



1999 Annual Report



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Shareholder information – inside back cover

Orica Limited

ACN 004 145 868

What is Orica

Orica is an Australian company with operations around the globe. We manufacture and supply commercial explosives and mining chemicals; agricultural chemicals and fertilizers; industrial, specialty chemicals and products for water care; paints and paint preparation products. Until 1997, the company was part of the ICI Group.

Where are we going?

Orica has set its sights on 'Winning Against the World's Best' as the basis on which it will deliver superior shareholder returns.

Annual General Meeting

The 1999 Annual General Meeting will be held on Tuesday 21 December at the Grand Hyatt Melbourne, commencing at 10.30am.

Annual Report 1999

Cover: Orica's four core businesses are represented on this year's cover.

Vision and Values

Winning against the world's best

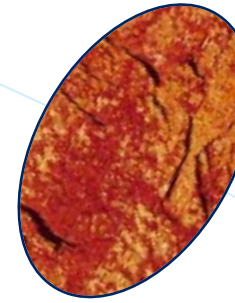
with

- Customers who are delighted and prefer to deal with us
- Shareholders attracted by superior returns
- Employees motivated to deliver outstanding results
- Communities who value the benefits we bring.

To realise our Vision we will:

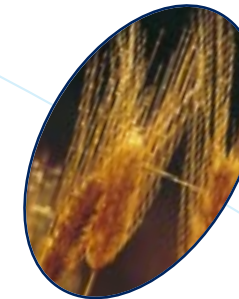
- Operate to the highest standards of safety, health and care for the environment
- Achieve outstanding levels of customer satisfaction
- Ensure all our activities ultimately add to shareholder returns
- Be a world competitive and innovative company using quality principles to generate competitive advantage
- Develop our technology to secure and expand our market position
- Develop leaders who motivate employees to deliver outstanding results
- Demand honest and ethical behaviour at all times
- Ensure cooperation and teamwork across the company for the benefit of the corporation as a whole
- Build a relationship of cooperation and teamwork with our customers, suppliers and business partners for mutual benefit.

Orica's core businesses



Mining Services

Orica is the world's leading supplier of commercial explosives, initiating systems and sophisticated, fully integrated blasting technology services to the mining, quarrying and construction industries.



Agricultural Chemicals

Orica's agricultural chemicals interests include Incitec, majority owned by Orica, and Crop Care, a joint venture between Orica and Incitec. Incitec is one of Australia's largest manufacturers of fertilizers, whilst Crop Care is the largest manufacturer and distributor of crop protection products throughout Australia, New Zealand, Papua New Guinea and the Pacific Islands.



Consumer Products

Orica is a leading manufacturer and supplier of architectural and decorative surface coatings in Australia, New Zealand and the South West Pacific. We have three businesses serving this area – Decorative Coatings, Selleys and Woodcare products – marketing products under well-known premium brand names such as Dulux, Berger and Cabot's. We also have a Powder Coatings business which supplies decorative and functional coatings for industrial use.

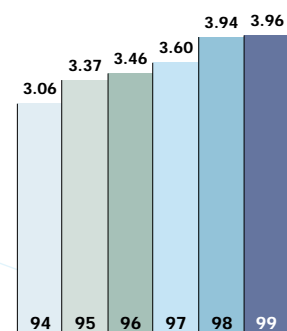


Chemicals

Orica is a leading supplier of industrial and specialty chemicals in Australia and New Zealand through its Chemicals business and that of Incitec Industrial Chemicals. Key products include chlorine and sodium hypochlorite for water treatment, and adhesives and resins for wood panel boards. The Chemnet trading and distribution business covers Australia, New Zealand, Fiji and Papua New Guinea, providing a broad range of chemicals for use in all industries.

Turn to pages 12 and 13 for more about these businesses.

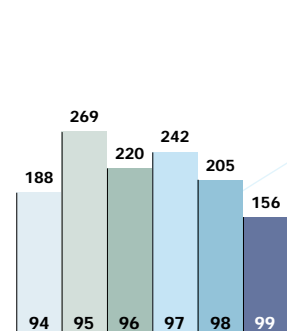
1999 Financial Performance



Sales (\$billion)

Sales

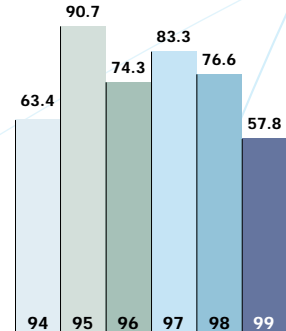
Increased sales revenue from a full year of the International Explosives business more than offset the loss of sales revenue from business divestments in the past two years.



Profit after tax before abnormal items (\$m)

Profit after tax and before abnormal items

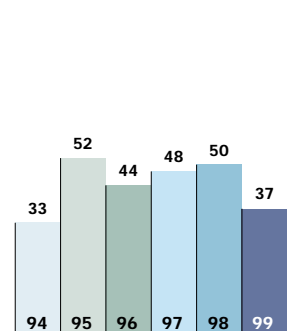
The divestment of a number of non core businesses, and the resumption of superannuation contributions, created a profit shortfall as described at last year's Annual General Meeting. This was only partially filled by improved profits from the core businesses.



Earnings per share before abnormal items (cents)

Earnings per share (EPS) before abnormal items

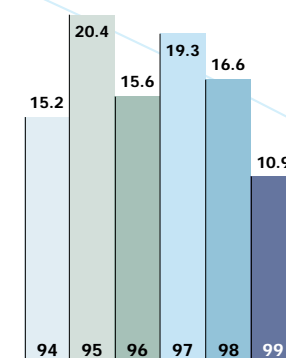
EPS mainly fell in line with profitability.



Dividend (cents)

Dividend per share

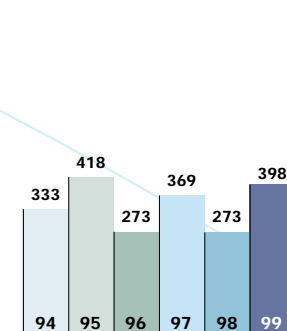
The Orica Board's current policy is to distribute between 55–65 per cent of available preabnormal profit. This year the total dividend was 37 cents representing 64 per cent of preabnormal profits. The total dividend will be franked to 14 cents per share.



Return on average shareholders' equity before abnormal items (%)

Return on average shareholders' funds before abnormal items (ROSHF)

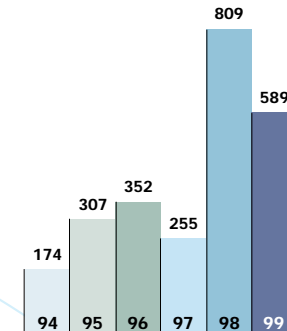
Despite falling this year, Orica's ROSHF remains above the weighted average cost of capital.



Cash flow from operations (\$m)

Cash flow from operations

Orica has continued to generate strong cash flows, an indication of the underlying health of the company and its ability to fund further growth of core businesses.



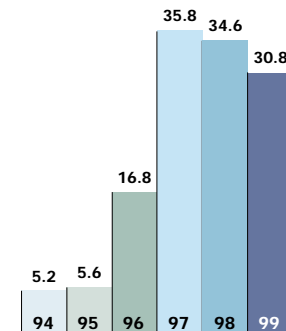
Capital expenditure and acquisitions (\$m)

Capital expenditure and acquisitions

Capital expenditure and acquisition spending requirements reduced in 1999. The high level of expenditure in 1998 was due to the purchase of the International Explosives business.

Abnormal profits

The restructuring program has again given rise to net abnormal profits. These arose from the sale of the Surfactants business and the formation of the joint venture with Kemcor (Exxon/Mobil's joint venture), now called Qenos. These were partly offset by restructuring and other charges, resulting in a total abnormal profit after tax of \$29.8 million.



Gearing (\$)

Gearing (net debt/net debt plus shareholders funds)

Orica has a long term gearing target (net debt/net debt plus shareholders funds) in the range of 30–40 per cent. This range allows Orica to balance new investment opportunities as they arise with prudent financial management. The gearing at year end of 30.8 per cent was at the bottom of the target range. It is important to note that the range is an indication of long term gearing and, for shorter periods of time, the company's gearing may move outside the range.

| For the year to 30 September | | 1999 | 1998 | change |
|---|-------------|--------------|-------|--------|
| Sales | (\$billion) | 3.96 | 3.94 | +1% |
| Operating profit before abnormal items | (\$m) | 258.4 | 326.4 | -21% |
| Net profit attributable to shareholders | | | | |
| – before abnormal items | (\$m) | 156.4 | 204.6 | -24% |
| – after abnormal items | (\$m) | 186.2 | 434.9 | -57% |
| Interim dividend | (cents) | 15 | 21 | -29% |
| Final dividend | (cents) | 22 | 29 | -24% |
| Total dividend | (cents) | 37 | 50 | -26% |
| Return on average shareholders' equity before abnormal items | (%) | 10.9 | 16.6 | |
| Net borrowings | (\$m) | 709.8 | 801.1 | -11% |
| Gearing | (%) | 30.8 | 34.6 | |
| Net tangible asset backing per share | (\$) | 4.14 | 3.86 | +7% |
| Interest cover before abnormal items | (times) | 6.7 | 6.2 | |

Value Added

Orica's profitable performance contributes to the community through its generation of wealth and employment. This added value was distributed as follows:

| | | 1999 | 1998 |
|---|-------|--------------|-------|
| Wages to employees | (\$m) | 589 | 619 |
| Taxes to governments | (\$m) | 63 | 47 |
| Interest to financial institutions | (\$m) | 45 | 63 |
| Dividends to shareholders | (\$m) | 101 | 134 |
| Reinvestment in business | (\$m) | 272 | 324 |
| Total | (\$m) | 1,070 | 1,187 |

A growing focused global business

Europe

The joint venture with Dynamit Nobel GmbH Explosivstoff und Systemtechnik in Germany to manufacture advanced electronic detonator systems announced in September, adds another important platform for initiating systems development.



Jason Hill



China

The building of a packaged explosives and initiating explosives plant in China due to start operating in early 2000, and five civil tunnelling contracts as part of Hong Kong's major infrastructure project, are major developments in this part of the world.

India

A joint venture with ICI India to deliver explosive products and services into the rapidly growing Indian mining and quarrying industries was announced and finalised during the year, completing another important link in Orica's global strategy.

Australia

State of the art chloralkali manufacturing facilities in Melbourne and Sydney, Consumer Products' technology centre in Melbourne, a pilot plant in Melbourne for the new MIEX technology and an upgrade of decorative paint manufacturing facilities in Brisbane are all under construction. The launch of the polyethylene joint venture was celebrated in Melbourne and Sydney.

New Zealand

Chemnet's trading and distribution business revamped its business structure for greater growth and profitability, and Consumer Products acquired the Poly brand and upgraded facilities at its Gracefield site.



Louise Edwards



North America

North America

Restructuring the North American businesses, a new world class technical centre in Denver (USA), expansion of ammonium nitrate manufacturing facilities in Carseland (Canada), and a joint venture with Nelson Bros in the west, pave the way for future growth and profitability.



Asia Pacific

Asia Pacific

The Explosives business celebrated 30 years in Papua New Guinea, Consumer Products established its Texture Coatings business in Malaysia, Adhesives & Resins commissioned a plant in Indonesia, and Chemnet, our chemical trading and distribution business, strengthened its business across Australia, New Zealand, Fiji and Papua New Guinea.

South America

South America

A long term supply agreement for ammonium nitrate signed with Enaex in Chile opens the door for further growth opportunities with major mines in Argentina, Chile and Peru.



Pusadee Thientaworn

David Leong



● Orica's major locations

Orica is on track...



Ben Lochtenberg
Chairman

Key elements in place

In last year's annual report we outlined Orica's ambitious strategy to reshape and grow the company in four core business areas of Mining Services, Agricultural Chemicals, Chemicals and Consumer Products such as paints. We have made significant progress in implementing this strategy, and we now believe we have many of the key elements in place to satisfy our customers and achieve growth in shareholder value.

Our management team has completed many projects in 1999, with non core divestments realising \$379 million and investments and commitments for future growth totalling \$690 million. We have entered into key joint ventures for our Explosives business in India, Germany and the USA. These strengthen our international presence and provide a springboard for future earnings growth as we exploit new market opportunities and meet the needs of increasingly global customers. This year, 23 per cent of Orica's sales and 3,300 of our staff are outside Australia and New Zealand. In Australia, we integrated our Australian polyethylene business in a joint venture with Kemcor (Exxon/Mobil), sold our Surfactants business to Huntsman Corporation, and continued to strengthen and grow our marginally increased investment of 76 per cent in Incitec Ltd's fertilizer business.

Challenging environment

Although there has been considerable restructuring activity, the Orica share price reflects the challenging trading environment in which we have been operating. Orica has been affected directly by lower prices and, indirectly, by a downturn in the business of our customers. This has been particularly so in our supply of commercial explosives and services to our mining industry customers. We have also been impacted by the bottoming of the chemical industry cycle, resulting in excess production capacity in our region of the world. But such difficulties and challenges are part of our

history and are well understood by Orica. It is a credit to the expertise and commitment of our management and staff that we have improved sales volumes under these conditions, and there are signs of improving performance in all of our core businesses.

Orica has not been idle or inactive in this challenging environment. On the contrary, in addition to the major restructuring of our business portfolio, management has comprehensively reviewed and are slimming down our businesses' and corporate support functions to provide a more effective and responsive organisation. We are well down the track of achieving the latest savings target of \$120 million in costs over two years, and management will continue to initiate projects to help further improve our efficiency, continue cost reduction and better meet customer needs.

We are confident that the current improvement program puts Orica in a strong position when market conditions improve, and will result in better shareholder returns. The new management compensation system agreed by shareholders at last year's Annual General Meeting, with its direct link to performance, and Orica share ownership is also an important feature of a revitalised, more focused Orica.

The Board is proud of the effort put in by Philip Weickhardt and his management team in implementing our reshaping strategy, and is appreciative of the tremendous effort put in by all employees to improve performance in a fast changing and challenging environment.

A focused company

We are building a strong, clearly focused organisation with not only the will, but also the ability to generate value for shareholders. Orica is a company with a clear vision of 'Winning Against the World's Best' supported by long standing values, which include a strong commitment to operate to the highest standards of safety, health and care for the environment.

Orica is now in a strong financial position to grow our core activities, and to take our competitive explosives and blasting services to mining and quarrying customers around the world. Our management team is working hard to make this happen, and Orica's board members have contributed their considerable expertise and skills to the company's many initiatives.

Ben Lochtenberg
Chairman

...to deliver long term shareholder value



Philip Weickhardt
Managing Director

Reshaping for the future

Orica's vision of 'Winning Against the World's Best' is the driving force behind our strategy to ensure we continue to build the future prosperity of our company.

Last year we made a number of significant changes to strengthen our business portfolio as part of the reshaping of our, then, newly independent company. Several businesses, including International Explosives, were bought. Others were sold and these included businesses, such as Technical Coatings and Pharmaceuticals, which had been very good for us in the past but, in our analysis, had more natural owners elsewhere. We also progressed restructuring through joint ventures and one – Australian Vinyls Corporation – had an excellent first year.

This year we have continued to reshape Orica through divestments, acquisitions and joint ventures. This reshaping has continued to follow the strategy we determined soon after ICI PLC sold its majority shareholding in the company. We have continued to divest non core businesses for value and to invest in growing the core businesses, with a continued focus on cost reduction, rationalisation and efficiency improvements. We are strengthening ourselves from within so we can manage more effectively the external environment in which we find ourselves.

It has been a difficult trading year with record low prices for chemicals impacting on most of our businesses. Our mining customers experienced extremely low commodity prices, and excess capacity around the world affected most of our chemicals, plastics and fertilizer businesses. However, it is important to remember that we have been part of the chemical industry for a long time – and we have not only survived but, over the long haul,

prospered. As expected, Orica businesses have risen to the challenges – and, through self help initiatives, have made significant improvements over the year.

Profit result

In this climate the company delivered a profit after tax and before abnormal items of \$156.4 million, down 24 per cent on \$204.6 million last year. This year's profit after abnormal items was \$186.2 million, down 57 per cent as compared to \$434.9 million last year. The abnormal profit last year was primarily due to the sale of the Technical Coatings and Pharmaceuticals businesses.

Our company profit is down on last year, but the contribution from the core businesses has improved. At the Annual General Meeting last year we foreshadowed that Orica would miss the earnings of \$55 million from the divested businesses, and would also face additional costs of around \$40 million as the company resumed paying superannuation contributions. Soon after the 1998 Annual General Meeting we announced the sale of our Surfactants business, which created a total earnings shortfall of more than \$110 million.

The growth in earnings from our core businesses in 1999 pre interest, tax and superannuation deductions was \$55 million, thus filling approximately half of the earnings shortfall due to divestments.

Self help initiatives

There is little doubt that the clear focus on our strategy, and the productivity and business improvements we have built into our operations, have helped us weather worldwide economic difficulties. In the three years since 1995 we have made cost efficiency and productivity improvements of over \$240 million, and now we are on track to deliver a further \$120 million in savings by the end of 2000. As chemical companies around the world have struggled to survive in the fiercely competitive, global trading environment, we find that most of our savings are passed on to our customers. However, unless we had made these savings, we would not be as competitive as we are today.

Our strategy, supported by our vision, is all about delivering shareholder value. We seize the opportunities that fit with our strategy. We back them up with innovative thinking and continuing hard work inside the company to make our business more world competitive through general restructuring, efficiency and productivity improvements. We maintain throughout a strong focus on our customers.

Business reports

Mining Services, now our biggest core business since we acquired the International Explosives business in May last year, has been vigorous about pursuing opportunities for improvement inside the company and growth opportunities outside. This year we have completely restructured our North American business; started construction on a new technical centre in Denver (Colorado, USA) to complement the research and innovation coming from our centre at Kurri Kurri (New South Wales, Australia); and once again, we are increasing ammonium nitrate output from our plant at Carseland (Alberta, Canada). We have entered into a 10 year ammonium nitrate supply agreement with Enaex in Chile to support business growth in Latin America. We have also entered into some key joint ventures, including a joint venture with the German company, Dynamit Nobel GmbH Explosivstoff und Systemtechnik (DNES) for production of innovative electronic detonators; another with ICI India to give us an important foothold in the rapidly growing Indian explosives market; and one with Nelson Brothers in the USA which opens up new opportunities for us in the north western states of the USA.

Our Agricultural Chemicals business, conducted through Incitec and Crop Care Australasia, has continued to implement improvements across the businesses during the year, including substantial capital investment to deliver product and cost improvements, and to also lift plant performance. We did attempt to fully acquire Incitec late last year but, in the end, only lifted our holding by 3 per cent to 76 per cent. Our bid was driven by a desire to simplify and further streamline this business along with our other businesses. While we didn't succeed, we have maintained our excellent relationship with Incitec, and we will continue to develop this business for the benefit of all shareholders.

Consumer Products, which includes brands such as Dulux, Berger, British Paints, Cabot's and Selleys, has launched many initiatives to build business profitability. Acquired businesses have been integrated, and we have started construction on a new technical centre at Clayton (Victoria, Australia) and are about to see completion of the upgrade to

our decorative paint manufacturing facility at Rocklea (Queensland, Australia). The retail decorative paint business continued to grow in a highly competitive market, assisted by contributions from innovative new products and strong brands. The trade decorative business was restructured to enable it to operate more efficiently in a highly competitive environment with depressed prices.

Our Chemicals business is poised to exploit a new market opportunity for water treatment with the signing of a Heads of Agreement with the Water Corporation of Western Australia to establish a MIEX ion exchange water treatment plant in Perth (Western Australia) to assist with treating drinking water. Construction has also started on a pilot plant at Deer Park (Victoria, Australia) to make the novel MIEX resin, developed by Orica together with Australia's premier research body, CSIRO, and South Australian Water Corporation. The \$145 million reinvestment in our ChlorAlkali business is progressing, with new plants at Laverton (Victoria, Australia) and Botany (New South Wales, Australia) due for completion over the next 18 months. This major investment will add significantly to the profitability of the business and give us more efficient, environmentally friendly plants.

In our non core business sector we were extremely pleased to see our polyethylene joint venture with Kemcor (Exxon/Mobil) launched during the year and the new venture named Qenos. This was a complex merging of businesses involving several sites, but now we look forward to leveraging the benefits from the significant synergies and reduced costs.

At a corporate level we also reviewed how Orica conducted business, and how we could improve efficiency. The result has been extensive restructuring and streamlining of our functional support services so that we can be a more effective and flexible organisation.

Long standing values

The changes at Orica have been significant over the past two years, but nothing has changed our commitment to long standing corporate values. We remain uncompromising about safety, health and the environment, quality, providing outstanding

customer satisfaction, and developing leadership and teamwork in our people.

We have a safety vision of 'No injuries to anyone, ever', and we endeavour to instil in the minds of our people that nothing is so urgent or important that the time cannot be taken to do it safely. Each year we try to step closer to our vision but this year, as was also the case last year, the result has been much the same (turn to page 14). There have, however, been some encouraging signs with a number of our businesses reaching significant milestones without injuries. This year we also introduced a more stringent safety and health reporting system which broadens our reporting on injuries to include injuries which restrict our people from carrying out their normal work. Based on the US OSHA (Occupational Safety and Health Administration) system, we can now benchmark our progress against the world's best. At the same time we are reinforcing our safety focus through many good programs to make sure that all of our employees 'live' our commitment.

Our commitment to being environmentally responsible is just as clear. We are remediating some older sites affected by past manufacturing practices, and we are determined that in building new plants or upgrading old plants, we address environmental concerns. We are committed to using cleaner production methods in our plants which means that we aim to minimise waste by not creating it in the first place. In addition, product stewardship plays a major role in the way we go about our business to make sure that our products are safe to use and are used safely. In this way we show our commitment to the public and ensure the sustainability of our businesses.

A clear vision

Our ability to meet our vision is in the hands of our leadership team and all our people. We endeavour to develop our people through many training programs, and with a relentless focus on clear objectives and performance standards. We try to recognise and reward exceptional performance and

teamwork of our people in many ways. Our annual Excellence Day, held in December, which brings together employees from across our businesses for a day of recognition and celebration, is an important Orica event. It has also been good for business – with a number of our award winners developing market opportunities that have directly benefited the bottom line.

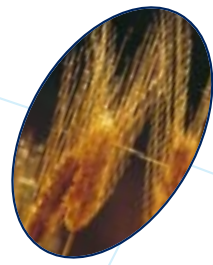
Orica has experienced a tough year, but also a year of many achievements. The trading environment has been difficult and looks like continuing that way for some time, although there are signs of improvement in some markets. We have continued to vigorously pursue growth within each of our core businesses from within and without. We could not have done it without an extraordinary effort from our employees and I would like to express my sincere gratitude and thanks to them.

Over the long term we have historically delivered excellent shareholder value, and with our strong and committed management team and resourceful workforce, we will continue to do so. Our vision of 'Winning Against the World's Best' will not allow us to rest on past successes. We will always strive to do better and reach higher, recognising that all of our businesses must compete successfully against all competitors in their markets.



Philip Weickhardt
Managing Director

Year at a glance



Orica businesses will gain advantage by:

- Providing a safe and rewarding work environment for employees
- Being world competitive and innovative
- Delivering outstanding customer satisfaction
- Developing the full potential of our people to deliver superior results

Mining Services

Our Explosives business is the world's leading supplier of commercial explosives and related services. We supply a complete range of explosives products and services to the mining, quarrying and construction industries and are the leader in offering sophisticated, fully integrated blasting services. Orica has manufacturing facilities in Australia, USA, Canada, Brazil, Mexico, Chile, Argentina, UK, Spain, Turkey, the United Arab Emirates, New Zealand, the Philippines, Malaysia, Indonesia and Thailand. Our Australian sodium cyanide business, which provides a key raw material for the gold mining industry, is included in this sector.

Business strategies

- Continue drive for excellence in operations and safety
- Expand global position by building mutually rewarding relationships with customers and through product and service innovation
- Grow earnings through cost and productivity efficiencies, and product and distribution improvements
- Invest in leading technology
- Leverage opportunities from industry rationalisation

1998/1999 activities

- Joint venture in Germany to manufacture leading edge detonating systems
- New USA joint venture to open door to new markets
- Indian joint venture to bring opportunities and another link in global network
- New technology centre being built in the USA
- Further production expansion at Carseland (Alberta, Canada) ammonium nitrate plant
- China plant construction near completion
- Ammonia import terminal at Gladstone (Queensland, Australia) also near completion

Outlook

World demand for products from the mineral resources sector, together with the level of activity in the global quarry and construction industry, are key drivers of future performance. Increases in metal prices along with recovery in the Asian region provide some encouraging signs in the medium term. Independent of these prospects, the business will continue to actively position itself to capture opportunities through its strategies. New competitive ammonium nitrate capacity in Eastern Australia will reduce sales and profits in Australia.

More on page 17.

Agricultural Chemicals

Our agricultural chemical interests are represented by two separate businesses managed by Incitec Ltd, which is 76 per cent owned by Orica. Incitec is Australia's largest manufacturer of nitrogen based chemicals and its business, Incitec Fertilizers, is a leading supplier of phosphatic and nitrogenous fertilizer nutrients in eastern and southern Australia. Crop Care Australasia, a 50-50 joint venture between Incitec and Orica, manufactures and distributes a full range of crop protection products throughout Australia, New Zealand, Papua New Guinea and the Pacific Islands.

Business strategies

- Continue productivity improvement across all operations
- Further improve the cost effectiveness of the manufacturing and distribution assets
- Build partnerships with customers and world competitive suppliers
- Expand product range through technical innovation

1998/1999 activities

- Strong volume increases achieved in both the Fertilizer and Crop Care businesses
- Record profit achieved by the Crop Care business
- The Gibson Island (Queensland, Australia) fertilizer distribution centre upgrade completed
- Significant capital works commenced at Gibson Island and Kooragang Island (New South Wales, Australia)

Outlook

Good demand for fertilizers and crop protection products is expected across most crop and geographic markets, although this is weather dependent. International urea prices are likely to remain at low levels for some time, with continuing pressure on nitrogenous fertilizer margins. Crop Care expects further growth with the launch of new products, but margins will continue to be under pressure. Cost and production efficiency improvements will be key focal points in maintaining margins.

More on page 21.

Consumer Products

Consumer Products is Australasia's leading manufacturer and supplier of architectural and decorative surface coatings marketed under such well known brand names as Dulux, Berger, Levene, Cabot's, Feast Watson, Intergrain, Acratex, British Paints and Walpamur. The Selleys business manufactures and markets home handyman and car care products under the Selleys, Polyglaze and Rota Cota brands. Leading Selleys products include Liquid Nails, No More Gaps, Knead It, Aquadhere, Polyfilla, Tarzan's Grip, Space Invader and Araldite*. The Powder Coatings business is the leading supplier of decorative and functional powder coatings for industrial use across a broad range of manufacturing industries.

*Manufactured under licence

Business strategies

- Maintain a strong R&D program and increase the rate of product innovation
- Increase premium branded product market share and improve operating margins
- Continue to improve our relationships with customers and suppliers
- Ensure cost effectiveness is world competitive

1998/1999 activities

- Major upgrade at Rocklea (Queensland, Australia) manufacturing site
- Unsaturated polyester resins business sold
- Acquisition of Poly brand in New Zealand
- Work begins on new Clayton (Victoria, Australia) technology centre
- Acquired businesses successfully integrated into Woodcare and Powder Coatings businesses
- Texture Coatings business being developed in Malaysia

Outlook

The business has a strong portfolio of new products scheduled for launch in the coming year. Improvements to the supply chain and reduction in overhead costs will also contribute to business performance. Ahead of the introduction of a Goods and Services Tax in Australia (July 2000) the housing and construction industry is expected to experience a high level of activity. The industry trend thereafter and its impact on sales of paint and related products is less certain.

More on page 25.

Chemicals

Orica is a leading supplier of chemical products and services in Australia and New Zealand and has a growing presence in the Asia Pacific region. Key products include formulated cleaners and sanitisers for the dairy industry, water treatment chemicals, solvents and monomers for the surface coatings market, plasticisers and polymer additives for the plastics market, adhesives and resins for the wood panels and specialty binders markets, polyurethanes for the appliance, footwear and automotives sectors, and a broad range of inorganic and organic chemicals for the manufacture of household and institutional cleaners, and for the food, beverage, engineering, construction and mining industries.

Business strategies

- Build partnerships with customers and world competitive suppliers
- Continue to realise productivity improvements and cost efficiencies
- Assist customers with safe storage, handling and use of chemicals
- Innovate through partnerships with research organisations
- Achieve world competitive performance standards in all business processes and systems
- Acquire businesses which profitably grow Orica's position as the leading supplier of chemical products and services in Australia and New Zealand

1998/1999 activities

- Surfactants business sold
- Construction begins on new chloralkali plants at a cost of \$145 million
- MIEX water treatment technology moves closer to the marketplace
- Akzo Nobel bulk powder import and resale business purchased in Australia

Outlook

The challenge is to continue to strengthen Orica's strong market position in both manufactured and traded chemicals by growing market share through technical innovation, customer partnerships and cost efficient supply chain management. Trading conditions remain difficult, but with some improvement in the Asian markets and resources sector. Commissioning of a new chloralkali manufacturing facility at Laverton (Victoria, Australia) is scheduled for 2000 while construction of a new chloralkali plant at Botany (New South Wales, Australia) will commence in 2000. The world's first MIEX water treatment product manufacturing facility at Deer Park (Victoria, Australia) is scheduled for commissioning in 2000.

More on page 29.

Non core business Plastics

The Plastics business manufactures two main types of plastic resin – polyethylene and polyvinyl chloride – as well as polypropylene, synthetic rubber, some plastic films and specialty plastics. These plastics are used in a very wide range of industries and everyday items, including household goods, packaging, motor vehicles and telecommunications. The plastics industry in Australia has been marked by major rationalisation over the past few years, and Orica's plastics interests have been in the forefront through joint ventures such as Australian Vinyls Corporation (AVC) and Qenos, which was recently formed with Kemcor (Exxon/Mobil).

Business strategies

- **Qenos**
 - Integrate people and culture into new organisation
 - Expand polyethylene capacity at Botany
 - Capture synergies and vigorously identify new opportunities for value growth
- **AVC**
 - Improve productivity through cost reduction and market growth
 - Build business value

1998/1999 activities

- Polyethylene joint venture formed
- AVC continues profitable performance in the face of tough import competition
- Films has a difficult year

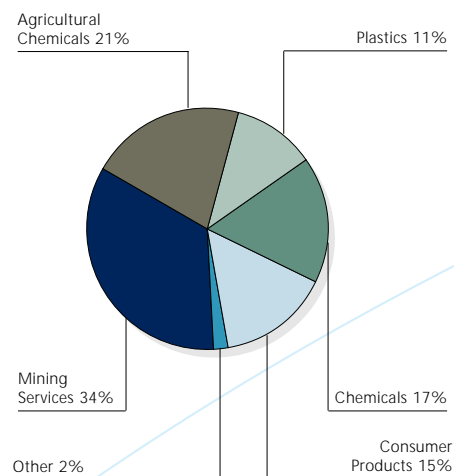
Outlook

External factors point to some upside in international prices, to recover the effects of oil price rises, together with promising economic recovery in the Asian region. Internally, rationalisation and synergy benefits available through the formation of the joint venture will provide sources of increased earnings.

- **AVC**
 - Sales volumes are expected to remain strong through 1999/2000 with increased export volumes likely. Margins will continue to be subdued as a result of international capacity imbalances, and efforts to deliver performance improvements will focus on productivity improvements.
- **Films**
 - Difficult conditions are expected to continue.

More on page 32.

Contribution to total 1999 sales



Safety, Health and Environment

Orica's Values include a commitment to operate to the highest standards of safety, health and environment (SH&E). The company seeks to be among the best SH&E performers in the world and has a vision of 'No injuries to anyone, ever', which symbolises the commitment to eliminate all injuries, occupational illnesses and other adverse incidents. The fundamental belief is that all such incidents are preventable.

Safety and Health

This year the company adopted the US OSHA (Occupational Safety and Health Administration) system for the classification and recording of injuries and illnesses. This step was taken as the system is both more definitive and comprehensive than our previous system, and its adoption allows the company to benchmark its performance with the best performing companies in the world.

Orica Brasil SHE & Q manager Paulo WL Siqueira (left) watches as safety technician Bene Oliveira signs onto the SH&E Charter



Orica employees sign on to a SH&E Charter each year. The charter clearly describes what is expected of each employee and, in turn, what they can expect from their supervisor and the company to provide a safe and healthy workplace.

Using this system, this year the company had an employee lost workday case rate of 0.42 and a recordable case rate of 1.86. The rates refer to both injuries and illnesses and to the number of cases per 200,000 hours worked. The injury and illness rates for contractors was about double that of employees and remains a focus of attention.

There were a total of 241 employee and contractor injuries and illnesses. One contract driver was fatally injured when the truck he was driving left the road and overturned in Georgia, USA. Strains and sprains, primarily as a result of manual handling activities, accounted for 45 per cent of the cases. The company has in place injury and illness prevention programs including reviews of procedures, knowledge management and behavioural safety.

When compared to the safety and health performance in the previous year there was a slight increase in the number of injuries and a larger decrease in the number of illnesses, so that overall there was a marginal improvement in performance.

Based on statistics presented by the Plastics and Chemicals Industries Association (PACIA), Orica's injury rates are about four times lower than the average for the Australian chemical industry. However, when compared to international statistics, Orica has very similar recordable and lost workday case rates to the average North American chemical company, and some three to five times higher than what is regarded as world's best. Orica's aim is to achieve world best performance.

Two prosecutions were incurred during the year under the New South Wales Occupational Health and Safety Act. The first involved a fine of \$15,000 and related to an incident in May 1996 when a contractor was injured as a result of the removal of a gear box cover. In the second, Incitec was fined \$2,500 over an incident in April 1997 when an operator's arm was broken when it was caught in a conveyor system. These injuries were investigated thoroughly at the time and corrective actions identified and put in place.

The company received minor citations from US state and federal authorities including those with regard to a blasting operation conducted at Big Creek Mines near Phelps (Kentucky, USA).

Environment

Orica manages its operations to minimise their impact on the environment and with respect for the surrounding communities. In this past year there were a total of eight incidents on Orica's operations which resulted in losses of containment that had an impact or the potential to impact off site. None of these had serious consequences although some did result in prosecutions. These incidents are handled very seriously

and actions put in place in an effort to prevent recurrence.

Orica sites undertook over 26,000 scheduled tests as part of their environmental licence requirements. The number of tests required was down considerably from previous years. This was as a result of divestment of licensed facilities, changes in licence requirements and changes in protocols opposite on-line analysis. There was a compliance rate of 99.5 per cent.

During the year Orica has received three environmental prosecutions. In November 1998, Incitec at Chester Hill (New South Wales, Australia) was fined \$500 for late filing of an odour management plan; in February 1999, Australian Vinyls in Altona (Victoria, Australia) was fined \$800 for release of PVC resin outside the site boundaries; and in February 1999, Incitec at Cockle Creek (New South Wales, Australia) was fined \$500 for the release of waste liquor into the stormwater system. In all cases corrective actions have been put in place.

Orica has achieved its Challenge 2000 environment targets for the period 1995 to 2000 to halve its releases from its operations to the atmosphere of 'toxic gases' and of 'potential ozone generators' (smog precursors). The company has achieved 89 per cent and 64 per cent reductions respectively. The company also reports releases of certain chemicals from its operating sites as required under legislation such as Australia's National Pollutant Inventory.

In 1996, Orica was one of the first companies to sign a Greenhouse Challenge Cooperative Agreement with the Australian Government. This agreement did not include the operations of Incitec within its scope. Incitec recently signed its own agreement.

There was a slight rise in energy consumption and carbon dioxide emissions in 1999 as a consequence of increases in ethylene production at Botany and ammonia production at Kooragang Island (both New South Wales, Australia).

Orica is involved in remediation of a number of former manufacturing sites. Orica has major programs addressing legacy issues at Botany, Cabarita and Rhodes (all New South Wales, Australia), which are being managed in consultation with the relevant authorities and local communities.

Customers and the community

Orica's SH&E Policy gives a commitment to manage its activities with concern for people and the environment, and to conduct its business for the benefit of society and without compromising the quality of life of future generations. Orica's product stewardship programs are good examples of this

commitment in action and, apart from being the right thing to do, have given the company competitive advantage.

Orica is also a strong supporter of industry improvement programs such as Agsafe, Responsible Care and Coatings Care and seeks active consultation with communities close to its operations and with the general public.

How Orica manages SH&E

Orica's SH&E Council, consisting of members of the Executive Team and the Corporate SH&E Manager, is the forum for SH&E strategy development as well as for SH&E governance of the company. SH&E is a line management responsibility and managers are accountable for the SH&E performance of their operations.

The company has a SH&E Policy, SH&E Standards and a SH&E Management System, which consists of a set of procedures and key requirements. Audits are conducted regularly, and each operation or business provides a written assurance to the managing director of the level of compliance with the company standards.



More details are contained in the 1999 Safety, Health and Environmental Performance Report, which is being sent only to shareholders who have chosen to receive the full annual report. It can be viewed on our internet site (orica.com.au) or ring 613 9665 7309 to obtain a copy.

Mining Services

A growing international business

Our worldwide Explosives business and our sodium cyanide business, which provides a key raw material for the gold mining sector, make up Mining Services.

Leading edge detonator venture in Germany

Innovative, leading edge, individually programmable electronic detonators which are fully testable while in the blast hole, will be produced from a new joint venture. It will be called Precision Blasting Systems GmbH and Orica will own 49 per cent of the business with Germany's Dynamit Nobel GmbH Explosivstoff und Systemtechnik (DNES, the German market leader) owning the remainder. The new venture combines Orica's leading technology in electronic detonators with DNES' proven automated detonator production capability. Electronic detonators, when utilised with Orica's blasting software, have the potential to significantly reduce total blasting costs. This leading edge service will enhance Orica's overall offering to customers. The joint venture will commence operations as soon as the necessary regulatory approvals are obtained.

Opening doors to new markets in America's west

Orica in the USA has combined forces with Nelson Brothers of Birmingham, Alabama, in the high growth open pit mining market in key western states. The new venture brings together the bulk operations of both companies, supplying surface mines in Montana, North and South Dakota and Wyoming. It brings benefits of lower production and distribution costs, with Orica gaining increased sales volumes of ammonium nitrate and initiating systems. Orica will own 27.7 per cent of the venture, to be known as Nelson Brothers Mining Service LLC, and it will be headquartered in Gillette, Wyoming.

One of Orica Explosives' acknowledged strengths is operational excellence in open cut mining.

Venturing into India

The rapidly growing Indian mining and quarry industries will be tapped by Orica via its new 49 per cent owned investment in Indian Explosives Limited, a joint venture with ICI India formed in September 1999. Assets of Indian Explosives Limited include a major manufacturing site and two bulk explosives sites together with a 70 per cent share of a joint venture with Ensign Bickford of the USA, which manufactures initiating systems. Another important link in Orica's global growth strategy, the new partnership will bring a wide range of innovative products and value added services to customers in India.

Worldwide market report

The operating environment for Orica Explosives during 1999 was extremely difficult. World mining markets were generally depressed during the year, with low precious and base metal prices resulting in mine closures or cutbacks in volume. Thermal coal volumes for power generation maintained growth in most regions, but reduced demand for iron ore and coking coal for world steel industries resulted in lower explosives consumption, particularly in Canada and Australia. The depressed mining markets were partly offset by a strong performance in quarry and construction markets throughout North America and Australia. Sales and profits improved in the second half, with gradually improving demand from the mining industry assisted by self help cost reductions from the business.

Orica supplies the mining, quarrying and construction industries with innovative products and tailor made blasting services.



Mining Services continued

R&D investment in the future

A \$US13.5 million technical centre is being built at Denver (Colorado, USA) which will work together with the world class centre at Kurri Kurri (New South Wales, Australia) to develop and rapidly deliver leading technology to customers around the world. Existing North American technical centres in Quebec (Canada) and Texas (USA) will be consolidated into the new facility once it starts operating in early 2000.

Restructuring for growth

During the year the North American business continued to implement its restructuring program to improve profitability and growth. The International Explosives business completed the relocation of its head office from Toronto (Ontario, Canada) to Denver. The Canadian and US business organisations were rationalised and previous head offices relocated from Dallas and Toronto to Denver. The manufacture of packaged explosives and ammonium nitrate was further rationalised with the closure of the MacMasterville plant (Quebec, Canada).

Further expansion of manufacturing facilities

Early in 1999 the Orica Board approved the expenditure of \$23 million to expand low density ammonium nitrate production capacity at Carseland (Alberta, Canada) by a further 75,000 tonnes, to 515,000 tonnes a year. This follows another upgrade completed this year, which lifted capacity by 100,000 tonnes to 440,000 tonnes a year to meet market demand. The plant is well placed to supply product into the growing open pit mining market in western Canada and the USA. Work on a new emulsion manufacturing plant was completed at Yarwun (Queensland, Australia) to increase the speed of 'made to order' products for customers in that state. Construction of an ammonia import tank at the nearby Gladstone port is progressing, so that ammonia feedstock can be cost efficiently delivered by sea and via an underground pipeline to the Yarwun site. Previously the ammonia was delivered by road transport from Brisbane. The tank will significantly improve the cash operating costs of the Yarwun ammonium nitrate plant.

Small step into a large market

The construction of a packaged explosives and initiating explosives plant at the Weihai factory (Shandong Province, China) is progressing to schedule, and it will commence operations in February 2000. The plant will supply modern explosives products to mines and construction projects in China and will also export to North Asia countries. The Chinese market for detonators is 10 times the size of North America's. Meanwhile Orica won all five major civil tunnelling contracts in Hong Kong's West Rail Development and the MTR Junk Bay Extension projects. The projects are part of Hong Kong's major infrastructure program.

Supplying opportunities in Latin America

A long term supply agreement for ammonium nitrate was finalised with Enaex in Chile during the year, enabling Orica to pursue further growth opportunities at major mines in Argentina, Chile and Peru.

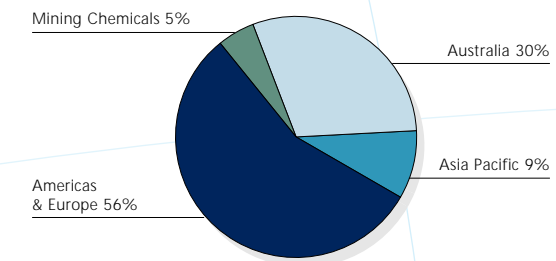
Building a mining chemicals market position

Mining & Resources continued to build its business despite the pressure that low gold prices have put on mining operations in Australia and Asian markets. Our sodium cyanide business won contracts for all the reagent supply at Telfer, Mt Todd and Century Zinc mines in Australia. The business also won new export orders in Indonesia, New Zealand, Peru, Chile and Zimbabwe. On the manufacturing side, further improvements to the Yarwun cyanide plant resulted in efficiency gains and a reduction of fixed costs. Mining & Resources Chemicals also won contracts for the supply of chemical reagents to the new BHP HBI (Hot Briquette Iron) plant, and the Bulong and Cawse Nickel projects in Australia.



Orica's technical expertise is the key in the successful tunnelling project in Hong Kong.

Sales breakdown



Financial Performance (\$m)

| | 1999 | 1998 | Change |
|--|---------|-------|--------|
| Operating revenue | 1,361.7 | 945.7 | +44% |
| Earnings before interest and tax and before abnormal items | 113.2 | 105.0 | +8% |
| Average capital employed | 883.9 | 582.0 | +52% |
| Return on average capital employed | 13% | 13%* | |

*Calculated after annualising earnings before interest and tax and before abnormal items of the businesses acquired from ICI PLC on 1 May.

Revenue was higher due to a full year of sales from the international business, as compared with last year which only included sales from 1 May 1998 when the business was acquired. Average capital employed also increased for this reason.

Key Safety, Health and Environment issues

Safety is paramount in Mining Services and some of the key issues are:

'Basis of Safety' programs developed or reinforced with all operations

Safe working on customers' sites and, in particular, in underground mines

Safe transport of explosives

Elimination of repetitive strain injuries at initiating systems assembly plants



Agricultural Chemicals

Fertilizers and crop protection for Australia's farmers

Through Incitec, Orica is a leading supplier of nitrogen, phosphate and other fertilizer and crop protection products.

Sales and price environment

Seasonal conditions were generally favourable throughout the year, although exceptionally wet conditions in Queensland (Australia) and low sugar prices held back sugar cane production. Overall fertilizer sales volumes achieved record levels, with strong sales in the grain, cotton and horticulture markets. Sales to pasture markets remained soft, reflecting continuing difficulties in the wool sector. Continuing record low world urea prices, coupled with a strengthening Australian dollar, resulted in significant price reductions for Incitec's nitrogen products. Crop Care, the crop protection business, enjoyed another strong operating year with record sales and profit for the fourth year in succession. The cotton market showed strong growth, and demand for Crop Care products – such as Talstar, Sabre, Karate and Dominex (all insecticides), Spray.Seed (herbicide for crop establishment) and Impact (fungicide used in canola and cereals) – also recorded strong growth. Generic products continued to affect the volume and margins, and this competitive pressure is expected to continue into the future.

Cameron Pogue, left, area manager for Croptec Fertilizer and Seed in Mooroopna (Victoria, Australia) and Incitec trained agronomist, talks to farmer, Phillip Crow about getting the best results with his oats and vetch through better management of crop nutrition requirements.

Incitec lays foundations for future earnings growth

During the year Incitec completed a \$12.5 million upgrade of its major fertilizer distribution centre at Gibson Island (Queensland, Australia), the final stage of a \$22 million capital program which also involved the upgrading of similar facilities at Cairns, Townsville and Mackay (all Queensland, Australia). In addition, a \$43 million urea granulator at the Gibson Island plant will be commissioned at the end of 1999 which will improve the international competitiveness of this facility. A \$6 million Granulock plant at Kooragang Island (New South Wales, Australia) will be commissioned by year end to expand production capacity and improve product quality for grain markets.



A product from Incitec's product development program, Granulock has been welcomed by Australian farmers.



Agricultural Chemicals continued

Incitec explores options in Australia's south east

Incitec is participating in a joint feasibility study with BHP Petroleum into the development of a world scale ammonia and urea complex at Geelong (Victoria, Australia). The study is continuing with some difficult commercial issues still to be resolved. The project would produce 795,000 tonnes of urea annually, with much of this output replacing imports.

Ongoing commitment to business improvement

Incitec has embarked on a range of initiatives which will further improve the competitiveness of its operations. Restructuring initiatives undertaken at the major fertilizer manufacturing complexes at Gibson Island and Kooragang Island will result in significant productivity improvements. Efficiency and productivity initiatives have also been applied in functional and business support areas. Programs focused on manufacturing and maintenance processes, targeted at efficiency and reliability improvements, have progressed well. Crop Care productivity will be further enhanced in 2000 through rationalisation of manufacturing operations, with the closure of the Villawood site (New South Wales, Australia) and relocation of operations to the Welshpool (Western Australia) and Brendale (Queensland, Australia) sites. As part of an ongoing commitment to environmental protection, Crop Care upgraded stormwater management facilities at its Brendale site.

Building the product portfolio

As part of Crop Care's ongoing product development, the business is improving its portfolio through its relationship with Zeneca and FMC International. Amistar, a new generation fungicide targeted at a range of crops including grapes, vegetables and cereals, was launched in Australia and New Zealand. The company also invested considerable resources in successfully progressing a number of key products through the National Registration Authority's Existing Chemical Review Program (ECRP). During the year, patents covering Crop Care's water dispersible granule technology were granted in the key global markets of USA, Europe, Japan and Australia. Crop Care also has plans to expand opportunities to manufacture its patented suSCon (controlled release) technology, and a new pilot plant is due to be commissioned in late 1999 to manufacture suSCon indigo, for launch in Europe.

Environment initiative for distribution centres

During the year, Incitec Fertilizers launched a program to improve environmental performance, initially across 100 distribution sites in Australia. The sites, which are owned by Incitec and operated by private dealers, offer a range of fertilizer and crop protection products and services to farmers, and usually have workshops, industrial 'wash down' and fuel facilities. A further 60 sites owned by the wider dealer team are also expected to participate. The Environment Management System (EMS) was developed to assist distributors with identifying environmental risks and impacts so they can develop actions to improve environmental performance. The program is being undertaken by all site employees and the dealer customer network.

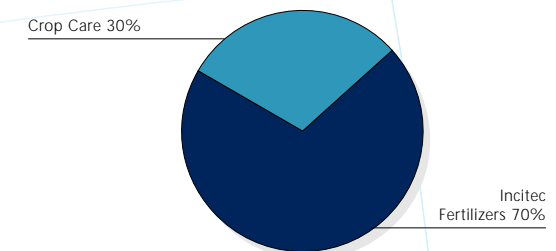
Crop Care achieves at Australian Quality Awards

Building on its previous success in gaining Australian Quality Awards (AQA) 'Achievement Level' in business excellence in 1997, Crop Care achieved recognition as a finalist for high achievement in business excellence at the 1999 awards. AQA are presented to Australian companies in recognition of outstanding achievements in improvements of competitiveness, productivity and quality of their products, services and management. Crop Care was one of only seven companies Australia-wide which reached the finalist level.



Incitec Fertilizers and Crop Care supply nutrition and crop protection products to Australia's wine industry.

Sales breakdown



Financial Performance (\$m)

| | 1999 | 1998 | Change |
|--|-------|-------|--------|
| Operating revenue | 826.4 | 716.1 | +15% |
| Earnings before interest and tax and before abnormal items | 56.3 | 50.9 | +11% |
| Average capital employed | 343.5 | 301.4 | +14% |
| Return on average capital employed | 16% | 17% | |

Revenue increased due to very strong fertilizer sales with over 1.5 million tonnes applied. However, record low fertilizer prices affected earnings. Further investments were made to strengthen future performance.

Key Safety, Health and Environment issues

Safe working at all operations

Implementation of Fertilizers' Environment Management System across company and distributor network

Reduce energy consumption and carbon dioxide emissions

Reduce urea and ammonia releases from Gibson Island plant

Product stewardship programs put in place with life cycle assessments completed for key products



Consumer Products

Building a leading position through excellent brands and service

Many well-known brand names such as Dulux, Berger, Levene, Cabot's, Feast Watson, Intergrain, Acratex, British Paints, Walpamur, Selleys, Polyglaze and Rota Cota are manufactured and marketed by Consumer Products.

New look for Dulux Trade Centres

Dulux is updating its Trade Centres throughout Australia as part of a major program to improve customer service and contribute to profitable growth. The project involves relocating some stores to higher profile sites, refurbishing existing high profile sites, and opening new stores in demographically suitable areas. Twelve Dulux Trade Centres were relocated in 1999 to more convenient purpose-built sites for professional painter customers in Western Australia, Victoria, New South Wales and Queensland, a new specialist Protective Coatings centre was opened in Western Australia and five stores were rationalised within a revised distribution network. Following the success of the Preston (Victoria, Australia) 'mega' store, three large stores will open in metropolitan areas by December 1999. Two more are planned in early 2000.

The primary colours of the Dulux brand are promoted in the marketplace through a strong television advertising campaign.

Helping customers with product training

The Orica Consumer Products Training Academy is a market leading initiative to deliver product knowledge, selling skills and application training to all Dulux, Woodcare and Selleys customers. With an investment this year of \$1.5 million, the Academy is now delivering its program in most Australian capital cities. New Zealand is planning to introduce the Academy program in October 1999. With more than 1500 people already trained, the aim is to ensure both customers and our own staff have a complete practical understanding of the decorating process and, as a result, give them greater confidence in recommending the right products from our range.

Ongoing improvements to customer service

Over the past year the Decorative Retail sales force in Australia has been restructured to further improve its position of providing industry leading service to our customers. We now have a business manager and a sales team working with each major customer and a similar arrangement for independent retailers. This has allowed the business to give specific focus to customer needs, and has already resulted in market share growth for the business with major customers. At the same time, a number of account executives have been selected for training in sophisticated category management, to add a new dimension to customer service. The business has also reduced staff related fixed costs. Consumer Products has also started to review its total supply chain, with a view to making further efficiency and customer service improvements.

Selleys and Rota Cota products are widely used by professional and home handymen.



Consumer Products continued

Our customer service reaps rewards

The commitment to satisfying customer needs and building long term partnerships was again rewarded this year, with the business winning several 'supplier of the year' awards in Australia and New Zealand. The competition for awards is always tough and Consumer Products was honoured to win a special award in Australia – BBC Hardware Supplier of the Decade – as recognition of Dulux Australia's superb track record in customer service. Selleys and Woodcare each won two BBC Hardware Supplier of the Year awards, including awards for Innovation and Retail Merchandising. Dulux also won the Mitre 10 Largest National Supplier Award for the first time. Selleys dominated the John Danks Group Supplier of the Year Awards by claiming the title for both Thrifty Link and Home Hardware stores.

Integration of recent acquisitions

The acquired H B Fuller business was successfully integrated into Orica's Powder Coatings operations in Australia and New Zealand. This included the relocation of some manufacturing capacity, which was achieved without disruption to supply or reduction in service levels to customers. The brand, Orica Powder Coatings, was launched to replace the HB Fuller brand, and a complete range review and relaunch was carried out to rationalise and reposition the product portfolio. The combined Dulux and Orica Powder Coatings range now represents the most comprehensive range offered to Australian and New Zealand powder coatings users. The integration of the Feast Watson and Intergrain brands into the Woodcare business was completed during the year, with one manufacturing site replacing four previous sites. The Selleys business acquired the Poly brand in New Zealand from ICI PLC which will further improve brand management economies between Australia (where we already owned the brand) and New Zealand.

Major plant upgrade to meet demand

A \$16 million upgrade of the Rocklea (Queensland, Australia) manufacturing site is due for completion in May 2000. The upgrade involves the installation of two fully automated high speed filling lines in the paint production area, which will enable the plant to meet rising demand for its paints at world competitive levels of effectiveness. The upgrade also includes the construction of a new distribution centre which will be used by both Consumer Products and Orica's Chemicals business. The synergies achieved in operational activities will bring benefits to both businesses.

World class technology centre for Clayton

Construction began on a \$12 million Research and Development Technology Centre at Clayton (Victoria, Australia) in August, 1999, to provide a new and improved world class facility for innovation and development in our Decorative paints business.

New Texture Coatings facility in Malaysia

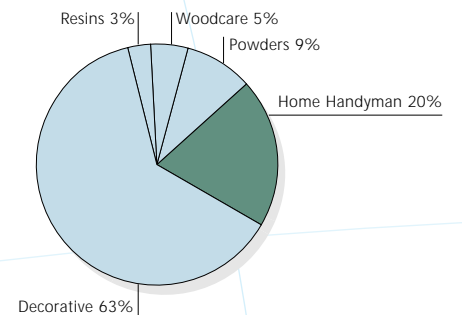
A new Texture Coatings manufacturing facility is being established for operation in early 2000, to supply texture coatings to the Malaysian domestic and local export markets. Orica has been exporting texture coatings from Australia to the region for a number of years.

Unsaturated polyester resins business sold

The unsaturated polyester resins business was sold to Nuplex Resins (Aust) Pty Ltd in July 1999 for \$13.7 million. The Padstow site (New South Wales, Australia), which continues to operate its resin plant on a toll manufacturing basis for Nuplex for a transitional period, will remain an important site for Consumer Products. The site will continue to house Selleys' manufacturing, sales, marketing and customer service, the Decorative national customer service centre and the Decorative, Woodcare and Powder Coatings businesses' New South Wales distribution centre.



Sales breakdown



Tina Recupero is a member of a team developing new and innovative products.

Financial Performance (\$m)

| | 1999 | 1998 | Change |
|--|-------|-------|--------|
| Operating revenue | 626.9 | 572.1 | +10% |
| Earnings before interest and tax and before abnormal items | 63.0 | 57.2 | +10% |
| Average capital employed | 164.8 | 197.3 | -16% |
| Return on average capital employed | 38% | 29% | |

Sales increased with premium brands in particular performing well in the marketplace. Return on average capital employed showed strong improvement through better profitability and effective working capital management.

Key Safety, Health and Environment issues

Reduce manual handling injuries by improved techniques and equipment for lifting containers

Research and development into better and safer products – reducing solvents, more durability, improved packaging and better disposal

Cleaner production with less wastes at operating sites



Orica Watercare provides technical solutions to the water industry to ensure our water remains clean and disease free.

Chemicals

Delivering innovative chemical solutions

Orica is a leading supplier of chemical products and services in Australia and New Zealand and has a growing presence in the Asia Pacific region. Incitec's Industrial Chemicals business is reported in this section. Adhesives & Resins and Polyurethanes, reported under Advanced Sciences last year, are also included.

Surfactants business sold

As part of the reshaping of the Orica portfolio, the Surfactants business was sold to Huntsman Corporation in December 1998 for approximately \$155 million. As a corporation with global ambitions in surfactants, Huntsman was the more natural owner of this business. The sale included the manufacturing facility at Botany (New South Wales, Australia).

Specialty Chemicals plant expanded

Following the sale of the Surfactants business, changes are being made to the Specialty Chemicals plant at Deer Park. New equipment has been installed to enable the production of a greater range and volume of specialty chemicals for internal usage by Orica and for sale to external customers. Options for further expanding this business are being developed.

Chemnet continues to grow

Our chemical trading and distribution business, Chemnet, imports and formulates more than 1000 products and markets these to 3000 customers in Australia, New Zealand, Fiji and Papua New Guinea. The largest business of its type in the region, Chemnet improved sales and maintained profit performance in an environment impacted by intense competition, low chemical prices and industry consolidation. This was achieved through a focus on costs and the development of customer value adding processes, primarily in the dairy, food and beverage, and building and construction sectors. In this tough environment, Orica Fiji continued to increase its market share, despite drought conditions in late 1998 that seriously affected the sugar crop and thereby reduced the need for refining chemicals. Papua New Guinea also increased its market share.

Bulk powder business purchased in Australia

The Akzo Nobel bulk powder import and resale business was purchased in Australia, offering expansion opportunities for our Chemnet trading business. The purchase of this business has increased market penetration and improved material handling, enabling Chemnet to strengthen its customer service performance.

Orica Chemnet works with its customers in the New Zealand dairy industry to deliver faster, safer and more cost effective cleaning products.



Chemicals continued

ChlorAlkali invests in the future

A \$145 million reinvestment in the ChlorAlkali business is underway in Australia. Operations at Botany (New South Wales, Australia) and Yarraville (Victoria, Australia) will be replaced with new state of the art plants. Construction has begun on the new Laverton (Victoria, Australia) plant, with commissioning scheduled in 2000. Work on the new Botany plant will start in 2000, with commissioning set for 2001. They follow the successful uprate of the Yarwun (Queensland, Australia) chloralkali plant in 1998. The new facilities will enable Orica to deliver world class performance in terms of energy consumption, efficiency, productivity and the environment. Options for the development of Orica's Yarraville site, once chloralkali production ceases, are also being studied.

Sales and price environment

Orica is the largest manufacturer of caustic soda and chlorine in Australia. It also manufactures and markets derivatives such as sodium hypochlorite, chlorinated paraffins, hydrochloric acid and ferric chloride. Though pressure on prices and margins continued in all market areas for the Chemicals business, there was some temporary improvement in world caustic soda prices which lifted profitability for a period. Chemicals also made its first sales of hydrochloric acid to the new BHP HBI (Hot Briquette Iron) plant at Boodarie (Western Australia).

Water treatment initiatives continue

The development of the novel MIEX water treatment technology, for removing dissolved organic compounds from drinking water prior to disinfection, took another step with the signing of a Heads of Agreement with the Water Corporation of Western Australia, to establish a MIEX treatment plant to assist with water treatment management in Perth (Western Australia). In April 1999, approval was also given for construction of a pilot scale manufacturing facility at Deer Park. Orica plans to supply the MIEX resin to the Australian market and provide testing materials for other marketing initiatives in 2000. These developments are part of an ongoing process for the commercialisation of MIEX which is a cooperative project between Orica, South Australian Water Corporation and CSIRO, Australia's leading research organisation.

Adhesives & Resins lifts performance

The Adhesives & Resins business gained further market share in New Zealand and consolidated its position in Australia, despite difficult trading conditions continuing for some of its customers in key Asian markets. Production achieved new levels and Adhesives & Resins gained some new customers including some MDF (medium density fibreboard) producers, despite significant resin overcapacity in both the Australian and New Zealand markets. PT Orica Resindo Mahakam commenced production in East Kalimantan (Indonesia) late last year, to take its leading edge resins into the significant Indonesian wood panel markets. During the year Orica also continued with development work of MDI (isocyanate) binders for use in the forest products industry.

Polyurethanes seizes opportunities

Continued world class technical innovation has allowed Polyurethanes not only to expand existing market share in Australia and New Zealand but also to start selling into new outlets in the coatings, adhesives, sealants and elastomers (CASE) markets.

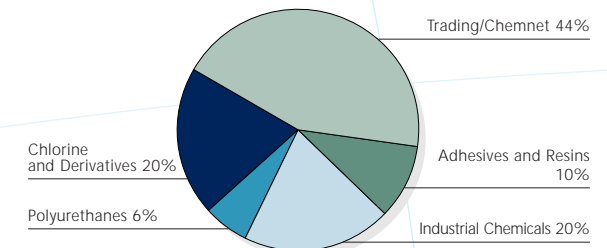
Growing in selected markets

Ammonia and ammonium nitrate sales volumes by Incitec's Industrial Chemicals business were strong. However, overall world prices were depressed for these products and this impacted on our selling prices in the Australian market. Demand for sulfuric acid, urea for use in the manufacture of adhesives for wood panel products and carbon dioxide, which is used in food processing and beverage markets, remained strong throughout the year. The signing of the Port Kembla Copper contract for the use of Incitec's Industrial Chemicals storage and terminal facilities for sulfuric acid was a boost for the Port Kembla (New South Wales, Australia) site. It also coincided with the building of an additional 15,000 tonne sulfuric acid storage tank at the site designed to handle the increased business volumes.



Ismael Sosa-Sanchez tests Orica's novel MIEX technology, which removes organic material from water to give it a clean taste, appearance and smell.

Sales breakdown



Financial Performance (\$m)

| | 1999 | 1998 | Change |
|--|-------|-------|--------|
| Operating revenue | 813.8 | 773.9 | +5% |
| Earnings before interest and tax and before abnormal items | 60.4 | 57.6 | +5% |
| Average capital employed | 357.0 | 318.9 | +12% |
| Return on average capital employed | 17% | 18% | |

The Chemicals business had a good year with volumes higher, although prices were generally lower. The investment in the new chlorine plants has commenced, increasing average capital employed.

Key Safety, Health and Environment issues

Safety of all employees and with particular attention to contractors

Safe distribution of our products

Product stewardship programs put in place with life cycle assessments completed for key products

Establish new membrane technology chlorine plants

Remediation of contaminated sites

Non core businesses

Our Plastics businesses and GBC Scientific Equipment are part of this sector.

Plastics

Industry rationalisation bringing benefits

Qenos launched

A new polyethylene joint venture commenced on 1 July 1999, creating a company that manufactures a complete range of polyethylene as well as polypropylene, synthetic rubber and engineering plastics at sites at Botany and Brookvale (both New South Wales, Australia), and Altona and Laverton (both Victoria, Australia). It will continue to manufacture and market current products, primarily for the Australian and New Zealand markets. Initially known as the Kemcor joint venture, and now called Qenos, it is a joint venture between Orica (50 per cent), Exxon (25 per cent) and Mobil (25 per cent). One of the largest ethylene and polyethylene producers in the Asia Pacific region, the joint venture is expected to deliver significant cost and efficiency benefits as a result of the rationalisation. Domestic market growth remained strong for the joint venture despite the dumping of low priced imports on the Australian market which also suppressed prices.

AVC builds business

In its second year of operation, Australian Vinyls Corporation (AVC), our 62 per cent joint venture with The Geon Company, delivered a satisfactory performance in a difficult year. Last year's acquisition of the Improdex plastics compounding business lifted market share in PVC compounds. The profit result was achieved in spite of prices falling to all-time lows due to competition from Asian manufacturers. Export sales grew to 4 per cent of volume.

Films operates in a difficult market

The Cast plastics film business, producing nappy (diaper) film, at Deer Park (Victoria, Australia) and in Kuala Lumpur (Malaysia), maintained its performance and market position, but continued to be affected by the depressed Asia market.

GBC Scientific Equipment

GBC Scientific Equipment makes analytical instruments used for research, pharmaceutical, education, medical, quality control, environmental and industrial analysis purposes. The business relies on exports for most of its sales. 1999 was a difficult trading year for the business, due to the Asian downturn and general softness in the international market for analytical instruments.

Plastics Financial Performance (\$m)

| | 1999 | 1998 | Change |
|--|-------|-------|--------|
| Operating revenue | 497.0 | 561.6 | -12% |
| Earnings before interest and tax and before abnormal items | 33.6 | 53.0 | -37% |
| Average capital employed | 526.8 | 631.9 | -17% |
| Return on average capital employed | 6% | 8% | |

The formation of the polyethylene joint venture Qenos on 1 July 1999, which is equity accounted, has reduced the sales and earnings included in the segment. This change has also affected average capital employed.

Research and Technology

Winning through innovation

Selleys innovation wins award

In 1998, Selleys received The Packaging Council of Australia Gold Trophy for Innovation for its Polyfilla Fastfill and Selleys No More Gaps squeezable products. Judged as representing a most significant advance in technology and/or material usage, Selleys packaging gives consumers an easy way of applying sealant. The thin walled polyethylene bottle can be pushed past limits of what is considered possible in standard bottle moulding, enabling consumers to squeeze product out of the bottle. During the year Selleys also launched the first paint on filler for repairing the surface of weathered timber. Polycoat Once, which was developed over three years, cuts down on painters' preparation time by eliminating the need to use 'sandable' fillers to cover cracks in timber.

Water treatment technology advances

The Australian water treatment industry is facing great change with the tightening of regulations and more exacting customers' demands for new ways to deliver potable water of higher standards, and at lower costs. Orica ChlorAlkali, through its Watercare Advanced Technologies business, is pursuing new market opportunities with its MIEX DOC technology to remove dissolved organic carbon compounds from drinking water prior to disinfection (see latest developments in Chemicals report on page 30). The project has brought together the Research and Development resources of Orica, CSIRO Molecular Science, South Australian Water Corporation and the Water Corporation of Western Australia. The DOC application, however, will only be the 'first cab off the rank'. Orica and CSIRO Molecular Science are working together to develop other applications using MIEX resins. Early in 1999, recognising the potential of this exciting technology, the Australian Government gave Orica/CSIRO a 'Start Plus' grant of \$1 million over the next three years, to assist the development of 'designer' MIEX resins for applications in the mineral and wastewater industries.

Blasting ahead with technology

Ongoing research and technology development is essential to the success of our Explosives business and this year, as in past years, there have been a number of significant advances. For example, a global research effort utilising expertise in Canada, Australia, South Africa and Germany has, after many years, culminated in the production of a

new generation of initiating system. The new Electronic Blasting System, which is currently being trialled internationally, will provide customers with the ability to reduce overall costs through greater control of blast results in many applications including quarries and construction, surface and underground mining. Development work in other areas has also resulted in a complete new series of Bulk products offering increased reliability and performance in all environments, and an Easydrive underground explosive blasting system which significantly increases the rate of loading and effectively eliminates the manual handling of packaged product underground.

Engineering a world class future

Orica maintains a commitment to excellence in engineering at its manufacturing operations. With the restructuring of Orica's business portfolio, Engineering Shared Services delivers best practice project engineering services across the business units via distributed hub offices at major sites and a centralised Major Projects group. Where appropriate, alliance partners are identified and used for standard project work. Orica also has Engineering specialists who provide advice and consultancy support across the company. Initiatives are in place to focus plant personnel on improvement objectives and ensure that manufacturing activities are linked to business needs. In addition, maintenance practices are continually upgraded to enhance plant uptime performance.

Orica businesses look to the web

The rapid development of the Internet continues to fundamentally transform the way we do business with our customers, our suppliers and the way we work inside the company. During this year Orica businesses have made significant progress, further developing their presence on the Internet. Some major systems, such as those for managing Safety Data Sheets, have been 'web enabled' so that our customers can access these over the Internet at their convenience, whilst reducing the internal costs of providing this type of service. Several businesses are now developing major plans for further exploitation of electronic commerce and piloting solutions for greater interaction with customers via the Internet and for reducing costs in their overall supply chain.

Executive Team

The Executive Team comprises the managing director Philip Weickhardt, the executive directors and general managers of the businesses and the functional groups, Incitec managing director, and company secretary Richard Kneebone.

It is the leader of the company's vision and values and, as such, is not only involved in current business performance, but also with future growth and external relationships.

At its monthly meeting the Executive Team reviews business performance and major company initiatives as well as strategies for safety, health and the environment, human resources, technology and other functions.

Through rigorous implementation of Orica's vision and values and associated strategies the Executive Team is focused on delivering value for shareholders.

Philip Weickhardt

BSc (Hons), MSc, FRACI, FTSE
Managing Director and Chief Executive Officer

Joined the ICI Group in 1971 and this company in 1974. Appointed an Executive Director in 1994. Has held several senior management positions in the company. Appointed managing director and chief executive officer in June 1997. Also a member of the Business Council of Australia.

Age 51

Richard Kneebone

LLB, DipCM, FCIS
Company Secretary

Joined Orica as Company Secretary in 1989.

Age 55

Graeme Liebelt

BEC (Hons)
Executive Director

Joined the company in 1989. Appointed Executive Director and General Manager Plastics Group in 1997. Previously Managing Director Dulux. Executive Director responsible for Safety, Health and Environment, Overseas Development, Purchasing and NSW. Director of GBC Scientific Instruments Pty Ltd.

Age 45

Strategic Planning Manager

Terry Keating

SAP Project Director

Ross Kreuter

Div GM Orica Films

Tony Fincham

Managing Director SHE Pacific

Richard Russell

Chairman of:

Qenos Limited

Chief Executive Officer
Robert Fairley

Australian Vinyls Corporation Pty Ltd

Managing Director
Murray Winstanley

Incitec Ltd

Managing Director
Greg Witcombe

Orica New Zealand Limited

General Manager
Peter Brindley

Peter Clinch

BE (Hons), BEcon
Executive Director

Joined the company in 1965. Executive Director 1992 to 1994 and Non-Executive Director 1994-1997 when seconded to ICI PLC as Chief Executive Officer of ICI Explosives, based in the UK and later Canada. Appointed Executive Director in May 1998, responsible for International Explosives. Based in Denver, Colorado, USA.

Age: 57

GM Australia/Asia

Julian Segal

Chief Financial Officer

Anthony Reeves

Senior Vice President Planning and Technology

Darrell Williams

Senior Vice President Operations

Alan King

President Canada and USA

David Taylor

Jim O'Reilly, Sr. VP, Quarry & Construction and Independent Distributors

Chris Spriggs, VP Finance & Administration and CFO

Chris Hunter, VP Mining Services

John McLaughlin, VP Initiation Systems

Milt MacGregor, VP Ammonium Nitrate Products

Dennis Tremblay, VP SHEQ, Engineering, Bulk Systems, & R&T

Charlie Jackson, VP Marketing and Commercial Services

President Latin America
Les Miller

Sergio Lafratta - Director of Business and Market Development

Antonio Cyrino de Sá - Managing Director Brazil

Gabriel Larrondo - Managing Director Chile

Mike Moffat - General Manager Argentina

Marco Menin - General Manager Central America & Caribbean

Claudio Rodriguez - General Manager Mexico

Martin Cheyne - Director General Projects Mexico

GM Europe

Stephen Connolly

Serdar Tosun - GM Turkey
Enrique Palomino - GM Spain
Thierry Vigouroux - GM France
Collin Alston - GM Emirates
Stuart Meldrum - Operations
David Tierney - Finance, IT and HR
Richard Brown - Export
Bill Mather - UK Sales
Brian Allison - Engineering

Tony Larkin

FCPA, FAICD, FFTA (Hon)
Executive Director Finance

Joined the company in June 1998 with responsibility for Finance, Treasury, Taxation, Investments, Acquisitions and Divestments, Risk and Insurance Management, Internal Audit, Investor Relations, Corporate Affairs, Legal and Secretariat. Previously Group Treasurer BHP and from 1993 to 1997 seconded to Fosters Brewing Group as Senior Vice President Finance and Investor Relations.

Age 57

Controller/Mgr - Finance

Shared Services
John Lee

Investor Relations Mgr

James Brookes

Investments Mgr

Richard Giles

Treasurer

Andrew Eddy

Risk & Insurance Mgr

David Lyons

Company Secretary

Richard Kneebone

Corporate Affairs Mgr

Mike Feehan

Acquisitions & Divestments Mgr

Geoff Watson

Chief Internal Auditor

Chris Williams

Group Taxation Mgr

Ross Lyons

General Counsel

Michael Barron

Russell King

BA (Hons)
General Manager, Orica Consumer Products

Joined ICI PLC in 1979 and on secondment with the company since 1995. Appointed General Manager Orica Consumer Products in July 1997.

Previously General Manager Corporate Advisory Group.

Age 42

GM Decorative

Tony Jackson

GM Dulux New Zealand

Peter Brindley

GM Woodcare

Andrew Ingleton

GM Operations

Malcolm Walters

Business Mgr - Powder Coatings

Peter Bailey

GM Finance & IT

Femida Hunter

GM Selleys Chemical Company

Martin Ward

GM Technology

John Lyons

GM Acquisitions Asia

Tony Millar

Mgr Human Resources

Rob Weaver

Barbara Gibson

BSc, FTSE
General Manager
Chemicals Group

Joined the company in 1985. General Manager Chemicals Group since July 1997. Previously General Manager Advanced Sciences Group, General Manager Corporate Advisory Group and General Manager Research Group. Manager responsible for Queensland and Chairman of Orica Technology Council. Also Director of Incitec, Chairman of SHE Pacific Pty Ltd and Non-Executive Director Biota Holdings Ltd.

Age 51

Div GM ChlorAlkali

Phillippe Etienne

Div GM Mining and Resources

Peter Walker

Div GM Chemnet

Graeme Jacobs

Div GM Adhesives and Resins

Graham Bird

Div GM Polyurethanes

Patrick Largier

Chemicals Group SH&E Mgr

Patrick Hanrahan

Chemicals Group HR Mgr

David McKinnon

Chemicals Financial Controller

James Fazzino

Chemicals Acquisition and Planning Mgr

John MacKenzie

Chemicals Group IT Mgr

Abdul Hussein

Kevin Lynch

BSocSc, MBA
General Manager Human Resources

Joined the company in 1994 as Industrial Relations Manager. Has held position of Group Personnel Manager in Chemicals Group, Advanced Sciences and Incitec. Appointed General Manager Human Resources in June 1998.

Age 43

Remunerations and Benefits Mgr

John Bleazby

Organisation Development Mgr

Stephen Myles

HR Shared Services Manager

Wendy Attwater

Roy Rose

BSc
General Manager
Technology Group

Joined the company in 1969. Previously General Manager Technology and Planning at Dulux. Appointed General Manager Technology on 1 November 1998. Director of Incitec Ltd. Chairman GBC Scientific Equipment Pty Ltd.

Age 52

Engineering Shared Services Mgr

Gregory McPhee

Corp Engineering & Manufacturing Mgr

Barry Hooper

IT Shared Services Mgr

Keith Revell

Chief Information Officer

Philip Nesci

Infrastructure Mgr

Ken Foss

Group Security Mgr

Robert Fero

Corp SH&E Manager

Patrick Hanrahan

Greg Witcombe

BSc
Managing Director Incitec Limited

Joined the company in 1977 and has held several senior management positions including General Manager Polyethylene Group in 1997. Appointed Managing Director of Incitec in October 1998. Chairman of Grow Force (Managing Director Grow Force Ian Gillespie) and Crop Care Australasia.

Age 45

GM Fertilizers

Gordon Davis

GM Manufacturing

Richard Hoggard

GM Crop Care Australasia

Mark Allison

GM Industrial Chemicals

Robert Ravens

Manager - SFS Project

Peter Bellingham

Company Secretary

Roger Grimley

Finance Mgr

David Lamont

Corporate Planning Mgr

Bill Surman

Group SHE Manager

Steve Hessel

Julian Segal

BSc (Chem Eng), MBA
General Manager
Explosives Australia/Asia

Appointed General Manager Explosives in 1999.

Age 44

Mgr Finance, HR, IT

Jackie Bottomley

Mgr AN, EP Products & Operations

Lindsay Smith

Mgr IS, PE Products & Deployment

Andrew Coleman

Mgr Asia

Max Warren

Mgr Mining

David Gibson

Mgr Quarry Services & Construction

John Beevers

Mgr Technical

Neville Moxon

Philip Weickhardt

Russell King

Barbara Gibson

Tony Larkin

Peter Clinch

Greg Witcombe

Roy Rose

Graeme Liebelt

Richard Kneebone

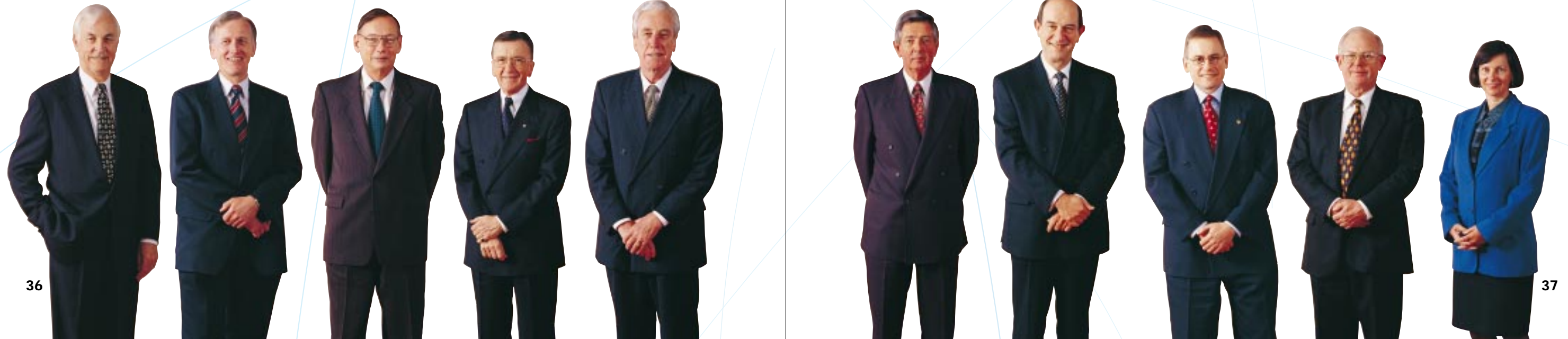
Kevin Lynch

Julian Segal



Board Members

| | | | | | | | | | |
|--|--|---|--|--|---|--|--|---|---|
| <p>B H Lochtenberg BE(Hons) DPhil FTSE Age 68 Chairman Non-executive director since 1992 – appointed chairman March 1995. Chairman of the board's Remuneration & Appointments Committee. Chairman of the Mental Health Research Institute Inc. Director of Capral Aluminium Ltd, Inner and Eastern Health Care Network Board and Melbourne University Private Services Ltd. Member, Council of the University of Melbourne. Former regional chairman of Imperial Chemical Industries PLC and chairman of ICI Americas Inc and ICI Canada Inc. Resident Melbourne.</p> | <p>P L Weickhardt BSc(Hons) MSc FRACI FTSE Age 51 Managing Director and Chief Executive Officer Executive director since 1994 – appointed managing director and chief executive officer in June 1997. Previously general manager Chemicals Group, and former chairman of Orica New Zealand Ltd and of Incitec Ltd. Member of Business Council of Australia. Resident Melbourne.</p> | <p>P J Clinch BE(Hons) BEc Age 57 Executive Director and Chief Executive Officer of the International Explosives business based in Denver, USA. Previously executive director of ICI Australia Ltd and as chief executive officer of Imperial Chemical Industries PLC became a non-executive director in 1994 serving until 1997. Rejoined the Orica board on acquisition of the explosives business from Imperial Chemical Industries PLC in May 1998. Resident Denver.</p> | <p>A B Daniels oam Age 64 Non-executive director since March 1995 and member of the board's Remuneration & Appointments Committee. Chairman of NSW State Superannuation Trustee Corporations. Director of Pasmenco Ltd, Capral Aluminium Ltd, IBJ Australia Bank Limited, Pacific Dunlop Ltd and Australian Gas Light Company. Former managing director of Tubemakers Limited. Resident Sydney.</p> | <p>B Healey Age 65 Non-executive director since May 1996 and member of the board's Audit Committee and Remuneration & Appointments Committee. Chairman of Biota Holdings Ltd, Centro Properties Ltd and Portfolio Partners Ltd. Director of Fosters Brewing Group, AWA Ltd, Norwich Union Australia Limited and Citipower Pty Ltd. Former Senior Vice President of Nabisco Inc., Sara Lee Corporation and Chief Executive of Nicholas Kiwi worldwide. Resident Melbourne.</p> | <p>G E Heeley BEc FCPA FCA Age 65 Non-executive director since April 1993. Chairman of the board's Audit Committee and member of the Remuneration & Appointments Committee. Director of Metal Manufactures Ltd, David Jones Ltd, Swiss Re Australia Ltd, Bank of Tokyo-Mitsubishi (Australia) Ltd, National Mutual Holdings Ltd and The Jack Brockhoff Foundation Ltd. Former Executive Director and Executive General Manager Finance of The Broken Hill Proprietary Company Limited. Resident Melbourne.</p> | <p>A C Larkin FCPA FAICD FFTA (Hon) Age 57 Executive Director Finance appointed June 1998. Executive director responsible for finance, acquisitions and divestments, insurance and risk management, treasury, taxation, investments, internal audit, corporate affairs, investor relations, legal and secretariat. Former Group Treasurer The Broken Hill Proprietary Company Limited and Senior Vice President finance and investor relations Fosters Brewing Group. Resident Melbourne.</p> | <p>G R Liebelt BEc(Hons) Age 45 Executive director since July 1997. Executive director responsible for plastics, safety health & environment, purchasing and regional responsibility for Asia Pacific. Chairman of Orica New Zealand Ltd, Australian Vinyls Corporation Ltd, Incitec Ltd and Qenos Pty Ltd. Resident Melbourne.</p> | <p>D P Mercer BSc(Hons) MA(Econ) Age 58 Non-executive director since October 1997. Member of the board's Remuneration & Appointments Committee. Chairman of Australia Pacific Airports Corporation Ltd and The Australian Information Economy Advisory Council. Director of CSIRO Australia, Australian Prudential Regulation Authority and North Limited. Chancellor of RMIT University. Former managing director and chief executive officer of ANZ Banking Group. Resident Melbourne.</p> | <p>C M Walter LLB(Hons) LLM MBA Age 47 Non-executive director since 1 October 1998. Member of the board's Audit Committee and Remuneration & Appointments Committee. Director of National Australia Bank Ltd, Australian Stock Exchange Ltd, Vodafone Pacific Pty Ltd, Victorian WorkCover Authority, Transport Accident Commission, Melbourne Business School Ltd and Committee for Economic Development of Australia (CEDA). Chairman of Business Regulation Advisory Group. Member of Council of the University of Melbourne. Former Melbourne managing partner of Clayton Utz. Resident Melbourne.</p> |
|--|--|---|--|--|---|--|--|---|---|



Corporate Governance

The Orica Limited board of directors is accountable to shareholders for the performance of the company. It directs and monitors the business and affairs of the company on behalf of shareholders and is responsible for the company's overall corporate governance.

The board has established general principles under which it and management operate to ensure that business is carried out in the best interests of shareholders and other stakeholders. The board responsibilities include: appointing the chief executive officer and succession planning, approving longer term strategic plans, protecting against and monitoring business risk, monitoring the integrity and consistency of internal controls, agreeing business plans and budgets, approving major capital expenditure, acquisitions and divestments, approving funding plans and capital raisings, agreeing corporate goals and reviewing performance.

Responsibility for managing, directing and promoting the profitable operation and development of the company, consistent with the primary objective of enhancing long term shareholder value, is delegated to the managing director, who is accountable to the board.

The Board Composition

The board currently comprises ten directors: six independent non-executive directors, including the chairman, and four executive directors, including the managing director. Details of the directors, their qualifications and experience are set out on pages 36 and 37.

The composition of the board seeks to provide an appropriate range of experience, skills, knowledge and perspective to enable it to carry out its obligations and responsibilities. In reviewing the board's composition and in assessing nominations for appointment as non-executive directors, the board uses external professional advice as well as its own resources to identify candidates for appointment as directors.

Board meetings

The number of board meetings held and the attendance details are set out in the directors' report on page 43.

As well as holding regular board meetings, the board sets aside additional time annually to comprehensively review company

strategy. The board also visits the company's operating sites and holds meetings at interstate and overseas venues to enable directors to meet with shareholders, customers, governments, business leaders, local community representatives and employees.

Independence

The board recognises the special responsibility of non-executive directors for monitoring executive management and the importance of independent views. Currently the chairman and all non-executive directors are independent of executive management and are free from any business or other relationship with the company that could compromise their autonomy and judgment.

Appointment terms

Apart from the managing director, directors are subject to shareholder re-election by rotation at least every three years. Non-executive directors appointed since 1 October 1998 are appointed for a maximum term of ten years or 70 years of age, whichever is the earlier. All directors must obtain the chairman's prior approval before accepting appointment to a publicly listed company.

Independent advice and access to company information

Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the chairman, may seek independent professional advice regarding their responsibilities at the company's expense. A director also has the right to have access to all documents which have been presented to meetings or made available whilst in office, or made available in relation to their position as director for a term of seven years after ceasing to be a director or such longer period as is necessary to determine relevant legal proceedings that commenced during this term.

Directors' Orica shareholdings

Directors are required to hold a minimum of 1,000 shares. Their current shareholdings are shown on page 43. Directors and relevant employees may only buy or sell Orica shares during two month periods following the annual and half-year results' announcement and the annual general meeting and when

not in possession of any undisclosed price-sensitive information.

Executive directors and senior managers who are granted options under the Orica Executive Share Option Plan are prohibited from exercising options unless they do so within the above periods and are also not in possession of any undisclosed price-sensitive information.

Directors' fees

Non-executive directors' fees are determined by the board within the aggregate amount of \$750,000 which was approved by shareholders at the 1998 Annual General Meeting. In determining the level of fees, the board reviews external professional advice and survey data on fees paid by comparable companies and considers this against the level of remuneration required to attract and compensate directors of the appropriate calibre.

The amount of directors' fees paid to each non-executive director is presently \$60,000 per annum and the chairman receives a multiple of three times this amount. Additional annual fees of \$7,500 are paid to members of the Audit Committee, the chairman of which is paid \$15,000 as is the chairman of the board of the company's superannuation fund trustee company. No additional fees are payable to the members of the Remuneration & Appointments Committee. Non-executive directors do not participate in any equity incentive schemes.

Retiring non-executive directors are entitled to an allowance, up to a maximum of their last three years' remuneration after five years' service (pro rata for a lesser period). Any superannuation entitlements attributable to compulsory company contributions (currently 7 per cent of remuneration for eligible directors) are deducted from this allowance.

The total remuneration of non-executive directors for 1999 was \$516,100 and the details of remuneration paid to each non-executive director during 1999 is set out on page 46.

Board committees

The board has established charters for the operation of its committees. These charters provide flexibility for the scope and operation of the committees' activities and the minutes of these committees are circulated to the board.

Audit Committee

The Audit Committee comprises three non-executive directors. The current chairman is Mr G E Heeley and the other members are Mr B Healey and Mrs C M Walter. It assesses and reviews external and internal audits and any material issues arising from these audits, and is charged with assessing the adequacy of the company's financial and operating controls, compliance with legal requirements and ethical guidelines affecting the company and corporate governance practices. It also makes recommendations to the board regarding the appointment of external auditors and the level of their fees and provides a facility, if necessary, to convey any concerns raised by the internal and external auditors independently of management influence.

Remuneration and Appointments Committee

The committee, which comprises all the non-executive directors, is chaired by the chairman, Dr B H Lochtenberg. It reviews the performance and remuneration of senior management including executive directors. Remuneration is set by reference to independent data, external professional advice, the company's circumstances and the requirement to attract and retain high-calibre management. It also has responsibility for the appointment and succession of the chief executive officer and executive directors, the nomination of non-executive directors and a regular review of the board's composition and performance.

Board appraisal

The board carries out a formal annual review of its performance against its responsibilities and examines the processes and effectiveness of each of its board meetings against continuous improvement criteria.

Appraisal of managing director

The non-executive directors are responsible for regularly evaluating the performance of the chief executive officer. The evaluation is based on specific criteria, including the company's business performance, short and long term strategic objectives and the achievement of personal objectives agreed annually with the chief executive.

Internal controls and management of risk

The company has established controls at the board and business group level that are designed to safeguard the company's interests and ensure the integrity of its reporting. These include accounting, financial reporting, safety, health and environment and other internal control policies and procedures, which are directed at ensuring the company fully complies with all regulatory requirements and community standards.

The board has in place integrated risk management programs aimed at ensuring the company conducts its operations in a manner that allows risks to be identified, assessed and appropriately managed. Businesses have the responsibility and accountability for implementing and managing the standards required by the program.

Further details of the company's policies relating to interest rate management, forward exchange risk management and credit risk management are included in Notes 10 and 28 of the full financial statements.

Through these and other policies the company seeks to control the risk that arises through its activities. Comprehensive practices are in place with the intent that:

- capital expenditure and revenue commitments above a certain size obtain prior board approval
- financial exposures are controlled, including the use of derivatives
- safety, health and environment standards and management systems are monitored and reviewed to achieve high standards of performance and compliance
- Year 2000 readiness and the introduction of the Goods and Services Tax (GST) are addressed.

Year 2000 business readiness

The company is committed to the objective that its equipment and software will be year 2000 ready and that business operations will not be significantly affected as a result of internal exposures. To facilitate this, a year 2000 program has been co-ordinated by a steering committee made up of senior managers and chaired by an executive director. Progress against this program has been reported to the board on a regular

basis. All controlled entities within the consolidated entity are covered in this internal reporting.

Based on the outcomes to date of the year 2000 project and ongoing program, the directors believe the consolidated entity's internal systems will be year 2000 ready.

Orica is using the British Standards Institution's definition DISC PD2000-1 as the standard for all of Orica's Year 2000 business readiness activities.

The directors, however, cannot give an unqualified assurance that the year 2000 issue will not affect the consolidated entity's operations in some way.

Code of Ethics

Orica has published a Code of Ethics to provide employees with guidance on what is acceptable behaviour. Specifically, the company requires that all directors, managers and employees maintain the highest standards of integrity and honesty in the day-to-day performance of their duties and in any situations where their actions could influence respect for the company.

The key elements of the code are characterised by:

- fairness, honesty and loyalty supporting all actions
- being aware of and obeying the law
- individually and collectively contributing to the well-being of shareholders, customers, the economy and the community
- avoiding behaviour which is likely to reflect badly on employees and the company
- 'openness' and 'public disclosure' as the test for all actions.

To assist employees in applying the code in practice, the company has developed policies and guidelines dealing with the following:

- safety, health and environment
- protection of information and the company's resources
- trade practices compliance
- conflict of interest
- insider trading and dealing in securities
- equal employment opportunity and harassment
- gifts and benefits
- prevention of fraud

The Code of Ethics is reviewed regularly by the board and processes are in place to promote and communicate these policies.



Concise Financial Report

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The financial statements and disclosures in the concise financial report on pages 48 to 61 have been derived from Orica Limited and its controlled entities' 1999 full financial report. A more comprehensive understanding of the financial performance, financial position and financing and investing activities of the consolidated entity, than the concise report is able to provide, is given in the full financial report.

A copy of the full financial report, including the auditors' report on the full financial report, is available and will be sent to any shareholders without charge on request by telephoning the Corporate Affairs Division on +61 3 9665 7246. It can also be accessed via the Internet at www.orica.com.au

Directors' Report

The directors of Orica Limited (the company or Orica) present their 71st Annual Report together with the report on the year's activities and the concise financial report of the consolidated entity, being the company and its controlled entities, for the year ended 30 September 1999 and the auditors' report thereon.

Directors

The directors of the company at the date of this report are:

| | |
|-----------------------------------|-------------|
| B H Lochtenberg, Chairman | G E Heeley |
| P L Weickhardt, Managing Director | A C Larkin |
| P J Clinch | G R Liebelt |
| A B Daniels | D P Mercer |
| B Healey | C M Walter |

The office of company secretary is held by R S Kneebone. Particulars of directors' qualifications, experience and special responsibilities are detailed on pages 36 and 37.

Directors' interests in share capital

The interest of each director in the share capital of the company as at the date of this report is as follows:

| Director | fully paid ordinary shares | options for fully paid ordinary shares* |
|-----------------|----------------------------|---|
| B H Lochtenberg | 10,000 | - |
| P L Weickhardt | 15,499 | 457,500 |
| P J Clinch | 20,513 | 122,500 |
| A B Daniels | 10,447 | - |
| B Healey | 2,300 | - |
| G E Heeley | 8,000 | - |
| A C Larkin | 6,347 | 185,000 |
| G R Liebelt | 14,181 | 215,000 |
| D P Mercer | 2,000 | - |
| C M Walter | 6,000 | - |
| | 95,287 | 980,000 |

* Issued under the Orica Executive Share Option Plan approved by shareholders on 10 June 1987, amended by a further deed approved by shareholders on 27 February 1995 and the Orica Share Option Plan approved by shareholders on 16 December 1998. All options have been issued in accordance with these plans subsequent to approval by shareholders at an Annual General Meeting.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year are listed below.

| Director | Board | | Audit Committee | | Remuneration and Appointments Committee | |
|-----------------|---------------------|-------------------------|---------------------|-------------------------|---|-------------------------|
| | Held ⁽¹⁾ | Attended ⁽²⁾ | Held ⁽¹⁾ | Attended ⁽²⁾ | Held ⁽¹⁾ | Attended ⁽²⁾ |
| B H Lochtenberg | 12 | 12 | - | - | 6 | 6 |
| P L Weickhardt | 12 | 12 | - | - | - | - |
| P J Clinch | 12 | 12 | - | - | - | - |
| A B Daniels | 12 | 11 | 1 | 1 | 6 | 5 |
| B Healey | 12 | 12 | 5 | 3 | 6 | 5 |
| G E Heeley | 12 | 12 | 5 | 5 | 6 | 5 |
| A C Larkin | 12 | 11 | - | - | - | - |
| G R Liebelt | 12 | 12 | - | - | - | - |
| D P Mercer | 12 | 12 | - | - | 6 | 6 |
| C M Walter | 12 | 10 | 4 | 4 | 6 | 5 |

(1) This column shows the number of meetings held during the period the director was a member of the board or committee.

(2) This column shows the number of meetings attended by the director.

Directors' Report

Principal activities

The principal activities of the consolidated entity in the course of the financial year were the manufacture and distribution of mining products and services, fertilizers and crop care products, consumer products, chemicals and plastics.

On 1 July 1999, the consolidated entity combined its Australian polyethylene, polypropylene, synthetic rubber and engineering plastics operations in a joint venture with Kemcor, an existing joint venture between Exxon and Mobil. The consolidated entity has a 50% interest in the new joint venture company, Qenos Holdings Proprietary Limited.

No other significant changes have occurred in the nature of these activities during the financial year.

Dividends

| Dividends paid or declared in respect of the year ended 30 September 1999 were: | \$m |
|--|--------------|
| Interim and final dividends at the rate of 5 cents per share on 2,000,000 preference shares, franked to 37.9% (1.9 cents) at the 36% corporate tax rate. | 0.1 |
| Interim dividend at the rate of 15 cents per share on 270,435,247 ordinary shares, franked to 40% (6 cents) at the 36% corporate tax rate. | 40.6 |
| The directors have declared a final dividend to be paid at the rate of 22 cents per share on 273,154,984 ordinary shares, for which provision has been made in the financial statements. 36.4% (8 cents) of this dividend will be franked at the 36% corporate rate. | 60.1 |
| Total dividend distribution | 100.8 |

In addition, the final dividend of 29 cents per share in respect of the financial year ended 30 September 1998, referred to in the previous directors' report, was paid in cash or satisfied by the issue of shares under the dividend reinvestment plan on 18 December 1998. The full amount of \$78.0m was provided in the 1998 financial statements. This dividend was unfranked.

Review and results of operations

A review of the operations of the consolidated entity during the financial year and of the results of those operations is contained on pages 4 to 33.

Changes in state of affairs

Particulars of significant changes in the state of affairs of the consolidated entity during the year ended 30 September 1999 are as follows:

- 11 December 1998 – launched a takeover bid to acquire shares in Incitec Ltd held by all other parties. Orica increased its shareholding in Incitec from 73% to 76%.
- 23 December 1998 – disposed of the surfactants business to Huntsman Corporation for \$155m, generating a profit of \$37m after tax, as part of the ongoing program of rationalising non core assets.
- 1 July 1999 – combined the Australian polyethylene, polypropylene, synthetic rubber and engineering plastics operations in a joint venture with Kemcor, an existing joint venture between Exxon and Mobil. Orica has a 50% interest in the new joint venture company, Qenos Holdings Proprietary Limited.
- 29 September 1999 – acquired a 49% interest in Indian Explosives Limited.

Events after balance date

The directors have not become aware of any significant matter or circumstance that has arisen since 30 September 1999, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Likely developments

Likely developments in the operations of the consolidated entity and the expected results of those operations are covered in the review of operations of the consolidated entity on pages 4 to 33.

Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the directors, disclosure would result in unreasonable prejudice to the consolidated entity.

Directors' Report

Directors' and senior executives' emoluments

It is the broad policy of the company that its remuneration structure will:

- support the company's philosophy and values;
- reinforce both the short and long term objectives of the company;
- provide a common interest between management and shareholders; and
- be sufficiently competitive in the markets in which the company operates to attract, motivate and retain high calibre employees.

The remuneration structure for executive officers, including executive directors, seeks to emphasise payment for results through providing a variable reward scheme which, for example, incorporates incentive payments based on the achievement of pre agreed results. While there may be some years of zero incentive payment, total remuneration is designed to remain sufficiently competitive to attract, motivate and retain high calibre employees.

Details of the nature and amount of each element of emoluments paid to all officers who occupied the position of executive director during the year are set out in the table below. The table also discloses details of the nature and amount of each element of emoluments of the five highest remunerated senior executives.

The number of options issued under the Orica Share Option Plan during the year are listed below. These options have a maximum life of ten years and are not exercisable before 1 January 2002, and then only if performance hurdles are achieved. The performance hurdles are designed to ensure that options can only be exercised by reference to the total shareholder return of Orica relative to a peer group of companies (ASX100). Due to the nature of the performance hurdles which have been established for these options, their value is considered to be indeterminate.

| Executive directors and senior executives | Cash benefits | | Non cash benefits | | Total | |
|--|---------------|--------------------|------------------------------|--------|---------|---------|
| | Salary | Incentive payments | Superannuation contributions | Other* | Options | No. |
| | \$000 | \$000 | \$000 | \$000 | \$000 | No. |
| Executive Directors | | | | | | |
| P L Weickhardt Managing Director and Chief Executive Officer | 581.1 | 92.8 | 114.5 | 53.5 | 841.9 | 200,000 |
| P J Clinch Executive Director, and Chief Executive Officer, International Explosives | 727.9 | 179.1 | 105.9 | 150.1 | 1,163.0 | 110,000 |
| A C Larkin Executive Director Finance | 438.9 | 120.2 | 30.7 | 77.5 | 667.3 | 185,000 |
| G R Liebelt Executive Director | 377.5 | 57.3 | 77.9 | 48.2 | 560.9 | 110,000 |
| Senior Executives | | | | | | |
| A D King Senior Vice President Operations – International Explosives | 386.5 | 24.6 | 12.7 | 80.5 | 504.3 | 25,000 |
| R J King General Manager, Orica Consumer Products | 395.0 | 47.3 | 49.5 | 94.1 | 585.9 | – |
| A J Reeves Chief Financial Officer – Orica International Management Inc | 331.3 | 34.5 | 27.1 | 113.5 | 506.4 | 40,000 |
| A E Seale General Manager Technology Group [^] | 401.4 | 31.9 | 21.0 | 22.9 | 477.2 | – |
| D P Taylor President Explosives (USA and Canada) | 510.1 | 115.5 | – | 89.0 | 714.6 | – |

* includes expatriate allowances paid, where applicable

[^] includes entitlements paid on retirement

Non-executive directors' fees are determined by the board within the aggregate amount of \$750,000 which was approved by shareholders at the 1998 Annual General Meeting. In determining the level of fees, the board reviews external professional advice and survey data on fees paid by comparable companies and considers this against the level of remuneration required to attract and retain directors of the appropriate calibre. Non-executive directors are not entitled to any form of incentive payments. On leaving the board, depending on their length of service, non-executive directors are entitled to a retiring allowance of up to a maximum of three years' fees.

Directors' Report

Non-executive directors

| | Superannuation | | Total |
|---------------------------|----------------|------------------------|-------|
| | Fees \$000 | Contributions \$000 | |
| B H Lochtenberg, Chairman | 165.0 | 11.6 | 176.6 |
| A B Daniels | 56.3 | 3.9 | 60.2 |
| B Healey | 62.5 | 4.4 | 66.9 |
| G E Heeley | 70.0 | 4.9 | 74.9 |
| D P Mercer | 67.3 | 4.7 | 72.0 |
| C M Walter | 61.2 | 4.3 | 65.5 |

Options

On 15 March 1999, the company granted options over 860,000 unissued ordinary shares to 10 executives under the Orica Share Option Plan. Each option relates to one fully paid ordinary share and the said options are exercisable at \$8.57 per share between 1 January 2002 and 31 December 2008 subject to performance hurdles.

The names of persons who currently hold options in Orica's share option plans are entered in the register of options kept by the company pursuant to Section 216C of the Corporations Law. The register may be inspected free of charge. Pursuant to ASIC Class Order 97/1011, issued on 9 July 1997, the directors have taken advantage of relief available from the requirement to disclose the names of persons, not being directors or the five highest remunerated senior executives, to whom options are issued, and the number of options issued to each person.

Particulars of options granted to and exercised by the executive directors under Orica's share option plans to the date of this report are shown in the table below. The table also discloses options granted and exercised by the five highest remunerated senior executives, excluding executive directors, under Orica's share option plans.

The exercise price of options issued under Orica's share option plans is set at the market price at the date of issue. The ability to exercise these options is conditional on the company achieving prescribed performance hurdles.

| | Granted during the year | Exercised during the year | Outstanding at year end | Exercise price | Date first exercisable |
|----------------------------|-------------------------------|---------------------------------|----------------------------|-------------------|---------------------------|
| Executive Directors | | | | | |
| P L Weickhardt | 200,000 | - | 200,000 | \$8.57 | 1 Jan 2002 [†] |
| | | | 170,000 | \$10.88 | 27 Feb 2001* |
| | | | 87,500 | \$11.38 | 22 Mar 1998* |
| P J Clinch | 110,000 | - | 110,000 | \$8.57 | 1 Jan 2002 [†] |
| | | | 12,500 | \$11.38 | 22 Mar 1998* |
| A C Larkin | 185,000 | - | 185,000 | \$8.57 | 1 Jan 2002 [†] |
| G R Liebelt | 110,000 | - | 110,000 | \$8.57 | 1 Jan 2002 [†] |
| | | | 105,000 | \$10.88 | 27 Feb 2001* |
| Senior Executives | | | | | |
| A D King | 25,000 | - | 25,000 | \$8.57 | 1 Jan 2002 [†] |
| | | | 30,000 | \$10.88 | 27 Feb 2001* |
| A J Reeves | 40,000 | - | 40,000 | \$8.57 | 1 Jan 2002 [†] |
| A E Seale | - | - | 30,000 | \$10.88 | 27 Feb 2001* |

* The expiry date for options issued under the Orica Executive Share Option Plan is two years from the date first exercisable.

† The expiry date for options issued under the Orica Share Option Plan is ten years from the date issued.

No person entitled to exercise an option in the company has, by virtue of the option, a right to participate in a share issue of any other body corporate of the group.

No ordinary shares were issued during the financial year as a consequence of the exercise of options. As at the date of this report, there are 1,822,500 unissued ordinary shares under option. The price of issue and expiration dates of those unissued shares are set out in note 19 to the full financial statements.

Directors' Report

Environmental regulations

Manufacturing licences and consents are in place at each Orica site in consultation with local environmental regulatory authorities. The measurement of compliance with conditions of licences and consents involves numerous tests being conducted regularly. The test results indicate consistent compliance as follows:

| | 1999 | 1998 |
|--|--------|--------|
| Number of tests | 26,601 | 49,626 |
| Percentage of test results in compliance | 99.5 | 99.5 |

The company received three environmental prosecutions during the year, the details of which are provided on page 15.

More specific details, including management processes, are available on pages 14 to 15 and in the Safety, Health and Environment Performance Report 1999.

Indemnification of officers

The company's Constitution requires the company to indemnify any person who is, or has been, an officer of the company, including the directors, the secretary and other executive officers, against any liability incurred by the person which arises out of the discharge of that person's duties, unless the liability was incurred as a result of dishonesty, negligence or lack of good faith. In such circumstances, the Board has a discretion whether or not to provide an indemnity.

The company has paid a premium in respect of a contract insuring officers of the company, and of bodies corporate related to the company, against a liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with some exceptions. The contract of insurance prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

Rounding

The amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest tenth of a million dollars, the company being in a class specified in the ASIC Class Order 98/100 dated 10 July 1998.

Signed on behalf of the board in accordance with a resolution of the directors of Orica Limited.



B H Lochtenberg
Chairman

Dated at Melbourne this 29th day of October 1999

Profit and Loss Statement

For the year ended 30 September 1999

| | Notes | Consolidated 1999 \$m | 1998 \$m |
|--|-------|-----------------------------|-------------|
| Revenue | (3) | 4,416.0 | 4,599.5 |
| Operating profit before income tax and abnormal items | | 258.4 | 326.4 |
| (Loss)/profit on abnormal items before income tax | (4) | (33.7) | 126.3 |
| Operating profit before income tax | | 224.7 | 452.7 |
| Income tax attributable to operating profit | | (26.7) | (1.8) |
| Operating profit after income tax | | 198.0 | 450.9 |
| Outside equity interests in operating profit after income tax | | (11.8) | (16.0) |
| Operating profit after income tax attributable to members of Orica | | 186.2 | 434.9 |
| Retained profits at the beginning of the financial year | | 776.9 | 476.1 |
| Total available for appropriation | | 963.1 | 911.0 |
| Dividends: | | | |
| Preference – paid/declared | | (0.1) | (0.1) |
| Ordinary – interim paid | | (40.6) | (56.0) |
| Ordinary – final declared | | (60.1) | (78.0) |
| Retained profits at the end of the financial year | | 862.3 | 776.9 |
| Earnings per share | | cents | cents |
| Including abnormal items | (6) | 68.8 | 162.8 |
| Excluding abnormal items | | 57.8 | 76.6 |
| Operating profit after income tax attributable to members of Orica is comprised of: | | \$m | \$m |
| Operating profit after tax and before abnormal items | | 156.4 | 204.6 |
| Profit on abnormal items after income tax | (4) | 29.8 | 230.3 |
| Operating profit after income tax and abnormal items | | 186.2 | 434.9 |

The accompanying discussion and analysis and notes form part of these financial statements.

Discussion and Analysis of the Consolidated Profit and Loss Statement

Total operating revenue for the Group comprised:

| | Revenue 1999 \$m | Change from 1998 | |
|-------------------------|------------------------|------------------|--------|
| | | \$m | % |
| Mining Services | 1,359.0 | 414.7 | 43.9 |
| Agricultural Chemicals | 826.4 | 112.1 | 15.7 |
| Consumer Products | 626.6 | 55.7 | 9.8 |
| Chemicals | 691.0 | 46.8 | 7.3 |
| Core Businesses | 3,503.0 | 629.3 | 21.9 |
| Non Core Businesses | 526.6 | (583.0) | (52.5) |
| Proceeds on divestments | 378.9 | (224.7) | (37.2) |
| Interest income | 7.5 | (5.1) | (40.5) |
| | 4,416.0 | (183.5) | (4.0) |

Operating profit before income tax and abnormal items was down \$68 million (20.8%) to \$258.4 million from \$326.4 million last year. The lower profit was mainly due to two factors which were foreshadowed at last year's Annual General Meeting. Firstly, the divestment of the Pharmaceuticals, Technical Coatings and Surfactants businesses reduced earnings. In 1998 these businesses made a total operating profit before income tax and before abnormal items of \$72.8 million. Secondly, the company resumed contributions to its Australian defined benefits superannuation fund after a 10 year contribution 'holiday'. This reduced pre-tax profit by \$37.7 million. In addition, the company was adversely affected during the year by low commodity prices.

Net interest expense before abnormal items decreased by 27.9% in line with reduced borrowings. The group's interest cover is now 6.7 times, an increase of 0.5 times on last year.

Income tax expense attributable to operating profit increased from \$1.8 million to \$26.7 million. This was mainly due to a reduction in the level of non-taxable abnormal profits from divestments of major businesses.

The divestment of the surfactants business in December 1998 and the polyethylene business in July 1999 has resulted in non taxable abnormal profits. These have been partly offset by tax effected abnormal costs mainly associated with divestments and rationalising and restructuring businesses. The total abnormal items reported resulted in a net abnormal loss of \$33.7 million before tax and a net abnormal profit of \$26.7 million after tax, compared to \$126.3 million abnormal profit before tax and \$229.1 million abnormal profit after tax in 1998.

Balance Sheet

As at 30 September 1999

| | Consolidated | |
|--|----------------|---------|
| | 1999 | 1998 |
| | \$m | \$m |
| Current assets | | |
| Cash | 104.1 | 83.9 |
| Receivables | 682.9 | 548.3 |
| Investments | - | 13.8 |
| Inventories | 561.0 | 709.5 |
| Other assets | 29.8 | 32.0 |
| Total current assets | 1,377.8 | 1,387.5 |
| Non-current assets | | |
| Receivables | 4.4 | 3.7 |
| Investments | 239.4 | 17.3 |
| Property, plant and equipment | 1,444.3 | 1,736.2 |
| Intangibles | 258.4 | 297.0 |
| Other assets | 205.3 | 205.7 |
| Total non-current assets | 2,151.8 | 2,259.9 |
| Total assets | 3,529.6 | 3,647.4 |
| Current liabilities | | |
| Accounts payable | 531.4 | 564.1 |
| Borrowings | 280.0 | 306.6 |
| Provisions | 312.3 | 340.4 |
| Total current liabilities | 1,123.7 | 1,211.1 |
| Non-current liabilities | | |
| Accounts payable | 0.1 | 1.3 |
| Borrowings | 533.9 | 578.4 |
| Provisions | 274.7 | 343.2 |
| Total non-current liabilities | 808.7 | 922.9 |
| Total liabilities | 1,932.4 | 2,134.0 |
| Net assets | 1,597.2 | 1,513.4 |
| Shareholders' equity | | |
| Share capital | 465.0 | 427.4 |
| Reserves | 149.4 | 185.7 |
| Retained profits | 862.3 | 776.9 |
| Shareholders' equity attributable to members of Orica | 1,476.7 | 1,390.0 |
| Outside equity interest in controlled entities | 120.5 | 123.4 |
| Total shareholders' equity | 1,597.2 | 1,513.4 |

The accompanying discussion and analysis and notes form part of these financial statements.

Discussion and Analysis of the Consolidated Balance Sheet

Orica's net assets have increased by 5.5% to \$1.6 billion over the year.

The major balance sheet movements were:

Total assets have decreased by \$117.8 million over the year.

This is principally due to:

- an increase in current receivables of \$134.6 million, largely due to the provision of a loan to Qenos Holdings Proprietary Limited, as part of the new joint venture funding partially offset by a \$37.4 million reduction in trade debtors
- a decrease in current inventories of \$148.5 million, mainly driven by the divestment of the surfactants and polyethylene businesses and actions taken by management to reduce stock levels
- an increase of \$222.1 million in non-current investments due mainly to investments in Qenos Holdings Pty Limited, Indian Explosives Limited and Nelson Brothers Mining Service LLC
- a decrease of \$291.9 million in property, plant and equipment largely due to disposals and demolitions of \$379.7 million and depreciation and amortisation charges of \$154.8 million mostly offset by capital expenditure of \$263.8 million.
- a decrease of \$38.6 million intangibles arising from a revision of the value of assets and liabilities acquired as part of the International Explosives business in May 1998 ('fair value' adjustments) and amortisation of goodwill, partly offset by additional goodwill acquired during 1999.

Total liabilities have decreased by \$201.6 million over the year.

This is principally due to:

- a decrease in total provisions of \$96.6 million mainly as a result of spending against restructuring and rationalisation provisions, together with a reduction in employee entitlement provisions following a reduction in the number of full-time employees caused by redundancies and divestments of non core businesses
- a decrease in borrowings of \$71.1 million, resulting in an improved gearing (net debt to net debt plus equity) of 30.8%
- a decrease in current accounts payable of \$32.7 million, mainly as a result of the divestment of non core businesses.

Share capital has increased by \$37.6 million, representing 2,704,308 shares issued under the dividend reinvestment plan, 1,365,364 shares issued under the share acquisition plan and 240,650 shares issued under the general exempt employee share plan.

Outside equity interest in controlled entities has decreased by \$2.9 million to \$120.5 million.

Statement of Cash Flows

For the year ended 30 September 1999

| | Consolidated | |
|---|------------------------|------------------------|
| | 1999 | 1998 |
| | \$m | \$m |
| | Inflows/ (Outflows) | Inflows/ (Outflows) |
| Cash flows from operating activities | | |
| Receipts from customers | 3,974.1 | 3,946.2 |
| Payments to suppliers and employees | (3,530.7) | (3,545.5) |
| Interest received | 6.9 | 12.3 |
| Borrowing costs | (52.2) | (70.3) |
| Royalties and other trading revenue received | 26.7 | 27.5 |
| Net income taxes paid | (26.6) | (97.7) |
| Net cash flows from operating activities | 398.2 | 272.5 |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (264.2) | (239.5) |
| Payments for intangibles | (0.8) | (4.1) |
| Payments for purchase of investments | (287.2) | (0.3) |
| Payments for purchase of businesses/controlled entities | (37.2) | (564.6) |
| Proceeds from sale of property, plant and equipment | 43.1 | 20.5 |
| Proceeds from sale of intangibles | 0.4 | - |
| Proceeds from sale of investments | 15.0 | - |
| Proceeds from sale of businesses/controlled entities | 321.9 | 561.0 |
| Net loan to associated company | (153.5) | - |
| Net cash flows from investing activities | (362.5) | (227.0) |
| Cash flows from financing activities | | |
| Proceeds from long term borrowings | 429.0 | 402.8 |
| Repayment of long term borrowings | (378.0) | - |
| Net movement in short term financing | 26.5 | (319.9) |
| Principal repayments under finance leases | (0.6) | (1.0) |
| Proceeds from issue of shares | 13.9 | 8.9 |
| Dividends paid | (101.9) | (124.8) |
| Net cash flows from financing activities | (11.1) | (34.0) |
| Net increase in cash held | 24.6 | 11.5 |
| Cash at the beginning of the financial year | 79.2 | 68.3 |
| Effects of exchange rate changes on cash | (3.9) | (0.6) |
| Cash at the end of the financial year | 99.9 | 79.2 |

Discussion and Analysis of the Consolidated Statement of Cash Flows

Net cash flows from operating activities

Net cash inflows from operations of \$398.2 million were higher than the previous year by \$125.7 million. Receipts from customers and payments to suppliers and employees were in line with last year. Payments to suppliers and employees in 1999 included \$37.7 million of superannuation contributions to the Australian defined benefit fund as a result of the recommencement of contributions following a ten year contribution 'holiday'.

Net cash flows from investing activities

Net cash outflows from investing activities of \$362.5 million were higher than the previous year by \$135.5 million. Capital expenditure was \$264.2 million for the financial year, up \$24.7 million (10.3%) on 1998. Total capital expenditure incurred by the core segments totalled \$242.6 million. This included expenditure on the reinvestment in Chlor Alkali, Brisbane (Rocklea) Paints manufacturing redevelopment, new Denver USA technical centre and the Queensland ammonia import tank for Explosives, and the upgrade of the urea granulator facility at Gibson Island, Brisbane. Net cash flows from investing activities have been further affected by acquisitions of businesses and controlled entities this year, including a 50% equity interest in the Qenos joint venture as well as the recent acquisition of 49% of Indian Explosives Limited. Proceeds from the sale of businesses/controlled entities, mainly due to the divestment of the polyethylene and surfactants businesses during the year, totalled \$321.9 million which was \$239.1 million lower than last year's business divestments realisations.

Net cash flows from financing activities

Net cash outflows from financing activities were \$11.1 million, down \$22.9 million on the previous year. Dividends paid during the year were \$101.9 million, compared to \$124.8 million in the previous year, a decrease of \$22.9 million. The company issued shares under the share acquisition plan and the general employee exempt share plan during the year which generated cash receipts of \$13.9 million.

The accompanying discussion and analysis and notes form part of these financial statements.

Notes to the Financial Statements

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Notes to the Financial Statements

1. Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the Corporations Law, Accounting Standard AASB1039 'Concise Financial Reports' and applicable Urgent Issues Group Consensus Views.

The concise financial report has been prepared on the basis of historical cost except where stated.

The principal accounting policies adopted in preparing the concise financial report have been consistently applied except as otherwise indicated.

Where necessary, comparative figures have been adjusted to conform with any changes to presentation in 1999.

2. Changes in accounting policies

Borrowing costs incurred in the production of qualifying assets are capitalised. This represents a change in accounting policy in order to comply with AASB 1036 'Borrowing Costs'. This change in accounting policy has resulted in an increase of \$1.6m to operating profit after tax as a result of capitalisation of interest expense of \$2.4m.

Equity accounting has been adopted for investments in associates. This represents a change in accounting policy to comply with AASB 1016 'Accounting for Investments in Associates'. There has been no material impact of this change in accounting policy on retained earnings and investments as at 1 October 1998, or to the operating profit for the year.

| | Consolidated 1999 \$m | 1998 \$m |
|---|-----------------------------|----------------|
| 3. Operating revenue | | |
| Revenue from operating activities | | |
| External sales | 3,959.8 | 3,935.2 |
| Royalty income | 4.9 | 5.3 |
| Interest income: | | |
| associated companies | 2.0 | - |
| external parties – banks | 5.5 | 3.7 |
| external parties – other | - | 8.9 |
| Other income | 21.8 | 22.3 |
| Revenue from non-operating activities | | |
| Sale of businesses/controlled entities | 378.9 | 603.6 |
| Sale of property, plant and equipment and distribution rights | 43.1 | 20.5 |
| Total revenue | 4,416.0 | 4,599.5 |

Notes to the Financial Statements

| | Gross \$m | 1999 Tax \$m | Net \$m | Gross \$m | 1998 Tax \$m | Net \$m |
|--|--------------|--------------------|------------|--------------|--------------------|------------|
| 4. Abnormal items | | | | | | |
| Profit on sale of major businesses: ⁽¹⁾ | | | | | | |
| Pharmaceuticals | - | - | - | 304.4 | 0.4 | 304.8 |
| Technical Coatings | 13.2 | (0.2) | 13.0 | 91.4 | 14.0 | 105.4 |
| Surfactants | 25.1 | 11.9 | 37.0 | - | - | - |
| Polyethylene | 37.1 | 12.0 | 49.1 | - | - | - |
| Restructuring and rationalisation costs: ⁽²⁾ | (79.6) | 30.1 | (49.5) | (94.5) | 22.8 | (71.7) |
| Remediation costs: ⁽³⁾ | - | - | - | (68.1) | 24.5 | (43.6) |
| Information technology systems development costs: ⁽⁴⁾ | - | - | - | (35.2) | 12.6 | (22.6) |
| Tax refund: ⁽⁵⁾ | - | - | - | 8.9 | 6.3 | 15.2 |
| Writedown of assets | (14.5) | 1.2 | (13.3) | (65.9) | 22.2 | (43.7) |
| Writedown of intangibles | - | - | - | (14.7) | - | (14.7) |
| Provision in respect of customer guarantees | (15.0) | 5.4 | (9.6) | - | - | - |
| Profit/(loss) on abnormal items | (33.7) | 60.4 | 26.7 | 126.3 | 102.8 | 229.1 |
| Outside equity interests in abnormal items | (4.8) | 1.7 | (3.1) | (1.8) | 0.6 | (1.2) |
| Profit/(loss) on abnormal items attributable to members of Orica | (28.9) | 58.7 | 29.8 | 128.1 | 102.2 | 230.3 |

⁽¹⁾ The major elements of profit on sale of major businesses are non-taxable. The profit has been arrived at after allowance for certain related tax deductible expenditure.

⁽²⁾ Restructuring and rationalisation costs include redundancy and associated costs relating to the restructuring and reorganisation of support services, Incitec and the explosives businesses.

⁽³⁾ Remediation includes provisions for waste removal costs associated with Botany and Cabarita sites.

⁽⁴⁾ Implementation of new information technology systems.

⁽⁵⁾ In prior years an abnormal loss was taken to the profit and loss account following an unfavourable Federal Court decision relating to debt restructuring undertaken in 1986. A decision of the High Court in 1998 resulted in a tax refund and interest received on overpayment of taxes.

Notes to the Financial Statements

5. Segment report

The consolidated entity's operations have been divided into four core segments comprising Mining Services, Agricultural Chemicals, Consumer Products and Chemicals. Plastics and other businesses are shown as non core segments. Other includes minor, discontinued, divested businesses, non operating assets and corporate costs.

The consolidated entity's policy is to transfer products internally at negotiated commercial prices. Revenue includes royalties and proceeds on sale of property, plant and equipment. Unallocated items comprise financial items, such as interest and foreign currency gains/losses on borrowings, that are not specific to the defined business areas and proceeds on sale of businesses.

The business segments have been grouped into core and non core segments in 1999 to better reflect Orica's ongoing businesses and strategy. Corporate Centre costs are no longer allocated to the individual business segments and are included in the non core segment called Other. 1998 comparative figures have been restated to reflect these changes.

| Defined business areas | Revenue external to the consolidated entity | Inter-segment revenue | Total revenue | Operating profit before income tax and abnormal items | Abnormal items | Operating profit before income tax and after abnormal items | Segment assets | Capital expenditure | Depreciation and amortisation |
|------------------------------|---|-----------------------|---------------|---|----------------|---|----------------|---------------------|-------------------------------|
| 1999 | | | | | | | | | |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Core Segments | | | | | | | | | |
| Mining Services | 1,359.0 | 2.7 | 1,361.7 | 113.2 | (26.7) | 86.5 | 1,179.7 | 97.5 | 72.4 |
| Agricultural Chemicals | 826.4 | - | 826.4 | 56.3 | (13.6) | 42.7 | 492.7 | 44.4 | 16.9 |
| Consumer Products | 626.6 | 0.3 | 626.9 | 63.0 | (8.7) | 54.3 | 323.5 | 18.7 | 13.5 |
| Chemicals | 691.0 | 122.8 | 813.8 | 60.4 | (13.7) | 46.7 | 493.4 | 82.0 | 26.9 |
| Subtotal - Core Segments | 3,503.0 | 125.8 | 3,628.8 | 292.9 | (62.7) | 230.2 | 2,489.3 | 242.6 | 129.7 |
| Non Core Segments | | | | | | | | | |
| Plastics | 478.3 | 18.7 | 497.0 | 33.6 | (32.8) | 0.8 | 489.0 | 7.7 | 30.4 |
| Other | 48.3 | 7.5 | 55.8 | (22.5) | (13.6) | (36.1) | 293.7 | 17.3 | 16.0 |
| Subtotal - Non Core Segments | 526.6 | 26.2 | 552.8 | 11.1 | (46.4) | (35.3) | 782.7 | 25.0 | 46.4 |
| Eliminations | - | (152.0) | (152.0) | - | - | - | - | - | - |
| Subtotal | 4,029.6 | - | 4,029.6 | 304.0 | (109.1) | 194.9 | 3,272.0 | 267.6 | 176.1 |
| Unallocated items | 386.4 | - | 386.4 | (45.6) | 75.4 | 29.8 | 257.6 | - | - |
| Consolidated | 4,416.0 | - | 4,416.0 | 258.4 | (33.7) | 224.7 | 3,529.6 | 267.6 | 176.1 |

1998

| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
|------------------------------|---------|---------|---------|--------|---------|--------|---------|-------|-------|
| Core Segments | | | | | | | | | |
| Mining Services | 944.3 | 1.4 | 945.7 | 105.0 | (61.3) | 43.7 | 1,218.0 | 58.7 | 52.0 |
| Agricultural Chemicals | 714.3 | 1.8 | 716.1 | 50.9 | (1.2) | 49.7 | 457.1 | 35.5 | 13.6 |
| Consumer Products | 570.9 | 1.2 | 572.1 | 57.2 | (22.1) | 35.1 | 344.6 | 10.4 | 15.7 |
| Chemicals | 644.2 | 129.7 | 773.9 | 57.6 | (22.1) | 35.5 | 453.1 | 54.7 | 26.9 |
| Subtotal - Core Segments | 2,873.7 | 134.1 | 3,007.8 | 270.7 | (106.7) | 164.0 | 2,472.8 | 159.3 | 108.2 |
| Non Core Segments | | | | | | | | | |
| Plastics | 514.1 | 47.5 | 561.6 | 53.0 | (61.0) | (8.0) | 682.4 | 28.2 | 39.8 |
| Other | 595.5 | 61.2 | 656.7 | 72.7 | (110.7) | (38.0) | 408.3 | 38.4 | 23.4 |
| Subtotal - Non Core Segments | 1,109.6 | 108.7 | 1,218.3 | 125.7 | (171.7) | (46.0) | 1,090.7 | 66.6 | 63.2 |
| Eliminations | - | (242.8) | (242.8) | - | - | - | - | - | - |
| Subtotal | 3,983.3 | - | 3,983.3 | 396.4 | (278.4) | 118.0 | 3,563.5 | 225.9 | 171.4 |
| Unallocated items | 616.2 | - | 616.2 | (70.0) | 404.7 | 334.7 | 83.9 | - | - |
| Consolidated | 4,599.5 | - | 4,599.5 | 326.4 | 126.3 | 452.7 | 3,647.4 | 225.9 | 171.4 |

Notes to the Financial Statements

5. Segment report (continued)

The major products and services from which the above segments derive revenue are:

| Defined business areas | Products/Services |
|------------------------|---|
| Mining Services | Manufacture and supply of explosives, initiating systems and blasting technology to the mining, quarrying, construction and exploration industries and sodium cyanide to the gold mining industry. |
| Agricultural Chemicals | Manufacture, import and supply of nitrogen, phosphate and other fertilizers and crop care products including herbicides, insecticides and fungicides. |
| Consumer Products | Manufacture and supply of paints and other surface coatings to the decorative and technical markets and a range of home handyman and car use products. |
| Chemicals | Manufacture and supply of a broad range of industrial and specialty chemicals including chlorine, sodium hypochlorite, caustic soda and surfactants for household, food and personal care products and ammonia, ammonium nitrate and urea for explosives and fertilizers. |
| Plastics | Manufacture and supply of polyethylene, polypropylene, synthetic rubber and specialty plastics (provided through Qenos since 1 July 1999), vinyl and a range of plastic films. |
| Other | Includes other minor, discontinued, divested businesses, non-operating assets and corporate costs. |

| Geographic areas | Revenue external to the consolidated entity | Inter-segment revenue | Total revenue | Operating profit before income tax and abnormal items | Abnormal items | Operating profit before income tax and after abnormal items | Segment assets | Capital expenditure | Depreciation and amortisation |
|------------------|---|-----------------------|---------------|---|----------------|---|----------------|---------------------|-------------------------------|
|------------------|---|-----------------------|---------------|---|----------------|---|----------------|---------------------|-------------------------------|

1999

| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
|-------------------|---------|--------|---------|--------|---------|-------|---------|-------|-------|
| Australia | 2,821.1 | 62.9 | 2,884.0 | 232.3 | (89.3) | 143.0 | 2,351.2 | 196.7 | 130.4 |
| New Zealand | 304.3 | 5.7 | 310.0 | 21.3 | (5.8) | 15.5 | 153.2 | 6.2 | 7.3 |
| Americas | 717.6 | 4.3 | 721.9 | 27.1 | (6.6) | 20.5 | 624.6 | 47.4 | 30.2 |
| Other | 186.6 | 1.7 | 188.3 | 23.3 | (7.4) | 15.9 | 143.0 | 17.3 | 8.2 |
| Eliminations | - | (74.6) | (74.6) | - | - | - | - | - | - |
| Subtotal | 4,029.6 | - | 4,029.6 | 304.0 | (109.1) | 194.9 | 3,272.0 | 267.6 | 176.1 |
| Unallocated items | 386.4 | - | 386.4 | (45.6) | 75.4 | 29.8 | 257.6 | - | - |
| Consolidated | 4,416.0 | - | 4,416.0 | 258.4 | (33.7) | 224.7 | 3,529.6 | 267.6 | 176.1 |

1998

| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
|-------------------|---------|--------|---------|--------|---------|--------|---------|-------|-------|
| Australia | 3,157.6 | 80.7 | 3,238.3 | 334.4 | (190.1) | 144.3 | 2,587.1 | 159.0 | 142.1 |
| New Zealand | 316.8 | 5.7 | 322.5 | 25.7 | (16.1) | 9.6 | 163.3 | 6.4 | 9.0 |
| Americas | 346.9 | 2.4 | 349.3 | 11.5 | (55.8) | (44.3) | 657.9 | 16.2 | 13.9 |
| Other | 162.0 | 1.2 | 163.2 | 24.8 | (16.4) | 8.4 | 155.2 | 44.3 | 6.4 |
| Eliminations | - | (90.0) | (90.0) | - | - | - | - | - | - |
| Subtotal | 3,983.3 | - | 3,983.3 | 396.4 | (278.4) | 118.0 | 3,563.5 | 225.9 | 171.4 |
| Unallocated items | 616.2 | - | 616.2 | (70.0) | 404.7 | 334.7 | 83.9 | - | - |
| Consolidated | 4,599.5 | - | 4,599.5 | 326.4 | 126.3 | 452.7 | 3,647.4 | 225.9 | 171.4 |

Notes to the Financial Statements

| | 1999 | Consolidated | 1998 |
|--|-----------------|--------------|-----------------|
| | Cents per share | | Cents per share |

6. Earnings per share

| | | | |
|---|-------------|--|-------------|
| Basic earnings per share | | | |
| including abnormal items | 68.8 | | 162.8 |
| excluding abnormal items | 57.8 | | 76.6 |
| Diluted earnings per share is not materially different from basic earnings per share | | | |
| | Number | | Number |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share | 270,601,332 | | 267,085,575 |
| | \$m | | \$m |

Reconciliation of earnings used in the calculation of basic earnings per share

| | | | |
|--|--------|--|--------|
| Operating profit after income tax | 198.0 | | 450.9 |
| Less outside equity interests | (11.8) | | (16.0) |
| Less preference share dividends appropriated | (0.1) | | (0.1) |
| Earnings used in calculation of basic earnings per share | 186.1 | | 434.8 |

7. Dividends

Dividends paid or declared in respect of the year ended 30 September 1999 were:

Ordinary

| | | |
|--|------|------|
| interim dividend of 21 cents per share, fully franked at 36%, paid 2 Jul 1998 | | 56.0 |
| interim dividend of 15 cents per share, franked to 40% at 36%, paid 2 Jul 1999 | 40.6 | |
| final dividend of 29 cents per share, unfranked, paid 18 Dec 1998 | | 78.0 |
| final dividend of 22 cents per share, franked to 36.4% at 36%, payable 17 Dec 1999 | 60.1 | |

Preference

| | | |
|---|------|------|
| interim dividend of 2.5 cents per share, fully franked at 36%, paid 31 Jul 1998 | | 0.05 |
| interim dividend of 2.5 cents per share, franked to 40% at 36%, paid 31 Jul 1999 | 0.05 | |
| final dividend of 2.5 cents per share, unfranked, paid 31 Jan 1999 | | 0.05 |
| final dividend of 2.5 cents per share, franked to 36.4% at 36%, payable 31 Jan 2000 | 0.05 | |

Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the year were as follows:

| | | |
|------------------------------|------|-------|
| paid in cash | 95.0 | 115.5 |
| satisfied by issue of shares | 23.7 | 15.2 |

Franking Credits

franking credits available at the 36% corporate tax rate after allowing for tax payable in respect of the current year's profit and the payment of the proposed dividends is nil (1998 nil)

Notes to the Financial Statements

| | 1999 \$m | Consolidated | 1998 \$m |
|--|-------------|--------------|-------------|
| 8. Contingent liabilities | | | |
| (Unsecured unless stated) | | | |
| Details and estimated amounts of contingent liabilities (for which no provisions are included in the accounts) arising in respect of: | | | |
| Repayment of debentures assigned under contract | 1.0 | | 1.0 |
| Discounted bills of exchange ⁽¹⁾ | 15.5 | | 19.3 |

⁽¹⁾ Contingent liability on discounted bills of exchange represents gross discounted bills of exchange of \$75.5m net of insurance cover available in the event of customer default.

Other contingent liabilities

Guarantees and warranties

Under the terms of a Deed of Cross Guarantee entered into in accordance with the ASIC Class Order 98/1418 dated 13 August 1998, each company which is a party to the Deed has covenanted with the Trustee of the Deed to guarantee the payment of any debts of the other companies which are party to the Deed which might arise on the winding up of those companies. The entities which are party to the Deed are indicated in note 33 to the full financial report. A consolidated balance sheet and profit and loss account for this closed group is shown in note 34 to the full financial report.

The consolidated entity has entered into various long term supply contracts. In certain cases minimum charges are payable regardless of the level of operations, but in all cases the levels of operations are expected to remain above those that would trigger minimum payments.

There are guarantees relating to certain leases of property, plant and equipment and other agreements arising in the ordinary course of business.

Contracts of sale covering companies and businesses which were divested during the current and prior years included normal commercial warranties and indemnities to the purchasers. The company is not aware of any exposure under these warranties and indemnities.

Notes to the Financial Statements

8. Contingent liabilities (continued)

Claims

A controlled entity, Incitec Ltd, has received amended tax assessments for the years 1989 to 1991 of \$3.7m in respect of a sale and leaseback transaction. If extended to 1995 (date of finalisation of the lease), the potential charge against Incitec's profits would be \$16.7m. Legal and taxation advice supports Incitec's treatment of the sale and leaseback and no charge has been made against cumulative profits. Incitec is currently awaiting a decision from the Federal Court of Australia in relation to this matter.

The company and a number of its controlled entities are parties to litigation relating to the use of the insecticide Helix. In June 1997 these companies were found liable in negligence to four general categories of claimant represented in the action. Finalisation of litigation in respect of a further three categories of claims is still pending. All settlements and awards of damages to date have been paid by the companies' insurers. There are some claims for damages that still have not been resolved. These claims are being mediated or heard on an ongoing basis. On the basis of the information the company has received to date, the company believes that any damages that may be awarded, or any settlements which may be concluded in the future, will be covered by insurance policies.

Zeneca Ltd and Zeneca Inc have commenced proceedings against a controlled entity, Crop Care Australasia Pty Ltd in the Federal Court of Australia. The proceedings relate to the selective herbicides 'Achieve' and 'Venture' formulated by Crop Care for Zeneca under a Toll Formulation Agreement. Zeneca is claiming damages for alleged breach of contract, breach of section 52 of the Trade Practices Act and negligence by Crop Care in relation to 'Achieve' and 'Venture' sold by Zeneca Inc for the 1998 spraying season in Canada. Crop Care denies liability and is defending the claim. Crop Care has also issued a cross claim against Zeneca in relation to this matter.

From time to time the consolidated entity is subject to claims for damages arising from products supplied by the consolidated entity in the normal course of business. Controlled entities have received advice of claims relating to alleged failure to supply product suitable for particular applications. The entities concerned deny liability and are defending the claims. The controlled entities believe the actions are without basis and they will not be financially disadvantaged by the claims.

Environmental

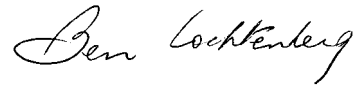
The company has set up provisions for all known environmental liabilities in accordance with Statement of Accounting Concepts SAC4. While the directors believe that, based upon current information, its current provisions are appropriate, there can be no assurance that new information or regulatory requirements with respect to known sites or the identification of new remedial obligations at other sites will not require additional future provisions for environmental remediation and such provisions could be material.

Directors' Declaration on the Concise Financial Report set out on pages 48 to 61

I, Bernard Hendrik Lochtenberg, being a director of Orica Limited, do hereby state in accordance with a resolution of the directors that, in the opinion of the directors, the financial report set out on pages 48 to 61:

(a) has been derived from and is consistent with the full financial report for the year ended 30 September 1999; and

(b) complies with Accounting Standard AASB1039 'Concise Financial Reports'.



B H Lochtenberg
Chairman

Dated at Melbourne this 29th day of October 1999

Auditors' Report

For the year ended 30 September 1999

Independent Audit Report on Concise Financial Report to the Members of Orica Limited

Scope

We have audited the concise financial report of Orica Limited and its controlled entities for the financial year ended 30 September 1999 as set out on pages 48 to 61 in order to express an opinion on it to the members of the company. The company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Orica Limited and its controlled entities for the year ended 30 September 1999. Our audit report on the full financial report was signed on 29 October, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 'Concise Financial Reports'.

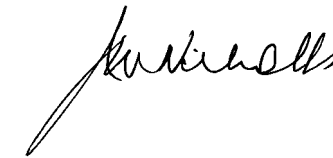
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the concise financial report of Orica Limited and its controlled entities for the year ended 30 September 1999 complies with AASB 1039 'Concise Financial Reports'.



KPMG



JW Nicholls
Partner

Dated at Melbourne this 29th day of October 1999

Shareholders' Statistics

As at 11 October 1999

Distribution of Ordinary Shareholders and Shareholdings

| Size of holding | Number of holders | | Number of shares | |
|-----------------|-------------------|----------------|--------------------|----------------|
| 1 – 1,000 | 42,918 | 68.22% | 19,793,220 | 7.25% |
| 1,001 – 5,000 | 17,453 | 27.74% | 36,624,539 | 13.41% |
| 5,001 – 10,000 | 1,617 | 2.57% | 11,498,907 | 4.21% |
| 10,001 and over | 928 | 1.47% | 205,238,318 | 75.13% |
| Total | 62,916 | 100.00% | 273,154,984 | 100.00% |

Included in the above total are 1,816 shareholders holding less than a marketable parcel of 59 shares. The holdings of the 20 largest holders of fully paid ordinary shares represent 57.13% of that class of shares.

Twenty largest ordinary fully paid shareholders

| | Shares | % of total |
|--|--------------------|--------------|
| Westpac Custodian Nominees Limited | 31,957,633 | 11.70 |
| Chase Manhattan Nominees Limited | 27,796,595 | 10.18 |
| National Nominees Limited | 20,207,613 | 7.40 |
| ANZ Nominees Limited | 14,342,116 | 5.25 |
| BT Custodial Services Pty Limited | 12,417,975 | 4.55 |
| Perpetual Nominees Pty Limited | 7,412,365 | 2.71 |
| Citicorp Nominees Pty Limited | 6,127,221 | 2.24 |
| Queensland Investment Corporation | 5,862,422 | 2.15 |
| AMP Nominees Pty Limited | 4,974,151 | 1.82 |
| IOOF Australia Trustees (NSW) Limited | 4,850,870 | 1.78 |
| Mercantile Mutual Life Insurance Company Limited | 4,115,564 | 1.51 |
| AMP Life Limited | 3,445,602 | 1.26 |
| Tyndall Life Insurance Company Limited | 2,451,766 | 0.90 |
| Permanent Trustee Australia Limited | 1,926,892 | 0.70 |
| Australian Foundation Investment Company Limited | 1,790,286 | 0.66 |
| Commonwealth Custodial Services Limited | 1,580,289 | 0.58 |
| GIO Personal Investment Services Limited | 1,349,325 | 0.49 |
| Perpetual Trustees Australia Limited | 1,187,065 | 0.43 |
| MLC Life Ltd | 1,144,305 | 0.42 |
| UBS Nominees Pty Ltd | 1,100,509 | 0.40 |
| Total | 156,040,564 | 57.13 |

Register of substantial shareholders

The names of substantial shareholders in the company, and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the company on the respective dates, are as follows:

| | | | |
|------------------|---|------------|-------|
| 22 November 1998 | UBS Nominees Pty Ltd | 17,371,508 | 6.46% |
| 25 January 1999 | Perpetual Trustees Australia Limited | 19,416,105 | 7.18% |
| 19 July 1999 | Royal and Sun Alliance Australia Holdings Limited | 22,524,319 | 8.32% |
| 18 August 1999 | Delaware International Advisors Limited | 16,422,922 | 6.04% |

Shareholders' Statistics

As at 11 October 1999

Distribution of Preference Shareholders and Shareholdings

| Size of holding | Number of holders | | Number of shares | |
|-----------------|-------------------|----------------|------------------|----------------|
| 1 – 1,000 | 306 | 77.46% | 93,890 | 4.69% |
| 1,001 – 5,000 | 50 | 12.66% | 134,507 | 6.73% |
| 5,001 – 10,000 | 12 | 3.04% | 98,441 | 4.92% |
| 10,001 and over | 27 | 6.84% | 1,673,162 | 83.66% |
| Total | 395 | 100.00% | 2,000,000 | 100.00% |

Included in the above total are 230 shareholders holding less than a marketable parcel of 454 shares. The holdings of the 20 largest holders of 5% cumulative preference shares represent 79.64% of that class of shares

Twenty largest 5% cumulative preference shareholders

| | Shares | % of total |
|--|------------------|--------------|
| National Roads and Motorists Association | 569,250 | 28.46 |
| NRMA Investments Pty Ltd | 369,472 | 18.47 |
| Super John Pty Limited | 130,440 | 6.52 |
| Mr John Frederick Bligh | 58,153 | 2.91 |
| Winpar Holdings Limited | 55,670 | 2.78 |
| J S Millner Holdings Pty Ltd | 55,300 | 2.76 |
| Patmic Pty Ltd | 40,300 | 2.01 |
| Tanlane Pty Limited | 40,000 | 2.00 |
| Robert John Charles Catto | 36,102 | 1.81 |
| Ms Nina Tschernykov | 34,500 | 1.73 |
| Gowing Bros Ltd | 33,400 | 1.67 |
| Mr Ian Morton | 29,600 | 1.48 |
| Great Northern Laundry Pty Ltd | 26,000 | 1.30 |
| Grampian Hills Pty Ltd | 21,400 | 1.07 |
| Henley Underwriting & Investment Company Pty Limited | 18,000 | 0.90 |
| Robert Franklin Cameron | 16,936 | 0.85 |
| Mr Douglas Robert Graham Neild | 15,500 | 0.78 |
| Arthurs Trading Co Pty Ltd | 15,000 | 0.75 |
| Mrs Deborah Lee Morton | 14,136 | 0.71 |
| Mr Alistair Hazard | 13,643 | 0.68 |
| Total | 1,592,802 | 79.64 |

Voting rights

Voting rights as governed by the Constitution of the company provide that each ordinary shareholder present in person or by proxy at a meeting shall have:

(a) on a show of hands, one vote only;

(b) on a poll, one vote for every fully paid ordinary share held.

No voting rights attach to the 5% cumulative preference shares except as defined in the Constitution.

Ten Year Financial Statistics

Orica consolidated

| | 1999 | |
|---|----------------|--------|
| | \$m | |
| Sales | 3,959.8 | |
| Earnings before net interest and tax | 303.6 | |
| Depreciation and amortisation | 176.1 | |
| Trading cash flow | 479.7 | |
| Net interest | 45.2 | |
| Operating profit before income tax and abnormal items | 258.4 | |
| Operating profit after tax and before abnormal items | 156.4 | |
| Operating profit after tax and abnormal items | 186.2 | |
| Dividends | 100.8 | |
| Current assets | 1,377.8 | |
| Property, plant and equipment | 1,444.3 | |
| Investments | 239.4 | |
| Intangibles | 258.4 | |
| Other non-current assets | 209.7 | |
| Total assets | 3,529.6 | |
| Current payables | 531.4 | |
| Current borrowings | 280.0 | |
| Current provisions | 312.3 | |
| Non-current payables | 0.1 | |
| Non-current borrowings | 533.9 | |
| Non-current provisions | 274.7 | |
| Total liabilities | 1,932.4 | |
| Net assets | 1,597.2 | |
| Shareholders' equity | 1,476.7 | |
| Equity attributable to minority interests | 120.5 | |
| Total shareholders' equity | 1,597.2 | |
| Profit margin | % | 7.7 |
| (earnings before net interest and tax/sales) | | |
| Interest cover | times | 6.7 |
| (earnings before net interest and tax/net interest) | | |
| Gearing | % | 30.8 |
| (net debt/net debt plus equity) | | |
| Earnings per share including abnormal items | cents | 68.8 |
| Dividends per share | cents | 37.0 |
| Dividend franking | % | 37.9 |
| Share price range - High | | \$9.60 |
| Low | | \$7.97 |

| 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | 1990 |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| 3,935.2 | 3,602.1 | 3,457.6 | 3,365.3 | 3,060.5 | 2,834.8 | 2,769.0 | 2,836.7 | 2,010.4 |
| 389.1 | 438.6 | 376.3 | 423.5 | 313.2 | 240.2 | 199.2 | 182.9 | 205.1 |
| 171.4 | 158.9 | 130.4 | 137.3 | 154.2 | 146.8 | 164.2 | 144.4 | 125.4 |
| 560.5 | 597.5 | 506.7 | 560.8 | 467.4 | 387.0 | 363.4 | 327.3 | 330.5 |
| 62.7 | 37.0 | 26.2 | 15.4 | 29.0 | 36.9 | 40.9 | 66.4 | 84.5 |
| 326.4 | 401.6 | 350.1 | 408.1 | 284.2 | 203.3 | 158.3 | 116.5 | 120.6 |
| 204.6 | 242.2 | 220.1 | 268.8 | 187.4 | 125.2 | 91.4 | 68.3 | 74.4 |
| 434.9 | 132.2 | 197.1 | 268.8 | 167.5 | 118.9 | 85.4 | 126.5 | 74.4 |
| 134.1 | 134.0 | 130.5 | 154.2 | 97.9 | 68.2 | 53.4 | 44.4 | 59.2 |
| 1,387.5 | 1,184.2 | 1,130.0 | 1,126.4 | 1,057.1 | 1,003.6 | 976.7 | 1,018.0 | 1,048.0 |
| 1,736.2 | 1,591.7 | 1,568.6 | 1,351.6 | 1,173.5 | 1,133.9 | 1,118.9 | 1,125.2 | 1,122.1 |
| 17.3 | 1.5 | 1.1 | 1.6 | 1.8 | 4.5 | 3.9 | 3.1 | 9.1 |
| 297.0 | 65.6 | 44.6 | 49.0 | 43.6 | 47.1 | 49.4 | 62.4 | 73.1 |
| 209.4 | 118.6 | 99.1 | 127.1 | 116.4 | 161.9 | 206.1 | 158.3 | 137.6 |
| 3,647.4 | 2,961.6 | 2,843.4 | 2,655.7 | 2,392.4 | 2,351.0 | 2,355.0 | 2,367.0 | 2,389.9 |
| 564.1 | 481.5 | 479.7 | 467.8 | 533.9 | 464.0 | 441.3 | 403.6 | 414.9 |
| 306.6 | 583.9 | 143.4 | 102.7 | 97.7 | 82.6 | 41.5 | 74.6 | 322.7 |
| 340.4 | 294.0 | 262.1 | 340.4 | 273.6 | 225.6 | 235.1 | 205.4 | 123.5 |
| 1.3 | 2.5 | 2.7 | 2.2 | 2.6 | 55.0 | 105.6 | 166.5 | 161.0 |
| 578.4 | 160.3 | 236.0 | 75.4 | 0.4 | 107.6 | 175.6 | 193.8 | 86.9 |
| 343.2 | 259.7 | 203.8 | 221.3 | 161.0 | 146.2 | 144.2 | 134.2 | 153.2 |
| 2,134.0 | 1,781.9 | 1,327.7 | 1,209.8 | 1,069.2 | 1,081.0 | 1,143.3 | 1,178.1 | 1,262.2 |
| 1,513.4 | 1,179.7 | 1,515.7 | 1,445.9 | 1,323.2 | 1,270.0 | 1,211.7 | 1,188.9 | 1,127.7 |
| 1,390.0 | 1,072.0 | 1,440.5 | 1,377.6 | 1,263.8 | 1,205.9 | 1,148.7 | 1,131.1 | 1,053.2 |
| 123.4 | 107.7 | 75.2 | 68.3 | 59.4 | 64.1 | 63.0 | 57.8 | 74.5 |
| 1,513.4 | 1,179.7 | 1,515.7 | 1,445.9 | 1,323.2 | 1,270.0 | 1,211.7 | 1,188.9 | 1,127.7 |
| 9.9 | 12.2 | 10.9 | 12.6 | 10.2 | 8.5 | 7.2 | 6.5 | 6.8 |
| 6.2 | 11.9 | 14.4 | 27.5 | 10.8 | 6.5 | 4.9 | 2.8 | 2.4 |
| 34.6 | 35.8 | 16.8 | 5.6 | 5.2 | 10.9 | 16.6 | 19.6 | 32.3 |
| 162.8 | 45.4 | 66.5 | 90.7 | 56.5 | 40.1 | 28.9 | 42.8 | 25.2 |
| 50.0 | 48.0 | 44.0 | 52.0 | 33.0 | 23.0 | 18.0 | 15.0 | 20.0 |
| 42.0 | 100.0 | 65.7 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| \$13.12 | \$13.85 | \$12.25 | \$11.60 | \$11.50 | \$8.40 | \$6.12 | \$4.55 | \$6.84 |
| \$7.80 | \$10.80 | \$8.93 | \$8.70 | \$8.29 | \$4.46 | \$4.45 | \$3.06 | \$3.75 |

Shareholder Information

Orica Limited

ACN 004 145 868

Registered Office

1 Nicholson Street,
Melbourne Victoria 3000
Australia

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corporate_internet@orica.com.au

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Marleston SA 5033
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Perth

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15 Ogilvie Road
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AUSTRALIA

Tasmania

2 Canal Street
Launceston
TAS 7250
AUSTRALIA

Denver

9781 Meridian Blvd
Englewood, Colorado
80112, USA

Share registry enquiries

Perpetual Registrars Limited
GPO Box 1736P
Melbourne Victoria 3001

Telephone: (03) 9205 4999
International: +61 3 9205 4999
Facsimile: (03) 9205 4000
International: + 61 3 9205 4900
Toll Free: 1800 177 752
Web site:
www.perpetual.com.au/prl/index.htm
Email:
registry_melb@perpetual.com.au

The Share Registrar, Perpetual Registrars Limited, is the appropriate contact for enquiries regarding shareholdings, debenture holdings, dividend payments or related administrative matters.

Investor and analyst enquiries

James Brookes
Telephone: (03) 9665 7639
International: + 61 3 9665 7639
Email:
corporate_internet@orica.com.au

Stock Exchange Listing

Orica Limited shares are listed on the Australian Stock Exchange (ASX) and are traded under the code ORI.

Payment of dividends

Australian shareholders may have their dividends paid directly into any bank, building society or credit union account in Australia. A form for this purpose is available from the company's Share Registrar.

Change of name

Shareholders who change their name should notify the Share Registrar in writing and provide a copy of a relevant deed poll or marriage certificate.

Change of address

Shareholders should notify the Share Registrar in writing immediately upon any change in their registered address and quote their holder identification number (HIN).

Uncertificated share register

The share register has been converted to a wholly uncertificated sponsored register. Information regarding the company's issuer sponsored holdings is available from the Share Registrar.

Consolidation of Multiple shareholdings

If you have multiple shareholding accounts that you wish to consolidate into a single account, please advise the Share Registrar in writing.

Annual General Meeting

The 1999 Annual General Meeting will be held on Tuesday 21 December, commencing at 10.30am at the Grand Hyatt Melbourne, 123 Collins Street, Melbourne. The business to be presented at the meeting is set out in the separate Notice of Meeting. This is issued, together with a proxy form to shareholders, with this report.

The 2000 Annual General Meeting will be held in Sydney.

Auditors

KPMG

Trustee for debenture holders

Permanent Trustee Company Limited

Dividend Reinvestment Plans (DRP)

The company introduced a DRP during the year. Eligible shareholders who wish to participate in this scheme can obtain forms from the Share Registrar.

Tax File Numbers (TFN)

The company is obliged to deduct tax from dividend payments, other than those which are fully franked, to shareholders registered in Australia who have not quoted their TFN to the company. Personalised forms for notifying TFNs have been sent to all shareholders. If you have not already quoted your TFN, you may do so by contacting the Share Registrar.

Annual Report mailing list

All shareholders are entitled to receive an Annual Report. However, shareholders can nominate not to receive an Annual Report by writing to the Share Register and quoting their HIN. Shareholders will, however, still receive the Notice of Meeting and Proxy Form.

Orica Communications

Publications include

- Annual Report
- Safety Health and Environment Report
- A half yearly result summary which reviews the six months ending 31 March

Other financial and operating information about the company is available from the Manager, Investor Relations.

Copies of these publications are also available on request from Corporate Affairs:

Telephone: (03) 9665 7246
International: +61 3 9665 7246
Facsimile: (03) 9665 7771
International: +61 3 9665 7771
Email:
corporate_internet@orica.com.au

Shareholder Calendar (dates subject to change)

Books close for 1999 Final Dividend

2 December 1999

1999 final dividend paid

17 December 1999

Half year results and 2000 interim dividend announced

3 May 2000

Books close for 2000 interim dividend

22 June 2000

2000 Interim dividend paid

7 July 2000

Full year results and 2000 final dividend announced

2 November 2000

2000 Annual General Meeting

19 December 2000

Debenture stock and preference shares

Interest payments and preference share dividends will be made as follows:

31 January 2000
31 July 2000

This report was produced by the Corporate Affairs and Corporate Reporting Divisions. Photographers: Ross Eason and Dieter Muller



Mining Services

Orica is the world's leading supplier of commercial explosives and blasting technology. Find out more about this important business here and check our links to other sites around the world.

Agricultural Chemicals

Through Incitec and Crop Care Orica manufactures and delivers fertilizers and a range of crop protection products. Find out more about this business sector here.

Chemicals

Chemnet, Watercare and Adhesives & Resins are just some of Orica's businesses featured in this section.

Consumer Products

This business is made up of Decorative paints, Woodcare products, Texture and Powder coatings and Selleys. This business sector represents a number of well known brand names and you will find out about them here.

About Orica

The history, the turnover, the number of employees and more are all here in the fact file. There's also a world map showing our main centres.

Orica Addresses

The address and phone numbers of our main offices around the world are listed here.

News Releases

When news happens Orica's press releases tell the world about it.

Investor Information

Important investor information as well as the share price, key corporate reports and Australian Stock Exchange releases can be found here.

Career Opportunities

An important area for people entering the workforce. Orica's graduate recruitment program and related work profiles on our web page attract inquiries from students all over the world.

Educational Resources

This is well used by students and teachers. It also provides a complete listing of educational resource materials prepared by the company for use in the classroom at primary and secondary levels.

Environment

Orica is committed to reporting its progress on safety, health and environmental performance. This section covers the annual Safety, Health and Environment Performance Report, coverage of environmental issues and is the place where site environment reports can be found.

