Orica Limited
ABN 24 004 145 868

ASX Announcement

ORICA DELIVERS STRONG FIRST HALF RESULT

Orica today announced a net profit after tax and individually material items of $220 million for the half year ended 31 March 2009, down 2% on the previous half year.

Excluding the loss on individually material items of $43.8 million, net profit after tax was $264 million, up 15% on 2008. Sales revenue increased 32% to $4 billion.

The Board has declared a 40 cents per ordinary share interim dividend, franked at 14 cents per share, representing an increase of 3% on the 2008 interim dividend.

Earnings per share before individually material items were in line with the 2008 half year at 68.6 cents.

Orica Managing Director Graeme Liebelt said the strong result in the face of difficult market conditions endorsed Orica's strategy of pursuing leadership positions in markets offering more resilient and predictable long term earnings growth.

"Our strategy is holding up well notwithstanding the market conditions. It is that, combined with productivity and efficiency improvements, that has delivered a solid first half performance.

"There's a lot to like about this result. We've been actively taking care of the fundamentals within our control such as cost, cash management and productivity.

"Orica's strong balance sheet and financial discipline continue to be particular strengths and never more important than in the current crisis in financial markets. Net operating cash flows increased 35% reflecting, in part, an excellent performance by the business in management of trade working capital.

"Our Mining Services business had a record 18% increase in profit. This was the result of improved ammonium nitrate pricing, firm volumes in gold, thermal coal and copper, combined with productivity and restructuring initiatives in quick response to weak demand in base metal and infrastructure markets.

"With demand in most market segments expected to remain soft in the short term, the business will respond as needed while maintaining focus on long term growth opportunities.

"We are progressing well with our plant in Bontang Indonesia and continue to examine expansion opportunities in Latin America and at our Kooragang Island plant in Australia. We are also well positioned for continued growth in electronic blasting systems and blast based services.

“Consumer Products’ underlying earnings was up 2% to $61 million, despite overall market decline. This was primarily driven by record earnings for paints and Selleys. Most pleasingly the paints business continued to increase its market share despite increased competition. The Yates business continued to improve its earnings and has benefited from ongoing restructuring and marketing initiatives.

“The Minova business recorded a 9% fall in profits to $59 million. The business has been impacted in the US bolt business by market slowdown and market share lost in 2008. Margin compression from under-recovery of steel input prices in the US market also had a significant impact during the first half. Pleasingly, the business is delivering its targeted synergies from acquisitions.

“The Chemicals business achieved a record result with sales up 19% and underlying earnings growth of 19% to $86 million. This was driven by continued high caustic prices, synergies from combining the former Chemnet and Chemical Services businesses and an excellent result in Mining Chemicals on the back of strong sodium cyanide volumes and prices. Demand in the automotive and general manufacturing sectors remains soft, however tight cost control and restructuring initiatives across all business segments are having a positive impact.

“Our strong balance sheet, with low gearing, provides us with a prudent level of flexibility at these unpredictable times. It also provides the capacity to rapidly respond to what we see as long term growth opportunities in our key markets when the time arises.

“Our businesses continue to show considerable resilience. Accordingly, we see no reason to alter our previous guidance that we expect Group net profit after tax (before individually material items) in 2009 to be higher than that reported in 2008. However we remain vigilant because of unpredictable global market conditions.”

4 May 2009

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ORICA LIMITED - PROFIT REPORT

RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2009

Net profit after tax (NPAT) and individually material items for the half year ended 31 March 2009 was down 2% to $220M, compared with the previous corresponding period (pcp) of $225M. The loss on individually material items was $43.8M ($5.3M loss in the pcp).

Orica's net profit after tax before individually material items of $264M was up 15% compared with the pcp.

Operating cash flow improved by 35% to $217M.

FINANCIAL HIGHLIGHTS

- Sales revenue up 32% to $4.0B;
- EBIT up 11% to $469M;
- Earnings per ordinary share (1) at 68.6 cents, in line with pcp;
- Gearing (2) at 25.7%, down from 42.9% in the pcp (pre Rights Issue); and
- Interim ordinary dividend is 40 cents per share (cps) - franked at 14 cps, an increase of 3% over the pcp (39 cps).

BUSINESS HIGHLIGHTS

- Record first half results for Mining Services, Chemicals and Consumer Products, despite deteriorating market conditions, assisted by productivity and efficiency initiatives;
- Strong cash flow performance and improvement in trade working capital over the pcp despite significant unfavourable foreign exchange movements;
- Record result in Mining Services with EBIT up 18% to $319M, reflecting margin improvement from pricing and productivity initiatives;
- Minova profit down 9% on the pcp negatively impacted by the under-recovery in the market of steel input prices;
- Record result for Chemicals with EBIT at $86M, 19% ahead of last year, reflecting strong volumes in Mining Chemicals and higher caustic prices; and
- Record result in Consumer Products with EBIT up 2% to $61M driven by market share gains and productivity improvements.

Note: numbers in this report are subject to rounding.

	Six Months Ended March		
A$M	**2009**	**2008**	**Change F/(U)**
Sales Revenue	3,960.2	3,009.6	32%
Underlying Results			
EBIT	469.4	423.0	11%
Net interest expense	(71.5)	(90.4)	21%
Tax expense	(113.8)	(90.5)	(26%)
Minority interests	(19.9)	(12.3)	(62%)
NPAT and minority interests	**264.2**	**229.8**	**15%**
Earnings per ordinary share (cents)	68.6	68.7	(0%)
Return on shareholders' funds	12.6%	17.0%	
Results including individually material items:			
Individually material items after tax and minority interests	(43.8)	(5.3)	
NPAT and minority interests	**220.4**	**224.5**	**(2%)**
Earnings per ordinary share (cents)	56.4	67.0	(16%)
Return on shareholders' funds	10.5%	16.6%	
Financial Items			
Interim ordinary dividend per share	40.0	39.0	3%
Payout Ratio	54.4%	53.5%	
Net debt	1,477.0	2,184.5	32%
Gearing (2)	25.7%	42.9%	
Gearing (adjusted) (3)	30.0%	47.8%	
Interest cover (times)	6.6	4.7	
Average exchange rate (A$/US$)	66.7	89.7	26%

OUTLOOK - 2009

- Our businesses continue to show considerable resilience. Accordingly, we see no reason to alter our previous guidance that we expect Group net profit after tax (before individually material items) in 2009 to be higher than that reported in 2008. However we remain vigilant because of unpredictable global market conditions.

(1) Before individually material items.
(2) Net debt/(net debt + book equity).
(3) Calculation as per Note (2) with Step-Up Preference Securities (SPS) notionally treated as 50% Debt and 50% equity.

REVENUE

- Revenue of $4.0B increased by $951M (+32%), driven primarily by:
  - Higher AN pricing;
  - Higher volumes in Mining Chemicals and firm pricing conditions for caustic;
  - Market share increases in Consumer Products;
  - The recovery of higher input costs across most business segments;
  - Contributions from newly acquired businesses; and
  - Favourable foreign exchange movements ($423M).

Revenue Summary

A$M	2009	2008	Change F/(U)
	Six Months Ended March		
Mining Services	2,215.6	1,580.9	40%
Minova	503.2	337.0	49%
Chemicals	810.8	682.5	19%
Consumer Products	469.2	446.6	5%
Other & Eliminations	(38.6)	(37.4)	(3%)
Total sales revenue	**3,960.2**	**3,009.6**	**32%**
Other income	12.7	20.3	(37%)
Total	**3,972.9**	**3,029.9**	**31%**

EARNINGS BEFORE INTEREST AND TAX (EBIT)

- Total EBIT increased by 11% to $469M (pcp: $423M) primarily due to:
  - Productivity and synergy benefits of $37M;
  - Net change of $25M due to volume and price. Pricing improved largely due to improved ammonium nitrate pricing and higher caustic prices. Overall volumes were marginally down due to slowdown in demand; and
  - Favourable ammonia lag of $14M;

  Partly offset by:
  - Inflationary effect on fixed costs of $27M;
  - Under-recovery in the market of US steel input prices of $15M; and
  - Increased Corporate and Support costs of $11M (refer below).

Earnings Summary

A$M	2009	2008	Change F/(U)
	Six Months Ended March		
EBIT			
Mining Services	319.0	271.1	18%
Minova (1)	58.5	64.0	(9%)
Chemicals	86.3	72.7	19%
Consumer Products	61.1	59.9	2%
Corporate Centre	(23.0)	(29.0)	21%
Other Support Costs	(32.5)	(15.7)	(107%)
Total EBIT	**469.4**	**423.0**	**11%**
Net Interest	(71.5)	(90.4)	21%
Tax expense	(113.8)	(90.5)	(26%)
Minority interests	(19.9)	(12.3)	(62%)
NPAT and minority interests	**264.2**	**229.8**	**15%**
Individually material items after tax	(43.8)	(5.3)	
NPAT and individually material items	**220.4**	**224.5**	**(2%)**

(1) Inclusive of $2M acquisition accounting entries in 2008

INTEREST

- Net interest expense of $72M decreased by $19M from the pcp, mainly due to lower net debt levels post the Rights Issue and lower average interest rates than the pcp.
- Interest cover was 6.6 times (pcp 4.7 times).

CORPORATE CENTRE & SUPPORT COSTS

- Corporate centre costs of $23M were $6M lower than pcp predominantly due to the costs associated with the cancellation of the 5% preference shares in the pcp ($7.6M).
- Other support costs of $33M were $17M higher than the pcp, primarily due to mark-to-market loss on EBIT hedges ($10.1M) and loss on ineffective hedges ($4.4M).

TAX EXPENSE

- Tax expense was $114M with an effective tax rate of 28.6% (pcp: 27.2%). The higher effective rate was primarily a result of a decrease in foreign deductions and an increase in non-deductible expenses.

NET PROFIT

- Net profit after tax before individually material items increased 15% to $264M (pcp: $230M).
- Net profit after tax and individually material items was down 2% to $220M (pcp: $225M).

INDIVIDUALLY MATERIAL ITEMS

- Individually material items for the period was a loss after tax of $44M (pcp: loss of $5M). This included costs related to restructuring and rationalisation activities within Mining Services ($17M); impairment of the Marplex business of $14M as a result of the deterioration in business performance driven by adverse market conditions; the ongoing integration of Dyno Nobel and Minova/Excel ($11M); and expenses relating to the postponed demerger of Consumer Products ($15M); offset by a gain on derivatives of $14M relating to the purchase of minority interests during the period.

DIVIDEND

- The directors have [increased] the interim ordinary dividend by 3% to 40 cps (pcp: 39 cps) - franked at 14 cps; and
- Franking capacity in the near term is forecast not to exceed 40%.

Individually material items after tax and minority interests	**Six Months Ended March**	
A$M	**2009**	**2008**
Restructuring & Rationalisation		
Mining Services	(17.4)	-
Asset Impairment Writedowns		
Marplex	(14.0)	-
Integration Expenses		
Dyno Nobel and Minova	(11.1)	(5.3)
Demerger Expenses		
Consumer Products	(15.3)	-
Gain on derivatives	14.0	-
Total	(43.8)	(5.3)

Ordinary dividend	**Six Months Ended March**		
			Change
	2009	**2008**	**F/(U)**
Interim Ordinary Dividend			
- CPS	40.0	39.0	3%
- Franking %	35.0%	35.9%	

BANK DEBT FACILITIES

- Bank debt facilities total $2.3B of which $0.5B was drawn at 31 March 2009;
- $1.1B of Orica's bank debt facilities mature in October 2009;
- A further $1.2B of bank debt facilities have maturity dates in December 2010 and 2012;
- The existing facilities are multi currency, flexible and cancellable at Orica's option; and
- Orica has commenced discussions with its banking partners on extending these facilities.

BALANCE SHEET

- **Key balance sheet movements since March 2008 were:**
  - Trade working capital (TWC) has decreased by $8M compared to the pcp as a result of an underlying improvement in TWC of $80M, offset by an unfavourable foreign exchange impact of $72M;
  - Rolling TWC to sales (2) has improved to 14.6% (pcp: 14.9%);
  - Net property, plant and equipment (PP&E) is $300M up on the pcp mainly due to spend on growth projects ($232M). Of significance are Mining Services growth projects including Bontang ($82M) and the Brownsburg Electronic Blasting Systems (EBS) project ($31M); Gladstone caustic soda storage tanks ($18M) within Chemicals and new OCP powder coatings site ($8M) . Foreign exchange translation has increased PP&E by $65M compared to the pcp;
  - Intangible assets are up $368M mainly due to the impact of foreign exchange translation on intangible assets ($224M) and acquisition of businesses/entities;
  - Net other liabilities increased by $6M mainly due to an increase in the defined benefit superannuation fund deficit ($125M) offset by an increase in investments in associates ($119M);
  - Net debt decreased by $708M mainly as a result of proceeds from the Rights Issue in August 2008 offset by current spend on acquisitions and various growth projects;
  - Orica shareholders equity increased by $1,333M, mainly due to an increase in share capital of $980M (primarily from the Rights Issue ($885M) and shares issued through the underwritten Orica Dividend Reinvestment Plan ($123M)) offset by share movements under the LTEIP plan ($30M). Other contributing factors include an increase in the foreign currency translation reserve ($364M) over the pcp; and
  - Minority interests have increased by $29M due to capital contributions, impact of foreign exchange and higher business profits.

Balance Sheet

A$M	March 2009	Sept 2008	March 2008
Inventories	834.8	824.3	716.6
Trade Debtors	954.5	1,023.6	871.1
Trade Creditors	(883.9)	(1,021.6)	(674.8)
Total Trade working capital	905.4	826.3	912.9
Net property, plant & equipment	2,141.1	2,052.3	1,840.9
Intangible assets	3,174.2	3,012.6	2,806.5
Net other liabilities	(471.8)	(552.3)	(465.6)
Net debt	(1,477.0)	(1,020.5)	(2,184.5)
Net Assets	**4,271.9**	**4,318.4**	**2,910.2**
Orica shareholders' equity	4,159.8	4,221.5	2,827.3
Minority interests	112.1	96.9	82.9
Equity	**4,271.9**	**4,318.4**	**2,910.2**
Gearing	**25.7%**	**19.1%**	**42.9%**
Gearing (adjusted) (1)	**30.0%**	**23.8%**	**47.8%**

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

- **Key balance sheet movements since September 2008 were:**
  - TWC increased by $79M, largely due to a reduction in trade creditors and the unfavourable impact of foreign exchange translation of $23M;
  - Net property, plant and equipment is up $89M mainly due to spending on growth projects ($92M), sustenance spending ($75M) and foreign exchange translation impact ($33M); offset by depreciation of $102M;
  - Intangible assets increased by $162M, mainly arising from the impact of foreign exchange translation ($145M) and acquisitions ($27M) offset by amortisation of $23M; and
  - Net debt increased by $457M largely due to acquisitions of $157M, an increase in TWC of $79M, an increase in non TWC of $105M and dividend paid of $198M.

GEARING

- Post the Rights Issue, accounting gearing (net debt/(net debt + equity)) decreased to 25.7% from 42.9% in March 2008. 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 30% (pcp 47.8%).

(2) Rolling 12-month average TWC / Rolling 12-month total sales

CASH FLOW

- Net operating cash inflows increased by $56M to $217M, compared with the pcp mainly due to:
  - EBITDA growth of $66M to $595M (pcp $528M);
  - $13M reduction in interest paid, mainly due to lower interest rates and lower average net debt level compared to the same period last year; and
  - A reduction in trade working capital outflows of $56M due to an improvement in working capital management;

  Offset by:
  - An increase in non-trade working capital outflows of $50M largely due to one-off costs associated with restructuring activities within Mining Services and costs associated with the postponed OCP demerger ; and
  - $29M increase in income tax paid due to earnings growth and the timing of payments.
- Net investing cash outflows of $321M decreased by $645M from $966M in the pcp. The decrease was mainly due to:
  - A reduction in acquisitions of $655M. In the pcp, $781M of acquisition spend was related to Excel;

  Partly offset by:
  - $13M increase in growth capital spending.
- Net financing cash inflows decreased by $563M to $107M (pcp inflow $670M) mainly due to:
  - Cash dividends paid to Orica shareholders increased by $198M primarily due to the absence of a fully underwritten Dividend Reinvestment Plan (DRP) in the current period ($163M in the pcp) and an increase in dividends paid ($30M) as a result of an increase in shares issued following the Rights Issue;
  - A net increase in outflows of $24M to acquire shares on market for the LTEIP program; and
  - A reduction in inflows from borrowings of $309M.

Statement of Cash Flows	**Six Months Ended March**		
			Change
A$M	**2009**	**2008**	**F/(U)**
Net operating Cash Flows			
EBIT	469.4	423.0	11%
Add: Depreciation	102.0	85.2	(20%)
Add: Amortisation	23.1	20.2	(14%)
EBITDA	594.5	528.4	13%
Net interest paid	(68.7)	(81.7)	16%
Net income tax paid	(125.4)	(96.4)	(30%)
Trade Working Capital mvt	(78.4)	(134.3)	
Non Trade Working capital mvt	(104.7)	(54.9)	
	217.3	161.1	
Net investing cash flows			
Capital spending			
Sustenance capital [1]	(80.0)	(80.8)	1%
Growth capital	(90.9)	(77.5)	(17%)
Total Capital Spending	(170.9)	(158.3)	(8%)
Acquisitions	(157.3)	(812.3)	81%
Proceeds from surplus asset sales and businesses	7.1	4.6	54%
	(321.1)	(966.0)	
Net financing cash flows			$M
Net proceeds from share issues (inclusive of minorities)	1.6	109.2	(107.6)
Net (payments)/proceeds from LTEIP [2]	(31.3)	(7.5)	(23.8)
Movement in borrowings	363.8	672.6	(308.8)
Dividends paid - Orica Limited	(198.0)	(80.5)	(117.5)
Distributions paid - SPS securities	(23.5)	(19.6)	(3.9)
Dividends paid - Minority shareholders	(5.8)	(4.5)	(1.3)
	106.8	669.7	(562.9)

[1] Sustenance capital

	2009	2008
Routine	(80.0)	(76.0)
Major shutdown/turnaround	-	(4.8)
Total	(80.0)	(80.8)

[2] LTEIP - long term employee equity incentive plans

ORICA SPS

- An instalment of $24M on the SPS securities was paid during the period; and
- The distribution was unfranked and the distribution rate was calculated as the sum of the 180 Bank Bill Swap Rate (BBSW) plus a margin of 1.35%. The distribution rate for the period ending 30 November 2008 was 9.38%.

Record result with sales up 40% to $2.2B and profitability up 18% to $319M.

HIGHLIGHTS

- Profitability up $48M, despite difficult trading conditions;
- Benefits of improved AN pricing continued;
- Productivity and restructuring initiatives, implemented swiftly in response to slowing demand, are already delivering benefits;
- Productivity benefits generally offset the impact of weak demand in base metal and infrastructure markets;
- Volumes into gold, thermal coal and copper markets remained solid;
- Strong growth in EBS volume period on period, despite slowing demand in some segments;
- Bolt-on acquisitions delivered to expectation;
- Benefit of falling input costs, with favourable lag impact on cost pass-throughs of approximately $14M; and
- Foreign exchange movements, net of hedging costs, positively impacted earnings by $20M.

BUSINESS SUMMARIES

Australia/Asia

- EBIT of $171M, up 13% on the pcp despite negative impact from foreign exchange of $9M (transactional impact);
- Favourable lag impact on ammonia cost recovery;
- AN volume growth of 2% on the pcp despite slowing demand in some segments, due mainly to strong demand from thermal coal;
- Favourable customer and product mix; and
- Continued benefits from improved AN pricing.

North America

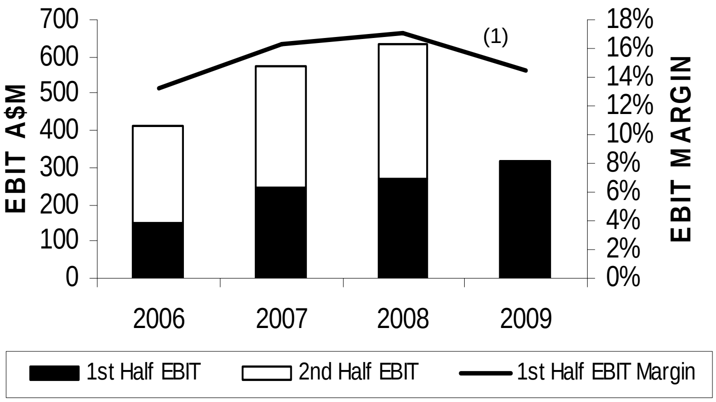
- EBIT of $57M, up 56% on the pcp;
- Favourable impact from foreign exchange on earnings net of hedging costs of $1M;
- The impact of significant slowdown in infrastructure markets has been mostly offset by the benefits of productivity programs;
- Demand from coal markets has remained steady;
- EBS volume remained strong, up 18% on the pcp, despite slowing demand in some segments; and
- Acquisitions are delivering to expectation.

(1) Decline in the EBIT margin is due to the net effect of exchange rate changes on revenue and earnings, and the pass through of the dollar costs of higher input prices

EARNINGS

	Six Months Ended March		
A$M	2009	2008	Change F/(U)
Sales Revenue	2,215.6	1,580.9	40%
EBIT	319.0	271.1	18%
Operating Net Assets	2,847.6	2,498.7	14%
EBIT:			
Australia/Asia	170.9	151.2	13%
North America	56.8	36.4	56%
Latin America	63.9	38.7	65%
EMEA	27.4	44.8	(39%)

EBIT TREND



Latin America

- EBIT of $64M, up 65% on the pcp;
- Favourable impact of foreign exchange on earnings of $23M (mostly transactional);
- Generally flat market conditions.

Europe, Middle East and Africa (EMEA)

- EBIT of $27M, down 39% on the pcp;
- Favourable foreign exchange benefit of $5M (mostly translational);
- Volume down on the pcp due to significant downturn in infrastructure markets, with volumes in that segment down between 20-30%; offset partly by
- Cost reductions from productivity initiatives.

PERSPECTIVES FOR 2009

- Demand in base metal and infrastructure markets expected to remain weak;
- Continued growth in EBS and Blast Based Services (BBS);
- Further productivity benefits to be delivered from restructuring initiatives; and
- Continued benefits of a weaker Australian dollar.

Profit down by 9%.

EARNINGS

A$M	Period Ended March 2009	2008	Change F/(U)
Sales Revenue	503.2	337.0	49%
EBIT	58.5	64.0	(9%)
Operating Net Assets	2,039.3	1,680.9	21%

HIGHLIGHTS

- Integration activity is on plan with $14M EBIT synergies delivered;
- Despite global slowdown, volumes remained steady in most markets;
- Prices remained reasonably steady in most markets except the US steel business, where earnings were significantly impacted by the under-recovery in the market of steel input prices ($15M);
- Tunnelling activity showed steady growth with sales up 18% on the pcp;
- Bolt-on acquisitions, including Strata Control Systems (Australia), BWZ (Germany) and Arnall (Poland), delivered to expectation; and
- Foreign exchange movements, net of hedging costs, positively impacted earnings by $6M.

BUSINESS SUMMARIES

Minova Americas:

- EBIT significantly impacted by the under-recovery of steel input costs;
- Bolt volumes down 7% due to market slow-down and market share losses in 2008;
- Resin capsule volumes up 3% and powder volumes increasing in a growing ventilation seals market;
- Benefit of foreign exchange movements offset partly by hedging costs; and
- The business has successfully implemented a number of profit improvement initiatives and further productivity and restructuring initiatives are underway.

Minova Europe:

- Contribution from bolt-on acquisitions of Arnall and BWZ delivering above expectations;
- Steady volumes into coal markets in Poland, Germany, the UK and the Czech Republic;
- Stronger tunnelling activity period on period;
- Volume declines in Russia and the Ukraine due mainly to slowdown in metallurgical coal markets; and
- Net unfavourable EBIT impact of foreign exchange due to significant devaluation of currencies in Eastern Europe.

Australia, Pacific and Africa (APA):

- Market conditions in Australia were reasonably firm with volumes in line with prior period despite some temporary mine closures;
- Contribution from the Strata Control Systems acquisition in 2008 delivering to expectation;
- Favourable product mix in Australia, with an increase in contribution from emergency services;
- Penetration of the Chinese market continues, with strong volume growth and sales growth of more than 100%; and
- Market share maintained in South Africa despite softer market conditions. Small bolt-on acquisitions are delivering in line with expectations.

PERSPECTIVES FOR 2009

- Continued progress on the integration of acquisitions;
- Profit improvement in the US steel business;
- Steady demand in civil engineering markets;
- Challenging conditions in mining markets across most regions; and
- Tight cost control and productivity focus.

Record result with sales up 19% to $811M and profitability up 19% to $86M.

HIGHLIGHTS

- Record result from Mining Chemicals;
- Synergies from merger of Chemnet and Chemical Services delivering to expectation with EBIT benefits of $5M delivered in the period;
- Additional productivity benefits delivered through tight cost control and restructuring initiatives across all business segments in response to economic conditions and slowdown in demand;
- Global caustic price remained high; and
- Performance turnaround in Bronson & Jacobs.

BUSINESS SUMMARIES

Chemnet

- Chemnet sales up 13% on the pcp due mainly to the recovery of cost increases impacted by foreign exchange movements which offset the impact of lower volume;
- Significant improvement in Bronson & Jacobs with sales up 11% on the pcp reflecting improved customer service and increased market share in the food and nutrition market segments;
- The Latin American business maintained steady volumes period on period, though experienced margin pressure from rising input costs; and
- Significant volume declines in Marplex (-30%); Chemnet Australia (-20%) and Chemnet NZ (-4%) due to slowdown in the automotive, mining, construction and manufacturing sectors in Australia and New Zealand, partly offset by new volumes associated with the Shell lubricants business in New Zealand.

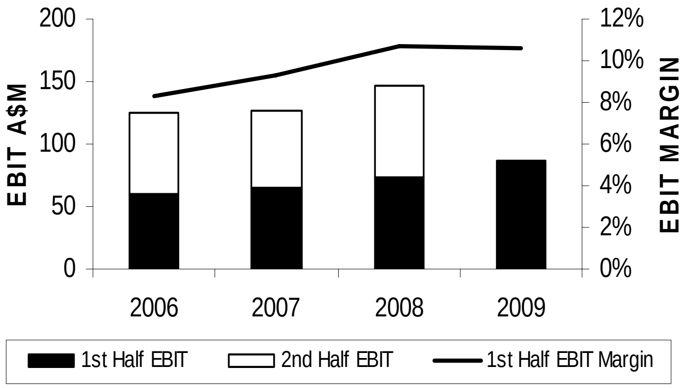
Watercare

- Sales in Watercare were up 12% on the pcp reflecting higher global caustic prices; and
- Volume down 5% on the pcp due to slowdown in demand for all major product groups.

EARNINGS

A$M	Six Months Ended March 2009	2008	Change F/(U)
Sales Revenue	810.8	682.5	19%
EBIT	86.3	72.7	19%
Operating Net Assets	829.5	822.6	1%
Business Sales:			
Chemnet	548.7	486.5	13%
Watercare	126.4	112.9	12%
Mining Chemicals	137.8	98.3	40%

EBIT TREND



Mining Chemicals (including Industrial Chemicals)

- Sales in Mining Chemicals up 40% on the pcp, primarily attributable to stronger sodium cyanide volumes and the favourable impact of a weaker Australian dollar.

PERSPECTIVES FOR 2009

- Synergies from the Chemicals merger will continue to flow through;
- Sodium cyanide demand expected to remain firm;
- Caustic prices expected to soften;
- Demand in automotive and general manufacturing sectors expected to remain soft; and
- Continued focus on productivity and cost control.

Record sales up 5% on the pcp to $469M, and record first half EBIT performance with earnings up 2% on the pcp to $61M.

HIGHLIGHTS

- Sales revenue increased by 5% on the pcp despite market decline and increased competition;
- Earnings growth for Paints driven by market share growth;
- Earnings growth for Selleys driven by new products and category growth
- Continued growth in the Yates business following restructuring initiatives;
- Strong productivity focus across all business segments in response to soft market conditions and rising input costs.

BUSINESS SUMMARIES

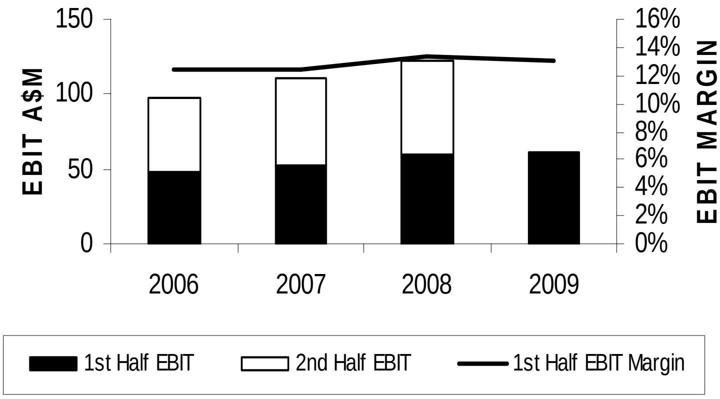
Coatings

- Sales revenue growth of 9% on the pcp;
- Australian Retail earnings were ahead of last year primarily due to market share increases (which offset the impact of overall market decline) and continuing marketing investment in key brands;
- Australian trade paint earnings were consistent with the pcp driven by market share gains in a weaker market and improved productivity;
- New Zealand earnings were down significantly on lower market volumes;
- Texture Coatings earnings were above the pcp primarily due to revenue growth;
- Woodcare earnings were marginally below the pcp, due mainly to significant input cost increases;
- Powder coatings ANZ business delivered earnings well below pcp due to significant decline in market demand;
- Strong performance from PNG, driven by volume growth; and
- Sales growth in China following acquisition of Sopel woodcare business in November 2008.

EARNINGS

A$M	Six Months Ended March 2009	2008	Change F/(U)
Sales Revenue	469.2	446.6	5%
EBIT	61.1	59.9	2%
Operating Net Assets	311.5	257.5	21%
Business Sales:			
Coatings	352.6	335.4	5%
Home and Garden *	116.6	111.2	5%
* Selleys & Yates			

EBIT TREND (1)



Home Improvement and Garden Care

- Earnings growth for Selleys driven by revenue and productivity improvements; and
- Continued earnings improvement by Yates, delivering productivity benefits from the ongoing restructuring program and marketing initiatives.

PERSPECTIVES FOR 2009

- Market softness expected to continue, particularly in Powders and New Zealand;
- Continued development of China business platform; and
- Continued focus on productivity and cost control.

(1) Excludes the $9.5M Yates restructuring provision in 2007

SAFETY

We are sad to report the tragic deaths of four employees in separate incidents across the world in October and November 2008. The Company is committed to ensuring the safety of our employees and is continuing to implement preventative measures and learnings arising from these fatalities, as well as other actual incidents and external benchmarking.

The Company achieved an all worker recordable case rate (number of injuries and illnesses per 200,000 hours worked) of 0.63, compared with 0.73 for the previous year. Whilst the overall rate has improved, this in no way lessens the ongoing focus on safety in all the businesses.

The number of significant distribution incidents has increased compared to the corresponding period last year. There continues to be an ongoing focus on reducing distribution incidents as the Company implements enhanced and consistent transport safety procedures across both the Group and within its transport service providers.

SUSTAINABILITY

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 2008 levels, improvement has been made in the March half year on greenhouse gas emissions, water consumption and waste generation. Energy consumption has increased slightly compared to the 2008 March half year due to periodic shutdowns and start ups at major sites. Water consumption and waste generation continue to remain below Challenge 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 emissions. 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.

Progress continues to be made in exploring options to export Hexachlorobenzene (HCB) waste for destruction in dedicated facilities in Europe.

MERGERS & ACQUISITIONS, DEVELOPMENT

- Due to economic uncertainty and general slowdown in demand in most of our market segments, 2009 has been a period of consolidation and integration of recent acquisitions.
- The integration of Minova/Excel continued on-track, with synergies of $14M now delivered.
- The integration of bolt-on acquisitions in Mining Services, Minova and Consumer Products have been successful, with acquisitions delivering to or above expectations. This includes, the acquisitions of Strata Control Systems, BWZ and Arnall in Minova, South West Energy in Mining Services and Sopel in Consumer Products, among other smaller acquisitions.
- The acquisition of an additional 49% interest (taking Orica's interest to 99%) in Samex, an explosives distribution business in Peru was completed in December 2008.
- Work continued on the development of the 300ktpa AN facility in Bontang, Indonesia, with cumulative spend to date of $82M. Site reclamation work continued and is now almost complete. A Letter of Intent was signed in March 2009 for the Engineering, Procurement and Construction (EPC) contract, and it is expected that a contract will be signed by end of May 2009. The overall project is tracking to plan with commissioning expected in 2011.
- Feasibility work continued on other AN expansion options in Australia and Latin America. The optimal timing of these projects will be dependent on market conditions and improvement in demand.
- Feasibility work continued on the ammonia plant expansion project at Kooragang Island for a proposed uprate of 65ktpa to the existing ammonia plant, with a target completion date of late 2011.

Further Information

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