

Orica – serving your lifestyle

A genuine sense of optimism is evident throughout Orica's operations as the period of turnaround and foundation-building evolves into an era of growth.

We have reached this stage using a three-fold approach of Efficiency, Culture and Strategy, all of which continue to be relevant as we move forward.

The first stage, Efficiency, was to improve the performance of the businesses to produce a greater return on the funds already employed by them. Our focus on Efficiency is ongoing.

We are continuing to implement a performance and accountability Culture through which we are bringing tangible and improved results in financial performance and also in the satisfaction and motivation of our people.

In relation to Strategy, we have identified the businesses that can produce results and those that can't. The latter have been either sold or written off, leaving us with businesses that provide a sound footing for future growth.

We have taken a low risk approach to growth and are seeing good returns from mergers and smaller, 'bolt-on' acquisitions.

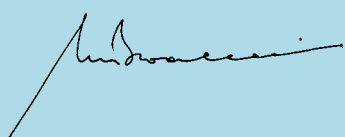
What unites all of Orica's businesses is the chemical science that underpins our product ranges and the creation of products that meet basic human needs.

Those needs include the water you drink or swim in that may be purified by Orica's chemicals, or the paints that protect and colour your walls. Orica's fertilisers help grow the cotton in your clothes, our explosives help produce the foundation materials for the roads you drive on, and our polymers are used in wires and cables as well as a number of automotive applications.

Although our focus is very much on the present and future, we are continuing to address issues associated with contaminated land or water resulting from historical operations. We take these issues very seriously and understand community concern about them.

With Orica continuing to 'Deliver the Promise', our reputation with all our stakeholders – shareholders, customers and employees – is enhanced and strengthened.

As the ways in which Orica impacts on everyday life become more abundant, we will continue to build on this strength.



Malcolm Broomhead

Managing Director and Chief Executive Officer

November 2003

Orica – what we're about

Orica is an Australian-owned, publicly-listed global company currently ranked in the top 50 Australian companies based on market capitalisation.

From humble beginnings in Melbourne, Australia, where we began in 1874 as a supplier of explosives to the gold fields, we now have around 8000 skilled and enthusiastic people, and operate in over 30 countries in Australasia, Europe, Asia, Latin America and North America.

Orica became an independent corporation in 1997 when ICI Plc divested its majority shareholding. Our portfolio of businesses has changed considerably since that time as we have moved away from the diverse range of businesses we operated in 1997 to the four business platforms that make up Orica today.

Our four businesses – Orica Mining Services, Fertilisers, Orica Chemicals and Orica Consumer Products – are all leaders in their chosen markets, globally in mining services and locally in fertilisers, chemicals and paints.

Orica products and services impact on every part of modern life. Our brands are market leaders that you trust and can depend on.

Our four leading businesses

Orica's four businesses – Orica Mining Services, Fertilisers, Orica Chemicals and Orica Consumer Products – are market leaders in each of their respective industries. All four businesses enjoy world class reputations.



Mining Services is Orica's largest business and is the world's largest supplier of commercial explosives. **See page 14.**



Orica owns 70% of Incitec Pivot, Australia's largest manufacturer and distributor of fertiliser. **See page 15.**







Orica is Australia's largest manufacturer, trader and distributor of chemicals. **See page 18.**





Our Consumer Products business manufactures and sells decorative paints and paint preparation products, and is the market leader in these products in Australia and New Zealand. Car care and garden care products also form part of the product portfolio. **See page 19.**



 
Our comprehensive range of consumer products includes acrylic sealants for windows.

 
Orica chemicals are used to manufacture washing detergent.

 
Incitec Pivot fertilisers help to grow cotton used to make clothing.

 
Orica supplies explosives to mine iron ore used to produce stainless steel.

Orica – what makes us attractive

Orica is a company united by chemical sciences. Our products and services meet many basic human needs, but often go unnoticed. Housing and furnishings, water, food, clothing and transport are all areas to which Orica makes a contribution.

At Orica we manage our operations with concern for people and the environment. We strive to conduct our business sustainably, so that the current benefits to society do not come at the cost of the quality of life of future generations.

A number of attributes are common to all Orica's businesses.

Market Leader

- Orica is the world leader in supplying explosives to the mining, quarrying and construction industries.
- Incitec Pivot Limited is the market leader in Australian fertilisers.
- Orica Chemicals is Australia's number one chemical distributor.
- Orica Consumer Products is the market leader in Australia and New Zealand in paints, paint preparation and lawn and garden care products.

Leading Brands

- Orica's i-kon™ electronic detonator is the world's most sophisticated blast initiator.
- Incitec Pivot Limited sells Australia's largest range of fertiliser products including Big N, SuPerfect and Granulock.
- Chemicals' MIEX®/DOC resin provides new standards of water quality at lowest cost.
- Our Consumer Products brands include Dulux, Cabot's, Selleys, Rota Cota and Poly, with Thrive and Dynamic Lifter amongst those recently added to the portfolio.

Strong Asset Positions

- We have some of the world's most automated and largest explosives plants.
- Incitec Pivot Limited operates manufacturing facilities in the Australian States of Queensland, Victoria and New South Wales and has distribution networks in these States as well as in South Australia and Tasmania.
- The Chemicals business has a mix of niche manufacturing plants and supply chain assets, cementing our position in the market.
- The Consumer Products business manufactures its wide range of products in International Standards Organisation (ISO) accredited plants located in Australia, New Zealand, Malaysia, Fiji and Papua New Guinea.

Technology and Innovation

- Our precision explosives and electronic detonation technology increase efficiency, lower costs and improve safety.
- Incitec Pivot Limited utilises technology such as GPS navigational equipment to maximise fertiliser benefits and minimise waste.
- Orica's Chemicals business has close links with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and has worked with them on initiatives such as MIEX®.
- Orica leads the paint industry in producing innovative products. We have the most washable interior paints and our outdoor paint lasts over 10 years.

Capable People

- Our people are committed to the ongoing success of the organisation. A performance and accountability culture has been implemented at Orica that has seen bureaucracy reduced, responsibility made more apparent and clear targets set. Our people are held responsible for delivery of these targets and our results show how well we are embracing that responsibility.

Corporate Governance

Orica's directors and management are committed to conducting the company's business ethically and in accordance with high standards of corporate governance. We believe that good corporate governance practices protect and enhance long term shareholder value. We continually refine and improve our governance policies and procedures.

Orica's policies and practices comply in all substantial respects with the Australian Stock Exchange (ASX) Corporate Governance Council principles of good Corporate Governance. Further information about the Company's corporate governance practices is available in our corporate governance statement in the 2003 Annual Report which is available online.

Shareholder Communication

We seek to provide all of our shareholders with open, timely and relevant information, whether they are large or small, Australian or internationally based. Our www.orica.com website provides the latest share price, announcements to the Australian Stock Exchange, investor and analyst presentations, webcasts and annual reports.

Safety, Health & Environment Performance Report

Our ultimate aim at Orica is to conduct our business without injury, illness, loss of containment or waste. Our progress towards this goal is measured annually against challenging improvement milestones known as Challenge 2005. By striving to meet these safety, health and environment objectives we move closer to making Orica a safer and better place to work and one that is more highly regarded by the community.

This year we have sustained our performance in most areas, and in some cases we have exceeded our targets.

Continuous SH&E improvement through leadership and personal responsibility is promoted by the principles that guide the way Orica operates. Considerable effort is being put into continuing to train our employees in areas such as SH&E leadership and manual handling, and to consolidate learning materials and make them readily accessible to everyone in the organisation.

Orica remains committed to sustainability by managing all our activities with concern for people and the environment, and conducting our business for the benefit of society without compromising the quality of life of future generations.

We continue to demonstrate our commitment to resource conservation and waste management by focusing on product stewardship and life cycle analysis. Our aim is to do more with less and with less environmental impact.

Legacy issues such as the contamination of sites occupied by former operations when standards of environmental management were less stringent than today are being addressed. Orica is committed to resolving these issues and over the last 10 years has remediated a number of sites and made them available for other productive uses.

Overall our safety performance has been strong despite a regrettable fatality at a plant in the United States. We remain determined to continue to improve.

Our complete 2003 Safety, Health & Environment Performance Report is available online at our www.orica.com website.

The way we do business

At Orica we have implemented a performance-based culture driven by personal accountability for delivering results.

Within the company, the culture is called 'Deliver the Promise'. It is a promise that we make to our customers, our shareholders and our fellow employees, and it is a promise that applies to the communities and the locations we work in or travel through.

Our employees were responsible for developing the four key principles that guide how we act and behave. Our activities and behaviours, both as a company and as individuals, are constantly measured against these principles. In short, if we say we're going to do something, we do it!

Being guided by these principles not only makes Orica a better place to work, it also significantly improves the company's performance and profitability.

Principle	What we do	How we do it
Safety, Health & Environment (SH&E) – ensuring our future	No injuries to anyone ever Value people and the environment	<ul style="list-style-type: none">• Take care of yourself and others• Meet the needs of our customers and the community in an environmentally sustainable manner• Always improve our SH&E performance
Commercial Ownership	Run the business as if it's your own	<ul style="list-style-type: none">• Achieve great financial results• Relentless pursuit of the best business outcomes• Vigorous approach to costs
Creative Customer Solutions	Think differently, deliver swiftly and capture the value	<ul style="list-style-type: none">• Help your customer succeed• Deliver the best solution, not always the perfect solution• Always seek a faster and better way• Rapidly respond to opportunities and change
Working Together	Success as a team and success as an individual	<ul style="list-style-type: none">• Clearly communicate expectations• Recognise and reward achievements• Hold ourselves and each other accountable• Help others to be successful – no silos• Never stop learning• Treat others as you want to be treated• Respect cultural diversity• Behave with integrity• Be part of the solution – can do!



Orica produces a diverse range of consumer products including Polyglaze, one of the Selleys range of car care products, and Dulux paints.



Incitec Pivot is a leading supplier of fertilisers to farmers for cropping and pasture.



Orica explosives are used to produce the foundation materials for roads.



Polymers from Orica's Chemicals business are used in a variety of automotive applications.



Market leader, leading brands & strong asset positions

Orica's competitive strength lies in being a market leader. Our businesses are all market leaders in the industries they serve, with brands that are well recognised, reliable and trusted by customers. We have niche manufacturing assets that complement our competitive advantage.

Market Leader

- Orica is the world leader in supplying explosives and blast management services to the mining, quarrying and construction industries.
- Incitec Pivot is the leading fertiliser company on the East coast of Australia.
- Orica Chemicals is Australia's leading chemical distributor.
- Orica Consumer Products is the market leader in Australia and New Zealand in the decorative paints and timber finishes market, and has a major share of the paint preparation and DIY markets.

Leading Brands

- Orica's i-kon™ electronic detonator is widely recognised as the world's most sophisticated blast initiator.
- The names 'Incitec Fertilizers' and 'Pivot' are each well-known brands in their own right. The company's product range includes Big N, SuPerfect and Granulock.
- Our MIEX®DOC resin is providing new standards of water quality in Australia and, increasingly, overseas.
- Our consumer brands, including Dulux, Cabot's, Selleys, Rota Cota and Poly, are the most recognised and trusted by Australian consumers. The purchase of the Yates Consumer Lawn and Garden business this year has seen Hortico, Thrive and Dynamic Lifter added to the Orica portfolio.

Strong Asset Positions

- Orica has a number of the world's most automated and largest explosives plants that serve markets across the globe.
- Incitec Pivot's manufacturing facilities are located in the Australian states of Queensland, Victoria and New South Wales. The company's distribution networks operate in these states as well as in South Australia and Tasmania.
- The Chemicals business has a mix of niche manufacturing plants and supply chain assets, and operates in Australia, New Zealand, Fiji and Indonesia.
- Consumer Products' wide range of products are manufactured in International Standards Organisation (ISO) accredited plants located in Australia, New Zealand, Malaysia, Fiji and Papua New Guinea.

Financial overview – 2003

Underlying net profit up 13%

Orica has continued to build on the 2002 turnaround with underlying net profit¹ for the year to September 2003 up 13% to \$270M.

Net profit after significant items was \$101M (previous corresponding period (pcp): profit of \$214M) due principally to the decision to write off Orica's investment in Qenos (\$123M) and increased environmental provision for Botany Groundwater (\$28M).

Financial Highlights

- 13% increase in NPAT¹ to \$270M (pcp: \$239M).
- New cost saving initiatives delivered \$27M after tax.
- Earnings per share up 13%².
- Continued improvement in the return on shareholders' funds to 19.6%².
- Final dividend up 17% to 34 cents per share (cps) – 19% franked.

(1) Net profit after tax (NPAT) and minorities before significant items.

(2) Before significant items.

Business Highlights

- Strong profit growth in Mining Services.
- Continued double digit profit growth in Chemicals.
- Strong cost focus and improved mix in Consumer Products leading to improved profit.
- Depressed fertiliser profit following sustained drought in Eastern Australia.

Mergers, Acquisitions and Development

- Buy-out of Incitec minorities for \$326M.
- Completion of the Incitec Pivot (IPL) merger.
- Acquisition of Fernz Speciality Chemicals (Fernz), Engineering Plastics and Welvic business.
- Acquisition of the minorities in Initiating Explosives Systems (IES) Australia.
- Acquisition of the minorities in India Explosives Limited and Initiating Explosives Systems India (completion expected mid-November 2003).
- Expansion of Australian ammonium nitrate manufacturing capacity.
- Acquisition of Yates Consumer and Garden Care business in October 2003.

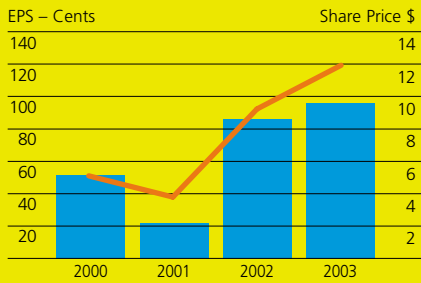
What we achieved in 2003

Working together as 'One Orica' combines our experience, skills and ideas to build upon the strengths of the organisation. Being guided by our four key principles focuses our efforts in ways that produce results.

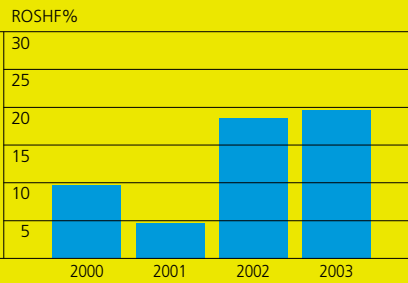
Key principle	Achievements
Commercial Ownership	<ul style="list-style-type: none">• Implemented process improvements in response to changing markets or to improve efficiency• Stringently managed costs and working capital• Turned waste products into income streams
Creative Customer Solutions	<ul style="list-style-type: none">• Worked with customers to increase productivity, lower costs, improve efficiency and enhance safety• Explored and introduced new packaging and delivery methods• Facilitated environmental and safety improvements• Improved how regulatory requirements are met• Made full use of technology to help and support our customers
Safety, Health & Environment (SH&E)	<ul style="list-style-type: none">• Offered training and assistance to customers to help improve their SH&E performance• Delivered advice and assistance through our Emergency Response Service (ERS) to more than 15,000 people regarding transport, storage and use of chemical products and raw materials• Sought alternatives to scarce resources• Investigated possible uses for our waste products
Working Together	<ul style="list-style-type: none">• Established teams across business and geographic boundaries to address supply issues or explore new market opportunities• Employed resources company-wide to successfully integrate new personnel following acquisitions

Shareholder Scorecard

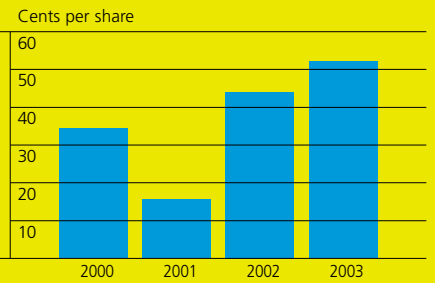
Earnings per Share* and Year End Share Price



Return on Shareholders' Funds



Dividends per Share



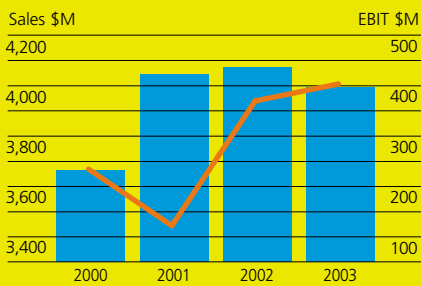
Key

- EPS
- Year End Share Price

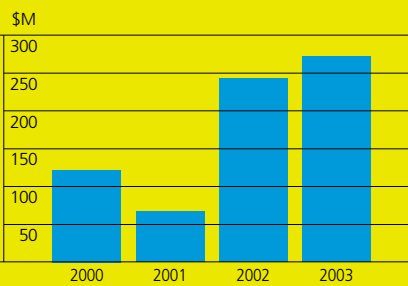
* Before significant items

Financial Summary

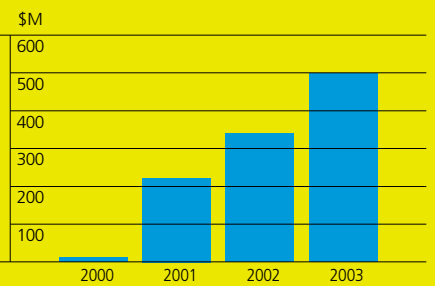
Sales and EBIT



Net Profit After Tax and Minority Interests Before Significant Items



Cash Flow from Operating Activities

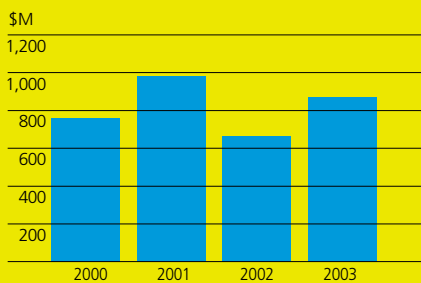


Key

- Sales
- EBIT

Financial Leverage

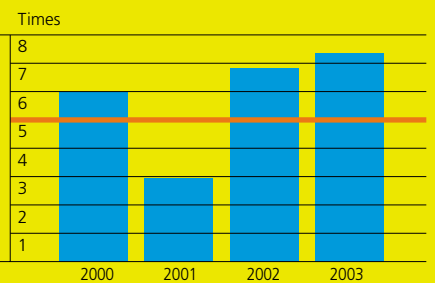
Net Debt



Gearing



Interest Cover



Key

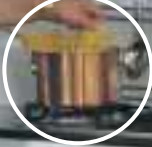
- Gearing
- Target Range

Key

- Interest Cover
- Target >5x



Metals such as copper are mined using Orica explosives.



Incitec Pivot fertilisers are used in the production of grapes for the wine industry and by horticulturists.



Orica manufactures chemicals for water purification and dairy processing.



We produce a range of wood stain products for both interior and exterior use.

Technology and innovation

Orica is a niche chemical company. We actively seek product innovation and value adding opportunity in order to create or fill niche markets. Our commitment to progress is not limited to any one business, but is evident throughout the organisation.

Orica Consumer Products

Orica leads the paint industry in producing innovative products. These include the most washable interior paints, 'effects' paints and exterior paint that lasts over 10 years.

Our products are rigorously laboratory tested and are subjected to long-term exposure testing in North Queensland, Australia. Test conditions are amongst the most environmentally punishing on the planet, ensuring that Orica paints and other coatings are the best that technology can give.

At our purpose-built technology centre located at our headquarters in Victoria, Australia, state-of-the-art technology is employed to further enhance existing products and develop new ones. This includes the use of nanotechnology (technology at a molecular level) to research ways to improve paint durability, stain resistance and washability.

Our paint application and DIY products are constantly being improved, making them easier to use, more effective and longer lasting.

Orica Mining Services

Having some of the world's most automated and largest explosives plants puts us at the bottom of the industry cost curve.

Our i-kon™ electronic detonator together with Orica's expertise gives us a substantial commercial advantage as we are able to significantly reduce a mine's total cost through throw blasting and effective rock fragmentation. New customers are being attracted by Orica's product and technology package that is viewed as 'value beyond blasting'.

Our fleet of Mobile Manufacturing Units (MMUs) is the world's largest and most advanced.

Orica Mining Services is bringing more modern and innovative mining solutions to China and Eastern Europe.

Fertilisers

Serving an industry not traditionally associated with technology, Incitec Pivot is at the forefront of maximising the impact of their products for their customers. Innovations include the use of GPS navigational equipment in the application of Big N anhydrous ammonia liquid fertiliser that allows the product to be applied at a continuously variable rate, resulting in minimal wastage and maximum impact.

In addition to fertiliser products, Incitec Pivot provides support services that include agronomy advice and services and soil analysis.

Orica Chemicals

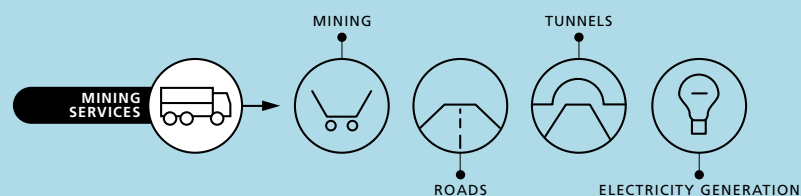
Our Chemicals business constantly adds value to its products with additional services and technology. These include improving customers' plant efficiency using Cleaning in Process (CIP) technology and enhancing customers' safety with the use of sodium cyanide sparging* whereby sodium cyanide is shipped as a solid and diluted on the mine site, eliminating handling by the mine.

Several exciting new technologies are being pursued by the business, including:

- The MIEX® technology, developed in conjunction with research organisation CSIRO, that removes impurities from drinking water. The cost effective and environmentally friendly technology has been fully proven on a commercial scale in Australia and is now being taken overseas to the United States, Europe and Asia.
- E zero resins from Adhesives & Resins – low formaldehyde emission resins designed mainly for the Japanese market.

*A procedure designed to minimise exposure to sodium cyanide.

Orica Mining Services



Orica Mining Services manufactures and sells commercial explosives and detonators and provides blast management services to the mining, quarrying and construction industries. The business is run globally with a leading presence in Australia, Asia, Europe, North America and Latin America.

Highlights

- Double digit profit growth in all regions, except North America, largely driven by cost efficiencies
- Record profit in Australia/Asia
- Improved profit in North America despite poor volumes, increased ammonia costs and challenging market conditions
- Efficiencies – cost savings \$41M and improved capital management
- 250% increase in I-kon™ electronic detonator sales over pcp

Business fundamentals

Largest explosives business in the world

- Global leader in the manufacture and distribution of explosives and related products and services

Strong asset position

- World-scale, efficient and well located manufacturing plants close to key markets
- World's largest and most advanced fleet of Mobile Manufacturing Units

Superior technology

- Leading edge i-kon™ electronic initiating system
- Advanced underground and surface emulsions

Safety

- Global leader in the development and application of safety systems

Strengths and competitive advantages

Market share

- Significant presence in most of the world's largest markets, notably the USA, Canada, Australia, Chile, Brazil and Indonesia

Technology

- Recognised as the technology leader in blasting research and developing world class explosives and initiating systems including the unique i-kon™ electronic initiating system

Growth opportunities

- Exploring markets in Africa, Eastern Europe, Latin America and the Former Soviet Union.
- Plant expansions

Offering complete solutions to customers

- Product and technology package is delivering significant improvements in yield and productivity

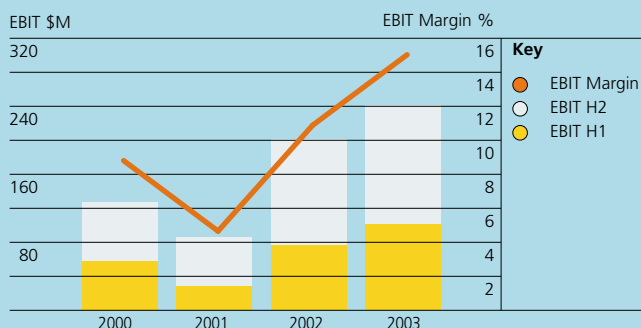
Excellent resources

- Well-developed manufacturing and logistics capabilities across much of the globe

Financial performance – 2003

Profitability of Mining Services increased by 20% to \$247M. This is the best full year result on record for Mining Services.

EBIT Trend

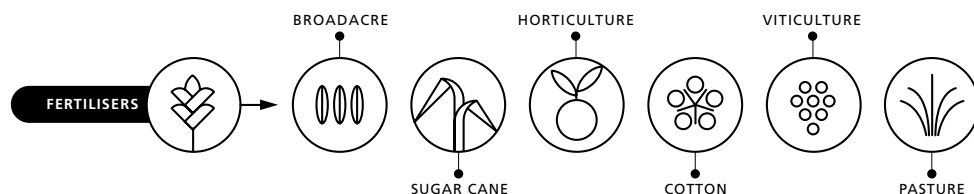


Financial Performance (\$M)

	Year ended September		
	2003	2002	Change F/(U)*
Sales Revenue	1,663	1,857	(10%)
EBIT	247.4	205.8	20%
Net Assets	1,049	999	(5%)
Return on Net Assets	24.2%	19.3%	
EBIT			
Australia/Asia	136.8	111.0	23%
North America	47.1	44.5	6%
Latin America	41.1	34.6	19%
Europe	22.4	15.7	43%

* F – Favourable, (U) – Unfavourable

Fertilisers



Orica owns 70% of Incitec Pivot Limited, a specialist world-class manufacturer and supplier of fertilisers that serves agricultural markets across Eastern and Southern Australia. Created through the merger of the fertiliser businesses of Incitec Limited and Pivot Limited, Incitec Pivot Limited began operating as a merged entity in June 2003.

Highlights

- Merger with Pivot Limited – Orica shareholding 70%
- Incitec Pivot successfully listed on the ASX with a market capitalisation at 30 September 2003 of \$913M
- Merger on track:
 - \$6M in synergies delivered ('low hanging fruit') and
 - East coast market share retained
- \$10M EBIT delivered from the former Pivot business in 4 months

Business fundamentals

Leading fertiliser business in Australia

- Merger links two industry leaders with complementary product portfolios
- Leading Australian supplier to a wide spectrum of farming segments including cotton, cane sugar, broadacre and horticulture

Extensive industry experience

- Collectively, founding companies have over 160 years of fertiliser experience

Strong asset position

- Manufacturing plants in Queensland, New South Wales and Victoria including Australia's sole urea manufacturing facility
- Efficient port facilities and distribution centres along the Eastern and Southern coasts of Australia
- Network of regional service centres and distribution depots

Technology

- Leader in providing agronomic services through soil, plant and water testing laboratory in Victoria and product development and agronomy teams

Wide product range

- Leading Australian product range including Big N, SuPerfect and Granulock
- Incitec's nitrogen-based product range complements Pivot's superphosphate-based products
- Only manufacturer in Australia of the key nitrogen fertiliser urea

Safety, Health & Environment

- Expertise and research
- Correct and efficient use of fertilisers

Strengths and competitive advantages

Strong brands

- The brand names of Incitec Fertilizers and Pivot Limited are widely recognised and trusted

Superior product range including specialty products

- Differentiated manufactured products with strong customer preference
- Specialty agronomic support through Nutrient Advantage

Market leader

- Australian leader in bulk and liquid fertiliser supply to the sugar, horticulture, broadacre and cotton segments
- Diverse customer base with a strong multi-channel position

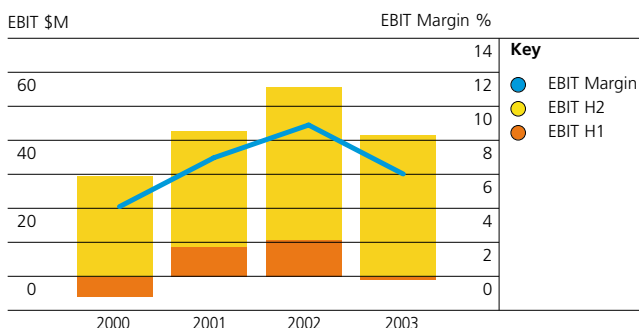
Well-managed assets

- World class material management systems across supply chain and operational functions
- Low cost operation of port and distribution facilities across the Eastern and Southern coasts of Australia
- Strong dealer sales network to all market segments
- Well located and efficient distribution assets

Financial performance – 2003

Incitec Fertilisers merged with Pivot Limited on 1 June 2003 creating Australia's leading manufacturer and distributor of fertiliser. Fertilisers delivered robust earnings in the face of the worst drought in Australia in 100 years. (EBIT down 26% to \$43M).

EBIT Trend

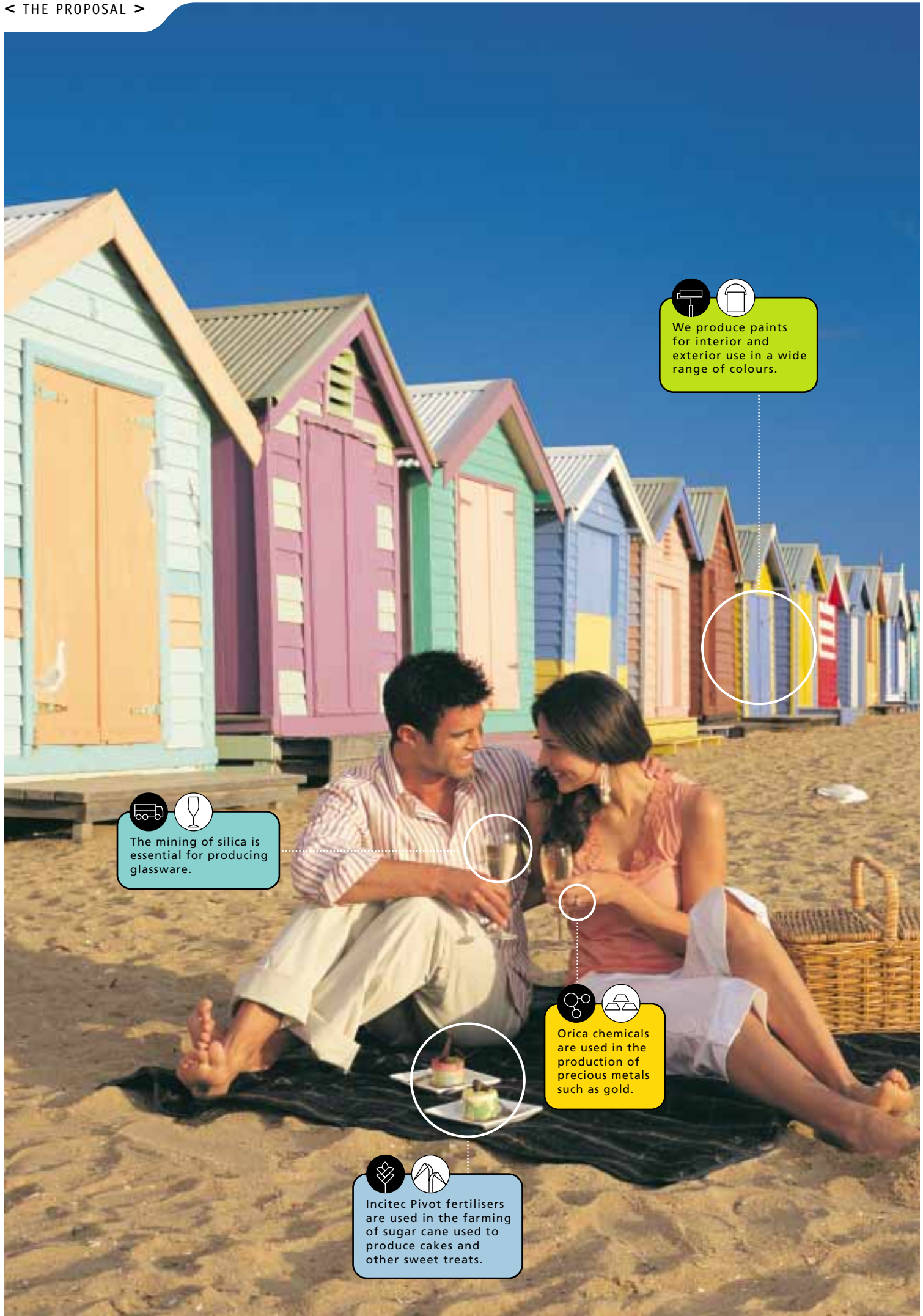


Financial Performance (\$M)

	Year ended September		
	2003 ¹	2002 ²	Change F/(U)*
Sales Revenue	760	649	17%
EBIT	42.8	58.1	(26%)
Net Assets	686	297	(131)%
Return on Net Assets	8.7%	21.0%	

- (1) Includes 8 months Incitec Fertilisers plus 4 months Incitec Pivot
 (2) Relates to Incitec Fertilisers only

* F – Favourable, (U) – Unfavourable



We produce paints for interior and exterior use in a wide range of colours.



The mining of silica is essential for producing glassware.



Orica chemicals are used in the production of precious metals such as gold.



Incitec Pivot fertilisers are used in the farming of sugar cane used to produce cakes and other sweet treats.

Capable people

Our people have wholeheartedly embraced the opportunity to take responsibility for the company's ongoing success. By developing all of our guiding principles – Commercial Ownership, Creative Customer Solutions, Safety, Health & Environment, and Working Together – and then rising to the challenges associated with these principles, Orica people show that they have a 'can do' attitude.

Across all our businesses, customers are being offered more than just products. We aim to provide total solutions – encompassing product, technology and service – to increase productivity, improve efficiency, enhance our customer relationships and contribute to an environmentally sustainable future.

Whenever needed, our people actively seek alternative delivery routes, systems and processes to ensure that our customers' needs are met without compromising cost efficiency.

For example, at our sodium cyanide plant at Yarwun (Queensland, Australia) sodium cyanide production has been effectively doubled through minor capital and process improvements.

When Orica Texture Coatings needed to supply a major Malaysian project with 120,000 litres of coating, our people came up with the idea of using a plastic, recyclable pail to lessen the environmental impact and reduce costs.

At our paint manufacturing facility at Rocklea (Queensland, Australia), employees' innovative thinking identified a productive use for coloured wastewater, leading to a waste stream being turned into a valuable resource.

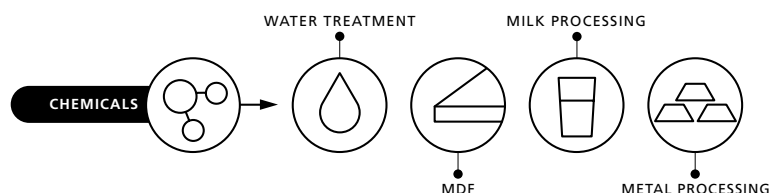
When Orica's Explosives plant at Brownsburg (Canada) could no longer adequately manufacture certain components without significant capital expenditure, employees from Orica's operations at Troisdorf in Germany and Lorena in Brazil joined forces with members of the Brownsburg team to implement the first global Initiating Systems project.

With a changing market base, innovative thinking by Chemicals employees led to the redesigning of sodium cyanide delivery boxes to suit an increasing export market, achieving great financial results and improving safety.

These are just some examples of how the capable people within our organisation contribute to Orica's success.

As a means to ensure that we continue to be supported by capable people, Orica has reintroduced its graduate recruitment program in the engineering stream, with a view to extending it to other streams in the future.

Orica Chemicals



Orica's Chemicals business is based in Australia and has operations in New Zealand, China, Fiji and Indonesia. The business manufactures, imports and markets a large range of chemicals from bulk commodities through to fine and specialty chemicals. Markets include the dairy, food, beverage, water treatment, wood panel, manufacturing, printing, plastics, refrigeration, metal, engineering, construction and mining industries.

The acquisition of Welvic, Fernz Specialty Chemicals, Incitec Industrial Chemicals and Engineering Plastics has opened up a range of new markets in sectors which include food, automotive, footwear, wire & cable, appliances and containers.

Highlights

- Another record result
- Several acquisitions successfully completed
- Cost savings of \$7M
- Continued disciplined capital management

Business fundamentals

Largest chemical business in Australasia

- Vast range of products
- Total market coverage
- Supply chain efficiencies

Strong asset position

- Niche manufacturing plants
- Supply chain infrastructure
- Major chlorine plants – unique on East coast of Australia

Leading technology

- MIEX® water treatment is advanced and cost effective
- ChlorAlkali plants use latest membrane cell technology

Strong focus on Safety, Health & Environment

- All Victorian manufacturing operations have secured five-year Major Hazard Facility licences

Widespread market coverage

- Customers of all sizes across almost all industries

Strengths and competitive advantages

Relationships

- Technology and service used to add value for customers
- Alliances forged with major world-competitive suppliers

Global opportunities

- International sodium cyanide mining chemicals business, including explosives emulsifiers
- MIEX® water treatment technology

Cost and capital efficiency

- World-class management of trade working capital
- Focus on low cost production
- Continuing drive to improve productivity

Innovation

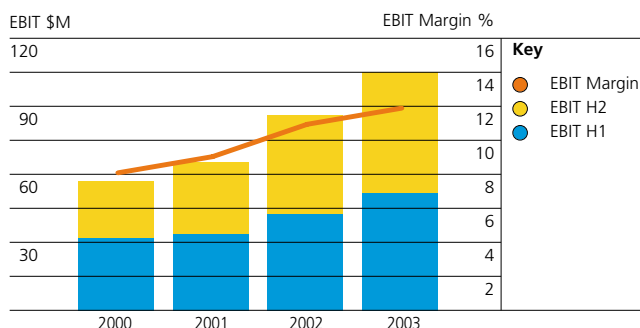
- Packaging and logistics systems modified to meet market needs
- Sodium cyanide packaging and bulk distribution (sparging system)
- World-class dairy cleaning technology

Financial performance – 2003

Chemicals increased profit by 22% to \$107M over the record 2002 result. This is the sixth⁽¹⁾ consecutive year of period on period earnings growth.

(1) Excluding Polyurethanes business sold in 1999.

EBIT Trend

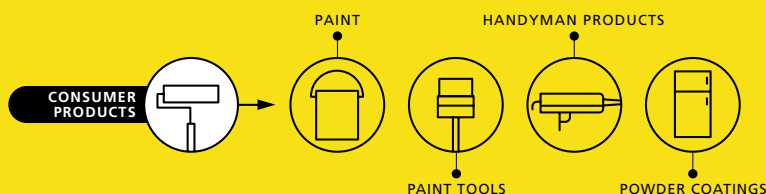


Financial Performance (\$M)

	Year ended September		
	2003	2002	Change F/(U)*
Sales Revenue	923	779	18%
EBIT	106.6	87.5	22%
Net Assets	568	443	(28)%
Return on Net Assets	21.1%	20.4%	
Business Sales			
Chemnet	576.0	436.3	32%
ChlorAlkali	143.5	153.7	(7)%
Mining Chemicals	97.1	100.9	(4)%
Adhesives & Resins	118.4	101.6	17%

* F – Favourable, (U) – Unfavourable

Orica Consumer Products



Orica Consumer Products manufactures and markets icon brands Dulux, Berger, British Paints, Walpamur, Levene, Cabot's, Feast Watson, Intergrain, Acratex, Selleys, Rota Cota, Poly and Turtle Wax. The acquisition of the Yates Consumer Lawn and Garden business added Yates Hortico, Thrive, Zero and Dynamic Lifter to the Orica Consumer Products portfolio.

An extensive range of powder coatings is manufactured and marketed in Australia, New Zealand and Asia.

Highlights

- Improved margins through business and product mix changes leading to record profitability
- Cost savings of \$9M
- Trade working capital reduced by \$28M to 10.7% of sales, at period end

Business fundamentals

Leading marketer

- Branded and private label paint and stain products
- Dry powder coatings
- Repair and fix products
- Sealants and adhesives
- Car care products
- Plant and garden care products

Leading manufacturer

- Large-scale, efficient manufacturing plants
- Facilities in Australia, New Zealand, Fiji, PNG and Malaysia

Largest paint and paint preparation business in Australia and New Zealand

- Widest range of preferred brands
- More than 7000 products

Strong focus on emerging markets

- Leading exporter to South East Asia and China
- Expanding into Malaysia, Singapore and China

Leading innovator of new paint products

- Washable interior paints
- 'Effects' products
- Long-lasting exterior paint
- BreatheEasy paint

Strengths and competitive advantages

Brand leadership

- Many icon brands that hold leading positions in their categories, such as Dulux, Berger, Cabot's, Selleys, Rota Cota and Poly

World-class technology

- Dedicated world-scale research and development facilities

Distribution strength

- All major retail chains
- Independent paint specialists
- Network of Dulux trade stores supplemented by independent agents and distributors

Service excellence

- World's best practice customer service and Deliver-In-Full-On-Time levels
- Numerous Supplier of the Year awards

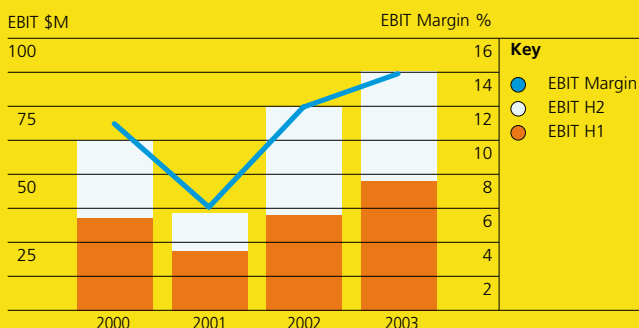
Marketing and innovation

- Introduced Dulux Colour Specifier – world class system for the professional market
- MyColour, an interactive CD-Rom application for home colour choice

Financial performance – 2003

Profitability significantly improved to an EBIT of \$89M (+18% on 2002) with a focus on product mix and reducing the cost and capital base of the business.

EBIT Trend



Financial Performance (\$M)

	Year ended September		
	2003	2002	Change F/(U)*
Sales Revenue	658	640	3%
EBIT	89.1	75.6	18%
Net Assets	183.8	218.1	16%
Return on Net Assets	44.3%	32.7%	
Business Sales			
Paints	505.2	486.5	4%
Other	163.7	166.9	(2%)

* F – Favourable, (U) – Unfavourable



Orica explosives are used to mine coal for the electricity industry in the US.



Our extensive range of paint application tools ensure a great finish.



Orica Chemicals manufactures Cereclor® for use in electrical cables



The floral industry uses Incitec Pivot fertilisers in the production of flowers.



Simple strategy – superior results

At Orica, we are following a simple yet effective strategy. Our broad strategic goal is to deliver year on year earnings per share growth at above the market average.

To this end we are pursuing growth opportunities across the organisation. Our strategy is to build on strength based on three principles:

- Market leadership – ‘profitable niches’: evidence shows that a business is far more likely to be successful from a leadership position. All of Orica’s businesses are leaders in their chosen market.
- Growing only value-adding businesses or those that have ‘earned the right to grow’.
- Related growth of our existing (best) businesses through mergers, ‘bolt-on’ acquisitions or geographic expansion. Research shows that related growth close to the core of existing businesses is far more successful than large step-outs.

This is a low risk approach to growth, but low risk does not mean a lack of opportunity for growth.

For example, in the 2003 financial year we created Australia’s largest fertiliser company through the merger of Incitec Fertilizers with Pivot Limited.

We have also acquired Fernz, Engineering Plastics, and the Welvic compounds business, all of which have been integrated into the Chemnet chemical trading business, along with Incitec Industrial Chemicals. We bought out the minority shareholding in Initiating Explosives Systems Australia and integrated the business into Mining Services and Orica became the sole owner of India Explosives Limited. Orica Consumer Products became the new home for the Yates Consumer Lawn and Garden business.

Orica’s growth strategy is underpinned by four areas:

- Industry Growth – there will continue to be underlying growth in the industries where we operate.
- Productivity Improvements – there will continue to be a focus on ongoing efficiencies in cost and capital.
- Capital Expenditure – strict financial criteria (18% Return On Net Assets [RONA] after two years and 15% Internal Rate of Return [IRR] on the project) will be applied to growth projects, whether that be new capital or expansion to existing facilities, to ensure capital expenditure is shareholder value accretive.
- Mergers and Acquisitions – we will continue to look for niche opportunities that satisfy our investment criteria in areas of low risk value creation.

Orica’s organic growth and productivity gains will generate significant free cash flow to fund capital expansion and mergers/acquisitions activity.

By adopting a low risk approach to growth we believe that, in the future, Orica can increase earnings and dividends, resulting in above average market returns for our shareholders.

Our simple strategy is capable of delivering sustainable, superior results for our shareholders.

Where we make our products

Initiating Systems Plants

Americas

Brownsburg (Canada)
Lorena (Brazil)
Cuatro Ciénegas (Mexico)

Asia

Weihai (China)
Gomia (India)
Limay (Philippines)

Australia

Deer Park (Victoria)
Helidon (Queensland)

Europe

Troisdorf (Germany)

Nitroglycerine Plant

Würgendorf (Germany)

Ammonium Nitrate Plants

Americas

Carseland (Canada) 500 ktpa
Seneca (USA) 200 ktpa
Geneva (USA)* 45 ktpa
Monclova (Mexico) 50 ktpa

Australia

Yarwun (Queensland) 270 ktpa
Newcastle (NSW)⁺ 280 ktpa

Fertiliser Plants

Gibson Island (Queensland)

290 ktpa Ammonia
250 ktpa Urea
180 ktpa Granulation

Kooragang Island (NSW)

90 ktpa Granulation

Cockle Creek (NSW)

350 ktpa Single Superphosphate

Geelong (Victoria)

450 ktpa Single Superphosphate

Portland (Victoria)

250 ktpa Single Superphosphate

Chemicals Plants

ChlorAlkali

Laverton (Victoria) 35 ktpa
Botany (NSW) 35 ktpa
Yarwun (Queensland) 9 ktpa
MIEX[®], Deer Park (Victoria)

Sodium Cyanide

Yarwun (Queensland) 48 ktpa

Adhesives & Resins

Deer Park (Victoria) 120 ktpa
Samarinda (Indonesia) 60 ktpa
Hornby (New Zealand) 80 ktpa
Mt Maunganui (New Zealand) 40 ktpa

Orica Consumer Products Manufacturing Plants[#]

Paints and Stains

Rocklea (Queensland)
Gracefield (New Zealand)
O'Connor (Western Australia)
Scoresby (Victoria)
Lae (Papua New Guinea)
Kuala Lumpur (Malaysia)
Lami (Fiji)

Coatings

Powder Coatings, Clayton (Victoria)
Powder Coatings, Auckland (New Zealand)
Texture Coatings, Beverley (South Australia)

Selleys

Padstow (New South Wales)

* Orica share of output (50%)

+ Additional 110 ktpa coming on line in December 2004

Excludes manufacturing assets acquired as part of the Yates Consumer Lawn and Garden Care Business in October 2003

ktpa – thousand metric tonnes per annum










Qenos

Qenos manufactures, imports and markets key materials for the plastics and rubber industries in Australia, and has manufacturing facilities in New South Wales and Victoria. Orica has written off its investment in this company and no longer equity accounts for its investment.

Online information

We are committed to keeping all our shareholders well informed.

Our orica.com website is currently being updated. The new site will go live in January 2004.

- ORICA SHARE PRICE**  Updated every 15 minutes.
- EXCEL SPREADSHEET**  Updated yearly for past eight years.
- ASX RELEASES**  Updated on announcement to Australian Stock Exchange.
- WEBCAST**  Updated half-yearly and annually with results webcasts.
- POWERPOINT PRESENTATION**  Updated from investor and analyst roadshows.
- ANNUAL REPORTS**  Updated annually with annual reports for past five years.
- DONATIONS PROGRAM**  Guidelines and application form available for download



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