

Appendix 4E Preliminary Final Report

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

Year ended (‘current period’)	Year ended (‘previous corresponding period’)
30 September 2010	30 September 2009

Results for announcement to the market

\$m

Consolidated revenue from operations	down	(11.8)%	to	6,539.3
Profit after tax attributable to shareholders	up	143.4%	to	1,318.7
Net profit for the period attributable to shareholders before individually material items	up	4.6%	to	675.8
From continuing operations:				
Revenue from continuing operations	down	(10.2)%	to	5,812.1
Profit after tax from continuing operations attributable to shareholders	down	(0.7)%	to	503.9
Net profit for the period from continuing operations attributable to shareholders before individually material items	up	11.1%	to	618.8
Dividends				
		Amount per security		Franked amount per security at 30% tax
Final dividend - Ordinary	Cents	54.00		54.00
Interim dividend - Ordinary	Cents	41.00		16.00
Previous corresponding period				
Final dividend - Ordinary	Cents	57.00		20.00
Interim dividend - Ordinary	Cents	40.00		14.00

Record date for determining entitlements to the dividend:

Ordinary Shares

16-Nov-10

Payment date of dividend:

Ordinary Shares

10-Dec-10

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	Cents 144.1	Cents 170.6

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.

Orica Limited

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Income Statement

For the year ended 30 September:

	Notes	2010 \$m	2009 \$m
This statement should be read in conjunction with note 10, discontinued operations and businesses disposed/demerged.			
Sales revenue	(3)	5,812.1	6,470.9
Other income	(3)	47.9	43.6
Expenses			
Changes in inventories of finished goods and work in progress		16.9	(97.8)
Raw materials and consumables used and finished goods purchased for resale		(2,855.3)	(3,323.9)
Share based payments		(9.4)	(7.3)
Other employee benefits expense		(982.4)	(1,005.7)
Depreciation expense		(185.6)	(187.4)
Amortisation expense		(39.4)	(43.3)
Purchased services		(279.0)	(287.1)
Repairs and maintenance		(148.0)	(129.1)
Impairment of property, plant & equipment		-	(69.7)
Impairment of intangibles		-	(9.2)
Outgoing freight		(271.5)	(270.4)
Lease payments - operating leases		(65.7)	(72.3)
Other expenses from ordinary activities including individually material items		(147.8)	(236.7)
Share of net profit of associates accounted for using the equity method		40.8	60.2
		(4,926.4)	(5,679.7)
Profit from operations		933.6	834.8
Net financing costs			
Financial income		76.9	50.1
Financial expenses		(196.5)	(182.8)
Net financing costs		(119.6)	(132.7)
Profit before income tax expense		814.0	702.1
Income tax expense	(11)	(310.1)	(194.7)
Profit after tax but before profit and loss from discontinued operations and gain on demerger of DuluxGroup		503.9	507.4
Profit of discontinued operations and gain on demerger of DuluxGroup, net of tax	(10)	850.8	74.0
Profit for the year		1,354.7	581.4
Net profit for the period attributable to:			
Shareholders of Orica Limited		1,318.7	541.8
Non-controlling interests		36.0	39.6
Net profit for the year		1,354.7	581.4
		cents	cents
Earnings per share			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
From continuing operations:			
Basic	(1)	127.1	124.3
Diluted	(1)	124.1	121.6
Total attributable to ordinary shareholders of Orica Limited:			
Basic	(1)	366.4	145.2
Diluted	(1)	349.8	140.8

The Income Statement is to be read in conjunction with the accompanying notes. DuluxGroup earnings up until the demerger date (9 July 2010) have been included. The 2009 financial year includes twelve months of DuluxGroup earnings.

Statement of Comprehensive Income

For the period ended 30 September

	2010	2009
	\$m	\$m
Profit for the year	1,354.7	581.4
Net profit/(loss) on hedge of net investments in foreign subsidiaries	(48.9)	(99.3)
Cash flow hedges		
- Effective portion of changes in fair value	10.1	(20.6)
- Transferred to carrying value of non current assets	4.9	(8.0)
- Transferred to income statement	9.6	20.7
Exchange differences on translation of foreign operations	(241.4)	(350.7)
Actuarial (losses)/benefits on defined benefit plans	(67.0)	(27.9)
Income tax on income and expense in other comprehensive income	(8.0)	30.8
Other comprehensive income for the year, net of income tax	(340.7)	(455.0)
Total comprehensive income for the year	1,014.0	126.4
Attributable to:		
Shareholders of Orica Limited	989.4	84.2
Non-controlling interests	24.6	42.2
Total comprehensive income for the year	1,014.0	126.4

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

Balance Sheet

as at:

	Notes	30 September 2010 \$m	30 September 2009 \$m
Current assets			
Cash and cash equivalents	(12)	347.3	308.5
Trade and other receivables		860.1	964.9
Other financial assets - derivative assets		26.1	45.3
Inventories		541.3	619.8
Other assets		66.4	55.9
Total current assets		1,841.2	1,994.4
Non-current assets			
Trade and other receivables		3.0	103.4
Investments accounted for using the equity method		162.6	167.4
Other financial assets		0.9	0.9
Property, plant and equipment		2,235.2	2,075.0
Intangible assets		2,510.9	2,756.5
Deferred tax assets		230.3	253.2
Other assets		5.3	3.4
Total non-current assets		5,148.2	5,359.8
Total assets		6,989.4	7,354.2
Current liabilities			
Trade and other payables		1,005.9	1,057.9
Other financial liabilities - derivative liabilities		64.1	98.8
Interest bearing liabilities	(12)	187.9	160.2
Current tax liabilities		75.5	78.7
Provisions		267.9	220.1
Total current liabilities		1,601.3	1,615.7
Non-current liabilities			
Trade and other payables		51.7	37.0
Interest bearing liabilities	(12)	1,211.0	1,242.8
Deferred tax liabilities		78.5	76.2
Provisions		414.3	409.7
Total non-current liabilities		1,755.5	1,765.7
Total liabilities		3,356.8	3,381.4
Net assets		3,632.6	3,972.8
Equity			
Ordinary shares	(6)	1,709.1	1,865.6
Reserves	(7)	(772.6)	(408.0)
Retained earnings	(7)	2,096.2	1,913.1
Total equity attributable to ordinary shareholders of Orica		3,032.7	3,370.7
Equity attributable to Step-Up Preference Securities' holders	(6)	490.0	490.0
Non-controlling interests in controlled entities		109.9	112.1
Total equity		3,632.6	3,972.8

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

Statement of Changes in Equity

Consolidated

	Ordinary shares	Retained earnings	Share based payments reserve	Cash flow hedging reserve	Foreign currency translation reserve	Equity reserve arising from purchase of non- controlling interests	Total	Step-Up Preference Securities	Non- controlling interests	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2009										
Balance at 1 Oct 2008	1,881.3	1,758.9	28.1	5.2	64.0	(6.0)	3,731.5	490.0	96.9	4,318.4
Profit for the year	-	541.8	-	-	-	-	541.8	-	39.6	581.4
Other comprehensive income	-	(19.0)	-	(5.5)	(433.1)	-	(457.6)	-	2.6	(455.0)
Total comprehensive income for the year	-	522.8	-	(5.5)	(433.1)	-	84.2	-	42.2	126.4
Transactions with owners, recorded directly in equity										
Total changes in contributed equity	(15.7)	-	-	-	-	-	(15.7)	-	11.1	(4.6)
Share-based payments expense	-	-	8.1	-	-	-	8.1	-	-	8.1
Acquisition of non-controlling interests	-	-	-	-	-	(68.8)	(68.8)	-	(20.2)	(89.0)
Dividends/distributions	-	(368.6)	-	-	-	-	(368.6)	-	-	(368.6)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	-	(17.9)	(17.9)
Balance at the end of the year	1,865.6	1,913.1	36.2	(0.3)	(369.1)	(74.8)	3,370.7	490.0	112.1	3,972.8
2010										
Profit for the year	-	1,318.7	-	-	-	-	1,318.7	-	36.0	1,354.7
Other comprehensive income	-	(47.0)	-	17.2	(299.5)	-	(329.3)	-	(11.4)	(340.7)
Total comprehensive income for the year	-	1,271.7	-	17.2	(299.5)	-	989.4	-	24.6	1,014.0
Transactions with owners, recorded directly in equity										
Total changes in contributed equity	59.4	-	-	-	-	-	59.4	-	9.5	68.9
Share-based payments expense	-	-	14.1	-	-	-	14.1	-	-	14.1
Acquisition of non-controlling interests	-	-	-	-	-	(108.2)	(108.2)	-	(12.6)	(120.8)
Dividends/distributions	-	(366.7)	-	-	-	-	(366.7)	-	-	(366.7)
DuluxGroup demerger dividend	(215.9)	(721.9)	-	-	-	-	(937.8)	-	-	(937.8)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	-	(23.7)	(23.7)
Transfer to income statement on demerger of foreign subsidiaries	-	-	-	-	11.8	-	11.8	-	-	11.8
Balance at the end of the year	1,709.1	2,096.2	50.3	16.9	(656.8)	(183.0)	3,032.7	490.0	109.9	3,632.6

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

Statement of Cash Flows

For the period ended 30 September:

	2010	2009
	\$m	\$m
	Inflows/ Notes (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers	7,132.9	8,026.2
Payments to suppliers and employees	(6,015.9)	(6,890.5)
Interest received	57.8	51.2
Borrowing costs	(194.4)	(187.7)
Dividends received	29.2	66.7
Other operating revenue received	31.3	24.4
Net income taxes paid	(237.2)	(235.4)
Net cash flows from operating activities	803.7	854.9
Cash flows from investing activities		
Payments for property, plant and equipment	(527.4)	(357.5)
Payments for intangibles	(15.3)	(13.4)
Payments for purchase of investments	(3.8)	(34.0)
Payments for purchase of non-controlling interests	(9) (84.5)	(80.4)
Payments for purchase of businesses/controlled entities	(9) (77.6)	(26.9)
Payments of deferred consideration from prior acquisitions	(14.7)	(25.7)
Proceeds from sale of property, plant and equipment	10.1	11.9
Proceeds from sale of investments	14.7	9.7
Proceeds from sale of businesses/controlled entities	(10) 0.7	-
Net cash flows used in investing activities	(697.8)	(516.3)
Cash flows from financing activities		
Proceeds from long term borrowings	3,448.4	3,242.3
Repayment of long term borrowings	(3,272.5)	(3,052.7)
Net movement in short term financing	(120.2)	(107.9)
Debt disposal from the DuluxGroup demerger, net of cash disposed of	245.0	-
Payments for finance leases	(8.0)	(4.2)
Proceeds from issue of ordinary shares	38.6	-
Proceeds from issue of shares to non-controlling interests	7.2	3.4
Payments for buy-back of ordinary shares - LTEIP	(6) (31.6)	(31.3)
Dividends paid - Orica ordinary shares	(298.1)	(294.7)
Dividends satisfied by on market buy-back - DRP	-	(30.2)
Distributions paid - Step-Up Preference Securities	(5) (25.9)	(37.5)
Dividends paid - non-controlling interests	(22.5)	(18.3)
Net cash flows used in financing activities	(39.6)	(331.1)
Net increase in cash held	66.3	7.5
Cash at the beginning of the period	296.6	312.3
Effects of exchange rate changes on cash	(17.6)	(23.2)
Cash at the end of the period	345.3	296.6

Reconciliation of cash

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

Cash	(12) 347.3	308.5
Bank overdraft	(2.0)	(11.9)
	345.3	296.6

The Statement of Cash Flows are to be read in conjunction with the accompanying notes. DuluxGroup cash flows up until the demerger date (9 July 2010) have been included. The 2009 financial year includes twelve months of DuluxGroup cash flows.

1. Earnings per share (EPS)

(i) As reported in Income Statement	Notes	2010 \$m	2009 \$m
Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica			
Net profit for the year from continuing operations		503.9	507.4
Net profit for the year from operations attributable to non-controlling interests		(36.0)	(39.6)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)		(16.2)	(28.1)
Net profit for the year from continuing operations attributable to ordinary shareholders		451.7	439.7
Net profit for the year from discontinued operations		850.8	74.0
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica		1,302.5	513.7
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)		16.2	28.1
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica		1,318.7	541.8
		Number	Number
Weighted average number of shares used as the denominator:			
Number for basic earnings per share		355,474,771	353,879,570
Effect of executive share options		1,169,383	2,311,094
Effect of Orica Step-Up Preference Securities		20,297,030	28,583,380
Number for diluted earnings per share		376,941,184	384,774,044
The following Orica Long Term Equity Incentive Plans have not been included in the calculation for diluted earnings per share as they are not dilutive:			
- issue date 20 Nov 2006		-	1,274,699
- issue date 11 May 2007		-	33,464
- issue date 18 Dec 2007		1,041,353	1,206,357
- issue date 26 Jun 2009		40,580	40,580
- issue date 21 Dec 2009		1,785,616	-
		Cents per share	Cents per share
From continuing operations			
Basic earnings per share		127.1	124.3
Diluted earnings per share		124.1	121.6
From discontinued operations			
Basic earnings per share		239.3	20.9
Diluted earnings per share		225.7	19.2
Total attributable to ordinary shareholders of Orica			
Basic earnings per share		366.4	145.2
Diluted earnings per share		349.8	140.8
(ii) Adjusted for individually material items		\$m	\$m
Reconciliation of earnings used in the calculation of EPS adjusted for individually material items attributable to ordinary shareholders of Orica			
Net profit for the year from continuing operations		503.9	507.4
Net profit for the year from operations attributable to non-controlling interests		(36.0)	(39.6)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)		(16.2)	(28.1)
Adjusted for individually material items from operations		150.9	89.0
Net profit for the year from continuing operations attributable to ordinary shareholders		602.6	528.7
Net profit for the year from discontinued operations		850.8	74.0
Less individually material items from discontinued operations		(793.8)	15.3
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica		659.6	618.0
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)		16.2	28.1
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica		675.8	646.1
		Cents per share	Cents per share
From continuing operations			
Basic earnings per share		169.5	149.4
Diluted earnings per share		164.2	144.7
From discontinued operations			
Basic earnings per share		16.1	25.2
Diluted earnings per share		15.1	23.2
Total attributable to ordinary shareholders of Orica before individually material items			
Basic earnings per share		185.6	174.6
Diluted earnings per share		179.3	167.9

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 eight reportable segments comprising: Mining Services: Australia/Asia, North America, Latin America and EMEA (Europe, Middle East & Africa); Minova; Chemicals, Other and DuluxGroup.

The DuluxGroup business was demerged on 9 July 2010 and is reported as a discontinued operation.

The consolidated entity's policy is to transfer products internally at negotiated commercial prices. Other income includes royalties, profit on sale of property, plant and equipment, profit from the sale of businesses and controlled entities and foreign exchange gains.

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

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

Defined reportable segments	Products/services
Mining Services: - Australia/Asia - North America - Latin America - EMEA	Manufacture and supply of explosives and mining services, initiating systems and blasting technology to the mining, quarrying, construction and exploration industries.
Minova	Manufacture and supply of specialty bolts, accessories and chemicals for stabilisation and ventilation systems in underground mining and civil tunnelling works.
Chemicals	Manufacture, distribution and trading of a broad range of industrial and specialty chemicals for use in a wide range of industries, which include water treatment, pulp and paper, food and beverage, construction and mining.
Other	Minor activities, operation of the Botany Groundwater Recycling Business, non-operating assets, corporate and support costs and financial items such as foreign currency gains/losses.
DuluxGroup (demerged on 9 July 2010)	Manufacture and supply of paints and other surface coatings to the decorative and technical markets and a range of home handyman, car care and garden care products.

Prior year comparative segment information has been restated.

2. Segment report (continued)

Reportable segments												
2010												
\$m	<i>Mining Services Australia/Asia</i>	<i>Mining Services North America</i>	<i>Mining Services Latin America</i>	<i>Mining Services EMEA</i>	<i>Minova</i>	<i>Chemicals</i>	<i>Other</i>	<i>Eliminations</i>	<i>Total Continuing Operations</i>	<i>DuluxGroup⁽²⁾</i>	<i>Eliminations</i>	<i>Consolidated</i>
Revenue												
External sales	1,482.4	803.8	765.0	544.4	835.4	1,379.4	1.7	-	5,812.1	727.2	-	6,539.3
Inter-segment sales	13.9	89.1	17.1	8.1	0.1	48.0	0.2	(169.5)	7.0	0.1	(7.1)	-
Total sales revenue	1,496.3	892.9	782.1	552.5	835.5	1,427.4	1.9	(169.5)	5,819.1	727.3	(7.1)	6,539.3
Other income ⁽¹⁾	-	7.8	27.5	5.3	7.7	8.2	(8.6)	-	47.9	791.4	-	839.3
Total revenue and other income	1,496.3	900.7	809.6	557.8	843.2	1,435.6	(6.7)	(169.5)	5,867.0	1,518.7	(7.1)	7,378.6
Results												
Profit/(loss) before individually material items, net financing costs and income tax expense	436.1	127.8	120.6	83.2	147.3	188.0	(94.0)	-	1,009.0	92.4	-	1,101.4
Individually material items	-	-	-	-	(12.3)	-	(63.1)	-	(75.4)	791.0	-	715.6
Profit/(loss) from operations	436.1	127.8	120.6	83.2	135.0	188.0	(157.1)	-	933.6	883.4	-	1,817.0
Financial income												77.1
Financial expense												(204.7)
Profit before income tax expense												1,689.4
Income tax expense												(334.7)
Profit after income tax expense												1,354.7
Non-controlling interests in profit after income tax												(36.0)
Net profit for the period relating to shareholders of Orica Limited												1,318.7
Segment assets	1,582.1	525.2	606.1	846.6	1,665.7	970.2	793.5	-	6,989.4	-	-	6,989.4
Segment liabilities	319.3	222.1	154.9	217.6	190.7	224.7	2,027.5	-	3,356.8	-	-	3,356.8
Investments accounted for using the equity method	31.7	118.8	3.1	5.9	2.9	0.2	-	-	162.6	-	-	162.6
Acquisitions of PPE and intangibles	347.0	35.2	42.3	28.2	17.1	59.0	15.4	-	544.2	19.4	-	563.6
Impairment of inventories	2.1	1.8	1.1	0.2	0.2	(1.9)	-	-	3.5	1.9	-	5.4
Impairment of trade receivables	1.1	0.1	0.7	0.4	-	1.7	-	-	4.0	1.4	-	5.4
Depreciation	74.0	29.4	14.2	19.8	8.9	35.3	4.0	-	185.6	13.0	-	198.6
Amortisation	6.1	-	2.7	5.2	21.5	0.7	3.2	-	39.4	1.5	-	40.9
Non-cash expenses other than depreciation and amortisation:												
- share based payments	1.9	1.3	0.8	0.7	1.1	1.0	2.6	-	9.4	4.7	-	14.1
Share of associates net profit equity accounted	5.2	32.7	1.1	1.8	-	-	-	-	40.8	0.6	-	41.4

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

⁽²⁾ DuluxGroup earnings up until the demerger date (9 July 2010) have been included. The 2009 financial year includes twelve months of DuluxGroup earnings.

2. Segment report (continued)

Reportable segments 2009 \$m	Mining Services Australia/Asia	Mining Services North America	Mining Services Latin America	Mining Services E/MEA	Mirnova	Chemicals	Other	Eliminations	Total Continuing Operations	DuluxGroup ⁽²⁾	Eliminations	Consolidated
Revenue												
External sales	1,672.7	924.6	871.9	573.5	940.9	1,486.5	0.8	-	6,470.9	940.1	-	7,411.0
Inter-segment sales	17.9	96.8	16.9	11.2	-	61.8	0.2	(200.2)	4.6	0.1	(4.7)	-
Total sales revenue	1,690.6	1,021.4	888.8	584.7	940.9	1,548.3	1.0	(200.2)	6,475.5	940.2	(4.7)	7,411.0
Other income ⁽¹⁾	(9.2)	7.7	28.7	6.9	(1.9)	(1.3)	12.7	-	43.6	0.9	-	44.5
Total revenue and other income	1,681.4	1,029.1	917.5	591.6	939.0	1,547.0	13.7	(200.2)	6,519.1	941.1	(4.7)	7,455.5
Results												
Profit/(loss) before individually material items, net financing costs and income tax expense	407.8	122.9	116.8	89.0	145.1	170.4	(98.4)	-	953.6	128.9	-	1,082.5
Individually material items	(10.2)	(14.0)	(12.4)	(11.8)	(12.8)	(16.5)	(41.1)	-	(118.8)	(20.8)	-	(139.6)
Profit/(loss) from operations	397.6	108.9	104.4	77.2	132.3	153.9	(139.5)	-	834.8	108.1	-	942.9
Financial income												50.8
Financial expense												(184.3)
Profit before income tax expense												809.4
Income tax expense												(228.0)
Profit after income tax expense												581.4
Non-controlling interests in profit after income tax												(39.6)
Net profit for the period relating to shareholders of Orica Limited												541.8
Segment assets	1,313.3	520.5	545.2	859.1	1,799.0	976.7	837.2	-	6,851.0	503.2	-	7,354.2
Segment liabilities	296.3	200.1	114.6	204.6	139.5	225.4	1,967.1	-	3,147.6	233.8	-	3,381.4
Investments accounted for using the equity method	35.2	116.8	2.8	10.7	-	0.2	-	-	165.7	1.7	-	167.4
Acquisitions of PPE and intangibles	172.3	31.6	32.9	36.5	14.6	53.7	26.3	-	367.9	19.0	-	386.9
Impairment of PPE	-	-	-	0.9	-	7.7	61.1	-	69.7	-	-	69.7
Impairment of intangibles	1.0	-	-	-	-	8.2	-	-	9.2	-	-	9.2
Impairment of inventories	2.2	1.4	0.6	0.2	2.4	7.2	-	-	14.0	1.6	-	15.6
Impairment of trade receivables	1.6	0.7	0.8	2.1	0.8	0.9	0.9	-	7.8	1.4	-	9.2
Impairment of investments	-	-	-	-	-	-	1.4	-	1.4	-	-	1.4
Depreciation	70.8	30.9	14.9	21.3	9.8	33.2	6.5	-	187.4	15.3	-	202.7
Amortisation	5.2	-	2.9	6.1	26.1	0.6	2.4	-	43.3	1.7	-	45.0
Non-cash expenses other than depreciation and amortisation: - share based payments	1.6	1.1	0.2	0.4	0.9	0.9	2.2	-	7.3	0.8	-	8.1
Share of associates net profit equity accounted	5.9	42.7	1.3	10.2	-	0.1	-	-	60.2	0.9	-	61.1

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

⁽²⁾ The 2009 financial year includes twelve months of DuluxGroup earnings.

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.

2010 \$m	Australia	United States of America	Other *	Eliminations	Consolidated
Revenue from external customers					
External sales from continuing operations	1,898.3	853.0	3,060.8	-	5,812.1
Location of non-current assets					
Non-current assets **	1,621.4	1,033.9	2,260.7	-	4,916.0

2009 \$m	Australia	United States of America	Other *	Eliminations	Consolidated
Revenue from external customers					
External sales from continuing operations	1,970.5	1,051.7	3,448.7	-	6,470.9
Location of non-current assets					
Non-current assets **	1,829.5	1,144.3	2,131.6	-	5,105.4

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

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

3. Sales revenue and other income

The note should be read in conjunction with note 10, discontinued operations and businesses disposed/demerged. The numbers below include revenue and other income from continuing operations but excludes DuluxGroup revenue and other income.

	2010 \$m	2009 \$m
Sales revenue	5,812.1	6,470.9
Other income		
Royalty income	0.8	1.4
Dividend income	0.3	0.1
Other income	30.2	23.0
Currency gains ⁽¹⁾	15.6	3.8
Profit from sale of businesses/controlled entities/investments	0.1	13.5
Profit on sale of property, plant and equipment	0.9	1.8
Total other income	47.9	43.6

⁽¹⁾ The 2009 comparative includes \$20 million relating to a gain on derivative instruments used to economically hedge the purchase of non-controlling interests.

4. Specific income and expenses

This note should be read in conjunction with note 10, discontinued operations and businesses disposed/demerged.

	2010			2009		
	Gross \$m	Tax \$m	Net \$m	Gross \$m	Tax \$m	Net \$m
Profit after income tax includes the following individually material items of (expense)/income:						
DuluxGroup demerger ⁽¹⁾	791.0	2.8	793.8	(20.8)	5.5	(15.3)
Restructuring and rationalisation costs: ⁽²⁾						
Mining Services	-	-	-	(32.1)	7.4	(24.7)
Pharmaceuticals tax case ⁽³⁾	-	(97.8)	(97.8)	-	-	-
Environmental provisions: ⁽⁴⁾						
Mercury remediation	(45.0)	13.5	(31.5)	-	-	-
HCB remediation	(18.1)	5.4	(12.7)	-	-	-
Asset impairment writedowns:						
Marplex	-	-	-	(16.5)	2.5	(14.0)
Botany Groundwater Treatment Plant ⁽⁵⁾	-	-	-	(61.1)	18.3	(42.8)
Integration costs ⁽⁶⁾						
Dyno Nobel	-	-	-	(16.3)	3.7	(12.6)
Minova/Excel	(12.3)	3.3	(9.0)	(12.8)	3.6	(9.2)
Net gain on derivatives ⁽⁷⁾	-	-	-	20.0	(6.0)	14.0
Individually material items	715.6	(72.8)	642.8	(139.6)	35.0	(104.6)
Non-controlling interests in individually material items	(0.1)	-	(0.1)	(0.3)	-	(0.3)
Individually material items attributable to shareholders of Orica	715.7	(72.8)	642.9	(139.3)	35.0	(104.3)

⁽¹⁾ Net profit on demerger of DuluxGroup on 9 July 2010 and costs associated with DuluxGroup demerger in 2009. Accounting standards require that where the fair value of net assets distributed is greater than the book value of assets distributed, a profit is recognised in the income statement. This equates to the surplus of the market value of DuluxGroup over the book value of its net assets less demerger costs.

⁽²⁾ Costs including asset write downs and provisions relating to restructuring of the Mining Services business in 2009.

⁽³⁾ Tax, penalties, interest and costs in relation to the sale of the pharmaceutical business to Zeneca BV in 1998.

⁽⁴⁾ Environmental provision relating to HCB export and remediation of mercury contamination at Botany, New South Wales.

⁽⁵⁾ Due to a deterioration of the business performance, Orica reviewed the recoverability of the Botany Groundwater Treatment Plant assets resulting in the assets being written down from \$61.1 million to nil in 2009.

⁽⁶⁾ Costs including asset write downs and provisions relating to the integration and restructuring of the Mining Services and Minova segments following the purchase of the Dyno Nobel, Minova and Excel businesses.

⁽⁷⁾ Gain on derivative instruments used to economically hedge the purchase of non-controlling interests in 2009. Such transactions do not qualify for hedge accounting and accordingly the gain on the derivative instruments was recognised in the income statement.

5. Dividends and distributions

	2010 \$m	2009 \$m
Dividends and distributions		
Dividends paid or declared in respect of the year ended 30 September were:		
Ordinary shares		
interim dividend of 40 cents per share, 35% franked at 30%, paid 3 Jul 2009		142.5
interim dividend of 41 cents per share, 39.02% franked at 30%, paid 2 Jul 2010	146.8	
final dividend of 55 cents per share, 36.36% franked at 30%, paid 5 Dec 2008		198.0
final dividend of 57 cents per share, 35.09% franked at 30%, paid 4 Dec 2009	203.7	
Distributions paid in respect of the year ended 30 September were:		
Step-Up Preference Securities		
distribution at 9.38% per annum, per security, unfranked, paid 1 Dec 2008 for the period from 31 May 2008 to 29 Nov 2008		23.5
distribution at 5.63% per annum, per security, unfranked, paid 1 Jun 2009 for the period from 30 Nov 2008 to 31 May 2009		14.0
distribution at 4.57% per annum, per security, unfranked, paid 30 Nov 2009 for the period from 1 Jun 2009 to 29 Nov 2009	11.5	
distribution at 5.77% per annum, per security, unfranked, paid 31 May 2010 for the period from 30 Nov 2009 to 30 May 2010	14.4	
DuluxGroup Demerger Dividend ⁽¹⁾ :	721.9	
⁽¹⁾ Orica declared the Demerger Dividend amount as a dividend to Scheme Participants. The demerger dividend was not paid to Scheme Participants in cash, it was applied by Orica on behalf of Scheme Participants as payment for the DuluxGroup shares.		
The fair value of DuluxGroup shares of \$937.8 million was allocated between the share capital reduction of \$215.9 million and the demerger dividend of \$721.9 million. The share capital reduction was supported by the ATO ruling obtained as part of the demerger.		
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the period were as follows:		
paid in cash	298.1	294.7
satisfied by issue of shares	52.4	15.6
Dividends satisfied by the purchase of shares on market for dividend reinvestment plan ⁽²⁾	-	30.2
Distributions paid in cash	25.9	37.5
No distributions were satisfied by the issue/purchase of shares.		

⁽²⁾ During the current period, the Company bought nil (2009 1,943,577) shares on market to satisfy shareholders dividend reinvestment plan (DRP) requirements.

Subsequent events

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

Final dividend on ordinary shares of 54 cents per share, 100% franked at 30%, payable 10 Dec 2010.

The financial effect of the final dividend on ordinary shares has not been brought to account in the financial statements for the year ended 30 Sep 2010 and will be recognised in the 2011 annual financial statements.

The Company's DRP continues to be available to eligible shareholders. For the final 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 18 to 26 November inclusive. The last date for receipt of election notices for participation in the final dividend under the DRP is Wednesday 17 November 2010. Shares issued pursuant to the DRP will rank equal to all other ordinary shares. No discount applies to the DRP.

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

It is anticipated that dividends will be partly franked at a rate of no more than 40%.

Conduit foreign income (CFI) component:

Interim dividend:			Interim dividend:		
Current period	-	Ordinary	Nil	Previous period	- Ordinary Nil
Final dividend:			Nil	Final dividend:	
Current period	-	Ordinary	Nil	Previous period	- Ordinary 25 cents

6. Contributed equity

	2010 \$m	2009 \$m
Issued and fully paid:		
Step-Up Preference Securities - 5,000,000 (2009 5,000,000) ⁽¹⁾	490.0	490.0
Ordinary shares - 362,100,430 (2009 359,955,579)	1,709.1	1,865.6
Balance at end of the year	2,199.1	2,355.6

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

6. Contributed equity (continued)

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

Details	Date	Number of shares	Issue price \$	\$m
Step-Up Preference Securities				
Opening balance - gross ⁽¹⁾	1-Oct-08	5,000,000	100.0	500.0
Opening balance - costs ⁽¹⁾				(10.0)
Balance at end of the year	30-Sep-09	5,000,000		490.0
Balance at end of the year	30-Sep-10	5,000,000		490.0
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-08	359,196,325		1,881.3
Shares issued under the Orica dividend reinvestment plan		759,254	20.58	15.6
Share movements under the Orica LTEIP plan ⁽⁴⁾		-		(31.3)
Balance at end of the year	30-Sep-09	359,955,579		1,865.6
Shares issued under the Orica executive option plans ⁽³⁾		51,600		0.3
Shares issued under the Orica dividend reinvestment plan	4-Dec-2009	1,098,700	25.23	27.8
Shares issued under the Orica dividend reinvestment plan	5-Jul-2010	970,868	25.32	24.6
Share movements under the Orica LTEIP plan ⁽⁴⁾		23,683		4.9
Shares issued under the Orica GEESP plan ⁽²⁾		-		1.8
DuluxGroup demerger dividend-capital reduction	9-Jul-10	-		(215.9)
Balance at end of the year	30-Sep-10	362,100,430		1,709.1

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

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

6. Contributed equity (continued)

Details	Date	Number of shares	Issue price \$	\$m
⁽³⁾ Shares issued under the Orica executive option plans				
2008/2009				
Movement for the year	30-Sep-09	-		-
2009/2010				
		11,000	7.73	0.1
		40,600	4.65	0.2
Movement for the year	30-Sep-10	51,600		0.3

The options were exercised at various times during 2010. The weighted average of the fair value of shares issued in 2010 was \$24.77.

⁽⁴⁾ Share movements under the Orica LTEIP plan				
2008/2009				
Shares bought back	Various	-		(31.3)
Movement for the year	30-Sep-09	-		(31.3)
2009/2010				
Shares issued	29-Jan-10	23,683	24.79	-
Shares bought back	Various	-		(31.6)
Shares issued - loan repayment	-	-		36.5
Movement for the year	30-Sep-10	23,683		4.9

Under the LTEIP, eligible executives are provided with a three year, interest free, non-recourse loan from Orica for the sole purpose of acquiring shares in the Company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. The shares issued to the executives are either purchased on market, issued new shares by Orica or reissued unvested shares by Orica. Shares issued under this plan in conjunction with non-recourse loans are accounted for as options. As a result, the amounts receivable from employees in relation to these loans are not recognised in the financial statements. Shares issued under this plan are recognised as shares issued at nil value, with a share based payments expense recognised in the income statement based on the value of the options. Shares purchased on-market under the plans are recognised as a share buy-back. Repayments of share loans are recognised as share capital. Under the November 2006 and subsequent LTEIP executive allocations, the shares are returned to Orica if the executives leave Orica within three years.

6. Contributed equity (continued)

Options over unissued shares⁽¹⁾ :

Exercisable between	Balance 30 Sep 08	Exercised during the year	Lapsed during the year	Balance 30 Sep 09	Exercised during the year	Lapsed during the year	Balance 30 Sep 10
01 Jan 03 31 Dec 09	11,000	-	-	11,000	(11,000)	-	-
01 Jan 04 31 Dec 10	13,600	-	-	13,600	(13,600)	-	-
31 Dec 04 31 Dec 06	27,000	-	-	27,000	(27,000)	-	-
Total	51,600	-	-	51,600	(51,600)	-	-

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

7. Reserves and retained earnings

	2010 \$m	2009 \$m
Reserves and retained earnings		
(a) Reserves		
Share based payments	50.3	36.2
Cash flow hedging	16.9	(0.3)
Foreign currency translation	(656.8)	(369.1)
Equity - arising from purchase of non-controlling interests	(183.0)	(74.8)
Balance at end of the year	(772.6)	(408.0)
Movement in reserves during the year		
Share based payments		
Balance at beginning of year	36.2	28.1
Share based payments expense	14.1	8.1
Balance at end of the year	50.3	36.2
Cash flow hedging		
Balance at beginning of year	(0.3)	5.2
Movement for the year	24.6	(7.9)
Tax effect of movement in cash flow hedge reserve	(7.4)	2.4
Balance at end of the year	16.9	(0.3)
Foreign currency translation		
Balance at beginning of year	(369.1)	64.0
Transfer to income statement on disposal of foreign subsidiaries	11.8	-
Translation of overseas controlled entities at the end of the year	(278.9)	(452.6)
Tax effect of translation of overseas controlled entities at the end of the year	(20.6)	19.5
Balance at end of the year	(656.8)	(369.1)
Equity - arising from purchase of non-controlling interests		
Balance at beginning of year	(74.8)	(6.0)
Purchase of non-controlling interests ⁽¹⁾	(108.2)	(68.8)
Balance at end of the year	(183.0)	(74.8)
(b) Retained earnings		
Retained earnings at the beginning of the year	1,913.1	1,758.9
Profit after income tax attributable to shareholders of Orica	1,318.7	541.8
Defined benefit fund superannuation movement (net of tax)	(47.0)	(19.0)
Dividends/distributions:		
Step-Up Preference Securities distributions	(25.9)	(37.5)
Less tax credit on Step-Up Preference Securities distributions	9.7	9.4
Ordinary dividends – interim	(146.8)	(142.5)
Ordinary dividends – final	(203.7)	(198.0)
DuluxGroup demerger dividend	(721.9)	-
Retained earnings at end of the year	2,096.2	1,913.1

⁽¹⁾ The equity reserve arising from purchase of non-controlling interests represents the excess of cost of investment in purchasing non-controlling interests in subsidiaries over the net assets acquired and non-controlling interests share of goodwill at the date of original acquisition of the subsidiary. The movement for the year ended 30 September 2010 relates to purchase of Orica Colombia S.A., Beijing Ruichy Minova Synthetic Material Company Limited and Sprengmittelvertrieb in Bayern GmbH. The movement for the year ended 30 September 2009 relates to the purchase of non-controlling interests in Orica Mining Services Peru S.A., Orica Kazakhstan Joint Stock Company and Minova Ksante Sp.z o.o..

8. Investments accounted for using the equity method

The consolidated entity has an interest in the following entities:

Name of entity:	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit	
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09
	%	%	\$m	\$m
Thai Nitrate Company Ltd	50.0	50.0	5.2	5.9
Nelson Brothers, LLC	50.0	50.0	} 30.9	} 43.5
Nelson Brothers Mining Services, LLC	50.0	50.0		
Southwest Energy LLC	50.0	50.0		
OY Forcit ^(c)	-	-	-	8.2
Australian Plantations Pty Ltd ^(e)	-	50.0	} Individually not material. In aggregate 5.3	} Individually not material. In aggregate 3.5
Botany Industrial Park Pty Limited	33.4	33.4		
BXL Bulk Explosives Limited ^(d)	-	50.0		
Controladora DNS de RL de CV	49.0	49.0		
Dyno Nobel UMMC LLC	50.0	50.0		
Exor Explosives Limited	50.0	50.0		
FiReP Holding AG ^(a)	25.0	-		
Geneva Nitrogen LLC	50.0	50.0		
Geodynamics B.V.	27.3	27.3		
Irish Mining Emulsion Systems Ltd	50.0	50.0		
Kitikmeot Explosives Limited ^(a)	49.0	-		
MicroCoal Inc.	50.0	50.0		
MSW-Chemie GmbH	31.5	31.5		
Norabel Ignition Systems AB	50.0	50.0		
Orica Camel Coatings Ltd ^(b)	-	50.0		
PIIK Limited Partnership	49.0	49.0		
Pigment Manufacturers of Australia Limited	50.0	50.0		
Pinegro Products Pty Ltd ^(b)	-	50.0		
Sahtu Explosives Limited ^(a)	49.0	-		
Servicios Petroleros Oricorp Mexico, SA de CV	47.0	47.0		
Sino-Australia Orica Watercare Technology and Equipment Co ^(a)	45.0	-		
Sprewa Sprengmittel GmbH	24.0	24.0		
SVG&FNS Philippines Holdings Inc	40.0	40.0		
Tli Cho Explosives Limited ^(a)	49.0	-		
Troisdorf GmbH	50.0	50.0		
Ulaex SA	50.0	50.0		
Wurgendorf GmbH	50.0	50.0		
Total			41.4	61.1

^(a) Acquired in 2010.

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

^(c) Disposed of in 2009.

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

^(e) Dissolved in 2010.

9. Businesses acquired

Consolidated - 2010

Acquisition of businesses and controlled entities

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

Jiangsu Orica Banqiao Mining Machinery Company Limited on 29 October 2009 (51%).

Orica Colombia S.A. on 30 November 2009, Orica acquired an additional 8% shareholding.

Minova Mining Services SA on 25 March 2010 (51%).

Beijing Ruichy Minova Synthetic Material Company Limited on 4 May 2010, Orica acquired an additional 45% shareholding.

Alaska Pacific Powder Company on 1 July 2010.

BXL Bulk Explosives Limited on 1 July 2010, Orica acquired an additional 50% shareholding.

Emrick & Hill, Inc., Northern Explosives Limited, Yukon Explosives Limited on 1 July 2010.

Mineria, Explosivos y Servicios, S.A. on 7 September 2010 (56%).

Sprengmittelvertrieb in Bayern GmbH, on 28 September 2010, Orica acquired an additional 49% shareholding.

Businesses

Business assets of Weldgrip Geotechnical on 5 November 2009.

Tomco Steel business assets of 639157 Ontario Inc on 1 May 2010.

Business assets of MacKenzie Range Supply Limited, Explosives Partnership, Explosives Limited, Taiko Carries, Inc.,

Yellowknife Mine on 1 July 2010.

Accounting standards require the fair value of the net assets acquired to be recognised. These financial statements include the preliminary purchase price allocation of acquired net assets. Accounting standards permit a measurement period during which acquisition accounting can be finalised following the acquisition date. The measurement period shall not exceed one year from the acquisition date.

	Book Values	Fair Value Adjustments	Total
	\$m	\$m	\$m
2010			
Consideration			
cash paid	79.9	-	79.9
net cash acquired	(2.3)	-	(2.3)
Outflow of cash	77.6	-	77.6
deferred settlement	2.6	-	2.6
non-cash consideration	13.7	-	13.7
Total consideration	93.9	-	93.9
Fair value of net assets of businesses/controlled entities acquired			
trade and other receivables	18.5	-	18.5
inventories	18.1	-	18.1
property, plant and equipment	12.8	-	12.8
intangibles	3.1	4.5	7.6
other assets	3.3	-	3.3
payables and interest bearing liabilities	(11.1)	-	(11.1)
provision for employee entitlements	(0.4)	-	(0.4)
provisions for environmental	-	(9.2)	(9.2)
other provisions	(0.7)	-	(0.7)
	43.6	(4.7)	38.9
Less non-controlling interests at date of acquisition	(2.8)	-	(2.8)
	40.8	(4.7)	36.1
Goodwill on acquisition			57.8
Acquisition of non-controlling interest:			Total
2010			\$m
Decrease in non-controlling interests			12.6
Equity reserve			108.2
Deferred consideration			(36.3)
Total consideration			84.5

Results contributed by acquired entities since acquisition date:

Revenue for the period	27.3
Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period	3.5

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the acquired businesses and entities for the 12 months to 30 September 2010 are as follows:

	\$m
Operating revenue	65.7
EBITDA	7.1

The unaudited information was compiled by Orica management based on financial information available to Orica during due diligence and assuming no material transactions between Orica and the acquired businesses. Goodwill on the purchase of these entities is attributable mainly to the skills and technical talent of the acquired businesses' work forces and the synergies expected to be achieved from integrating these businesses. None of the goodwill recognised is expected to be deductible for income tax purposes.

9. Businesses acquired (continued)

Consolidated - 2009

Acquisition of businesses and controlled entities

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

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

Other entities

Minova Ksante Sp. z o.o.: Orica acquired an additional 30% shareholding on 6 November 2008.

Orica Mining Services Peru S.A.: Orica acquired an additional 48.6% shareholding on 28 November 2008.

Orica Kazakhstan Joint Stock Company: Orica acquired an additional 23% shareholding on 23 December 2008.

Businesses

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

Business assets of Energy Enterprises, Inc., on 14 August 2009.

Accounting standards require the fair value of the net assets acquired to be recognised. These financial statements include the preliminary purchase price allocation of acquired net assets. Accounting standards permit up to 12 months for acquisition accounting to be finalised following the acquisition date. The measurement period shall not exceed one year from the acquisition date.

	Book Values \$m	Fair Value Adjustments \$m	Total \$m	Amended Acquisitions * \$m	Total \$m
2009					
Consideration					
cash paid	26.5	-	26.5	-	26.5
net overdraft acquired	0.4	-	0.4	-	0.4
Outflow of cash	26.9	-	26.9	-	26.9
deferred settlement	19.2	-	19.2	(1.6)	17.6
Total consideration	46.1	-	46.1	(1.6)	44.5
Fair value of net assets of businesses/controlled entities acquired					
trade and other receivables	12.5	-	12.5	-	12.5
inventories	5.2	-	5.2	-	5.2
property, plant and equipment	4.8	-	4.8	-	4.8
intangibles	13.2	-	13.2	-	13.2
other assets	0.1	-	0.1	-	0.1
payables and interest bearing liabilities	(13.1)	-	(13.1)	-	(13.1)
provisions	(0.2)	-	(0.2)	-	(0.2)
provision for deferred tax	-	-	-	(0.2)	(0.2)
contingent liabilities	-	(2.3)	(2.3)	-	(2.3)
	22.5	(2.3)	20.2	(0.2)	20.0
Goodwill on acquisition			25.9	(1.4)	24.5

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

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

Results contributed by acquired entities since acquisition date:

	\$m
Revenue for the period	38.5
EBITDA for the period	2.3

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the acquired businesses and entities for the 12 months to 30 September 2009 are as follows:

	\$m
Operating revenue for the period	45.1
EBITDA	1.7

The unaudited information was compiled by Orica management based on financial information available to Orica during due diligence and assuming no material transactions between Orica and the acquired businesses. Goodwill on the purchase of these entities is attributable mainly to the skills and technical talent of the acquired businesses' work forces and the synergies expected to be achieved from integrating these businesses. None of the goodwill recognised is expected to be deductible for income tax purposes.

10. Discontinued operations and businesses disposed/demerged

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

The DuluxGroup business was demerged on 9 July 2010 and is reported as a discontinued operation. DuluxGroup earnings for the period up to the demerger date (9 July 2010) are included in the 2010 Discontinued numbers below.

For the period ended 30 September	Continuing 2010 \$m	Discontinued 2010 \$m	Consolidated 2010 \$m	Continuing 2009 \$m	Discontinued 2009 \$m	Consolidated 2009 \$m
Sales revenue	5,812.1	727.2	6,539.3	6,470.9	940.1	7,411.0
Other income	47.9	791.4	839.3	43.6	0.9	44.5
Expenses						
Changes in inventories of finished goods and work in progress	16.9	5.9	22.8	(97.8)	(2.4)	(100.2)
Raw materials and consumables used and finished goods purchased for resale	(2,855.3)	(298.0)	(3,153.3)	(3,323.9)	(399.3)	(3,723.2)
Share based payments	(9.4)	(4.7)	(14.1)	(7.3)	(0.8)	(8.1)
Other employee benefits expense	(982.4)	(141.6)	(1,124.0)	(1,005.7)	(184.6)	(1,190.3)
Depreciation expense	(185.6)	(13.0)	(198.6)	(187.4)	(15.3)	(202.7)
Amortisation expense	(39.4)	(1.5)	(40.9)	(43.3)	(1.7)	(45.0)
Purchased services	(279.0)	(101.3)	(380.3)	(287.1)	(118.3)	(405.4)
Repairs and maintenance	(148.0)	(5.6)	(153.6)	(129.1)	(6.9)	(136.0)
Impairment of property, plant & equipment	-	-	-	(69.7)	-	(69.7)
Impairment of intangibles	-	-	-	(9.2)	-	(9.2)
Outgoing freight	(271.5)	(29.7)	(301.2)	(270.4)	(39.9)	(310.3)
Lease payments - operating leases	(65.7)	(17.2)	(82.9)	(72.3)	(20.2)	(92.5)
Transfer from reserves on disposal of foreign subsidiaries	-	(11.8)	(11.8)	-	-	-
Other expenses from ordinary activities including individually material items	(147.8)	(17.3)	(165.1)	(236.7)	(44.4)	(281.1)
Share of net profits of associates accounted for using the equity method	40.8	0.6	41.4	60.2	0.9	61.1
	(4,926.4)	(635.2)	(5,561.6)	(5,679.7)	(832.9)	(6,512.6)
Profit from operations	933.6	883.4	1,817.0	834.8	108.1	942.9
Net financing costs *						
Financial income	76.9	0.2	77.1	50.1	0.7	50.8
Financial expenses	(196.5)	(8.2)	(204.7)	(182.8)	(1.5)	(184.3)
Net financing costs	(119.6)	(8.0)	(127.6)	(132.7)	(0.8)	(133.5)
Profit before income tax expense	814.0	875.4	1,689.4	702.1	107.3	809.4
Income tax expense *	(310.1)	(24.6)	(334.7)	(194.7)	(33.3)	(228.0)
Profit after tax	503.9	850.8	1,354.7	507.4	74.0	581.4
Net profit for the period attributable to:						
Shareholders of Orica Limited	467.9	850.8	1,318.7	467.8	74.0	541.8
Non-controlling interests	36.0	-	36.0	39.6	-	39.6
Net profit for the year	503.9	850.8	1,354.7	507.4	74.0	581.4

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

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

Disposal of businesses/controlled entities

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

2010

Business assets of Sydney Galvanizing Services on 22 December 2009.

The DuluxGroup business was demerged on 9 July 2010 and is reported as a discontinued operation.

2009

Nil

	Consolidated	
	2010	2009
	\$m	\$m
Consideration		
cash received	0.7	-
cash disposed	(8.7)	-
debt disposed	253.7	-
Inflow of cash	245.7	-
settlement of demerger dividend net of costs	856.9	-
Net consideration	1,102.6	-
Carrying value of net assets of businesses/controlled entities disposed		
trade and other receivables	154.0	-
inventories	113.5	-
property, plant and equipment	148.4	-
intangibles	92.0	-
other assets	40.0	-
investment	1.9	-
payables and interest bearing liabilities	(171.2)	-
provision for employee entitlements	(23.7)	-
provision for retirement benefit obligations/curtailments	(15.6)	-
provision for restructuring	(1.1)	-
provision for dividends	(21.0)	-
provision for environmental	(3.8)	-
contingent liabilities on acquisition of controlled entities	(1.9)	-
	311.5	-
Profit on sale/demerger of business/controlled entities	791.1	-
Cash flows from discontinued operations		
Cash flows from operating activities	61.1	122.3
Cash flows from investing activities	(135.9)	(54.2)
Cash flows from financing activities	(13.9)	(17.0)
Net cash flows from discontinued operations	(88.7)	51.1

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

Reconciliation of net profit after tax

	Continuing 2010 \$m	Discontinued 2010 \$m	Consolidated 2010 \$m	Continuing 2009 \$m	Discontinued 2009 \$m	Consolidated 2009 \$m
Before individually material items						
Profit from operations ⁽¹⁾	1,009.0	92.4	1,101.4	953.6	128.9	1,082.5
Net financing costs	(119.6)	(8.0)	(127.6)	(132.7)	(0.8)	(133.5)
Profit before income tax expense	889.4	84.4	973.8	820.9	128.1	949.0
Income tax expense	(234.5)	(27.4)	(261.9)	(224.2)	(38.8)	(263.0)
Profit after tax before non-controlling interests	654.9	57.0	711.9	596.7	89.3	686.0
Non-controlling interests	36.1	-	36.1	39.9	-	39.9
Profit after tax before individually material items	618.8	57.0	675.8	556.8	89.3	646.1
Individually material items						
(Loss)/profit before income tax expense	(75.4)	791.0	715.6	(118.8)	(20.8)	(139.6)
Income tax benefit/(expense)	(75.6)	2.8	(72.8)	29.5	5.5	35.0
(Loss)/profit after tax before non-controlling interests	(151.0)	793.8	642.8	(89.3)	(15.3)	(104.6)
Non-controlling interests	(0.1)	-	(0.1)	(0.3)	-	(0.3)
(Loss)/profit after tax from individually material items	(150.9)	793.8	642.9	(89.0)	(15.3)	(104.3)
Net profit after tax						
Profit before income tax expense	814.0	875.4	1,689.4	702.1	107.3	809.4
Income tax expense	(310.1)	(24.6)	(334.7)	(194.7)	(33.3)	(228.0)
Profit after tax before non-controlling interests	503.9	850.8	1,354.7	507.4	74.0	581.4
Non-controlling interests	36.0	-	36.0	39.6	-	39.6
Profit after tax	467.9	850.8	1,318.7	467.8	74.0	541.8
Net profit for the period attributable to:						
Shareholders of Orica Limited	467.9	850.8	1,318.7	467.8	74.0	541.8
Non-controlling interests	36.0	-	36.0	39.6	-	39.6
Net profit for the year	503.9	850.8	1,354.7	507.4	74.0	581.4

⁽¹⁾ The \$92.4 million profit from operations (for DuluxGroup within Discontinued operations) is for the period from 1 October 2009 to 9 July 2010. The 2009 comparative is for a full twelve month period.

11. Income tax expense

	Continuing 2010 \$m	Discontinued 2010 \$m	Discontinued 2010 \$m	Continuing 2009 \$m	Discontinued 2009 \$m	Discontinued 2009 \$m
a) Income tax expense recognised in the income statement						
Current tax expense						
Current year	217.7	27.4	245.1	257.5	35.4	292.9
Deferred tax	(7.0)	(2.7)	(9.7)	(64.0)	(2.0)	(66.0)
Pharmaceuticals tax case	97.8	-	97.8	-	-	-
Under/(over) provided in prior years	1.6	(0.1)	1.5	1.2	(0.1)	1.1
Total income tax expense in income statement	310.1	24.6	334.7	194.7	33.3	228.0
b) Reconciliation of income tax expense to prima facie tax payable						
Income tax expense attributable to profit before individually material items						
Prima facie income tax expense calculated at 30% on profit before individually material items	266.8	25.3	292.1	246.3	38.4	284.7
Tax effect of items which (decrease)/increase tax expense:						
variation in tax rates of foreign controlled entities	(7.9)	-	(7.9)	(1.1)	-	(1.1)
tax under/(over) provided in prior years	1.6	(0.1)	1.5	1.2	(0.1)	1.1
non allowable share based payments	2.8	1.4	4.2	2.2	0.2	2.4
non taxable profit on sale of investments	(0.1)	-	(0.1)	(3.6)	-	(3.6)
other foreign deductions	(30.4)	-	(30.4)	(27.4)	-	(27.4)
sundry items	1.7	0.8	2.5	6.6	0.3	6.9
Income tax expense attributable to profit before individually material items	234.5	27.4	261.9	224.2	38.8	263.0
Income tax expense/(benefit) attributable to individually material items						
Prima facie income tax (benefit)/expense calculated at 30% on loss from individually material items	(22.6)	237.3	214.7	(35.6)	(6.3)	(41.9)
Tax effect of items which (decrease)/increase tax expense:						
variation in tax rates of foreign controlled entities	-	0.7	0.7	(1.3)	-	(1.3)
individually material items:						
non allowable/(taxable) items on the DuluxGroup demerger	-	(240.8)	(240.8)	-	0.8	0.8
Pharmaceuticals tax case	97.8	-	97.8	-	-	-
non allowable Minova integration costs	0.4	-	0.4	0.9	-	0.9
non allowable Mining Services integration costs	-	-	-	2.8	-	2.8
non allowable Marplex impairment writedown	-	-	-	2.4	-	2.4
non allowable Dyno Nobel integration costs	-	-	-	1.3	-	1.3
Income tax benefit attributable to loss from individually material items	75.6	(2.8)	72.8	(29.5)	(5.5)	(35.0)
Income tax expense reported in the income statement	310.1	24.6	334.7	194.7	33.3	228.0

12. Standby arrangements and credit facilities

Reconciliation of net debt:

	Sep 2010 \$m	Sep 2009 \$m
Current interest bearing liabilities	187.9	160.2
Non current interest bearing liabilities	1,211.0	1,242.8
Less cash and cash equivalents	(347.3)	(308.5)
Net debt	1,051.6	1,094.5

Credit facilities:

	Sep 2010 \$m	Sep 2009 \$m
Unsecured bank overdraft facilities available	110.3	117.9
Amount of facilities undrawn	108.3	106.0
Committed standby and loan facilities available	3,442.9	3,089.4
Amount of facilities unused	2,073.8	1,867.6

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 24 October 2010 to 31 May 2020 (2009 3 Sep 2010 to 24 October 2018). In August 2010 Orica completed an issue of US \$600 million guaranteed senior fixed rate 10, 12, 15 and 20 year notes in the US Private Placement debt market. The funding occurred in October 2010.

13. Critical accounting judgements and estimates

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

Contingent liabilities

In the normal course of business, contingent liabilities may arise from product-specific and general legal proceedings, from guarantees or from environmental liabilities connected with our current or former sites. Where management are of the view that potential liabilities have a low probability of crystallising or it is not possible to quantify them reliably, management disclose them as contingent liabilities. These are not provided for in the financial statements but are disclosed in note 14. In view of the significance of environmental issues associated with Botany Groundwater (New South Wales, Australia), Botany Hexachlorobenzene (HCB) Waste, Botany Mercury and Botany Car Park Encapsulation they continue to be disclosed as contingent liabilities even though estimated costs have been recognised in the financial statements. Further details regarding contingent liabilities are set out in note 14.

Environmental and decommissioning provisions

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

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

Environmental costs are estimated using either the work of external consultants and/or internal experts. Changes in the assumptions underlying these estimated costs may impact future reported results. Subject to these factors, but taking into consideration experience gained to date regarding environmental matters of a similar nature, Orica believes the provisions to be appropriate based upon currently available information. However, given the inherent difficulties in estimating liabilities in this area, it cannot be guaranteed that additional costs will not be incurred beyond the amounts provided. It is possible that final resolution of

13. Critical accounting judgements and estimates (continued)

these matters may require expenditures to be made in excess of established provisions over an extended period of time that may result in changes in timing of anticipated cash flows from those assumed and in a range of amounts that cannot be reasonably estimated.

In respect to the Botany Groundwater contamination, a provision exists to cover the estimated costs associated with remediation until 2015. Costs are expected to be incurred after this date, but it is not possible to predict the time frame over which remediation will be required or the form the remediation will take and therefore it is not possible to reliably estimate any associated costs. In light of ongoing discussions with regulatory authorities and following an assessment of currently available technologies to treat the contamination, Orica intends to maintain a provision at current levels that takes into account the estimated costs associated with remediation commitments over this period. The provision will continue to be re-evaluated based on future regulatory assessments and advancements in appropriate technologies. The discount rate used for environmental provisioning may vary from year to year.

On 18 August 2010, the Australian Government and the Danish Government respectively issued export and import permits under the Basel Convention for the shipment of 6,100 tonnes of Hexachlorobenzene (HCB) waste from Orica's Botany site in Sydney to the Kommunekemi plant in Nyborg, Denmark for environmentally sound destruction. The calculation of the related provision is based on the assumption that a permit to export the waste not covered by the existing export permits for destruction overseas will be obtained.

Legal proceedings

The outcome of currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and that could significantly impact the business and results of operations of the Group. Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Group could be materially affected by the unfavourable outcome of litigation. Litigation and administrative proceedings are evaluated on a case-by-case basis considering the available information, including that from legal counsel, to assess potential outcomes. Where it is considered probable that a future obligation will result in an outflow of resources, a provision is recorded in the amount of the present value of the expected cash outflows if these are deemed to be reliably measurable.

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

Defined benefit superannuation fund obligations

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

Property, plant and equipment and definite life intangible assets

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

Financial instruments at fair value

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

Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit (CGU). The recoverable amount of those assets, or CGUs, is measured as the higher of their fair value less costs to sell and value in use. Management necessarily applies its judgement in allocating assets that

13. Critical accounting judgements and estimates (continued)

do not generate independent cash flows to appropriate CGUs.

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

Current asset provisions

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

Taxation

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

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

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

Carbon Pollution Reduction Scheme

The Australian Federal Government had proposed introducing a Carbon Pollution Reduction Scheme (CPRS) in July 2011. The introduction of the CPRS has the potential to significantly impact the assumptions used in determining the future cash flows generated from the Group's assets for the purpose of impairment testing. The Group did not incorporate the impact of the CPRS at 30 September 2010 as insufficient market information existed. The Government has announced that CPRS has been delayed and the relevant legislation has been withdrawn from Parliament. There are uncertainties around the future level of emissions the Group will emit as these are dependent on production output and abatement opportunities. In addition, the costs of implementing abatement opportunities, the prices of emission permits, the number of permits to be purchased, the impact of costs incurred by our suppliers and their ability to pass on these costs to Orica and the ability of Orica to pass on any costs incurred to its customers are currently unknown.

14. Contingent liabilities and contingent assets

Environmental

(i) General

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

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

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

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

14. Contingent liabilities and contingent assets (continued)

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

Botany Groundwater (New South Wales, Australia)

Orica is continuing to conduct extensive remediation activities, including the operation of a Groundwater Treatment Plant, to treat the groundwater at Botany, which is contaminated with pollutants from historical operations. The Groundwater Treatment Plant has been commissioned and a portion of the treated water is sold by Orica to other corporations to replace town drinking water in industrial uses.

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

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

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

On 18 August 2010, the Australian Government and the Danish Government respectively issued export and import permits under the Basel Convention for the shipment of 6,100 tonnes of Hexachlorobenzene (HCB) waste from Orica's Botany site in Sydney to the Kommunekemi plant in Nyborg, Denmark for environmentally sound destruction. In the event that Orica does not obtain the necessary regulatory approvals to export the waste not covered by the existing export permits for destruction overseas, it will continue to ensure the safe storage of the HCB waste at Botany. Orica has provided for the estimated costs associated with export and treatment of the waste.

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

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

Taxation

(i) Tax investigations and audits

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

(ii) Brazilian Tax Action

The Brazilian Taxation authority is claiming unpaid taxes relating to the 1997 financial year of approximately \$25 million. ICI Plc, the vendor of the business to Orica, has been notified to preserve Orica's rights under the tax indemnity obtained upon acquisition of the business. The Brazilian Taxation authority has been granted security over the Lorena site in relation to these matters. Some additional security may be given as the matter progresses through to the civil courts of law.

(iii) Norway Tax Action

In August 2009, the Central Tax Office for Large Enterprises (CTO) sent a letter to Dyno Nobel AS in Norway regarding a possible reassessment of that company's tax return for the 2005 income year relating to a transfer of the Dyno Nobel house brand in conjunction with Orica's acquisition of Dyno Nobel's explosives business. The amount of the possible reassessment is approximately \$50 million. Orica has been advised that there is no legal basis under the Norwegian Tax Code for such a reassessment.

Guarantees, indemnities and warranties

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

15. Events subsequent to balance date

In August 2010 Orica completed an issue of US \$600 million guaranteed senior fixed rate 10, 12, 15 and 20 year notes in the US Private Placement debt market. The funding occurred in October 2010.

On 8 November 2010, the directors declared a final dividend of 54 cents per ordinary share payable on 10 December 2010. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2010 and will be recognised in the 2011 financial statements.

The directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2010, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Compliance statement

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

The entity has a formally constituted audit committee.

Annette Cook
Company Secretary
8 November 2010