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 2010	31 March 2009

Results for announcement to the market

				$m
Consolidated revenue from operations	down	(18.5)%	to	3,226.0
Profit after tax attributable to shareholders	down	(75.0)%	to	55.1
Net profit for the period attributable to shareholders before individually material items	up	11.0%	to	293.2

Dividends		Amount per security	Franked amount per security at 30% tax
Interim dividend - Ordinary	Cents	41.00	16.00
Previous corresponding period Interim dividend - Ordinary	Cents	40.00	14.00

Record date for determining entitlements to the dividend:

	Ordinary Shares	1-Jun-10
Payment date of dividend:	Ordinary Shares	2-Jul-10

	Current period	Previous corresponding period
	Cents	Cents
Net tangible asset backing per ordinary security	131.0	138.0

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.

Contents:

Consolidated Income Statements

For the period ended 31 March:

	Notes	2010 $m	2009 $m
Sales revenue	(3)	**3,226.0**	3,960.2
Other income	(3)	**16.0**	12.7
Expenses			
Changes in inventories of finished goods and work in progress		**(0.9)**	22.9
Raw materials and consumables used and finished goods purchased for resale		**(1,507.5)**	(2,055.9)
Share based payments		**(5.8)**	(9.8)
Other employee benefits expense		**(565.1)**	(625.4)
Depreciation expense		**(99.1)**	(102.0)
Amortisation expense		**(20.6)**	(23.1)
Purchased services		**(202.1)**	(213.4)
Repairs and maintenance		**(71.8)**	(68.7)
Impairment of property, plant & equipment		**-**	(7.7)
Impairment of intangibles		**-**	(8.2)
Outgoing freight		**(157.0)**	(161.7)
Lease payments - operating leases		**(45.0)**	(48.5)
Other expenses from ordinary activities including individually material items		**(158.1)**	(293.5)
Share of net profit of associates accounted for using the equity method	(9)	**20.1**	33.8
		(2,812.9)	(3,561.2)
Profit from operations		**429.1**	411.7
Net financing (costs)/income			
Financial income		**18.7**	26.9
Financial expenses		**(89.3)**	(98.4)
Net financing costs		**(70.6)**	(71.5)
Profit before income tax expense		**358.5**	340.2
Income tax expense	(12)	**(286.5)**	(100.1)
Profit for the period		**72.0**	240.1
Net profit for the period attributable to:			
Shareholders of Orica Limited		**55.1**	220.4
Non-controlling interests		**16.9**	19.7
Net profit for the period		**72.0**	240.1
		cents	cents
Earnings per share			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
Basic	(2)	**13.5**	56.4
Diluted	(2)	**13.4**	56.1

The Consolidated Income Statements are to be read in conjunction with the accompanying notes.

Consolidated Statements of Other Comprehensive Income

For the period ended 31 March

	2010 $m	2009 $m
Profit for the period	**72.0**	240.1
Net (loss)/profit on hedge of net investments in foreign subsidiaries	**(75.3)**	163.3
Cash flow hedges		
- Effective portion of changes in fair value	**7.6**	(41.3)
- Transferred to carrying value of non current assets	**-**	(8.0)
- Transferred to income statement	**1.6**	1.7
Exchange differences on translation of foreign operations	**(89.0)**	14.3
Actuarial (loss)/benefit on defined benefit plans	**(18.5)**	(91.2)
Income tax on income and expense recognised directly through equity	**25.7**	(9.7)
Other comprehensive income for the period, net of income tax	**(147.9)**	29.1
Total comprehensive income for the period	**(75.9)**	269.2
Attributable to:		
Shareholders of Orica Limited	**(87.4)**	239.3
Non-controlling interests	**11.5**	29.9
Total recognised income and expense for the period	**(75.9)**	269.2

The Consolidated Statements of Other Comprehensive Income are to be read in conjunction with the accompanying notes.

Consolidated Balance Sheets

as at:

	Notes	**31 March 2010 $m**	30 September 2009 $m	31 March 2009 $m
Current assets				
Cash and cash equivalents	(13)	**273.6**	308.5	329.6
Trade and other receivables		**963.0**	964.9	1,063.2
Other financial assets - derivative assets		**21.7**	45.3	38.4
Inventories		**634.8**	619.8	834.8
Other assets		**103.7**	55.9	91.8
Total current assets		**1,996.8**	1,994.4	2,357.8
Non-current assets				
Trade and other receivables		**3.4**	103.4	110.1
Investments accounted for using the equity method		**171.1**	167.4	246.7
Other financial assets		**0.9**	0.9	0.9
Property, plant and equipment		**2,161.8**	2,075.0	2,141.1
Intangible assets		**2,626.6**	2,756.5	3,174.2
Deferred tax assets		**256.9**	253.2	186.3
Other assets		**8.1**	3.4	5.4
Total non-current assets		**5,228.8**	5,359.8	5,864.7
Total assets		**7,225.6**	7,354.2	8,222.5
Current liabilities				
Trade and other payables		**1,031.0**	1,057.9	1,169.4
Other financial liabilities - derivative liabilities		**68.1**	98.8	67.0
Interest bearing liabilities	(13)	**523.9**	160.2	200.2
Current tax liabilities		**108.9**	78.7	27.2
Provisions		**248.0**	220.1	242.3
Total current liabilities		**1,979.9**	1,615.7	1,706.1
Non-current liabilities				
Trade and other payables		**30.5**	37.0	44.1
Interest bearing liabilities	(13)	**978.6**	1,242.8	1,606.4
Deferred tax liabilities		**91.0**	76.2	85.9
Provisions		**435.2**	409.7	508.1
Total non-current liabilities		**1,535.3**	1,765.7	2,244.5
Total liabilities		**3,515.2**	3,381.4	3,950.6
Net assets		**3,710.4**	3,972.8	4,271.9
Equity				
Ordinary shares	(7)	**1,893.1**	1,865.6	1,850.0
Reserves	(8)	**(538.2)**	(408.0)	120.1
Retained earnings	(8)	**1,744.8**	1,913.1	1,699.7
Total equity attributable to ordinary shareholders of Orica		**3,099.7**	3,370.7	3,669.8
Equity attributable to Step-Up Preference Securities' holders	(7)	**490.0**	490.0	490.0
Non-controlling interests in controlled entities		**120.7**	112.1	112.1
Total equity		**3,710.4**	3,972.8	4,271.9

The Consolidated Balance Sheets are to be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity

For the period ended 31 March 2010

	Consolidated									
	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	Step-Up Preference Securities	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 Oct 2009	1,865.6	1,913.1	36.2	(0.3)	(369.1)	(74.8)	3,370.7	490.0	112.1	3,972.8
Profit for the period	-	55.1	-	-	-	-	55.1	-	16.9	72.0
Other comprehensive income	-	(12.6)	-	6.4	(136.3)	-	(142.5)	-	(5.4)	(147.9)
Total comprehensive income for the period	-	42.5	-	6.4	(136.3)	-	(87.4)	-	11.5	(75.9)
Transactions with owners, recorded directly in equity										
Total changes in contributed equity	27.5	-	-	-	-	-	27.5	-	9.5	37.0
Share-based payments expense	-	-	5.8	-	-	-	5.8	-	-	5.8
Acquisition of non-controlling interests	-	-	-	-	-	(6.1)	(6.1)	-	(1.2)	(7.3)
Dividends/distributions paid	-	(210.8)	-	-	-	-	(210.8)	-	-	(210.8)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	-	(11.2)	(11.2)
Balance at the end of the period	1,893.1	1,744.8	42.0	6.1	(505.4)	(80.9)	3,099.7	490.0	120.7	3,710.4

The Consolidated Statements of Changes in Equity are to be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity (continued)

For the period ended 31 March 2009

	Consolidated									
	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	Step-Up Preference Securities	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 Oct 2008	1,881.3	1,758.9	28.1	5.2	64.0	(6.0)	3,731.5	490.0	96.9	4,318.4
Profit for the period	-	220.4	-	-	-	-	220.4	-	19.7	240.1
Other comprehensive income	-	(63.7)	-	(33.3)	115.9	-	18.9	-	10.2	29.1
Total comprehensive income for the period	-	156.7	-	(33.3)	115.9		239.3	-	29.9	269.2
Transactions with owners, recorded directly in equity										
Total changes in contributed equity	(31.3)	-	-	-	-	-	(31.3)	-	11.5	(19.8)
Share-based payments expense	-	-	9.8	-	-	-	9.8	-	-	9.8
Acquisition of non-controlling interests	-	-	-	-	-	(63.6)	(63.6)	-	(18.1)	(81.7)
Dividends/distributions paid	-	(215.9)	-	-	-	-	(215.9)	-	-	(215.9)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	-	(8.1)	(8.1)
Balance at the end of the period	1,850.0	1,699.7	37.9	(28.1)	179.9	(69.6)	3,669.8	490.0	112.1	4,271.9

The Consolidated Statements of Changes in Equity are to be read in conjunction with the accompanying notes.

Consolidated Statements of Cash Flows

For the period ended 31 March:

	Notes	2010 $m Inflows/ (Outflows)	2009 $m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		**3,477.7**	4,417.6
Payments to suppliers and employees		**(3,055.5)**	(4,040.9)
Interest received		**18.7**	27.2
Borrowing costs		**(84.2)**	(95.9)
Dividends received		**10.6**	22.9
Other operating revenue received		**16.0**	11.8
Net income taxes paid		**(114.5)**	(125.4)
Net cash flows from operating activities		**268.8**	217.3
Cash flows from investing activities			
Payments for property, plant and equipment		**(199.4)**	(169.0)
Payments for intangibles		**(2.1)**	(1.9)
Payments for purchase of investments		**(3.4)**	(33.0)
Payments for purchase of non-controlling interests	(10)	**(7.3)**	(80.4)
Payments for purchase of businesses/controlled entities	(10)	**(18.0)**	(22.6)
Payments of deferred consideration from prior acquisitions		**(13.5)**	(21.3)
Proceeds from sale of property, plant and equipment		**4.1**	7.1
Proceeds from sale of investments		**14.7**	-
Proceeds from sale of businesses/controlled entities	(11)	**0.4**	-
Net cash flows used in investing activities		**(224.5)**	(321.1)
Cash flows from financing activities			
Proceeds from long term borrowings		**1,955.0**	1,200.8
Repayment of long term borrowings		**(2,014.0)**	(772.2)
Net movement in short term financing		**187.5**	(63.1)
Payments for finance leases		**(2.2)**	(1.7)
Proceeds from issue of ordinary shares		**31.3**	-
Proceeds from issue of shares to non-controlling interests		**7.2**	1.6
Payments for buy-back of ordinary shares - LTEIP	(7)	**(31.6)**	(31.3)
Dividends paid - Orica ordinary shares		**(175.9)**	(167.8)
Dividends satisfied by on market buy-back - DRP		**-**	(30.2)
Distributions paid - Step-Up Preference Securities	(6)	**(11.5)**	(23.5)
Dividends paid - non-controlling interests		**(10.6)**	(5.8)
Net cash flows (used in)/from financing activities		**(64.8)**	106.8
Net increase/(decrease) in cash held		**(20.5)**	3.0
Cash at the beginning of the period		**296.6**	312.3
Effects of exchange rate changes on cash		**(8.6)**	6.2
Cash at the end of the period		**267.5**	321.5

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:

	Notes	2010	2009
Cash	(13)	**273.6**	329.6
Bank overdraft		**(6.1)**	(8.1)
		267.5	321.5

The Consolidated Statements of Cash Flows are to be read in conjunction with the accompanying notes.

Condensed notes to the consolidated half year report for the period ended 31 March 2010

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 financial report.

(i) Basis of preparation

This general purpose financial report for the half year reporting period ended 31 March 2010 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 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 report for the year ended 30 September 2009 prepared under Australian Accounting Standards including Australian Interpretations and the Corporations Act 2001, changes in accounting policy for accounting standard requirements summarised below and any public announcements made by Orica during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Except as described below, the accounting policies applied by the Group in the consolidated half year financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 September 2009.

The amounts shown 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.

(ii) Statement of compliance

This financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards (IFRS).

(iii) Changes in accounting policies

The following changes in accounting policies have been implemented for the period – however they have had no significant financial impact on the Orica Group or have impacted disclosures only.

- AASB 8 Operating Segments.
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 102 Inventories, AASB 107 Cash Flow Statements, AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment of Assets, AASB 1023 General Insurance Contracts, and AASB 1038 Life Insurance Contracts]. These amendments arise from the issuance of AASB 8 Operating Segments.
- AASB 101 Presentation of Financial Statements.
- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101.
- AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101.
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127.
- AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements.
- AASB 2009-2 Amendments to Australian Accounting Standards-Improving Disclosures about Financial Instruments.
- AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners.
- AASB Interpretation 17-Distribution of non-cash assets to owners.

The adoption of AASB 8 Operating Segments has resulted in a revision of the Groups' reportable segments. AASB 8 Operating Segments requires a management approach under which operating segments are presented on the same basis as that used for internal reporting. Comparatives have been restated.

AASB 101 has impacted the presentation of the Statement of Comprehensive Income and the Statement of Changes in Equity. There has been no impact on earnings per share.

Acquisitions subsequent to 1 October 2009 are now accounted for under the revised AASB 3 Business Combinations. Acquisitions prior to this date have not been restated. Significant changes included the expensing of transaction costs and movements in contingent consideration subsequent

1. Accounting policies (continued)

to initial measurement are recognised in the Income Statement.

AASB 127 Consolidated and Separate Financial Statements replaces the term minority interest with non-controlling interest and requires changes in the parent's ownership of subsidiaries to be accounted for as a transaction with owners and included in equity.

(iv) Recently issued or amended accounting standards

The following Australian Accounting Standards have recently been issued but are not yet effective and have not been adopted in the reporting period:

- AASB 2009-8 – Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] - applicable for annual reporting periods beginning on or after 1 January 2010.
- AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].
- AASB 9 – Financial Instruments - applicable for annual reporting periods beginning on or after 1 January 2013.

The consolidated entity expects to adopt these standards in the 2011 and subsequent financial reports - however they are not expected to have a significant impact on the financial results of the consolidated entity.

(v) Comparatives

Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

2. Earnings per share (EPS)

(i) As reported in Income Statements	Notes	2010 $m	2009 $m
Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica			
Net profit for the period from operations		**72.0**	240.1
Net profit for the period from operations attributable to non-controlling interests		**(16.9)**	(19.7)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)		**(7.1)**	(17.9)
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica		**48.0**	202.5
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)*		**-**	17.9
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica		**48.0**	220.4

* Step-Up Preference Securities were not dilutive at 31 March 2010.

	Number	Number
Weighted average number of shares used as the denominator:		
Number for basic earnings per share	**354,936,036**	359,196,325
Effect of executive share options	**2,851,622**	32,516
Effect of Orica Step-Up Preference Securities	**-**	33,453,003
Number for diluted earnings per share	**357,787,658**	392,681,844
The following Orica Long Term Equity Incentive Plans have not been included in the calculation for diluted earnings per share as they are not dilutive:		
- issue date 11 May 2007	**22,419**	-
- issue date 18 Dec 2007	**1,202,122**	-
- issue date 21 Dec 2009	**1,149,672**	-

	Cents per share	Cents per share
Total attributable to ordinary shareholders of Orica		
Basic earnings per share	**13.5**	56.4
Diluted earnings per share	**13.4**	56.1

(ii) Adjusted for individually material items		$m	$m
Reconciliation of earnings used in the calculation of EPS adjusted for individually material items attributable to ordinary shareholders of Orica			
Net profit for the period from operations		**72.0**	240.1
Net profit for the period from operations attributable to non-controlling interests		**(16.9)**	(19.7)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)		**(7.1)**	(17.9)
Adjusted for individually material items from operations	(4)	**238.1**	43.8
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica		**286.1**	246.3
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)*		**-**	17.9
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica		**286.1**	264.2

	Cents per share	Cents per share
Total attributable to ordinary shareholders of Orica before individually material items		
Basic earnings per share	**80.6**	68.6
Diluted earnings per share	**80.0**	67.3

3. Sales revenue and other income

	2010 $m	2009 $m
Sales revenue	**3,226.0**	3,960.2
Other income		
Royalty income	**0.6**	0.6
Other income	**7.9**	11.2
Currency gains	**7.5**	-
Profit on sale of property, plant and equipment	**-**	0.9
Total other income	**16.0**	12.7

4. Specific income and expenses

	2010			2009		
	Gross $m	Tax $m	Net $m	Gross $m	Tax $m	Net $m
Profit after income tax includes the following individually material items of (expense)/income:						
Restructuring and rationalisation costs: (1)						
Mining Services	**-**	**-**	**-**	(25.0)	7.4	(17.6)
Pharmaceuticals tax case (2)	**-**	**(191.8)**	**(191.8)**	-	-	-
Environmental provisions: (3)						
Mercury remediation	**(45.0)**	**13.5**	**(31.5)**	-	-	-
HCB remediation	**(18.1)**	**5.4**	**(12.7)**	-	-	-
DuluxGroup demerger costs (4)	**-**	**-**	**-**	(20.7)	5.4	(15.3)
Asset impairment writedowns:						
Marplex	**-**	**-**	**-**	(16.5)	2.5	(14.0)
Integration costs (5)						
Dyno Nobel	**-**	**-**	**-**	(10.3)	2.9	(7.4)
Minova/Excel	**(3.7)**	**1.6**	**(2.1)**	(5.2)	1.5	(3.7)
Net gain on derivatives (6)	**-**	**-**	**-**	20.0	(6.0)	14.0
Individually material items	**(66.8)**	**(171.3)**	**(238.1)**	(57.7)	13.7	(44.0)
Non-controlling interests in individually material items	**-**	**-**	**-**	(0.2)	-	(0.2)
Individually material items attributable to shareholders of Orica	**(66.8)**	**(171.3)**	**(238.1)**	(57.5)	13.7	(43.8)

(1) Costs including asset write downs and provisions relating to restructuring of the Mining Services business in 2009.

(2) Tax, penalties and interest in relation to the sale of the pharmaceutical business to Zeneca BV in 1998 (see note 15).

(3) Environmental provision relating to HCB export and remediation of mercury contamination at Botany, New South Wales.

(4) Costs in 2009 associated with the proposed DuluxGroup demerger.

(5) Costs including asset write downs and provisions relating to the integration and restructuring of the Mining Services and Minova segments following the purchase of the Dyno Nobel, Minova and Excel businesses.

(6) Gain on derivative instruments used to economically hedge the purchase of non-controlling interests during 2009. Such transactions do not qualify for hedge accounting and accordingly the gain on the derivative instruments were recognised in the income statement.

5. 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). CODM for the Group has been assessed as the Group's Managing Director.

The consolidated entity's operations have been divided into eight reportable segments comprising: Mining Services: Australia/Asia, North America, Latin America and EMEA (Europe, Middle East & Africa); Minova; DuluxGroup; Chemicals and Other.

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 exchange gain.

The consolidated entity's geographical segments are determined based on the location of the Group's assets except where otherwise stated.

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

Defined reportable segments	Products/services
Mining Services: - Australia/Asia - North America - Latin America - EMEA	Manufacture and supply of explosives and mining services, initiating systems and blasting technology to the mining, quarrying, construction and exploration industries.
Minova	Manufacture and supply of specialty bolts, accessories and chemicals for stabilisation and ventilation systems in underground mining and civil tunnelling works.
DuluxGroup	Manufacture and supply of paints and other surface coatings to the decorative and technical markets and a range of home handyman, car care and garden care products.
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 Recycling Business, non-operating assets, corporate and support costs and financial items such as foreign currency gains/losses.

Prior year comparative segment information has been restated.

5. Segment report (continued)

Reportable segments 2010 $m	Mining Services Australia/Asia	Mining Services North America	Mining Services Latin America	Mining Services EMEA	Minova	DuluxGroup	Chemicals	Other	Eliminations	Consolidated
Revenue										
External sales	**690.8**	**345.2**	**361.3**	**256.8**	**395.3**	**486.1**	**689.8**	**0.7**	**-**	**3,226.0**
Inter-segment sales	**6.1**	**64.7**	**7.8**	**3.6**	**0.1**	**0.1**	**21.2**	**0.1**	**(103.7)**	**-**
Total sales revenue	**696.9**	**409.9**	**369.1**	**260.4**	**395.4**	**486.2**	**711.0**	**0.8**	**(103.7)**	**3,226.0**
Other income [1]	**(1.7)**	**1.2**	**9.1**	**2.2**	**(0.4)**	**1.1**	**4.0**	**0.5**	**-**	**16.0**
Total revenue and other income	**695.2**	**411.1**	**378.2**	**262.6**	**395.0**	**487.3**	**715.0**	**1.3**	**(103.7)**	**3,242.0**
Results										
Profit/(loss) before individually material items, net financing costs and income tax expense	**190.1**	**49.7**	**59.4**	**32.0**	**66.1**	**64.9**	**93.6**	**(59.9)**	**-**	**495.9**
Individually material items	**-**	**-**	**-**	**-**	**(3.7)**	**-**	**-**	**(63.1)**	**-**	**(66.8)**
Profit/(loss) from operations	**190.1**	**49.7**	**59.4**	**32.0**	**62.4**	**64.9**	**93.6**	**(123.0)**	**-**	**429.1**
Financial income										**18.7**
Financial expense										**(89.3)**
Profit before income tax expense										**358.5**
Income tax expense										**(286.5)**
Profit after income tax expense										**72.0**
Non-controlling interests in profit after income tax										**(16.9)**
Net profit for the period relating to shareholders of Orica Limited										**55.1**
Segment assets	**1,439.9**	**497.4**	**602.3**	**799.4**	**1,738.8**	**486.9**	**972.3**	**688.6**	**-**	**7,225.6**
Segment liabilities	**265.8**	**181.1**	**127.8**	**196.5**	**130.3**	**219.5**	**215.9**	**2,178.3**	**-**	**3,515.2**
Investments accounted for using the equity method	**37.2**	**120.8**	**2.8**	**5.3**	**3.1**	**1.7**	**0.2**	**-**	**-**	**171.1**
Acquisitions of PPE and intangibles	**129.6**	**9.8**	**15.5**	**12.6**	**9.6**	**8.5**	**15.7**	**10.5**	**-**	**211.8**
Impairment of inventories	**0.8**	**0.1**	**-**	**0.2**	**-**	**1.7**	**(1.0)**	**-**	**-**	**1.8**
Impairment of trade receivables	**0.2**	**-**	**-**	**0.7**	**0.3**	**0.9**	**0.9**	**-**	**-**	**3.0**
Depreciation	**35.9**	**13.8**	**6.9**	**9.8**	**4.5**	**8.4**	**17.7**	**2.1**	**-**	**99.1**
Amortisation	**2.5**	**-**	**1.2**	**3.1**	**10.8**	**1.1**	**0.3**	**1.6**	**-**	**20.6**
Non-cash expenses other than depreciation and amortisation: - share based payments	**2.0**	**1.3**	**0.5**	**0.9**	**1.1**	**1.1**	**1.0**	**(2.1)**	**-**	**5.8**
Share of associates net profit equity accounted	**3.3**	**14.9**	**0.5**	**0.9**	**-**	**0.5**	**-**	**-**	**-**	**20.1**

[1] Includes foreign exchange gains/losses in various reportable segments.

5. Segment report (continued)

Reportable segments 2009 $m	Mining Services Australia/Asia	Mining Services North America	Mining Services Latin America	Mining Services EMEA	Minova	DuluxGroup	Chemicals	Other	Eliminations	Consolidated
Revenue										
External sales	881.1	521.5	503.6	300.5	503.2	469.2	780.8	0.3	-	3,960.2
Inter-segment sales	8.7	66.8	11.5	7.8	-	-	30.0	-	(124.8)	-
Total sales revenue	889.8	588.3	515.1	308.3	503.2	469.2	810.8	0.3	(124.8)	3,960.2
Other income	0.1	0.4	8.0	2.0	0.2	0.2	0.8	1.0	-	12.7
Total revenue and other income	889.9	588.7	523.1	310.3	503.4	469.4	811.6	1.3	(124.8)	3,972.9
Results										
Profit/(loss) before individually material items, net financing costs and income tax expense	170.9	56.8	63.9	27.4	58.5	61.1	86.3	(55.5)	-	469.4
Individually material items	(6.4)	(4.2)	(4.8)	(19.9)	(5.2)	-	(16.5)	(0.7)	-	(57.7)
Profit/(loss) from operations	164.5	52.6	59.1	7.5	53.3	61.1	69.8	(56.2)	-	411.7
Financial income										26.9
Financial expense										(98.4)
Profit before income tax expense										340.2
Income tax expense										(100.1)
Profit after income tax expense										240.1
Non-controlling interests in profit after income tax										(19.7)
Net profit for the period relating to shareholders of Orica Limited										220.4
Segment assets	1,385.6	647.5	682.3	924.4	2,167.5	514.3	1,051.8	849.1	-	8,222.5
Segment liabilities	319.2	226.9	127.5	234.0	171.8	231.1	265.6	2,374.5	-	3,950.6
Investments accounted for using the equity method	68.0	163.7	3.6	9.7	-	1.6	0.1	-	-	246.7
Acquisitions of PPE and intangibles	50.4	22.9	19.1	18.2	6.8	7.9	29.2	15.1	-	169.6
Impairment of PPE	-	-	-	-	-	-	7.7	-	-	7.7
Impairment of intangibles	-	-	-	-	-	-	8.2	-	-	8.2
Impairment of inventories	1.0	1.4	-	0.1	2.1	1.4	0.7	-	-	6.7
Impairment of trade receivables	0.6	0.1	0.1	0.9	0.6	1.9	0.3	-	-	4.5
Depreciation	34.7	15.8	8.1	11.2	5.1	7.6	16.2	3.3	-	102.0
Amortisation	2.1	-	1.3	3.6	14.0	0.7	0.3	1.1	-	23.1
Non-cash expenses other than depreciation and amortisation: - share based payments	1.5	1.1	0.7	0.4	0.9	0.8	0.9	3.5	-	9.8
Share of associates net profit equity accounted	4.3	27.3	0.8	1.2	-	0.2	-	-	-	33.8

5. Segment report (continued)

Geographical segments (A)
The presentation of the geographical segment (A) is based on geographical location of the businesses.

2010 $m	Australia	New Zealand	Asia	North America	Latin America	Europe	Other	Eliminations	Consolidated
Revenue									
External sales	1,371.0	183.8	309.7	494.6	448.5	376.0	42.4	-	3,226.0
Inter-segment sales	118.1	5.9	19.8	64.7	7.8	7.1	2.9	(226.3)	-
Total sales revenue	1,489.1	189.7	329.5	559.3	456.3	383.1	45.3	(226.3)	3,226.0
Other income [1]	(0.1)	(0.6)	1.8	2.2	10.1	2.6	-	-	16.0
Total revenue and other income	1,489.0	189.1	331.3	561.5	466.4	385.7	45.3	(226.3)	3,242.0
Results									
Profit before individually material items, net financing costs and income tax expense	210.5	21.6	57.7	79.9	64.7	55.6	5.9	-	495.9
Individually material items	(64.3)	-	(0.3)	(1.9)	-	(0.1)	(0.2)	-	(66.8)
Profit from operations	146.2	21.6	57.4	78.0	64.7	55.5	5.7	-	429.1
Financial income									18.7
Financial expense									(89.3)
Profit before income tax expense									358.5
Income tax expense									(286.5)
Profit after income tax expense									72.0
Non-controlling interests in profit after income tax									(16.9)
Net profit for the period relating to shareholders of Orica Limited									55.1
Segment assets	2,920.3	162.0	719.5	1,429.2	563.3	1,384.5	46.8	-	7,225.6
Segment liabilities	2,032.0	563.2	280.7	233.0	156.0	244.2	6.1	-	3,515.2
Investments accounted for using the equity method	1.9	-	37.2	120.8	2.8	8.4	-	-	171.1
Acquisitions of PPE and intangibles	66.9	6.7	93.1	10.7	15.7	16.2	2.5	-	211.8
Impairment of inventories	0.8	0.2	0.5	0.1	-	0.2	-	-	1.8
Impairment of trade receivables	1.3	0.1	0.5	-	0.3	0.6	0.2	-	3.0
Depreciation	56.2	3.4	5.1	15.2	7.2	11.2	0.8	-	99.1
Amortisation	7.2	0.1	0.4	7.0	0.9	5.0	-	-	20.6
Non-cash expenses other than depreciation and amortisation:									
- share based payments	2.1	0.1	1.1	1.1	0.5	0.9	-	-	5.8
Share of associates net profit equity accounted	0.5	-	3.3	14.9	0.5	0.9	-	-	20.1

[1] Includes foreign exchange gains/losses in various geographical segments.

5. Segment report (continued)

Geographical segments (A)
The presentation of the geographical segment (A) is based on geographical location of the businesses.

2009 $m	Australia	New Zealand	Asia	North America	Latin America	Europe	Other	Eliminations	Consolidated
Revenue									
External sales	1,465.4	219.3	428.7	744.9	600.2	462.7	39.0	-	3,960.2
Inter-segment sales	146.5	7.7	10.7	66.8	11.4	15.7	2.8	(261.6)	-
Total sales revenue	1,611.9	227.0	439.4	811.7	611.6	478.4	41.8	(261.6)	3,960.2
Other income	0.6	-	0.7	0.6	8.8	2.0	-	-	12.7
Total revenue and other income	1,612.5	227.0	440.1	812.3	620.4	480.4	41.8	(261.6)	3,972.9
Results									
Profit before individually material items, net financing costs and income tax expense	189.3	29.7	42.6	81.5	67.5	53.7	5.1	-	469.4
Individually material items	(17.4)	(0.5)	(1.0)	(10.7)	(7.9)	(20.0)	(0.2)	-	(57.7)
Profit from operations	171.9	29.2	41.6	70.8	59.6	33.7	4.9	-	411.7
Financial income									26.9
Financial expense									(98.4)
Profit before income tax expense									340.2
Income tax expense									(100.1)
Profit after income tax expense									240.1
Non-controlling interests in profit after income tax									(19.7)
Net profit for the period relating to shareholders of Orica Limited									220.4
Segment assets	3,168.5	176.8	638.2	1,910.7	642.1	1,633.5	52.7	-	8,222.5
Segment liabilities	2,312.5	581.8	282.8	304.7	164.5	292.1	12.2	-	3,950.6
Investments accounted for using the equity method	1.7	-	68.0	157.9	3.5	15.6	-	-	246.7
Acquisitions of PPE and intangibles	82.4	8.5	13.7	23.8	19.3	20.9	1.0	-	169.6
Impairment of PPE	7.7	-	-	-	-	-	-	-	7.7
Impairment of intangibles	8.2	-	-	-	-	-	-	-	8.2
Impairment of inventories	2.0	0.3	1.0	2.5	-	0.9	-	-	6.7
Impairment of trade receivables	1.1	0.1	1.6	0.1	0.1	1.5	-	-	4.5
Depreciation	53.3	2.7	6.2	17.6	8.4	13.1	0.7	-	102.0
Amortisation	6.2	-	0.2	9.5	1.0	6.2	-	-	23.1
Non-cash expenses other than depreciation and amortisation: - share based payments	7.2	0.1	0.1	1.0	0.7	0.6	0.1	-	9.8
Share of associates net profit equity accounted	0.5	-	4.0	27.3	0.8	1.2	-	-	33.8

5. Segment report (continued)

Geographical segments (B)

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

2010 **$m**	Australia	United States of America	Other *	Eliminations	Consolidated
Revenue from external customers					
External sales	1,282.6	375.9	1,567.5	-	3,226.0
Location of non-current assets					
Non-current assets **	1,733.0	1,095.9	2,141.4	-	4,970.3

2009 $m	Australia	United States of America	Other *	Eliminations	Consolidated
Revenue from external customers					
External sales	1,374.0	597.9	1,988.3	-	3,960.2
Location of non-current assets					
Non-current assets **	1,866.1	1,478.9	2,329.1	-	5,674.1

* Sales to other countries are individually less than 10% of the total external sales.

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

6. Dividends and distributions

	2010 $m	2009 $m
Dividends and distributions		
Dividends paid or declared in respect of the period ended 31 March were:		
Ordinary shares		
final dividend of 55 cents per share, 36.36% franked at 30%, paid 5 Dec 2008		198.0
final dividend of 57 cents per share, 35.09% franked at 30%, paid 4 Dec 2009	**203.7**	
Distributions paid in respect of the period ended 31 March were:		
Step-Up Preference Securities		
distribution at 9.38% per annum, per security, unfranked, paid 1 Dec 2008 for the period from 31 May 2008 to 29 Nov 2008		23.5
distribution at 4.57% per annum, per security, unfranked, paid 30 Nov 2009 for the period from 1 Jun 2009 to 29 Nov 2009	**11.5**	
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the period were as follows:		
paid in cash	**175.9**	167.8
satisfied by issue of shares	**27.8**	-
Dividends satisfied by the purchase of shares on market for dividend reinvestment plan [(1)]	**-**	30.2
Distributions paid in cash	**11.5**	23.5

[(1)] During the current period, the Company bought nil (2009 1,943,577) shares on market to satisfy shareholders dividend reinvestment plan (DRP) requirements.

Subsequent events
Since the end of the half year, the directors declared the following dividend:
Interim dividend on ordinary shares of 41 cents per share, 39.02% franked at 30%, payable 2 Jul 2010.

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 2010 and will be recognised in the 2010 annual financial statements.

The Company's 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 (inclusive). The last date for receipt of election notices for participation in the interim dividend under the DRP is Tuesday 1 June 2010. 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 will be partly franked at a rate of no more than 40%.

Conduit foreign income (CFI) component:

Interim dividend:				Interim dividend:			
Current period	-	Ordinary	Nil	Previous period	-	Ordinary	Nil

7. Contributed equity

	2010 $m	2009 $m
Issued and fully paid:		
Step-Up Preference Securities - 5,000,000 (2009 5,000,000) [1]	**490.0**	490.0
Ordinary shares - 361,088,962 (2009 359,196,325)	**1,893.1**	1,850.0

[1] The Group issued Step-Up Preference Securities (SPS) via a prospectus dated 17 February 2006. The SPS are stapled securities comprising a fully paid Preference Share and a fully paid unsecured note. The SPS have no fixed repayment date, but Orica has the right to repurchase them for cash or convert the SPS into a variable number of ordinary shares in Orica from November 2011 or earlier in certain circumstances. Holders rank ahead of ordinary shares but rank behind creditors. Distributions payable on the SPS are discretionary, payable semi-annually, non-cumulative, unfranked and payable based on the 180 day bill swap rate plus a margin of 1.35% per annum. Should the credit rating of the SPS fall below Standard and Poor's BBB- or equivalent, or no longer be rated, then an additional 1% will be added to the distribution rate. Distributions are payable in priority to distributions on Orica shares.
Where a distribution on SPS is not paid, Orica may not declare or pay any dividends, pay any interest, or distribute any income or capital on any security that ranks behind the SPS until Orica has paid SPS distributions scheduled for the twelve months following the missed distribution or Orica has paid an amount equivalent to the unpaid distributions in the last twelve months, or all SPS have been repurchased or converted, or a special resolution of the SPS holders has been passed approving such payment.
Orica SPS holders do not have voting rights in shareholder meetings except in limited circumstances.
Under a Deed of Undertaking and Indemnity between Orica Limited and Australian Stock Exchange Limited (ASX), the ASX reserves the right (but without limiting its absolute discretion) to remove either or both of the Company and Orica New Zealand Securities Ltd (Orica NZ) from the official list if a) any of the SPS Preference Shares of the Company and Notes of Orica NZ cease to be stapled together, or b) if any SPS Preference Share or Notes are issued by either of the Company or Orica NZ which are not stapled to corresponding securities in the other entity.

7. Contributed equity (continued)

Movements in issued and fully paid shares of the Company since 1 October 2008 were as follows:

Details	Date	Number of shares	Issue price $	$m
Step-Up Preference Securities				
Opening balance - gross [1]	1-Oct-08	5,000,000		500.0
Opening balance - costs [1]				(10.0)
Balance at end of the period	**31-Mar-09**	**5,000,000**		**490.0**
Balance at end of the period	**30-Sep-09**	**5,000,000**		**490.0**
Balance at end of the period	**31-Mar-10**	**5,000,000**		**490.0**
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-08	359,196,325		1,881.3
Share movements under the Orica LTEIP plan [4]		-		(31.3)
Balance at end of the period	**31-Mar-09**	**359,196,325**		**1,850.0**
Shares issued under the Orica dividend reinvestment plan		759,254	20.58	15.6
Balance at end of the period	**30-Sep-09**	**359,955,579**		**1,865.6**
Shares issued under the Orica executive option plans [3]		**11,000**		**0.1**
Shares issued under the Orica dividend reinvestment plan		**1,098,700**	**25.23**	**27.8**
Share movements under the Orica LTEIP plan [4]		**23,683**		**(2.3)**
Shares issued under the Orica GEESP plan [2]		**-**		**1.9**
Balance at end of the period	**31-Mar-10**	**361,088,962**		**1,893.1**

(1) Shares issued and costs incurred in 2006 pursuant to the Step-Up Preference Securities issued in accordance with the prospectus dated 17 February 2006.

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

7. Contributed equity (continued)

Details	Date	Number of shares	Issue price $	$m
(3) Shares issued under the Orica executive option plans				
2008/2009				
Movement for the period	**31-Mar-09**	**-**		**-**
2008/2009				
Movement for the period	**30-Sep-09**	**-**		**-**
2009/2010				
		11,000	**7.73**	**0.1**
Movement for the period	**31-Mar-10**	**11,000**		**0.1**

The options were exercised at various times during 2010. The weighted average of the fair value of shares issued in 2010 was $25.25.

Details	Date	Number of shares	Issue price $	$m
(4) Share movements under the Orica LTEIP plan				
2008/2009				
Shares bought back	Various	-		(31.3)
Movement for the period	**31-Mar-09**	**-**		**(31.3)**
2008/2009				
Movement for the period	**30-Sep-09**	**-**		**-**
2009/2010				
Shares issued	29-Jan-10	**23,683**	**24.79**	**-**
Shares bought back	Various	**-**		**(31.6)**
Shares issued - loan repayment	Various	**-**		**29.3**
Movement for the period	**31-Mar-10**	**23,683**		**(2.3)**

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. Under the November 2006 and subsequent LTEIP executive allocations, the shares are returned to Orica if the executives leave Orica within three years.

7. Contributed equity (continued)

Options over unissued shares [1] :

Exercisable between		Balance 30 Sep 08	Issued/ reinstated during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 09	Exercised during the period	Lapsed during the period	Balance 30 Sep 09
01 Jan 03	31 Dec 09	11,000	-	-	-	11,000	-	-	11,000
01 Jan 04	31 Dec 10	13,600	-	-	-	13,600	-	-	13,600
31 Dec 04	31 Dec 06	27,000	-	-	-	27,000	-	-	27,000
Total		51,600	-	-	-	51,600	-	-	51,600

Exercisable between		**Balance 30 Sep 09**	**Issued/ reinstated during the period**	**Exercised during the period**	**Lapsed during the period**	**Balance 31 Mar 10**
01 Jan 03	**31 Dec 09**	**11,000**	**-**	**(11,000)**	**-**	**-**
01 Jan 04	**31 Dec 10**	**13,600**	**-**	**-**	**-**	**13,600**
31 Dec 04	**31 Dec 11**	**27,000**	**-**	**-**	**-**	**27,000**
Total		**51,600**	**-**	**(11,000)**	**-**	**40,600**

[1] Options may be exercised from one day after the release of the annual results to 31 October of the following year during specific trading periods as outlined in the Orica Corporate Governance practices disclosure.

8. Reserves and retained earnings

	2010 $m	2009 $m
Reserves and retained earnings		
(a) Reserves		
Share based payments	**42.0**	37.9
Cash flow hedging	**6.1**	(28.1)
Foreign currency translation	**(505.4)**	179.9
Equity - arising from purchase of non-controlling interests	**(80.9)**	(69.6)
Balance at end of the period	**(538.2)**	120.1
Movement in reserves during the period		
Share based payments		
Balance at beginning of period	**36.2**	28.1
Share based payments expense	**5.8**	9.8
Balance at end of the period	**42.0**	37.9
Cash flow hedging		
Balance at beginning of period	**(0.3)**	5.2
Movement for the period	**9.2**	(19.0)
Tax effect of movement in cash flow hedge reserve	**(2.8)**	(14.3)
Balance at end of the period	**6.1**	(28.1)
Foreign currency translation		
Balance at beginning of period	**(369.1)**	64.0
Translation of overseas controlled entities at the end of the period	**(158.9)**	167.4
Tax effect of translaton of overseas controlled entities at the end of the period	**22.6**	(51.5)
Balance at end of the period	**(505.4)**	179.9
Equity - arising from purchase of non-controlling interests		
Balance at beginning of period	**(74.8)**	(6.0)
Purchase of non-controlling interests [(1)]	**(6.1)**	(63.6)
Balance at end of the period	**(80.9)**	(69.6)
(b) Retained earnings		
Retained earnings at the beginning of the period	**1,913.1**	1,758.9
Operating profit after income tax attributable to shareholders of Orica	**55.1**	220.4
Defined benefit fund superannuation movement (net of tax) [(2)]	**(12.6)**	(63.7)
Dividends/distributions paid:		
Step-Up Preference Securities distributions	**(11.5)**	(23.5)
Less tax credit on Step-Up Preference Securities distributions	**4.4**	5.6
Ordinary dividends – final	**(203.7)**	(198.0)
Retained earnings at end of the period	**1,744.8**	1,699.7

[(1)] The equity reserve arising from purchase of non-controlling interests represents the excess of cost of investment in purchasing non-controlling interests in subsidiaries over the net assets acquired and non-controlling interests share of goodwill at the date of original acquisition of the subsidiary. The movement for the period ending 31 March 2010 relates to purchase of Orica Colombia S.A.. The movement for the period ending 31 March 2009 relates to the purchase of non-controlling interests in Orica Mining Services Peru S.A., Orica Kazakhstan Joint Stock Company and Minova Ksante Sp.z o.o..

[(2)] Orica has engaged its Group actuary to liaise with major fund actuaries in updating material assumptions of Orica's funds as at 31 March 2010. These assumptions relate primarily to actual asset returns and discount rates as at 31 March 2010. 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 $18.5m (2009 $91.2m) ($12.6 after tax, 2009 $63.7m) 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 or date of disposal		Contribution to net profit	
	31-Mar-10	31-Mar-09	**31-Mar-10**	31-Mar-09
	%	%	**$m**	$m
Thai Nitrate Company Ltd	**50.0**	50.0	**3.3**	4.3
Nelson Brothers, LLC	**50.0**	50.0		
Nelson Brothers Mining Services, LLC	**50.0**	50.0	**13.8**	27.5
Southwest Energy LLC	**50.0**	50.0		
Australian Plantations Pty Ltd	**50.0**	50.0		
Botany Industrial Park Pty Limited	**33.4**	33.4		
BXL Bulk Explosives Limited	**50.0**	50.0		
Controladora DNS de RL de CV	**49.0**	49.0		
Dyno Nobel UMMC LLC	**50.0**	50.0		
Exor Explosives Limited	**50.0**	50.0		
FiReP Holding AG [2]	**25.0**	-		
Geneva Nitrogen LLC	**50.0**	50.0		
Geodynamics B.V.	**27.3**	27.3		
Irish Mining Emulsion Systems Ltd	**50.0**	50.0		
MicroCoal Inc.	**50.0**	50.0		
MSW-Chemie GmbH	**31.5**	31.5	**Individually**	Individually
Norabel Ignition Systems AB	**50.0**	50.0	**not material.**	not material.
Orica Camel Coatings Ltd	**50.0**	50.0	**In aggregate**	In aggregate
OY Forcit [1]	**-**	20.0	**3.0**	2.0
PIIK Limited Partnership	**49.0**	49.0		
Pigment Manufacturers of Australia Limited	**50.0**	50.0		
Pinegro Products Pty Ltd	**50.0**	50.0		
Servicios Petroleros Oricorp Mexico, SA de CV	**47.0**	47.0		
Sprewa Sprengmittel GmbH	**24.0**	24.0		
SVG&FNS Philippines Holdings Inc	**40.0**	40.0		
Troisdorf GmbH	**50.0**	50.0		
Ulaex SA	**50.0**	50.0		
Wurgendorf GmbH	**50.0**	50.0		
Total			**20.1**	33.8

[1] Disposed of in 2009.

[2] Acquired in 2010.

10. Businesses acquired

Consolidated - 2010
Acquisition of businesses and controlled entities
The consolidated entity acquired the following businesses and entities (100% unless stated otherwise):

Jiangsu Orica Banqiao Mining Machinery Company Limited on 29 October 2009 (51%).
Orica Colombia S.A. on 30 November 2009, Orica acquired an additional 8% shareholding.
Minova Mining Services, S.A. on 25 March 2010 (51%).

Businesses
Business assets of Weldgrip Geotechnical on 5 November 2009.

Accounting standards require the fair value of the net assets acquired to be recognised. These financial statements include the preliminary purchase price allocation of acquired net assets. Accounting standards permit up to 12 months for acquisition accounting to be finalised following the acquisition date.

2010	Book Values $m	Fair Value Adjustments $m	Total $m
Consideration			
cash paid	18.6	-	18.6
net overdraft acquired	(0.6)	-	(0.6)
Outflow of cash	18.0	-	18.0
deferred settlement	0.9	-	0.9
Total consideration	18.9	-	18.9
Fair value of net assets of businesses/controlled entities acquired			
trade and other receivables	2.3	-	2.3
inventories	3.6	-	3.6
property, plant and equipment	1.7	-	1.7
intangibles including purchased goodwill	0.8	-	0.8
other assets	0.1	-	0.1
payables and interest bearing liabilities	(1.4)	-	(1.4)
	7.1	-	7.1
Less non-controlling interests at date of acquisition	(2.3)	-	(2.3)
	4.8	-	4.8
Goodwill on acquisition			14.1

Acquisition of non-controlling interest:

2010	Total $m
Decrease in non-controlling interests	1.2
Equity reserve	6.1
Total consideration	7.3

Results contributed by acquired entities since acquisition date:	$m
Revenue for the period	4.4
Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period	0.1

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the acquired businesses and entities for the 6 months to 31 March 2010 are as follows:

	$m
Operating revenue	11.1
EBITDA	1.3

The unaudited information was compiled by Orica management based on financial information available to Orica during due diligence and assuming no material transactions between Orica and the acquired businesses. Goodwill on the purchase of these entities is attributable mainly to the skills and technical talent of the acquired businesses' work forces.

10. Businesses acquired (continued)

Consolidated - 2009
Acquisition of businesses and controlled entities
The consolidated entity acquired the following businesses and entities (100% unless stated otherwise):

On 7 November 2008, Orica acquired OPEL Chemical (Singapore) Private Limited which owns a decorative coatings business in China.

Other entities
Minova Ksante Sp. z o.o.: Orica acquired an additional 30% shareholding on 6 November 2008.
Orica Mining Services Peru S.A.: Orica acquired an additional 48.6% shareholding on 28 November 2008.
Orica Kazakhstan Joint Stock Company: Orica acquired an additional 23% shareholding on 23 December 2008.

Businesses
Business assets of Hillmark Industries Pty Ltd, on 13 November 2008.

Accounting standards require the fair value of the net assets acquired to be recognised. These financial statements include the preliminary purchase price allocation of acquired net assets. Accounting standards permit up to 12 months for acquisition accounting to be finalised following the acquisition date.

2009	Book Values $m	Fair Value Adjustments $m	Total $m	Amended Acquisitions * $m	Total $m
Consideration					
cash paid	24.1	-	24.1	-	24.1
net cash acquired	(1.5)	-	(1.5)	-	(1.5)
Outflow of cash	22.6	-	22.6	-	22.6
deferred settlement	5.6	-	5.6	(1.6)	4.0
Total consideration	28.2	-	28.2	(1.6)	26.6
Fair value of net assets of businesses/controlled entities acquired					
trade and other receivables	9.9	-	9.9	-	9.9
inventories	5.3	-	5.3	-	5.3
property, plant and equipment	4.5	-	4.5	-	4.5
intangibles including purchased goodwill	2.5	-	2.5	-	2.5
other assets	0.1	-	0.1	-	0.1
payables and interest bearing liabilities	(11.9)	-	(11.9)	-	(11.9)
provision for dividends	(5.2)	-	(5.2)	-	(5.2)
provision for taxation	0.2	-	0.2	-	0.2
provision for deferred tax	-	-	-	(0.2)	(0.2)
contingent liabilities	-	(2.3)	(2.3)	-	(2.3)
	5.4	(2.3)	3.1	(0.2)	2.9
Less non-controlling interests at date of acquisition	-	-	-	-	-
	5.4	(2.3)	3.1	(0.2)	2.9
Goodwill on acquisition			25.1	(1.4)	23.7

* Deferred settlements accrued for prior period acquisitions have been reversed against goodwill due to a reduction in earnouts payable.

Acquisition of non-controlling interest:

2009	Total $m
Goodwill acquired	12.5
Decrease in non-controlling interests	19.1
Net gain on derivatives	(20.0)
Equity reserve	68.8
Total consideration	80.4

10. Businesses acquired (continued)

Results contributed by acquired entities since acquisition date:

	$m
Revenue for the period	13.1
EBITDA for the period	(0.4)

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the acquired businesses and entities for the 6 months to 31 March 2009 are as follows:

	$m
Operating revenue for the period	18.3
EBITDA	(1.1)

The unaudited information was compiled by Orica management based on financial information available to Orica during due diligence and assuming no material transactions between Orica and the acquired businesses. Goodwill on the purchase of these entities is attributable mainly to the skills and technical talent of the acquired businesses' work forces and the synergies expected to be achieved from integrating these businesses.

11. Businesses disposed

Disposal of businesses/controlled entities
The following businesses and controlled entities were disposed of:

2010
Business assets of Sydney Galvanizing Services on 22 December 2009.

2009
Nil

	Consolidated	
	2010	2009
	$m	$m
Consideration		
cash received	**0.4**	-
Inflow of cash	**0.4**	-
Net consideration	**0.4**	-
Carrying value of net assets of businesses/controlled entities disposed		
inventories	**0.2**	-
property, plant and equipment	**0.3**	-
other assets	**0.1**	-
provision for employee entitlements	**(0.1)**	-
	0.5	-
Loss on sale of business/controlled entities	**(0.1)**	-

12. Income tax expense

	2010	2009
	$m	$m
a) Income tax expense recognised in the income statement		
Current tax expense		
Current year	**58.0**	104.8
Deferred tax	**36.6**	(5.8)
Under/(over) provided in prior years	**0.1**	1.1
Under/(over) Pharmaceuticals tax case	**191.8**	-
Total income tax expense in income statement	**286.5**	100.1
b) Reconciliation of income tax expense to prima facie tax payable		
Income tax expense attributable to profit before individually material items		
Prima facie income tax expense calculated at 30% on profit before individually material items	**127.6**	119.4
Tax effect of items which (decrease)/increase tax expense:		
variation in tax rates of foreign controlled entities	**(3.5)**	(0.1)
tax under/(over) provided in prior years	**0.1**	1.1
non allowable share based payments	**1.7**	3.0
other foreign deductions	**(13.6)**	(13.6)
sundry items	**2.9**	4.0
Income tax expense attributable to profit before individually material items	**115.2**	113.8
Income tax expense/(benefit) attributable to individually material items		
Prima facie income tax (benefit)/expense calculated at 30% on loss from individually material items	**(20.0)**	(17.3)
Tax effect of items which (decrease)/increase tax expense:		
variation in tax rates of foreign controlled entities	**(0.5)**	(0.1)
individually material items:		
non allowable Mining Services integration costs	**-**	0.1
non allowable Marplex impairment writedown	**-**	2.4
non allowable Dyno Nobel integration costs	**-**	0.4
non allowable DuluxGroup demerger costs	**-**	0.8
Pharmaceuticals tax case	**191.8**	-
Income tax benefit attributable to loss from individually material items	**171.3**	(13.7)
Income tax expense reported in the income statement	**286.5**	100.1

13. Standby arrangements and credit facilities

Reconciliation of net debt:

	March 2010 $m	Sep 2009 $m	March 2009 $m
Current interest bearing liabilities	**523.9**	160.2	200.2
Non current interest bearing liabilities	**978.6**	1,242.8	1,606.4
Less cash and cash equivalents	**(273.6)**	(308.5)	(329.6)
Net debt	**1,228.9**	1,094.5	1,477.0

Credit facilities:

	March 2010 $m	Sep 2009 $m	March 2009 $m
Unsecured bank overdraft facilities available	**113.0**	117.9	114.0
Amount of facilities undrawn	**106.9**	106.0	105.9
Committed standby and loan facilities available	**3,346.7**	3,089.4	3,486.0
Amount of facilities unused	**2,150.3**	1,867.6	1,805.1

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 3 September 2010 to 24 October 2018 (2009 11 June 2009 to 24 October 2018).

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 our current or former sites. Where we are of the view that potential liabilities have a low probability of crystallising or it is not possible to quantify them reliably, we disclose them as contingent liabilities. These are not provided for in the financial statements but are disclosed in note 15. In view of the significance of environmental issues associated with Botany Groundwater (New South Wales, Australia), Botany Hexachlorobenzene (HCB) Waste, Botany Mercury and Botany Car Park Encapsulation they continue to be disclosed as contingent liabilities even though estimated costs have been recognised in the financial statements. Further details regarding contingent liabilities are set out 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 for. It is also assumed that the methods planned for environmental clean up 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 the various countries and at the individual sites. Significant factors in estimating the costs include 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 costs on the basis of joint liability, and the remediation methods which are likely to be deployed.

Environmental costs are estimated using either the work of external consultants and/or internal experts. 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

14. Critical accounting judgements and estimates (continued)

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 to the Botany Groundwater contamination, a provision exists to cover the estimated costs associated with remediation until 2015. 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 this period. The provision will continue to be re-evaluated based on future regulatory assessments and advancements in appropriate technologies. The discount rate used for environmental provisioning is Orica's weighted average cost of capital and this may vary from year to year.

With regard to the HCB Waste Clean Up, it is assumed that a licence to export waste for destruction overseas will be obtained. German authorities have rejected Orica's application to import the waste into Germany for treatment. Orica lodged objections against these rejections but has subsequently withdrawn these objections, preferring to pursue other alternatives for destruction of the waste overseas.

Legal proceedings

The outcome of currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit 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. Litigation and other judicial proceedings as a rule 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 suit is brought and differences in applicable law. Upon resolution of any pending legal matter, 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 the unfavourable outcome of litigation. Litigation and administrative 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.

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 consolidated statement of other comprehensive income. In all cases, the superannuation costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of significant judgement in relation to assumptions for future salary and superannuation increases, long term price inflation and investment returns. 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 but 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 and value in use. Management necessarily applies its judgement in allocating assets that

14. Critical accounting judgements and estimates (continued)

do not generate independent cash flows to appropriate CGUs.

The determination of value in use requires the estimation and discounting of future cashflows. The estimation of the cashflows considers all the information available at balance date which may deviate from actual developments. 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 affect 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 audit 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.

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 will alter expectations 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.

Carbon Pollution Reduction Scheme

The Australian Federal Government had proposed introducing a Carbon Pollution Reduction Scheme (CPRS) in July 2011. The introduction of the CPRS has the potential to significantly impact the assumptions used in determining the future cash flows generated from the Group's assets for the purpose of impairment testing. The Group did not incorporate the impact of the CPRS at 31 March 2010 as insufficient market information existed. The Government has announced that CPRS has been delayed until at least 2012 and the relevant legislation has been withdrawn from Parliament. There are uncertainties around the future level of emissions the Group will emit as these are dependent on production output and abatement opportunities. In addition, the costs of implementing abatement opportunities, the prices of emission permits, the number of permits to be purchased, the impact of costs incurred by our suppliers and their ability to pass on these costs to Orica and the ability of Orica to pass on any costs incurred to its customers are currently unknown.

15. Contingent liabilities and contingent assets

Contingent liabilities

Environmental

(i) General

A number of sites within the Group have been identified as requiring environmental remediation or review. Appropriate implementation of remediation actions to meet Orica's obligations for these sites is continuing.

In accordance with the current accounting policy, provisions have been created for all known environmental liabilities that can be reliably estimated. 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 Orica's remediation obligations or the remediation techniques that might be approved, no reliable estimate can presently be made of regulatory and remediation costs. 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 possible 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.

15. Contingent liabilities and contingent assets (continued)

(ii) Significant environmental matters which are in progress at the date of this report are as follows:

Botany Groundwater (New South Wales, Australia)

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. The Groundwater Treatment Plant has been commissioned and a portion of the treated water is sold by Orica to other corporations to replace town drinking water in industrial uses.

Orica is also investigating suitable remediation options for Dense Non-Aqueous Phase Liquid (DNAPL) source areas. No provision has been established for remediation activities in respect of DNAPL as a reliable estimate is not possible at this stage.

Orica has received results indicating elevated concentrations of mercury in soil and groundwater at the southern end of the Botany site and at adjacent offsite locations. A provision of $45 million has been established in March 2010 for remediation activities in respect of this matter.

Botany Hexachlorobenzene (HCB) Waste Clean Up (New South Wales, Australia)

In August 2006, Orica submitted its application for export approval of HCB waste to the Federal Government. In its application, Orica sought permission to export the HCB waste for final destruction at high temperature incinerators in Germany. In May 2007, the Federal Government issued a duly motivated statement of fact that Australia does not have the technical capability to treat Orica's HCB waste. In June 2007, German authorities rejected Orica's application to import the HCB waste into Germany. Orica lodged objections against these rejections but has subsequently withdrawn these objections, preferring to pursue other alternatives for destruction of the waste overseas. In the event that Orica does not obtain the necessary regulatory approvals to export the waste overseas for destruction, it will continue to ensure the safe storage of the HCB waste at Botany. Orica has provided for the estimated costs associated with export and treatment of the waste in 2006.

Botany Car Park Waste Encapsulation (New South Wales, Australia)

Soil and ash contaminated with low level chlorinated materials (including hexachlorobutadiene and HCB) are stored in an approved and licensed encapsulation on the Botany site, known as the Car Park Waste Encapsulation. Orica has investigated technologies that may be suitable to treat this material and has evaluated conventional destruction methods and has determined that direct thermal treatment of this waste is the preferred treatment technology. As required under the Botany site environmental licence conditions, Orica has submitted an application for planning approval of the proposed remediation. Orica has provided for estimated costs of treatment of the soil using thermal desorption technology.

Taxation

(i) Tax investigations and audits

Consistent with other companies of the size, financing complexity and diversity of Orica, the Group is the subject of periodic information requests, investigations and audit activities by the Australian Taxation Office (ATO) and tax authorities in other jurisdictions in which Orica operates.

(ii) 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. The Brazilian Taxation authority has been granted security over the Lorena site in relation to these matters. Some additional security may be given as the matter progresses through to the civil courts of law.

(iii) Norway Tax Action

In August 2009, the Central Tax Office for Large Enterprises (CTO) sent a letter to Dyno Nobel AS in Norway regarding a possible reassessment of that company'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. The amount of the possible reassessment is approximately $50 million. Orica has been advised that there is no legal basis under the Norwegian Tax Code for such a reassessment.

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

15. Contingent liabilities and contingent assets (continued)

Other

Sale of Pharmaceuticals Business

On 13 October 2004, Orica Limited received a notice of amended assessment from the ATO in relation to the sale of the pharmaceuticals business to Zeneca in September 1998. In accordance with the ATO administrative practice, Orica paid 50% of the amended assessment.

The Federal Court heard the case from 5 to 6 October 2009 and judgement was handed down on 10 March 2010. The Federal Court only partially allowed Orica's appeal against that amended assessment. The effect of the Federal Court judgement was that the ATO's claim was, for the most part, upheld. Orica has appealed the decision.

As a result of the court decision, Orica has recognised $191.8 million as an individually material item for the half year ending 31 March 2010 (see note 4).

16. Events subsequent to balance date

On 3 May 2010, the directors declared an interim dividend of 41 cents per ordinary share payable on 2 July 2010. The financial effect of this dividend is not included in the financial statements for the period ended 31 March 2010 and will be recognised in the annual 2010 financial statements.

On 3 May 2010 Orica announced its intention to demerge the DuluxGroup to create a premier branded consumer goods company, with its own name, separately listed on the ASX. Orica expects the demerger to occur in mid 2010, subject to shareholder and court approvals.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2010, 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.

Annette Cook
Company Secretary
3rd May 2010

Orica Limited and its Controlled Entities

Directors' Declaration on the Financial Report set out on pages 3 to 34

I, Peter John Duncan, being a director of Orica Limited, do hereby state in accordance with a resolution of the directors that in the opinion of the directors,

(a) the financial statements and notes, set out on pages 3 to 34, 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 2010 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.

P J Duncan
Chairman

Dated at Melbourne this 3rd day of May 2010.

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 2010 and the auditor's review report thereon.

Directors
The directors of the Company during or since the end of the half year are:
P J Duncan, Chairman (appointed 16 December 2009)
D P Mercer, Chairman (retired 16 December 2009)
G R Liebelt, Managing Director
N A Meehan, Executive Director Finance
M E Beckett
R R Caplan
P J Duncan
G A Hounsell
P M Kirby
N L Scheinkestel
M Tilley

The office of company secretary is held by A Cook.

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 2010, 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 37.

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.

P J Duncan
Chairman

Dated at Melbourne this 3rd day of May 2010.

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 2010 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

Gordon Sangster
Partner

Melbourne, 3 May 2010

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 2010, consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 16 and the directors' declaration set out on pages 3 to 35 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2010 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 2010 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

KPMG

Gordon Sangster
Partner

Dated at Melbourne the 3rd day of May 2010