

## Appendix 4D Half Year Report

Name of entity:	<b>ORICA LIMITED</b>
ABN:	<b>24 004 145 868</b>

Half year ended (‘current period’)	Half year ended (‘previous corresponding period’)
31 March 2014	31 March 2013

### Results for announcement to the market

\$m

Consolidated revenue from operations	up	1.0%	to	3,357.3
Profit after tax attributable to shareholders	down	(7.8)%	to	242.1
<b>Dividends</b>				
		Amount per security		Franked amount per security at 30% tax
Interim dividend - Ordinary	Cents	40.00		16.00
Previous corresponding period				
Interim dividend - Ordinary	Cents	39.00		15.00

Record date for determining entitlements to the dividend:

Ordinary Shares

2 June 2014

Payment date of dividend:

Ordinary Shares

1 July 2014

	Current period	Previous corresponding period
<b>Net tangible asset backing per ordinary security</b>	Cents 440.9	Cents 303.5

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	2014 \$m	Restated 2013 \$m
<b>Sales revenue</b>	(4)	<b>3,357.3</b>	3,325.3
<b>Other income</b>	(4)	<b>17.8</b>	13.6
<b>Expenses</b>			
Changes in inventories of finished goods and work in progress		(4.0)	32.4
Raw materials and consumables used and finished goods purchased for resale		(1,552.0)	(1,557.6)
Share based payments		(9.2)	(9.9)
Other employee benefits expense		(640.4)	(611.3)
Depreciation expense		(131.0)	(118.2)
Amortisation expense		(19.4)	(18.3)
Purchased services		(164.7)	(175.6)
Repairs and maintenance		(92.0)	(94.0)
Outgoing freight		(159.3)	(160.2)
Lease payments - operating leases		(33.6)	(32.4)
Other expenses		(182.3)	(175.0)
Share of net profit of associates accounted for using the equity method		15.2	15.6
		<b>(2,972.7)</b>	<b>(2,904.5)</b>
<b>Profit from operations</b>		<b>402.4</b>	434.4
<b>Net financing costs</b>			
Financial income		17.5	19.4
Financial expenses		(77.7)	(85.6)
<b>Net financing costs</b>		<b>(60.2)</b>	<b>(66.2)</b>
<b>Profit before income tax expense</b>		<b>342.2</b>	368.2
Income tax expense	(12)	(87.4)	(96.6)
<b>Net profit for the period</b>		<b>254.8</b>	271.6
<b>Net profit for the period attributable to:</b>			
Shareholders of Orica Limited		242.1	262.5
Non-controlling interests		12.7	9.1
<b>Net profit for the period</b>		<b>254.8</b>	271.6
		<b>cents</b>	cents
<b>Earnings per share</b>			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
Basic	(3)	66.0	72.4
Diluted	(3)	65.9	72.3

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

## Statement of Comprehensive Income

For the period ended 31 March:

	2014	Restated 2013
	\$m	\$m
<b>Profit for the period</b>	<b>254.8</b>	271.6
<b>Items that may be reclassified subsequently to profit or loss:</b>		
<i>Cash flow hedges</i>		
Effective portion of changes in fair value	10.2	7.8
Transferred loss to Income Statement	0.8	-
Tax expense on cash flow hedges	<u>(3.3)</u>	<u>(2.3)</u>
<i>Net Cash flow hedges</i>	7.7	5.5
<i>Exchange differences on translation of foreign operations</i>		
Exchange gain/(loss) on translation of foreign operations	(87.0)	(36.8)
Net gain/(loss) on hedge of net investments in foreign subsidiaries	52.0	6.3
Tax benefit/(expense) on exchange differences on translating foreign operations	<u>14.3</u>	<u>4.4</u>
<i>Net exchange differences on translation of foreign operations</i>	(20.7)	(26.1)
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
<i>Retained earnings</i>		
Actuarial benefits/(losses) on defined benefit plans	5.4	22.8
Tax (expense)/benefit on actuarial benefits/(losses) on defined benefit plans	<u>(2.0)</u>	<u>(6.9)</u>
<i>Net retained earnings</i>	3.4	15.9
<b>Other comprehensive income for the period, net of income tax</b>	<b>(9.6)</b>	<b>(4.7)</b>
<b>Total comprehensive income for the period</b>	<b>245.2</b>	<b>266.9</b>
<b>Attributable to:</b>		
Shareholders of Orica Limited	235.8	261.1
Non-controlling interests	9.4	5.8
<b>Total comprehensive income for the period</b>	<b>245.2</b>	<b>266.9</b>

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

## Balance Sheet

as at:

	Notes	31 March 2014 \$m	Restated 30 September 2013 \$m	Restated 31 March 2013 \$m
<b>Current assets</b>				
Cash and cash equivalents	(13)	193.5	222.4	252.5
Trade and other receivables		1,010.1	1,049.3	1,049.6
Inventories		759.7	793.1	760.7
Other assets		83.9	73.6	88.6
Other financial assets - derivative assets		21.5	11.4	10.5
<b>Total current assets</b>		<b>2,068.7</b>	<b>2,149.8</b>	<b>2,161.9</b>
<b>Non-current assets</b>				
Trade and other receivables		70.8	97.3	50.8
Investments accounted for using the equity method		192.8	197.7	169.5
Other financial assets - derivative assets		4.4	1.4	3.1
Other financial assets		0.7	0.7	0.6
Property, plant and equipment		3,627.5	3,583.2	3,253.6
Intangible assets		2,344.5	2,340.0	2,137.8
Deferred tax assets		209.6	216.7	190.8
Other assets		5.8	26.7	19.5
<b>Total non-current assets</b>		<b>6,456.1</b>	<b>6,463.7</b>	<b>5,825.7</b>
<b>Total assets</b>		<b>8,524.8</b>	<b>8,613.5</b>	<b>7,987.6</b>
<b>Current liabilities</b>				
Trade and other payables		1,121.1	1,240.0	1,059.1
Other financial liabilities - derivative liabilities		27.7	19.5	1.8
Interest bearing liabilities	(13)	521.8	443.9	451.5
Current tax liabilities		21.5	78.3	18.1
Provisions		159.9	173.3	139.5
<b>Total current liabilities</b>		<b>1,852.0</b>	<b>1,955.0</b>	<b>1,670.0</b>
<b>Non-current liabilities</b>				
Trade and other payables		8.6	12.3	11.5
Other financial liabilities - derivative liabilities		43.6	55.7	72.5
Interest bearing liabilities	(13)	2,042.0	2,112.7	2,362.9
Deferred tax liabilities		53.2	52.4	49.4
Provisions		406.4	415.5	442.7
<b>Total non-current liabilities</b>		<b>2,553.8</b>	<b>2,648.6</b>	<b>2,939.0</b>
<b>Total liabilities</b>		<b>4,405.8</b>	<b>4,603.6</b>	<b>4,609.0</b>
<b>Net assets</b>		<b>4,119.0</b>	<b>4,009.9</b>	<b>3,378.6</b>
<b>Equity</b>				
Ordinary shares	(7)	1,940.5	1,877.9	1,849.9
Reserves	(8)	(661.5)	(661.1)	(1,057.2)
Retained earnings	(8)	2,701.0	2,654.2	2,458.2
<b>Total equity attributable to ordinary shareholders of Orica Limited</b>		<b>3,980.0</b>	<b>3,871.0</b>	<b>3,250.9</b>
Non-controlling interests in controlled entities		139.0	138.9	127.7
<b>Total equity</b>		<b>4,119.0</b>	<b>4,009.9</b>	<b>3,378.6</b>

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

## Statement of Changes in Equity

For the period ended 31 March:

	Ordinary shares	Retained earnings	Share based payments reserve	Cash flow hedging reserve	Foreign currency translation reserve	Equity reserve arising from purchase of non- controlling interests	Total	Non- controlling interests	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2013 - Restated									
Balance at 1 October 2012	1,795.1	2,376.3	83.3	(15.7)	(930.0)	(187.4)	3,121.6	125.0	3,246.6
Profit for the period	-	262.5	-	-	-	-	262.5	9.1	271.6
Other comprehensive income	-	15.9	-	5.5	(22.8)	-	(1.4)	(3.3)	(4.7)
<b>Total comprehensive income for the period</b>	-	278.4	-	5.5	(22.8)	-	261.1	5.8	266.9
<b>Transactions with owners, recorded directly in equity</b>									
Total changes in contributed equity	54.8	-	-	-	-	-	54.8	3.8	58.6
Share-based payments expense	-	-	9.9	-	-	-	9.9	-	9.9
Divestment of non-controlling interests	-	-	-	-	-	-	-	(0.4)	(0.4)
Dividends/distributions	-	(196.5)	-	-	-	-	(196.5)	-	(196.5)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	(6.5)	(6.5)
<b>Balance at the end of the period</b>	<b>1,849.9</b>	<b>2,458.2</b>	<b>93.2</b>	<b>(10.2)</b>	<b>(952.8)</b>	<b>(187.4)</b>	<b>3,250.9</b>	<b>127.7</b>	<b>3,378.6</b>
2014									
Balance at 1 October 2013 - Restated	1,877.9	2,654.2	99.3	(8.1)	(563.2)	(189.1)	3,871.0	138.9	4,009.9
Profit for the period	-	242.1	-	-	-	-	242.1	12.7	254.8
Other comprehensive income	-	3.4	-	7.7	(17.4)	-	(6.3)	(3.3)	(9.6)
<b>Total comprehensive income for the period</b>	-	245.5	-	7.7	(17.4)	-	235.8	9.4	245.2
<b>Transactions with owners, recorded directly in equity</b>									
Total changes in contributed equity	62.6	-	-	-	-	-	62.6	0.8	63.4
Share-based payments expense	-	-	9.2	-	-	-	9.2	-	9.2
Divestment of non-controlling interests	-	3.0	-	-	-	0.1	3.1	(3.0)	0.1
Dividends/distributions	-	(201.7)	-	-	-	-	(201.7)	-	(201.7)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	(7.1)	(7.1)
<b>Balance at the end of the period</b>	<b>1,940.5</b>	<b>2,701.0</b>	<b>108.5</b>	<b>(0.4)</b>	<b>(580.6)</b>	<b>(189.0)</b>	<b>3,980.0</b>	<b>139.0</b>	<b>4,119.0</b>

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

## Statement of Cash Flows

For the period ended 31 March:

	2014	Restated 2013
	\$m	\$m
	Inflows/ (Outflows)	Inflows/ (Outflows)
	Notes	
<b>Cash flows from operating activities</b>		
Receipts from customers	3,575.4	3,475.8
Payments to suppliers and employees	(3,091.0)	(3,080.1)
Interest received	16.3	19.4
Borrowing costs	(90.6)	(89.4)
Dividends received	20.5	13.1
Other operating revenue received	11.3	9.0
Net income taxes paid	(129.3)	(65.9)
<b>Net cash flows from operating activities</b>	<b>312.6</b>	<b>281.9</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(195.4)	(303.1)
Payments for intangibles	(15.2)	(119.0)
Payments for purchase of investments	(0.9)	-
Payments of deferred consideration from prior acquisitions	(0.6)	-
Proceeds from sale of property, plant and equipment	22.3	24.7
Proceeds from sale of investments	1.2	1.3
Proceeds from sale of businesses/controlled entities	(11) 0.4	0.5
<b>Net cash flows used in investing activities</b>	<b>(188.2)</b>	<b>(395.6)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term borrowings	1,523.9	2,455.0
Repayment of long term borrowings	(1,600.4)	(2,316.5)
Net movement in short term financing	76.8	136.5
Payments for finance leases	(0.9)	(0.8)
Proceeds from issue of ordinary shares	(7) 15.2	39.4
Proceeds from issue of shares to non-controlling interests	0.8	3.8
Payments for buy-back of ordinary shares - LTEIP	(7) -	(9.6)
Dividends paid - Orica ordinary shares	(6) (154.3)	(171.5)
Dividends paid - non-controlling interests	(8.4)	(6.7)
<b>Net cash (used in)/from financing activities</b>	<b>(147.3)</b>	<b>129.6</b>
<b>Net (decrease)/increase in cash held</b>	<b>(22.9)</b>	<b>15.9</b>
<b>Cash at the beginning of the period</b>	<b>203.2</b>	<b>229.1</b>
Effects of exchange rate changes on cash	(7.2)	(7.8)
<b>Cash at the end of the period</b>	<b>173.1</b>	<b>237.2</b>
<b>Reconciliation of cash</b>		
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) 193.5	252.5
Bank overdraft	(20.4)	(15.3)
	<b>173.1</b>	<b>237.2</b>

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

**Condensed notes to the consolidated half year financial report for the six months ended 31 March 2014**

**1. Accounting policies**

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

**(i) Basis of preparation**

This general purpose financial report for the half year reporting period ended 31 March 2014 has been prepared in accordance with the requirements of applicable Accounting Standards including AASB 134 "Interim Financial Reporting", the Corporations Act 2001 and other mandatory professional reporting requirements.

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

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

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 September 2013 prepared under Australian Accounting Standards and the Corporations Act 2001, changes in accounting policies for accounting standard requirements summarised below and any public announcements made by Orica during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

**(ii) Statement of compliance**

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

**(iii) Changes in accounting policies**

Except as described below, the accounting policies applied by the Group in the financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 September 2013.

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

**Consolidated Financial Statements and Joint Arrangements**

- AASB 10 Consolidated Financial Statements.
- AASB 11 Joint Arrangements.
- AASB 12 Disclosure of Interests in Other Entities.
- AASB 127 Separate Financial Statements.
- AASB 128 Investments in Associates and Joint Ventures.
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.

These standards revise the definition of control and the types of joint arrangements. Following an assessment of these standards, Yara Pilbara Nitrates Pty Ltd is accounted for as a jointly controlled entity instead of an investment accounted for using the equity method and Orica Mining Services Pilbara Pty Ltd is accounted for as an investment accounted for using the equity method instead of consolidated. The effect on the financial statements of adopting these standards is shown in note 17.

**Employee benefits**

- AASB 119 Employee Benefits.
- AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures.

Following an assessment of these standards the provision balance as at 30 September 2012 was reduced by \$10 million and profit after income tax for the 2013 financial year was \$9 million lower. The major ongoing effect of the employee benefits standard is that the expected return on assets in defined benefit funds are the discount rates applied to the net defined benefit asset or liability. The effect on the financial statements of adopting these standards is shown in note 17.

**Fair Value measurement**

- AASB 13 Fair Value Measurement.
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

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

**Other standards**

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.



## 1. Accounting policies (continued)

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.

These standards are expected to impact mainly on disclosures in the financial statements.

### (iv) Recently issued or amended accounting standards

Standards taking effect from 1 October 2014 and later

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities - applicable for annual reporting periods beginning on or after 1 January 2014.
- AASB 9 Financial Instruments - applicable for annual reporting periods beginning on or after 1 January 2017.
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 – [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] - available for annual reporting periods beginning on or after 1 January 2017.
- AASB 2010-7 Amendments to Australian Accounting

Standards arising from AASB 9 (December 2010) – available for annual reporting periods on or after 1 January 2017.

- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets - applicable for annual reporting periods beginning on or after 1 January 2014.
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015].

The consolidated entity expects to adopt these standards in the 2015 and subsequent financial years - however the financial impact of adopting the new or amended standards has not yet been determined.

### (vi) Comparatives

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

## 2. Segment report

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

The consolidated entity's operations have been divided into seven reportable segments comprising: Mining Services: Australia/Pacific, North America, Latin America, EMEA (Europe, Middle East & Africa) and Other; 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 currency gains.

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

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

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

Prior period comparative segment information has been restated following changes in accounting standards.

2. Segment report (continued)

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

<sup>(1)</sup> Includes foreign currency gains/losses in various reportable segments.

2. Segment report (continued)

Reportable segments 2013 Restated \$m	Mining Services Australia/Pacific	Mining Services North America	Mining Services Latin America	Mining Services EMEA	Mining Services Other	Eliminations	Total Mining Services	Chemicals	Other	Eliminations	Consolidated
<b>Revenue</b>											
External sales	925.1	653.6	464.1	428.8	267.0	-	2,738.6	585.4	1.3	-	3,325.3
Inter-segment sales	55.8	90.5	19.9	6.4	388.3	(544.6)	16.3	28.4	0.2	(44.9)	-
Total sales revenue	980.9	744.1	484.0	435.2	655.3	(544.6)	2,754.9	613.8	1.5	(44.9)	3,325.3
Other income <sup>(1)</sup>	1.5	(0.2)	(0.1)	4.7	1.2	-	7.1	3.2	3.3	-	13.6
Total revenue and other income	982.4	743.9	483.9	439.9	656.5	(544.6)	2,762.0	617.0	4.8	(44.9)	3,338.9
<b>Results</b>											
Profit/(loss) before individually material items, net financing costs and income tax expense	282.3	56.3	37.7	22.8	28.2	-	427.3	56.6	(49.5)	-	434.4
Financial income											19.4
Financial expense											(85.6)
<b>Profit before income tax expense</b>											368.2
Income tax expense											(96.6)
<b>Profit after income tax expense</b>											271.6
Profit attributable to non-controlling interests											(9.1)
<b>Net profit for the period attributable to shareholders of Orica Limited</b>											262.5
Segment assets	2,779.8	1,049.1	701.9	963.5	1,057.0	-	6,551.3	845.2	591.1	-	7,987.6
Segment liabilities	356.0	175.0	194.0	198.2	241.8	-	1,165.0	193.2	3,250.8	-	4,609.0
Net Assets	2,423.8	874.1	507.9	765.3	815.2	-	5,386.3	652.0	(2,659.7)	-	3,378.6
Investments accounted for using the equity method	0.5	130.0	2.8	8.0	27.9	-	169.2	0.3	-	-	169.5
Acquisitions of PPE and intangibles	304.7	28.6	22.8	16.4	31.1	-	403.6	7.4	14.5	-	425.5
Impairment of inventories	0.1	1.9	-	0.5	1.0	-	3.5	0.6	-	-	4.1
Impairment of trade receivables	0.2	0.5	0.4	0.7	1.1	-	2.9	0.5	-	-	3.4
Depreciation	48.5	16.5	10.1	14.5	12.3	-	101.9	14.6	1.7	-	118.2
Amortisation	1.8	6.2	0.6	3.2	4.6	-	16.4	0.3	1.6	-	18.3
Non-cash expenses other than depreciation and amortisation: - share based payments	1.1	1.0	0.4	0.4	2.2	-	5.1	0.5	4.3	-	9.9
Share of associates net profit equity accounted	0.5	14.5	0.5	0.1	-	-	15.6	-	-	-	15.6

<sup>(1)</sup> Includes foreign currency gains/losses in various reportable segments.

## 2. Segment report (continued)

### Geographical segments

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

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

2013 Restated \$m	Australia	United States of America	Other *	Consolidated
<b>Revenue from external customers</b>				
External sales from continuing operations	1,158.3	409.3	1,757.7	3,325.3
<b>Location of non-current assets</b>				
Non-current assets **	2,371.8	652.6	2,606.2	5,630.6

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

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

### 3. Earnings per share (EPS)

As reported in Income Statement	Notes	2014 \$m	Restated 2013 \$m
<b>Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica Limited</b>			
Net profit for the period		254.8	271.6
Net profit for the period from operations attributable to non-controlling interests		(12.7)	(9.1)
<b>Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica Limited</b>		<b>242.1</b>	<b>262.5</b>

	Number	Number
<b>Weighted average number of shares used as the denominator:</b>		
<b>Number for basic earnings per share</b>	<b>366,690,292</b>	362,779,721
<b>Effect of executive share options and rights</b>	<b>685,509</b>	489,423
<b>Number for diluted earnings per share</b>	<b>367,375,801</b>	363,269,144

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

Issue date:	Exercisable between:		
- 15 Dec 2009	- 19 Nov 12 to 23 Jan 13	-	835,651
- 17 Dec 2010	- 19 Nov 13 to 23 Jan 14	1,277,607	1,619,303
- 19 Dec 2011	- 18 Nov 14 to 23 Jan 15	451,683	540,296
- 24 Feb 2012	- 18 Nov 14 to 23 Jan 15	305,302	305,302
- 7 Feb 2013	- 18 Nov 15 to 23 Jan 16	676,553	-
- 11 Mar 2013	- 18 Nov 15 to 23 Jan 16	33,919	-
- 21 Feb 2014	- 18 Nov 17 to 23 Jan 18	174,332	-

	Cents per share	Cents per share
<b>Total attributable to ordinary shareholders of Orica Limited</b>		
Basic earnings per share	66.0	72.4
Diluted earnings per share	65.9	72.3

#### 4. Sales revenue and other income

	2014 \$m	Restated 2013 \$m
<b>Sales revenue</b>	<b>3,357.3</b>	3,325.3
<b>Other income</b>		
Other income	11.3	9.0
Currency gains	6.5	4.5
Profit on sale of property, plant and equipment	-	0.1
<b>Total other income</b>	<b>17.8</b>	13.6

#### 5. Specific income and expenses

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

#### 6. Dividends and distributions

	2014 \$m	2013 \$m
<b>Dividends and distributions</b>		
Dividends paid or declared in respect of the half year ended 31 March were:		
<b>Ordinary shares</b>		
final dividend of 54 cents per share, 44.4% franked at 30%, paid 14 December 2012		196.5
final dividend of 55 cents per share, 100% franked at 30%, paid 13 December 2013	<b>201.7</b>	
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half year were as follows:		
paid in cash	<b>154.3</b>	171.5
satisfied by issue of shares	<b>47.4</b>	25.0

##### Subsequent events

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

Interim dividend on ordinary shares of 40 cents per share, 40% franked at 30%, payable 1 July 2014.

The financial effect of the final dividend on ordinary shares has not been brought to account in the financial statements for the period ended 31 March 2014 - however will be recognised in the 2014 annual financial report.

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 5 to 16 June 2014 inclusive. The last date for receipt of election notices for participation in the interim dividend under the DRP is Tuesday 3 June 2014. Shares issued pursuant to the DRP will rank equal to all other ordinary shares. No discount applies to the DRP.

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

It is anticipated that dividends in the near future are unlikely to be franked at a rate of more than 50%.

##### Conduit foreign income (CFI) component:

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

## 7. Contributed equity

	2014 \$m	2013 \$m
<b>Issued and fully paid:</b>		
Ordinary shares - 370,924,362 (2013 366,768,327)	1,940.5	1,849.9
<b>Balance at end of the period</b>	<b>1,940.5</b>	<b>1,849.9</b>

Movements in issued and fully paid shares of Orica since 1 October 2012 were as follows:

Details	Date	Number of shares	Issue price \$	\$m
<b>Ordinary shares</b>				
Opening balance of ordinary shares issued	1-Oct-12	365,642,802		1,795.1
Shares issued under the Orica dividend reinvestment plan	14-Dec-12	1,043,714	23.92	25.0
Share movements under the Orica LTEIP plan <sup>(2)</sup>		81,811		28.4
Shares issued under the Orica GEE SP plan <sup>(1)</sup>		-		1.4
<b>Balance at end of the period</b>	<b>31-Mar-13</b>	<b>366,768,327</b>		<b>1,849.9</b>
Share movements under the Orica LTEIP plan <sup>(2)</sup>		100,074		-
Shares issued under the Orica dividend reinvestment plan	1-Jul-13	1,335,231	20.96	28.0
<b>Balance at end of period</b>	<b>30-Sep-13</b>	<b>368,203,632</b>		<b>1,877.9</b>
Shares issued under the Orica dividend reinvestment plan	9-Dec-13	2,051,377	23.11	47.4
Share movements under the Orica LTEIP plan <sup>(2)</sup>		669,353		13.9
Shares issued under the Orica GEE SP plan <sup>(1)</sup>		-		1.3
<b>Balance at end of the period</b>	<b>31-Mar-14</b>	<b>370,924,362</b>		<b>1,940.5</b>

<sup>(1)</sup> Shares issued under the Orica general employee exempt share plan.

<sup>(2)</sup> Share movements under the Orica LTEIP plans:	Date	Number of shares	Issue price * \$	\$m
<b>2012/2013</b>				
Shares issued	14-Feb-13	81,811	26.23	-
Shares bought back	Various			(9.6)
Shares issued - loan repayment	Various			38.0
<b>Movement for the period</b>	<b>31-Mar-13</b>	<b>81,811</b>		<b>28.4</b>
Shares issued	2-Apr-13	100,074	23.81	-
<b>Movement for the period</b>	<b>30-Sep-13</b>	<b>181,885</b>		<b>28.4</b>
<b>2013/2014</b>				
Shares issued	21-Feb-14	669,353	24.25	-
Shares issued - loan repayment	Various			13.9
<b>Movement for the period</b>	<b>31-Mar-14</b>	<b>669,353</b>		<b>13.9</b>

Under the LTEIP, eligible executives are provided with a three year, interest free, non-recourse loan from Orica for the sole purpose of acquiring shares in the Company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. The shares issued to the executives are either purchased on market, issued new shares by Orica or reissued unvested shares by Orica. Shares issued under this plan in conjunction with non-recourse loans are accounted for as options. As a result, the amounts receivable from employees in relation to these loans are not recognised in the financial statements. Shares issued under this plan are recognised as shares issued at nil value, with a share based payments expense recognised in the income statement based on the value of the options. Shares purchased on-market under the plans are recognised as a share buy-back. Repayments of share loans are recognised as share capital. In general the shares are returned to Orica if the executives leave Orica within three years.

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

## 7. Contributed equity (continued)

### LTEIP options over unissued shares:

Exercisable between	Balance 30 Sep 12	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 13	Issued during the period	Exercised during the period	Lapsed during the period	Balance 30 Sep 13
18 Nov 15 23 Jan 16	-	33,919	-	-	33,919	-	-	-	33,919
18 Nov 15 23 Jan 16	-	704,355	-	-	704,355	-	-	-	704,355
18 Nov 14 23 Jan 15	305,302	-	-	-	305,302	-	-	-	305,302
18 Nov 14 23 Jan 15	592,713	-	(48,213)	(92,817)	451,683	-	-	-	451,683
19 Nov 13 23 Jan 14	1,685,589	-	(47,159)	(101,195)	1,537,235	-	-	(117,320)	1,419,915
19 Nov 12 23 Jan 13	1,531,590	-	(1,527,773)	(3,817)	-	-	-	-	-
<b>Total</b>	<b>4,115,194</b>	<b>738,274</b>	<b>(1,623,145)</b>	<b>(197,829)</b>	<b>3,032,494</b>	<b>-</b>	<b>-</b>	<b>(117,320)</b>	<b>2,915,174</b>

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

### Rights over unissued shares:

Vesting date	Balance 30 Sep 12	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 13	Issued during the period	Exercised during the period	Lapsed during the period	Balance 30 Sep 13
19 Dec 15	-	24,293	-	-	24,293	-	-	-	24,293
19 Dec 15	-	717,397	-	(4,706)	712,691	-	-	(69,375)	643,316
4 Mar 15	-	3,836	-	-	3,836	-	-	-	3,836
19 Dec 14	649,165	-	-	(27,324)	621,841	-	-	(62,198)	559,643
4 Mar 14	-	3,835	-	-	3,835	-	-	-	3,835
30 Nov 13	7,942	-	-	-	7,942	-	-	-	7,942
15 Oct 13	-	4,885	-	-	4,885	-	(4,885)	-	-
31 Mar 13	108,246	-	-	-	108,246	-	(108,246)	-	-
1 Sep 13	6,148	-	-	-	6,148	-	(6,148)	-	-
<b>Total</b>	<b>771,501</b>	<b>754,246</b>	<b>-</b>	<b>(32,030)</b>	<b>1,493,717</b>	<b>-</b>	<b>(119,279)</b>	<b>(131,573)</b>	<b>1,242,865</b>

### Rights over unissued shares:

Vesting date	Balance 30 Sep 13	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 14
19 Dec 16	-	737,344	-	(8,528)	728,816
19 Dec 15	24,293	-	-	-	24,293
19 Dec 15	643,316	-	-	(66,261)	577,055
11 Nov 15	-	953	-	-	953
4 Mar 15	3,836	-	-	-	3,836
19 Dec 14	559,643	-	-	(60,512)	499,131
11 Nov 14	-	952	-	-	952
4 Mar 14	3,835	-	-	-	3,835
30 Nov 13	7,942	-	(7,942)	-	-
<b>Total</b>	<b>1,242,865</b>	<b>739,249</b>	<b>(7,942)</b>	<b>(135,301)</b>	<b>1,838,871</b>



## 8. Reserves and retained earnings

	2014 \$m	Restated 2013 \$m
<b>Reserves and retained earnings</b>		
<b>(a) Reserves</b>		
Share based payments	108.5	93.2
Cash flow hedging	(0.4)	(10.2)
Foreign currency translation	(580.6)	(952.8)
Equity - arising from purchase of non-controlling interests	(189.0)	(187.4)
<b>Balance at end of the period</b>	<b>(661.5)</b>	<b>(1,057.2)</b>
<b>Movement in reserves during the period</b>		
<b>Share based payments</b>		
Balance at beginning of period	99.3	83.3
Share based payments expense	9.2	9.9
<b>Balance at end of the period</b>	<b>108.5</b>	<b>93.2</b>
<b>Cash flow hedging</b>		
Balance at beginning of period	(8.1)	(15.7)
Movement for the period	11.0	7.8
Tax effect of movement in cash flow hedge reserve	(3.3)	(2.3)
<b>Balance at end of the period</b>	<b>(0.4)</b>	<b>(10.2)</b>
<b>Foreign currency translation</b>		
Balance at beginning of period	(563.2)	(930.0)
Translation of overseas controlled entities at the end of the period	(31.7)	(27.2)
Tax effect of translation of overseas controlled entities at the end of the period	14.3	4.4
<b>Balance at end of the period</b>	<b>(580.6)</b>	<b>(952.8)</b>
<b>Equity - arising from purchase of non-controlling interests</b>		
Balance at beginning of period	(189.1)	(187.4)
Disposal of non-controlling interests	0.1	-
<b>Balance at end of the period</b>	<b>(189.0)</b>	<b>(187.4)</b>
<b>(b) Retained earnings</b>		
Retained earnings at the beginning of the period	2,654.2	2,376.3
Profit after income tax attributable to shareholders of Orica	242.1	262.5
Defined benefit fund superannuation movement (net of tax) <sup>(1)</sup>	3.4	15.9
Disposal of non-controlling interests	3.0	-
Dividends:		
Ordinary dividends – final	(201.7)	(196.5)
<b>Retained earnings at end of the period</b>	<b>2,701.0</b>	<b>2,458.2</b>

<sup>(1)</sup> Orica's external Group actuary has liaised with major fund actuaries in updating material assumptions of Orica's funds as at 31 March 2014. These assumptions relate primarily to actual asset returns and discount rates as at 31 March 2014. 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 \$5.4m (\$3.4m after tax), (2013 \$22.8m decrease, \$15.9m after tax) which has been recognised directly in equity in accordance with the consolidated entity's accounting policy for the treatment of actuarial gains and losses.

## 9. Investments accounted for using the equity method

The consolidated entity has an interest in the following entities:

Name of entity:	Percentage of ownership interest held at end of period		Contribution to net profit	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	%	Restated %	\$m	Restated \$m
Nelson Brothers Mining Services, LLC	50.0	50.0	} 12.9	} 14.0
Nelson Brothers, LLC	50.0	50.0		
Southwest Energy LLC	50.0	50.0		
Thai Nitrate Company Ltd <sup>(a)</sup>	50.0	50.0		
Beijing Sino-Australia Orica Watercare Technology and Equipment Co. Ltd	45.0	45.0	} Individually	} Individually
Botany Industrial Park Pty Limited	33.4	33.4		
Exor Explosives Limited	50.0	50.0		
FiReP Holding AG	25.0	25.0		
Geneva Nitrogen LLC	50.0	50.0		
Irish Mining Emulsion Systems Ltd	50.0	50.0		
Kitikmeot Explosives Limited	49.0	49.0		
MicroCoal Inc. <sup>(b)</sup>	-	-		
Mineral Carbonation International Pty Limited <sup>(c)</sup>	39.9	-		
MSW-Chemie GmbH	31.5	31.5		
Orica Grandes S.A. <sup>(c) (d)</sup>	-	-	} not material.	} not material.
Orica Mining Services Pilbara Pty Ltd <sup>(e)</sup>	45.0	45.0		
Orica-UMMC LLC	50.0	50.0	} 2.3	} 1.6
PIIK Limited Partnership	49.0	49.0		
Pigment Manufacturers of Australia Limited	50.0	50.0		
Sahtu Explosives Limited	49.0	49.0		
Sprewa Sprengmittel GmbH	24.0	24.0		
SVG&FNS Philippines Holdings Inc	40.0	40.0		
Tli Cho Explosives Limited	49.0	49.0		
Troisdorf GmbH	50.0	50.0		
Ulaex SA	50.0	50.0		
Wurgendorf GmbH	50.0	50.0		
<b>Total</b>			<b>15.2</b>	<b>15.6</b>

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

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

<sup>(b)</sup> Disposed of in 2013.

<sup>(c)</sup> Acquired in 2013.

<sup>(d)</sup> Disposed of in 2014.

<sup>(e)</sup> Orica Mining Services Pilbara Pty Ltd (Equity accounted under Consolidations/Joint Arrangements Standards from 1 October 2012).

## 10. Businesses acquired

### Consolidated - 2014

#### Acquisition of businesses and controlled entities

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

### Consolidated - 2013

#### Acquisition of businesses and controlled entities

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

## 11. Businesses disposed

### Disposal of businesses/controlled entities

The following businesses and controlled entities were disposed of:

#### 2014

Orica Nelson Quarry Services Inc. on 31 January 2014.

#### 2013

Bamble Mekaniske Industri AS on 1 October 2012 (60% holding).

	Consolidated	
	2014	2013
	\$m	\$m
Consideration		
cash received	1.6	0.2
cash disposed	(1.2)	-
debt disposed	-	0.3
Inflow of cash	0.4	0.5
Net consideration	0.4	0.5
Carrying value of net assets of businesses/controlled entities disposed		
trade and other receivables	1.2	1.4
inventories	0.2	1.5
intangibles	-	0.2
investment	-	0.2
payables and interest bearing liabilities	(1.0)	(1.8)
provision for employee entitlements	-	(0.2)
	0.4	1.3
Less non-controlling interests at date of disposal	-	(0.4)
	0.4	0.9
Loss on sale of business/controlled entities	-	(0.4)

## 12. Income tax expense

	Consolidated Restated	
	2014	2013
	\$m	\$m
<b>a) Income tax expense recognised in the income statement</b>		
Current tax expense		
Current period	69.9	80.7
Deferred tax	17.0	17.0
Under/(over) provided in prior years	0.5	(1.1)
<b>Total income tax expense in income statement</b>	<b>87.4</b>	<b>96.6</b>
<b>b) Reconciliation of income tax expense to prima facie tax payable</b>		
<b>Income tax expense attributable to profit</b>		
Prima facie income tax expense calculated at 30% on profit	102.7	110.5
Tax effect of items which (decrease)/increase tax expense:		
variation in tax rates of foreign controlled entities	(5.6)	(5.9)
tax under/(over) provided in prior years	0.5	(1.1)
non allowable share based payments	2.7	2.9
other foreign deductions	(16.8)	(16.2)
sundry items	3.9	6.4
<b>Income tax expense attributable to profit</b>	<b>87.4</b>	<b>96.6</b>

## 13. Financial instruments

### (a) Standby arrangements and credit facilities

Reconciliation of net debt:

	Mar 2014 \$m	Restated Sep 2013 \$m	Restated Mar 2013 \$m
Current interest bearing liabilities	521.8	443.9	451.5
Non current interest bearing liabilities	2,042.0	2,112.7	2,362.9
Less cash and cash equivalents	(193.5)	(222.4)	(252.5)
<b>Net debt</b>	<b>2,370.3</b>	<b>2,334.2</b>	<b>2,561.9</b>

Credit facilities:

Unsecured bank overdraft facilities available	114.9	113.7	105.0
Amount of facilities undrawn	94.5	94.5	89.7
Committed standby and loan facilities available	3,928.9	4,232.4	3,678.2
Amount of facilities unused	1,881.1	2,114.7	1,323.6

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 6 May 2014 to 25 October 2030 (2013 30 May 2013 to 25 October 2030).

### (b) Fair value hierarchy

#### Fair values of derivatives

The carrying value of derivatives disclosed in the Balance Sheet equal their fair values. Valuation techniques include where applicable, reference to prices quoted in active markets, discounted cash flow analysis, fair value of recent arm's length transactions involving the same instruments or other instruments that are substantially the same, and option pricing models.

The fair value of forward exchange contracts are calculated by reference to forward exchange market rates for contracts within similar maturity profiles at the time of valuation.

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

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

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

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>31 March 2014</b>				
Derivative financial assets	-	25.9	-	25.9
Derivative financial liabilities	-	(71.3)	-	(71.3)
	-	(45.4)	-	(45.4)
<b>30 September 2013</b>				
Derivative financial assets	-	12.8	-	12.8
Derivative financial liabilities	-	(75.2)	-	(75.2)
	-	(62.4)	-	(62.4)
<b>31 March 2013</b>				
Derivative financial assets	-	13.6	-	13.6
Derivative financial liabilities	-	(74.3)	-	(74.3)
	-	(60.7)	-	(60.7)

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

## 14. Critical accounting judgements and estimates

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

### *Contingent liabilities*

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

### *Environmental and decommissioning provisions*

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

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

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

In respect of the Botany groundwater (New South Wales, Australia) contamination, Orica is continuing to conduct extensive remediation activities, including the operation of a Groundwater Treatment Plant, to treat the groundwater at Botany, which is contaminated with pollutants from historical operations. A provision exists to cover the estimated costs associated with remediation until 2019. 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.

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

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

### *Legal proceedings*

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

#### 14. Critical accounting judgements and estimates (continued)

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

##### *Warranties and Indemnities*

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

##### *Defined benefit superannuation fund obligations*

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

##### *Property, plant and equipment and definite life intangible assets*

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

##### *Financial instruments at fair value*

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

##### *Impairment of assets*

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit (CGU). The recoverable amount of those assets, or CGUs, is measured as the higher of their fair value less costs to sell or value in use. Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate CGUs. For the purposes of impairment testing, goodwill is allocated to cash generating units, or groups of cash generating units expected to benefit from the synergies. Each unit or group of units to which goodwill has been allocated shall represent the lowest level at which is internally monitored and not be larger than a segment. Following the Orica restructure, which took effect from 1 October 2012, Orica's reporting segments were re-evaluated. Goodwill continues to be monitored at the segment level. Accordingly, impairment testing of goodwill is undertaken at the segment level.

The determination of value in use requires the estimation and discounting of future cashflows. The estimation of the cashflows 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 impact future earnings of the Group.

##### *Taxation*

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

## 14. Critical accounting judgements and estimates (continued)

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 or differences in opinions will alter outcomes which may impact the amount of deferred tax assets and deferred tax liabilities recorded on the Balance Sheet and the amount of tax losses and timing differences not yet recognised. In these circumstances, the carrying amount of deferred tax assets and liabilities may change, resulting in an impact on the earnings of the Group.

## 15. Contingent liabilities

### (a) Environmental

#### (a) (i) General

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

There can be no assurance that new information or regulatory requirements with respect to known sites or the identification of new remedial obligations at other sites will not require additional future provisions for environmental remediation and such provisions could be material.

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

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

#### (a)(ii) Environmental Prosecutions

The NSW Environment Protection Authority has issued legal proceedings against Orica Australia Pty Ltd in relation to environmental incidents at the Botany and Kooragang Island sites that occurred during 2010 and 2011. Orica has entered guilty pleas to the charges involved in those legal proceedings. A sentencing and mitigation hearing of those proceedings was conducted in December 2012. The proceedings are currently adjourned pending a decision by the New South Wales Land and Environment Court.

Orica is also the subject of legal proceedings issued by the NSW Environmental Protection Authority and the NSW Office of Heritage and Environment in relation to environmental incidents that occurred in 2013 at Orica's Kooragang Island site and in the Hunter Valley. Orica is yet to enter a plea in relation to the alleged offences in those legal proceedings.

Orica is also the subject of legal proceedings issued by the Victorian Environment Protection Authority in relation to an incident involving fluorosilicic acid that occurred in September 2010 in Gippsland, Victoria. Orica has indicated to the Court its intention to contest the alleged offences in those legal proceedings.

It is possible that Orica will incur penalties as a consequence of these legal proceedings. However where it is not possible to reliably assess the amount of any such fines or other penalties, no provisions have been made with respect to these environmental prosecutions.

#### (b) WorkCover Prosecutions

The New South Wales WorkCover Authority has issued legal proceedings against Orica Australia in relation to an incident at the Kooragang Island site on 9 November 2011. Orica Australia is yet to enter a plea in relation to the alleged offences in those legal proceedings.

#### (c) Taxation

##### (c) (i) Investigations and audits

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

##### (c) (ii) Brazilian Tax Action

The Brazilian Taxation authority is claiming unpaid taxes relating to the 1997 financial year of approximately \$25 million. ICI Plc,



## 15. Contingent liabilities (continued)

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

### (c) (iii) Norway Tax Action

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

### (c) (iv) Australian Tax Action

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

### (d) Guarantees, indemnities and warranties

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

### (e) Other

Since 30 September 2013, the Polish Competition Authority has brought down an adverse finding against 3 firms, including Minova Poland, in relation to the supply of ground support products to Polish coal mines during 2005 to 2010, fining Minova Poland \$4.7million. Orica is appealing the adverse finding and fine.

## 16. Events subsequent to balance date

On 13 May 2014, the directors declared an interim dividend of 40 cents per ordinary share payable on 1 July 2014. The financial effect of this dividend is not included in the financial statements for the period ended 31 March 2014 and will be recognised in the 30 September 2014 financial statements.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2014, 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.

## 17. Prior period restatement due to changes in accounting standards

The following illustrates the impact upon the comparative period as a result of the application of revised accounting standards (refer note 1 (iii)).

### *Consolidated Financial Statements and Joint Arrangements*

These standards revise the definition of control and the types of joint arrangements. Following an assessment of these standards, Yara Pilbara Nitrates Pty Ltd is now accounted for as a jointly controlled entity instead of an investment accounted for using the equity method and Orica Mining Services Pilbara Pty Ltd is now accounted for as an investment accounted for using the equity method instead of consolidated. The significant effects of the new standards are to reduce the investment in associates at 31 March 2013 by \$167.4m (30 Sept 2012 \$40.6m, 30 Sept 2013 \$237.8m), and increase property, plant and equipment at 31 March 2013 by \$55.5m (30 Sept 2012 \$36.9m, 30 Sept 2013 \$127.8m) and intangibles at 31 March 2013 by \$108.9m (30 Sept 2012 \$nil, 30 Sept 2013 \$122.1m).

### *Employee benefits*

The effect of the employee benefits standard is that the expected return on assets in defined benefit funds are the discount rates applied to the net defined benefit asset or liability. The provision balance as at 30 September 2012 was reduced by \$9.5m and profit after income tax for the period to 31 March 2013 was reduced by \$4.3m (year to 30 September 2013 by \$8.8m).

17. Prior period restatement due to changes in accounting standards (continued)

**Income Statement**

For the period ended 31 March 2013:

	As reported 2013 \$m	Adjustments 2013 \$m	Restated 2013 \$m
<b>Sales revenue</b>	3,331.2	(5.9)	3,325.3
<b>Other income</b>	13.6	-	13.6
<b>Expenses</b>			
Changes in inventories of finished goods and work in progress	32.4	-	32.4
Raw materials and consumables used and finished goods purchased for	(1,557.6)	-	(1,557.6)
Share based payments	(9.9)	-	(9.9)
Other employee benefits expense	(605.2)	(6.1)	(611.3)
Depreciation expense	(118.2)	-	(118.2)
Amortisation expense	(18.3)	-	(18.3)
Purchased services	(178.3)	2.7	(175.6)
Repairs and maintenance	(94.0)	-	(94.0)
Outgoing freight	(160.2)	-	(160.2)
Lease payments - operating leases	(32.4)	-	(32.4)
Other expenses	(176.5)	1.5	(175.0)
Share of net profit of associates accounted for using the equity method	15.1	0.5	15.6
	(2,903.1)	(1.4)	(2,904.5)
<b>Profit from operations</b>	441.7	(7.3)	434.4
<b>Net financing costs</b>			
Financial income	19.4	-	19.4
Financial expenses	(85.6)	-	(85.6)
<b>Net financing costs</b>	(66.2)	-	(66.2)
<b>Profit before income tax expense</b>	375.5	(7.3)	368.2
Income tax expense	(98.9)	2.3	(96.6)
<b>Net profit for the year</b>	276.6	(5.0)	271.6
<b>Net profit for the year attributable to:</b>			
Shareholders of Orica Limited	266.8	(4.3)	262.5
Non-controlling interests	9.8	(0.7)	9.1
<b>Net profit for the year</b>	276.6	(5.0)	271.6
	cents	cents	cents
<b>Earnings per share</b>			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
Total attributable to ordinary shareholders of Orica Limited:			
Basic	73.5	(1.1)	72.4
Diluted	73.4	(1.1)	72.3

17. Prior period restatement due to changes in accounting standards (continued)

**Statement of Comprehensive Income**

For the period ended 31 March 2013:

	As reported 2013 \$m	Adjustments 2013 \$m	Restated 2013 \$m
<b>Profit for the year</b>	276.6	(5.0)	271.6
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<i>Cash flow hedges</i>			
Effective portion of changes in fair value	7.8	-	7.8
Tax on cash flow hedges	(2.3)	-	(2.3)
<i>Net Cash flow hedges</i>	5.5	-	5.5
<i>Exchange differences on translation foreign operations</i>			
Exchange differences on translation of foreign operations	(35.3)	(1.5)	(36.8)
Net loss on hedge of net investments in foreign subsidiaries	6.3	-	6.3
Tax on exchange differences on translating foreign operations	4.4	-	4.4
<i>Net exchange differences on translation foreign operations</i>	(24.6)	(1.5)	(26.1)
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
<i>Retained earnings</i>			
Actuarial (losses)/benefits on defined benefit plans	19.0	3.8	22.8
Tax on actuarial (losses)/benefits on defined benefit plans	(5.8)	(1.1)	(6.9)
<i>Net retained earnings</i>	13.2	2.7	15.9
<b>Other comprehensive income for the year</b>	(5.9)	1.2	(4.7)
<b>Total comprehensive income for the year</b>	270.7	(3.8)	266.9
<b>Attributable to:</b>			
Shareholders of Orica Limited	264.2	(3.1)	261.1
Non-controlling interests	6.5	(0.7)	5.8
<b>Total comprehensive income for the year</b>	270.7	(3.8)	266.9

17. Prior period restatement due to changes in accounting standards (continued)

**Balance Sheet**

As at March 2013:

	As reported 2013 \$m	Adjustments 2013 \$m	Restated 2013 \$m
<b>Current assets</b>			
Cash and cash equivalents	260.7	(8.2)	252.5
Trade and other receivables	1,044.3	5.3	1,049.6
Inventories	760.7	-	760.7
Other assets	87.0	1.6	88.6
Other financial assets - derivative assets	10.5	-	10.5
<b>Total current assets</b>	<b>2,163.2</b>	<b>(1.3)</b>	<b>2,161.9</b>
<b>Non-current assets</b>			
Trade and other receivables	50.8	-	50.8
Investments accounted for using the equity method	336.9	(167.4)	169.5
Other financial assets - derivative assets	3.1	-	3.1
Other financial assets	0.6	-	0.6
Property, plant and equipment	3,198.1	55.5	3,253.6
Intangible assets	2,028.9	108.9	2,137.8
Deferred tax assets	192.8	(2.0)	190.8
Other assets	19.5	-	19.5
<b>Total non-current assets</b>	<b>5,830.7</b>	<b>(5.0)</b>	<b>5,825.7</b>
<b>Total assets</b>	<b>7,993.9</b>	<b>(6.3)</b>	<b>7,987.6</b>
<b>Current liabilities</b>			
Trade and other payables	1,051.3	7.8	1,059.1
Other financial liabilities - derivative liabilities	1.8	-	1.8
Interest bearing liabilities	451.4	0.1	451.5
Current tax liabilities	21.3	(3.2)	18.1
Provisions	139.4	0.1	139.5
<b>Total current liabilities</b>	<b>1,665.2</b>	<b>4.8</b>	<b>1,670.0</b>
<b>Non-current liabilities</b>			
Trade and other payables	11.5	-	11.5
Other financial liabilities - derivative liabilities	72.5	-	72.5
Interest bearing liabilities	2,362.9	-	2,362.9
Deferred tax liabilities	49.4	-	49.4
Provisions	450.1	(7.4)	442.7
<b>Total non-current liabilities</b>	<b>2,946.4</b>	<b>(7.4)</b>	<b>2,939.0</b>
<b>Total liabilities</b>	<b>4,611.6</b>	<b>(2.6)</b>	<b>4,609.0</b>
<b>Net assets</b>	<b>3,382.3</b>	<b>(3.7)</b>	<b>3,378.6</b>
<b>Equity</b>			
Ordinary shares	1,849.9	-	1,849.9
Reserves	(1,055.7)	(1.5)	(1,057.2)
Retained earnings	2,459.7	(1.5)	2,458.2
<b>Total equity attributable to ordinary shareholders of</b>	<b>3,253.9</b>	<b>(3.0)</b>	<b>3,250.9</b>
Non-controlling interests in controlled entities	128.4	(0.7)	127.7
<b>Total equity</b>	<b>3,382.3</b>	<b>(3.7)</b>	<b>3,378.6</b>

17. Prior period restatement due to changes in accounting standards (continued)

**Statement of Changes in Equity**

For the period ended 31 March 2013

	Ordinary shares	Retained earnings	Share based payments reserve	Cash flow hedging reserve	Foreign currency translation reserve	Equity reserve arising from purchase of non- controlling interests	Total	Non- controlling interests	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>2013</b>									
Balance at 1 October 2012 - as reported	1,795.1	2,376.2	83.3	(15.7)	(930.0)	(187.4)	3,121.5	125.0	3,246.5
Adjustments	-	0.1	-	-	-	-	0.1	-	0.1
Balance at 1 October 2012 - restated	1,795.1	2,376.3	83.3	(15.7)	(930.0)	(187.4)	3,121.6	125.0	3,246.6
Profit for the year	-	266.8	-	-	-	-	266.8	9.8	276.6
Adjustments	-	(4.3)	-	-	-	-	(4.3)	(0.7)	(5.0)
Profit for the year - restated	-	262.5	-	-	-	-	262.5	9.1	271.6
Other comprehensive income - reported	-	13.2	-	5.5	(21.3)	-	(2.6)	(3.3)	(5.9)
Adjustments	-	2.7	-	-	(1.5)	-	1.2	-	1.2
Other comprehensive income - restated	-	15.9	-	5.5	(22.8)	-	(1.4)	(3.3)	(4.7)
<b>Total comprehensive income for the period - restated</b>	-	278.4	-	5.5	(22.8)	-	261.1	5.8	266.9
<b>Transactions with owners, recorded directly in equity</b>									
Total changes in contributed equity	54.8	-	-	-	-	-	54.8	3.8	58.6
Share-based payments expense	-	-	9.9	-	-	-	9.9	-	9.9
Divestment of non-controlling interests	-	-	-	-	-	-	-	(0.4)	(0.4)
Dividends/distributions	-	(196.5)	-	-	-	-	(196.5)	-	(196.5)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	(6.5)	(6.5)
<b>Balance at the end of the period - restated</b>	<b>1,849.9</b>	<b>2,458.2</b>	<b>93.2</b>	<b>(10.2)</b>	<b>(952.8)</b>	<b>(187.4)</b>	<b>3,250.9</b>	<b>127.7</b>	<b>3,378.6</b>

17. Prior period restatement due to changes in accounting standards (continued)

**Statement of Cash Flows**

For the period ended 31 March 2013

	As reported 2013 \$m	Adjustments 2013 \$m	Restated 2013 \$m
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
<b>Cash flows from operating activities</b>			
Receipts from customers	3,490.0	(14.2)	3,475.8
Payments to suppliers and employees	(3,080.7)	0.6	(3,080.1)
Interest received	19.4	-	19.4
Borrowing costs	(89.4)	-	(89.4)
Dividends received	13.1	-	13.1
Other operating revenue received	9.0	-	9.0
Net income taxes paid	(66.2)	0.3	(65.9)
<b>Net cash flows from operating activities</b>	<b>295.2</b>	<b>(13.3)</b>	<b>281.9</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	(288.6)	(14.5)	(303.1)
Payments for intangibles	(10.2)	(108.8)	(119.0)
Payments for purchase of investments	(127.2)	127.2	-
Proceeds from sale of property, plant and equipment	24.7	-	24.7
Proceeds from sale of investments	1.3	-	1.3
Proceeds from sale of businesses/controlled entities	0.5	-	0.5
<b>Net cash flows used in investing activities</b>	<b>(399.5)</b>	<b>3.9</b>	<b>(395.6)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term borrowings	2,455.0	-	2,455.0
Repayment of long term borrowings	(2,316.5)	-	(2,316.5)
Net movement in short term financing	136.5	-	136.5
Payments for finance leases	(0.8)	-	(0.8)
Proceeds from issue of ordinary shares	39.4	-	39.4
Proceeds from issue of shares to non-controlling interests	3.8	-	3.8
Payments for buy-back of ordinary shares - LTEIP	(9.6)	-	(9.6)
Dividends paid - Orica ordinary shares	(171.5)	-	(171.5)
Dividends paid - non-controlling interests	(6.7)	-	(6.7)
<b>Net cash from financing activities</b>	<b>129.6</b>	<b>-</b>	<b>129.6</b>
<b>Net increase/(decrease) in cash held</b>	<b>25.3</b>	<b>(9.4)</b>	<b>15.9</b>
Cash at the beginning of the year	227.9	1.2	229.1
Effects of exchange rate changes on cash	(7.8)	-	(7.8)
<b>Cash at the end of the year</b>	<b>245.4</b>	<b>(8.2)</b>	<b>237.2</b>

17. Prior period restatement due to changes in accounting standards (continued)

**Income Statement**

For the year ended 30 September 2013:

	As reported 2013 \$m	Adjustments 2013 \$m	Restated 2013 \$m
<b>Sales revenue</b>	6,898.1	(12.9)	6,885.2
<b>Other income</b>	43.0	-	43.0
<b>Expenses</b>			
Changes in inventories of finished goods and work in progress	35.9	-	35.9
Raw materials and consumables used and finished goods purchased for resale	(3,343.7)	-	(3,343.7)
Share based payments	(16.0)	-	(16.0)
Other employee benefits expense	(1,230.6)	(12.7)	(1,243.3)
Depreciation expense	(247.9)	-	(247.9)
Amortisation expense	(36.5)	-	(36.5)
Purchased services	(322.7)	4.9	(317.8)
Repairs and maintenance	(196.1)	-	(196.1)
Impairment of goodwill	(5.7)	-	(5.7)
Outgoing freight	(326.2)	-	(326.2)
Lease payments - operating leases	(66.9)	-	(66.9)
Other expenses	(233.3)	1.0	(232.3)
Share of net profit of associates accounted for using the equity method	33.4	3.0	36.4
	(5,956.3)	(3.8)	(5,960.1)
<b>Profit from operations</b>	984.8	(16.7)	968.1
<b>Net financing costs</b>			
Financial income	34.2	-	34.2
Financial expenses	(184.4)	-	(184.4)
<b>Net financing costs</b>	(150.2)	-	(150.2)
<b>Profit before income tax expense</b>	834.6	(16.7)	817.9
Income tax expense	(213.4)	5.4	(208.0)
<b>Net profit for the year</b>	621.2	(11.3)	609.9
<b>Net profit for the year attributable to:</b>			
Shareholders of Orica Limited	601.6	(9.1)	592.5
Non-controlling interests	19.6	(2.2)	17.4
<b>Net profit for the year</b>	621.2	(11.3)	609.9
	cents	cents	cents
<b>Earnings per share</b>			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
Total attributable to ordinary shareholders of Orica Limited:			
Basic	165.4	(2.5)	162.9
Diluted	165.2	(2.5)	162.7

17. Prior period restatement due to changes in accounting standards (continued)

**Statement of Comprehensive Income**

For the year ended 30 September 2013:

	As reported 2013 \$m	Adjustments 2013 \$m	Restated 2013 \$m
<b>Profit for the year</b>	621.2	(11.3)	609.9
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<i>Cash flow hedges</i>			
Effective portion of changes in fair value	15.0	-	15.0
Transferred loss to Income Statement	(4.1)	-	(4.1)
Tax on cash flow hedges	(3.3)	-	(3.3)
<i>Net Cash flow hedges</i>	<u>7.6</u>	<u>-</u>	<u>7.6</u>
<i>Exchange differences on translation of foreign operations</i>			
Exchange gain/(loss) on translation of foreign operations	157.6	19.8	177.4
Net gain/(loss) on hedge of net investments in foreign subsidiaries	178.9	-	178.9
Tax on exchange differences on translating foreign operations	23.5	-	23.5
<i>Net exchange differences on translation of foreign operations</i>	<u>360.0</u>	<u>19.8</u>	<u>379.8</u>
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
<i>Retained earnings</i>			
Actuarial benefits/(losses) on defined benefit plans	24.9	10.4	35.3
Tax (expense)/benefit on actuarial benefits/(losses) on defined benefit plans	(7.7)	(3.2)	(10.9)
<i>Net retained earnings</i>	<u>17.2</u>	<u>7.2</u>	<u>24.4</u>
<b>Other comprehensive income for the year</b>	<u>384.8</u>	<u>27.0</u>	<u>411.8</u>
<b>Total comprehensive income for the year</b>	<u>1,006.0</u>	<u>15.7</u>	<u>1,021.7</u>
<b>Attributable to:</b>			
Shareholders of Orica Limited	973.4	17.9	991.3
Non-controlling interests	32.6	(2.2)	30.4
<b>Total comprehensive income for the year</b>	<u>1,006.0</u>	<u>15.7</u>	<u>1,021.7</u>



17. Prior period restatement due to changes in accounting standards (continued)

**Balance Sheet**

As at September 2013:

	As reported 2013 \$m	Adjustments 2013 \$m	Restated 2013 \$m
<b>Current assets</b>			
Cash and cash equivalents	225.3	(2.9)	222.4
Trade and other receivables	1,050.6	(1.3)	1,049.3
Inventories	793.1	-	793.1
Other assets	69.5	4.1	73.6
Other financial assets - derivative assets	11.4	-	11.4
<b>Total current assets</b>	<b>2,149.9</b>	<b>(0.1)</b>	<b>2,149.8</b>
<b>Non-current assets</b>			
Trade and other receivables	97.3	-	97.3
Investments accounted for using the equity method	435.5	(237.8)	197.7
Other financial assets - derivative assets	1.4	-	1.4
Other financial assets	0.7	-	0.7
Property, plant and equipment	3,455.4	127.8	3,583.2
Intangible assets	2,217.9	122.1	2,340.0
Deferred tax assets	218.5	(1.8)	216.7
Other assets	26.7	-	26.7
<b>Total non-current assets</b>	<b>6,453.4</b>	<b>10.3</b>	<b>6,463.7</b>
<b>Total assets</b>	<b>8,603.3</b>	<b>10.2</b>	<b>8,613.5</b>
<b>Current liabilities</b>			
Trade and other payables	1,235.8	4.2	1,240.0
Other financial liabilities - derivative liabilities	19.5	-	19.5
Interest bearing liabilities	443.9	-	443.9
Current tax liabilities	80.0	(1.7)	78.3
Provisions	173.3	-	173.3
<b>Total current liabilities</b>	<b>1,952.5</b>	<b>2.5</b>	<b>1,955.0</b>
<b>Non-current liabilities</b>			
Trade and other payables	12.3	-	12.3
Other financial liabilities - derivative liabilities	55.7	-	55.7
Interest bearing liabilities	2,112.7	-	2,112.7
Deferred tax liabilities	52.4	-	52.4
Provisions	423.6	(8.1)	415.5
<b>Total non-current liabilities</b>	<b>2,656.7</b>	<b>(8.1)</b>	<b>2,648.6</b>
<b>Total liabilities</b>	<b>4,609.2</b>	<b>(5.6)</b>	<b>4,603.6</b>
<b>Net assets</b>	<b>3,994.1</b>	<b>15.8</b>	<b>4,009.9</b>
<b>Equity</b>			
Ordinary shares	1,877.9	-	1,877.9
Reserves	(680.9)	19.8	(661.1)
Retained earnings	2,656.0	(1.8)	2,654.2
<b>Total equity attributable to ordinary shareholders of</b>	<b>3,853.0</b>	<b>18.0</b>	<b>3,871.0</b>
Non-controlling interests in controlled entities	141.1	(2.2)	138.9
<b>Total equity</b>	<b>3,994.1</b>	<b>15.8</b>	<b>4,009.9</b>

17. Prior period restatement due to changes in accounting standards (continued)

**Statement of Changes in Equity**

For the year ended 30 September 2013

	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
<b>2012</b>										
Balance at 1 October 2011 - as reported	1,749.9	2,363.4	65.4	(11.5)	(715.5)	(187.4)	3,264.3	490.0	121.3	3,875.6
Adjustments	-	0.1	-	-	-	-	0.1	-	-	0.1
Balance at 1 October 2011 - restated	1,749.9	2,363.5	65.4	(11.5)	(715.5)	(187.4)	3,264.4	490.0	121.3	3,875.7
Profit for the year	-	402.8	-	-	-	-	402.8	-	21.0	423.8
Other comprehensive income	-	(41.5)	-	(4.2)	(214.5)	-	(260.2)	-	(7.3)	(267.5)
<b>Total comprehensive income for the year - restated</b>	-	361.3	-	(4.2)	(214.5)	-	142.6	-	13.7	156.3
<b>Transactions with owners, recorded directly in equity</b>										
Total changes in contributed equity	45.2	-	-	-	-	-	45.2	-	1.2	46.4
Share-based payments expense	-	-	17.9	-	-	-	17.9	-	-	17.9
Reclassification to interest bearing liabilities	-	(10.0)	-	-	-	-	(10.0)	(490.0)	-	(500.0)
Divestment of non-controlling interests	-	0.3	-	-	-	-	0.3	-	(1.2)	(0.9)
Dividends/distributions	-	(338.8)	-	-	-	-	(338.8)	-	-	(338.8)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	-	(10.0)	(10.0)
<b>Balance at the end of the year - restated</b>	1,795.1	2,376.3	83.3	(15.7)	(930.0)	(187.4)	3,121.6	-	125.0	3,246.6
<b>2013</b>										
Balance at 1 October 2012	1,795.1	2,376.3	83.3	(15.7)	(930.0)	(187.4)	3,121.6	-	125.0	3,246.6
Profit for the year - as reported	-	601.6	-	-	-	-	601.6	-	19.6	621.2
Adjustments	-	(9.1)	-	-	-	-	(9.1)	-	(2.2)	(11.3)
Profit for the year - restated	-	592.5	-	-	-	-	592.5	-	17.4	609.9
Other comprehensive income	-	17.2	-	7.6	347.0	-	371.8	-	13.0	384.8
Adjustments	-	7.2	-	-	19.8	-	27.0	-	-	27.0
Other comprehensive income - restated	-	24.4	-	7.6	366.8	-	398.8	-	13.0	411.8
<b>Total comprehensive income for the year - restated</b>	-	616.9	-	7.6	366.8	-	991.3	-	30.4	1,021.7
<b>Transactions with owners, recorded directly in equity</b>										
Total changes in contributed equity	82.8	-	-	-	-	-	82.8	-	4.0	86.8
Share-based payments expense	-	-	16.0	-	-	-	16.0	-	-	16.0
Acquisition of non-controlling interests	-	-	-	-	-	(1.7)	(1.7)	-	(1.6)	(3.3)
Divestment of non-controlling interests	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Dividends/distributions	-	(339.0)	-	-	-	-	(339.0)	-	-	(339.0)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	-	(18.5)	(18.5)
<b>Balance at the end of the year - restated</b>	1,877.9	2,654.2	99.3	(8.1)	(563.2)	(189.1)	3,871.0	-	138.9	4,009.9

17. Prior period restatement due to changes in accounting standards (continued)

**Statement of Cash Flows**

For the year ended 30 September 2013

	As reported 2013 \$m	Adjustments 2013 \$m	Restated 2013 \$m
	Inflows/ (Outflows)		Inflows/ (Outflows)
<b>Cash flows from operating activities</b>			
Receipts from customers	7,615.4	(11.6)	7,603.8
Payments to suppliers and employees	(6,307.7)	12.6	(6,295.1)
Interest received	34.0	-	34.0
Borrowing costs	(187.3)	-	(187.3)
Dividends received	25.2	-	25.2
Other operating revenue received	20.9	-	20.9
Net income taxes paid	(141.8)	1.9	(139.9)
<b>Net cash flows from operating activities</b>	<b>1,058.7</b>	<b>2.9</b>	<b>1,061.6</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	(542.3)	(85.1)	(627.4)
Payments for intangibles	(30.3)	(122.1)	(152.4)
Payments for purchase of investments	(201.1)	200.2	(0.9)
Payments for purchase of businesses/controlled entities	(2.7)	-	(2.7)
Proceeds from sale of property, plant and equipment	31.3	-	31.3
Proceeds from sale of investments	1.3	-	1.3
Proceeds from sale of businesses/controlled entities	0.5	-	0.5
<b>Net cash flows used in investing activities</b>	<b>(743.3)</b>	<b>(7.0)</b>	<b>(750.3)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term borrowings	6,585.1	-	6,585.1
Repayment of long term borrowings	(6,776.2)	-	(6,776.2)
Net movement in short term financing	112.1	-	112.1
Payments for finance leases	(1.1)	-	(1.1)
Proceeds from issue of ordinary shares	39.4	-	39.4
Proceeds from issue of shares to non-controlling interests	4.0	-	4.0
Payments for buy-back of ordinary shares - LTEIP	(9.6)	-	(9.6)
Dividends paid - Orica ordinary shares	(286.0)	-	(286.0)
Dividends paid - non-controlling interests	(18.8)	-	(18.8)
<b>Net cash (used in)/from financing activities</b>	<b>(351.1)</b>	<b>-</b>	<b>(351.1)</b>
<b>Net decrease in cash held</b>	<b>(35.7)</b>	<b>(4.1)</b>	<b>(39.8)</b>
Cash at the beginning of the year	227.9	1.2	229.1
Effects of exchange rate changes on cash	13.9	-	13.9
<b>Cash at the end of the year</b>	<b>206.1</b>	<b>(2.9)</b>	<b>203.2</b>

**Compliance statement**

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

The entity has a formally constituted audit committee.



Chris Hansen  
Company Secretary  
13th May 2014

**Orica Limited and its Controlled Entities**

**Directors' Declaration on the Financial Report set out on pages 3 to 35**

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

In the Directors' opinion:

- (a) the financial statements and notes, set out on pages 3 to 35, 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 2014 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.



R R Caplan  
Chairman



I K Smith  
Managing Director and Chief Executive Officer

Dated at Melbourne this 13th day of May 2014.

## 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 2014 and the auditor's review report thereon.

#### Directors

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

R R Caplan, Chairman (appointed Chairman on 30 January 2014)

P J B Duncan, Chairman (retired on 30 January 2014)

I K Smith, Managing Director and Chief Executive Officer

N A Meehan, Executive Director Finance (left Orica on 31 October 2013)

M N Brenner

A Calderon

I D Cockerill

Lim C O

N L Scheinkestel

G T Tilbrook

M Tilley (retired on 30 January 2014)

C Hansen has been appointed to the office of the company secretary on 7 March 2014.

This position was previously 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 2014, 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 38.

#### Rounding

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

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



R R Caplan  
Chairman



I K Smith  
Managing Director and Chief Executive Officer

Dated at Melbourne this 13th day of May 2014.



***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 2014 there have been:

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

KPMG

  
Martin Sheppard  
*Partner*

Melbourne

13 May 2014



## **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 2014, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

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

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 March 2014 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*.

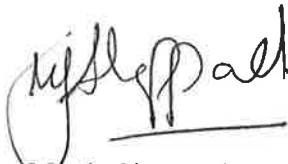
*Conclusion*

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 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Martin Sheppard  
*Partner*

Melbourne

13 May 2014