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## Orica cautious on forecast despite profit surge in H1

*Tuesday, 05 May, 2009*

Reuters reported that Orica Limited was cautious on its outlook for a higher profit this year, seeing weak demand for explosives from base metals miners and rock quarries.

The Australian group, which also makes chemicals and paints, reported a 15% rise in H1 profit before one offs in line with broker forecasts and reaffirmed it expected profit to grow in the year to September 2009.

The company said that "Our businesses continue to show considerable resilience. However, we remain vigilant because of unpredictable global market conditions."

Net profit before one-offs rose to AUD 264 million for the six months to March 31 from AUD 229.8 million a year earlier, meeting six brokers' forecasts for profit of around AUD 260 million.

Orica said that net profit after tax and items fell 2% to AUD 220 million, hit by restructuring costs and the costs of a cancelled plan to float its consumer products business. Earnings from the group's biggest division, mining services, rose 18% helped by higher selling prices on ammonium nitrate, solid sales volumes to gold, coal and copper miners, a weaker Australian dollar and cost cutting measures. Earnings from the group's blasting trigger systems business Minova fell 9% after losing market share.

Mr Graeme Leibelt MD of Orica said that "With demand in most market segments expected to remain soft in the short term, the business will respond as needed while maintaining focus on long term growth opportunities."

Orica said that its USD 550 million ammonium nitrate plant in Bontang, Indonesia was progressing well. Some analysts had speculated it might be put on hold.

(Sourced from Reuters)

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