

Appendix 4D Preliminary Final Report

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

Half year ended (‘current period’)	Half year ended (‘previous corresponding period’)
31 March 2011	31 March 2010

Results for announcement to the market \$m

Consolidated revenue from operations	down	(8.6)%	to	2,949.3
Profit after tax attributable to shareholders	up	378.8%	to	263.8
Net profit for the period attributable to shareholders before individually material items	down	(10.0)%	to	263.8
From continuing operations:				
Revenue from continuing operations	up	7.6%	to	2,949.3
Profit after tax from continuing operations attributable to shareholders	up	1913.7%	to	263.8
Net profit for the period from continuing operations attributable to shareholders before individually material items	up	5.0%	to	263.8
Dividends				
		Amount per security		Franked amount per security at 30% tax
Interim dividend - Ordinary	Cents	37.00		18.00
Previous corresponding period				
Interim dividend - Ordinary	Cents	41.00		16.00

Record date for determining entitlements to the dividend:

Ordinary Shares

1-Jun-11

Payment date of dividend:

Ordinary Shares

1-Jul-11

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	Cents 151.9	Cents 131.0

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.

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Income Statement

For the period ended 31 March:

	Notes	2011 \$m	2010 \$m
This statement should be read in conjunction with note 11, discontinued operations and businesses disposed/demerged.			
Sales revenue	(3)	2,949.3	2,739.8
Other income	(3)	47.5	14.9
Expenses			
Changes in inventories of finished goods and work in progress		17.5	(5.4)
Raw materials and consumables used and finished goods purchased for resale		(1,409.8)	(1,299.9)
Share based payments		(8.2)	(4.7)
Other employee benefits expense		(515.8)	(469.5)
Depreciation expense		(92.0)	(90.7)
Amortisation expense		(18.2)	(19.5)
Purchased services		(155.7)	(132.2)
Repairs and maintenance		(79.4)	(68.1)
Outgoing freight		(147.4)	(136.8)
Lease payments - operating leases		(32.4)	(33.4)
Other expenses from ordinary activities including individually material items		(136.1)	(149.9)
Share of net profit of associates accounted for using the equity method		17.7	19.6
		(2,559.8)	(2,390.5)
Profit from operations		437.0	364.2
Net financing costs			
Financial income		20.2	18.5
Financial expenses		(82.7)	(86.1)
Net financing costs		(62.5)	(67.6)
Profit before income tax expense		374.5	296.6
Income tax expense	(12)	(97.3)	(266.6)
Profit after tax but before profit from discontinued operations		277.2	30.0
Profit from discontinued operations	(11)	-	42.0
Profit for the period		277.2	72.0
Net profit for the period attributable to:			
Shareholders of Orica Limited		263.8	55.1
Non-controlling interests		13.4	16.9
Net profit for the period		277.2	72.0
		cents	cents
Earnings per share			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
From continuing operations:			
Basic	(2)	71.1	1.7
Diluted	(2)	69.9	1.7
Total attributable to ordinary shareholders of Orica Limited:			
Basic	(2)	71.1	13.5
Diluted	(2)	69.9	13.4

The Income Statement is to be read in conjunction with the accompanying notes.
The 2010 half year includes six months of DuluxGroup earnings.

Statement of Comprehensive Income

For the period ended 31 March

	2011	2010
	\$m	\$m
Profit for the period	277.2	72.0
Net (loss) on hedge of net investments in foreign subsidiaries	(46.7)	(75.3)
Cash flow hedges		
- Effective portion of changes in fair value	9.4	7.6
- Transferred to carrying value of non current assets	0.1	-
- Transferred to income statement	(19.9)	1.6
Exchange differences on translation of foreign operations	(107.5)	(89.0)
Actuarial benefits/(losses) on defined benefit plans	22.4	(18.5)
Income tax on income and expense in other comprehensive income	(14.8)	25.7
Other comprehensive income for the period, net of income tax	(157.0)	(147.9)
Total comprehensive income for the period	120.2	(75.9)
Attributable to:		
Shareholders of Orica Limited	118.5	(87.4)
Non-controlling interests	1.7	11.5
Total comprehensive income for the period	120.2	(75.9)

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.
 DuluxGroup was demerged on 9 July 2010.

Balance Sheet

as at:

	Notes	31 March 2011 \$m	30 September 2010 \$m	31 March 2010 \$m
Current assets				
Cash and cash equivalents	(13)	296.9	347.3	273.6
Trade and other receivables		876.5	860.1	963.0
Other financial assets - derivative assets		24.5	26.1	21.7
Inventories		575.0	541.3	634.8
Other assets		97.7	66.4	103.7
Total current assets		1,870.6	1,841.2	1,996.8
Non-current assets				
Trade and other receivables		2.0	3.0	3.4
Investments accounted for using the equity method		160.4	162.6	171.1
Other financial assets		0.6	0.9	0.9
Property, plant and equipment		2,356.0	2,235.2	2,161.8
Intangible assets		2,412.0	2,510.9	2,626.6
Deferred tax assets		243.2	230.3	256.9
Other assets		5.6	5.3	8.1
Total non-current assets		5,179.8	5,148.2	5,228.8
Total assets		7,050.4	6,989.4	7,225.6
Current liabilities				
Trade and other payables		984.0	1,005.9	1,031.0
Other financial liabilities - derivative liabilities		112.4	64.1	68.1
Interest bearing liabilities	(13)	40.9	187.9	523.9
Current tax liabilities		21.1	75.5	108.9
Provisions		226.7	267.9	248.0
Total current liabilities		1,385.1	1,601.3	1,979.9
Non-current liabilities				
Trade and other payables		22.9	51.7	30.5
Interest bearing liabilities	(13)	1,574.2	1,211.0	978.6
Deferred tax liabilities		116.7	78.5	91.0
Provisions		388.2	414.3	435.2
Total non-current liabilities		2,102.0	1,755.5	1,535.3
Total liabilities		3,487.1	3,356.8	3,515.2
Net assets		3,563.3	3,632.6	3,710.4
Equity				
Ordinary shares	(7)	1,727.5	1,709.1	1,893.1
Reserves	(8)	(935.0)	(772.6)	(538.2)
Retained earnings	(8)	2,171.1	2,096.2	1,744.8
Total equity attributable to ordinary shareholders of Orica		2,963.6	3,032.7	3,099.7
Equity attributable to Step-Up Preference Securities' holders	(7)	490.0	490.0	490.0
Non-controlling interests in controlled entities		109.7	109.9	120.7
Total equity		3,563.3	3,632.6	3,710.4

The Balance Sheet is to be read in conjunction with the accompanying notes.
DuluxGroup was demerged on 9 July 2010.

Statement of Changes in Equity

	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
2010										
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	-	(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
2011										
Balance at 1 Oct 2010	1,709.1	2,096.2	50.3	16.9	(656.8)	(183.0)	3,032.7	490.0	109.9	3,632.6
Profit for the period	-	263.8	-	-	-	-	263.8	-	13.4	277.2
Other comprehensive income	-	15.4	-	(7.3)	(153.4)	-	(145.3)	-	(11.7)	(157.0)
Total comprehensive income for the period	-	279.2	-	(7.3)	(153.4)	-	118.5	-	1.7	120.2
Transactions with owners, recorded directly in equity										
Total changes in contributed equity	18.4	-	-	-	-	-	18.4	-	0.2	18.6
Share-based payments expense	-	-	8.2	-	-	-	8.2	-	-	8.2
Acquisition of non-controlling interests	-	-	-	-	-	(9.9)	(9.9)	-	(0.1)	(10.0)
Dividends/distributions	-	(204.3)	-	-	-	-	(204.3)	-	-	(204.3)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	-	(2.0)	(2.0)
Balance at the end of the period	1,727.5	2,171.1	58.5	9.6	(810.2)	(192.9)	2,963.6	490.0	109.7	3,563.3

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

DuluxGroup was demerged on 9 July 2010.

Statement of Cash Flows

For the period ended 31 March:

	2011	2010
	\$m	\$m
	Inflows/ (Outflows)	Inflows/ (Outflows)
	Notes	
Cash flows from operating activities		
Receipts from customers	3,115.4	3,477.7
Payments to suppliers and employees	(2,798.0)	(3,055.5)
Interest received	20.2	18.7
Borrowing costs	(88.0)	(84.2)
Dividends received	11.9	10.6
Other operating revenue received	10.0	16.0
Net income taxes paid	(129.7)	(114.5)
Net cash flows from operating activities	141.8	268.8
Cash flows from investing activities		
Payments for property, plant and equipment	(246.5)	(199.4)
Payments for intangibles	(5.9)	(2.1)
Payments for purchase of investments	(2.6)	(3.4)
Payments for purchase of non-controlling interests	(10) (4.4)	(7.3)
Payments for purchase of businesses/controlled entities	(10) (0.6)	(18.0)
Payments of deferred consideration from prior acquisitions	(25.8)	(13.5)
Proceeds from sale of property, plant and equipment	6.4	4.1
Proceeds from sale of investments	1.3	14.7
Proceeds from sale of businesses/controlled entities	(11) -	0.4
Net cash flows used in investing activities	(278.1)	(224.5)
Cash flows from financing activities		
Proceeds from long term borrowings	1,107.9	1,955.0
Repayment of long term borrowings	(655.9)	(2,014.0)
Net movement in short term financing	(153.8)	187.5
Payments for finance leases	(2.7)	(2.2)
Proceeds from issue of ordinary shares	(7) 4.6	31.3
Proceeds from issue of shares to non-controlling interests	0.2	7.2
Payments for buy-back of ordinary shares - LTEIP	(7) (14.1)	(31.6)
Dividends paid - Orica ordinary shares	(6) (166.2)	(175.9)
Distributions paid - Step-Up Preference Securities	(6) (15.8)	(11.5)
Dividends paid - non-controlling interests	(7.8)	(10.6)
Net cash flows from/(used) in financing activities	96.4	(64.8)
Net decrease in cash held	(39.9)	(20.5)
Cash at the beginning of the period	345.3	296.6
Effects of exchange rate changes on cash	(19.1)	(8.6)
Cash at the end of the period	286.3	267.5
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:		
Cash	(13) 296.9	273.6
Bank overdraft	(10.6)	(6.1)
	286.3	267.5

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

DuluxGroup was demerged on 9 July 2010. The 2010 half year includes six months of DuluxGroup cash flows.

Condensed notes to the consolidated interim financial report for the six months ended 31 March 2011

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 2011 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 2010 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 interim 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 interim financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 September 2010.

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

The financial report has been prepared in accordance with the requirements of applicable Australian Accounting Standards including Australian Interpretations and the Corporations Act 2001 and complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

(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.

- AASB 2009-8 – Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2].
- AASB 2009-10 – Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132].

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

- AASB 2010-5 – Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042].
- AASB 2010-6 – Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7].

(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 9 – Financial Instruments - applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 2009-11 Amendments to Accounting Standards – [AASB 1, 3, 4, 5, 7, 101, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] Instruments - applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB9 – applicable for annual reporting periods on or after 1 January 2013.
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax Recovery of Underlying Assets – applicable for annual reporting periods on or after 1 January 2012.
- AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – applicable for annual reporting periods on or after 1 January 2012.

The consolidated entity expects to adopt these standards and interpretations in the 2012 and subsequent financial reports - however the financial impact of adopting the new or amended standards has not yet been determined.

(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 Statement	Notes	2011 \$m	2010 \$m
Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica			
Net profit for the period from continuing operations		277.2	30.0
Net profit for the period from operations attributable to non-controlling interests		(13.4)	(16.9)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)		(10.2)	(7.1)
Net profit for the period from continuing operations attributable to ordinary shareholders		253.6	6.0
Net profit for the period from discontinued operations		-	42.0
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica		253.6	48.0
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)*		10.2	-
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica		263.8	48.0
* 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		356,830,633	354,936,036
Effect of executive share options		720,128	2,851,622
Effect of Orica Step-Up Preference Securities		20,066,562	-
Number for diluted earnings per share		377,617,323	357,787,658
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		643,353	1,202,122
- issue date 26 Jun 2009		40,580	-
- issue date 21 Dec 2009		1,763,781	1,149,672
- issue date 16 Dec 2010		1,084,071	-
		Cents per share	Cents per share
From continuing operations			
Basic earnings per share		71.1	1.7
Diluted earnings per share		69.9	1.7
From discontinued operations			
Basic earnings per share		-	11.8
Diluted earnings per share		-	11.7
Total attributable to ordinary shareholders of Orica			
Basic earnings per share		71.1	13.5
Diluted earnings per share		69.9	13.4
(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 continuing operations		277.2	30.0
Net profit for the period from operations attributable to non-controlling interests		(13.4)	(16.9)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)		(10.2)	(7.1)
Adjusted for individually material items from operations	(4)	-	238.1
Net profit for the period from continuing operations attributable to ordinary shareholders		253.6	244.1
Net profit for the period from discontinued operations		-	42.0
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica		253.6	286.1
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)*		10.2	-
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica		263.8	286.1
		Cents per share	Cents per share
From continuing operations			
Basic earnings per share		71.1	68.8
Diluted earnings per share		69.9	68.3
From discontinued operations			
Basic earnings per share		-	11.8
Diluted earnings per share		-	11.7
Total attributable to ordinary shareholders of Orica before individually material items			
Basic earnings per share		71.1	80.6
Diluted earnings per share		69.9	80.0

3. Sales revenue and other income

The note should be read in conjunction with note 11, discontinued operations and businesses disposed/demerged. The numbers below include revenue and other income from continuing operations but excludes DuluxGroup revenue and other income.

	2011 \$m	2010 \$m
Sales revenue	2,949.3	2,739.8
Other income		
Royalty income	0.2	0.4
Other income	7.3	7.9
Currency gains	35.0	6.6
Profit from sale of businesses/controlled entities/investments	0.9	-
Profit on sale of property, plant and equipment	4.1	-
Total other income	47.5	14.9

4. Specific income and expenses

This note should be read in conjunction with note 11, discontinued operations and businesses disposed/demerged.

	2011			2010		
	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:						
Pharmaceuticals tax case ⁽¹⁾	-	-	-	-	(191.8)	(191.8)
Environmental provisions: ⁽²⁾						
Mercury remediation	-	-	-	(45.0)	13.5	(31.5)
HCB remediation	-	-	-	(18.1)	5.4	(12.7)
Integration costs ⁽³⁾						
Minova/Excel	-	-	-	(3.7)	1.6	(2.1)
Individually material items	-	-	-	(66.8)	(171.3)	(238.1)
Non-controlling interests in individually material items	-	-	-	-	-	-
Individually material items attributable to shareholders of Orica	-	-	-	(66.8)	(171.3)	(238.1)

⁽¹⁾ Tax, penalties, interest and costs in relation to the sale of the pharmaceutical business to Zeneca BV in 1998.

⁽²⁾ Environmental provision relating to remediation of HCB and mercury at Botany, New South Wales.

⁽³⁾ Costs including asset write downs and provisions relating to the integration and restructuring of the Minova segment following the purchase of the Minova and Excel businesses.

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). The 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 (March 2010 nine) comprising: Mining Services: Australia/Asia, North America, Latin America, EMEA (Europe, Middle East & Africa) and Other; Minova, Chemicals, Other and DuluxGroup.

The DuluxGroup business was demerged on 9 July 2010 and is reported as a 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 exchange gains.

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 - Other*	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.
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.
DuluxGroup (demerged on 9 July 2010)	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.

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

Prior period comparative segment information has been restated.

5. Segment report (continued)

Reportable segments 2011 \$m	Mining Services Australia/Asia	Mining Services North America	Mining Services Latin America	Mining Services EMEA	Mining Services Other	Eliminations	Total Mining Services	Minova	Chemicals	Other	Eliminations	Total Continuing Operations	DuluxGroup ⁽²⁾	Eliminations	Consolidated
Revenue															
External sales	755.3	405.3	397.8	255.6	7.2	-	1,821.2	410.8	716.2	1.1	-	2,949.3	-	-	2,949.3
Inter-segment sales	7.5	98.9	13.1	4.1	265.7	(385.3)	4.0	-	32.6	0.2	(36.8)	-	-	-	-
Total sales revenue	762.8	504.2	410.9	259.7	272.9	(385.3)	1,825.2	410.8	748.8	1.3	(36.8)	2,949.3	-	-	2,949.3
Other income ⁽¹⁾	2.7	10.0	16.5	3.2	(4.7)	-	27.7	(0.3)	1.9	18.2	-	47.5	-	-	47.5
Total revenue and other income	765.5	514.2	427.4	262.9	268.2	(385.3)	1,852.9	410.5	750.7	19.5	(36.8)	2,996.8	-	-	2,996.8
Results															
Profit/(loss) before individually material items, net financing costs and income tax expense	213.1	32.3	44.2	25.3	19.6	-	334.5	55.4	94.7	(47.6)	-	437.0	-	-	437.0
Individually material items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) from operations	213.1	32.3	44.2	25.3	19.6	-	334.5	55.4	94.7	(47.6)	-	437.0	-	-	437.0
Financial income															20.2
Financial expense															(82.7)
Profit before income tax expense															374.5
Income tax expense															(97.3)
Profit after income tax expense															277.2
Non-controlling interests in profit after income tax															(13.4)
Net profit for the period relating to shareholders of Orica Limited															263.8
Segment assets	1,715.0	557.5	596.0	810.5	28.5	-	3,707.5	1,607.7	1,034.3	700.9	-	7,050.4	-	-	7,050.4
Segment liabilities	272.9	132.1	142.5	207.2	77.5	-	832.2	170.3	234.3	2,250.3	-	3,487.1	-	-	3,487.1
Investments accounted for using the equity method	32.1	116.6	2.8	5.8	-	-	157.3	2.9	0.2	-	-	160.4	-	-	160.4
Acquisitions of PPE and intangibles	169.1	13.4	19.6	12.7	0.1	-	214.9	8.8	45.3	7.4	-	276.4	-	-	276.4
Impairment of inventories	0.1	2.8	-	0.3	-	-	3.2	0.2	0.4	-	-	3.8	-	-	3.8
Impairment of trade receivables	-	0.3	-	0.8	-	-	1.1	0.6	0.2	-	-	1.9	-	-	1.9
Depreciation	34.9	14.9	7.6	9.7	0.1	-	67.2	4.5	18.4	1.9	-	92.0	-	-	92.0
Amortisation	2.1	-	0.9	1.6	1.7	-	6.3	9.9	0.3	1.7	-	18.2	-	-	18.2
Non-cash expenses other than depreciation and amortisation:															
- share based payments	0.6	0.6	0.4	0.4	0.8	-	2.8	0.6	0.6	4.2	-	8.2	-	-	8.2
Share of associates net profit equity accounted	2.0	14.7	0.6	0.4	-	-	17.7	-	-	-	-	17.7	-	-	17.7

⁽¹⁾ Includes foreign exchange gains/losses in various reportable segments.

⁽²⁾ DuluxGroup was demerged on 9 July 2010.

5. Segment report (continued)

Reportable segments 2010 \$m	Mining Services Australia/Asia	Mining Services North America	Mining Services Latin America	Mining Services EMEA	Mining Services Other	Eliminations	Total Mining Services	Mihova	Chemicals	Other	Eliminations	Total Continuing Operations	DuluxGroup ⁽²⁾	Eliminations	Consolidated
Revenue															
External sales	690.8	345.2	361.3	256.8	-	-	1,654.1	395.3	689.8	0.7	-	2,739.9	486.1	-	3,226.0
Inter-segment sales	6.1	64.7	7.8	3.6	14.1	(89.2)	7.1	0.1	21.2	0.1	(26.8)	1.7	0.1	(1.8)	-
Total sales revenue	696.9	409.9	369.1	260.4	14.1	(89.2)	1,661.2	395.4	711.0	0.8	(26.8)	2,741.6	486.2	(1.8)	3,226.0
Other income ⁽¹⁾	(2.3)	3.9	7.8	1.4	-	-	10.8	(0.4)	4.0	0.5	-	14.9	1.1	-	16.0
Total revenue and other income	694.6	413.8	376.9	261.8	14.1	(89.2)	1,672.0	395.0	715.0	1.3	(26.8)	2,756.5	487.3	(1.8)	3,242.0
Results															
Profit/(loss) before individually material items, net financing costs and income tax expense	192.0	50.6	60.2	32.6	(4.2)	-	331.2	66.1	93.6	(59.9)	-	431.0	64.9	-	495.9
Individually material items	-	-	-	-	-	-	-	(3.7)	-	(63.1)	-	(66.8)	-	-	(66.8)
Profit/(loss) from operations	192.0	50.6	60.2	32.6	(4.2)	-	331.2	62.4	93.6	(123.0)	-	364.2	64.9	-	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	1,428.7	493.5	597.6	793.5	25.7	-	3,339.0	1,738.8	972.3	688.6	-	6,738.7	486.9	-	7,225.6
Segment liabilities	256.8	174.9	123.5	165.0	51.0	-	771.2	130.3	215.9	2,178.3	-	3,295.7	219.5	-	3,515.2
Investments accounted for using the equity method	37.2	120.8	2.8	5.3	-	-	166.1	3.1	0.2	-	-	169.4	1.7	-	171.1
Acquisitions of PPE and intangibles	129.5	9.8	15.5	12.6	0.1	-	167.5	9.6	15.7	10.5	-	203.3	8.5	-	211.8
Impairment of inventories	0.8	0.1	-	0.2	-	-	1.1	-	(1.0)	-	-	0.1	1.7	-	1.8
Impairment of trade receivables	0.2	-	-	0.7	-	-	0.9	0.3	0.9	-	-	2.1	0.9	-	3.0
Depreciation	35.9	13.8	6.9	9.8	-	-	66.4	4.5	17.7	2.1	-	90.7	8.4	-	99.1
Amortisation	1.8	-	0.9	1.8	2.3	-	6.8	10.8	0.3	1.6	-	19.5	1.1	-	20.6
Non-cash expenses other than depreciation and amortisation:															
- share based payments	1.5	1.0	0.4	0.7	1.1	-	4.7	1.1	1.0	(2.1)	-	4.7	1.1	-	5.8
Share of associates net profit equity accounted	3.3	14.9	0.5	0.9	-	-	19.6	-	-	-	-	19.6	0.5	-	20.1

⁽¹⁾ Includes foreign exchange gains/losses in various reportable segments.

⁽²⁾ The 2010 half year includes DuluxGroup six months earnings.

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.

2011 \$m	Australia	United States of America	Other *	Eliminations	Consolidated
Revenue from external customers					
External sales from continuing operations	1,017.1	409.6	1,522.6	-	2,949.3
Location of non-current assets					
Non-current assets **	1,703.7	963.3	2,268.7	-	4,935.7

2010 \$m	Australia	United States of America	Other *	Eliminations	Consolidated
Revenue from external customers					
External sales from continuing operations	900.4	375.4	1,464.1	-	2,739.9
Location of non-current assets					
Non-current assets **	1,593.3	1,082.1	2,063.5	-	4,738.9

* 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

	2011 \$m	2010 \$m
Dividends and distributions		
Dividends paid or declared in respect of the half year ended 31 March were:		
Ordinary shares		
final dividend of 57 cents per share, 35.09% franked at 30%, paid 4 Dec 2009		203.7
final dividend of 54 cents per share, 100% franked at 30%, paid 10 Dec 2010	194.1	
Distributions paid in respect of the period ended 31 March were:		
Step-Up Preference Securities		
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
distribution at 6.30% per annum, per security, unfranked, paid 30 Nov 2010 for the period from 31 May 2010 to 29 Nov 2010	15.8	
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	166.2	175.9
satisfied by issue of shares	27.9	27.8
Dividends satisfied by the purchase of shares on market for dividend reinvestment plan ⁽¹⁾	-	-
Distributions paid in cash	15.8	11.5
No distributions were satisfied by the issue/purchase of shares.		

⁽¹⁾ During the current period, the Company bought nil (2010 nil) 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 37.00 cents per share, 48.6% franked at 30%, payable 1 Jul 2011.

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 2011 and will be recognised in the 2011 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 3 to 14 June inclusive. The last date for receipt of election notices for participation in the interim dividend under the DRP is Wednesday 1 June 2011. 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 50%.

Conduit foreign income (CFI) component:

Interim dividend:			Interim dividend:		
Current period	-	Ordinary	19 cents	Previous period	-
				Ordinary	Nil

7. Contributed equity

	2011 \$m	2010 \$m
Issued and fully paid:		
Step-Up Preference Securities - 5,000,000 (2010 5,000,000) ⁽¹⁾	490.0	490.0
Ordinary shares - 363,223,767 (2010 361,088,962)	1,727.5	1,893.1
Balance at end of the period	2,217.5	2,383.1

⁽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. However, prior to 30 November 2011, Orica may (a) seek the SPS holder approval to revise certain terms of the SPS including the margin with the revised SPS remaining on issue from 30 November 2011, (b) convert the SPS into Orica shares at a 2.5% discount to the Orica share price, (c) repurchase the SPS, or (d) do nothing with the SPS, leaving them on issue and pay an additional 2.25% step-up margin per annum on the SPS. 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 Orica and Orica New Zealand Securities Ltd (Orica NZ) from the official list if (a) any of the SPS Preference Shares of Orica and Notes of Orica NZ cease to be stapled together, or (b) if any SPS Preference Share or Notes are issued by either of Orica or Orica NZ which are not stapled to corresponding securities in the other entity.

The SPS are currently treated as equity for accounting purposes. Depending on actions taken by Orica at or before maturity, this accounting classification could change.

7. Contributed equity (continued)

Movements in issued and fully paid shares of Orica since 1 October 2009 were as follows:

Details	Date	Number of shares	Issue price \$	\$m
Step-Up Preference Securities				
Opening balance - gross ⁽¹⁾	1-Oct-09	5,000,000	100.0	500.0
Opening balance - costs ⁽¹⁾				(10.0)
Balance at end of the period	31-Mar-10	5,000,000		490.0
Balance at end of the period	30-Sep-10	5,000,000		490.0
Balance at end of the period	31-Mar-11	5,000,000		490.0
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-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	4-Dec-09	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
Shares issued under the Orica executive option plans ⁽³⁾		40,600	4.65	0.2
Shares issued under the Orica dividend reinvestment plan	5-Jul-10	970,868	25.32	24.6
Share movements under the Orica LTEIP plan ⁽⁴⁾		-		7.1
DuluxGroup demerger dividend-capital reduction	9-Jul-10	-		(215.9)
Balance at end of the period	30-Sep-10	362,100,430		1,709.1
Shares issued under the Orica executive option plans ⁽³⁾		-		-
Shares issued under the Orica dividend reinvestment plan	10-Dec-10	1,089,406	25.62	27.9
Share movements under the Orica LTEIP plan ⁽⁴⁾		33,931		(10.8)
Shares issued under the Orica GEESP plan ⁽²⁾		-		1.3
Balance at end of the period	31-Mar-11	363,223,767		1,727.5

⁽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				
2009/2010				
Shares issued		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.				
Shares issued		40,600	4.65	0.2
Movement for the period	30-Sep-10	40,600		0.2
The options were exercised at various times during 2010. The weighted average of the fair value of shares issued in 2010 was \$24.77.				
(4) Share movements under the Orica LTEIP plan				
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)
Shares issued - loan repayment	Various	-		7.1
Movement for the period	30-Sep-10	-		7.1
2010/2011				
Shares issued	31-Jan-11	33,931	25.23	-
Shares bought back	Various	-		(14.1)
Shares issued - loan repayment	Various	-		3.3
Movement for the period	31-Mar-11	33,931		(10.8)

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.

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

Options over unissued shares ⁽¹⁾ :

Exercisable between	Balance 30 Sep 09	Exercised during the period	Lapsed during the period	Balance 31 Mar 10	Exercised during the period	Lapsed during the period	Balance 30 Sep 10
01 Jan 03 31 Dec 09	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	(11,000)	-	40,600	(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.

7. Contributed equity (continued)

LTEIP options over unissued shares:

Exercisable between	Balance 30 Sep 09	Issued during the period	Exercised during the period*	Lapsed during the period	Balance 31 Mar 10	Issued during the period	Exercised during the period *	Lapsed during the period	Balance 30 Sep 10
19 Nov 12 23 Jan 13	-	1,973,965	-	-	1,973,965	-	(170,949)	(17,400)	1,785,616
18 Nov 11 23 Jan 12	40,580	-	-	-	40,580	-	-	-	40,580
18 Nov 11 23 Jan 12	2,843,331	-	(86,108)	(35,894)	2,721,329	-	(235,721)	(30,341)	2,455,267
17 Nov 10 21 Jan 11	1,206,357	-	-	(52,208)	1,154,149	-	(101,525)	(11,271)	1,041,353
18 Nov 09 22 Jan 10	33,464	-	(1,103)	(29,373)	2,988	-	(2,988)	-	-
18 Nov 09 22 Jan 10	1,274,699	-	(1,264,167)	(6,322)	4,210	-	(4,210)	-	-
Total	5,398,431	1,973,965	(1,351,378)	(123,797)	5,897,221	-	(515,393)	(59,012)	5,322,816

(*) Exercised during the year by DuluxGroup employees on demerger of DuluxGroup.

Exercisable between	Balance 30 Sep 10	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 11
19 Nov 13 23 Jan 14	-	1,886,701	-	-	1,886,701
19 Nov 12 23 Jan 13	1,785,616	-	-	(41,808)	1,743,808
18 Nov 11 23 Jan 12	40,580	-	-	-	40,580
18 Nov 11 23 Jan 12	2,455,267	-	-	(63,830)	2,391,437
17 Nov 10 21 Jan 11	1,041,353	-	-	(1,041,353)	-
Total	5,322,816	1,886,701	-	(1,146,991)	6,062,526

8. Reserves and retained earnings

	2011 \$m	2010 \$m
Reserves and retained earnings		
(a) Reserves		
Share based payments	58.5	42.0
Cash flow hedging	9.6	6.1
Foreign currency translation	(810.2)	(505.4)
Equity - arising from purchase of non-controlling interests	(192.9)	(80.9)
Balance at end of the period	(935.0)	(538.2)
Movement in reserves during the period		
Share based payments		
Balance at beginning of period	50.3	36.2
Share based payments expense	8.2	5.8
Balance at end of the period	58.5	42.0
Cash flow hedging		
Balance at beginning of period	16.9	(0.3)
Movement for the period	(10.4)	9.2
Tax effect of movement in cash flow hedge reserve	3.1	(2.8)
Balance at end of the period	9.6	6.1
Foreign currency translation		
Balance at beginning of period	(656.8)	(369.1)
Translation of overseas controlled entities at the end of the period	(142.5)	(158.9)
Tax effect of translation of overseas controlled entities at the end of the period	(10.9)	22.6
Balance at end of the period	(810.2)	(505.4)
Equity - arising from purchase of non-controlling interests		
Balance at beginning of period	(183.0)	(74.8)
Purchase of non-controlling interests ⁽¹⁾	(9.9)	(6.1)
Balance at end of the period	(192.9)	(80.9)
(b) Retained earnings		
Retained earnings at the beginning of the period	2,096.2	1,913.1
Profit after income tax attributable to shareholders of Orica	263.8	55.1
Defined benefit fund superannuation movement (net of tax) ⁽²⁾	15.4	(12.6)
Dividends/distributions:		
Step-Up Preference Securities distributions	(15.8)	(11.5)
Less tax credit on Step-Up Preference Securities distributions	5.6	4.4
Ordinary dividends – final	(194.1)	(203.7)
Retained earnings at end of the period	2,171.1	1,744.8

⁽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 ended 31 March 2011 relates to purchase of non-controlling interests in Minería, Explosivos y Servicios, S.A., Orica Philippines Inc and Beijing Ruichy Minova Synthetic Material Company Limited. The movement for the period ended 31 March 2010 relates to the purchase of Orica Colombia S.A..

⁽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 2011. These assumptions relate primarily to actual asset returns and discount rates as at 31 March 2011. The Group actuary has used this information to evaluate the aggregate defined benefit superannuation fund obligations. This has resulted in the consolidated entity decreasing the retirement benefit obligation by \$22.4m (2010 \$18.5m increase) (\$15.4m after tax decrease, 2010 \$12.6m increase) 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-11	31-Mar-10	31-Mar-11	31-Mar-10
	%	%	\$m	\$m
Thai Nitrate Company Ltd	50.0	50.0	2.0	3.3
Nelson Brothers, LLC	50.0	50.0	14.5	13.8
Nelson Brothers Mining Services, LLC	50.0	50.0		
Southwest Energy LLC	50.0	50.0		
Australian Plantations Pty Ltd ^(e)	-	50.0	Individually not material. In aggregate 1.2	Individually not material. In aggregate 3.0
Botany Industrial Park Pty Limited	33.4	33.4		
BXL Bulk Explosives Limited ^(d)	-	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	25.0	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		
Kitikmeot Explosives Limited ^(a)	49.0	-		
MicroCoal Inc.	50.0	50.0		
MSW-Chemie GmbH	31.5	31.5		
Norabel Ignition Systems AB ^(c)	-	50.0		
Orica Camel Coatings Ltd ^(b)	-	50.0		
PIIK Limited Partnership	49.0	49.0		
Pigment Manufacturers of Australia Limited	50.0	50.0		
Pinegro Products Pty Ltd ^(b)	-	50.0		
Sahtu Explosives Limited ^(a)	49.0	-		
Servicios Petroleros Oricorp Mexico, SA de CV	47.0	47.0		
Sino-Australia Orica Watercare Technology and Equipment Co ^(a)	45.0	-		
Sprewa Sprengmittel GmbH	24.0	24.0		
SVG&FNS Philippines Holdings Inc	40.0	40.0		
Tli Cho Explosives Limited ^(a)	49.0	-		
Troisdorf GmbH	50.0	50.0		
Ulaex SA	50.0	50.0		
Wurgendorf GmbH	50.0	50.0		
Total			17.7	20.1

^(a) Acquired in 2010.

^(b) Disposed of in 2010 due to the DuluxGroup demerger.

^(c) Disposed of in 2011.

^(d) Consolidated as a subsidiary: BXL Bulk Explosives Limited from 1 July 2010.

^(e) Dissolved in 2010.

10. Businesses acquired

Consolidated - 2011

Acquisition of businesses and controlled entities

The consolidated entity acquired the following businesses and entities (100% unless stated otherwise):

Forbusi Importadora e Exportadora Ltda on 1 October 2010.

Mineria, Explosivos y Servicios, S.A. on 12 October 2010, Orica acquired an additional 4% shareholding.

Orica Philippines Inc, at various times, Orica acquired an additional 4.4% shareholding.

Businesses

Business assets of 1723416 Ontario Limited "MHA" on 21 October 2010.

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 a measurement period during which acquisition accounting can be finalised following the acquisition date. The measurement period shall not exceed one year from the acquisition date.

	Book Values	Fair Value Adjustments	Total
	\$m	\$m	\$m
2011			
Consideration			
cash paid	0.7	-	0.7
net cash acquired	(0.1)	-	(0.1)
Outflow of cash	0.6	-	0.6
Total consideration	0.6	-	0.6
Fair value of net assets of businesses/controlled entities acquired			
payables and interest bearing liabilities	(2.4)	-	(2.4)
Less non-controlling interests at date of acquisition	-	-	-
	(2.4)	-	(2.4)
Goodwill on acquisition			3.0
Acquisition of non-controlling interest:			Total
2011			\$m
Decrease in non-controlling interests			0.1
Equity reserve			9.9
Deferred consideration			(5.6)
Total consideration			4.4
Results contributed by acquired entities since acquisition date:			\$m
Revenue for the period			0.2
Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period			-
The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the acquired businesses and entities for the six months to 31 March 2011 are as follows:			\$m
Operating revenue			0.2
EBITDA			-

The unaudited information at the time of acquisition 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. None of the goodwill recognised is expected to be deductible for income tax purposes.

10. Businesses acquired (continued)

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 SA on 25 March 2010 (51%).

Businesses

Business assets of Weldgrip Geotechnical on 5 November 2009.

	Book Values	Fair Value Adjustments	Total
2010	\$m	\$m	\$m
Consideration			
cash paid	18.6	-	18.6
net cash 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	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

* Under the version of AASB3 applicable to Orica for acquisitions taking place prior to 1 October 2009.

Acquisition of non-controlling interest:	Total
2010	\$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
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 six months to 31 March 2010 are as follows:

	\$m
Operating revenue for the period	11.1
EBITDA	1.3

The unaudited information at the time of acquisition 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. None of the goodwill recognised is expected to be deductible for income tax purposes.

11. Discontinued operations and businesses disposed/demerged

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

The DuluxGroup business was demerged on 9 July 2010 and is reported as a discontinued operation. DuluxGroup earnings for the period ended 31 March 2010 are included in the 2010 Discontinued numbers below.

For the period ended 31 March	Continuing	Discontinued	Consolidated	Continuing	Discontinued	Consolidated
	2011 \$m	2011 \$m	2011 \$m	2010 \$m	2010 \$m	2010 \$m
Sales revenue	2,949.3	-	2,949.3	2,739.8	486.2	3,226.0
Other income	47.5	-	47.5	14.9	1.1	16.0
Expenses						
Changes in inventories of finished goods and work in progress	17.5	-	17.5	(5.4)	4.5	(0.9)
Raw materials and consumables used and finished goods purchased for resale	(1,409.8)	-	(1,409.8)	(1,299.9)	(207.6)	(1,507.5)
Share based payments	(8.2)	-	(8.2)	(4.7)	(1.1)	(5.8)
Other employee benefits expense	(515.8)	-	(515.8)	(469.5)	(95.6)	(565.1)
Depreciation expense	(92.0)	-	(92.0)	(90.7)	(8.4)	(99.1)
Amortisation expense	(18.2)	-	(18.2)	(19.5)	(1.1)	(20.6)
Purchased services	(155.7)	-	(155.7)	(132.2)	(69.9)	(202.1)
Repairs and maintenance	(79.4)	-	(79.4)	(68.1)	(3.7)	(71.8)
Outgoing freight	(147.4)	-	(147.4)	(136.8)	(20.2)	(157.0)
Lease payments - operating leases	(32.4)	-	(32.4)	(33.4)	(11.6)	(45.0)
Other expenses from ordinary activities including individually material items	(136.1)	-	(136.1)	(149.9)	(8.2)	(158.1)
Share of net profits of associates accounted for using the equity method	17.7	-	17.7	19.6	0.5	20.1
Profit from operations	(2,559.8)	-	(2,559.8)	(2,390.5)	(422.4)	(2,812.9)
	437.0	-	437.0	364.2	64.9	429.1
Net financing costs *						
Financial income	20.2	-	20.2	18.5	0.2	18.7
Financial expenses	(82.7)	-	(82.7)	(86.1)	(3.2)	(89.3)
Net financing costs	(62.5)	-	(62.5)	(67.6)	(3.0)	(70.6)
Profit before income tax expense	374.5	-	374.5	296.6	61.9	358.5
Income tax expense *	(97.3)	-	(97.3)	(266.6)	(19.9)	(286.5)
Profit after tax	277.2	-	277.2	30.0	42.0	72.0
Net profit for the period attributable to:						
Shareholders of Orica Limited	263.8	-	263.8	13.1	42.0	55.1
Non-controlling interests	13.4	-	13.4	16.9	-	16.9
Net profit for the period	277.2	-	277.2	30.0	42.0	72.0

* The net financing costs and income tax expense for discontinued operations were for DuluxGroup when it was part of the Orica Group. The financing arrangements and tax structure under which DuluxGroup operated during the period ended 31 March 2010 did not reflect the anticipated financing arrangements and tax structure of DuluxGroup following the Demerger as disclosed in the Demerger Scheme booklet. On the date of demerger, DuluxGroup had a net debt balance of \$245m.

11. Discontinued operations and businesses disposed/demerged (continued)

For the period ended 31 March	Continuing	Discontinued	Consolidated	Continuing	Discontinued	Consolidated
	2011	2011	2011	2010	2010	2010
	\$m	\$m	\$m	\$m	\$m	\$m
Financial income:						
Interest income:						
controlled entities	-	-	-	(0.1)	0.1	-
external parties – banks	20.2	-	20.2	18.6	0.1	18.7
Total financial income	20.2	-	20.2	18.5	0.2	18.7
Financial expense:						
Borrowing costs paid/payable to:						
controlled entities	-	-	-	(2.3)	2.3	-
external parties	95.5	-	95.5	83.9	0.9	84.8
capitalised interest	(18.3)	-	(18.3)	-	-	-
unwinding of discount on provision	4.9	-	4.9	3.7	-	3.7
finance charges – finance leases	0.6	-	0.6	0.8	-	0.8
Total borrowing costs	82.7	-	82.7	86.1	3.2	89.3
Net financing costs	62.5	-	62.5	67.6	3.0	70.6

Disposal of businesses/controlled entities

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

2011

On 1 January 2011, Taiko Trucking Inc.

2010

Business assets of Sydney Galvanizing Services on 22 December 2009.

	Consolidated	
	2011	2010
	\$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		
trade and other receivables	0.2	-
inventories	-	0.2
property, plant and equipment	-	0.3
other assets	-	0.1
payables and interest bearing liabilities	(0.5)	-
provision for employee entitlements	-	(0.1)
provision for income tax	0.1	-
	(0.2)	0.5
Profit/(loss) on sale of business/controlled entities	0.2	(0.1)

Cash flows from discontinued operations

Cash flows from operating activities	-	112.6
Cash flows from investing activities	-	(88.8)
Cash flows from financing activities	-	(88.6)
Net cash flows from discontinued operations	-	(64.8)

11. Discontinued operations and businesses disposed/demerged (continued)

Reconciliation of net profit after tax

	Continuing 2011 \$m	Discontinued 2011 \$m	Consolidated 2011 \$m	Continuing 2010 \$m	Discontinued 2010 \$m	Consolidated 2010 \$m
Before individually material items						
Profit from operations ⁽¹⁾	437.0	-	437.0	431.0	64.9	495.9
Net financing costs	(62.5)	-	(62.5)	(67.6)	(3.0)	(70.6)
Profit before income tax expense	374.5	-	374.5	363.4	61.9	425.3
Income tax expense	(97.3)	-	(97.3)	(95.3)	(19.9)	(115.2)
Profit after tax before non-controlling interests	277.2	-	277.2	268.1	42.0	310.1
Non-controlling interests	13.4	-	13.4	16.9	-	16.9
Profit after tax before individually material items	263.8	-	263.8	251.2	42.0	293.2
Individually material items						
(Loss) before income tax expense	-	-	-	(66.8)	-	(66.8)
Income tax benefit/(expense)	-	-	-	(171.3)	-	(171.3)
(Loss) after tax before non-controlling interests	-	-	-	(238.1)	-	(238.1)
Non-controlling interests	-	-	-	-	-	-
(Loss) after tax from individually material items	-	-	-	(238.1)	-	(238.1)
Net profit after tax						
Profit before income tax expense	374.5	-	374.5	296.6	61.9	358.5
Income tax expense	(97.3)	-	(97.3)	(266.6)	(19.9)	(286.5)
Profit after tax before non-controlling interests	277.2	-	277.2	30.0	42.0	72.0
Non-controlling interests	13.4	-	13.4	16.9	-	16.9
Profit after tax	263.8	-	263.8	13.1	42.0	55.1
Net profit for the period attributable to:						
Shareholders of Orica Limited	263.8	-	263.8	13.1	42.0	55.1
Non-controlling interests	13.4	-	13.4	16.9	-	16.9
Net profit for the period	277.2	-	277.2	30.0	42.0	72.0

⁽¹⁾ The \$64.9 million profit from operations (for DuluxGroup within Discontinued operations) is for the six months period ended 31 March 2010.

12. Income tax expense

	Continuing 2011 \$m	Discontinued 2011 \$m	Consolidated 2011 \$m	Continuing 2010 \$m	Discontinued 2010 \$m	Consolidated 2010 \$m
a) Income tax expense recognised in the income statement						
Current tax expense						
Current period	90.9	-	90.9	20.6	37.4	58.0
Deferred tax	10.5	-	10.5	54.1	(17.5)	36.6
Pharmaceuticals tax case	-	-	-	191.8	-	191.8
Under/(over) provided in prior years	(4.1)	-	(4.1)	0.1	-	0.1
Total income tax expense in income statement	97.3	-	97.3	266.6	19.9	286.5
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	112.4	-	112.4	109.0	18.6	127.6
Tax effect of items which (decrease)/increase tax expense:						
variation in tax rates of foreign controlled entities	(2.8)	-	(2.8)	(3.5)	-	(3.5)
tax under/(over) provided in prior years	(4.1)	-	(4.1)	0.1	-	0.1
non allowable share based payments	1.9	-	1.9	1.7	-	1.7
other foreign deductions	(16.6)	-	(16.6)	(13.6)	-	(13.6)
sundry items	6.5	-	6.5	1.6	1.3	2.9
Income tax expense attributable to profit before individually material items	97.3	-	97.3	95.3	19.9	115.2
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)	-	(20.0)
Tax effect of items which (decrease)/increase tax expense:						
individually material items:						
Pharmaceuticals tax case	-	-	-	191.8	-	191.8
Income tax expense attributable to loss from individually material items	-	-	-	171.3	-	171.3
Income tax expense reported in the income statement	97.3	-	97.3	266.6	19.9	286.5

13. Standby arrangements and credit facilities

Reconciliation of net debt:

	Mar 2011	Sep 2010	Mar 2010
	\$m	\$m	\$m
Current interest bearing liabilities	40.9	187.9	523.9
Non current interest bearing liabilities	1,574.2	1,211.0	978.6
Less cash and cash equivalents	(296.9)	(347.3)	(273.6)
Net debt	1,318.2	1,051.6	1,228.9

Credit facilities:

	Mar 2011	Sep 2010	Mar 2010
	\$m	\$m	\$m
Unsecured bank overdraft facilities available	106.9	110.3	113.0
Amount of facilities undrawn	96.3	108.3	106.9
Committed standby and loan facilities available	3,787.4	3,442.9	3,346.7
Amount of facilities unused	2,224.3	2,073.8	2,150.3

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 2011 to 25 October 2030 (2010 3 September 2010 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 management are of the view that potential liabilities have a low probability of crystallising or it is not possible to quantify them reliably, management 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 2016. 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 may vary from year to year.

On 18 August 2010, the Australian Federal Government and the Danish Government respectively issued export and import permits under the Basel Convention for the shipment of 6,100 tonnes of Hexachlorobenzene (HCB) waste from Orica's Botany site in Sydney to the Kommunekemi plant in Nyborg, Denmark for environmentally sound destruction. On 24 December 2010, the Danish Government stated that for political reasons it would not accept shipments of HCB waste from Orica. Orica is reviewing options for the continuing safe storage and sound environmental destruction of the HCB waste.

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.

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 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

14. Critical accounting judgements and estimates (continued)

higher of their fair value less costs to sell and value in use. Management necessarily applies its judgement in allocating assets that 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 information available at balance date which may result in cashflows deviating 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 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 Price Mechanism

The Australian Federal Government has proposed introducing a Carbon Price Mechanism which could commence in July 2012. The introduction of the Carbon Price Mechanism has the potential to significantly impact the assumptions used in determining the future cash flows generated from the Group's Australian assets for the purpose of impairment testing. The Group has not incorporated the impact of carbon pricing in assessing asset impairment as insufficient market information continues to exist. 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 price of carbon or associated emission permits, the extent of any compensation to be provided by the Australian Federal Government, 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

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 was established in March 2010 for remediation activities in respect of this matter and remediation work has commenced.

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

On 18 August 2010, the Australian Federal Government and the Danish Government respectively issued export and import permits under the Basel Convention for the shipment of 6,100 tonnes of Hexachlorobenzene (HCB) waste from Orica's Botany site in Sydney to the Kommunekemi plant in Nyborg, Denmark for environmentally sound destruction. On 24 December 2010, the Danish Government stated that for political reasons it would not accept shipments of HCB waste from Orica. Orica is reviewing options for the continuing safe storage and sound environmental destruction of the HCB waste. In the event that Orica does not obtain the necessary regulatory approvals to export the waste for destruction overseas, 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 and continued storage at Botany.

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 obtained a planning permit for the proposed remediation. Remediation works commenced during 2011. Orica has provided for estimated costs of treatment of the soil.

Taxation

(i) Tax investigations and audits

Consistent with other companies of the size 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 has been given as the matter progresses in the civil courts of law.

(iii) Norway Tax Action

The Central Tax Office for Large Enterprises (CTO) has advised Dyno Nobel AS in Norway of 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 warranties and indemnities to the purchasers.

16. Events subsequent to balance date

On 1 April 2011, Orica acquired Titanobel Belgique S.A., its 100 percent owned subsidiary Cefor Cetramin S.P.R.L., and 70 percent owned Transmate S.A. The Titanobel group is the leading supplier of explosives in Belgium. It supplies a wide range of products to quarry operators, public works, demolition undertakings and for specialist activities such as underwater blasting. Cefor Cetramin is the second largest supplier of drilling and blasting services in Belgium. Accounting for this acquisition is incomplete and has not been disclosed in these financial statements.

On 2 May 2011, the directors declared an interim dividend of 37.00 cents per ordinary share payable on 1 July 2011. The financial effect of this dividend is not included in the financial statements for the period ended 31 March 2011 and will be recognised in the 2011 financial statements.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2011, 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
2nd May 2011

Orica Limited and its Controlled Entities

Directors' Declaration on the Financial Report set out on pages 3 to 32


I, Peter John Benedict 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 32, 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 2011 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 B Duncan
Chairman

Dated at Melbourne this 2nd day of May 2011.

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 2011 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 B Duncan, Chairman
G R Liebelt, Managing Director
N A Meehan, Executive Director Finance
M E Beckett
R R Caplan
I D Cockerill
G A Hounsell
Lim C O
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 2011, 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 35.

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 B Duncan
Chairman

Dated at Melbourne this 2nd day of May 2011.

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 2011 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

Dated at Melbourne on the 2nd day of May 2011

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 2011, consolidated income statement, 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 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 2011 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 2011 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



Gordon Sangster
Partner

Dated at Melbourne on the 2nd day of May 2011