Appendix 4D
Half Year Report

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

Half year ended ('current period')	Half year ended ('previous corresponding period')
31 March 2016	31 March 2015

Results for announcement to the market

				$m
Consolidated revenue from operations	down	(22.1)%	to	2,553.4
Profit after tax attributable to shareholders	down	(32.9)%	to	149.0
Net profit for the period attributable to shareholders before individually material items	down	(14.5)%	to	190.0
From continuing operations:				
Revenue from continuing operations	down	(9.1)%	to	2,553.4
Profit after tax from continuing operations attributable to shareholders	down	(29.4)%	to	149.0
Net profit for the period from continuing operations attributable to shareholders before individually material items	down	(10.0)%	to	190.0

Dividends		Amount per security	Franked amount per security at 30% tax
Interim dividend - Ordinary	Cents	20.50	10.00
Previous corresponding period Interim dividend - Ordinary	Cents	40.00	14.00

Record date for determining entitlements to the dividend:

	Ordinary Shares	1 June 2016
Payment date of dividend:	Ordinary Shares	1 July 2016

	Current period	Previous corresponding period
	Cents	Cents
Net tangible asset backing per ordinary security	307.1	550.3

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

Contents:

Income Statement

For the period ended 31 March:

This statement should be read in conjunction w ith note 8, discontinued operations and businesses disposed.

	Notes	2016 $m	2015 $m
Sales revenue	(2b)	**2,553.4**	2,809.4
Other income	(2c)	**24.2**	13.1
Expenses			
Raw materials and inventories		**(968.6)**	(1,186.2)
Employee benefits expense		**(547.0)**	(575.7)
Depreciation and amortisation expense		**(133.6)**	(142.1)
Purchased services		**(158.0)**	(180.5)
Repairs and maintenance		**(78.1)**	(77.3)
Outgoing freight		**(149.4)**	(128.1)
Lease payments - operating leases		**(25.1)**	(21.6)
Other expenses		**(218.8)**	(200.9)
Share of net profit of associates accounted for using the equity method		**17.5**	19.9
Total		**(2,261.1)**	(2,492.5)
Profit from operations		**316.5**	330.0
Net financing costs			
Financial income		**15.0**	23.9
Financial expenses		**(60.5)**	(72.0)
Net financing costs		**(45.5)**	(48.1)
Profit before income tax expense		**271.0**	281.9
Income tax expense	(9)	**(114.3)**	(64.0)
Profit after tax but before profit from discontinued operations		**156.7**	217.9
Profit from discontinued operations	(8)	**-**	11.5
Net profit for the period		**156.7**	229.4
Net profit for the period attributable to:			
Shareholders of Orica Limited		**149.0**	222.1
Non-controlling interests		**7.7**	7.3
Net profit for the period		**156.7**	229.4
		cents	cents
Earnings per share			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
From continuing operations:			
Basic earnings per share	(3)	**40.1**	56.9
Diluted earnings per share	(3)	**40.1**	56.9
Total attributable to ordinary shareholders of Orica Limited:			
Basic earnings per share	(3)	**40.1**	59.9
Diluted earnings per share	(3)	**40.1**	59.9

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

Statement of Comprehensive Income

For the period ended 31 March:

	2016 $m	2015 $m
Profit for the period	**156.7**	229.4
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
Exchange (loss)/gain on translation of foreign operations	**(112.2)**	185.3
Net (loss)/gain on hedge of net investments in foreign subsidiaries	**(116.0)**	43.5
Tax (expense)/benefit on hedge of net investments in foreign subsidiaries	**(14.6)**	29.5
Net exchange differences on translation of foreign operations	**(242.8)**	258.3
Sundry items:		
Net Cash flow hedges	**(8.2)**	(47.8)
Items that will not be reclassified subsequently to profit or loss:		
Net actuarial loss	**(22.4)**	(44.0)
Other comprehensive (loss)/income for the period	**(273.4)**	166.5
Total comprehensive (loss)/income for the period	**(116.7)**	395.9
Attributable to:		
Shareholders of Orica Limited	**(127.6)**	376.0
Non-controlling interests	**10.9**	19.9
Total comprehensive (loss)/income for the period	**(116.7)**	395.9

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

Balance Sheet

as at:

	Notes	31 March 2016 $m	30 September 2015 $m
Current assets			
Cash and cash equivalents	(10)	**242.2**	273.9
Trade receivables		**632.1**	751.4
Other receivables		**155.1**	186.4
Inventories		**602.2**	598.7
Other assets		**86.8**	84.7
Total current assets		**1,718.4**	1,895.1
Non-current assets			
Other receivables		**57.3**	76.2
Investments accounted for using the equity method		**188.3**	203.5
Property, plant and equipment		**2,780.8**	2,917.9
Intangible assets		**1,557.7**	1,633.2
Deferred tax assets		**430.5**	475.3
Other assets		**97.9**	120.1
Total non-current assets		**5,112.5**	5,426.2
Total assets		**6,830.9**	7,321.3
Current liabilities			
Trade payables		**667.9**	843.1
Other payables		**242.2**	284.9
Interest bearing liabilities	(10)	**63.6**	157.2
Provisions		**158.3**	181.7
Other liabilities		**84.5**	62.4
Total current liabilities		**1,216.5**	1,529.3
Non-current liabilities			
Other payables		**7.0**	7.9
Interest bearing liabilities	(10)	**2,232.5**	2,142.8
Provisions		**460.5**	444.0
Deferred tax liabilities		**86.6**	106.8
Other liabilities		**114.9**	103.3
Total non-current liabilities		**2,901.5**	2,804.8
Total liabilities		**4,118.0**	4,334.1
Net assets		**2,712.9**	2,987.2
Equity			
Ordinary shares	(5)	**2,005.9**	1,954.4
Reserves		**(467.9)**	(216.8)
Retained earnings		**1,166.6**	1,247.0
Total equity attributable to ordinary shareholders of Orica Limited		**2,704.6**	2,984.6
Non-controlling interests in controlled entities		**8.3**	2.6
Total equity		**2,712.9**	2,987.2

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	Foreign currency translation reserve	Other reserves	Total	Non-controlling interests	Total equity
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
2015							
Balance at 1 October 2014	1,975.0	2,895.0	(537.4)	(69.6)	4,263.0	136.1	4,399.1
Profit for the period	-	222.1	-	-	222.1	7.3	229.4
Other comprehensive income	-	(44.0)	245.7	(47.8)	153.9	12.6	166.5
Total comprehensive income for the period	-	178.1	245.7	(47.8)	376.0	19.9	395.9
Transactions with owners, recorded directly in equity							
Total changes in contributed equity	(9.9)	(16.2)	-	-	(26.1)	-	(26.1)
Share-based payments expense	-	-	-	(2.2)	(2.2)	-	(2.2)
Divestment of non-controlling interests	-	-	-	-	-	(2.9)	(2.9)
Dividends/distributions	-	(208.1)	-	-	(208.1)	-	(208.1)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	(4.1)	(4.1)
Transfer to income statement on sale of foreign subsidiaries	-	-	(6.9)	-	(6.9)	-	(6.9)
Balance at the end of the period	1,965.1	2,848.8	(298.6)	(119.6)	4,395.7	149.0	4,544.7
2016							
Balance at 1 October 2015	**1,954.4**	**1,247.0**	**(69.7)**	**(147.1)**	**2,984.6**	**2.6**	**2,987.2**
Profit for the period	**-**	**149.0**	**-**	**-**	**149.0**	**7.7**	**156.7**
Other comprehensive income	**-**	**(22.4)**	**(246.0)**	**(8.2)**	**(276.6)**	**3.2**	**(273.4)**
Total comprehensive income for the period	**-**	**126.6**	**(246.0)**	**(8.2)**	**(127.6)**	**10.9**	**(116.7)**
Transactions with owners, recorded directly in equity							
Total changes in contributed equity	**51.5**	**-**	**-**	**-**	**51.5**	**-**	**51.5**
Share-based payments expense	**-**	**-**	**-**	**3.1**	**3.1**	**-**	**3.1**
Dividends/distributions	**-**	**(207.0)**	**-**	**-**	**(207.0)**	**-**	**(207.0)**
Dividends declared/paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(5.2)**	**(5.2)**
Balance at the end of the period	**2,005.9**	**1,166.6**	**(315.7)**	**(152.2)**	**2,704.6**	**8.3**	**2,712.9**

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:

	Notes	2016 $m Inflows/ (Outflows)	2015 $m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		**2,921.8**	3,479.0
Payments to suppliers and employees		**(2,692.9)**	(3,080.3)
Interest received		**15.0**	23.0
Borrowing costs		**(79.3)**	(91.2)
Dividends received		**15.9**	22.4
Other operating revenue received		**14.7**	14.6
Net income taxes paid		**(62.7)**	(88.4)
Net cash flows from operating activities		**132.5**	279.1
Cash flows from investing activities			
Payments for property, plant and equipment		**(107.3)**	(146.2)
Payments for intangibles		**(29.6)**	(45.0)
Payments for purchase of businesses/controlled entities		**(2.9)**	-
Payments for purchase of investments		**(0.5)**	(0.5)
Proceeds from sale of property, plant and equipment		**34.3**	20.7
Proceeds from sale of businesses/controlled entities		**-**	701.9
Disposal costs from sale of businesses/controlled entities		**(16.8)**	(20.5)
Net cash flows used in investing activities		**(122.8)**	510.4
Cash flows from financing activities			
Proceeds from long term borrowings		**2,650.8**	1,865.3
Repayment of long term borrowings		**(2,405.8)**	(1,954.1)
Net movement in short term financing		**(131.2)**	(214.5)
Payments for buy-back of ordinary shares		**-**	(8.4)
Dividends paid - Orica ordinary shares	(4)	**(156.3)**	(208.1)
Dividends paid - non-controlling interests		**(5.2)**	(4.5)
Payments for finance leases		**(0.3)**	(0.8)
Proceeds from issue of ordinary shares		**0.8**	1.1
Net cash used in financing activities		**(47.2)**	(524.0)
Net (decrease)/increase in cash held		**(37.5)**	265.5
Cash at the beginning of the period		**260.8**	213.7
Effects of exchange rate changes on cash		**(25.6)**	19.2
Cash at the end of the period		**197.7**	498.4

Reconciliation of cash

Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Notes	2016	2015
Cash	(10)	**242.2**	521.8
Bank overdraft		**(44.5)**	(23.4)
		197.7	498.4

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

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 2016 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 2015 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 2015.

The standard relevant to Orica that has been adopted during the period is:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

The standard does not have a material impact on the financial statements.

Standards taking effect from 1 October 2016 and later

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 – [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] - available for annual reporting periods beginning on or after 1 January 2018.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) – available for annual reporting periods on or after 1 January 2018.

  AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle - available for annual reporting periods on or after 1 January 2016.
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 – available for annual reporting periods on or after 1 January 2016.
- AASB 9 (2014) Financial Instruments, AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) and AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) - available for annual reporting periods on or after 1 January 2018.
- AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 available for annual reporting periods on or after 1 January 2018.
- AASB 16 Leases - available for annual reporting periods on or after 1 January 2019.
- AASB 2014-1 Amendments to Australian Accounting Standards arising from AASB 119 Defined Benefit Plans: Employee Contributions [Operative dates: Part D – 1 Jan 2016; Part E – 1 Jan 2018].
- AASB 2014-3 Amendments to Australian Accounting Standards Accounting for Acquisitions of Interests in Joint Operations - available for annual reporting periods on or after 1 January 2016.
- AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation - available for annual reporting periods on or after 1 January 2016.

The consolidated entity expects to adopt these standards in the 2017 and subsequent financial years - however the financial impact of adopting the new or amended standards has not yet been determined.

2. Segment report

(a) Identification and description of segments

Orica's reportable segments are based on the internal management structure as reported to the Group's Chief Operating Decision Maker (the Group's Managing Director and Chief Executive Officer).

With effect from 1 October 2015 a new operating model has been implemented with more accountability within the regions for end-to end customer service delivery, operational and financial performance.

The reporting segments under the new operating model are as follows:

Reportable segments	Products/services
• Australia/Pacific and Indonesia • North America • Latin America • Europe, Africa and Asia	Manufacture and supply of commercial explosives and blasting systems including services and solutions to the mining and infrastructure markets, and supply of mining chemicals including sodium cyanide for gold extraction.
• Minova	Manufacture and supply of specialty bolts, accessories and chemicals for stabilisation and ventilation systems in underground mining and civil tunnelling works.
• Global Support	Minor activities, operation of the Botany Groundwater Treatment Plant, non-operating assets, the inter-segment sales and financial items such as foreign currency gains/losses and corporate and support costs which cannot otherwise be allocated to segments on a reasonable basis.
• 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.

* Chemicals business was sold on 27 February 2015 and has been disclosed as a Discontinued Operation.

Prior period comparative segment information has been restated.

2. Segment report (continued)

(b)

Reportable segments 2016 $m	Australia/Pacific and Indonesia	North America	Latin America	Europe, Africa and Asia	Minova	Global Support	Eliminations	Total Continuing	Discontinued Operations [1]	Eliminations	Consolidated
Revenue											
External sales	**733.5**	**608.9**	**448.2**	**541.0**	**206.7**	**15.1**	**-**	**2,553.4**	**-**	**-**	**2,553.4**
Inter-segment sales	**32.5**	**84.5**	**22.3**	**18.4**	**4.0**	**482.7**	**(644.4)**	**-**	**-**	**-**	**-**
Total sales revenue	**766.0**	**693.4**	**470.5**	**559.4**	**210.7**	**497.8**	**(644.4)**	**2,553.4**	**-**	**-**	**2,553.4**
Other income (refer to note 2c) [2]	**0.1**	**5.2**	**7.3**	**(4.9)**	**0.6**	**15.9**	**-**	**24.2**	**-**	**-**	**24.2**
Total revenue and other income	**766.1**	**698.6**	**477.8**	**554.5**	**211.3**	**513.7**	**(644.4)**	**2,577.6**	**-**	**-**	**2,577.6**
Results before individually material items								**-**			
Profit/(loss) before financing costs and income tax	**145.2**	**101.7**	**36.1**	**49.9**	**(2.2)**	**(14.2)**	**-**	**316.5**	**-**	**-**	**316.5**
Financial income											**15.0**
Financial expenses											**(60.5)**
Profit before income tax expense											**271.0**
Income tax expense											**(73.3)**
Profit after income tax expense											**197.7**
Profit attributable to non-controlling interests											**(7.7)**
Profit after income tax expense before individually material items attributable to shareholders of Orica Limited											**190.0**
Individually material items (refer to note 2d)											
Gross individually material items	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Tax on individually material items	**-**	**-**	**-**	**-**	**-**	**(41.0)**	**-**	**(41.0)**	**-**	**-**	**(41.0)**
Net individually material items attributable to non-controlling interests											**-**
Individually material items attributable to shareholders of Orica											**(41.0)**
Net profit for the period attributable to shareholders of Orica Limited											**149.0**
Segment assets	**2,774.3**	**877.8**	**591.5**	**901.0**	**400.7**	**1,285.6**	**-**	**6,830.9**	**-**	**-**	**6,830.9**
Segment liabilities	**377.0**	**233.4**	**168.5**	**268.2**	**-**	**3,070.9**	**-**	**4,118.0**	**-**	**-**	**4,118.0**
Investments accounted for using the equity method	**3.2**	**176.3**	**4.9**	**3.4**	**-**	**0.5**	**-**	**188.3**	**-**	**-**	**188.3**
Acquisitions of PPE and intangibles	**78.3**	**20.5**	**10.8**	**16.0**	**1.0**	**29.0**	**-**	**155.6**	**-**	**-**	**155.6**
Impairment of inventories	**0.1**	**0.2**	**0.6**	**2.4**	**-**	**-**	**-**	**3.3**	**-**	**-**	**3.3**
Impairment of trade receivables	**0.3**	**-**	**7.8**	**4.6**	**1.4**	**-**	**-**	**14.1**	**-**	**-**	**14.1**
Depreciation and amortisation	**62.7**	**21.1**	**12.0**	**18.4**	**8.3**	**11.1**	**-**	**133.6**	**-**	**-**	**133.6**
Non-cash expenses: - share based payments	**0.7**	**0.5**	**0.1**	**0.3**	**0.1**	**1.4**	**-**	**3.1**	**-**	**-**	**3.1**
Share of associates net profit equity accounted	**1.1**	**15.6**	**1.1**	**(0.3)**	**-**	**-**	**-**	**17.5**	**-**	**-**	**17.5**

(1) The Chemicals business was sold on 27 February 2015.
(2) Includes foreign currency gains/losses in various reportable segments.

2. Segment report (continued)

(b)

Reportable segments 2015 $m	Australia/Pacific and Indonesia	North America	Latin America	Europe, Africa and Asia	Minova	Global Support	Eliminations	Total Continuing	Discontinued Operations [1]	Eliminations	Consolidated
Revenue											
External sales	830.0	634.1	510.3	526.0	292.6	11.3	-	2,804.3	475.0	-	3,279.3
Inter-segment sales	34.0	87.5	30.3	13.6	2.0	481.6	(643.9)	5.1	22.4	(27.5)	-
Total sales revenue	864.0	721.6	540.6	539.6	294.6	492.9	(643.9)	2,809.4	497.4	(27.5)	3,279.3
Other income (refer to note 2c) [2]	2.8	2.9	(2.4)	1.4	(3.1)	11.7	(0.2)	13.1	0.8	-	13.9
Total revenue and other income	866.8	724.5	538.2	541.0	291.5	504.6	(644.1)	2,822.5	498.2	(27.5)	3,293.2
Results before individually material items											
Profit/(loss) before financing costs and income tax	189.9	86.3	39.4	57.4	(6.8)	(36.2)	-	330.0	8.3	-	338.3
Financial income											24.0
Financial expenses											(72.0)
Profit before income tax expense											290.3
Income tax expense											(60.9)
Profit after income tax expense											229.4
Profit attributable to non-controlling interests											(7.3)
Profit after income tax expense before individually material items attributable to shareholders of Orica Limited											222.1
Individually material items (refer to note 2d)											
Gross individually material items											-
Tax on individually material items											-
Net individually material items attributable to non-controlling interests											-
Individually material items attributable to shareholders of Orica											-
Net profit for the period attributable to shareholders of Orica Limited											222.1
Segment assets	3,298.1	891.4	667.5	1,182.5	1,269.1	1,639.4	-	8,948.0	-	-	8,948.0
Segment liabilities	405.3	206.1	242.5	290.7	63.9	3,194.8	-	4,403.3	-	-	4,403.3
Investments accounted for using the equity method	1.1	181.9	4.7	37.0	2.5	1.2	-	228.4	-	-	228.4
Acquisitions of PPE and intangibles	106.4	18.9	14.9	23.0	1.0	40.7	-	204.9	6.8	-	211.7
Impairment of inventories	-	1.3	1.0	3.4	0.7	-	-	6.4	0.9	-	7.3
Impairment of trade receivables	0.2	0.5	1.2	2.3	3.2	-	-	7.4	0.1	-	7.5
Depreciation and amortisation	66.1	19.2	12.0	18.9	17.5	8.4	-	142.1	13.0	-	155.1
Non-cash expenses: - share based payments	(0.4)	(0.7)	(0.2)	(0.6)	0.1	(0.2)	-	(2.0)	(0.2)	-	(2.2)
Share of associates net profit equity accounted	1.2	18.1	0.7	(0.1)	-	-	-	19.9	-	-	19.9

[1] The Chemicals business was sold on 27 February 2015.
[2] Includes foreign currency gains/losses in various reportable segments.

	Consolidated	
	2016	2015
	$m	$m
(c) Other income		
Other income	**14.7**	8.0
Net foreign currency losses	**(3.5)**	(6.9)
Profit on sale of property, plant and equipment	**13.0**	12.0
Total other income	**24.2**	13.1

	2016			2015		
	Gross $m	**Tax $m**	**Net $m**	Gross $m	Tax $m	Net $m
(d) Individually material items						
Profit after income tax includes the following individually material items of expense:						
Settlement of Australian Tax Action [1]	**-**	**(41.0)**	**(41.0)**	-	-	-
Individually material items	**-**	**(41.0)**	**(41.0)**	-	-	-
Non-controlling interests in individually material items	**-**	**-**	**-**	-	-	-
Individually material items attributable to shareholders of Orica	**-**	**(41.0)**	**(41.0)**	-	-	-

[1] In note 11 of the 2015 Annual Report, Orica disclosed as a Contingent Tax Liability that it was awaiting the outcome of its appeal to the Federal Court of Australia in relation to a financing arrangement of its US Group. On 7 December 2015 the Federal Court handed down a decision in favour of the Australian Taxation Office. Accordingly an expense of $41 million has been recognised in the current period which consists of tax, penalties, interest and costs.

(e) 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.

	Revenue		**Non-current assets ***	
	2016	2015	**2016**	2015
	$m	$m	**$m**	$m
Australia	**649.0**	1,007.0	**2,292.8**	2,530.5
USA/Canada	**571.3**	652.2	**695.9**	1,132.5
Other **	**1,333.1**	1,620.1	**1,608.8**	2,660.8
Consolidated	**2,553.4**	3,279.3	**4,597.5**	6,323.8

* Excluding: financial derivatives (included within other assets and other liabilities), deferred tax assets and post-employment benefit assets.

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

3. Earnings per share (EPS)

(i) As reported in the income statement	Notes	2016 $m	2015 $m
Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica Limited			
Net profit for the period from continuing operations		**156.7**	217.9
Net profit for the period from continuing operations attributable to non-controlling interests		**(7.7)**	(6.9)
Net profit for the period from continuing operations attributable to ordinary shareholders		**149.0**	211.0
Net profit for the period from discontinued operations		**-**	11.5
Net profit for the period from discontinued operations attributable to non-controlling interests		**-**	(0.4)
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica Limited		**149.0**	222.1

	Number of shares	
Weighted average number of shares used as the denominator:		
Number for basic earnings per share	**371,207,007**	370,637,252
Effect of executive share options and rights *	**9,948**	3,949
Number for diluted earnings per share	**371,216,955**	370,641,201
* The w eighted average number of options and rights that have not been included in the calculation of diluted earnings per share as they are not dilutive.	**3,083,492**	3,661,427

	Cents per share	Cents per share
From continuing operations		
Basic earnings per share	**40.1**	56.9
Diluted earnings per share	**40.1**	56.9
From discontinued operations		
Basic earnings per share	**-**	3.0
Diluted earnings per share	**-**	3.0
Total attributable to ordinary shareholders of Orica Limited		
Basic earnings per share	**40.1**	59.9
Diluted earnings per share	**40.1**	59.9

(ii) Adjusted for individually material items		$m	$m
Reconciliation of earnings used in the calculation of EPS adjusted for individually material items attributable to ordinary shareholders of Orica Limited			
Net profit for the period		**156.7**	217.9
Net profit for the period from operations attributable to non-controlling interests		**(7.7)**	(6.9)
Adjusted for individually material items from operations	(2d)	**41.0**	-
Net profit for the period from continuing operations attributable to ordinary shareholders		**190.0**	211.0
Net profit for the period from discontinued operations		**-**	11.5
Net profit for the period from discontinued operations attributable to non-controlling interests		**-**	(0.4)
Less individually material items from discontinued operations		**-**	-
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica		**190.0**	222.1

	Cents per share	Cents per share
From continuing operations		
Basic earnings per share	**51.2**	56.9
Diluted earnings per share	**51.2**	56.9
From discontinued operations		
Basic earnings per share	**-**	3.0
Diluted earnings per share	**-**	3.0
Total attributable to ordinary shareholders of Orica Limited before individually material items		
Basic earnings per share	**51.2**	59.9
Diluted earnings per share	**51.2**	59.9

4. Dividends and distributions

	2016 $m	2015 $m
Dividends and distributions		
Dividends paid or declared in respect of the half year ended 31 March were:		
Ordinary shares		
final dividend of 56 cents per share, 35.7% franked at 30.0%, paid 19 December 2014		208.1
final dividend of 56 cents per share, 35.7% franked at 30.0%, paid 18 December 2015	**207.0**	
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half year were as follows:		
paid in cash	**156.3**	156.2
DRP - satisfied by issue of shares	**50.7**	-
DRP - satisfied by the purchase of shares on open market	**-**	51.9

Subsequent events

Since the end of the half year, the directors declared the following dividend:
Interim dividend on ordinary shares of 20.5 cents per share, 48.8% franked at 30%, payable 1 July 2016.

The Company's Dividend Reinvestment Plan (DRP) continues to be available to eligible shareholders. For the interim dividend, shares will be allocated based on the arithmetic average of the daily volume weighted average market price of all shares sold through a normal trade on the ASX for a period of 7 days from 6 to 15 June 2016 inclusive. The last date for receipt of election notices for participation in the interim dividend under the DRP is Thursday 2 June 2016. Shares issued pursuant to the DRP will rank equal to all other ordinary shares.

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	10.5 cents	Previous period	-	Ordinary	26 cents

5. Contributed equity

Movements in issued and fully paid shares of Orica since 1 October 2014 were as follows:

Details	Date	Number of shares	Issue price $	$m
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-14	372,743,291		1,975.0
Share movements under market share buy-back	Various	(1,363,587)		(11.0)
Shares issued under the Orica GEESP plan (1)		-		1.1
Balance at the end of the period	31-Mar-15	371,379,704		1,965.1
Share movements under market share buy-back	Various	(1,266,178)		(10.7)
Balance at the end of year	**30-Sep-15**	**370,113,526**		**1,954.4**
Shares issued under the Orica dividend reinvestment plan	18-Dec-15	3,318,655	15.27	50.7
Shares issued under the Orica GEESP plan (1)		-		0.8
Balance at the end of the period	**31-Mar-16**	**373,432,181**		**2,005.9**

(1) Shares issued under the Orica General Employee Exempt Share Plan.

5. Contributed equity (continued)

Long Term Equity Incentive Plan (LTEIP) options over unissued shares:

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

Exercisable between		Balance 30 Sep 15	**Issued during the period**	**Exercised during the period**	**Lapsed during the period**	**Balance 31 Mar 16**
18 Nov 16	23 Jan 17	522,534	**-**	**-**	**-**	**522,534**
18 Nov 15	23 Jan 16	33,919	**-**	**-**	**(33,919)**	**-**
18 Nov 15	23 Jan 16	377,356	**-**	**-**	**(377,356)**	**-**
18 Nov 14	23 Jan 15	-	**-**	**-**	**-**	**-**
18 Nov 14	23 Jan 15	-	**-**	**-**	**-**	**-**
Total		933,809	**-**	**-**	**(411,275)**	**522,534**

Rights over unissued shares:

Vesting date	Balance 30 Sep 14	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 15	Issued during the period	Exercised during the period	Lapsed during the period	Balance 30 Sep 15
19 Dec 18	-	-	-	-	-	-	-	-	-
19 Dec 17	-	1,505,466	-	(196,232)	1,309,234	-	-	(20,372)	1,288,862
19 Dec 16	651,058	-	-	(100,799)	550,259	-	-	(26,392)	523,867
19 Dec 15	24,293	-	-	-	24,293	-	-	(15,812)	8,481
19 Dec 15	494,530	-	-	(59,494)	435,036	-	-	-	435,036
19 Dec 14	451,166	-	-	(451,166)	-	-	-	-	-
Various	41,911	-	(19,173)	(5,202)	17,536	-	(3,865)	-	13,671
Total	1,662,958	1,505,466	(19,173)	(812,893)	2,336,358	-	(3,865)	(62,576)	2,269,917

Rights over unissued shares:

Vesting date	Balance 30 Sep 15	**Issued during the period**	**Exercised during the period**	**Lapsed during the period**	**Balance 31 Mar 16**
19 Dec 18	-	**2,163,913**	**-**	**-**	**2,163,913**
19 Dec 17	1,288,862	**-**	**-**	**(118,573)**	**1,170,289**
19 Dec 16	523,867	**-**	**-**	**(39,980)**	**483,887**
19 Dec 15	8,481	**-**	**-**	**(8,481)**	**-**
19 Dec 15	435,036	**-**	**-**	**(435,036)**	**-**
Various	13,671	**74,739**	**(11,068)**	**(2,603)**	**74,739**
Total	2,269,917	**2,238,652**	**(11,068)**	**(604,673)**	**3,892,828**

6. Investments accounted for using the equity method

(a) Investments accounted for using the equity method

The table below shows the material investments (based on carrying values). All other investments are included in "Other".

					Consolidated	
		Balance	**Ownership**		**Carrying amount**	
		date	**2016**	2015	**2016**	2015
			%	%	**$m**	$m
Name	**Principal activity**					
Nelson Brothers, LLC [1]	Manufacture and sale of explosives	30 Sep	**50.0**	50.0	**36.7**	35.5
Nelson Brothers Mining Services LLC [1]	Supply of explosives	30 Sep	**50.0**	50.0	**32.4**	32.4
Southwest Energy LLC [1]	Sale of explosives	30 Sep	**50.0**	50.0	**106.1**	101.9
Thai Nitrate Company Ltd [2]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**-**	32.3
Other	Various				**13.1**	26.3
					188.3	228.4

Entities are incorporated in: [1] USA, [2] Thailand.

7. Businesses acquired

Consolidated - 2016

Acquisition of businesses and controlled entities

In December 2015 Orica purchased business assets of Winchester Building Supply (Virginia, USA) for $2.9 million.

Consolidated - 2015

Acquisition of businesses and controlled entities

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

8. Discontinued operations and businesses disposed

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

For the period ended 31 March	Continuing 2016 $m	Discontinued 2016 $m	Consolidated 2016 $m	Continuing 2015 $m	Discontinued 2015 $m	Consolidated 2015 $m
Sales revenue [1]	**2,553.4**	**-**	**2,553.4**	2,809.4	497.4	3,279.3
Other income	**24.2**	**-**	**24.2**	13.1	0.8	13.9
Expenses						
Raw materials and inventories [1]	**(968.6)**	**-**	**(968.6)**	(1,186.2)	(275.4)	(1,434.1)
Employee benefits expense	**(547.0)**	**-**	**(547.0)**	(575.7)	(49.3)	(625.0)
Depreciation and amortisation expense	**(133.6)**	**-**	**(133.6)**	(142.1)	(13.0)	(155.1)
Purchased services	**(158.0)**	**-**	**(158.0)**	(180.5)	(26.0)	(206.5)
Repairs and maintenance	**(78.1)**	**-**	**(78.1)**	(77.3)	(4.0)	(81.3)
Outgoing freight	**(149.4)**	**-**	**(149.4)**	(128.1)	(36.2)	(164.3)
Lease payments - operating leases	**(25.1)**	**-**	**(25.1)**	(21.6)	(3.1)	(24.7)
Other expenses [2]	**(218.8)**	**-**	**(218.8)**	(200.9)	(82.9)	(283.8)
Share of net profit of associates accounted for using the equity method	**17.5**	**-**	**17.5**	19.9	-	19.9
Total	**(2,261.1)**	**-**	**(2,261.1)**	(2,492.5)	(489.9)	(2,954.9)
Profit from operations [3]	**316.5**	**-**	**316.5**	330.0	8.3	338.3
Net financing costs						
Financial income	**15.0**	**-**	**15.0**	23.9	0.1	24.0
Financial expenses	**(60.5)**	**-**	**(60.5)**	(72.0)	-	(72.0)
Net financing costs	**(45.5)**	**-**	**(45.5)**	(48.1)	0.1	(48.0)
Profit before income tax expense	**271.0**	**-**	**271.0**	281.9	8.4	290.3
Income tax expense	**(114.3)**	**-**	**(114.3)**	(64.0)	3.1	(60.9)
Profit after tax	**156.7**	**-**	**156.7**	217.9	11.5	229.4
Net profit for the period attributable to:						
Shareholders of Orica Limited	**149.0**	**-**	**149.0**	211.0	11.1	222.1
Non-controlling interests	**7.7**	**-**	**7.7**	6.9	0.4	7.3
Net profit for the period	**156.7**	**-**	**156.7**	217.9	11.5	229.4

(1) The 2015 Consolidated includes elimination of inter-segment sales of $27.5 million.

(2) The 2015 Discontinued operation includes $23.0 million pre tax loss on sale of Chemicals business.

(3) In FY 2015 the $8.3 million profit from operations (for the Chemicals business within Discontinued operations) is for the five months period ended 27 February 2015.

8. Discontinued operations and businesses disposed (continued)

Reconciliation of net profit after tax

	Continuing	Discontinued	Consolidated	Continuing	Discontinued	Consolidated
	2016	**2016**	**2016**	2015	2015	2015
	$m	**$m**	**$m**	$m	$m	$m
Before individually material items						
Profit from operations	**316.5**	**-**	**316.5**	330.0	8.3	338.3
Net financing costs	**(45.5)**	**-**	**(45.5)**	(48.1)	0.1	(48.0)
Profit before income tax expense	**271.0**	**-**	**271.0**	281.9	8.4	290.3
Income tax expense	**(73.3)**	**-**	**(73.3)**	(64.0)	3.1	(60.9)
Profit after tax before non-controlling interests	**197.7**	**-**	**197.7**	217.9	11.5	229.4
Non-controlling interests	**7.7**	**-**	**7.7**	6.9	0.4	7.3
Profit after tax before individually material items	**190.0**	**-**	**190.0**	211.0	11.1	222.1
Individually material items						
Income tax loss	**(41.0)**	**-**	**(41.0)**	-	-	-
Loss after tax before non-controlling interests	**(41.0)**	**-**	**(41.0)**	-	-	-
Non-controlling interests	**-**	**-**	**-**	-	-	-
Loss after tax from individually material items	**(41.0)**	**-**	**(41.0)**	-	-	-
Net profit after tax						
Profit before income tax expense	**271.0**	**-**	**271.0**	281.9	8.4	290.3
Income tax expense	**(114.3)**	**-**	**(114.3)**	(64.0)	3.1	(60.9)
Profit after tax before non-controlling interests	**156.7**	**-**	**156.7**	217.9	11.5	229.4
Non-controlling interests	**7.7**	**-**	**7.7**	6.9	0.4	7.3
Profit after tax	**149.0**	**-**	**149.0**	211.0	11.1	222.1

8. Discontinued operations and businesses disposed (continued)

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

2016
No businessess or entities were disposed by the consolidated entity in the current year.

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

	Consolidated 2016 $m	Consolidated 2015 $m
Consideration		
sale price	-	750.0
less disposal costs and initial purchase price adjustments deducted from the purchase price	-	(47.0)
	-	703.0
Cash disposed	-	(2.6)
Net consideration	-	700.4
Less further disposal costs including purchase price adjustments	-	(70.6)
	-	629.8
Carrying value of net assets of businesses/controlled entities disposed		
trade and other receivables	-	187.3
inventories	-	171.6
property, plant and equipment	-	337.7
intangibles	-	141.9
other assets	-	19.4
investment	-	0.4
payables and interest bearing liabilities	-	(141.3)
provision for employee entitlements	-	(20.0)
provision for retirement benefit obligations/curtailments	-	(11.6)
provision for income tax	-	(36.4)
foreign currency translation reserve	-	(6.9)
	-	642.1
Less non-controlling interests at date of disposal	-	(2.9)
Loss on sale of business/controlled entities	-	(9.4)

Cash flows from discontinued operations		
Cash flows used in operating activities	-	(12.8)
Cash flows used in investing activities	-	(10.4)
Cash flows used in financing activities	-	(4.6)
Net cash flows used in discontinued operations	-	(27.8)

9. Taxation

	Continuing	Discontinued	Consolidated	Continuing	Discontinued	Consolidated
	2016	**2016**	**2016**	2015	2015	2015
	$m	**$m**	**$m**	$m	$m	$m
a) Income tax expense/(benefit) recognised in the income statement						
Current tax expense						
Current period	**46.9**	**-**	**46.9**	69.1	15.4	84.5
Deferred tax	**22.7**	**-**	**22.7**	(8.8)	(11.5)	(20.3)
Settlement of Australian Tax Action	**41.0**	**-**	**41.0**	-	-	-
Tax on foreign currency translation reserve transferred to income statement	**-**	**-**	**-**	-	(7.0)	(7.0)
Under provided in prior years	**3.7**	**-**	**3.7**	3.7	-	3.7
Total income tax expense/(benefit) in income statement	**114.3**	**-**	**114.3**	64.0	(3.1)	60.9
b) Reconciliation of income tax expense to prima facie tax payable						
Income tax expense attributable to profit						
Prima facie income tax expense calculated at 30% on profit	**81.3**	**-**	**81.3**	84.6	2.5	87.1
Tax effect of items which (decrease)/increase tax expense:						
variation in tax rates of foreign controlled entities	**(10.8)**	**-**	**(10.8)**	(11.5)	(0.4)	(11.9)
tax under provided in prior years	**3.7**	**-**	**3.7**	3.7	-	3.7
non taxable profit on sale of property due to utilisation of capital losses	**(2.8)**	**-**	**(2.8)**	(3.6)	-	(3.6)
other foreign deductions	**(10.3)**	**-**	**(10.3)**	(15.7)	-	(15.7)
tax on foreign currency translation reserve transferred to income statement	**-**	**-**	**-**	-	(6.9)	(6.9)
non allowable interest deductions	**4.7**	**-**	**4.7**	-	-	-
Settlement of Australian Tax Action	**41.0**	**-**	**41.0**	-	-	-
sundry items	**7.5**	**-**	**7.5**	6.5	1.7	8.2
Income tax expense/(benefit) reported in the income	**114.3**	**-**	**114.3**	64.0	(3.1)	60.9

10. Financial instruments

(a) Standby arrangements and credit facilities

Reconciliation of net debt:

	Mar 2016 $m	Sep 2015 $m	Mar 2015 $m
Current interest bearing liabilities	**63.6**	157.2	426.8
Non-current interest bearing liabilities	**2,232.5**	2,142.8	1,989.4
Less cash and cash equivalents	**(242.2)**	(273.9)	(521.8)
Net debt	**2,053.9**	2,026.1	1,894.4

Credit facilities:			
Unsecured bank overdraft facilities available	**122.0**	128.8	122.4
Amount of facilities undrawn	**77.5**	115.7	99.0
Committed standby and loan facilities available	**3,642.1**	3,933.0	4,036.8
Amount of facilities unused	**1,411.2**	1,670.0	1,667.8

The bank overdrafts are payable on demand and are subject to an annual review. The repayment dates of the committed standby and loan facilities range from 28 April 2016 to 25 October 2030 (2015; 28 April 2015 to 25 October 2030).

(b) Fair value hierarchy

Valuation of financial assets and liabilities (included within other on Balance Sheet)

The carrying value of derivatives equals their fair values. All are defined as Level 2 under AASB7. The inputs are observavabale for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e.,derived from prices). There has been no movement between levels since September 2015.

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. Changes in default probabilities are included in the valuation of derivatives through the use of credit and debit valuation adjustments.

11. 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 are not probable 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 12.

Legal proceedings

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

Working Capital

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.

Environmental 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 costs 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

11. Critical accounting judgements and estimates (continued)

extended period of time that may result in changes in amount or 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 including plant management fees associated with remediation until 2021. Costs are expected to be incurred after this date, but it is not possible to predict the time frame over which remediation will be required or the form the remediation will take and therefore it is not possible to reliably estimate any associated costs. In light of ongoing discussions with regulatory authorities and following an assessment of currently available technologies to treat the contamination, Orica intends to maintain a provision at current levels that takes into account the estimated costs associated with remediation commitments over the five year period. The provision will continue to be re-evaluated based on future regulatory assessments and advancements in appropriate technologies.

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

Property, Plant and Equipment

Management reviews the appropriateness of useful lives of assets at least annually and any changes to useful lives may affect prospective depreciation rates and asset carrying values.

Depreciation is recorded on a straight line basis using the following useful lives:

Land	indefinite
Buildings and improvements	25 to 40 years
Machinery, plant and equipment	3 to 40 years

Intangible assets

Management reviews the appropriateness of useful lives of assets at least annually and any changes to useful lives may affect prospective amortisation rates and asset carrying values.

Impairment testing of assets

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

Following the decision to separate the Ground Support business in 2015 and completion of a restructuring in 2016. Orica's Ground Support business was renamed Minova. In addition to ground support and ventilation, a new strategy focussing on an expanded portfolio of products dedicated to general construction, civil and geotechnical applications has been introduced. The carrying value of Minova remains reliant on achieving forecasted cash flows and any reduction in the long term forecasted cash flows as a result of negative performance to the new strategy would result in an impairment of Minova assets.

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, income statement and cashflows in the period in which such determination is made.

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

Assumptions are also made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances 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.

Superannuation commitments

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

11. Critical accounting judgements and estimates (continued)

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.

Contingent liabilities are disclosed below.

12. Contingent liabilities

(a) Environmental

(a) (i) General

In the normal course of business, contingent liabilities may arise from environmental liabilities connected with current or former sites. Where management are of the view that potential liabilities are not probable or it is not possible to quantify them reliably, they are disclosed as contingent liabilities.

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.

(b) Taxation

In the normal course of business, contingent liabilities may arise from tax investigations or legal proceedings. Where management are of the view that potential liabilities are not probable or it is not possible to quantify them reliably, they are disclosed as contingent liabilities.

(b) (i) Investigations and audits

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

(b) (ii) German Tax Action

As a result of an income tax audit covering the 2005 to 2008 years, the German Central Tax Office (" the CTO") has challenged Orica's tax returns under laws which were announced in 2012 and introduced in 2013 in relation to a financing arrangement by Orica of its German group from 2005 onwards. The amount of the possible reassessment for the 2005 to 2008 years is approximately $19m. The CTO has extended the audit beyond 2008 and has indicated that it intends to challenge the financing arrangement in later years. The amount of the possible reassessment for the years beyond 2008 is approximately $72m. No assessments have been received from the CTO. Orica believes that the laws do not apply to these arrangements and in addition should not be applied retrospectively.

(b) (iii) Norway Tax Action

The Tax Office in Norway has issued a final assessment for tax and interest amounting to approximately $33 million, resulting from a reassessment of Orica Norway’s tax return for the 2005 income year relating to a transfer of the Dyno Nobel house brand in conjunction with Orica’s acquisition of Dyno Nobel’s explosives business. Orica is pursuing this matter through an administrative complaints process. Orica has paid a portion of the primary tax and interest arising from the assessment, which has been recognised as a non-current receivable.

(b) (iv) Brazilian Tax Action

The Brazilian Taxation authority is claiming unpaid taxes, interest and penalties of approximately $30 million for the 1997 financial year relating to an alleged understatement of income based on an audit of production records. Orica believes the auditor has misread those production records. ICI Plc, the vendor of the business to Orica, has been notified to preserve Orica's rights under the tax indemnity obtained upon acquisition of the business which provides indemnity for amounts exceeding certain limits. The Brazilian Taxation authority has been granted security over the Lorena site as well as a bank guarantee of up to approximately $36 million.

12. Contingent liabilities (continued)

(b) (v) Australian Tax Audit

As a result of an income tax audit covering the 2010 to 2011 years, the Australian Taxation Office (" the ATO") has indicated its intention to challenge Orica's tax returns in relation to thin capitalisation valuations of land and buildings and intellectual property resulting in a denial of interest deductions. The amount of the possible reassessment for the 2010 to 2011 years is approximately $21 million. The amount of the possible reassessment for the years beyond 2011 is approximately $49 million. No assessments have been received from the ATO. Orica believes that the valuations are in accordance with the tax law and has requested the ATO to undertake an internal independent review.

(c) Guarantees, indemnities and warranties

- The consolidated entity has entered into various long term supply contracts. For some contracts, minimum charges are payable regardless of the level of operations, but the levels of operations are expected to remain above those that would trigger minimum payments.
- There are a number of legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, which may arise cannot be reliably measured at this time.
- The consolidated entity has entered into various sales contracts where minimum savings are guaranteed to customers and such savings are expected to be achieved in the ordinary course of business.
- There are guarantees relating to certain leases of property, plant and equipment and other agreements arising in the ordinary course of business.
- Contracts of sale covering companies and assets which were divested during the current and prior years include commercial warranties and indemnities to the purchasers.
- Orica Limited guaranteed senior notes issued by Orica Finance Limited in the US private placement market in 2003, 2005, 2010 and 2013. The notes have maturities between 2017 and 2030. Orica Limited has also provided guarantees for senior committed bank facilities.

(d) Other

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

13. Events subsequent to balance date

On 9 May 2016, the directors declared an interim dividend of 20.5 cents per ordinary share payable on 1 July 2016. The financial effect of this dividend is not included in the financial statements for the period ended 31 March 2016 and will be recognised in the 30 September 2016 financial statements.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2016, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Compliance statement

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

The entity has a formally constituted audit committee.

Kirsten Gray
Company Secretary
9th May 2016

Orica Limited and its Controlled Entities
Directors' Declaration on the Financial Report set out on pages 3 to 25

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 25, 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 2016 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.

M W Broomhead
Chairman

A Calderon
Managing Director and Chief Executive Officer

Dated at Melbourne this 9th day of May 2016.

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 2016 and the auditor's review report thereon.

Directors

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

M W Broomhead, Chairman (appointed Director on 1 December 2015, appointed Chairman on 1 January 2016)

R R Caplan, Chairman (retired on 31 December 2015)

A Calderon, Director and Chief Executive Officer

M N Brenner

I D Cockerill

Lim C O

M L Parkinson (resigned on 31 December 2015)

N L Scheinkestel (retired on 1 December 2015)

G T Tilbrook

The office of the company secretary is held by K Gray.

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 13) that has arisen since 31 March 2016, 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 28.

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.

M W Broomhead
Chairman

A Calderon
Managing Director and Chief Executive Officer

Dated at Melbourne this 9th day of May 2016.

KPMG

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 2016 there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Alison Kitchen
Partner

Melbourne

9 May 2016

KPMG

KPMG

Paul Cenko
Partner

Melbourne

9 May 2016

KPMG

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 2016, 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 13 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 2016 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 2016 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG	KPMG
Alison Kitchen *Partner*	Paul Cenko *Partner*
Melbourne	Melbourne
9 May 2016	9 May 2016