month contribution from Minova, increasing earnings by $23M (133%) and a net incremental EBIT from Excel of $24M;
  - Improvement in earnings in Consumer Products (market share and productivity), Chemical Services (mainly volume) and Chemnet which has started delivering increased sales and margins;

  Partly offset by:
  - A net negative impact from unfavourable foreign exchange rates of $18M; and
  - Increased Corporate and Support costs of $20M mainly due to one off items including the cost of the preference share buy-back ($8M) and bad debt recoveries in the pcp not repeated in the current half ($8M).

Earnings Summary

A$M	Six Months Ended March 2008	2007	Change F/(U)
EBIT			
Mining Services	271.1	245.2	11%
Consumer Products (1)	59.9	43.2	39%
Chemical Services	36.3	32.0	13%
Chemnet	36.4	32.3	13%
Minova (2)	64.0	17.4	268%
Corporate Centre	(29.0)	(18.5)	(57%)
Other Support Costs	(15.7)	(6.0)	(162%)
Total EBIT	**423.0**	**345.6**	**22%**
Net Interest	(90.4)	(54.6)	(66%)
Tax expense	(90.5)	(76.9)	(18%)
Minority interests	(12.3)	(11.0)	(12%)
NPAT and minority interests	**229.8**	**203.1**	**13%**
Significant items after tax	(5.3)	7.3	
NPAT and significant items	**224.5**	**210.4**	**7%**

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

INTEREST

- Net interest expense of $90M increased by $36M from the pcp, mainly due to:
  - Higher average net debt ($37M) and higher average net interest rates ($1M); offset by
  - Favourable foreign exchange impacts ($1M) and a decrease in interest (non-cash) on unwinding of discounted environmental provisions ($1M).
- Interest cover was 4.7 times (pcp 6.3 times).

TAX EXPENSE

- Tax expense was $91M with an effective tax rate of 27.2% (pcp: 26.4%). The higher effective rate was primarily as a result of a proportional movement in earnings from countries with higher tax rates.

NET PROFIT

- Net profit after tax before significant items increased 13% to $230M (pcp: $203M).
- Net profit after tax and significant items was up 7% to $225M (pcp: $210M including a net profit on significant items of $7M).

SIGNIFICANT ITEMS

- Significant items for the period totalled $5M loss after tax (pcp: profit of $7M). Items in the current period related to the ongoing integration of the acquired Dyno Nobel businesses ($3.7M) and commencement of the integration of Minova/Excel ($1.6M).

Significant items after tax and minority interests	**Six Months Ended March**	
A$M	**2008**	**2007**
Dyno Nobel and Minova Expenditure		
Integration costs	(5.3)	(12.1)
Other		
Adhesives & Resins profit on sale	-	19.4
Total	(5.3)	7.3

DIVIDEND

- Directors have increased the final ordinary dividend by 8% to 39 cps (pcp: 36 cps) - franked at 14 cps.
- The interim dividend will be part of the underwritten dividend reinvestment plan.
- Franking capacity in the near term is forecast to be around 35%.

Ordinary dividend	**Six Months Ended March**		
	2008	**2007**	**Change F/(U)**
Interim Ordinary Dividend			
- CPS	39.0	36.0	8%
- Franking %	35.9%	38.9%	

MERGERS & ACQUISITIONS, DEVELOPMENT

- The purchase of Excel for approximately A$781M was completed on 26 October 2007.
- The finalisation of the acquisition of Strata Control Systems (SCS) is steadily progressing and is likely to be completed in May.
- Further progress has been made on the development of an AN manufacturing facility in Bontang, Indonesia and the company continues to pursue options for establishing an AN facility in Latin America.
- Mining Services continues to develop its business through organic growth, small bolt-on acquisitions and establishing joint ventures in emerging markets.
- Consumer Products is well progressed on a new Powder Coatings facility at its Dandenong, Victoria site and steady progress is being made in developing a new business in China.
- Chemical Services' Watercare division continues to work on the commercial development of new technologies, with MIEX® continuing to gain market acceptance and is having some success in extending its product offering in the water treatment market.
- The uprate of the Yarwun sodium cyanide facility of the Chemical Services' Mining Chemicals business was completed on time at a total cost, in line with expectations, of $47M. The plant has run well since the uprate was commissioned in September 2007.
- Chemnet continues to develop its business in Latin America and in the past six months has added Colombia to its existing operations in Argentina, Brazil, Chile and Peru.

BANK DEBT REFINANCING

- Orica successfully refinanced all of its bank debt in December 2007 with the following key outcomes:
  - Increase in overall limit by A$300M to A$2.3B (currently A$1.4B is undrawn);
  - Increased tenor: 1 year tranche significantly reduced, 3 year tranche increased and a new 5 year tranche added;
  - Multi currency, flexible and cancellable at Orica's option; and
  - Margin increases of approximately 20 bps.
- To minimise interest costs, at this stage, short rather than medium to longer term facilities have been drawn.

BALANCE SHEET

- **Key balance sheet movements since March 2007 were:**
  - The increase in reported trade working capital (TWC) was $124M from the pcp, partly due to the impact of the acquisition of Excel ($34M). Underlying TWC was up $90M, mainly due to an 11% increase in sales, the impact of increased input costs on carrying values of inventories, higher inventory levels to fulfil expected growth, some signs of slowing debtor collection from the global credit crisis and some changes in payment terms with key suppliers in Chemical Services;
  - As a result, rolling TWC to sales has deteriorated slightly to 14.9% (pcp: 14.2%);
  - Net property, plant and equipment is $177M up on the pcp, mainly due to the acquisition of Excel ($15M), completion of Chemical Services' sodium cyanide project ($26M), Mining Services growth projects (EBS project at Brownsburg $33M, Bontang $24M, Emirates plant relocation $9M, and Australian AN projects $9M), Chemnet sulphuric acid storage tanks in Darwin ($20M) and capitalised costs associated with sites being remediated in preparation for disposal;
  - Intangible assets are up $780M mainly due to the acquisition of Excel ($701M), and an increase in the value of intangibles in Mining Services ($80M), due to the finalisation of Dyno acquisition accounting in second half of 2007 and foreign exchange translation impacts;
  - Net other liabilities decreased by $118M mainly due to a reduction in tax liabilities ($66M), an increase in prepayments and other assets ($20M), and spend against provisions ($19M);
  - Orica shareholders equity increased by $226M, mainly due to an increase in share capital of $74M (primarily shares issued under the Dividend Reinvestment Plan ($178M), partly offset by the completion of the share buy-back program in the second half of FY07 ($115M)), and an increase in retained earnings due to profit after tax, less dividends ($209M). This was partly offset by a decrease in the foreign currency translation reserve ($68M); and

Balance Sheet

A$M	March 2008	Sept 2007	March 2007
Inventories	716.6	604.3	632.4
Trade Debtors	871.1	795.3	765.3
Trade Creditors	(674.8)	(660.6)	(609.0)
Total Trade working capital	912.9	739.0	788.7
Net property, plant & equipment	1,840.9	1,742.9	1,663.9
Intangible assets	2,806.5	2,055.5	2,026.3
Net other liabilities	(465.6)	(604.1)	(583.5)
Net debt	(2,184.5)	(1,305.7)	(1,233.0)
Net Assets	**2,910.2**	**2,627.6**	**2,662.4**
Orica shareholders' equity	2,827.3	2,566.7	2,601.4
Outside equity interests	82.9	60.9	61.0
Equity	**2,910.2**	**2,627.6**	**2,662.4**
Gearing	**42.9%**	**33.2%**	**31.7%**
Gearing (adjusted) (i)	**47.8%**	**39.6%**	**38.1%**

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

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

- **Key balance sheet movements since September 2007 were:**
  - TWC increased by $174M, largely due to the Excel acquisition ($34M), an increase in TWC levels in Mining Services and Chemnet following higher sales revenues, and foreign exchange ($9M);
  - Net property, plant and equipment is up $98M mainly due to Excel $15M, ongoing development of Bontang $22M, the EBS project at Brownsburg $8M and Chemnet sulphuric acid storage tanks in Darwin $20M;
  - Intangible assets increased by $751M, mainly arising from the acquisition of Excel and foreign exchange translation impacts on Mining Services and Minova intangibles; and
  - Net debt increased by $879M primarily due to acquisitions ($812M). Other contributing factors include capital expenditure ($158M), dividends and distributions paid ($105M); partly offset by operating cash flows ($161M) and proceeds from share issues ($109M).

GEARING

- At 42.9%, post the Excel acquisition, accounting gearing (net debt/(net debt + equity)) increased from 31.7% in March 2007. In accordance with accounting standards, the SPS securities are recognised as equity.
- Adjusted gearing, which treats the SPS securities as 50% equity and 50% debt (Standard & Poors credit rating treatment), was 47.8% (pcp 38.1%).

CASH FLOW

Statement of Cash Flows	Six Months Ended March		
A$M	2008	2007	Change F/(U)
Net operating Cash Flows			
EBIT	423.0	345.6	22%
Add: Depreciation	85.2	74.2	(15%)
Add: Amortisation	20.2	13.3	(52%)
EBITDA	528.4	433.1	22%
Net interest paid	(81.7)	(46.8)	(75%)
Net income tax paid	(96.4)	(56.1)	(72%)
Trade Working Capital mvt	(134.3)	(89.9)	
Non Trade Working capital mvt	(54.9)	15.9	
	161.1	256.2	
Net investing cash flows			
Capital spending			
Sustenance capital [1]	(80.8)	(58.3)	(39%)
Growth capital	(77.5)	(70.9)	(9%)
Total Capital Spending	(158.3)	(129.2)	(23%)
Acquisitions	(812.3)	(938.8)	13%
Proceeds from surplus asset sales and businesses	4.6	84.2	(95%)
	(966.0)	(983.8)	
Net financing cash flows			$M
Net proceeds from share issues (inclusive of minorities)	28.0	20.4	7.6
Net proceeds from share issues (DRP) [2]	81.2	-	81.2
Movement in borrowings	672.6	186.9	485.7
Dividends paid - Orica Limited	(80.5)	(148.0)	67.5
Distributions paid - SPS securities	(19.6)	(24.9)	5.3
Dividends paid - Minority shareholders	(4.5)	(9.3)	4.8
Share movements - LTEIP	(7.5)	(39.2)	31.7
	669.7	(14.1)	683.8

[1] Sustenance capital

Routine	(76.0)	(58.3)
Major shutdown/turnaround	(4.8)	-
Total	(80.8)	(58.3)

[2] Shares issued to the underwriter of the Dividend Reinvestment Plan

- Net operating cash inflows reduced by $95M to $161M, compared with the pcp mainly due to:
  - $35M increase in interest paid, mainly due to the higher net debt level following the acquisition of Excel;
  - $40M increase in income tax paid, due to timing of payments and earnings growth;
  - $44M increase in trade working capital outflows, mainly due to inventory build (timing) and slowing debtor collections in a tightening economic environment; and
  - $71M increase in non-trade working capital outflows, due to an increase (timing related) in non-trade debtors and other assets ($26M), spend against employee benefit and restructuring provisions ($16M) and foreign exchange movements. The favourable movement in the pcp included the benefit of a reclassification of acquisition related costs of $28M;

  Partly offset by:
  - EBITDA growth of $95M to $528M (pcp $433M).
- Net investing cash outflows of $966M decreased from $984M in the pcp. The decrease is mainly due to:
  - $127M decreased spending on acquisitions, with the current period spending mainly due to the Excel acquisition and other smaller bolt-on acquisitions. The pcp cash outflow was mainly attributable to the Minova acquisition;

  Offset partly by:
  - $80M reduction in proceeds from surplus asset sales and businesses. The pcp inflow was mainly due to the Adhesives and Resins divestment; and
  - Increased capital spending of $29M. Excluding turnaround spend of $5M, sustenance capital spend is within the target range of 90% of depreciation.
- Net financing cash inflows of $670M (pcp outflow $14M), mainly due to:
  - Increase in borrowings of $486M which is inclusive of the costs of cancelling the 5% Preference Shares ($10M);
  - Primarily as a result of an increased Dividend Reinvestment Plan acceptance rate, there was a reduction in cash dividends paid to Orica shareholders of $78M;
  - The Underwritten Dividend Reinvestment Plan resulted in share issue proceeds of $81M; and
  - A reduction of $32M in shares required for the LTEIP program. In the current period, new shares were issued to satisfy the majority of LTEIP requirements whereas in the pcp, shares were acquired on market.

ORICA SPS

- The November instalment on the SPS securities was paid during the period.
- The distributions are unfranked and 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 8.73%.

STRATEGY

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

- securing market leadership positions in selected growth markets. This enables the Company to better service customers, develop and retain technological advantage and achieve benefits of scale;
- growing only businesses that have "earned the right to grow"; and
- growing "close to the core".

Strict adherence to financial criteria and thorough due diligence continues to provide the discipline required for assessing growth opportunities. Orica sees growth coming from four key areas: Industry and Organic Growth, Productivity Improvement, Expansion Capital Expenditure and Mergers and Acquisitions.

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

In the current uncertain financial environment and given significant M&A activity over the past 18 months, Orica's businesses are predominantly in a period of consolidation. Major strategic initiatives in the six months to 31 March 2008 were:

Minova/Excel:

- On 26 October 2007, Orica completed the acquisition of Excel Mining Systems LLC (Excel). Excel is the leading supplier of metal based strata reinforcement products for underground mining in the USA.
- The Minova and Excel acquisitions are complementary and position Orica as the leading supplier of strata support systems to the mining and tunnelling industries globally.
- The integration of Minova/Excel is progressing to plan. The initial focus has been on retaining the existing business and employees and has been successful. The productivity and growth phases of the synergy program will be progressively implemented over the next 2-3 years and beyond.
- The finalisation of the acquisition of SCS is steadily progressing and is now more likely to be completed in May.

Mining Services:

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

Consumer Products:

- Orica Consumer Products (OCP) successfully continues to pursue its market leadership strategy in Australia and New Zealand by sustained investment in both product innovation and marketing of the brands.
- The restructure of the Yates business, primarily focussing on supply chain improvement and a rationalisation of product ranges, is progressing to plan and is a key part of Yates' improving performance.

Chemnet:

- The business is firmly focussed on achieving its 18% RONA target in 2008.
- With an ongoing focus on cost control, the improvement is being driven primarily by delivering improved sales and gross margins.
- The business has recently secured/renewed some long term customer contracts, expanded into Colombia in Latin America and established a bulk sulphuric acid tank facility in Darwin.

Chemical Services:

- The 80ktpa sodium cyanide uprate at Yarwun was completed on time and at a cost of $47M.
- MIEX® commercialisation continues to gather momentum and is expected to be around EBIT break even in 2008. Interest in the MIEX® technology continues in new geographies as well as for applications other than treating drinking water. Some further investment in additional resources to deliver the expected growth are progressively being made.

Record result with sales up 5% to $1.6B and profitability up 11% to $271M.

HIGHLIGHTS

- Profitability up $26M due to steady growth in most regions.
- Continued robust volumes in Australia/Asia and generally favourable market conditions in most major markets contributed to the increased EBIT margin.
- Continued growth in Electronic Blasting Systems (EBS), with the completion of the first phase of the Brownsburg EBS expansion, and other customer productivity driven technologies such as Blast Based Services.
- Dyno integration (including rationalisation of operations) is on track and synergies continue to be realised ahead of plan. Annualised synergies delivered to date total $80M.
- The bolt-on acquisition program continues with a number of small acquisitions completed in North America and EMEA.

BUSINESS SUMMARIES

Australia/Asia

- EBIT of $151M, up 11% on the pcp.
- Regional volume growth was strong at 8% largely driven by increasing mining activity and some market share gains from increased availability of domestic tonnes from Yarwun.
- Rains in NE Australia and recent increases in ammonia prices (timing issue) negatively impacted earnings.

North America

- EBIT of $36M, up 16% on the pcp. Negative impact from foreign exchange on the translation of earnings was $3M.
- Regional volumes up 2% in generally soft market conditions for coal and construction while EBS sales volumes were up 50%.
- Acquisitions are delivering to expectation.

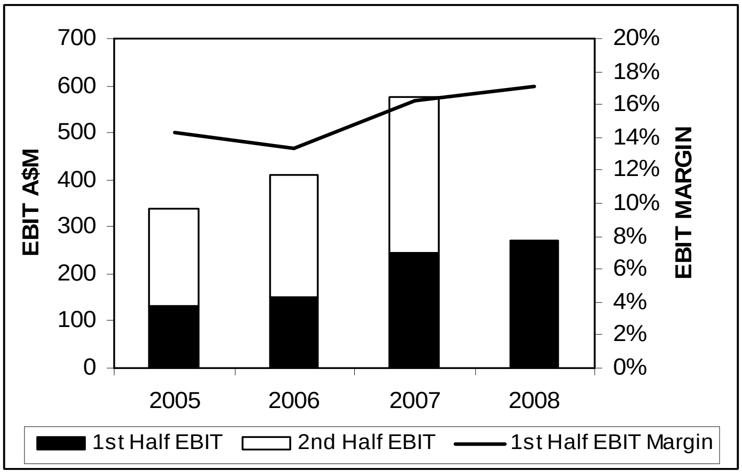
Latin America

- EBIT of $39M, up 1% on the pcp, with regional volume up 3%. Negative impact from foreign exchange was $7M, mainly impacting Chile.
- Business had a difficult half mainly caused by interrupted production at customers' operations in Argentina and Venezuela and delays in bringing new mines into production. Market share was maintained and the business is focussed on improving profitability and productivity.
- Steady progress has been made on final phase of Dyno integration.

EARNINGS

A$M	Six Months Ended March 2008	2007	Change F/(U)
Sales Revenue	1,580.9	1,506.5	5%
EBIT	271.1	245.2	11%
Operating Net Assets	2,498.7	2,241.3	11%
EBIT:			
Australia/Asia	151.2	136.2	11%
North America	36.4	31.5	16%
Latin America	38.7	38.5	1%
EMEA	44.8	39.0	15%

EBIT TREND



Europe, Middle East and Africa (EMEA)

- EBIT of $45M, up 15% on the pcp.
- Regional volume up 3%, with strong demand in Turkey and Estonia and good progress in developing markets such as Ghana and Kazakhstan.
- Final closure of Troisdorf is on schedule to occur toward the end of 2008.

OUTLOOK - 2008

- Market conditions, especially for resources in Australia, to remain firm.
- The availability of ammonium nitrate globally continues to tighten.
- Steady ongoing easing of infrastructure constraints in Australia and export opportunities for coal continue to develop in North America.
- Further growth opportunities in emerging markets (eg China, Russia and Africa).
- A strengthening Australian dollar will continue to adversely impact translated earnings.

Underlying earnings growth continues for Minova complemented by the acquisition of Excel.

KEY POINTS

- Minova brand to be adopted worldwide.
- Excel was acquired effective 26 October 2007.
- Excel has contributed to expectation. The EBIT result is inclusive of a one-off acquisition stock adjustment of $2M ($7M in the pcp for Minova) and amortisation of $4M.
- Integration of Excel is off to a solid start.
- Most mining markets continue to have a firm outlook with export coal opportunities assisting the outlook for volumes in the USA.
- Tunnelling activity has not been as high as expected in Europe (timing of projects) and the pcp was aided by a large one-off Japanese project.
- Major tunnelling contracts have recently been secured in Europe.
- Earnings growth for Minova's mining base has been positive in all regions except for Europe which was impacted by a slowing German coal industry.
- Good growth in earnings continues in emerging markets including the Commonwealth of Independent States (CIS), Africa and China.

STRATEGY AND INTEGRATION

- The senior management team, which is comprised of a combination of Orica, Minova and Excel personnel, is actively implementing the core strategy of:
  - Delivering synergies on both Minova and Excel;
  - Expanding both organically and by acquisition into developing markets;
  - Expanding Minova's product offering to include metal based strata products;
  - Developing Minova's expertise in civil engineering outside of Europe; and
  - Leveraging off Orica's international mining presence, and vice versa.
- The acquisition of Excel, the leading US and largest global supplier of metal based strata reinforcement products, is highly complementary to Minova and a key step in delivering the strategy. Key management of Excel have been retained.

EARNINGS

	Period Ended March		
			Change
A$M	**2008**	**2007**	**F/(U)**
Sales Revenue	337.0	115.5	192%
EBIT	64.0	17.4	268%
Operating Net Assets	1,680.9	925.9	82%

- The integration of Minova and Excel is fundamental to the success of the acquisitions. A dedicated experienced integration team is progressing well and the initial focus has been successful in retaining key customers and employees. The next phase of the integration is centred on determining the optimum manufacturing base as well as starting to introduce Minova products to Excel customers and vice versa.
- The combined resin and steel bolt product offering strengthens Minova's position in a growing underground mining segment and has already started to gain acceptance by the customer base.
- In addition to the firm demand for resources, key drivers for Minova's products in underground mines are enhanced safety practices globally and a slow trend toward underground, as opposed to surface, for new mining activity.
- The combined expertise also enhances capability to service tunnelling projects. As an example, one of the recent tunnelling contract wins included explosives product from Orica Mining Services.

OUTLOOK - 2008

- Mining and civil engineering markets are generally expected to remain firm in most geographies.
- Increasing demand for resources in emerging markets including CIS, Africa and China also provide a positive outlook.
- Further benefit from a combined Orica capability in the tunnelling market.
- Continuing progress on the integration of Excel.
- A strengthening Australian dollar will continue to adversely impact translated earnings.

Record EBIT performance with underlying earnings up 14% on the pcp. Total reported earnings up by 39% as the pcp included $10M Yates restructuring provision.

HIGHLIGHTS

- Sales revenue increased by 5% on the pcp.
- Record earnings for Paints and Selleys and the Yates restructuring is progressing well.
- Continued market share growth in Australian Paints, Selleys and Yates businesses.
- The Australian paints market remained positive, driven primarily by strong commercial and renovation activity.
- Working capital management sets a benchmark for the Orica Group.

BUSINESS SUMMARIES

Coatings

- Sales revenue growth of 6% on the pcp driven by market growth and market share gains.
- Retail earnings were ahead of last year primarily on volume growth driven by:
  - market growth and market share increases through major channel partners; and
  - continuing investment in marketing spend to support the brands and consumer recognition.
- Australian trade paint earnings were in line with the pcp but were impacted by adverse weather conditions in NSW and Queensland.
- New Zealand earnings were down on lower volumes in deteriorating market conditions. Progress is underway to appropriately reshape the business to match the prevailing market conditions.
- Texture Coatings earnings were in line with the pcp as these products are continually being substituted for traditional brick finishes. Additional resources have been put into this division to meet expected future growth.
- Strong Woodcare earnings growth, driven by increased share, led by the successful "Deckcember" campaign.
- Powder coatings ANZ business delivered earnings in line with the pcp.
- Raw material price increases (mainly oil price related) were largely offset by a combination of the strengthening Australian dollar, price increases and productivity improvements.

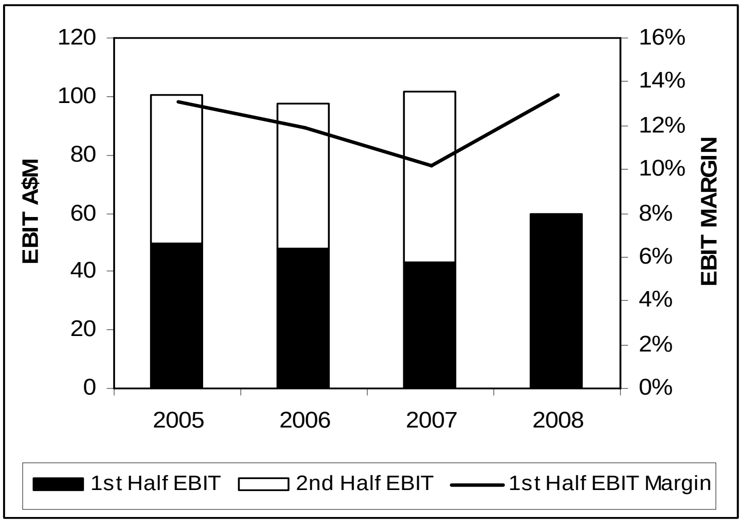
EARNINGS

	Six Months Ended March		
A$M	2008	2007	Change F/(U)
Sales Revenue	446.6	424.4	5%
EBIT	59.9	43.2	39%
Underlying EBIT [1]	59.9	52.7	14%
Operating Net Assets	257.5	213.7	20%
Business Sales:			
Coatings	335.4	317.4	6%
General Merchandise *	111.2	107.0	4%

* Selleys & Yates

[1] Excluding the impact of the 2007 Yates restructuring provision

EBIT TREND



General Merchandise

- Record result for Selleys driven by sales growth of 3%, complemented by market share growth and productivity improvements.
- Earnings increase in Yates is a result of delivering cost saving benefits from the ongoing restructuring program and increased volumes as improved weather conditions drove increased demand.
- The establishment of a business platform in China is progressing well with field staff steadily developing distribution channels.

OUTLOOK - 2008

- While earnings of the businesses are expected to increase, there is a degree of uncertainty surrounding a softening in consumer confidence.
- Raw material prices expected to increase driven by a rising oil price.

Chemical Services increased EBIT by 13% to a record $36M with solid profit growth for both Watercare and Mining Chemicals.

HIGHLIGHTS

- Excluding the disposal of A&R (January 2007), sales were up in the underlying businesses by 9% and EBIT was up an impressive 25% on the pcp.
- The uprate of the Yarwun sodium cyanide plant from 60ktpa to 80ktpa has been successfully commissioned.

BUSINESS SUMMARIES

Watercare

- Sales in Watercare were up 16% on the pcp attributable primarily to improving sales volumes, better pricing discipline, the benefit of acquisitions and MIEX®.
- With drought conditions easing in some parts of Australia, there has been an improvement in volumes. In areas that remain in drought, given the lower quality of the source water, additional water treatment processes are required, which is having some compensating impact on volume.
- With improved discipline in monitoring and compliance, the business is now recovering input cost increases.
- World caustic prices remain high.
- The small bolt-on acquisitions made during 2007 are delivering to expectation and are enhancing our capability of offering value-added services to the water treatment industry.
- MIEX® continues to gather momentum in many regions. There are now 14 operational MIEX® plants worldwide and a further 15 plants are in the design or construction phase. To maintain the growth momentum for MIEX®, additional investment in resources is progressively being made.

Mining Chemicals

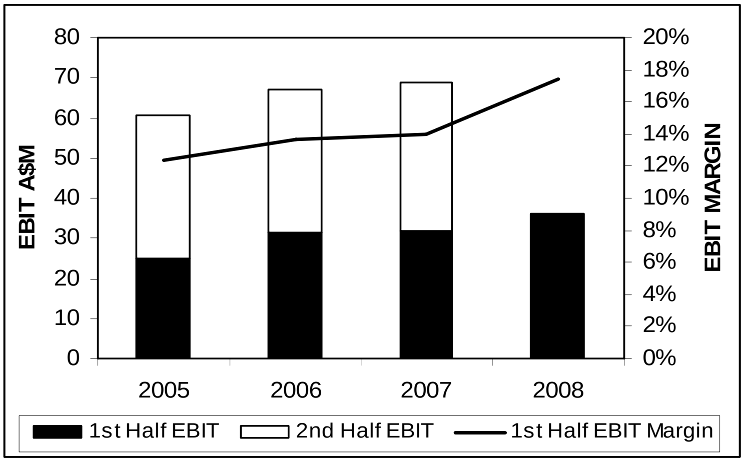
- Sales increased by 2% over the pcp. After excluding the negative impact of foreign exchange, sales increased by 11% primarily as sodium cyanide sales volumes continue to increase in a generally firm gold sector.
- Volume growth has been hampered by some delays in bringing new mines into production and adverse weather in some export markets.
- The negative impact on earnings from the strengthening Australian dollar was $3M.

EARNINGS

A$M	Six Months Ended March 2008	2007	Change F/(U)
Sales Revenue	208.6	229.7	(9%)
EBIT	36.3	32.0	13%
Operating Net Assets	424.7	372.9	14%
Business Sales:			
Watercare	112.9	97.5	16%
Mining Chemicals	76.9	75.1	2%
Industrial Chemicals [1]	18.8	57.1	(67%)

[1] 2007 includes contribution from Adhesives & Resins

EBIT TREND



- The earnings benefit from the Yarwun plant uprate is being delivered as manufactured tonnes replace previously traded tonnes.

Industrial Chemicals

- Specialty Chemicals' volumes remain steady as a result of ongoing strength in the resources sector.

OUTLOOK - 2008

- Sodium cyanide demand expected to remain firm – delays in new gold mines expected to progressively alleviate.
- Prices for caustic expected to remain high.
- Sales revenue in Watercare will continue to be impacted in Southern Australia if drought-enforced water restrictions continue.
- MIEX® expected to be around EBIT break-even in 2008.

Chemnet profitability up 13% to $36M due to steady growth in sales and gross margin, the benefits of recent restructure programs and ongoing cost control. The current earnings run rate delivers RONA in excess of 18%.

HIGHLIGHTS

- After excluding the profit on sale of businesses divested of $1M in the pcp, underlying EBIT growth was 17%.
- Chemnet sales were up 4% on the pcp - the first positive half on half sales result since 2005.

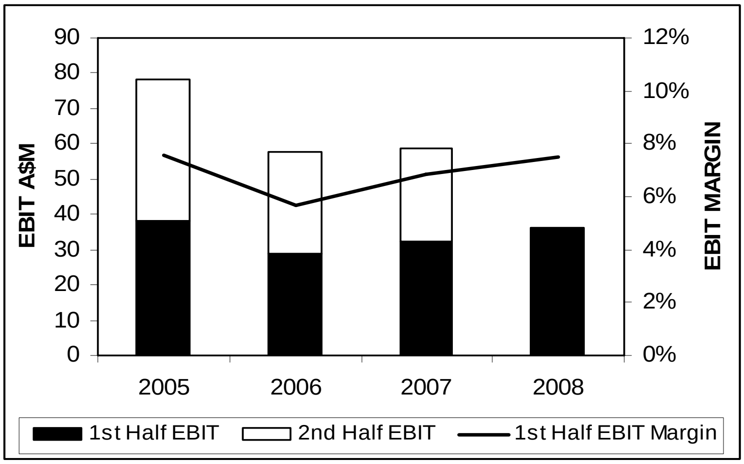
BUSINESS SUMMARY

- In the majority of the business divisions, sales volumes are starting to improve and the business continues to reposition products and services toward value added offerings as well as higher growth sectors such as resources.
- Several important long term customer contracts have been signed/renewed in the period providing a solid foundation for future growth.
- The trading improvement has been made despite the continued slowdown in Australasia's manufacturing sectors, due to cheaper imported alternatives, especially automotive, cabling and whitegoods.
- In overall terms, Bronson and Jacobs has performed steadily and while progress is being made, some difficulties are being encountered in replacing business lost to competitors.
- The benefits from implemented restructure programs, including Marplex, continue to be delivered and there is an ongoing focus on productivity which has yielded further cost reductions over the pcp, although market conditions remain difficult.
- To support the drive for increased sales and margin, investment continues to be made in training programs for all commercial employees in the business. This is largely complete in Australia and New Zealand but will continue to be rolled out to Asia and Latin America.

EARNINGS

	Six Months Ended March		
			Change
A$M	2008	2007	F/(U)
Sales Revenue	486.5	469.5	4%
EBIT	36.4	32.3	13%
Operating Net Assets	390.2	372.7	5%

EBIT TREND



- The Latin American business continues to grow in all countries in which it trades and in January 2008 it commenced trading in Colombia.
- In October 2007, Chemnet successfully commenced deliveries to mining customers from the bulk sulphuric acid tank in Darwin, NT.

OUTLOOK - 2008

- Except for some manufacturing sectors, market conditions are expected to remain steady in Australasia.
- The focus of management is firmly on growing sales and margin and repositioning the business to more value added offerings and stronger markets.
- Continuing focus on refinement and efficiency of the supply chain.
- Improving working capital management.

CORPORATE CENTRE & SUPPORT COSTS

- Corporate Centre costs of $29M were $11M higher than the pcp mainly due to the costs of the cancellation of the 5% preference shares ($8M) and an increase in remuneration due to the Key Executive Retention Plan and LTEIP.
- Other support costs of $16M were $10M higher than the pcp, primarily due to a one-off Qenos doubtful debts recovery of $8M in the pcp and increased insurance costs of $3M due to an increase in claims experience (eg Mexican incident).

CULTURE

Orica is committed to a culture underpinned by four core principles, each of which is discussed below. Importantly, the task of introducing these principles to employees from the recently acquired Minova and Excel businesses is underway.

<u>1. Safety, Health & Environment (SH&E)</u>

The Group achieved an all worker recordable case rate (number of injuries and illnesses per 200,000 hours worked) of 0.73, compared with 0.60 for the previous year. While there continues to be an ongoing focus on safety in all the businesses, disappointingly the trend of incidents is unfavourable. The Company is committed to ensuring the safety of our employees and is continuing to implement preventative processes from benchmarking and learnings arising from actual incidents.

The number of distribution incidents is running at a lower rate than 2007. While this is pleasing there continues to be a focus on reducing distribution incidents as Orica implements enhanced transport safety procedures across the Group.

Progress continues to be made towards meeting the Challenge 2010 goals, which are the targets the Company has set itself to reduce its environmental impact. In comparison to actual 2007 levels, improvement has been made in the March half year on energy use, greenhouse gas emission, water consumption and waste generation. The levels of water consumption and waste generation are already at or below our 2010 targets. Plans are in place to improve energy efficiency and reduce greenhouse gas emissions, with the latter focussed on our nitric acid plants which are the main source of greenhouse gas emission. The company is also steadily progressing solutions in various countries as emissions trading markets continue to develop.

Orica continues to devote considerable resources to cleaning up legacy sites and is committed to dealing with environmental issues from the past in an honest and practical way.

The Botany Groundwater Treatment Plant continues to operate at a level in excess of that required to contain the groundwater plume and treated water is being sold to industrial customers in the Botany precinct.

The planned export and destruction of the stored Hexachlorobenzene (HCB) waste was rejected by the relevant German authorities in 2007, however, progress is being made on alternate solutions.

<u>2. Commercial Ownership</u>

Given the recent uncertainty in financial markets there is a renewed focus on cash flow management throughout the Group. In addition, the businesses continue to focus on growth and productivity improvements. The Six Sigma program continues to evolve and is being implemented on a broader scale and while one of the key focuses of Six Sigma has been on productivity, the process is also being successfully deployed in procurement, finance and commercial functions. In terms of customer service, all businesses are now monitoring, using the Net Promoter Score system, customer satisfaction on a monthly basis and implementing practices to ensure improving trends.

<u>3. Creative Customer Solutions</u>

During the period, Orica businesses continued to develop innovative solutions to help customers succeed in their markets. Orica Mining Services continues to increase sales of Blast Based Service offerings which are aimed at improving blast performance and improving productivity in the customers' operations. The combination of Minova and Excel provides the ability to offer a market driven combined resin and steel bolt product offering to customers.

<u>4. Working Together</u>

There are many examples of people across different parts of Orica working together to achieve better solutions for our customers and improved financial outcomes. For example, while the Minova integration team is solely focussed on delivering the expected synergies, the team has been drawn from existing Orica, Minova and Excel businesses.

Further Information

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