

Appendix 4D Half Year Report

Name of entity:	ORICA LIMITED
ABN:	24 004 145 868

Half year ended ('current period')	Half year ended ('previous corresponding period')
31 March 2015	31 March 2014

Results for announcement to the market

\$m

Consolidated revenue from operations	down	(2.3)%	to	3,279.3
Profit after tax attributable to shareholders	down	(8.3)%	to	222.1
Net profit for the period attributable to shareholders before individually material items	down	(8.3)%	to	222.1
From continuing operations:				
Revenue from continuing operations	up	0.3%	to	2,809.4
Profit after tax from continuing operations attributable to shareholders	down	(3.3)%	to	211.0
Net profit for the period from continuing operations attributable to shareholders before individually material items	down	(3.3)%	to	211.0
Dividends		Amount per security	Franked amount per security at 30% tax	
Interim dividend - Ordinary	Cents	40.00	14.00	
Previous corresponding period				
Interim dividend - Ordinary	Cents	40.00	16.00	

Record date for determining entitlements to the dividend:

Ordinary Shares

1 June 2015

Payment date of dividend:

Ordinary Shares

1 July 2015

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	Cents 550.3	Cents 440.9

For the profit commentary and any other significant information needed by an investor to make an informed assessment of Orica's results please refer to the accompanying Orica Limited Profit Report.

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Income Statement

For the period ended 31 March:

	Notes	2015 \$m	2014 \$m
This statement should be read in conjunction with note 11, discontinued operations and businesses disposed.			
Sales revenue	(4)	2,809.4	2,801.7
Other income	(4)	13.1	16.7
Expenses			
Changes in inventories of finished goods and work in progress		47.9	(6.8)
Raw materials and consumables used and finished goods purchased for resale		(1,234.1)	(1,213.4)
Share based payments		2.0	(8.4)
Other employee benefits expense		(577.7)	(585.0)
Depreciation expense		(122.2)	(116.0)
Amortisation expense		(19.9)	(19.2)
Purchased services		(180.5)	(132.8)
Repairs and maintenance		(77.3)	(86.8)
Outgoing freight		(128.1)	(118.3)
Lease payments - operating leases		(21.6)	(27.7)
Other expenses		(200.9)	(155.4)
Share of net profit of associates accounted for using the equity method		19.9	15.2
Profit from operations		(2,492.5)	(2,454.6)
Net financing costs		330.0	363.8
Financial income		23.9	17.5
Financial expenses		(72.0)	(76.9)
Net financing costs		(48.1)	(59.4)
Profit before income tax expense		281.9	304.4
Income tax expense	(12)	(64.0)	(73.9)
Profit after tax but before profit from discontinued operations		217.9	230.5
Profit from discontinued operations	(11)	11.5	24.3
Net profit for the period		229.4	254.8
Net profit for the period attributable to:			
Shareholders of Orica Limited		222.1	242.1
Non-controlling interests		7.3	12.7
Net profit for the period		229.4	254.8
		cents	cents
Earnings per share			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
From continuing operations:			
Basic	(3)	56.9	59.5
Diluted	(3)	56.9	59.4
Total attributable to ordinary shareholders of Orica Limited:			
Basic	(3)	59.9	66.0
Diluted	(3)	59.9	65.9

The Income Statement is to be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

For the period ended 31 March:

	2015 \$m	2014 \$m
Profit for the period	229.4	254.8
Items that may be reclassified subsequently to profit or loss:		
<i>Cash flow hedges</i>		
Effective portion of changes in fair value	(61.1)	10.2
Transferred loss to Income Statement	(7.1)	0.8
Tax expense on cash flow hedges	20.4	(3.3)
<i>Net Cash flow hedges</i>	<u>(47.8)</u>	7.7
<i>Exchange differences on translation of foreign operations</i>		
Exchange (loss)/gain on translation of foreign operations	185.3	(87.0)
Net gain on hedge of net investments in foreign subsidiaries	43.5	52.0
Tax benefit on hedge of net investments in foreign subsidiaries	29.5	14.3
<i>Net exchange differences on translation of foreign operations</i>	<u>258.3</u>	(20.7)
Items that will not be reclassified subsequently to profit or loss:		
<i>Retained earnings</i>		
Actuarial (losses)/benefits on defined benefit plans	(61.9)	5.4
Tax benefit/(expense) on actuarial benefits/(losses) on defined benefit plans	17.9	(2.0)
<i>Net retained earnings</i>	<u>(44.0)</u>	3.4
Other comprehensive income for the period, net of income tax	166.5	(9.6)
Total comprehensive income for the period	395.9	245.2
Attributable to:		
Shareholders of Orica Limited	376.0	235.8
Non-controlling interests	19.9	9.4
Total comprehensive income for the period	395.9	245.2

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

Balance Sheet

As at:

	Notes	31 March 2015 \$m	30 September 2014 \$m	31 March 2014 \$m
Current assets				
Cash and cash equivalents	(13)	521.8	263.2	193.5
Trade and other receivables		967.9	1,043.8	1,010.1
Inventories		655.2	727.4	759.7
Other assets		64.6	72.7	83.9
Other financial assets - derivative assets		41.7	30.2	21.5
Total current assets		2,251.2	2,137.3	2,068.7
Non-current assets				
Trade and other receivables		77.2	76.0	70.8
Investments accounted for using the equity method		228.4	204.8	192.8
Other financial assets - derivative assets		73.2	26.3	4.4
Other financial assets		3.2	3.2	0.7
Property, plant and equipment		3,661.4	3,794.9	3,627.5
Intangible assets		2,352.1	2,388.5	2,344.5
Deferred tax assets		295.0	202.5	209.6
Other assets		6.3	5.7	5.8
Total non-current assets		6,696.8	6,701.9	6,456.1
Total assets		8,948.0	8,839.2	8,524.8
Current liabilities				
Trade and other payables		1,198.7	1,211.0	1,121.1
Other financial liabilities - derivative liabilities		28.7	22.1	27.7
Interest bearing liabilities	(13)	426.8	542.7	521.8
Current tax liabilities		0.3	9.3	21.5
Provisions		149.4	172.2	159.9
Total current liabilities		1,803.9	1,957.3	1,852.0
Non-current liabilities				
Trade and other payables		7.3	6.9	8.6
Other financial liabilities - derivative liabilities		67.6	32.9	43.6
Interest bearing liabilities	(13)	1,989.4	1,957.2	2,042.0
Provisions		486.7	417.5	406.4
Deferred tax liabilities		48.4	68.3	53.2
Total non-current liabilities		2,599.4	2,482.8	2,553.8
Total liabilities		4,403.3	4,440.1	4,405.8
Net assets		4,544.7	4,399.1	4,119.0
Equity				
Ordinary shares	(7)	1,948.9	1,975.0	1,940.5
Reserves	(8)	(418.2)	(607.0)	(661.5)
Retained earnings	(8)	2,865.0	2,895.0	2,701.0
Total equity attributable to ordinary shareholders of Orica Limited		4,395.7	4,263.0	3,980.0
Non-controlling interests in controlled entities		149.0	136.1	139.0
Total equity		4,544.7	4,399.1	4,119.0

The Balance Sheet is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period ended 31 March:

	Ordinary shares	Retained earnings	Share based payments reserve	Cash flow hedging reserve	Foreign currency translation reserve	Equity reserve arising from purchase of non- controlling interests	Total	Non- controlling interests	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2014									
Balance at 1 October 2013	1,877.9	2,654.2	99.3	(8.1)	(563.2)	(189.1)	3,871.0	138.9	4,009.9
Profit for the period	-	242.1	-	-	-	-	242.1	12.7	254.8
Other comprehensive income	-	3.4	-	7.7	(17.4)	-	(6.3)	(3.3)	(9.6)
Total comprehensive income for the period	-	245.5	-	7.7	(17.4)	-	235.8	9.4	245.2
Transactions with owners, recorded directly in equity									
Total changes in contributed equity	62.6	-	-	-	-	-	62.6	0.8	63.4
Share-based payments expense	-	-	9.2	-	-	-	9.2	-	9.2
Reclassification to interest bearing liabilities	-	-	-	-	-	-	-	-	-
Divestment of non-controlling interests	-	3.0	-	-	-	0.1	3.1	(3.0)	0.1
Dividends/distributions	-	(201.7)	-	-	-	-	(201.7)	-	(201.7)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	(7.1)	(7.1)
Balance at the end of the period	1,940.5	2,701.0	108.5	(0.4)	(580.6)	(189.0)	3,980.0	139.0	4,119.0
2015									
Balance at 1 October 2014	1,975.0	2,895.0	109.2	10.2	(537.4)	(189.0)	4,263.0	136.1	4,399.1
Profit for the period	-	222.1	-	-	-	-	222.1	7.3	229.4
Other comprehensive income	-	(44.0)	-	(47.8)	245.7	-	153.9	12.6	166.5
Total comprehensive income for the period	-	178.1	-	(47.8)	245.7	-	376.0	19.9	395.9
Transactions with owners, recorded directly in equity									
Total changes in contributed equity	(26.1)	-	-	-	-	-	(26.1)	-	(26.1)
Share-based payments expense	-	-	(2.2)	-	-	-	(2.2)	-	(2.2)
Divestment of non-controlling interests	-	-	-	-	-	-	-	(2.9)	(2.9)
Dividends/distributions	-	(208.1)	-	-	-	-	(208.1)	-	(208.1)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	(4.1)	(4.1)
Transfer to income statement on sale of foreign subsidiaries	-	-	-	-	(6.9)	-	(6.9)	-	(6.9)
Balance at the end of the period	1,948.9	2,865.0	107.0	(37.6)	(298.6)	(189.0)	4,395.7	149.0	4,544.7

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the period ended 31 March:

	2015	2014
	\$m	\$m
	Inflows/	Inflows/
Notes	(Outflows)	(Outflows)
Cash flows from operating activities		
Receipts from customers	3,479.0	3,575.4
Payments to suppliers and employees	(3,080.3)	(3,091.0)
Interest received	23.0	16.3
Borrowing costs	(91.2)	(90.6)
Dividends received	22.4	20.5
Other operating revenue received	14.6	11.3
Net income taxes paid	(88.4)	(129.3)
Net cash flows from operating activities	279.1	312.6
Cash flows from investing activities		
Payments for property, plant and equipment	(146.2)	(195.4)
Payments for intangibles	(45.0)	(15.2)
Payments for purchase of investments	(0.5)	(0.9)
Payments of deferred consideration from prior acquisitions	-	(0.6)
Proceeds from sale of property, plant and equipment	20.7	22.3
Proceeds from sale of investments	-	1.2
Net proceeds from sale of businesses/controlled entities	681.4	0.4
Net cash flows from/(used in) investing activities	510.4	(188.2)
Cash flows from financing activities		
Proceeds from long term borrowings	1,865.3	1,523.9
Repayment of long term borrowings	(1,954.1)	(1,600.4)
Net movement in short term financing	(214.5)	76.8
Payments for finance leases	(0.8)	(0.9)
Proceeds from issue of ordinary shares	(7) 1.1	15.2
Proceeds from issue of shares to non-controlling interests	-	0.8
Payments for buy-back of ordinary shares	(8.4)	-
Dividends paid - Orica ordinary shares	(6) (208.1)	(154.3)
Dividends paid - non-controlling interests	(4.5)	(8.4)
Net cash flows used in financing activities	(524.0)	(147.3)
Net increase/(decrease) in cash held	265.5	(22.9)
Cash at the beginning of the period	213.7	203.2
Effects of exchange rate changes on cash	19.2	(7.2)
Cash at the end of the period	498.4	173.1
Reconciliation of cash		
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash	(13) 521.8	193.5
Bank overdraft	(23.4)	(20.4)
	498.4	173.1

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Condensed notes to the consolidated half year financial report for the six months ended 31

March 2015

1. Accounting policies

The significant accounting policies adopted in preparing the financial report of Orica Limited ('the Company' or 'Orica') and of its controlled entities (collectively 'the consolidated entity' or 'the Group') are stated below to assist in a general understanding of this half year financial report.

(i) Basis of preparation

This general purpose financial report for the half year reporting period ended 31 March 2015 has been prepared in accordance with the requirements of applicable Accounting Standards including AASB 134 "Interim Financial Reporting", the Corporations Act 2001 and other mandatory professional reporting requirements.

The half year financial report has been prepared on a historical cost basis, except for derivative financial instruments and investments in financial assets (other than controlled entities and associates) which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair value attributable to the risks that are being hedged.

The half year financial report is presented in Australian dollars which is Orica's functional and presentation currency. Orica is domiciled in Australia.

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 September 2014 prepared under Australian Accounting Standards and the Corporations Act 2001, changes in accounting policies for accounting standard requirements summarised below and any public announcements made by Orica during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The amounts shown in the half year financial report 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.

(ii) Statement of compliance

The half year financial report has been prepared in accordance with the requirements of applicable Australian Accounting Standards and the Corporations Act 2001.

(iii) Changes in accounting policies

Except as described below, the accounting policies applied by the Group in the financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 September 2014.

The standards relevant to Orica that have been adopted during the period are:

- AASB 2012-3 Amendments to Australian Accounting

Standards – Offsetting Financial Assets and Financial Liabilities - applicable for annual reporting periods beginning on or after 1 January 2014.

- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets - applicable for annual reporting periods beginning on or after 1 January 2014.
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting – applicable for annual reporting periods beginning on or after 1 January 2014.
- AASB 2014-1 Amendments to Australian Accounting Standards arising from AASB 119 Defined Benefit Plans: Employee Contributions [Operative dates: Part A-C – 1 July 2014].

These standards do not have a material effect on the financial statements and are expected to impact mainly on disclosures in the financial statements.

(iv) Recently issued or amended accounting standards

Standards taking effect from 1 October 2015 and later

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 – [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] - available for annual reporting periods beginning on or after 1 January 2018.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) – available for annual reporting periods on or after 1 January 2018.
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 – available for annual reporting periods on or after 1 January 2016.
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality – available for annual reporting periods on or after 1 July 2015.
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle - available for annual reporting periods on or after 1 January 2016.
- AASB 9 (2014) Financial Instruments, AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) and AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) - available for annual reporting periods on or after 1 January 2018.
- AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 available for annual reporting periods on or after 1 January 2017.

1. Accounting policies (continued)

- AASB 2014-1 Amendments to Australian Accounting Standards arising from AASB 119 Defined Benefit Plans: Employee Contributions [Operative dates: Part D – 1 Jan 2016; Part E – 1 Jan 2018].
- AASB 2014-3 Amendments to Australian Accounting Standards arising from AASB 1 & AASB 11 Accounting for Acquisitions of Interests in Joint Operations - available for annual reporting periods on

or after 1 January 2016.

The consolidated entity expects to adopt these standards in the 2016 and subsequent financial years - however the financial impact of adopting the new or amended standards has not yet been determined.

2. Segment report

Segment information is presented in respect of the consolidated entity's internal management structure as reported to the Group's Chief Operating Decision Maker (CODM). The CODM for the Group has been assessed as the Group's Managing Director.

The consolidated entity's operations have been divided into seven reportable segments comprising: Mining Services: Australia/Pacific, North America, Latin America, EMEA (Europe, Middle East & Africa) and Mining Services Other; Other and Chemicals (which was sold on 27 February 2015 and is reported as a discontinued operation). Prior year comparative segment information has been restated for the discontinued operation.

The consolidated entity's policy is to transfer products internally at negotiated commercial prices. Other income includes royalties, profit on sale of property, plant and equipment, profit from the sale of businesses and controlled entities and foreign currency gains. The major products and services from which the above segments derive revenue are:

Defined reportable segments	Products/services
Mining Services	Manufacture and supply of commercial explosives and blasting systems including services and solutions to the mining and infrastructure markets, the provision of ground support services in mining and tunnelling and supply of sodium cyanide for gold extraction.
- Australia/Pacific	
- North America	
- Latin America	
- EMEA	
- Other*	
Chemicals	Manufacture, distribution and trading of a broad range of industrial and specialty chemicals for use in a wide range of industries, which include water treatment, pulp and paper, food and beverage, construction and mining.
Other	Minor activities, operation of the Botany Groundwater Treatment Plant, non-operating assets, corporate and support costs and financial items such as foreign currency gains/losses.

*Mining Services Other segment includes Mining Services global head office, research and development, global purchasing and supply chain, other support costs and Asia.

2. Segment report (continued)

Reportable segments 2015 \$m	Mining Services Australia/Pacific	Mining Services North America	Mining Services Latin America	Mining Services EMEA	Mining Services Other	Eliminations	Total Mining Services	Other	Total Continuing Operations	Chemicals ⁽²⁾	Eliminations	Consolidated
Revenue												
External sales	847.6	750.8	483.4	490.7	230.6	-	2,803.1	1.2	2,804.3	475.0	-	3,279.3
Inter-segment sales	51.5	87.7	27.9	9.4	489.6	(661.0)	5.1	-	5.1	22.4	(27.5)	-
Total sales revenue	899.1	838.5	511.3	500.1	720.2	(661.0)	2,808.2	1.2	2,809.4	497.4	(27.5)	3,279.3
Other income ⁽¹⁾	2.7	(3.3)	(7.9)	5.6	6.3	(0.2)	3.2	9.9	13.1	0.8	-	13.9
Total revenue and other income	901.8	835.2	503.4	505.7	726.5	(661.2)	2,811.4	11.1	2,822.5	498.2	(27.5)	3,293.2
Results												
Profit/(loss) from operations	239.2	58.2	25.1	43.0	42.0	-	407.5	(77.5)	330.0	8.3	-	338.3
Financial income												24.0
Financial expense												(72.0)
Profit before income tax expense												290.3
Income tax expense												(60.9)
Profit after income tax expense												229.4
Profit attributable to non-controlling interests												(7.3)
Net profit for the period attributable to shareholders of Orica Limited												222.1
Segment assets	3,259.2	1,228.2	765.9	1,018.7	1,363.3	-	7,635.3	1,312.7	8,948.0	-	-	8,948.0
Segment liabilities	338.4	172.9	235.7	252.8	341.8	-	1,341.6	3,061.7	4,403.3	-	-	4,403.3
Net Assets	2,920.8	1,055.3	530.2	765.9	1,021.5	-	6,293.7	(1,749.0)	4,544.7	-	-	4,544.7
Investments accounted for using the equity method	1.1	181.9	4.7	4.5	35.0	-	227.2	1.2	228.4	-	-	228.4
Acquisitions of PPE and intangibles	105.7	19.1	14.9	11.6	19.7	-	171.0	33.9	204.9	6.8	-	211.7
Impairment of inventories	-	1.2	1.0	0.7	3.5	-	6.4	-	6.4	0.9	-	7.3
Impairment of trade receivables	0.2	0.4	1.2	0.6	5.0	-	7.4	-	7.4	0.1	-	7.5
Depreciation	55.3	20.8	12.0	15.9	16.3	-	120.3	1.9	122.2	12.9	-	135.1
Amortisation	2.2	7.5	0.1	2.4	4.3	-	16.5	3.4	19.9	0.1	-	20.0
Non-cash expenses other than depreciation and amortisation: - share based payments	(0.3)	(0.6)	(0.2)	(0.5)	(0.1)	-	(1.7)	(0.3)	(2.0)	(0.2)	-	(2.2)
Share of associates net profit equity accounted	1.2	18.1	0.7	-	(0.1)	-	19.9	-	19.9	-	-	19.9

⁽¹⁾ Includes foreign currency gains/losses and gains on sale of property, plant and equipment in various reportable segments.

⁽²⁾ The Chemicals business was sold on 27 February 2015.

2. Segment report (continued)

Reportable segments 2014 \$m	Mining Services Australia/Pacific	Mining Services North America	Mining Services Latin America	Mining Services EMEA	Mining Services Other	Eliminations	Total Mining Services	Other	Total Continuing Operations	Chemicals ⁽²⁾	Eliminations	Consolidated
Revenue												
External sales	908.5	690.8	466.6	497.4	231.0	-	2,794.3	-	2,794.3	563.0	-	3,357.3
Inter-segment sales	55.7	91.3	25.1	9.5	406.8	(581.0)	7.4	-	7.4	28.4	(35.8)	-
Total sales revenue	964.2	782.1	491.7	506.9	637.8	(581.0)	2,801.7	-	2,801.7	591.4	(35.8)	3,357.3
Other income ⁽¹⁾	1.6	1.2	10.1	3.5	5.1	-	21.5	(4.8)	11.9	1.1	-	17.8
Total revenue and other income	965.8	783.3	501.8	510.4	642.9	(581.0)	2,823.2	(4.8)	2,813.6	592.5	(35.8)	3,375.1
Results												
Profit/(loss) from operations	254.6	51.2	36.1	42.2	34.8	-	418.9	(55.1)	363.8	38.6	-	402.4
Financial income												17.5
Financial expense												(77.7)
Profit before income tax expense												342.2
Income tax expense												(87.4)
Profit after income tax expense												254.8
Profit attributable to non-controlling interests												(12.7)
Net profit for the period attributable to shareholders of Orica Limited												242.1
Segment assets	3,027.1	1,114.7	732.8	1,057.0	1,198.1	-	7,129.7	574.7	7,704.4	820.4	-	8,524.8
Segment liabilities	323.8	185.4	220.8	223.4	282.9	-	1,236.3	2,961.4	4,197.7	208.1	-	4,405.8
Net Assets	2,703.3	929.3	512.0	833.6	915.2	-	5,893.4	(2,386.7)	3,506.7	612.3	-	4,119.0
Investments accounted for using the equity method	2.4	148.7	3.3	5.0	32.8	-	192.2	0.4	192.6	0.2	-	192.8
Acquisitions of PPE and intangibles	133.0	22.0	5.5	18.2	21.6	-	200.3	10.3	210.6	12.7	-	223.3
Impairment of inventories	0.8	0.3	0.5	0.2	1.4	-	3.2	-	3.2	1.8	-	5.0
Impairment of trade receivables	-	0.7	0.1	1.0	1.9	-	3.7	-	3.7	2.0	-	5.7
Depreciation	51.3	19.8	11.9	16.3	14.1	-	113.4	2.6	116.0	15.0	-	131.0
Amortisation	1.8	7.0	0.5	4.3	4.3	-	17.9	1.3	19.2	0.2	-	19.4
Non-cash expenses other than depreciation and amortisation: - share based payments	0.9	1.2	0.1	0.6	1.8	-	4.6	3.8	8.4	0.8	-	9.2
Share of associates net profit equity accounted	1.5	13.2	0.6	(0.1)	-	-	15.2	-	15.2	-	-	15.2

⁽¹⁾ Includes foreign currency gains/losses and gains on sale of property, plant and equipment in various reportable segments.

⁽²⁾ The Chemicals business was sold on 27 February 2015.

2. Segment report (continued)

Geographical segments

The presentation of the geographical segments is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

2015 \$m	Australia	United States of America	Other *	Consolidated
Revenue from external customers				
External sales	1,007.0	457.4	1,814.9	3,279.3
Location of non-current assets				
Non-current assets **	2,530.5	848.8	2,944.5	6,323.8

2014 \$m	Australia	United States of America	Other *	Consolidated
Revenue from external customers				
External sales	1,117.4	424.7	1,815.2	3,357.3
Location of non-current assets				
Non-current assets **	2,600.0	722.7	2,918.7	6,241.4

* Other than Australia and United States of America, sales to other countries are individually less than 10% of the consolidated entity's total revenues.

** Excluding: other financial assets, deferred tax assets and post-employment benefit assets.

3. Earnings per share (EPS)

As reported in Income Statement	Notes	2015 \$m	2014 \$m
Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica Limited			
Net profit for the period from continuing operations		217.9	230.5
Net profit for the period from continuing operations attributable to non-controlling interests		(6.9)	(12.3)
Net profit for the period from continuing operations attributable to ordinary shareholders		211.0	218.2
Net profit for the period from discontinued operations		11.5	24.3
Net profit for the year from discontinued operations attributable to minority interests		(0.4)	(0.4)
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica Limited		222.1	242.1

	Number	Number
Weighted average number of shares used as the denominator:		
Number for basic earnings per share	370,637,252	366,690,292
Effect of executive share options and rights	3,949	685,509
Number for diluted earnings per share	370,641,201	367,375,801

The following Orica Long Term Equity Incentive Plans (LTEIP) and Long Term Incentive Rights Plans (LTIRP) have not been included in the calculation for diluted earnings per share as they are not dilutive:

Issue date:	Exercisable between:		
- 17 Dec 2010	- 19 Nov 13 to 23 Jan 14	-	1,277,607
- 19 Dec 2011	- 18 Nov 14 to 23 Jan 15	613,193	451,683
- 19 Dec 2012	- 18 Nov 15 to 23 Jan 16	475,803	-
- 24 Feb 2012	- 18 Nov 14 to 23 Jan 15	219,985	305,302
- 7 Feb 2013	- 18 Nov 15 to 23 Jan 16	664,012	676,553
- 11 Mar 2013	- 18 Nov 15 to 23 Jan 16	33,919	33,919
- 1 Apr 2014	- 18 Nov 17 to 23 Jan 18	623,446	-
- 21 Feb 2014	- 18 Nov 17 to 23 Jan 18	832,596	174,332
- 23 Feb 2015	- 18 Nov 18 to 23 Jan 19	144,183	-
- various	- various	54,290	-

	Cents per share	Cents per share
From continuing operations		
Basic earnings per share	56.9	59.5
Diluted earnings per share	56.9	59.4
From discontinued operations		
Basic earnings per share	3.0	6.5
Diluted earnings per share	3.0	6.5
Total attributable to ordinary shareholders of Orica Limited		
Basic earnings per share	59.9	66.0
Diluted earnings per share	59.9	65.9

4. Sales revenue and other income

	2015 \$m	2014 \$m
Sales revenue	2,809.4	2,801.7
Other income		
Other income	8.0	10.2
Currency (losses)/gains	(6.9)	6.5
Profit on sale of property, plant and equipment	12.0	-
Total other income	13.1	16.7

5. Specific income and expenses

There is no individually material items in the current or prior period.

6. Dividends and distributions

	2015 \$m	2014 \$m
Dividends and distributions		
Dividends paid or declared during the half year ended 31 March were:		
Ordinary shares		
final dividend of 55 cents per share, 100% franked at 30%, paid 13 December 2013		201.7
final dividend of 56 cents per share, 35.7% franked at 30%, paid 19 December 2014	208.1	
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half year were as follows:		
paid in cash	156.2	154.3
DRP - satisfied by issue of shares	-	47.4
DRP - shares purchased on open market	51.9	-

Subsequent events

Since the end of the half year, the directors declared the following dividend:

Interim dividend on ordinary shares of 40.0 cents per share, 35.0% franked at 30%, payable 1 July 2015.

The financial effect of the interim dividend on ordinary shares has not been brought to account in the financial statements for the period ended 31 March 2015 - however will be recognised in the 2015 annual financial report.

The Company's Dividend Reinvestment Plan (DRP) continues to be available to eligible shareholders. For the interim dividend, shares will be allocated based on the arithmetic average of the daily volume weighted average market price of all shares sold through a normal trade on the ASX for a period of 7 days from 4 to 15 June 2015 inclusive. The last date for receipt of election notices for participation in the interim dividend under the DRP is Tuesday 2 June 2015. Shares issued pursuant to the DRP will rank equal to all other ordinary shares. No discount applies to the DRP.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

It is anticipated that dividends in the near future are unlikely to be franked at a rate of more than 40%.

Conduit foreign income (CFI) component:

Interim dividend:				Interim dividend:			
Current period	-	Ordinary	26 cents	Previous period	-	Ordinary	24 cents

7. Contributed equity

	2015 \$m	2014 \$m
Issued and fully paid:		
Ordinary shares - 371,379,704 (2014 - 370,924,362)	1,948.9	1,940.5
Balance at end of the period	1,948.9	1,940.5

Movements in issued and fully paid shares of Orica since 1 October 2013 were as follows:

Details	Date	Number of shares	Issue price \$	\$m
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-13	368,203,632		1,877.9
Shares issued under the Orica dividend reinvestment plan	13-Dec-13	2,051,377	23.11	47.4
Share movements under the Orica LTEIP plan ⁽²⁾		669,353		13.9
Shares issued under the Orica GEESP plan ⁽¹⁾		-		1.3
Balance at end of the period	31-Mar-14	370,924,362		1,940.5
Shares issued under the Orica dividend reinvestment plan	1-Jul-14	1,818,929	19.0	34.5
Balance at end of period	30-Sep-14	372,743,291		1,975.0
Shares bought back ⁽³⁾		(1,363,587)		(27.2)
Shares issued under the Orica GEESP plan ⁽¹⁾		-		1.1
Balance at end of the period	31-Mar-15	371,379,704		1,948.9

⁽¹⁾ Shares issued under the Orica general employee exempt share plan.

⁽²⁾ Share movements under the Orica LTEIP plans:	Date	Number of shares	Issue price * \$	\$m
2013/2014				
Shares issued	21-Feb-14	669,353	24.25	-
Shares issued - loan repayment	Various			13.9
Movement for the period	31-Mar-14	669,353		13.9
Nil		-		-
Movement for the period	30-Sep-14	669,353		13.9
2014/2015				
Nil		-		-
Movement for the period	31-Mar-15	-		-

Under the LTEIP, eligible executives are provided with a three year, interest free, non-recourse loan from Orica for the sole purpose of acquiring shares in the Company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. The shares issued to the executives are either purchased on market, issued new shares by Orica or reissued unvested shares by Orica. Shares issued under this plan in conjunction with non-recourse loans are accounted for as options.

As a result, the amounts receivable from employees in relation to these loans are not recognised in the financial statements. Shares issued under this plan are recognised as shares issued at nil value, with a share based payments expense recognised in the income statement based on the value of the options. Shares purchased on-market under the plans are recognised as a share buy-back.

Repayments of share loans are recognised as share capital. In general the shares are returned to Orica if the executives leave Orica within three years. No further grants will be made under LTEIP, with all senior leaders now participating in the performance rights plan (LTIRP). Existing LTEIP tranches will continue until their expiry.

* Issue price was based on VWAP (volume-weighted average price) at the time of issue.

⁽³⁾ Orica announced on 2 March 2015 its intention to commence an on market share buy-back program of up to \$400m over the next 12 months. At 31 March 2015 Orica has purchased \$27.2m of shares.

7. Contributed equity (continued)

LTEIP options over unissued shares:

Exercisable between	Balance 30 Sep 13	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 14	Issued during the period	Exercised during the period	Lapsed during the period	Balance 30 Sep 14
18 Nov 16 23 Jan 17	-	839,544	-	-	839,544	-	-	-	839,544
18 Nov 15 23 Jan 16	33,919	-	-	-	33,919	-	-	-	33,919
18 Nov 15 23 Jan 16	704,355	-	-	(33,919)	670,436	-	-	-	670,436
18 Nov 14 23 Jan 15	305,302	-	-	-	305,302	-	-	-	305,302
18 Nov 14 23 Jan 15	451,683	-	-	-	451,683	-	-	-	451,683
19 Nov 13 23 Jan 14	1,419,915	-	(589,192)	(830,723)	-	-	-	-	-
Total	2,915,174	839,544	(589,192)	(864,642)	2,300,884	-	-	-	2,300,884

Exercisable between	Balance 30 Sep 14	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 15
18 Nov 16 23 Jan 17	839,544	-	-	(317,010)	522,534
18 Nov 15 23 Jan 16	33,919	-	-	-	33,919
18 Nov 15 23 Jan 16	670,436	-	-	(293,080)	377,356
18 Nov 14 23 Jan 15	305,302	-	-	(305,302)	-
18 Nov 14 23 Jan 15	451,683	-	-	(451,683)	-
Total	2,300,884	-	-	(1,367,075)	933,809

Rights over unissued shares:

Vesting date	Balance 30 Sep 13	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 14	Issued during the period	Exercised during the period	Lapsed during the period	Balance 30 Sep 14
19-Dec-16	-	737,344	-	(8,528)	728,816	5,874	-	(83,632)	651,058
19-Dec-15	643,316	-	-	(66,261)	577,055	-	-	(82,525)	494,530
19-Dec-14	559,643	-	-	(60,512)	499,131	-	-	(47,965)	451,166
Various	39,906	1,905	(7,942)	-	33,869	40,034	(7,699)	-	66,204
Total	1,242,865	739,249	(7,942)	(135,301)	1,838,871	45,908	(7,699)	(214,122)	1,662,958

Rights over unissued shares:

Vesting date	Balance 30 Sep 14	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 15
19-Dec-17	-	1,505,466	-	(196,232)	1,309,234
19-Dec-16	651,058	-	-	(100,799)	550,259
19-Dec-15	494,530	-	-	(60,145)	434,385
19-Dec-14	451,166	-	-	(451,166)	-
Various	66,204	-	(19,173)	(5,202)	41,829
Total	1,662,958	1,505,466	(19,173)	(813,544)	2,335,707

8. Reserves and retained earnings

	2015 \$m	2014 \$m
Reserves and retained earnings		
(a) Reserves		
Share based payments	107.0	108.5
Cash flow hedging	(37.6)	(0.4)
Foreign currency translation	(298.6)	(580.6)
Equity - arising from purchase of non-controlling interests	(189.0)	(189.0)
Balance at end of the period	(418.2)	(661.5)
Movement in reserves during the period		
Share based payments		
Balance at beginning of period	109.2	99.3
Share based payments expense	(2.2)	9.2
Balance at end of the period	107.0	108.5
Cash flow hedging		
Balance at beginning of period	10.2	(8.1)
Movement for the period	(68.2)	11.0
Tax effect of movement in cash flow hedge reserve	20.4	(3.3)
Balance at end of the period	(37.6)	(0.4)
Foreign currency translation		
Balance at beginning of period	(537.4)	(563.2)
Transfer to income statement on disposal of foreign subsidiaries	(6.9)	-
Translation of overseas controlled entities at the end of the period	216.2	(31.7)
Tax effect of translation of overseas controlled entities at the end of the period	29.5	14.3
Balance at end of the period	(298.6)	(580.6)
Equity - arising from disposal of non-controlling interests		
Balance at beginning of period	(189.0)	(189.1)
Disposal of non-controlling interests	-	0.1
Balance at end of the period	(189.0)	(189.0)
(b) Retained earnings		
Retained earnings at the beginning of the period	2,895.0	2,654.2
Profit after income tax attributable to shareholders of Orica	222.1	242.1
Defined benefit fund superannuation movement (net of tax) ⁽¹⁾	(44.0)	3.4
Disposal of non-controlling interests	-	3.0
Dividends:		
Ordinary dividends – final	(208.1)	(201.7)
Retained earnings at end of the period	2,865.0	2,701.0

⁽¹⁾ Orica's external Group actuary has liaised with major fund actuaries in updating material assumptions of Orica's funds as at 31 March 2015. These assumptions relate primarily to actual asset returns and discount rates as at 31 March 2015. The Group actuary has used this information to evaluate the aggregate defined benefit superannuation fund obligations. This has resulted in the consolidated entity increasing the retirement benefit obligation by \$61.9m (\$44.0m after tax), (2014 \$5.4m decrease, \$3.4m after tax) which has been recognised directly in equity in accordance with the consolidated entity's accounting policy for the treatment of actuarial gains and losses.

9. Investments accounted for using the equity method

The consolidated entity has an interest in the following entities:

Name of entity:	Percentage of ownership interest held at end of period		Contribution to net profit	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
	%	%	\$m	\$m
Nelson Brothers Mining Services, LLC	50.0	50.0	17.8	12.9
Nelson Brothers, LLC	50.0	50.0		
Southwest Energy LLC	50.0	50.0		
Beijing Sino-Australia Orica Watercare Technology and Equipment Co. Ltd ^(b)	-	45.0	Individually not material.	Individually not material.
Botany Industrial Park Pty Limited	33.4	33.4		
Exor Explosives Limited	50.0	50.0		
FiReP Holding AG	25.0	25.0		
Geneva Nitrogen LLC	50.0	50.0		
Irish Mining Emulsion Systems Ltd	50.0	50.0		
Kitikmeot Explosives Limited	49.0	49.0		
Mineral Carbonation International Pty Limited	39.9	39.9		
MSW-Chemie GmbH	31.5	31.5		
Orica Mining Services Pilbara Pty Ltd	45.0	45.0		
Orica-UMMC LLC	50.0	50.0		
PIIK Limited Partnership	49.0	49.0		
Pigment Manufacturers of Australia Limited	50.0	50.0		
Sahtu Explosives Limited	49.0	49.0		
Sprewa Sprengmittel GmbH	24.0	24.0		
SVG&FNS Philippines Holdings Inc	40.0	40.0		
Thai Nitrate Company Ltd ^(a)	50.0	50.0	2.1	2.3
Tli Cho Explosives Limited	49.0	49.0		
Troisdorf GmbH	50.0	50.0		
Ulaex SA	50.0	50.0		
Wurgendorf GmbH	50.0	50.0		
Total			19.9	15.2

^(a) Orica holds its 50% equity interest in Thai Nitrate Company Ltd (TNC) through two subsidiary companies, Orica Norway AS (39%) and Ammonium Nitrate Development and Production Limited (11%). The remaining 50% equity interest in TNC is held by TPI Polene PLC (TPIP), an entity listed on the Thailand Stock Exchange, and four individuals associated with TPIP. The South Bangkok Civil Court issued a judgement on 5 October 2011 that Orica Norway AS transfer its 39% shareholding in TNC to TPIP for a consideration equal to the relevant portion of TNC's net asset value at June 2006, less dividends paid since that date.

In July 2013, the Thai Court of Appeals overturned the earlier decision of the South Bangkok Civil Court and upheld Orica Norway AS's right to retain its 39% shareholding in TNC. The matter has been further appealed to the Supreme Court of Thailand. TPIP has also commenced legal challenges to the rights of ownership of the other Orica subsidiaries, however no decision has yet been handed down.

^(b) Disposed of in 2015.

10. Businesses acquired

Consolidated - 2015

Acquisition of businesses and controlled entities

No businesses or entities were acquired by the consolidated entity in the current and previous period.

11. Discontinued operations and businesses disposed

This note shows the results of the continuing businesses and the discontinued business.

The Chemicals business was sold on 27 February 2015 and is reported as a discontinued operation. Chemicals earnings for the period ended 31 March 2015 are included in the 2015 Discontinued numbers below.

	Continuing	Discontinued	Consolidated	Continuing	Discontinued	Consolidated
For the period ended 31 March	2015	2015	2015	2014	2014	2014
	\$m	\$m	\$m	\$m	\$m	\$m
Sales revenue⁽²⁾	2,809.4	497.4	3,279.3	2,801.7	591.4	3,357.3
Other income	13.1	0.8	13.9	16.7	1.1	17.8
Expenses						
Changes in inventories of finished goods and work in progress	47.9	31.1	79.0	(6.8)	2.8	(4.0)
Raw materials and consumables used and finished goods purchased for resale ⁽²⁾	(1,234.1)	(306.5)	(1,513.1)	(1,213.4)	(374.4)	(1,552.0)
Share based payments	2.0	0.2	2.2	(8.4)	(0.8)	(9.2)
Other employee benefits expense	(577.7)	(49.5)	(627.2)	(585.0)	(55.4)	(640.4)
Depreciation expense	(122.2)	(12.9)	(135.1)	(116.0)	(15.0)	(131.0)
Amortisation expense	(19.9)	(0.1)	(20.0)	(19.2)	(0.2)	(19.4)
Purchased services	(180.5)	(26.0)	(206.5)	(132.8)	(31.9)	(164.7)
Repairs and maintenance	(77.3)	(4.0)	(81.3)	(86.8)	(5.2)	(92.0)
Outgoing freight	(128.1)	(36.2)	(164.3)	(118.3)	(41.0)	(159.3)
Lease payments - operating leases	(21.6)	(3.1)	(24.7)	(27.7)	(5.9)	(33.6)
Other expenses from ordinary activities including individually material items ⁽³⁾	(200.9)	(82.9)	(283.8)	(155.4)	(26.9)	(182.3)
Share of net profits of associates accounted for using the equity method	19.9	-	19.9	15.2	-	15.2
	(2,492.5)	(489.9)	(2,954.9)	(2,454.6)	(553.9)	(2,972.7)
Profit from operations	330.0	8.3	338.3	363.8	38.6	402.4
Net financing costs						
Financial income	23.9	0.1	24.0	17.5	-	17.5
Financial expenses	(72.0)	-	(72.0)	(76.9)	(0.8)	(77.7)
Net financing costs	(48.1)	0.1	(48.0)	(59.4)	(0.8)	(60.2)
Profit before income tax expense	281.9	8.4	290.3	304.4	37.8	342.2
Income tax expense	(64.0)	3.1	(60.9)	(73.9)	(13.5)	(87.4)
Profit after tax	217.9	11.5	229.4	230.5	24.3	254.8
Net profit for the period attributable to:						
Shareholders of Orica Limited	211.0	11.1	222.1	218.2	23.9	242.1
Non-controlling interests	6.9	0.4	7.3	12.3	0.4	12.7
Net profit for the period	217.9	11.5	229.4	230.5	24.3	254.8

⁽¹⁾ The \$8.3million profit from operations (for Chemicals business within Discontinued operations) is for the five months period ended 27 February 2015 and the \$38.6 million profit for the six months period ended 31 March 2014.

⁽²⁾ Consolidated includes elimination of inter-segment sales of \$27.5m (2014 \$35.8m).

⁽³⁾ The 2015 Discontinued operations includes \$23.0 million pre tax loss on sale of Chemicals business.

11. Discontinued operations and businesses disposed (continued)

Disposal of businesses/controlled entities

The following businesses and controlled entities were disposed of:

2015

The Chemicals business was sold on 27 February 2015 and is reported as a discontinued operation.

2014

Orica Nelson Quarry Services Inc. on 31 January 2014.

	Consolidated 2015 \$m	2014 \$m
Consideration		
sale price	750.0	1.6
less disposal costs and initial purchase price adjustments deducted from the purchase price	(47.0)	-
	703.0	1.6
Cash disposed	(2.6)	(1.2)
Net consideration	700.4	0.4
Less further disposal costs including purchase price adjustments	(70.6)	-
	629.8	0.4
Carrying value of net assets of businesses/controlled entities disposed		
trade and other receivables	187.3	1.2
inventories	171.6	0.2
property, plant and equipment	337.7	-
intangibles	141.9	-
other assets	19.4	-
investment	0.4	-
payables and interest bearing liabilities	(141.3)	(1.0)
provision for employee entitlements	(20.0)	-
provision for retirement benefit obligations/curtailments	(11.6)	-
provision for income tax	(36.4)	-
foreign currency translation reserve	(6.9)	-
Less non-controlling interests at date of disposal	(2.9)	-
Loss on sale of business/controlled entities	(9.4)	-
Cash flows from discontinued operations		
Cash flows from operating activities	(12.8)	63.0
Cash flows from investing activities	(10.4)	(11.0)
Cash flows from financing activities	(4.6)	(57.5)
Net cash flows from discontinued operations	(27.8)	(5.5)

12. Income tax expense

	Continuing 2015 \$m	Discontinued 2015 \$m	Consolidated 2015 \$m	Continuing 2014 \$m	Discontinued 2014 \$m	Consolidated 2014 \$m
a) Income tax expense recognised in the income statement						
Current tax expense						
Current period	69.1	15.4	84.5	54.3	15.6	69.9
Deferred tax	(8.8)	(11.5)	(20.3)	19.1	(2.1)	17.0
Tax on foreign currency translation reserve transferred to income statement	-	(7.0)	(7.0)	-	-	-
Under provided in prior years	3.7	-	3.7	0.5	-	0.5
Total income tax expense in income statement	64.0	(3.1)	60.9	73.9	13.5	87.4
b) Reconciliation of income tax expense to prima facie tax payable						
Income tax expense attributable to profit						
Prima facie income tax expense calculated at 30% on profit	84.6	2.5	87.1	91.4	11.3	102.7
Tax effect of items which (decrease)/increase tax expense:						
variation in tax rates of foreign controlled entities	(11.5)	(0.4)	(11.9)	(5.3)	(0.3)	(5.6)
tax under provided in prior years	3.7	-	3.7	0.5	-	0.5
non allowable share based payments	(0.6)	(0.1)	(0.7)	2.5	0.2	2.7
non taxable profit on sale of property due to utilisation of capital losses	(3.6)	-	(3.6)	-	-	-
tax on foreign currency translation reserve transferred to income statement	-	(7.0)	(7.0)	-	-	-
other foreign deductions	(15.7)	-	(15.7)	(16.8)	-	(16.8)
sundry items	7.1	1.9	9.0	1.6	2.3	3.9
Income tax expense attributable to profit	64.0	(3.1)	60.9	73.9	13.5	87.4

13. Financial instruments

(a) Standby arrangements and credit facilities

Reconciliation of net debt:

	Mar 2015 \$m	Sep 2014 \$m	Mar 2014 \$m
Current interest bearing liabilities	426.8	542.7	521.8
Non current interest bearing liabilities	1,989.4	1,957.2	2,042.0
Less cash and cash equivalents	(521.8)	(263.2)	(193.5)
Net debt	1,894.4	2,236.7	2,370.3

Credit facilities:

Unsecured bank overdraft facilities available	122.4	116.1	114.9
Amount of facilities undrawn	99.0	66.6	94.5
Committed standby and loan facilities available	4,036.8	3,774.0	3,928.9
Amount of facilities unused	1,667.8	1,552.8	1,881.1

The bank overdrafts are payable on demand and are subject to an annual review. The repayment dates of the committed standby and loan facilities range from 28 April 2015 to 25 October 2030 (2014 6 May 2014 to 25 October 2030).

(b) Fair value hierarchy

Fair values of derivatives

The carrying value of derivatives disclosed in the Balance Sheet equal their fair values. Valuation techniques include where applicable, reference to prices quoted in active markets, discounted cash flow analysis, fair value of recent arm's length transactions involving the same instruments or other instruments that are substantially the same, and option pricing models. The fair value of forward exchange contracts are calculated by reference to forward exchange market rates for contracts within similar maturity profiles at the time of valuation.

The fair values of cross currency interest rate swaps and interest rate swaps and other financial liabilities measured at fair value are determined using valuation techniques which utilise data from observable markets. Assumptions are based on market conditions existing at each balance date. The fair value is calculated as the present value of the estimated future cash flows using an appropriate market based yield curve, which is independently derived and representative of Orica's cost of borrowings.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
31 March 2015				
Derivative financial assets	-	114.9	-	114.9
Derivative financial liabilities	-	(96.3)	-	(96.3)
	-	18.6	-	18.6
30 September 2014				
Derivative financial assets	-	56.5	-	56.5
Derivative financial liabilities	-	(55.0)	-	(55.0)
	-	1.5	-	1.5
31 March 2014				
Derivative financial assets	-	25.9	-	25.9
Derivative financial liabilities	-	(71.3)	-	(71.3)
	-	(45.4)	-	(45.4)

During the current and previous year there were no transfers between the fair value hierarchy levels.

14. Critical accounting judgements and estimates

Management determines the development, selection and disclosure of the consolidated entity's critical accounting policies, estimates and accounting judgements and the application of these policies and estimates. Management necessarily makes estimates and judgements that have a significant effect on the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing the financial report are reasonable and in accordance with accounting standards. Changes in the assumptions underlying the estimates may result in a significant impact on the financial statements. The most critical of these assumptions and judgements are:

Contingent liabilities

In the normal course of business, contingent liabilities may arise from product-specific and general legal proceedings, from guarantees or from environmental liabilities connected with current or former sites. Where management are of the view that potential liabilities have a low probability of crystallising or it is not possible to quantify them reliably, they are disclosed as contingent liabilities. These are not provided for in the financial statements but are disclosed in note 15.

Environmental and decommissioning provisions

The business of the Group is subject to a variety of laws and regulations in the jurisdictions in which it operates or maintains properties. Provisions for expenses that may be incurred in complying with such laws and regulations are set aside if environmental inquiries or remediation measures are probable and the costs can be reliably estimated. For sites where there are uncertainties with respect to what Orica's remediation obligations might be or what remediation techniques might be approved and no reliable estimate can presently be made of regulatory and remediation costs, no amounts have been provided. It is also assumed that the methods planned for environmental remediation will be able to treat the issues within the expected time frame.

It is difficult to estimate the future costs of environmental remediation because of many uncertainties, particularly with regard to the status of laws, regulations and the information available about conditions in various countries and at individual sites. Significant factors in estimating the costs include the work of external consultants and/or internal experts, previous experiences in similar cases, expert opinions regarding environmental programs, current costs and new developments affecting costs, management's interpretation of current environmental laws and regulations, the number and financial position of third parties that may become obligated to participate in any remediation activities on the basis of joint liability and the remediation methods which are likely to be deployed.

Changes in the assumptions underlying these estimated costs may impact future reported results. Subject to these factors, but taking into consideration experience gained to date regarding environmental matters of a similar nature, Orica believes the provisions to be appropriate based upon currently available information. However, given the inherent difficulties in estimating liabilities in this area, it cannot be guaranteed that additional costs will not be incurred beyond the amounts provided. It is possible that final resolution of these matters may require expenditures to be made in excess of established provisions over an extended period of time that may result in changes in timing of anticipated cash flows from those assumed and in a range of amounts that cannot be reasonably estimated.

In respect of the Botany groundwater (New South Wales, Australia) contamination, Orica is continuing to conduct extensive remediation activities, including the operation of a Groundwater Treatment Plant, to treat the groundwater at Botany, which is contaminated with pollutants from historical operations. A provision exists to cover the estimated costs associated with remediation until 2020. Costs are expected to be incurred after this date, but it is not possible to predict the time frame over which remediation will be required or the form the remediation will take and therefore it is not possible to reliably estimate any associated costs. In light of ongoing discussions with regulatory authorities and following an assessment of currently available technologies to treat the contamination, Orica intends to maintain a provision at current levels that takes into account the estimated costs associated with remediation commitments over the five year period. The provision will continue to be re-evaluated based on future regulatory assessments and advancements in appropriate technologies.

Orica is committed to finding a solution for destruction of its hexachlorobenzene (HCB) waste. There are no facilities to treat the HCB waste in Australia and Orica's export applications have been unsuccessful to date. Orica continues to safely store the waste. A provision has been established in respect of this matter.

In prior years, Orica received results indicating elevated concentrations of mercury in soil and groundwater at the southern end of the Botany site and at adjacent offsite locations. Orica submitted a remediation action plan which satisfied the NSW Environment Protection Authority requirements, and Orica restarted works in August 2013. A provision has been established for remediation activities in respect of this matter.

Legal proceedings

The outcome of currently pending and future legal, judicial, regulatory, administrative and other proceedings of a litigious nature ("Proceedings") cannot be predicted with certainty. Thus, an adverse decision in Proceedings could result in additional costs that are not covered, either wholly or partially, under insurance policies and that could significantly impact the business and results of operations of the Group. Proceedings can raise difficult and complex legal issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each Proceeding is brought and differences in applicable law. Upon resolution of any pending Proceedings, the Group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Group could be materially affected by an unfavourable outcome of

14. Critical accounting judgements and estimates (continued)

those Proceedings. Proceedings are evaluated on a case-by-case basis considering the available information, including that from legal counsel, to assess potential outcomes. Where it is considered probable that a future obligation will result in an outflow of resources, a provision is recorded in the amount of the present value of the expected cash outflows if these are deemed to be reliably measurable.

Warranties and Indemnities

In the course of acquisitions and disposals of businesses and assets, Orica routinely negotiates warranties and indemnities across a range of commercial issues and risks, including environmental risks associated with real property. Management uses the information available and exercises judgement in the overall context of these transactions, in determining the scope and extent of these warranties and indemnities. In assessing Orica's financial position, management relies on warranties and indemnities received, and considers potential exposures on warranties and indemnities provided. It is possible that the financial position, results of operations and cash flows of the Group could be materially affected if circumstances arise where warranties and indemnities received are not honoured, or for those provided, circumstances change adversely.

Defined benefit superannuation fund obligations

The expected costs of providing post-retirement benefits under defined benefit arrangements relating to employee service during the period are charged to the income statement. Any actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the statement of comprehensive income. In all cases, the superannuation costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of judgement in relation to assumptions for future salary and superannuation increases, long term price inflation and bond rates. While management believes the assumptions used are appropriate, a change in the assumptions used may impact the earnings and equity of the Group.

Property, plant and equipment and definite life intangible assets

The Group's property, plant and equipment and intangible assets, other than indefinite life intangible assets, are depreciated/amortised on a straight line basis over their useful economic lives. Management reviews the appropriateness of useful economic lives of assets at least annually and any changes to useful economic lives may affect prospective depreciation rates and asset carrying values.

Financial instruments at fair value

The Group measures a number of financial instruments at fair value. These fair values are based on observable market data which is used to estimate future cash flows and discount them to present value. Management's aim is to use and source this data consistently from period to period. While management believes the assumptions used are appropriate, a change in assumptions would impact the fair value calculations.

Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit (CGU). The recoverable amount of those assets, or CGUs, is measured as the higher of their fair value less costs to sell or value in use. Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate CGUs. For the purposes of impairment testing, goodwill is allocated to cash generating units, or groups of cash generating units expected to benefit from the synergies. Each unit or group of units to which goodwill has been allocated shall represent the lowest level at which it is internally monitored and not be larger than a segment. Goodwill is monitored at the segment level. Accordingly, impairment testing of goodwill is undertaken at the segment level.

The determination of value in use requires the estimation and discounting of future cashflows. The estimation of the cashflows is based on information available at balance date which may differ from cashflows which eventuate. This includes, among other things, expected revenue from sales of products, the return on assets, future costs and discount rates. Subsequent changes to the CGU allocation or to the timing and quantum of cash flows may impact the carrying value of the respective assets.

Current asset provisions

In the course of normal trading activities, management uses its judgement in establishing the net realisable value of various elements of working capital – principally inventory and accounts receivable. Provisions are established for obsolete or slow moving inventories, bad or doubtful receivables and product warranties. Actual expenses in future periods may be different from the provisions established and any such differences would impact future earnings of the Group.

Taxation

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which such determination is made.

14. Critical accounting judgements and estimates (continued)

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Assumptions are also made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances or differences in opinions will alter outcomes which may impact the amount of deferred tax assets and deferred tax liabilities recorded on the Balance Sheet and the amount of tax losses and timing differences not yet recognised. In these circumstances, the carrying amount of deferred tax assets and liabilities may change, resulting in an impact on the earnings of the Group.

15. Contingent liabilities

(a) Environmental

(a) (i) General

In accordance with the current accounting policy, for sites where the requirements have been assessed and are capable of reliable measurement, estimated regulatory and remediation costs have been capitalised, expensed as incurred or provided for. For environmental matters where there are significant uncertainties with respect to the extent of Orica's remediation obligations or the remediation techniques that might be approved, no reliable estimate can presently be made of regulatory and remediation costs and any costs are expensed as incurred.

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.

Orica has entered into arrangements with the relevant regulatory authorities for a number of sites to investigate land and groundwater contamination and, where appropriate, undertake voluntary remediation activities on these sites. Where reliable estimates are possible and remediation techniques have been identified for these sites, provisions have been established in accordance with current accounting policy.

Orica is investigating suitable remediation options for Dense Non-Aqueous Phase Liquid (DNAPL) source areas at Botany giving rise to the groundwater contamination which is being treated by the Groundwater Treatment Plant. No provision has been established for remediation activities in respect of DNAPL as a reliable estimate is not possible at this time.

(a)(ii) Environmental Prosecutions

Orica is the subject of legal proceedings issued by the NSW Environmental Protection Authority and the NSW Office of Heritage and Environment in relation to environmental incidents that occurred in 2013 at Orica's Kooragang Island site and in the Hunter Valley. Orica has entered guilty pleas in relation to the Hunter Valley incident. The NSW Land & Environment Court is expected to convene a mitigation and sentencing hearing for this matter in 2015. Orica has entered a not guilty plea in relation to the Kooragang Island incident. The trial hearing of this matter is expected in 2015.

(b) Taxation

(b) (i) Investigations and audits

Consistent with other companies of the size and diversity of Orica, the Group is the subject of ongoing information requests, investigations and audit activities by Tax and Regulatory Authorities in jurisdictions in which Orica operates. Orica co-operates fully with the Tax and Regulatory Authorities. It is possible that Orica may incur fines and/or other penalties as a consequence of these investigations and audits.

(b) (ii) German Tax Action

As the result of an income tax audit covering the 2005 to 2008 years, the German Central Tax Office ("the Tax Office") is proposing to challenge Orica's tax returns under laws which were announced in 2012 and introduced in 2013 in relation to a financing arrangement by Orica of its German group from 2005 onwards. The amount of the possible reassessment is approximately \$16m. Orica believes that the laws should not apply to these arrangements and in addition should not be applied retrospectively. The Tax Office has advised that it will extend the audit beyond 2008 and may challenge the financing arrangement in the later years.

15. Contingent liabilities (continued)

(b) (iii) Australian Tax Action

The Australian Taxation Office ("ATO") has issued amended assessments in relation to the 2004, 2005 and 2006 years totalling \$50.6m in relation to a financing arrangement by Orica of its US group between 2004 and 2006. The ATO rejected Orica's objections against the three assessments and Orica has appealed the matter to the Federal Court. In accordance with the ATO administrative practice, Orica has paid 50% of the primary tax and interest arising from the assessments, which has been recognised as a non-current receivable.

(b) (iv) Norway Tax Action

The Tax Office in Norway has issued a final assessment for tax and interest amounting to approximately \$32.5 million, resulting from a reassessment of Orica Norway's tax return for the 2005 income year relating to a transfer of the Dyno Nobel house brand in conjunction with Orica's acquisition of Dyno Nobel's explosives business. Orica is pursuing this matter through an administrative complaints process. Orica has paid a portion of the primary tax and interest arising from the assessment, which has been recognised as a non-current receivable.

(b) (v) Brazilian Tax Action

The Brazilian Taxation authority is claiming unpaid taxes relating to the 1997 financial year of approximately \$25 million. ICI Plc, the vendor of the business to Orica, has been notified to preserve Orica's rights under the tax indemnity obtained upon acquisition of the business which provides indemnity for amounts exceeding certain limits. The Brazilian Taxation authority has been granted security over the Lorena site as well as a bank guarantee of up to approximately \$9 million.

(c) Guarantees, indemnities and warranties

- The consolidated entity has entered into various long term supply contracts. For some contracts, minimum charges are payable regardless of the level of operations, but the levels of operations are expected to remain above those that would trigger minimum payments.
- There are a number of legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, which may arise cannot be reliably measured at this time.
- The consolidated entity has entered into various sales contracts where minimum savings are guaranteed to customers and such savings are expected to be achieved in the ordinary course of business.
- 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 assets which were divested during the current and prior years include commercial warranties and indemnities to the purchasers.
- Orica Limited guaranteed senior notes issued by Orica Finance Limited in the US private placement market in 2003, 2005, 2010 and 2013. The notes have maturities between 2015 and 2030. Orica Limited has also provided guarantees for senior committed bank facilities.

(d) Other

In 2013, the Polish Competition Authority brought down an adverse finding against 3 firms, including Minova Poland, in relation to the supply of ground support products to Polish coal mines during 2005 to 2010, fining Minova Poland \$4.7million. Orica is appealing the adverse finding and fine.

16. Events subsequent to balance date

On 12 May 2015, the directors declared an interim dividend of 40.0 cents per ordinary share payable on 1 July 2015. The financial effect of this dividend is not included in the financial statements for the period ended 31 March 2015 and will be recognised in the 30 September 2015 financial statements.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2015, 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.

Compliance statement

This report is based on information which has been subject to review by KPMG.

The entity has a formally constituted audit committee.



Chris Hansen
Company Secretary
12th May 2015

Orica Limited and its Controlled Entities

Directors' Declaration on the Financial Report set out on pages 3 to 27

In accordance with a resolution of the Directors of Orica Limited, we state that:

In the Directors' opinion:

- (a) the financial statements and notes, set out on pages 3 to 27, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 March 2015 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.



R R Caplan
Chairman



A Calderon
Interim Managing Director and Chief Executive
Officer

Dated at Melbourne this 12th day of May 2015.

Orica Limited and its Controlled Entities

Directors' Report

The directors of Orica Limited (Orica) present the consolidated financial report in the form of Appendix 4D of the Australian Stock Exchange (ASX) Listing Rules, for the period ended 31 March 2015 and the auditor's review report thereon.

Directors

The directors of the Company during or since the end of the half year are:

R R Caplan, Chairman

A Calderon, Interim Managing Director and Chief Executive Officer (appointed on 23 March 2015)

I K Smith, Managing Director and Chief Executive Officer (resigned on 23 March 2015)

C B Elkington, Executive Director Finance

M N Brenner

I D Cockerill

Lim C O

N L Scheinkestel

G T Tilbrook

The office of the company secretary is held by C Hansen.

Review and results of operations

A review of the operations of the consolidated entity during the period and of the results of those operations is contained in the accompanying Orica Limited Profit Report.

Events subsequent to balance date

The directors have not become aware of any significant matter or circumstance (other than referred to in note 16) that has arisen since 31 March 2015, 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.

Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 30.

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.



R R Caplan
Chairman



A Calderon
Interim Managing Director and Chief Executive
Officer

Dated at Melbourne this 12th day of May 2015.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Orica Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 March 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Martin Sheppard
Partner

Melbourne

12 May 2015



Independent auditor's review report to the members of Orica Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Orica Limited, which comprises the consolidated balance sheet as at 31 March 2015, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 March 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of Orica Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orica Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 March 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

Martin Sheppard

Partner

Melbourne

12 May 2015