Orica Limited
ABN 24 004 145 868

ASX Announcement

ORICA DELIVERS A DECADE OF UNDERLYING PROFIT GROWTH

Orica today announced a net profit after tax and individually material items of $642 million for the full year ended 30 September 2011. In 2010, net profit after tax and individually material items, including the profit from the demerger of DuluxGroup, was $1.3B. Excluding the earnings contribution from DuluxGroup[1] in the previous corresponding period (pcp), net profit after tax before materially individual items was up 4%.

The Board has declared a final dividend of 53 cents per ordinary share, franked at 100 percent.

Orica Managing Director & CEO Graeme Liebelt said the Company's performance for 2011 reflected the strength of strategic direction of the business and focus on fundamentals.

"Orica's strategy of concentrating on the mining and infrastructure markets has proven resilient with the delivery of a decade of underlying profit growth.

"While we faced some challenging conditions during the year, including the adverse impacts of foreign exchange, weather, price competition in Minova and the continued shutdown of the Kooragang Island ammonia plant, our employees have responded well.

"There has been a strong recovery in demand in the second half in some of our markets and this, combined with our continued focus on productivity, has delivered this pleasing result.

"Orica Mining Services achieved a record result with earnings before interest and tax (EBIT) up 6% to $817 million. This reflects stronger volumes and productivity benefits and, while pricing improved, the overall pricing environment during the year was relatively weak due in part to the appreciation of the Australian dollar. Mining Services has experienced continuing strong demand in coal and metals markets, particularly in North America, Australia and Latin America. Ammonium nitrate volumes were up 9% compared to the pcp with improved market conditions in most regions. Volumes from Electronic Blasting Systems again showed strong growth, improving 19% compared to the pcp.

"The Minova business has had a disappointing result with EBIT down 29% to $105 million. Strong competition, particularly in North America, continues to negatively impact margins. Volumes across most market segments improved although the Chinese market was down due to customers experiencing mining conditions which reduced demand for injection chemicals.

"While it has been a difficult year, we believe that we have seen the worst and expect Minova to improve in the next year.

[1] DuluxGroup demerged on 9 July 2010

“Chemicals achieved another record result with EBIT of $196 million, up 4% on the pcp. This result was achieved despite lower manufactured sodium cyanide volumes in the early part of the year, resulting from the planned shutdown of the Yarwun sodium cyanide plant to uprate capacity to 95ktpa. The full benefit of the uprate is expected in 2012.

“General Chemicals sales were up 6% on the pcp due to higher commodity prices and higher volumes. In Mining Chemicals, sales were up by 6% on the pcp due to improved pricing. Specialty emulsions achieved record sales volumes as a result of higher explosives demand.

“We continue to progress a number of significant growth projects, and some are nearing completion.

“The uprate of the ammonia plant at Kooragang Island to 360ktpa was initially completed in August. We regret that during the restart of the plant, an incident occurred resulting in an amount of sodium chromate containing hexavalent chromium being released, traces of which were found in northern parts of the adjacent Stockton area. Independent toxicology studies concluded that there was no threat to human health. The incident resulted in the plant being shut down. The company is working with authorities and the community to rebuild confidence in its operations and we expect to restart the plant later this calendar year.

“The expansion of the ammonium nitrate plant at Kooragang Island to approximately 750ktpa continues to be progressed as quickly as possible. Commissioning is expected late in the 2014 calendar year.

“The new 300ktpa ammonium nitrate plant at Bontang, Indonesia, is now in the commissioning phase and we anticipate production to commence in the first half of the 2012 financial year. The cost of the project is expected to be 10% below the initial estimate. This project has been a highlight for Orica, including the achievement of an outstanding safety record during its construction.

“Construction of the $100 million detonator plant in Nanling, China is behind schedule but under budget and commissioning is expected in late 2012.

“We have achieved another solid result in 2011 in challenging conditions. We have maintained a sound balance sheet, our financial coverage ratios are strong, and we are well positioned for the growth opportunities ahead. The commodities market outlook is robust, and we are in a strong position, strategically and operationally, to participate in the market growth,” Mr Liebelt said.

Orica expects Group net profit after tax (pre individually material items) in 2012 to be higher than that reported in 2011, subject to global economic conditions.

7 November 2011

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ORICA LIMITED PROFIT REPORT

RESULTS FOR THE FULL YEAR ENDED 30 SEPTEMBER 2011

- **Statutory net profit after tax and individually material items for the year ended 30 September 2011 was $642M. The previous corresponding period (pcp) including DuluxGroup (DLX) was $1.3B[1].**
- **Net profit after tax (NPAT) and individually material items from continuing operations was $642M (pcp: $468M).**
- **NPAT from continuing operations before individually material items was $642M, up 4% compared with the pcp of $619M.**
- **Earnings per share[2] from continuing operations up 2% on the pcp to 173.5 cents.**

FINANCIAL HIGHLIGHTS [2]

- Earnings before interest and tax from continuing operations up 2%;
- NPAT from continuing operations up 4%;
- Operating cash flows excluding DLX up 2%;
- Rolling trade working capital to sales[3] at 13.2%;
- Gearing [4] was 26.6%, up from 22.4% in the pcp;
- Interest cover was 6.4 times[6]; and
- Final ordinary dividend is 53 cents per share (cps) - franked at 53 cps.

BUSINESS HIGHLIGHTS [2]

- Improved EBIT results for most business units due to improved volumes across some markets and some improvements in pricing and productivity which more than offset a $60M adverse foreign exchange movement net of hedging benefits;
- Record result for Mining Services with EBIT up 6% to $817M, reflecting stronger volumes and some pricing and productivity benefits, which more than offset the continued shut down of the Kooragang Island ammonia plant;
- Minova EBIT down 29% to $105M due to continued margin pressure from competitors and weak volumes in China, offset partly by stronger volumes in most regions and productivity benefits;
- Record Chemicals EBIT of $196M, 4% ahead of the pcp, reflecting improved margins and stronger demand in mining markets, offset partly by adverse foreign exchange movements and lower manufactured sodium cyanide volumes due to the planned plant shutdown at Yarwun to uprate capacity; and
- Negative first half impact of Qld floods $21M.

	Year Ended September		
A$M	**2011**	**2010**	**Change F/(U)**
Continuing operations:			
Sales Revenue	6,182.3	5,812.1	6%
Underlying Results			
EBIT	1,028.3	1,009.0	2%
Net interest expense	(123.5)	(119.6)	(3%)
Tax expense	(241.4)	(234.5)	(3%)
Non controlling interests	(21.1)	(36.1)	42%
NPAT from continuing operations	**642.3**	**618.8**	**4%**
DuluxGroup NPAT contribution [1]	-	57.0	(100%)
NPAT including DuluxGroup	**642.3**	**675.8**	**(5%)**
Earnings per ordinary share (cents)			
- from continuing operations [2]	173.5	169.5	2%
Return on shareholders' funds	17.7%	18.3%	
Results including individually material items:			
Individually material items after tax and non controlling interests	-	(150.9)	
NPAT from continuing operations	**642.3**	**467.9**	**37%**
DuluxGroup NPAT contribution [1]	-	57.0	(100%)
Individually material items after tax and non controlling interests re Dulux Group	-	793.8	(100%)
NPAT including DuluxGroup	**642.3**	**1,318.7**	**(51%)**
Earnings per ordinary share (cents)			
- after individually material items [1]	173.5	366.4	(53%)
Return on shareholders' funds	17.7%	35.7%	
Financial Items			
Interim ordinary dividend per share (cents)	37.0	41.0	(10%)
Final ordinary dividend per share	53.0	54.0	(2%)
Total ordinary dividend per share [1]	90.0	95.0	(5%)
Payout Ratio	51.0%	55.5%	
Net debt	1,408.1	1,051.6	(34%)
Gearing [4]	26.6%	22.4%	
Gearing (adjusted) [5]	31.4%	27.8%	
Interest cover (times) [6]	6.4	7.3	
Average exchange rate (A$/US$) [7]	102.5	89.9	(14%)

OUTLOOK – 2012

- We expect Group net profit after tax (pre individually material items) in 2012 to be higher than that reported in 2011, subject to global economic conditions.

1) 2010 includes the contribution from DuluxGroup (demerged 9 July 2010).
2) Before individually material items.
3) Rolling 12-mth average TWC / 12-mth total sales – excluding DuluxGroup.
4) Net debt/(net debt + book equity).
5) Calculation as per Note (4) with Orica Step-Up Preference Securities (SPS) notionally treated as 50% Debt and 50% Equity.
6) Interest cover (times) net of capitalised interest is 8.3 (pcp: 8.4).
7) Income statement translation rate.

Note: numbers in this report are subject to rounding.

REVENUE

- Sales revenue from continuing operations of $6.2B increased by $370M (6%), driven primarily by:
  - Improved underlying demand in some market segments;
  - Some improvements in AN pricing as contracts rolled over;
  - Higher average caustic and sodium cyanide prices; and
  - Revenues from minor acquisitions.

  Partly offset by:
  - Unfavourable foreign exchange movements ($462M);
  - Aggressive pricing competition in Minova North America and Europe; and
  - Adverse weather during the first half in Australia and Asia and severe winter conditions in Europe and North America, which negatively impacted volumes.

Revenue Summary			
	Year Ended September		
			Change
A$M	**2011**	**2010**	**F/(U)**
Continuing operations:			
Mining Services	3,938.0	3,610.7	9%
Minova	821.9	835.5	(2%)
Chemicals	1,510.0	1,427.4	6%
Other & Eliminations	(87.6)	(61.5)	(42%)
Sales from continuing operations	**6,182.3**	**5,812.1**	**6%**
Other income	85.7	47.9	79%
Revenue from continuing operations	**6,268.0**	**5,860.0**	**7%**
DuluxGroup	-	727.2	(100%)
Other income re DuluxGroup demerger	-	791.4	(100%)
Total Revenue	**6,268.0**	**7,378.6**	**(15%)**

EARNINGS BEFORE INTEREST AND TAX (EBIT)

- EBIT from continuing operations increased by 2% to $1,028M (pcp: $1,009M) primarily due to:
  - Net volume and margin improvements of $132M reflecting strong underlying demand in some market segments, real price increases, stronger caustic and sodium cyanide prices and favourable product mix; and
  - Productivity and synergy improvements of $36M resulting from cost control initiatives across all business platforms.

  Partly offset by:
  - Unfavourable foreign exchange movements of $60M;
  - Higher fixed costs of $55M, impacted by inflationary factors, higher depreciation and amortisation and plant closure costs in Mining Services;
  - Unfavourable lag impact on the recovery of ammonia and AN cost increases ($17M); and
  - Continued shut down of the Kooragang Island ammonia plant ($21M).

Earnings Summary			
	Year Ended September		
			Change
A$M	**2011**	**2010**	**F/(U)**
Continuing operations:			
EBIT			
Mining Services	817.0	767.7	6%
Minova	105.1	147.3	(29%)
Chemicals	196.0	188.0	4%
Corporate Centre	(42.0)	(42.4)	1%
Other Support Costs	(47.8)	(51.6)	7%
EBIT from continuing operations	**1,028.3**	**1,009.0**	**2%**
Net Interest	(123.5)	(119.6)	(3%)
Tax expense	(241.4)	(234.5)	(3%)
Non controlling interests	(21.1)	(36.1)	42%
NPAT and non controlling interests	**642.3**	**618.8**	**4%**
Individually material items after tax	-	(150.9)	
NPAT and individually material items	**642.3**	**467.9**	**37%**
DuluxGroup incl individually material items	-	850.8	(100%)
NPAT including DuluxGroup	**642.3**	**1,318.7**	**(51%)**

INTEREST

- Net interest expense of $124M was 3% higher than the pcp ($120M);
- Capitalised interest for the year was $37M (pcp $19M); and
- Interest cover was 6.4 times (pcp 7.3 times).

CORPORATE CENTRE & SUPPORT COSTS

- Corporate Centre costs of $42M were in line with the pcp; and
- Other Support costs of $48M were $4M (7%) lower than the pcp, due to a lower environmental expense, insurance settlements and mark-to-market valuation of hedging options.

TAX EXPENSE

- Tax expense was $241M with an effective tax rate of 26.7% (pcp: 26.4%) from continuing operations.

NET PROFIT

- NPAT from continuing operations before individually material items increased 4% to $642M (pcp: $619M).

INDIVIDUALLY MATERIAL ITEMS

- There were no individually material items for the period (pcp: net gain of $643M).
- The pcp net gain included the profit on the DLX demerger ($794M); offset by the Pharmaceuticals tax case loss ($98M); the establishment of a provision for the remediation of mercury contamination at Botany, New South Wales ($32M); an increase in environmental provisions for hexachlorobenzene (HCB) waste disposal ($13M); and Minova integration costs ($9M).

Individually material items after tax and non controlling interests A$M	**Year Ended September** 2011	2010
Pharmaceuticals tax case	-	(97.8)
Environmental provisions		
Mercury remediation	-	(31.5)
HCB remediation	-	(12.7)
Integration Expenses		
Minova	-	(8.9)
Demerger of DuluxGroup	-	793.8
Total	-	642.9

DIVIDEND

- The directors have declared a final ordinary dividend of 53 cps – franked at 53cps;
- Adjusting for the impact of the DLX demerger[(1)], the final 2011 ordinary dividend represents a 1 cps increase; and
- It is anticipated that next year dividends will be partly franked at a rate of no more than 40%.

Ordinary dividend	**Year Ended September** 2011	2010	**Change F/(U)**
Final Ordinary Dividend			
- CPS	53.0	54.0	(2%)
- Franking %	100.0%	100.0%	
Interim Ordinary Dividend			
- CPS	37.0	41.0	(10%)
- Franking %	48.6%	39.0%	

DEBT FACILITIES

- The weighted average tenor of drawn debt facilities is approximately 7.1 years;
- Total US Private Placement debt is $1.4B. USD40M is maturing in October 2012;
- Drawn debt under bilateral bank facilities and export credit agency funding was $185M and $102M respectively, with a total facility size of $2.3B;
- In July 2011, Orica refinanced $2.1B of existing bilateral bank facilities across 1,2,3,4 and 5 year maturity dates. The weighted average tenor of bilateral bank facilities is now approximately 3.1 years; and
- Average funding cost (including fees for undrawn facilities) for the period was 7.1% (pcp: 7.9%).

(1) Calculated as continuing EBIT / EBIT x total dividend.

BALANCE SHEET

- **Key balance sheet movements since September 2010 were:**
  - Trade working capital (TWC) has increased by $5M from the pcp as a result of an underlying increase of $8M, and acquisitions of $8M; offset by a favourable foreign exchange impact of $11M;
  - Rolling TWC to sales(2) is comparable to 2010 at 13.2% (pcp: 13.0%);
  - Net property, plant and equipment (PP&E) is $475M up on the pcp, mainly due to spend on growth projects ($433M), sustenance capital ($230M) including $33M turnaround spend on the Kooragang Island ammonia plant, capitalised interest ($37M) and PP&E from acquired businesses ($5M). These were offset by depreciation ($188M), foreign exchange translation ($24M) and disposals ($17M). Significant growth spend since the pcp within Mining Services included Bontang ($133M), Kooragang Island ($95M) and Nanling ($29M). Chemicals spend included the Yarwun sodium cyanide uprate ($17M);
  - Intangible assets are down $6M since pcp mainly due to the impact of foreign exchange translation ($41M) and amortisation ($37M), offset by the acquisition of businesses/entities ($45M) and capital expenditure ($30M) including $19M on the global SAP upgrade;
  - Net other liabilities decreased by $125M due predominantly to environmental spend ($82M);
  - Net debt increased by $357M due to dividend payments and increased capital expenditure, offset by operating cash flows; and
  - Orica shareholders' equity increased by $232M, mainly due to increased earnings net of dividends declared and an increase in shares on issue for settlement of dividends under the Dividend Reinvestment Plan, offset by a decrease in the foreign currency translation reserve ($59M).

Balance Sheet A$M	Sept 2011	March 2011	Sept 2010
Inventories	614.5	575.0	541.3
Trade Debtors	846.1	787.9	744.6
Trade Creditors	(859.8)	(662.2)	(690.3)
Total Trade working capital	600.8	700.7	595.6
Net property, plant & equipment	2,709.7	2,356.0	2,235.2
Intangible assets	2,505.4	2,412.0	2,510.9
Net other liabilities	(532.2)	(587.2)	(657.5)
Net debt	(1,408.1)	(1,318.2)	(1,051.6)
Net Assets	**3,875.6**	**3,563.3**	**3,632.6**
Orica shareholders' equity	3,754.3	3,453.6	3,522.7
Non controlling interests	121.3	109.7	109.9
Equity	**3,875.6**	**3,563.3**	**3,632.6**
Gearing	**26.6%**	**27.0%**	**22.4%**
Gearing (adjusted) (1)	**31.4%**	**32.1%**	**27.8%**

- **Key balance sheet movements since March 2011 were:**
  - TWC decreased by $100M due to an underlying decrease of $124M offset by a favourable foreign exchange translation impact of $12M and TWC from acquired businesses of $12M;
  - Net property, plant and equipment was up $354M mainly due to capital spend ($430M), capitalisation of interest ($19M) and foreign exchange translation impacts ($26M), offset by disposals ($11M) and depreciation ($96M);
  - Intangible assets increased by $93M, due to acquisitions ($40M), capital expenditure ($24M) and the impact of foreign exchange translation ($49M) which was partly offset by amortisation ($20M); and
  - Net debt increased by $90M largely due to dividends paid in the second half of $139M and spend on capital/acquisitions of $499M, partly offset by operating cash flows in the second half of $616M.

GEARING

- Accounting gearing(3) increased to 26.6% from 22.4% at September 2010. In accordance with accounting standards, the SPS are recognised as equity; and
- Adjusted gearing, which treats the SPS as 50% equity and 50% debt (Standard & Poors credit rating treatment), was 31.4% (pcp 27.8%).

1) Gearing recalculated with SPS notionally reclassified as 50% equity and 50% debt.
2) Rolling 12-month average TWC / 12-month total sales – excluding DuluxGroup.
3) Net debt/(net debt + equity).

CASH FLOW

- Net operating cash inflows decreased by $46M to $758M, compared with the pcp mainly due to:
  - EBITDA reduction of $88M, due in part to the demerger of DLX ($107M);
  - A lower cash inflow from the movement in trade working capital of $3M ($54M pcp);
  - Increased outflows from NTWC of $17M; and
  - Reduced 'Other' cash outflows of $46M.
- Net operating cash inflows excluding DLX increased $16M.
- Net investing cash outflows increased by $68M to $766M, compared with the pcp due to:
  - Higher sustenance capital of $49M including turnaround spend at the Kooragang Island ammonia plant;
  - Increased spending on current growth capital projects of $101M, being the Bontang, Kooragang Island and Nanling projects; and
  - A reduction in spend on acquisitions of $89M from the pcp.
- Net financing cash flows increased by $59M to an inflow of $19M, mainly due to:
  - A net increase in proceeds from external borrowings of $55M (net of the debt disposed of in the DLX demerger);
  - Lower dividends paid of $25M; and
  - The pcp included an $18M outflow on shares purchased on market for Long Term Executive Incentive Plan (LTEIP) holders.

  Partly offset by:
  - An additional $30M of proceeds from eligible employees for repayment of LTEIP loans in the pcp; and
  - An increase in SPS distributions paid of $6M due to a higher distribution rate.

ORICA SPS

- Two distributions totalling $32M on the SPS were paid during the period;
- The distribution was unfranked and the distribution rate was calculated as the sum of the 180 day Bank Bill Swap Rate (BBSW) plus a margin of 1.35%. The distribution rate for the current period ending 29 November 2011 is 6.52% pa;

Statement of Cash Flows	**Year Ended September**		**Change**
A$M	**2011**	**2010**	**F/(U)**
Net operating cash flows [1]			
EBIT	1,028.3	1,101.4	2%
Add: Depreciation	187.5	198.6	6%
Add: Amortisation	36.7	40.9	10%
EBITDA	1,252.5	1,340.8	(7%)
Net interest paid	(143.8)	(136.6)	(5%)
Net income tax paid	(229.7)	(237.2)	3%
Trade Working Capital mvt	2.8	54.4	95%
Non Trade Working capital mvt	(51.7)	(34.4)	
FX mvt on debt/reserves	24.6	(40.8)	
Other	(96.5)	(142.5)	
	758.2	803.7	
Net investing cash flows			
Capital spending			
Sustenance capital [2]	(240.9)	(192.3)	(25%)
Growth capital	(451.7)	(350.4)	(29%)
Total Capital Spending	(692.6)	(542.7)	(28%)
Acquisitions	(91.7)	(180.6)	49%
Proceeds from surplus asset sales, investments and businesses	18.3	25.5	(28%)
	(766.0)	(697.8)	
Net financing cash flows			$M
Net proceeds from share issues (inclusive of non controlling interests)	13.7	45.8	(32.1)
Net (payments)/proceeds from LTEIP [3]	(14.1)	(31.6)	17.5
Movement in borrowings	347.6	47.7	299.9
Debt disposal from DLX demerger	-	245.0	(245.0)
Dividends paid - Orica Limited	(280.3)	(298.1)	17.8
Distributions paid - SPS securities	(32.2)	(25.9)	(6.3)
Dividends paid - NCI shareholders	(15.8)	(22.5)	6.7
	18.9	(39.6)	58.5
[2] Sustenance capital			
Routine	(208.0)	(192.3)	
Major shutdown/turnaround	(32.9)	-	
Total	(240.9)	(192.3)	
[1] Net operating cash flows excluding DuluxGroup	758.2	742.6	2%

[3] LTEIP - long term employee equity incentive plans

- On 13 October 2011 Orica notified holders of the SPS that it would repurchase the SPS with effect from 29 November 2011;
- The repurchase amount is $500M plus pro-rata unfranked distributions and interest expense totalling $16.3M; and
- Orica will use existing bilateral bank facilities to fund the repurchase.

Record result with EBIT up 6% to $817M.

HIGHLIGHTS

- Continuing strong demand conditions in coal and metals markets in North America, Australia and Latin America. Slow recovery in quarry markets in North America, Nordics, Europe, and CIS;
- AN volumes up 9% compared to the pcp, with improved conditions in most mining markets;
- Strong growth in Electronic Blasting Systems (EBS) with volumes up 19% versus the pcp;
- Improved, but more difficult, pricing environment due in part to the appreciation of the AUD;
- Continued work on productivity with benefits of $25M versus the pcp; and
- Hedging benefits mostly offset the impact of unfavourable foreign exchange movements.

BUSINESS SUMMARIES

Australia/Asia

- EBIT of $467M, up 7% ($31M) on the pcp, achieved mostly through improved pricing, stronger volumes in South Eastern and Western Australia and productivity benefits;
- AN volumes up 9% due to coal and metals mining demand and the strong recovery in the second half from heavy rain in North Eastern Australia during the first half. This was partly offset by ongoing rain in Indonesia;
- Continued shutdown of the Kooragang Island ammonia plant due to loss of containment;
- Negative lag in recovery of ammonia input costs; and
- Second half results included Queensland flood insurance recoveries of $15M.

North America

- EBIT of $103M, down 2% ($2M) on the pcp due to the transfer of specific commercial functions to the Global Hub, offset partly by an improvement in underlying business conditions;
- Improved pricing and disciplined cost management;
- Stronger underlying demand in coal and metals markets; and
- AN volumes up 7% on the pcp.

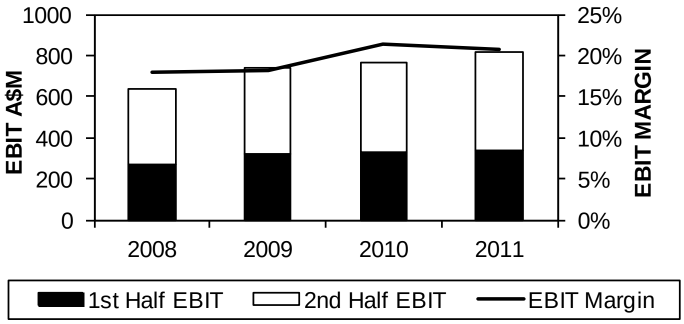
Latin America

- EBIT of $112M, down 6% ($7M) on the pcp due to Monclova plant closure costs (net of gains on land sales) and the transfer of specific commercial functions to the Global Hub;
- AN volumes up 14% versus pcp; and
- Steady pricing conditions and cost management in all markets.

EARNINGS

A$M	Year Ended September 2011	2010	Change F/(U)
Sales Revenue	3,938.0	3,610.7	9%
EBIT	817.0	767.7	6%
Operating Net Assets	3,271.1	2,807.1	17%
EBIT:			
Australia/Asia	466.5	435.2	7%
North America	102.9	105.1	(2%)
Latin America	111.6	118.4	(6%)
EMET	59.4	73.6	(19%)
Other	76.6	35.4	116%

EBIT TREND



Europe, Middle East and Turkey (EMET)

- EBIT of $59M, down 19% ($14M) on the pcp; and
- Some improved demand in most regions offset by continued strong competition in some markets negatively impacting margins.

Other (Global Hub)

- EBIT of $77M, up 116% ($41M) in the pcp; as the OMS Global Hub in Singapore continues to support the drive for business optimisation, with centralisation of procurement, manufacturing, supply chain and marketing.

PERSPECTIVES FOR 2012

- Firm demand in Australian and Asian thermal, metallurgical coal and metals markets;
- Improved demand and pricing in coal and metals markets in North America and Latin America;
- Slow recovery in infrastructure markets in North America and Europe;
- Commissioning of Kooragang Island ammonia uprate and initial production from Bontang, Indonesia in the first half; and
- Continued firm ammonia prices.

EBIT down 29% to $105M.

HIGHLIGHTS

- Heightened competitor activity and increased input costs negatively impacted margins in North America, Poland and other areas of Europe;
- Volumes in China negatively affected by customers experiencing favourable mining conditions;
- Strong performance from the Australian business reflecting improved volumes from coal and hard-rock mining markets;
- Solid volumes in North America due to coal market conditions;
- Efficiency programs established across all regions; and
- Foreign exchange movements negatively impacted EBIT by $22M.

BUSINESS SUMMARIES

Americas

- Improved demand resulting in higher volumes of both steel and chemical products; and
- Aggressive pricing pressure in the market and higher input costs significantly impacted margins.

Europe, Middle East and Africa (EMEA)

- Steady volumes continuing in Russia and strong demand from the mining sectors in Kazakhstan and Czech Republic. Lower mining volumes in Poland and parts of Western Europe (including Germany);
- Strong competition and higher input costs negatively impacted margins, particularly in Poland, Russia and Western Europe;
- Steady demand from German tunnelling, offset by generally subdued tunnelling market conditions in Western / Southern Europe;
- Strong growth in South Africa from penetration of the wider African steel market; and
- Cost efficiency programs driven in response to margin pressures.

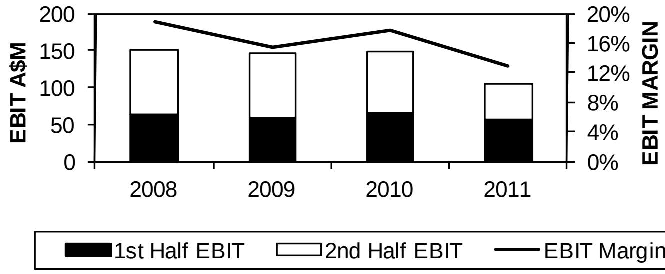
Australia

- Strong volume growth in the coal and hard-rock mining markets; and
- Margins positively impacted by increased sales of injection chemical products.

EARNINGS

A$M	Year Ended September 2011	2010	Change F/(U)
Sales Revenue	821.9	835.5	(2%)
EBIT	105.1	147.3	(29%)
Operating Net Assets	1,508.0	1,519.0	(1%)

EBIT TREND



China

- Volumes down in the second half due to favourable mining conditions reducing demand for injection chemical products;
- Competition from new market entrants placing pressure on margins; and
- Reorganised businesses to penetrate growing Asian tunnelling and civil markets.

PERSPECTIVES FOR 2012

- Mining volumes expected to remain generally stable in the majority of EMEA, with some growth in Australia and to a lesser extent in North America;
- Difficult market conditions in tunnelling expected to continue in parts of Western/Southern Europe due to European economic conditions. Market penetration in Asia to gain momentum;
- Focus on margin improvement across all regions;
- Increased returns from product innovation and differentiation of market offers; and
- Continue to pursue operational efficiencies and cost reductions across all regions.

Record result with EBIT of $196M.

HIGHLIGHTS

- Strong demand from mining markets, particularly for sodium cyanide;
- Improved performance in general chemicals in both Australia and New Zealand;
- Growth in all market segments in Latin America;
- Higher global caustic prices resulted in improved margins for manufactured caustic;
- Disciplined cost management and delivery of productivity benefits; and
- Negative impact to EBIT from movements in foreign exchange rates ($20M).

BUSINESS SUMMARIES

General Chemicals

- Sales were up 6% on the pcp due mainly to higher commodity prices and volumes, although impacted by foreign exchange movements, floods in Queensland and Victoria and earthquakes in Christchurch;
- Australian trading volumes improved with strong growth in mining markets, whilst results for general chemicals were mixed;
- Latin America sales were up 16% versus the pcp, resulting from improvements in both the mining and industrial sectors;
- A good dairy season in New Zealand combined with efficiency gains resulted in improved performance; and
- Bronson and Jacobs volumes improved marginally, partially offset by the strong AUD.

Watercare

- Sales were up by 4% on the pcp due to higher caustic prices and additional flocculent demand following the floods in Australia, offset by lower volumes due to milder summer conditions.

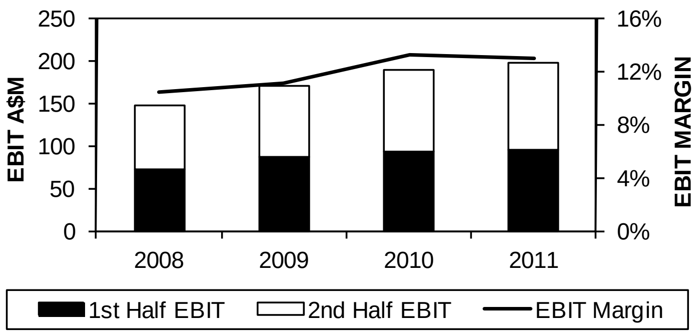
Mining Chemicals

- Sales were up 6% on the pcp due to improved pricing. Sodium cyanide volumes in the early part of the year were lower following the planned Yarwun plant shutdown as part of the 95ktpa uprate and reduced availability of traded sodium cyanide;

EARNINGS

A$M	Year Ended September 2011	2010	Change F/(U)
Sales Revenue	1,510.0	1,427.4	6%
EBIT	196.0	188.0	4%
Operating Net Assets	834.9	785.8	6%
Business Sales:			
General Chemicals	1,018.2	961.7	6%
Watercare	224.6	215.8	4%
Mining Chemicals	313.3	296.6	6%

EBIT TREND



- Speciality emulsions achieved record sales volumes due to higher explosives demand;
- Emulsion input costs were reduced following the installation of new raw material manufacturing capability; and
- Results were unfavourably impacted by a stronger AUD.

PERSPECTIVES FOR 2012

- Sodium cyanide demand expected to remain high;
- Full year benefit from Yarwun capacity uprate;
- Continued strength in mining markets in Australia, Latin America and Africa;
- Volumes in general chemicals are expected to improve across the regions; and
- Global caustic prices are currently above the long term average.

Orica has reviewed its sustainability strategy and expanded its scope to better align with customers and stakeholders, enhance employee engagement and continue to improve its performance in this area.

In August, an incident occurred at Orica's ammonia plant at Kooragang Island, Australia, which resulted in an amount of sodium chromate containing hexavalent chromium being released, traces of which were found in northern parts of the adjacent Stockton neighbourhood. Orica regrets the incident and is working with authorities and the community to rebuild trust in its Kooragang Island operations and to enhance its communications with stakeholders at other major sites. Independent toxicology studies concluded that there was no threat to human health.

Sustainability Governance
In 2011, Orica applied its risk assessment methodology to review key sustainability challenges. The company is working to develop business level implementation plans and have set challenging corporate targets.

Orica has consistently applied its plant design and operating standards to new investment projects such as Bontang in Indonesia and Nanling in China. The Company is proud of its role in encouraging and training local businesses, with the majority of its employees at these sites being nationals.

Safety, Health & Environment (SH&E)
In 2011, Orica achieved its lowest ever All Worker Recordable Case Rate (number of injuries and illnesses per 200,000 hours worked), of 0.47. Sadly, there was one fatality and another employee was seriously injured in a road traffic accident whilst travelling to a customer site for a product trial, at the Minova business in Ningxia, China. There were seven fatalities to members of the public in four distribution incidents that involved company contracted carriers.

Maintaining discipline in application of the Company's SH&E systems, distribution selection and route risk assessments is critical. Serious learning incident reports decreased by 25 percent compared to 2010.

The Groundwater Treatment Plant in Botany, Australia, recycled 1,250 million litres of contaminated groundwater in 2011. The water was sold to industrial customers at the Botany Industrial Park, replacing the use of potable town water. The Orica Chemicals site in Morrinsville, New Zealand, has implemented environmental initiatives that have reduced water consumption by 16 million litres and reduced waste to landfill by more than 66,000 kilograms.

Product Stewardship
Given its leading role in supplying explosives to the global mining industry, Orica is committed to the responsible management of its ammonium nitrate products. The Company endorses the Security Sensitive Ammonium Nitrate principles and is working with major customers to support their compliance with regulatory changes.
This year, as part of Orica's role in the global Explosives Safety Group, SAFEX, the Company has led an industry team in developing a Code of Best Practice for the storage of ammonium nitrate prill.

Orica Mining Chemicals is a signatory to the International Management Cyanide Code as a producer and transporter, recognising its active management of and close relationship with their carriers in the safe handling of cyanide. Certification of Orica Mining Chemicals supply chain was achieved this year for Papua New Guinea, Asia, Africa and South America.

People & Community
Orica donated $470,000 this year to the Nature Conservancy for biodiversity conservation programs in Peru, Chile and Australia out of total donations of $1.5M.

Orica Mining Services partnered with the Indian Institute of Technology Bombay, India and Monash University, Australia to sponsor a world-leading research academy based in Powaii, India. Orica is currently supporting two PhD students, one in the area of sustainability and the other in nanotechnology.

Orica introduced a three-year Global Indigenous People Strategy with the actions of this strategy such as cultural training and integration, aimed at improving the lives and opportunities of indigenous people around the world. The strategy is initially being trialled in Peru, Canada and Australia with a view to being implemented globally.

Engagement & Communication
Orica is a signatory to the Responsible Care® "Community Right to Know" Code of Practice. Major sites communicate SH&E performance to their neighbours on a regular basis.

For more information, please read our 2011 Sustainability Report online at www.orica.com/sustainability.

BUSINESS DEVELOPMENT

During the period, work continued on a number of growth projects, including:

- Currently commissioning the ammonium nitrate plant in Bontang, Indonesia, with initial production expected at the end of the first half of the next financial year;
- Ongoing planning and delivery for the expansion of the ammonium nitrate plant at Kooragang Island, Australia, to bring total capacity to 750ktpa;
- Continued investment in the fully integrated non-electric detonator facility at Nanling, Hunan Province, China;
- Secured town council approval in Port Hedland, Australia, to establish the first bulk emulsion plant in the Pilbara region with up to 150ktpa capacity. Commissioning is expected in the second half of 2012;
- Established ammonium nitrate supply chain into the Pilbara with Port Authority approvals for dangerous goods storage at Port Hedland and Broome;
- Commissioning of a new emulsion plant at Kurri Kurri, Australia; and
- Continued planning for an ammonium nitrate plant in Peru.

MERGERS AND ACQUISITIONS

Orica Mining Services completed the acquisition of Titanobel Belgique S.A.(subsequently renamed as Orica Belgium) and its two subsidiaries, Cefor-Cetramin SPRL and Transmate S.A.

These companies are leading suppliers of explosives, drilling and blasting services to the Belgian quarry market.

The business also completed the acquisition of Sociedade Explosivos Civis S.A. (SEC) (subsequently renamed as Orica Mining Services Portugal S.A.), the leading supplier of explosives to the Portuguese mining and quarrying markets.

Both acquisitions strengthen Orica's presence in Western Europe and provide for expansion opportunities into French and Portuguese speaking Africa.

In addition, a number of further small acquisitions were undertaken throughout the world to expand Orica's presence in key markets.

Further Information

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