ORICA LIMITED PROFIT REPORT

RESULTS FOR THE FULL YEAR ENDED 30 SEPTEMBER 2010

- **Net profit after tax (NPAT) and individually material items for the year ended 30 September 2010 was up $777M to $1,319M, compared with the previous corresponding period (pcp) of $542M. Individually material items in 2010 were a profit after tax of $643M.**
- **NPAT before individually material items was $676M up 5% compared with the pcp of $646M.**
- **NPAT from continuing operations before individually material items (1) was $619M, up 11% on the pcp of $557M.**
- **Return on shareholders' funds (2) up 2.3 percentage points to 18.3% and EPS (2) up 6% on the pcp to 185.6 cents.**
- **Successful demerger of DuluxGroup (DLX).**

FINANCIAL HIGHLIGHTS (2)

- EBIT up 2% to $1.1B;
- EBIT from continuing operations up 6% to $1B;
- Productivity benefits of $64M;
- Rolling trade working capital to sales (5) improved to 13.0% (pcp: 14.5%);
- Gearing (3) at 22.4%, up from 21.6% in the pcp;
- Interest cover at 7.5 times; and
- Final ordinary dividend is 54 cents per share (cps) - franked at 54 cps.

BUSINESS HIGHLIGHTS (2)

- Improved results for all businesses, assisted by improvements in pricing and productivity and a gradual recovery in volumes across some of our markets, which more than offset a $75M (pre tax) adverse foreign exchange movement;
- Good operating cash flow performance and improvement in trade working capital over the pcp;
- Record result for Mining Services with EBIT up 4% to $768M, reflecting pricing and productivity benefits;
- Minova EBIT up 2% to $147M, driven by strong volumes in China, improved margins in the US and delivery of synergies; and
- Record result for Chemicals with EBIT at $188M, 10% ahead of last year, reflecting stronger volumes in most market segments, partly offset by lower average caustic prices.

	Year Ended September		
A$M	**2010**	**2009**	**Change F/(U)**
Sales Revenue	6,539.3	7,411.0	(12%)
Underlying Results			
EBIT	1,101.4	1,082.5	2%
Net interest expense	(127.6)	(133.5)	4%
Tax expense	(261.9)	(263.0)	0%
Non controlling interests	(36.1)	(39.9)	10%
NPAT and non controlling interests (6)	**675.8**	**646.1**	**5%**
Earnings per ordinary share (cents)	185.6	174.6	6%
Return on shareholders' funds	18.3%	16.0%	
EBIT from continuing operations	1,009.0	953.6	**6%**
Continuing NPAT (1)	**618.8**	**556.8**	**11%**
Results including individually material items:			
Individually material items after tax and non controlling interests	642.9	(104.3)	
NPAT and non controlling interests	**1,318.7**	**541.8**	**143%**
Earnings per ordinary share (cents)	366.4	145.2	152%
Return on shareholders' funds	35.7%	13.4%	
Financial Items			
Interim ordinary dividend per share (cents)	41.0	40.0	3%
Final ordinary dividend per share	54.0	57.0	(5%)
Total ordinary dividend per share	95.0	97.0	(2%)
Payout Ratio	50.8%	54.0%	
Net debt	1,051.6	1,094.5	4%
Gearing (3)	22.4%	21.6%	
Gearing (adjusted) (4)	27.8%	26.5%	
Interest cover (times)	7.5	7.8	
Average exchange rate (A$/US$)	89.9	73.1	(23%)

OUTLOOK - 2011

- We expect Group net profit after tax (pre individually material items) in 2011 to be higher than that reported in 2010, on a comparable basis, subject to the rate of global economic recovery and extent of further adverse movements in exchange rates.

(1) Calculated as consolidated NPAT before individually material items ($675.8M) less discontinued NPAT $57.0M (pcp $89.3M) as disclosed in note 10 of the ASX Appendix 4E.
(2) Before individually material items.
(3) Net debt/(net debt + book equity).
(4) Calculation as per Note (2) with Step-Up Preference Securities (SPS) notionally treated as 50% Debt and 50% equity.
(5) Rolling 12-mth average TWC / Rolling 12-mth total sales – 2010 excluding DLX.
(6) The 2010 result includes the earnings contribution from DuluxGroup up to 9 July 2010 (date of demerger) compared to a full year contribution in 2009.

Note: numbers in this report are subject to rounding.

REVENUE

- Sales revenue from continuing operations (i.e. excluding DuluxGroup) of $5.8B decreased by $659M (-10%), driven primarily by:
  - Unfavourable foreign exchange movements ($799M);
  - Pass through of lower input costs in revenue; and
  - Lower average caustic prices.

  Partly offset by:
  - Improvements in AN pricing as contracts roll over; and
  - Higher volumes in some market segments, particularly the industrial, automotive and mining markets within Chemicals, construction markets in the Nordics and mining markets in Turkey, Africa and Latin America.
  - Other income includes profit from the DLX demerger of $791M.

Revenue Summary

A$M	Year Ended September 2010	2009	Change F/(U)
Mining Services	3,610.7	4,057.8	(11%)
Minova	835.5	940.9	(11%)
Chemicals	1,427.4	1,548.3	(8%)
Other & Eliminations	(61.6)	(76.2)	19%
Sales from continuing operations	**5,812.0**	**6,470.8**	**(10%)**
DuluxGroup	727.3	940.2	(23%)
Total sales revenue	**6,539.3**	**7,411.0**	**(12%)**
Other income	839.3	44.5	1786%
Total	**7,378.6**	**7,455.5**	**(1%)**

Earnings Summary

A$M	Year Ended September 2010	2009	Change F/(U)
EBIT			
Mining Services	767.7	736.5	4%
Minova	147.3	145.1	2%
Chemicals	188.0	170.4	10%
Corporate Centre	(42.4)	(41.1)	(3%)
Other Support Costs	(51.6)	(57.3)	10%
EBIT from continuing operations	**1,009.0**	**953.6**	**6%**
DuluxGroup	92.4	128.9	(28%)
Total EBIT	**1,101.4**	**1,082.5**	**2%**
Net Interest	(127.6)	(133.5)	4%
Tax expense	(261.9)	(263.0)	0%
Non controlling interests	(36.1)	(39.9)	10%
NPAT and non controlling interests	**675.8**	**646.1**	**5%**
Individually material items after tax	642.9	(104.3)	
NPAT and individually material items	**1,318.7**	**541.8**	**143%**

EARNINGS BEFORE INTEREST AND TAX (EBIT)

- EBIT from continuing operations increased by 6% to $1.0B (pcp: $954M) primarily due to:
  - Net volume and margin improvements of $110M, reflecting improved AN pricing in Australia and Asia, improved margin management and a recovery in volumes in some market segments;
  - Productivity and synergy improvements of $64M from the full year benefit of restructuring activities undertaken in the prior period in Mining Services and synergy benefits in Minova and Chemicals; and
  - Non-recurrence of the under-recovery of steel input costs in Minova's North American business in the pcp.

  Partly offset by:
  - Unfavourable impact of foreign exchange movements of $75M;
  - Inflationary impact on fixed costs of $45M; and
  - Non-recurrence of the favourable lag impact on ammonia cost recovery in the prior period of $17M.

INTEREST

- Net interest expense of $128M was 4% lower than the pcp ($134M), and
- Interest cover was 7.5 times (pcp 7.8 times).

CORPORATE CENTRE & SUPPORT COSTS

- Corporate centre costs of $42M were in line with the pcp; and
- Other Support costs of $52M were $6M (10%) lower than the pcp.

TAX EXPENSE

- Tax expense was $262M with an effective tax rate of 26.9% (pcp: 27.7%). The lower effective rate was primarily a result of increased profits in overseas jurisdictions with lower tax rates and other foreign deductions.

NET PROFIT

- NPAT before individually material items increased 5% to $676M (pcp: $646M);
- NPAT and individually material items was up 143% to $1.3B (pcp: $542M); and
- NPAT from continuing operations before individually material items (1) was $619M up 11% (pcp: $557M).

INDIVIDUALLY MATERIAL ITEMS

- Individually material items for the period were a profit after tax of $643M (pcp: loss of $104M). This included profit on the DLX demerger ($794M), the loss on the Pharmaceuticals tax case ($98M); the establishment of a provision for the remediation of mercury contamination at Botany, Australia ($32M); an increase in environmental provision for HCB waste disposal ($13M) and the ongoing integration of Minova/Excel ($9M).
- The DLX demerger profit includes after tax costs of $64M and net foreign exchange losses of $12M transferred from the foreign currency translation reserve to the Income Statement. The balance ($870M) is the difference between the DLX market value of $938M (VWAP $2.59) less the net assets of DLX of $68M.

DIVIDEND

- The directors have declared a final ordinary dividend of 54 cps – franked at 54 cps. Franking for the final ordinary dividend at 100% is due to the settlement of the Pharmaceuticals tax case.
- Adjusting for the impact of the DLX demerger(2), the total 2010 ordinary dividend represents a 2 cps increase; and
- Franking capacity is expected to reduce back to approximately 40% in the near term.

Individually material items after tax and non controlling interests	Year Ended September	
A$M	2010	2009
Restructuring & Rationalisation		
Mining Services	-	(24.4)
Pharmaceuticals tax case	(97.8)	-
Environmental provisions		
Mercury remediation	(31.5)	-
HCB remediation	(12.7)	-
Asset Impairment Writedowns		
Marplex	-	(14.0)
Botany Groundwater Treatment Plant	-	(42.8)
Integration Expenses		
Minova	(8.9)	(9.2)
Dyno Nobel	-	(12.6)
Demerger of DuluxGroup	793.8	(15.3)
Gain on derivatives	-	14.0
Total	642.9	(104.3)

Ordinary dividend	Year Ended September		Change
	2010	2009	F/(U)
Final Ordinary Dividend			
- CPS	54.0	57.0	(5%)
- Franking %	100.0%	35.1%	
Interim Ordinary Dividend			
- CPS	41.0	40.0	3%
- Franking %	39.0%	35.0%	
Total ordinary dividend	95.0	97.0	
Total dividend rebased for DLX demerger	88.0	86.0	

DEBT FACILITIES

- The average term of drawn debt facilities is approximately 4.4 years;
- Bank debt facilities total $2.3B of which $0.3B was drawn at 30 September 2010; and
- The facilities are multi currency, flexible and cancellable at Orica's option.

Average funding cost (including fees for undrawn facilities) for the period was 7.9% (pcp 6.5%).

(1) Calculated as consolidated NPAT before individually material items ($675.8M) less discontinued NPAT $57.0M (pcp $89.3M) as disclosed in note 10 of the ASX Appendix 4E.

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

BALANCE SHEET

- **Key balance sheet movements since September 2009 were:**
  - Trade working capital (TWC) has decreased by $126M from the pcp as a result of an underlying improvement of $46M, combined with a favourable foreign exchange impact of $10M and the reduction from the DLX demerger of $97M offset by TWC acquired of $27M;
  - Rolling TWC to sales [2] has improved to 13.0% (pcp: 14.5%);
  - Net property, plant and equipment (PP&E) is $160M up on the pcp, mainly due to spend on growth projects ($353M), sustenance capital ($176M), capitalised interest ($19M) and PP&E from acquired businesses ($13M); offset by depreciation ($199M), the demerger of DLX ($148M), foreign exchange translation ($45M) and disposals ($9M). Significant capital spend since the pcp included Bontang ($191M), Kooragang Island uprate ($38M) and Nanling ($20M) within Mining Services and the Yarwun 95kt sodium cyanide uprate ($11M) within Chemicals;
  - Intangible assets are down $246M since pcp mainly due to the impact of foreign exchange translation ($192M) and the demerger of DLX ($92M). Amortisation of intangibles ($41M) was offset by the acquisition of businesses/entities ($65M) and capital expenditure on identifiable intangibles ($15M);
  - Net other liabilities increased by $171M mainly due to the write-off of the tax receivable in relation to the settlement of the Pharmaceuticals tax case ($100M), and environmental provisions raised relating to Mercury remediation ($32M) and HCB remediation ($13M);
  - Net debt decreased by $43M mainly as a result of strong operating cash flows and the reduction of debt ($245M) on demerger of DLX partially offset by capital expenditure; and
  - Orica shareholders' equity decreased by $338M, mainly due to a decrease in the foreign currency translation reserve of $288M partly offset by earnings net of dividends paid and an increase in shares on issue as settlement of dividends under the Dividend Reinvestment Plan.

Balance Sheet

A$M	Sept 2010	March 2010	Sept 2009
Inventories	541.3	634.8	619.8
Trade Debtors	744.6	874.2	865.2
Trade Creditors	(690.3)	(770.5)	(763.0)
Total Trade working capital	595.6	738.5	722.0
Net property, plant & equipment	2,235.2	2,161.8	2,075.0
Intangible assets	2,510.9	2,626.6	2,756.5
Net other liabilities	(657.5)	(587.6)	(486.2)
Net debt	(1,051.6)	(1,228.9)	(1,094.5)
Net Assets	**3,632.6**	**3,710.4**	**3,972.8**
Orica shareholders' equity	3,522.7	3,589.6	3,860.7
Non controlling interests	109.9	120.8	112.1
Equity	**3,632.6**	**3,710.4**	**3,972.8**
Gearing	**22.4%**	**24.9%**	**21.6%**
Gearing (adjusted) [1]	**27.8%**	**29.9%**	**26.5%**

[1] Gearing recalculated with SPS Securities notionally reclassified as 50% equity and 50% debt.

- **Key balance sheet movements since March 2010 were:**
  - TWC decreased by $143M due to the demerger of DLX $97M, an underlying improvement of $68M and a favourable foreign exchange translation impact of $1M offset by TWC acquired from acquisitions of $23M;
  - Net property, plant and equipment was up $73M mainly due to capital spending ($319M), capitalisation of interest ($19M) and PP&E acquired from acquisitions ($10M) offset by depreciation ($100M), the demerger of DLX ($148M) and foreign exchange translation impacts ($25M);
  - Intangible assets decreased by $116M, due to the demerger of DLX ($92M), the impact of foreign exchange translation ($66M) and amortisation ($20M), partly offset by acquisitions ($52M); and
  - Net debt decreased by $177M largely due to strong operating cash flows and the reduction of debt ($245M) on demerger of DLX.

GEARING

- Accounting gearing (net debt/(net debt + equity)) increased to 22.4% from 21.6% in September 2009. In accordance with accounting standards, the SPS securities are recognised as equity; and
- Adjusted gearing, which treats the SPS securities as 50% equity and 50% debt (Standard & Poors credit rating treatment), was 27.8% (pcp 26.5%).

[2] Rolling 12-month average TWC / Rolling 12-month total sales – 2010 excluding DLX

CASH FLOW

- Net operating cash inflows decreased by $51M to $804M, compared with the pcp mainly due to:
  - A lower cash inflow from the movement in trade working capital of $54M (pcp $104M);
  - Increased cash outflows from NTWC of $37M; and
  - $2M increase in income tax paid;

  Partly offset by:
  - EBITDA growth of $11M to $1,341M (pcp $1,330M); and
  - Foreign exchange movements.
- Net investing cash outflows increased by $182M to $698M, compared with the pcp due to:
  - Higher sustenance capital spend of $33M;
  - Increased spending on growth capital projects of $139M, mainly due to spend on Bontang, the Kooragang Island uprate and Nanling; and
  - A marginal increase in spend on acquisitions of $14M.
- Net financing cash outflows decreased by $292M to $40M compared with the pcp from:
  - A reduction in debt of $245M following the DLX demerger;
  - Proceeds from eligible employees for repayment of LTEIP loans $37M;
  - A cash saving from pcp of $30M due to the issue of shares to satisfy the DRP requirements in the current year, rather than shares being bought on-market ; and
  - A reduction in SPS distributions paid of $12M, due to a lower distribution rate.

  Partly offset by:
  - A lower inflow of other borrowings of $48M (pcp inflow $78M).

Statement of Cash Flows	Year Ended September		
			Change
A$M	2010	2009	F/(U)
Net operating cash flows			
EBIT	1,101.4	1,082.5	6%
Add: Depreciation	198.6	202.7	2%
Add: Amortisation	40.9	45.0	9%
EBITDA	1,340.8	1,330.2	1%
Net interest paid	(136.6)	(136.5)	(0%)
Net income tax paid	(237.2)	(235.4)	(1%)
Trade Working Capital mvt	54.4	104.3	48%
Non Trade Working capital mvt	(34.4)	2.7	
FX mvt on debt/reserves	(40.8)	(78.1)	
Other	(142.5)	(132.3)	
	803.7	854.9	
Net investing cash flows			
Capital spending			
Sustenance capital (1)	(192.3)	(159.2)	(21%)
Growth capital	(350.4)	(211.7)	(66%)
Total Capital Spending	(542.7)	(370.9)	(46%)
Acquisitions	(180.6)	(167.0)	(8%)
Proceeds from surplus asset sales, investments and businesses	25.5	21.6	18%
	(697.8)	(516.3)	
Net financing cash flows			$M
Net proceeds from share issues (inclusive of non controlling interests)	45.8	3.4	42.4
Net (payments)/proceeds from LTEIP (2)	(31.6)	(31.3)	(0.3)
Movement in borrowings	47.7	77.5	(29.8)
Debt disposal from DLX demerger	245.0	-	245.0
Dividends paid - Orica Limited	(298.1)	(324.9)	26.8
Distributions paid - SPS securities	(25.9)	(37.5)	11.6
Dividends paid - NCI shareholders	(22.5)	(18.3)	(4.2)
	(39.6)	(331.1)	291.5
(1) Sustenance capital			
Routine	(186.5)	(159.2)	
Major shutdown/turnaround	(5.8)	-	
Total	(192.3)	(159.2)	

(2) LTEIP - long term employee equity incentive plans

ORICA SPS

- Two further instalments totalling $26M on the SPS securities were 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 current period ending 29 November 2010 is 6.30% pa.

Record result with EBIT up 4% to $768M.

HIGHLIGHTS

- Productivity and efficiency improvements with an incremental EBIT benefit of $51M delivered in the period;
- Benefits of improved AN pricing as contracts rollover;
- Strong growth in Electronic Blasting Systems (EBS) with volumes up 32% period on period;
- AN volumes flat compared to the pcp, with improved volumes in Latin America offset by lower volumes in Asia;
- New Orica Mining Services global head-office established in Singapore; and
- Foreign exchange movements, net of hedging, negatively impacted EBIT.

BUSINESS SUMMARIES

Australia/Asia

- EBIT of $436M, up 7% ($29M) on the pcp, achieved mostly through improved AN pricing and productivity benefits;
- Non-recurrence of the favourable lag impact on ammonia cost recovery in the prior period;
- AN volumes down 3% due in part to heavy rain and some market share loss in Indonesia; and
- Foreign exchange benefits of $26M mostly arising from USD raw material purchases.

North America

- EBIT of $128M, up 4% ($5M) on the pcp, achieved through disciplined margin management and productivity benefits;
- Unfavourable foreign exchange movements of $21M;
- AN volumes generally in line with the prior year.

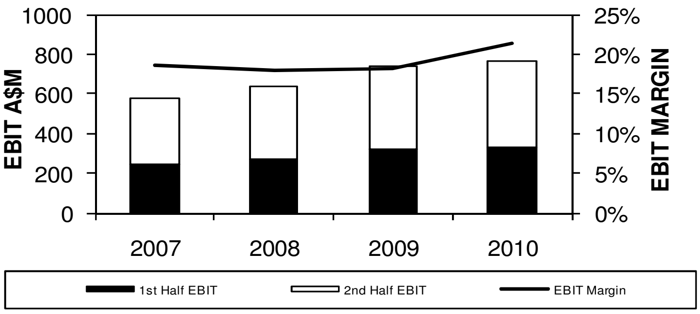
Latin America

- EBIT of $121M, up 3% ($4M) on the pcp; with improvements from stronger underlying business conditions partly offset by negative foreign exchange movements of $25M;
- AN volumes up 8% with improved conditions in metals markets;
- AN pricing improvement positively impacted margins; and
- Productivity benefits delivered from various procurement, logistics and manufacturing efficiency programs.

EARNINGS

A$M	Year Ended September 2010	2009	Change F/(U)
Sales Revenue	3,610.7	4,057.8	(11%)
EBIT	767.7	736.5	4%
Operating Net Assets	2,807.1	2,541.5	10%
EBIT:			
Australia/Asia	436.1	407.8	7%
North America	127.8	122.9	4%
Latin America	120.6	116.8	3%
EMEA	83.2	89.0	(7%)

EBIT TREND



Europe, Middle East and Africa (EMEA)

- EBIT of $83M, down 7% ($6M) on the pcp;
- Improving demand in the Nordics, Estonia, Turkey, CIS and Africa partly offset by soft market conditions in other regions of Europe; and
- Unfavourable foreign exchange impact on EBIT of $16M.

PERSPECTIVES FOR 2011

- Market recovery in infrastructure and US thermal coal markets;
- Improving demand in base metals as well as Asian and Australian thermal and metallurgical coal markets;
- Ongoing growth in EBS and Blast Based Services (BBS);
- Continued firm ammonia prices; and
- Strong AUD negatively impacting translated EBIT.

EBIT up 2% at $147M.

HIGHLIGHTS

- Improved margins in the North American business;
- Continued penetration of the Chinese market, with strong volume growth. Product expansion has also commenced with the introduction of steel bolts;
- Steady recovery in Russia, Czech Republic and South Africa. Soft trading conditions in some parts of Western Europe, Poland and the USA;
- Active competition in the Australian and North American markets adversely impacted volumes and price;
- Bolt-on acquisitions completed in the UK, Chile and Canada, developing our presence in these markets;
- Integration activities progressed to plan; and
- Foreign exchange movements negatively impacted sales by $144M and EBIT by $15M.

BUSINESS SUMMARIES

Minova Americas:

- Margins significantly improved in the US business due to improved steel base pricing and the non-recurrence of the under-recovery of steel input costs incurred in the prior period;
- Lower bolt and resin volumes due largely to ongoing softness in US coal markets and impact of loss in market share;
- Bolt-on acquisitions in Chile and Canada, providing a platform for entry into these markets; and
- Disciplined cost management delivered underlying EBIT improvement.

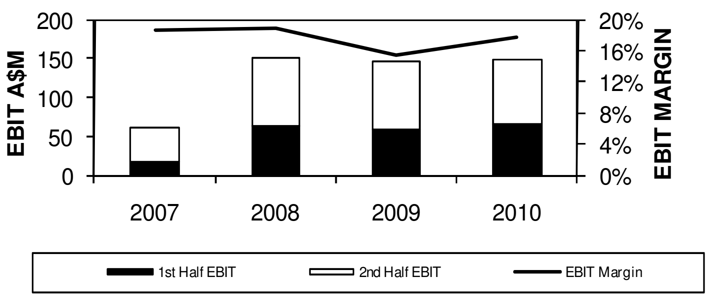
Minova Europe, Middle East and Africa (EMEA):

- Steady recovery of demand in Russia;
- Difficult trading conditions in most markets in Western and Central Europe;
- Softer tunnelling activity, period on period, due to extreme Northern European weather conditions;
- Acquisition of Weldgrip, complementing existing UK operations;
- Acquisition of 25% share of FiReP, a leading manufacturer of glass reinforced plastic products (sold globally); and
- Improved demand in South Africa.

EARNINGS

	Year Ended September		
A$M	2010	2009	Change F/(U)
Sales Revenue	835.5	940.9	(11%)
EBIT	147.3	145.1	2%
Operating Net Assets	1,519.0	1,701.0	(11%)

EBIT TREND



Australia:

- Volumes and price for resin and steel products in the Australian market negatively impacted by increased competition; and
- Lower demand for emergency services work versus the pcp.
- From 1 October, 2010 Australia will operate as a stand-alone business and South Africa will now be managed within the EMEA region.

China:

- Continued market penetration with strong volume growth;
- Acquisition of remaining 45% of Ruichy Minova; and
- Expansion of manufacturing capacity to support growth, with the commissioning of the Daxing resins plant uprate and completion of the new Taian bolt plant during the period.

PERSPECTIVES FOR 2011

- Continued growth in China;
- Recovery in mining markets across most regions and steady demand in civil engineering markets;
- Tight cost control and productivity focus;
- Continued progress on integration activities; and
- Strong AUD will negatively impact translated EBIT.

Record result with EBIT up 10% to $188M.

HIGHLIGHTS

- Record result for Mining Chemicals;
- Steady recovery in industrial, automotive and mining markets in Australia;
- Significantly improved business performance in Latin America;
- Disciplined cost management and delivery of incremental synergy benefits;
- Subdued market conditions in New Zealand;
- Lower average global caustic price; and
- Negative impact to EBIT from movements in foreign exchange rates.

BUSINESS SUMMARIES

General Chemicals

- General Chemicals sales down 8% on the pcp due mainly to the impact of foreign exchange movements;
- Australian trading volumes improved with a steady recovery in industrial and mining markets. Agricultural and construction markets remain soft;
- Volume growth in Marplex from improving automotive and general plastics market segments and growth in infrastructure projects;
- Stronger volumes and improved margins in Latin America;
- Steady performance from Bronson & Jacobs;
- Difficult trading conditions and ongoing soft demand in New Zealand; and
- Negative impact of a stronger AUD on trading margins (in absolute dollars).

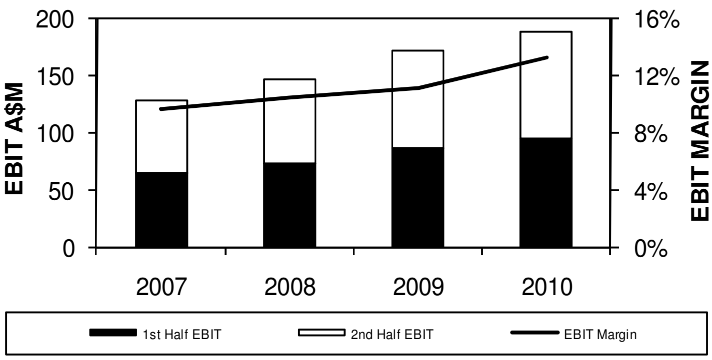
Watercare

- Sales down 4% versus the pcp, with the impact of lower average global caustic prices and unfavourable foreign exchange movements offset by higher volumes; and
- Volumes up 2% versus the pcp due mainly to new business.

EARNINGS

A$M	Year Ended September		
	2010	2009	Change F/(U)
Sales Revenue	1,427.4	1,548.3	(8%)
EBIT	188.0	170.4	10%
Operating Net Assets	785.8	789.7	(0%)
Business Sales:			
General Chemicals	961.7	1,046.3	(8%)
Watercare	215.8	224.4	(4%)
Mining Chemicals	296.6	311.4	(5%)

EBIT TREND



Mining Chemicals

- Sales in Mining Chemicals were down 5% on the pcp, due to the unfavourable impact of a stronger AUD and the pass through of lower raw material input costs, offset partly by higher volumes; and
- Volumes for sodium cyanide were up 17% versus the pcp, supported by record manufacturing volumes and an increase in traded volumes ahead of the 2011 uprate of the Yarwun plant. Demand from gold markets remains strong.

PERSPECTIVES FOR 2011

- Sodium cyanide demand expected to remain firm;
- Steady conditions in most markets in Australia and Latin America;
- New Zealand market not expected to deteriorate further;
- Global caustic prices to remain subdued; and
- Negative earnings impact of a stronger AUD.

SAFETY

Orica is committed to eliminating fatalities and work related injuries from all of its workplaces and ensuring the ongoing safety of our employees and contractors. The Company continues to implement preventative measures and learnings arising from serious incidents, including past fatalities, and participates in external benchmarking.

The Company achieved an all worker recordable case rate (number of injuries and illnesses per 200,000 hours worked) of 0.73, compared with 0.69 for the previous year and there were no work related fatalities. Whilst the overall rate has slipped slightly, there continues to be greater focus across the global operations with the ongoing emphasis on safety in all businesses as we strive for the goal of "no injuries to anyone, ever".

The number of significant distribution incidents decreased to 27 compared to 43 in the previous year, but did include the death of three members of the public in separate distribution events and another in a vehicle incident. The Company continues to maintain safety through focus on reducing distribution incidents the implementation of consistent transport procedures across both the Group and with its transport service providers.

ENVIRONMENT

We achieved all of our Challenge 2010 environmental targets (internal targets the Company has set), within a six-year period of major organisational change and external economic uncertainty. In comparison to our 2004 baseline levels:

- Total energy consumption, measured in gigajoules per tonne of production, has reduced by 17.3% (energy consumption in 2010 was 4.09 GJ/t compared to 4.95 GJ/t in 2004).
- Total greenhouse gas emissions, measured in tonnes of carbon dioxide equivalent (CO2e) emitted per tonne of production, have reduced by 51.4% (greenhouse gas emissions in 2010 are 0.64 tCO2e/t compared to 1.31 tCO2e/t in 2004);

ENVIRONMENT CONTINUED

- Water consumption, measured in kilolitres per tonne, has reduced by 34.9% (water consumption in 2010 was 2.07 kL/t compared to 3.18 kL/t in 2004); and
- Waste generation, measured as tonnes per kilotonne of production, has reduced by 68.9% (waste generated in 2010 was 3.34 t/kt compared to 10.74 t/kt in 2004).

In 2010 we emitted approximately 2.9 million tonnes of CO2e, of which approximately 60% is nitrous oxide (N2O), a by-product of nitric acid production. Nitric acid is a key input in the production of AN.

One of Orica's 10 Priority Actions to progress us towards our "No Harm" aspiration is to install N2O abatement technology on our nitric acid plants globally. Abatement technology installed at our facility in Carseland, Canada in May 2008 has abated more than 900,000 tCO2e since installation. In July 2009 abatement technology was installed at our facility in Bacong, Philippines, abating more than 20,000 tCO2e to date.

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.

In 2010 both the Danish EPA and the Australian Minister for Environmental Protection, Heritage and the Arts approved Orica's applications to export 6,100 tonnes of our stockpile of Hexachlorobenzene (HCB) waste from our Botany site in NSW to Denmark for safe and environmentally sound destruction. Orica has commenced detailed planning for the safe transport of the HCB waste to Denmark. It is expected the first shipment will be exported by the end of December.

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

BUSINESS DEVELOPMENT

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

- The ongoing development of the 300ktpa AN facility in Bontang, Indonesia. Cumulative spend to 30 September 2010 is $339M. On-site construction is 40% complete including the prill tower and absorber. Erection of the nitric acid plant and AN plant is underway. The project is on track for commissioning late 2011;
- Work on a 320ktpa ammonium nitrate capacity expansion at Kooragang Island, Australia, which will bring total ammonium nitrate capacity at the plant to 750ktpa. The Orica Board has approved $75M for the completion of engineering plans and for ordering long lead items. Expected total cost of the project is in the range A$600M-$750M. Based on forward demand growth rates of approximately 8% per annum likely timing of the project would be 2014/2015. There is flexibility to delay the project if market conditions soften. All statutory approvals have been received for the proposed expansion;
- The ammonia plant expansion project at Kooragang Island, for a capacity uprate of 65ktpa. The uprate has received all statutory approvals and Orica Board sanction, with a target completion date of late 2011. All major equipment has been ordered and site work is progressing to plan;
- The continuation of feasibility work on AN opportunities in Latin America;
- Construction of a non-electric detonator facility in Hunan Province, China, commissioning of which is expected in late 2011. Orica has entered a Joint Venture arrangement with Nanling Explosives for the construction and operation of the plant, with 51% ownership by Orica; and
- The sodium cyanide plant expansion project at Yarwun which will uprate the plant by 15ktpa, increasing capacity to 95ktpa, which is expected to be operational in 2011.

MERGERS & ACQUISITIONS

Orica Mining Services completed the acquisition of GL Black Holdings during the period, providing increased access to high growth metals markets in Western Canada and Alaska, and a number of small acquisitions.

Minova purchased its joint venture partner's 45% interest in the Ruichy Minova joint venture in Beijing, China, bringing its total ownership to 100%.

During the period Minova also undertook further geographic and technological expansion through small acquisitions. This included:

- Acquisition of 25% share of FiReP, a Swiss based leading manufacturer of glass reinforced plastic products;
- Acquisition of Weldgrip, a UK based leading supplier of high quality strata and ground stabilisation products, tools and equipment, supplying the civil engineering, tunnelling and mining industries, which complements our existing UK operations;
- Acquisition of 51% of a Chilean bolt manufacturer, strengthening Minova's presence in the Latin American market; and
- Acquisition of Canadian metal plate manufacturer, Tomco, which will facilitate the introduction of the full Minova product offering into the Canadian hard rock market.

Further Information

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