Appendix 4E
Preliminary final report
ORICA LIMITED
ABN 24 004 145 868

1. Details of the reporting period and the previous corresponding period

Reporting Period	Year Ended	30 September 2012
Previous Corresponding Period	Year Ended	30 September 2011

2. Results for announcement to the market **$m**

	Consolidated:				
2.1	Consolidated revenue from operations	up	8.0%	to	6,674.1
2.2	Profit after tax attributable to shareholders	down	(37.3)%	to	402.8
2.3	Net profit for the period attributable to shareholders before individually material items	up	1.2%	to	650.2

	Dividends			**Amount per security**	**Franked amount per security at 30% tax**
	Current period				
2.4	Final dividend	- Ordinary	Cents	54.0	24.0
2.4	Interim dividend	- Ordinary	Cents	38.0	14.0
	Previous corresponding period				
2.4	Final dividend	- Ordinary	Cents	53.0	53.0
2.4	Interim dividend	- Ordinary	Cents	37.0	18.0

2.5	Record date for determining entitlements to the dividend:	
	Ordinary Shares	26-Nov-12
	Payment date of dividend:	
	Ordinary Shares	14-Dec-12

2.6 Brief explanation of figures 2.1 to 2.4:

i) It is anticipated that dividends in the near future are unlikely to be franked at a rate of more than 40.0%.

ii) Conduit foreign income (CFI) component:

Current period		*Previous corresponding period*	
Interim dividend:		Interim dividend:	
Ordinary	24 cents	Ordinary	19 cents
Final dividend:		Final dividend:	
Ordinary	30 cents	Ordinary	Nil

iii) 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.

3. **Income Statement - refer attached**

4. **Balance Sheet - refer attached**

5. **Statement of Cash Flows - refer attached**

6. **Reserves and retained earnings - refer attached, Statement of Changes in Equity**

7. **Details of individual dividends and payment dates - refer attached, Note 25 Dividends and distributions**

8. **Details of dividend reinvestment plan**

   The Company's Dividend Reinvestment Plan (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 28 November to 6 December inclusive. The last date for receipt of election notices for participation in the final dividend under the DRP is Monday 26 November 2012. Shares issued pursua to the DRP will rank equal to all other ordinary shares. No discount applies to the DRP.

9. **Net tangible assets**

	Current period	Previous corresponding period
	Cents	Cents
Net tangible asset backing per ordinary security	293.9	208.5

10. **Control gained/lost over entities having a material effect - refer attached, Note 27 Businesses and non-controlling interests acquired and Note 28 Businesses disposed**

11. **Details of associates and joint venture entities - refer attached, Note 11 Investments accounted for using the equity method**

12. **Significant information - refer press release attached**

13. **For foreign entities, which set of accounting standards is used in compiling the report - not applicable**

14. **Commentary on results for the period - refer press release attached**

15. **This report is based on a financial report which have been audited. The audit report, which is unmodified, will be made available with the Company's financial report, which also contains the Directors report (including the audited Remuneration Report) and the Directors Declaration. These will all be released at the same time as part of the Company's Annual Report which is nearing completion and will be released in early December 2012.**

Annette Cook
Company Secretary
Date 12 November 2012

Income Statement

For the year ended 30 September

	Notes	Consolidated 2012 $m	2011 $m
Sales revenue	(3)	**6,674.1**	6,182.3
Other income	(3)	**67.5**	85.7
Expenses			
Changes in inventories of finished goods and work in progress		**47.9**	43.1
Raw materials and consumables used and finished goods purchased for resale		**(3,306.0)**	(3,007.4)
Share based payments		**(17.9)**	(15.1)
Other employee benefits expense		**(1,096.3)**	(1,041.8)
Depreciation expense	(4c)	**(214.7)**	(187.5)
Amortisation expense	(4c)	**(36.7)**	(36.7)
Purchased services		**(283.7)**	(262.0)
Repairs and maintenance		**(182.6)**	(157.8)
Impairment of goodwill	(4d)	**(367.2)**	-
Outgoing freight		**(302.7)**	(276.1)
Lease payments - operating leases		**(67.0)**	(65.9)
Other expenses		**(296.7)**	(271.4)
Share of net profit of associates accounted for using the equity method	(11)	**37.4**	38.9
		(6,086.2)	(5,239.7)
Profit from operations		**655.4**	1,028.3
Net financing costs			
Financial income	(4a)	**32.9**	32.4
Financial expenses	(4b)	**(161.1)**	(155.9)
Net financing costs		**(128.2)**	(123.5)
Profit before income tax expense		**527.2**	904.8
Income tax expense	(5)	**(103.4)**	(241.4)
Net profit for the year		**423.8**	663.4
Net profit for the year attributable to:			
Shareholders of Orica Limited		**402.8**	642.3
Non-controlling interests		**21.0**	21.1
Net profit for the year		**423.8**	663.4

		cents	cents
Earnings per share			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
Total attributable to ordinary shareholders of Orica Limited:			
Basic	(6)	**109.2**	173.5
Diluted	(6)	**109.1**	169.8

The Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 6 to 78.

Statement of Comprehensive Income
For the year ended 30 September

	Notes	Consolidated 2012 $m	2011 $m
Profit for the year		**423.8**	663.4
Net loss on hedge of net investments in foreign subsidiaries	(5c)	**(99.8)**	(38.5)
Cash flow hedges			
- Effective portion of changes in fair value	(5c)	**3.5**	2.3
- Transferred to carrying value of non current assets	(5c)	**-**	0.1
- Transferred to Income Statement	(5c)	**(9.4)**	(43.0)
Exchange differences on translation of foreign operations	(5c)	**(103.6)**	(38.9)
Actuarial (losses)/benefits on defined benefit plans	(5c)(38)	**(58.0)**	(37.4)
Income tax on income and expense in other comprehensive income	(5c)	**(0.2)**	37.1
Other comprehensive income for the year, net of income tax		**(267.5)**	(118.3)
Total comprehensive income for the year		**156.3**	545.1
Attributable to:			
Shareholders of Orica Limited		**142.6**	529.6
Non-controlling interests		**13.7**	15.5
Total comprehensive income for the year		**156.3**	545.1

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 6 to 78.

Balance Sheet
As at 30 September

	Notes	Consolidated 2012 $m	2011 $m
Current assets			
Cash and cash equivalents	(7)	**235.8**	346.9
Trade and other receivables	(8)	**1,035.3**	941.6
Inventories	(9)	**693.6**	614.5
Other assets	(10)	**61.3**	75.2
Other financial assets - derivative assets	(12)	**12.0**	7.0
Total current assets		**2,038.0**	1,985.2
Non-current assets			
Trade and other receivables	(8)	**50.0**	1.8
Investments accounted for using the equity method	(11)	**206.4**	172.1
Other financial assets - derivative assets	(12)	**3.7**	4.6
Other financial assets	(12)	**0.6**	0.6
Property, plant and equipment	(13)	**3,034.4**	2,709.7
Intangible assets	(14)	**2,046.8**	2,505.4
Deferred tax assets	(15)	**223.8**	241.7
Other assets	(10)	**19.9**	7.1
Total non-current assets		**5,585.6**	5,643.0
Total assets		**7,623.6**	7,628.2
Current liabilities			
Trade and other payables	(16)	**1,058.9**	1,141.0
Other financial liabilities - derivative liabilities	(16)	**10.4**	11.5
Interest bearing liabilities	(17)	**346.0**	76.5
Current tax liabilities	(18)	**2.4**	30.4
Provisions	(19)	**162.6**	198.0
Total current liabilities		**1,580.3**	1,457.4
Non-current liabilities			
Trade and other payables	(16)	**12.4**	25.6
Other financial liabilities - derivative liabilities	(16)	**73.7**	65.2
Interest bearing liabilities	(17)	**2,189.0**	1,678.5
Deferred tax liabilities	(20)	**56.4**	95.3
Provisions	(19)	**465.3**	430.6
Total non-current liabilities		**2,796.8**	2,295.2
Total liabilities		**4,377.1**	3,752.6
Net assets		**3,246.5**	3,875.6
Equity			
Ordinary shares	(21)	**1,795.1**	1,749.9
Reserves	(22)	**(1,049.8)**	(849.0)
Retained earnings	(22)	**2,376.2**	2,363.4
Total equity attributable to ordinary shareholders of Orica		**3,121.5**	3,264.3
Equity attributable to Step-Up Preference Securities' holders	(21)	**-**	490.0
Non-controlling interests in controlled entities	(23)	**125.0**	121.3
Total equity		**3,246.5**	3,875.6

The Balance Sheet is to be read in conjunction with the notes to the financial statements set out on pages 6 to 78.

Statement of Changes in Equity

For the year ended 30 September

	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
2011										
Balance at 1 October 2010	1,709.1	2,096.2	50.3	16.9	(656.8)	(183.0)	3,032.7	490.0	109.9	3,632.6
Profit for the year	-	642.3	-	-	-	-	642.3	-	21.1	663.4
Other comprehensive income	-	(25.6)	-	(28.4)	(58.7)	-	(112.7)	-	(5.6)	(118.3)
Total comprehensive income for the year	-	616.7	-	(28.4)	(58.7)	-	529.6	-	15.5	545.1
Transactions with owners, recorded directly in equity										
Total changes in contributed equity	40.8	-	-	-	-	-	40.8	-	5.8	46.6
Share-based payments expense	-	-	15.1	-	-	-	15.1	-	-	15.1
Acquisition of non-controlling interests	-	-	-	-	-	(4.4)	(4.4)	-	0.2	(4.2)
Dividends/distributions	-	(349.5)	-	-	-	-	(349.5)	-	-	(349.5)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	-	(10.1)	(10.1)
Balance at the end of the year	1,749.9	2,363.4	65.4	(11.5)	(715.5)	(187.4)	3,264.3	490.0	121.3	3,875.6
2012										
Balance at 1 October 2011	**1,749.9**	**2,363.4**	**65.4**	**(11.5)**	**(715.5)**	**(187.4)**	**3,264.3**	**490.0**	**121.3**	**3,875.6**
Profit for the year	**-**	**402.8**	**-**	**-**	**-**	**-**	**402.8**	**-**	**21.0**	**423.8**
Other comprehensive income	**-**	**(41.5)**	**-**	**(4.2)**	**(214.5)**	**-**	**(260.2)**	**-**	**(7.3)**	**(267.5)**
Total comprehensive income for the year	**-**	**361.3**	**-**	**(4.2)**	**(214.5)**	**-**	**142.6**	**-**	**13.7**	**156.3**
Transactions with owners, recorded directly in equity										
Total changes in contributed equity	**45.2**	**-**	**-**	**-**	**-**	**-**	**45.2**	**-**	**1.2**	**46.4**
Share-based payments expense	**-**	**-**	**17.9**	**-**	**-**	**-**	**17.9**	**-**	**-**	**17.9**
Reclassification to interest bearing liabilities	**-**	**(10.0)**	**-**	**-**	**-**	**-**	**(10.0)**	**(490.0)**	**-**	**(500.0)**
Divestment of non-controlling interests	**-**	**0.3**	**-**	**-**	**-**	**-**	**0.3**	**-**	**(1.2)**	**(0.9)**
Dividends/distributions	**-**	**(338.8)**	**-**	**-**	**-**	**-**	**(338.8)**	**-**	**-**	**(338.8)**
Dividends declared/paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10.0)**	**(10.0)**
Balance at the end of the year	**1,795.1**	**2,376.2**	**83.3**	**(15.7)**	**(930.0)**	**(187.4)**	**3,121.5**	**-**	**125.0**	**3,246.5**

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out in pages 6 to 78.

Statement of Cash Flows

For the year ended 30 September

	Notes	Consolidated 2012 $m Inflows/ (Outflows)	2011 $m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		**7,069.6**	6,494.3
Payments to suppliers and employees		**(6,239.9)**	(5,418.0)
Interest received		**32.9**	31.8
Borrowing costs		**(191.1)**	(175.6)
Dividends received		**31.2**	30.1
Other operating revenue received		**15.5**	25.3
Net income taxes paid		**(174.1)**	(229.7)
Net cash flows from operating activities	(26)	**544.1**	758.2
Cash flows from investing activities			
Payments for property, plant and equipment		**(586.5)**	(663.3)
Payments for intangibles		**(42.4)**	(29.3)
Payments for purchase of investments		**(40.9)**	(0.6)
Payments for purchase of non-controlling interests	(27)	**-**	(4.4)
Payments for purchase of businesses/controlled entities	(27)	**(13.8)**	(56.5)
Payments of deferred consideration from prior acquisitions		**(29.3)**	(30.2)
Proceeds from sale of property, plant and equipment		**28.5**	16.7
Proceeds from sale of investments		**8.0**	1.6
Proceeds from sale of businesses/controlled entities	(28)	**2.5**	-
Net cash flows used in investing activities		**(673.9)**	(766.0)
Cash flows from financing activities			
Proceeds from long term borrowings		**7,284.5**	1,265.9
Repayment of long term borrowings		**(7,178.3)**	(738.3)
Net movement in short term financing		**235.1**	(174.6)
Payments for finance leases		**(5.4)**	(5.4)
Proceeds from issue of ordinary shares		**24.3**	7.9
Proceeds from issue of shares to non-controlling interests		**1.2**	5.8
Payments for buy-back of ordinary shares - LTEIP		**(19.9)**	(14.1)
Dividends paid - Orica ordinary shares		**(289.1)**	(280.3)
Distributions paid - Step-Up Preference Securities		**(11.1)**	(32.2)
Dividends paid - non-controlling interests		**(8.5)**	(15.8)
Net cash from financing activities		**32.8**	18.9
Net (decrease)/increase in cash held		**(97.0)**	11.1
Cash at the beginning of the year		**343.3**	345.3
Effects of exchange rate changes on cash		**(18.4)**	(13.1)
Cash at the end of the year	(26)	**227.9**	343.3

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 6 to 78.

Notes to the Financial Statements
For the year ended 30 September 2012

1. Accounting policies

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

(i) Basis of preparation

The 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.

(ii) Statement of compliance

The financial report is a general purpose financial report which has been prepared by a for-profit entity in accordance with the requirements of applicable Australian Accounting Standards including Australian Interpretations and the Corporations Act 2001 and complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 12 November 2012. The financial report is presented in Australian dollars which is Orica's functional and presentation currency.

This financial report has been prepared on the basis of Australian Accounting Standards and Interpretations on issue that are effective, or early adopted by Orica as at 30 September 2012.

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 2011. The standard relevant to Orica that has been adopted during the year is:

- AASB 1048 Interpretation of Standards (revised) - applicable for annual reporting periods ending on or after 30 June 2012.

This standard has had no significant impact on the financial statements.

The standards and interpretations relevant to Orica that have not been early adopted are:

- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income - applicable for annual reporting periods beginning on or after 1 July 2012.
- AASB 9 Financial Instruments - applicable for annual reporting periods beginning on or after 1 January 2015.
- 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] - applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) – applicable for annual reporting periods on or after 1 January 2013.
- AASB 10 Consolidated Financial Statements – applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 11 Joint Arrangements – applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 12 Disclosure of Interests in Other Entities – applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 127 Separate Financial Statements – applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 128 Investments in Associates and Joint Ventures – applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards – applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 119 Employee Benefits – applicable for annual reporting periods on or after 1 January 2013.
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements – applicable for annual reporting periods beginning on or after 1 July 2013.
- AASB 13 Fair Value Measurement – applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 – applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) - applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities - applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities - applicable for annual reporting periods beginning on or after 1 January 2014.
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle - applicable for annual reporting periods beginning on or after 1 January 2013.

The consolidated entity expects to adopt these standards and interpretations in the 2013 and subsequent financial years - however the financial impact of adopting the new or amended standards has not yet been determined.

(iii) Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the

1. Accounting policies (continued)

parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the excess is credited to the Income Statement in the period of acquisition.

The non-controlling interest's share of net assets is stated at their proportion of the fair values of the assets and liabilities and contingent liabilities recognised of each subsidiary.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised profits arising within the consolidated entity are eliminated in full.

(iv) Revenue recognition

Sales revenue

External sales are measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. External sales are recognised when the significant risks and rewards of ownership are transferred to the purchaser, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Other income

Profits and losses from sale of businesses, controlled entities and other non-current assets are recognised when there is a signed unconditional contract of sale. Dividends are recognised in the Income Statement when declared.

Construction contracts

Contract revenue and expenses are recognised on an individual contract basis using the percentage of completion method when the stage of contract completion can be reliably determined, costs to date can be clearly identified and total contract revenue and costs to complete can be reliably estimated. Stage of completion is measured by reference to an assessment of physical work completed to date as a percentage of estimated total work for each contract. An expected loss is recognised immediately as an expense.

(v) Financial income & borrowing costs

Financial income

Financial income includes interest income on funds invested and the non designated portion of the net investment hedging derivatives. These are recognised in the Income Statement as accrued.

Borrowing costs

Borrowing costs include interest, unwinding of the effect of discounting on provisions, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings, including lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Where funds are borrowed specifically for the production of a qualifying asset, the interest on those funds is capitalised, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average interest rate.

(vi) Research and development costs

Research costs are expensed as incurred. Development costs are expensed as incurred except when it is probable that future economic benefits associated with the item will flow to the consolidated entity, in which case they are capitalised.

(vii) Share based payments

Equity settled share based payments are externally measured at fair value at the date of grant using an option valuation model. This valuation model generates possible future share prices based on similar assumptions that underpin relevant option pricing models and reflects the value (as at grant date) of options granted. The assumptions underlying the options valuations are: (a) the exercise price of the option, (b) the life of the option, (c) the current price of the underlying securities, (d) the expected volatility of the share price, (e) the dividends expected on the shares and (f) the risk-free interest rate for the life of the option.

The fair value determined at the grant date of the equity settled share based payments is expensed in the Income Statement on a straight-line basis over the relevant vesting period.

The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to vesting conditions not being met.

For the December 2010 and subsequent years Long Term Equity Incentive schemes, the share based payment expense will be adjusted to an expense based on actual EPS growth achieved.

Shares issued under employee incentive share plans in conjunction with non-recourse loans are accounted for as options. As a result, the amounts receivable from employees in relation to these loans and share capital issued under these schemes are not recognised and any shares purchased on-market are recognised as a share buy-back and deducted from shareholders equity.

(viii) Carbon emissions

Allocated carbon emissions permits are initially recognised at nominal value (nil value). Carbon emissions permits purchased to meet the Group's settlement requirements are initially recorded at cost within intangible assets. A liability is recognised when the Group's carbon emissions exceed the emissions permits held. The liability is measured at nominal value up to the level of allocated permits held and at the cost of purchased permits up to the level of purchased permits held. That portion exceeding the carbon emissions permits held is recognised at fair value at the reporting date.

(ix) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax and is recognised in the Income Statement.

1. Accounting policies (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the balance sheet and their associated tax bases. Current and deferred taxes attributable to amounts recognised directly in equity are also recognised in equity.

The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

Tax consolidation

Orica Limited is the parent entity in the tax consolidated group comprising all wholly-owned Australian entities.

Due to the existence of a tax sharing agreement between the entities in the tax consolidated group, the parent entity recognises the tax effects of its own transactions and the current tax liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary entities.

Current tax income/expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘separate taxpayer within group’ approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation. In accordance with the tax sharing agreement, the subsidiary entities are compensated for the assets and liabilities assumed by the parent entity as intercompany receivables and payables and for amounts which equal the amounts initially recognised by the subsidiary entities. There is no adjustment for tax consolidation contribution by (or distribution to) equity participants.

(x) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. Cost is based on the first-in, first-out or weighted average method based on the type of inventory. For manufactured goods, cost includes direct material and fixed overheads based on normal operating capacity. For merchanted goods, cost is net cost into store.

(xi) Construction work in progress

Where the Group manufactures equipment for sale, the work in progress is carried at cost plus profit recognised to date based on the value of work completed less progress billings and less provision for foreseeable losses allocated between amounts due from customers and amounts due to customers.

(xii) Trade and other receivables

Trade and other receivables are recognised at their cost less any impairment losses.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An impairment loss is recognised when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivables.

(xiii) Investments accounted for using the equity method

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Associates are those entities over which the consolidated entity exercises significant influence but does not control.

(xiv) Other financial assets

The consolidated entity’s interests in financial assets other than controlled entities and associates are stated at market value.

Investments in subsidiaries and associates are accounted for in the financial statements at their cost of acquisition.

(xv) Non-current assets held for sale and disposal groups

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is reassessed in accordance with applicable accounting standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in the Income Statement. The same applies to gains and losses on subsequent remeasurement.

Classification as a disposal group occurs when the operation meets the criteria to be classified as held for sale.

(xvi) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. Property, plant and equipment, other than freehold land, is depreciated on a straight-line basis at rates calculated to allocate the cost less the estimated residual value over the estimated useful life of each asset to the consolidated entity.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Estimated useful lives of each class of asset are as follows:

Buildings and improvements	25 to 40 years
Machinery, plant and equipment	3 to 30 years

Profits and losses on disposal of property, plant and equipment are taken to the Income Statement.

1. Accounting policies (continued)

(xvii) Leased assets

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Assets under finance lease are capitalised at the present value of the minimum lease payments and amortised on a straight-line basis over the period during which benefits are expected to flow from the use of the leased assets.

A corresponding liability is established and each lease payment is allocated between finance charges and reduction of the liability.

Operating leases are not capitalised and lease rental payments are taken to the Income Statement on a straight-line basis.

(xviii) Intangible assets

Identifiable intangibles

Amounts paid for the acquisition of identifiable intangible assets are capitalised at the fair value of consideration paid determined by reference to independent valuations.

Identifiable intangible assets with a finite life (customer contracts, patents, software, brand names, trademarks and licences) are amortised on a straight-line basis over their expected useful life to the consolidated entity, being up to thirty years.

Identifiable intangible assets with an indefinite life (brand names and trademarks) are not amortised but the recoverable amount of these assets is tested for impairment at least annually as explained under impairment of assets (see note xxvi).

Unidentifiable intangibles

Where the fair value of the consideration paid for a business acquisition exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is treated as goodwill. Goodwill is not amortised but the recoverable amount is tested for impairment at least annually as explained under impairment of assets (see note xxvi).

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(xix) Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the liabilities on an effective interest basis.

Amortised cost is calculated by taking into account any issue costs and any discount or premium on issuance. Gains and losses are recognised in the Income Statement in the event that the liabilities are derecognised.

(xx) Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the effect of discounting on provisions is recognised as a borrowing cost.

Environmental

Estimated costs for the remediation of soil, groundwater and untreated waste that have arisen as a result of past events are provided for where a legal or constructive obligation exists and a reliable estimate of the liability is able to be assessed.

However, where the cost relates to land held for resale then, to the extent that the expected realisation exceeds both the book value of the land and the estimated cost of remediation, the cost is capitalised as part of the holding value of that land.

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 capitalised, expensed or provided for.

Decommissioning

The present value of the estimated costs of dismantling and removing an asset and restoring the site on which it is located are recognised as an asset within property, plant and equipment which is depreciated on a straight line basis over its estimated useful life and a corresponding provision is raised where a legal or constructive obligation exists. At each reporting date, the liability is remeasured in line with changes in discount rates, timing and estimated cash flows. Any changes in the liability are added or deducted from the related asset, other than the unwinding of the discount which is recognised as borrowing costs in the Income Statement.

Self insurance

The Group self-insures for certain insurance risks. Outstanding claims are recognised when an incident occurs that may give rise to a claim and are measured at the cost that the entity expects to incur in settling the claims.

Employee entitlements

Provisions are made for liabilities to employees for annual leave, sick leave and other current employee entitlements that represent the amount for which the consolidated entity has a present obligation. These have been calculated at nominal amounts based on the wage and salary rates that the consolidated entity expects to pay as at each reporting date and include related on-costs. Liabilities for employee entitlements which are not expected to be settled within twelve months of balance date, such as long service leave, are accrued at the present value of future amounts expected to be paid.

The present value is determined using interest rates applicable to government guaranteed securities with maturities approximating the terms of the consolidated entity's obligations.

A liability is recognised for bonus plans on the achievement of predetermined bonus targets and the benefit calculations are formally documented and determined before signing the financial report.

1. Accounting policies (continued)

Contingent liabilities on acquisition of controlled entities

A provision is recognised on acquisition of a business for contingent liabilities of that business.

Superannuation

Contributions to defined contribution superannuation funds are taken to the Income Statement in the year in which the expense is incurred.

For each defined benefit scheme, the cost of providing pensions is charged to the Income Statement so as to recognise current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments or settlements, net of expected returns on plan assets. All actuarial gains and losses are recognised in other comprehensive income. The consolidated entity's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds or in countries where there is no deep market in such bonds, the market yields on government bonds that have maturity dates approximating the terms of the consolidated entity's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Restructuring and employee termination benefits

Provisions for restructuring or termination benefits are only recognised when a detailed plan has been approved and the restructuring or termination has either commenced or been publicly announced, or firm contracts related to the restructuring or termination benefits have been entered into. Costs related to ongoing activities are not provided for.

Onerous contracts

A provision for onerous contracts is recognised after impairment losses on assets dedicated to the contract have been recognised and when the expected benefits are less than the unavoidable costs of meeting the contractual obligations.

A provision is recognised to the extent that the contractual obligations exceed unrecognised assets.

(xxi) Trade and other payables

Dividends

A liability for dividends payable (including distributions on the Step-Up Preference Securities) is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(xxii) Foreign currency

Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency of the entity at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the Income Statement. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency of the entity at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date.

The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. The revenues and expenses of foreign operations in hyperinflationary economies are translated to Australian dollars at the foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity. Prior to translating the financial statements of foreign operations in hyperinflationary economies, the financial statements, including comparatives, are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the balance sheet date.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to the translation reserve. They are released into the Income Statement upon disposal.

(xxiii) Financial instruments

The consolidated entity uses financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the consolidated entity does not hold or issue financial instruments for trading purposes. However, financial instruments that do not qualify for hedge accounting, but remain economically effective, are accounted for as trading instruments.

Financial instruments are recognised initially at cost. Subsequent to initial recognition, financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement.

However, where financial instruments qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Hedging

Cash flow hedges

Where a financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the financial instrument is recognised in other comprehensive income.

1. Accounting policies (continued)

When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are reclassified into the Income Statement in the same period or periods during which the asset acquired or liability assumed affects the Income Statement.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from other comprehensive income and recognised in the Income Statement in the same period or periods during which the hedged forecast transaction affects the Income Statement.

The ineffective part of any gain or loss is recognised immediately in the Income Statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Income Statement.

Fair value hedges

The consolidated entity uses fair value hedges to mitigate the risk of changes in the fair value of its foreign currency borrowings from foreign currency and interest rate fluctuations over the hedging period.

Under a fair value hedge gains or losses from remeasuring the fair value of the hedging instrument are recognised in the Income Statement, together with gains or losses in relation to the hedged item.

Hedge of monetary assets and liabilities

When a financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in the Income Statement.

Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the Income Statement.

Other financial instruments held by the consolidated entity classified as being available-for-sale are stated at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the Income Statement.

Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the Income Statement. The fair value of financial instruments classified as held for trading and available for sale is their quoted market price at the balance sheet date.

Financial instruments classified as held for trading or available for sale investments are recognised/derecognised by the consolidated entity on the date it commits to purchase/sell the investments. Securities held to maturity are recognised/derecognised on the day they are transferred to/by the consolidated entity.

Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in the foreign currency translation reserve in equity. The ineffective portion is recognised immediately in the Income Statement.

Anticipated transactions

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction. Foreign currency receivables and payables outstanding at balance date are translated at the exchange rates current at that date. Exchange gains and losses on retranslation of outstanding receivables and payables are taken to the Income Statement.

Where a hedge transaction is designated as a hedge of the anticipated purchase or sale of goods or services, purchase of qualifying assets, or an anticipated interest transaction, gains and losses on the hedge, arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the Income Statement.

The net amount receivable or payable under open swaps, forward rate agreements and futures contracts and the associated deferred gains or losses are not recorded in the Income Statement until the hedged transaction matures. The net receivables or payables are then revalued using the foreign currency, interest or commodity rates current at balance date.

When the anticipated transaction is no longer expected to occur as designated, the deferred gains and losses relating to the hedged transaction are recognised immediately in the Income Statement.

Gains and losses that arise prior to and upon the maturity of transactions entered into under hedge strategies are deferred and included in the measurement of the hedged anticipated transaction if the transaction is still expected to occur as designated. If the anticipated transaction is no longer expected to occur as designated, the gains and losses are recognised immediately in the Income Statement.

(xxiv) Cash and cash equivalents

Cash includes cash at bank, cash on hand and deposits at call which are readily convertible to cash on hand and which are used in the cash management function and are disclosed for the purposes of the Statement of Cash Flows, net of bank overdrafts.

(xxv) Share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from total equity.

1. Accounting policies (continued)

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Step-Up Preference Securities

Step-Up Preference Securities were included in equity. A provision for distributions payable was recognised in the reporting period in which the distributions were declared (refer to note 21).

(xxvi) Impairment of assets

The carrying amount of Orica's and the Group's non-current assets excluding defined benefit fund assets and deferred tax assets is reviewed at each reporting date to determine whether there are any indicators of impairment. If such indicators exist, the asset is tested for impairment by comparing its recoverable amount to its carrying amount. The recoverable amount of an asset is determined as the higher of fair value less costs to sell and value in use.

The recoverable amount is estimated for each individual asset or where it is not possible to estimate for individual assets, it is estimated for the cash generating unit to which the asset belongs.

A cash generating unit is the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or group of assets with each cash generating unit being no larger than a segment.

In calculating recoverable amount, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects the current market assessments of the risks specific to the asset or cash generating unit.

Cash flows are estimated for the asset in its present condition and therefore do not include cash inflows or outflows that improve or enhance the asset's performance or that may arise from future restructuring.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit.

Reversals of impairment

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

(xxvii) Goods and services tax

Revenues, expenses, assets and liabilities other than receivables and payables, are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the relevant taxation authorities. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the relevant taxation authorities is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant taxation authorities are classified as operating cash flows.

(xxviii) Rounding

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

(xxix) Comparatives

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

2. Segment report

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

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

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

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

Defined reportable segments	Products/services
Mining Services - Australia/Asia - North America - Latin America - EMET - Other *	Manufacture and supply of explosives and mining services, initiating systems and blasting technology to the mining, quarrying, construction and exploration industries.
Minova	Manufacture and supply of specialty bolts, accessories and chemicals for stabilisation and ventilation systems in underground mining and civil tunnelling works.
Chemicals	Manufacture, distribution and trading of a broad range of industrial and specialty chemicals for use in a wide range of industries, which include water treatment, pulp and paper, food and beverage, construction and mining.
Other	Minor activities, operation of the Botany Groundwater Recycling Business, non-operating assets, corporate and support costs and financial items such as foreign currency gains/losses.

* Mining Services Other segment includes Mining Services global head office, research and development and global purchasing and supply chain and Commonwealth of Independent States (CIS), Mongolia, Africa and China regions (CISMAC).

Following the implementation of the Orica restructure from 1 October 2012, Orica will review the Segment information in financial year 2013.

2. Segment report (continued)

Reportable segments 2012 $m	Mining Services Australia/Asia	Mining Services North America	Mining Services Latin America	Mining Services EMET	Mining Services Other	Eliminations	Total Mining Services	Minova	Chemicals	Other	Eliminations	Consolidated
Revenue												
External sales	**1,842.3**	**865.0**	**968.1**	**449.5**	**247.1**	**-**	**4,372.0**	**853.9**	**1,446.3**	**1.9**	**-**	**6,674.1**
Inter-segment sales	**14.0**	**153.5**	**51.2**	**15.7**	**719.1**	**(948.4)**	**5.1**	**0.2**	**146.5**	**0.3**	**(152.1)**	**-**
Total sales revenue	**1,856.3**	**1,018.5**	**1,019.3**	**465.2**	**966.2**	**(948.4)**	**4,377.1**	**854.1**	**1,592.8**	**2.2**	**(152.1)**	**6,674.1**
Other income [1]	**10.7**	**5.2**	**2.7**	**30.2**	**6.2**	**-**	**55.0**	**1.7**	**4.2**	**6.6**	**-**	**67.5**
Total revenue and other income	**1,867.0**	**1,023.7**	**1,022.0**	**495.4**	**972.4**	**(948.4)**	**4,432.1**	**855.8**	**1,597.0**	**8.8**	**(152.1)**	**6,741.6**
Results												
Profit/(loss) before individually material items, net financing costs and income tax expense	**412.3**	**110.6**	**85.9**	**74.4**	**106.5**	**-**	**789.7**	**109.0**	**211.2**	**(87.3)**	**-**	**1,022.6**
Financial income												**32.9**
Financial expense												**(161.1)**
Profit before income tax expense												**894.4**
Income tax expense												**(223.2)**
Profit after income tax expense												**671.2**
Profit attributable to non-controlling interests												**(21.0)**
Profit after income tax expense before individually material items attributable to shareholders of Orica Limited												**650.2**
Individually material items												
Gross individually material items	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(367.2)**	**-**	**-**	**-**	**(367.2)**
Tax on individually material items	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**119.8**	**-**	**-**	**-**	**119.8**
Individually material items attributable to shareholders of Orica Limited												**(247.4)**
Net profit for the period attributable to shareholders of Orica Limited												**402.8**
Segment assets	**2,178.2**	**603.9**	**610.0**	**735.9**	**599.3**	**-**	**4,727.3**	**1,202.8**	**1,059.8**	**633.7**	**-**	**7,623.6**
Segment liabilities	**368.0**	**160.3**	**165.6**	**171.4**	**110.2**	**-**	**975.5**	**136.2**	**250.7**	**3,014.7**	**-**	**4,377.1**
Investments accounted for using the equity method	**67.7**	**127.3**	**2.9**	**2.1**	**3.7**	**-**	**203.7**	**2.4**	**0.3**	**-**	**-**	**206.4**
Acquisitions of PPE and intangibles	**340.9**	**52.7**	**74.3**	**54.2**	**52.9**	**-**	**575.0**	**22.1**	**54.2**	**23.0**	**-**	**674.3**
Impairment of PPE	**0.2**	**-**	**-**	**-**	**-**	**-**	**0.2**	**-**	**-**	**-**	**-**	**0.2**
Impairment of intangibles	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**367.2**	**-**	**-**	**-**	**367.2**
Impairment of inventories	**0.5**	**0.5**	**1.1**	**0.1**	**-**	**-**	**2.2**	**0.2**	**1.8**	**-**	**-**	**4.2**
Impairment of trade receivables	**-**	**0.2**	**-**	**1.7**	**0.1**	**-**	**2.0**	**1.2**	**0.7**	**-**	**-**	**3.9**
Impairment of investments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Depreciation	**85.0**	**34.2**	**19.3**	**15.5**	**5.0**	**-**	**159.0**	**9.6**	**42.5**	**3.6**	**-**	**214.7**
Amortisation	**1.2**	**0.4**	**1.3**	**3.2**	**6.6**	**-**	**12.7**	**20.0**	**0.7**	**3.3**	**-**	**36.7**
Non-cash expenses other than depreciation and amortisation: - share based payments	**2.2**	**1.5**	**0.8**	**0.7**	**2.8**	**-**	**8.0**	**1.8**	**1.4**	**6.7**	**-**	**17.9**
Share of associates net profit equity accounted	**-**	**36.6**	**1.0**	**(0.1)**	**0.3**	**-**	**37.8**	**(0.2)**	**(0.2)**	**-**	**-**	**37.4**

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

2. Segment report (continued)

Reportable segments 2011 $m	Mining Services Australia/Asia	Mining Services North America	Mining Services Latin America	Mining Services EMET	Mining Services Other	Eliminations	Total Mining Services	Minova	Chemicals	Other	Eliminations	Consolidated
Revenue												
External sales	1,638.1	842.8	831.2	445.2	173.5	-	3,930.8	821.7	1,427.6	2.2	-	6,182.3
Inter-segment sales	16.8	175.3	34.0	20.2	570.6	(809.7)	7.2	0.2	82.4	0.3	(90.1)	-
Total sales revenue	1,654.9	1,018.1	865.2	465.4	744.1	(809.7)	3,938.0	821.9	1,510.0	2.5	(90.1)	6,182.3
Other income [(1)]	20.7	17.8	36.3	9.0	(7.0)	-	76.8	1.0	4.4	3.5	-	85.7
Total revenue and other income	1,675.6	1,035.9	901.5	474.4	737.1	(809.7)	4,014.8	822.9	1,514.4	6.0	(90.1)	6,268.0
Results												
Profit/(loss) before individually material items, net financing costs and income tax expense	466.5	102.9	111.6	59.4	76.6	-	817.0	105.1	196.0	(89.8)	-	1,028.3
Financial income												32.4
Financial expense												(155.9)
Profit before income tax expense												904.8
Income tax expense												(241.4)
Profit after income tax expense												663.4
Profit attributable to non-controlling interests												(21.1)
Profit after income tax expense before individually material items attributable to shareholders of Orica Limited												642.3
Individually material items												
Gross individually material items	-	-	-	-	-	-	-	-	-	-	-	-
Tax on individually material items	-	-	-	-	-	-	-	-	-	-	-	-
Individually material items attributable to shareholders of Orica Limited												
Net profit for the period attributable to shareholders of Orica Limited												642.3
Segment assets	1,852.5	602.4	518.1	705.1	508.3	-	4,186.4	1,650.6	1,061.4	729.8	-	7,628.2
Segment liabilities	367.6	147.6	151.9	177.2	112.6	-	956.9	155.8	250.2	2,389.7	-	3,752.6
Investments accounted for using the equity method	30.5	129.4	3.2	2.3	3.4	-	168.8	2.9	0.4	-	-	172.1
Acquisitions of PPE and intangibles	416.0	48.0	53.2	37.0	57.6	-	611.8	22.7	79.8	17.1	-	731.4
Impairment of PPE	0.7	-	-	-	-	-	0.7	-	-	1.2	-	1.9
Impairment of intangibles	-	-	-	-	-	-	-	-	-	2.2	-	2.2
Impairment of inventories	0.8	2.3	0.2	0.2	0.2	-	3.7	0.4	1.5	-	-	5.6
Impairment of trade receivables	-	0.3	0.4	1.4	0.1	-	2.2	1.2	0.4	-	-	3.8
Impairment of investments	-	-	-	-	-	-	-	-	-	0.2	-	0.2
Depreciation	68.8	30.0	15.4	15.0	6.5	-	135.7	9.1	38.7	4.0	-	187.5
Amortisation	4.1	0.5	1.7	3.3	3.4	-	13.0	19.4	0.7	3.6	-	36.7
Non-cash expenses other than depreciation and amortisation: - share based payments	1.7	1.2	0.8	0.8	1.6	-	6.1	1.3	1.2	6.5	-	15.1
Share of associates net profit equity accounted	3.6	33.8	1.1	0.1	0.5	-	39.1	-	(0.2)	-	-	38.9

[(1)] Includes foreign currency gains/losses in various reportable segments.

2. Segment report (continued)

Geographical segments

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

2012 $m	Australia	United States of America	Other *	Consolidated
Revenue from external customers				
External sales from continuing operations	**2,329.1**	**833.3**	**3,511.7**	**6,674.1**
Location of non-current assets				
Non-current assets **	**2,120.6**	**652.7**	**2,583.8**	**5,357.1**

2011 $m	Australia	United States of America	Other *	Consolidated
Revenue from external customers				
External sales from continuing operations	2,145.8	851.2	3,185.3	6,182.3
Location of non-current assets				
Non-current assets **	1,883.1	1,024.9	2,487.5	5,395.5

* 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.

	Consolidated 2012 $m	Consolidated 2011 $m

3. Sales revenue and other income

	2012 $m	2011 $m
Sales revenue	**6,674.1**	6,182.3
Other income		
Royalty income	**0.3**	0.3
Dividend income	**-**	0.2
Other income	**15.0**	25.0
Net foreign currency gains	**15.7**	48.4
Profit from sale of businesses/controlled entities/investments	**3.7**	1.0
Profit on sale of property, plant and equipment	**32.8**	10.8
Total other income	**67.5**	85.7

4. Specific profit and loss income and expenses

	2012 $m	2011 $m
a) Financial income:		
Interest income received/receivable from:		
external parties	**32.9**	32.4
Total financial income	**32.9**	32.4
b) Financial expenses:		
Borrowing costs paid/payable to:		
external parties	**192.7**	179.5
capitalised interest	**(38.1)**	(37.4)
unwinding of discount on provisions	**5.9**	12.7
finance charges – finance leases	**0.6**	1.1
Total financial expenses	**161.1**	155.9
Net financing costs	**128.2**	123.5
c) Profit before income tax expense is arrived at after charging/(crediting):		
Depreciation on property, plant and equipment:		
buildings and improvements	**22.1**	11.8
machinery, plant and equipment	**192.6**	175.7
Total depreciation on property, plant and equipment	**214.7**	187.5
Amortisation of intangibles	**36.7**	36.7
Amounts provided for:		
trade receivables impairment	**3.9**	3.8
doubtful debts – other receivables	**0.1**	0.3
employee entitlements	**55.6**	47.5
environmental liabilities	**36.2**	16.1
inventory impairment	**4.2**	5.6
investment impairment	**0.1**	0.2
restructuring and rationalisation provisions	**1.0**	4.4
other provisions	**11.5**	22.1
Bad debts written off to impairment allowance	**2.0**	1.9
Bad debts written off in respect of other receivables	**0.5**	0.3
Lease payments – operating leases	**67.0**	65.9
Research and development	**46.8**	47.6

4. Specific profit and loss income and expenses (continued)

	2012 Gross $m	2012 Tax $m	2012 Net $m	2011 Gross $m	2011 Tax $m	2011 Net $m
d) Profit after income tax includes the following individually material items of (expense)/income:						
Impairment of intangibles						
Write down of goodwill in Minova (see note 29)	**(367.2)**	**119.8**	**(247.4)**	-	-	-
Individually material items	**(367.2)**	**119.8**	**(247.4)**	-	-	-
Non-controlling interests in individually material items	**-**	**-**	**-**	-	-	-
Individually material items attributable to shareholders of Orica	**(367.2)**	**119.8**	**(247.4)**	-	-	-

5. Income tax expense

	Consolidated 2012 $m	Consolidated 2011 $m
a) Income tax expense recognised in the income statement		
Current tax expense		
Current year	**129.0**	201.2
Deferred tax	**(21.2)**	45.7
Over provided in prior years	**(4.4)**	(5.5)
Total income tax expense in income statement	**103.4**	241.4
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	**268.3**	271.4
Tax effect of items which (decrease)/increase tax expense:		
variation in tax rates of foreign controlled entities	**(10.7)**	(8.1)
tax over provided in prior years	**(4.4)**	(5.5)
non allowable share based payments	**5.4**	4.5
non taxable profit on sale of property, plant and equipment	**(5.3)**	-
other foreign deductions	**(33.8)**	(30.5)
sundry items	**3.7**	9.6
Income tax expense attributable to profit before individually material items	**223.2**	241.4
Income tax (benefit)/expense attributable to individually material items		
Prima facie income tax (benefit)/expense calculated at 30% on (loss)/profit from individually material items	**(110.2)**	-
Tax effect of items which (decrease)/increase tax expense:		
variation in tax rates of foreign controlled entities	**(27.6)**	-
non allowable impairment of intangibles - Minova	**18.0**	-
Income tax benefit attributable to loss from individually material items	**(119.8)**	-
Income tax expense reported in the income statement	**103.4**	241.4

5. Income tax expense (continued)

c) Income tax recognised in comprehensive income:

	Consolidated					
	2012			2011		
	$m	**$m**	**$m**	$m	$m	$m
	Before tax	**Tax (expense) benefit**	**Net of tax**	Before tax	Tax (expense) benefit	Net of tax
Net loss on hedge of net investments in foreign subsidiaries	**(99.8)**	**(18.4)**	**(118.2)**	(38.5)	13.1	(25.4)
Cash flow hedges						
- Effective portion of changes in fair value	**3.5**	**(1.1)**	**2.4**	2.3	(0.7)	1.6
- Transferred to carrying value of non current assets	**-**	**-**	**-**	0.1	-	0.1
- Transferred (loss)/income to Income Statement	**(9.4)**	**2.8**	**(6.6)**	(43.0)	12.9	(30.1)
Exchange differences on translation of foreign operations	**(103.6)**	**-**	**(103.6)**	(38.9)	-	(38.9)
Actuarial (losses)/benefits on defined benefit plans	**(58.0)**	**16.5**	**(41.5)**	(37.4)	11.8	(25.6)
	(267.3)	**(0.2)**	**(267.5)**	(155.4)	37.1	(118.3)

d) Recognised deferred tax assets and liabilities

		Balance Sheet		Income Statement	
		2012	2011	**2012**	2011
Consolidated	Notes	**$m**	$m	**$m**	$m
Deferred tax assets					
Trade and other receivables		**2.1**	2.0	**(0.1)**	1.6
Inventories		**12.4**	13.8	**1.4**	(2.1)
Property, plant and equipment		**20.5**	16.4	**(4.1)**	7.8
Intangible assets		**62.5**	12.9	**(49.6)**	2.4
Trade and other payables		**34.6**	46.4	**11.8**	23.7
Interest bearing liabilities		**51.5**	101.0	**32.8**	(10.3)
Provision for employee entitlements		**30.0**	26.6	**(3.4)**	0.2
Provision for retirement benefit obligations		**56.1**	47.5	**7.9**	3.3
Provisions for restructuring and rationalisation		**1.1**	1.7	**0.6**	0.7
Provisions for environmental		**53.1**	64.1	**11.0**	12.4
Provisions for decommissioning		**3.2**	3.2	**-**	0.6
Tax losses		**61.2**	73.2	**12.0**	(21.3)
Other items		**4.1**	5.3	**1.2**	0.4
Deferred tax assets		**392.4**	414.1		
Less set-off against deferred tax liabilities		**(168.6)**	(172.4)		
Net deferred tax assets	(15)	**223.8**	241.7		
Deferred tax liabilities					
Inventories		**5.2**	4.9	**0.3**	0.1
Property, plant and equipment		**148.0**	128.8	**19.2**	6.0
Intangible assets		**29.8**	88.5	**(58.7)**	9.7
Interest bearing liabilities		**20.4**	20.8	**(0.4)**	10.0
Undistributed profits of foreign subsidiaries		**11.1**	10.5	**0.6**	1.1
Other items		**10.5**	14.2	**(3.7)**	(0.6)
Deferred tax liabilities		**225.0**	267.7		
Less set-off against deferred tax assets		**(168.6)**	(172.4)		
Net deferred tax liabilities	(20)	**56.4**	95.3		
Deferred tax (benefit)/expense				**(21.2)**	45.7

5. Income tax expense (continued)

e) Unrecognised deferred tax assets and liabilities

	Consolidated 2012 $m	Consolidated 2011 $m
Tax losses not booked	**5.5**	8.3
Capital losses not booked	**33.9**	37.8
Temporary differences not booked	**0.9**	0.9

Geographical analysis of tax losses not booked at 30 September 2012:	Tax losses $m	Capital losses $m	Expiry date
Australia	**0.6**	**33.0**	Indefinite
Other	**4.9**	**0.9**	Between 2013 and 2030
	5.5	**33.9**	

f) Unrecognised temporary differences

	Consolidated 2012 $m	Consolidated 2011 $m
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised	**703.9**	722.3
Unrecognised deferred tax liabilities relating to the above temporary differences	**68.2**	71.6

	Consolidated 2012 $m	2011 $m

6. Earnings per share (EPS)

(i) As reported in the income statement

	2012 $m	2011 $m
Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica		
Net profit for the period	**423.8**	663.4
Net profit for the period from operations attributable to non-controlling interests	**(21.0)**	(21.1)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)	**(8.9)**	(22.2)
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica	**393.9**	620.1
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)*	**-**	22.2
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica	**393.9**	642.3

* On 13 October 2011 Orica decided to repurchase the SPS and the SPS were reclassified to interest bearing liabilities from that date. Until 12 October 2011 the SPS were treated as equity for accounting purposes.

		Number	Number
Weighted average number of shares used as the denominator:			
Number for basic earnings per share		**360,571,799**	357,493,869
Effect of executive share options and rights		**523,432**	706,144
Effect of Orica Step-Up Preference Securities		**-**	20,113,815
Number for diluted earnings per share		**361,095,231**	378,313,828
The following Orica Long Term Equity Incentive Plans (LTEIP) have not been included in the calculation for diluted earnings per share as they are not dilutive:			
Issue date:	Exercisable between:		
- 26 Jun 2009	- 18 Nov 11 to 23 Jan 12	**5,670**	40,580
- 15 Dec 2009	- 19 Nov 12 to 23 Jan 13	**1,553,482**	1,634,031
- 17 Dec 2010	- 19 Nov 13 to 23 Jan 14	**1,718,641**	1,799,507
- 19 Dec 2011	- 18 Nov 14 to 23 Jan 15	**464,427**	-
- 24 Feb 2012	- 18 Nov 14 to 23 Jan 15	**183,181**	-

	Consolidated 2012 Cents per share	2011 Cents per share
Total attributable to ordinary shareholders of Orica		
Basic earnings per share	**109.2**	173.5
Diluted earnings per share	**109.1**	169.8

(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 period	**423.8**	663.4
Net profit for the period from operations attributable to non-controlling interests	**(21.0)**	(21.1)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)	**(8.9)**	(22.2)
Adjusted for individually material items from continuing operations	**247.4**	-
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica	**641.3**	620.1
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)	**-**	22.2
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica	**641.3**	642.3

	Cents per share	Cents per share
Total attributable to ordinary shareholders of Orica before individually material items		
Basic earnings per share	**177.9**	173.5
Diluted earnings per share	**177.6**	169.8

	Consolidated 2012 $m	Consolidated 2011 $m
7. Cash and cash equivalents		
Cash at bank and on hand	**206.3**	320.1
Deposits at call		
external	**29.5**	26.8
	235.8	346.9

(i) Fair values
The directors consider the net carrying amount of cash and cash equivalents to approximate their fair value due to their short term to maturity.

	Consolidated 2012 $m	Consolidated 2011 $m
8. Trade and other receivables		
Current		
Trade receivables (i)		
external	**892.7**	838.7
associated companies	**4.1**	20.1
Less allowance for impairment (i) (ii)		
external	**(12.7)**	(12.9)
	884.1	845.9
Other receivables (iii)		
external	**151.7**	96.9
Less allowance for impairment (iii) (iv)		
external	**(0.5)**	(1.2)
	151.2	95.7
	1,035.3	941.6
Non-current		
Other receivables (vii)		
external (1)	**49.6**	1.2
retirement benefit surplus (see note 38)	**0.4**	0.6
	50.0	1.8

(1) This includes $18.6 million that was paid during the financial year ended 30 September 2012 to the Australian Taxation Office (ATO) in relation to a tax audit. The ATO is currently conducting a tax audit in relation to a financing arrangement by Orica of its US group between 2004 and 2006. The ATO has issued amended assessments in relation to the 2004, 2005 and 2006 years totalling $50.6 million (including interest and penalties). Orica has objected to all three assessments. In accordance with the ATO administrative practice, Orica has paid 50% of the primary tax and interest arising from the assessments, which has been recognised as a non-current receivable.

8. Trade and other receivables (continued)

(i) Trade receivables and allowance for impairment

The ageing of trade receivables and allowance for impairment is detailed below:

	Consolidated		Consolidated	
	2012 Gross $m	**2012 Allowance $m**	2011 Gross $m	2011 Allowance $m
Not past due	**753.5**	**-**	736.1	-
Past due 0 - 30 days	**67.9**	**(0.1)**	57.8	(0.1)
Past due 31 - 60 days	**27.7**	**(0.1)**	23.1	-
Past due 61 - 90 days	**11.2**	**(0.1)**	9.3	(0.2)
Past due 91 - 120 days	**5.2**	**(0.1)**	8.6	(0.1)
Past 120 days	**31.3**	**(12.3)**	23.9	(12.5)
	896.8	**(12.7)**	858.8	(12.9)

Trade receivables are carried at amounts due. Receivables that are not past due and not impaired are considered recoverable. Payment terms are generally 30 days from end of month of invoice date. A risk assessment process is used for all accounts, with a stop credit process in place for most long overdue accounts. Credit insurance cover is obtained where appropriate.

The collectability of trade receivables is assessed continuously and at balance date specific allowances are made for any doubtful trade receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

The following basis has been used to assess the allowance for doubtful trade receivables:
- a statistical approach to determine the historical allowance rate for various tranches of receivables;
- an individual account by account assessment based on past credit history; and
- prior knowledge of debtor insolvency or other credit risk.

No material security is held over trade receivables.
Trade receivables have been aged according to their due date in the above ageing analysis.
There are no individually significant receivables that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

(ii) Movement in allowance for impairment of trade receivables

The movement in the allowance for impairment in respect of trade receivables is detailed below:

	Consolidated	
	2012 $m	2011 $m
Opening balance	**(12.9)**	(15.0)
Allowances made during the year	**(3.9)**	(3.8)
Additions through acquisition of entities	**(0.8)**	(0.4)
Allowances utilised during the year	**2.0**	1.9
Allowances written back during the year	**1.7**	4.3
Foreign currency exchange differences	**1.2**	0.1
Closing balance	**(12.7)**	(12.9)

8. Trade and other receivables (continued)

(iii) Current other receivables and allowance for impairment

	Consolidated		Consolidated	
	2012	**2012**	2011	2011
	Gross	**Allowance**	Gross	Allowance
	$m	**$m**	$m	$m
Not past due	**140.1**	**-**	90.0	-
Past due 0 - 30 days	**2.9**	**-**	2.4	-
Past due 31 - 60 days	**2.6**	**-**	0.6	-
Past due 61 - 90 days	**-**	**-**	0.6	-
Past due 91 - 120 days	**-**	**-**	0.5	-
Past 120 days	**6.1**	**(0.5)**	2.8	(1.2)
	151.7	**(0.5)**	96.9	(1.2)

Other receivables generally arise from transactions outside the usual operating activities of the consolidated entity.
Interest may be charged where the terms of repayment exceed agreed terms.
Other receivables are carried at amounts due. Payment terms vary. A risk assessment process is used for all accounts, with a stop credit and follow up process in place for most long overdue accounts.
Other receivables have been aged according to their due date in the above ageing analysis.

The collectability of other receivables is assessed at balance date and specific allowances are made for any doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. There are no individually significant receivables that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

(iv) Movement in allowance for impairment of current other receivables

The movement in the allowance for impairment in respect of current other receivables is detailed below:

	Consolidated	
	2012	2011
	$m	$m
Opening balance	**(1.2)**	(5.3)
Allowances made during the year	**(0.1)**	(0.3)
Allowances utilised during the year	**0.5**	0.3
Allowances written back during the year	**0.2**	3.7
Foreign currency exchange differences	**0.1**	0.4
Closing balance	**(0.5)**	(1.2)

(v) Fair values

The net carrying amount of trade and other receivables approximates their fair values. For receivables with a remaining life of less than one year, carrying value reflects fair value. All other significant receivables are discounted to determine carrying value and fair value.
The maximum exposure to credit risk is the carrying value of receivables. No material collateral is held as security over any of the receivables.

8. Trade and other receivables (continued)

(vi) Concentrations of credit risk
The consolidated entity is exposed to the following concentrations of credit risk in regards to its current trade and other receivables:

	Consolidated	
	2012	2011
	%	%
Mining Services:		
- Australia/Asia	**22.9**	21.3
- North America	**7.4**	9.3
- Latin America	**15.3**	13.5
- EMET	**11.5**	11.8
- Other	**7.7**	6.3
Minova	**13.2**	14.7
Chemicals	**19.0**	21.0
Corporate	**3.0**	2.1
	100.0	100.0

	2012	2011
	%	%
Australia	**28.1**	26.8
New Zealand	**2.6**	2.9
Asia	**16.5**	18.2
North America	**9.4**	12.3
Latin America	**22.0**	18.3
Europe	**17.0**	18.6
Other	**4.4**	2.9
	100.0	100.0

(vii) Non current receivables
All non current receivables are carried at amounts that approximate their fair value. As at 30 September none are past due. None are considered impaired.

	Consolidated	
	2012	2011
	$m	$m

9. Inventories

	2012 $m	2011 $m
Raw materials and stores	**278.6**	247.4
Work in progress	**24.9**	28.6
Finished goods	**390.1**	338.5
	693.6	614.5

10. Other assets

	2012 $m	2011 $m
Current		
Prepayments and other assets	**61.3**	75.2
	61.3	75.2
Non-current		
Prepayments and other assets	**19.9**	7.1
	19.9	7.1

			Consolidated			
			2012	2011	**2012**	2011
			%	%	**$m**	$m

11. Investments accounted for using the equity method

Name	**Principal activity**	**Balance date**	**Ownership**		**Carrying amount**	
Beijing Sino-Australia Orica Watercare Technology and Equipment Co. Ltd [1]	Sale of water treatment equipment and resin	30 Sep	**45.0**	45.0	**0.3**	0.4
Burrup Nitrates Pty Ltd [a]	Manufacture and sale of explosives	31 Dec	**45.0**	-	**40.6**	-
Botany Industrial Park Pty Limited	Facility management service	30 Sep	**33.4**	33.4	**-**	-
Controladora DNS de RL de CV [3] [b]	Manufacture and sale of explosives	30 Sep	**-**	49.0	**-**	0.1
Orica-UMMC LLC [4]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**3.7**	3.4
Exor Explosives Limited [5]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**0.6**	0.7
FiReP Holding AG [11]	Manufacture and sale of strata support and ventilation products	31 Dec	**25.0**	25.0	**2.4**	2.9
Geneva Nitrogen LLC [6]	Manufacture and sale of explosives	30 Sep	**50.0**	50.0	**7.3**	7.3
Geodynamics B.V. [7] [c]	Manufacture and sale of explosives	31 Dec	**-**	27.3	**-**	6.2
Irish Mining Emulsion Systems Ltd [8]	Manufacture and sale of explosives	30 Sep	**50.0**	50.0	**0.2**	0.2
Kitikmeot Blasting Services Inc. [2]	Explosives service provider	31 Oct	**49.0**	49.0	**0.4**	0.5
MicroCoal Inc. [6] [d]	Development and commercialisation of coal dewatering process	31 Dec	**41.8**	50.0	**-**	-
MSW-Chemie GmbH [9]	Manufacture and sale of explosives	31 Dec	**31.5**	31.5	**0.5**	0.5
Nelson Brothers, LLC [6]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**25.3**	26.7
Nelson Brothers Mining Services LLC [6]	Supply of explosives	31 Dec	**50.0**	50.0	**20.6**	22.1
Norabel Ignition Systems AB [10] [e]	Manufacture and sale of explosives	31 Dec	**-**	-	**-**	-
Pigment Manufacturers of Australia Limited	Non-operating company	31 Dec	**50.0**	50.0	**-**	-
PIIK Limited Partnership [2]	Sale of explosives	30 Sep	**49.0**	49.0	**-**	-
Sahtu Explosives Limited [2]	Explosives service provider	31 Oct	**49.0**	49.0	**-**	-
Servicios Petroleros Oricorp Mexico, SA de CV [3] [e]	Manufacture and sale of explosives	31 Dec	**-**	-	**-**	-
Southwest Energy LLC [6]	Sale of explosives	30 Sep	**50.0**	50.0	**73.6**	66.5
Sprewa Sprengmittel GmbH [9]	Sale of explosives	31 Dec	**24.0**	24.0	**0.7**	0.8
SVG&FNS Philippines Holdings Inc [12]	Investment company	31 Dec	**40.0**	40.0	**-**	-
Thai Nitrate Company Ltd [13] [f]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**27.1**	30.5
Tlicho Blasting Services Inc. [2]	Explosives service provider	31 Oct	**49.0**	49.0	**0.1**	0.1
Troisdorf GmbH [9]	Holder of operating permits	30 Sep	**50.0**	50.0	**-**	-
Ulaex SA [14]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**2.9**	3.1
Wurgendorf GmbH [9]	Holder of operating permits	31-Dec	**50.0**	50.0	**0.1**	0.1
					206.4	172.1

Entities are incorporated in Australia except: [1] China, [2] Canada, [3] Mexico, [4] Russia, [5] UK, [6] USA, [7] Holland, [8] Ireland, [9] Germany, [10] Sweden, [11] Switzerland, [12] Philippines, [13] Thailand, [14] Cuba.

[a] Acquired in 2012.

[b] Consolidated as a subsidiary: Controladora DNS de RL de CV from 1 October 2011.

[c] Disposed of in 2012.

[d] Partial disposal in 2012.

[e] Disposed of in 2011.

[f] Orica holds its 50% equity interest in Thai Nitrate Company Ltd (TNC) through two subsidiary companies, Orica Norway AS (39%) and Ammonium Nitrate Development and Production Limited (11%). The remaining 50% equity interest in TNC is held by TPI Polene PLC (TPIP), an entity listed on the Thailand Stock Exchange, and four Thailand nationals. The South Bangkok Civil Court issued a judgement on 5 October 2011 that Orica Norway AS transfer its 39% shareholding in TNC to TPIP for a consideration equal to the relevant portion of TNC's net asset value at June 2006, less dividends paid since that date. This equates to approximately $17 million less than the carrying value of those shares. Orica has received legal advice to the effect that this judgement is without merit and is vigorously pursuing its legal appeal rights in the Thailand courts against this decision.

On 1 November 2011 the Court granted a temporary stay of execution of its earlier judgement.

11. Investments accounted for using the equity method (continued)

	Consolidated 2012 $m	2011 $m
Results of associates		
Share of associates' profit from ordinary activities before income tax	**37.4**	40.0
Share of associates' income tax expense relating to profit from ordinary activities	**-**	(1.1)
Share of associates' net profit equity accounted	**37.4**	38.9
Share of post-acquisition accumulated losses and reserves attributable to associates		
Share of associates' accumulated losses at the beginning of the year	**(6.9)**	(15.9)
Share of associates' net profit equity accounted	**37.4**	38.9
Less dividends from associates	**(31.2)**	(29.9)
Share of associates' accumulated losses at the end of the year	**(0.7)**	(6.9)
Movements in carrying amounts of investments		
Carrying amount of investments in associates at the beginning of the year	**172.1**	162.6
Investments in associates acquired during the year	**40.9**	3.2
Investments in associates disposed of/consolidated as a subsidiary during the year	**(6.0)**	(0.6)
Adjustment to deferred consideration	**5.0**	-
Impairment of investments	**(0.1)**	(0.2)
Share of associates' net profit equity accounted	**37.4**	38.9
Less dividends from associates	**(31.2)**	(29.9)
Effects of exchange rate changes	**(11.7)**	(1.9)
Carrying amount of investments in associates at the end of the year	**206.4**	172.1
Summary of profit and loss and balance sheets of associates on a 100% basis		
The aggregate revenue, net profit after tax, assets and liabilities of associates are:		
Revenue	**709.6**	675.8
Net profit after tax	**78.7**	77.0
Assets	**397.0**	370.5
Liabilities	**113.2**	132.6

12. Other financial assets

	2012	2011
Current - other financial assets - derivative assets (i)		
cross currency interest rate swaps - net investment	**4.9**	0.2
forward rate exchange agreements	**-**	0.1
forward foreign exchange contracts/options	**7.0**	6.7
interest rate swaps	**0.1**	-
	12.0	7.0
Non-current - other financial assets - derivative assets (i)		
cross currency interest rate swaps - net investment	**0.5**	0.2
interest rate swaps	**3.2**	4.4
	3.7	4.6
Non-current - other financial assets		
Interest in unlisted entities		
at cost	**0.6**	0.6
	0.6	0.6

(i) Derivative assets

Refer to note 34 for details on the financial risk management and use of derivative financial instruments.

13. Property, plant and equipment

	Consolidated 2012 $m	Consolidated 2011 $m
Land, buildings and improvements		
at cost	**621.8**	610.8
accumulated depreciation	**(163.5)**	(212.6)
Total carrying value	**458.3**	398.2
Machinery, plant and equipment		
Gross book value		
at cost	**4,155.4**	3,770.3
under finance lease	**34.5**	35.3
	4,189.9	3,805.6
Accumulated depreciation		
at cost	**(1,603.2)**	(1,485.2)
under finance lease	**(10.6)**	(8.9)
	(1,613.8)	(1,494.1)
Net carrying value		
at cost	**2,552.2**	2,285.1
under finance lease	**23.9**	26.4
Total carrying value	**2,576.1**	2,311.5
Total net carrying value of property, plant and equipment	**3,034.4**	2,709.7

(i) Capitalised borrowing costs
Interest amounting to $35.3 million (2011 $37.0 million) was capitalised to property, plant and equipment, calculated at the average rate of 5.7% (2011 6.2%).

(ii) Significant assets under construction
Included in Property, Plant and Equipment is an amount of $182.6 million (2011 $678.6 million) of assets under construction relating to:

	Consolidated 2012 $m	Consolidated 2011 $m
Ammonium Nitrate plant, Bontang, Indonesia (1)	**-**	468.9
Kooragang Island plant uprate (1)	**109.0**	154.2
Nanling detonator plant	**73.6**	55.5
	182.6	678.6

(1) The Bontang and Kooragang Island ammonia plants have been commissioned during the financial year 2012.
Note that the assets under construction balances are translated at year end foreign exchange rates and includes capitalised interest on the projects.

13. Property, plant and equipment (continued)

(iii) Reconciliations

Reconciliations of the carrying values of property, plant and equipment at the beginning and end of the years are set out below:

Consolidated		Land, buildings and improvements $m	Machinery, plant and equipment $m	Total $m
2011				
Carrying amount at the beginning of the year	01-Oct-2010	355.7	1,879.5	2,235.2
Additions		57.0	643.0	700.0
Disposals		(3.5)	(13.1)	(16.6)
Additions through acquisition of entities (see note 27)		3.2	3.8	7.0
Fair value adjustment on prior year acquisitions		-	(2.1)	(2.1)
Depreciation expense		(11.8)	(175.7)	(187.5)
Impairment of property, plant and equipment		-	(1.9)	(1.9)
Foreign currency exchange differences		(2.4)	(22.0)	(24.4)
Carrying amount at the end of the year	30-Sep-2011	**398.2**	**2,311.5**	**2,709.7**
2012				
Additions		**103.2**	**525.8**	**629.0**
Disposals		**(15.3)**	**(13.2)**	**(28.5)**
Additions through acquisition of entities (see note 27)		**-**	**4.7**	**4.7**
Disposals through disposal of entities (see note 28)		**-**	**(1.1)**	**(1.1)**
Depreciation expense		**(22.1)**	**(192.6)**	**(214.7)**
Impairment of property, plant and equipment		**-**	**(0.2)**	**(0.2)**
Foreign currency exchange differences		**(5.7)**	**(58.8)**	**(64.5)**
Carrying amount at the end of the year	30-Sep-2012	**458.3**	**2,576.1**	**3,034.4**

	Consolidated 2012 $m	Consolidated 2011 $m

14. Intangible assets

	2012 $m	2011 $m
Goodwill	**2,158.6**	2,249.1
Less impairment losses	**(401.4)**	(34.2)
Total net book value of goodwill	**1,757.2**	2,214.9
Patents, trademarks and rights	**124.0**	123.7
Less accumulated amortisation	**(57.5)**	(49.4)
Total net book value of patents, trademarks and rights	**66.5**	74.3
Brand names	**18.1**	18.6
Less accumulated amortisation	**(11.7)**	(9.9)
Total net book value of brand names	**6.4**	8.7
Software	**132.8**	89.9
Less accumulated amortisation	**(45.6)**	(40.8)
Total net book value of software	**87.2**	49.1
Customer contracts and relationships	**243.5**	258.1
Less accumulated amortisation	**(114.0)**	(99.7)
Total net book value of customer contracts and relationships	**129.5**	158.4
Total net book value of intangibles	**2,046.8**	2,505.4

Reconciliations of the carrying values of intangible assets at the beginning and end of the years are set out below:

Consolidated	Goodwill $m	Patents trademarks and rights $m	Brand names $m	Software $m	Customer contracts $m	Total $m
2011						
Carrying amount at the beginning of the year	2,206.4	77.9	11.1	31.5	184.0	2,510.9
Additions	-	2.0	-	27.8	-	29.8
Additions through acquisition of entities (see note 27)	43.4	-	-	-	0.2	43.6
Fair value adjustment on prior year acquisitions	1.0	-	-	-	-	1.0
Amortisation expense	-	(4.7)	(2.1)	(7.6)	(22.3)	(36.7)
Impairment expense	-	-	-	(2.2)	-	(2.2)
Foreign currency exchange differences	(35.9)	(0.9)	(0.3)	(0.4)	(3.5)	(41.0)
Carrying amount at the end of the year	**2,214.9**	**74.3**	**8.7**	**49.1**	**158.4**	**2,505.4**
2012						
Additions	**-**	**0.6**	**-**	**44.7**	**-**	**45.3**
Additions through acquisition of entities (see note 27)	**4.5**	**2.4**	**-**	**-**	**-**	**6.9**
Fair value adjustment on prior year acquisitions (see note 27)	**2.0**	**-**	**-**	**-**	**-**	**2.0**
Disposals through disposal/demerger of entities (see note 28)	**(0.2)**	**-**	**-**	**-**	**-**	**(0.2)**
Amortisation expense	**-**	**(8.7)**	**(2.1)**	**(5.9)**	**(20.0)**	**(36.7)**
Impairment expense (see note 29)	**(367.2)**	**-**	**-**	**-**	**-**	**(367.2)**
Foreign currency exchange differences	**(96.8)**	**(2.1)**	**(0.2)**	**(0.7)**	**(8.9)**	**(108.7)**
Carrying amount at the end of the year	**1,757.2**	**66.5**	**6.4**	**87.2**	**129.5**	**2,046.8**

Capitalised borrowing costs
Interest amounting to $2.8 million (2011 $0.4 million) was capitalised to intangibles assets, calculated at the average rate of 7.0% (2011 7.1%).

	Consolidated 2012 $m	Consolidated 2011 $m
15. Deferred tax assets		
Net deferred tax assets (see note 5)	**223.8**	241.7

16. Trade and other payables

	2012 $m	2011 $m
Current		
Trade payables		
external	**854.3**	834.3
associated companies	**1.5**	25.5
Other payables		
external	**203.1**	281.2
	1,058.9	1,141.0
Current - other financial liabilities - derivative liabilities		
Derivative financial instruments		
cross currency interest rate swaps - debt principal	**4.9**	-
cross currency interest rate swaps - net investment	**0.1**	2.9
forward foreign exchange contracts	**5.4**	8.4
interest rate swaps	**-**	0.2
	10.4	11.5
Non-current		
Other payables		
external	**12.4**	25.6
	12.4	25.6
Non-current - other financial liabilities - derivative liabilities		
Derivative financial instruments		
cross currency interest rate swaps - debt principal	**45.4**	40.1
cross currency interest rate swaps - net investment	**6.5**	7.2
interest rate swaps	**21.8**	17.9
	73.7	65.2

Significant terms and conditions

Trade and other payables, including expenditures not yet billed, are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of goods or services. Trade payables are normally settled within 60 days from invoice date or within the agreed payment terms with the supplier.

Fair values

The carrying amount of trade and other payables approximate their fair values due to their short term nature.

Derivative financial instruments

Refer to note 34 for details on the financial risk management of derivative financial instruments.

17. Interest bearing liabilities

	Consolidated 2012 $m	2011 $m
Current		
Unsecured		
bank overdrafts	**7.9**	3.6
bank loans	**-**	61.5
commercial paper	**292.3**	-
other short term borrowings	**6.2**	6.0
other loans		
private placement [1]	**38.4**	-
Lease liabilities (see note 30)	**1.2**	5.4
	346.0	76.5
Non-current		
Unsecured		
bank loans	**743.1**	123.1
other loans		
private placement [1]	**1,347.2**	1,443.4
export finance facility [2]	**89.9**	102.4
other	**2.7**	3.0
Lease liabilities (see note 30)	**6.1**	6.6
	2,189.0	1,678.5

[1] **Private placement**
Orica Limited guaranteed senior notes issued in the US private placement market in 2000, 2003, 2005 and 2010. The notes have maturities between 2012 and 2030 (2011: between 2012 and 2030).

[2] **Export finance facility**
Ten year loans provided to Orica Limited in financial year 2010 by Australia's export credit agency (Export Finance and Insurance Corporation), and by banks, guaranteed by Germany's export credit agency (Euler Hermes Kreditversicherungs-AG (Hermes)).

Fair values
The carrying amounts of the consolidated entity's current and non-current interest bearing liabilities approximate their fair values. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates as at 30 September 2012 varying from 0.1% to 4.3% (2011 0.1% to 4.9%) depending on the type of borrowing.

Assets pledged as security
The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	Consolidated 2012 $m	2011 $m
Finance leases		
Property, plant and equipment	**23.9**	26.4
	23.9	26.4

In the event of default by Orica, the rights to the leased assets transfer to the lessor.

Defaults and breaches
During the current and prior year, there were no defaults or breaches of covenants on any loans.

	Consolidated 2012 $m	2011 $m
18. Current tax liabilities		
Provision for income tax	**2.4**	30.4

19. Provisions

	Consolidated 2012 $m	2011 $m
Current		
Employee entitlements	**75.3**	70.3
Restructuring and rationalisation	**3.7**	5.8
Environmental	**61.3**	83.7
Decommissioning	**2.1**	5.7
Other	**20.2**	32.5
	162.6	198.0
Non-current		
Employee entitlements	**46.4**	41.7
Retirement benefit obligations (see note 38)	**240.9**	206.6
Environmental	**141.4**	143.0
Decommissioning	**8.7**	6.9
Contingent liabilities on acquisition of controlled entities	**17.4**	18.9
Other	**10.5**	13.5
	465.3	430.6
Aggregate employee entitlements		
Current	**75.3**	70.3
Non-current	**287.3**	248.3
	362.6	318.6

Reconciliations

Reconciliations of the consolidated carrying amounts of provisions at the beginning and end of the current financial year are set out below:

Current provision - restructuring and rationalisation	Consolidated $m
Carrying amount at the beginning of the year	**5.8**
Provisions made during the year	**1.0**
Provisions written back during the year	**(1.4)**
Payments made during the year	**(1.8)**
Foreign currency exchange differences	**0.1**
Carrying amount at the end of the year	**3.7**

19. Provisions (continued)

Current provision - environmental	Consolidated **$m**
Carrying amount at the beginning of the year	**83.7**
Fair value adjustment on prior year acquisitions (see note 27)	**1.4**
Provisions made during the year	**36.2**
Provisions written back during the year	**(13.1)**
Payments made during the year	**(50.9)**
Provision transferred from non-current	**4.9**
Foreign currency exchange differences	**(0.9)**
Carrying amount at the end of the year	**61.3**

Current provision - decommissioning	
Carrying amount at the beginning of the year	**5.7**
Payments made during the year	**(0.8)**
Provision transferred to non-current	**(2.8)**
Carrying amount at the end of the year	**2.1**

Current provision - other	
Carrying amount at the beginning of the year	**32.5**
Provisions made during the year	**8.5**
Provisions written back during the year	**(6.3)**
Payments made during the year	**(14.3)**
Provision transferred from non-current	**0.1**
Foreign currency exchange differences	**(0.3)**
Carrying amount at the end of the year	**20.2**

Non-current provision - environmental	
Carrying amount at the beginning of the year	**143.0**
Provisions written back during the year	**(1.3)**
Payments made during the year	**(0.2)**
Unwinding of discount on provisions (see note 4)	**5.9**
Provision transferred to current	**(4.9)**
Foreign currency exchange differences	**(1.1)**
Carrying amount at the end of the year	**141.4**

19. Provisions (continued)

Non-current provision - decommissioning	Consolidated $m
Carrying amount at the beginning of the year	**6.9**
Provisions written back during the year	**(1.0)**
Provision transferred from current	**2.8**
Carrying amount at the end of the year	**8.7**

Non-current provision - contingent liabilities on acquisition of controlled entities	
Carrying amount at the beginning of the year	**18.9**
Foreign currency exchange differences	**(1.5)**
Carrying amount at the end of the year	**17.4**

Non-current provision - other	
Carrying amount at the beginning of the year	**13.5**
Provisions made during the year	**3.0**
Provisions written back during the year	**(4.1)**
Payments made during the period	**(1.3)**
Provision transferred to current	**(0.1)**
Foreign currency exchange differences	**(0.5)**
Carrying amount at the end of the year	**10.5**

Environmental provision
Estimated costs for the remediation of soil, groundwater and untreated waste that have arisen as a result of past events have been provided where a legal or constructive obligation exists and a reliable estimate of the liability is able to be assessed (refer to notes 32 and 33).

	Consolidated 2012 $m	Consolidated 2011 $m
Total environmental provision comprises:		
Botany Groundwater remediation	**55.9**	51.4
Hexachlorobenzene (HCB) waste remediation	**39.8**	64.8
Botany Mercury remediation	**15.7**	22.5
Dyno Nobel sites remediation	**25.6**	25.3
Seneca remediation	**11.2**	12.8
Yarraville remediation	**19.5**	2.8
Villawood remediation	**16.7**	29.5
Other environmental provisions	**18.3**	17.6
Total environmental provisions	**202.7**	226.7

Decommissioning provision
A provision is recognised for the present value of the estimated costs of dismantling and removing an asset and restoring the site on which it is located where a legal or constructive obligation exists and a reliable estimate of the liability is able to be assessed (refer to note 32).

Contingent liabilities on acquisition of controlled entities
A provision is recognised on acquisition of a business for contingent liabilities of that business.

Other provision
The Group self-insures for certain insurance risks. Outstanding claims are recognised when an incident occurs that may give rise to a claim and are measured at the cost that the entity expects to incur in settling the claims.

20. Deferred tax liabilities

	Consolidated 2012 $m	Consolidated 2011 $m
Net deferred tax liabilities (see note 5)	**56.4**	95.3

	Consolidated 2012 $m	Consolidated 2011 $m

21. Contributed equity

	2012 $m	2011 $m
Issued and fully paid:		
Step-Up Preference Securities - nil (2011 5,000,000) [(1)]	**-**	490.0
Ordinary shares - 365,642,802 (2011 363,966,570)	**1,795.1**	1,749.9
Balance at end of year	**1,795.1**	2,239.9

(1) The Group issued Step-Up Preference Securities (SPS) via a prospectus dated 17 February 2006. The SPS were stapled securities comprising a fully paid Preference Share and a fully paid unsecured note. The SPS had no fixed repayment date.
On 13 October 2011 Orica elected to repurchase the SPS and the SPS were reclassified to interest bearing liabilities from that date. Until 12 October 2011 the SPS were treated as equity for accounting purposes. SPS were repurchased for $100 per SPS on 29 November 2011.

Movements in issued and fully paid shares of Orica since 1 October 2010 were as follows:

Details	Date	Number of shares	Issue price $	$m
Step-Up Preference Securities				
Opening balance - gross [(1)]	1-Oct-2010	5,000,000	100.00	500.0
Opening balance - costs [(1)]				(10.0)
Balance at end of the year	**30-Sep-11**	**5,000,000**		**490.0**
Reclassification to interest bearing liabilities	**13-Oct-11**	**(5,000,000)**	100.00	**(500.0)**
Transfer to retained earnings	**13-Oct-11**			**10.0**
Balance at end of the year	**30-Sep-12**	**-**		**-**
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-10	362,100,430		1,709.1
Shares issued under the Orica dividend reinvestment plan (note 25)	10-Dec-10	1,089,406	25.62	27.9
Shares issued under the Orica dividend reinvestment plan (note 25)	1-Jul-11	742,803	25.77	19.1
Share movements under the Orica LTEIP plan (Remuneration Report) [(3)]		33,931		(7.5)
Shares issued under the Orica GEESP plan (note 36) [(2)]		-		1.3
Balance at end of the year	**30-Sep-11**	**363,966,570**		**1,749.9**
Shares issued under the Orica dividend reinvestment plan (note 25)	**9-Dec-11**	**1,040,467**	**24.40**	**25.4**
Shares issued under the Orica dividend reinvestment plan (note 25)	**2-Jul-12**	**635,765**	**24.18**	**15.4**
Share movements under the Orica LTEIP plan (Remuneration Report) [(3)]		**-**		**3.0**
Shares issued under the Orica GEESP plan (note 36) [(2)]		**-**		**1.4**
Balance at end of the year	**30-Sep-12**	**365,642,802**		**1,795.1**

(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.

21. Contributed equity (continued)

Details	Date	Number of shares	Issue price * $	$m
(3) Share movements under the Orica LTEIP plans (Remuneration Report section H)				
2010/2011				
Shares issued	31-Jan-11	33,931	25.23	-
Shares bought back	Various	-		(14.1)
Shares issued - loan repayment	Various			6.6
Movement for the year	**30-Sep-11**	**33,931**		**(7.5)**
2011/2012				
Shares bought back	**Various**	**-**		**(19.9)**
Shares issued - loan repayment	**Various**			**22.9**
Movement for the year	**30-Sep-12**	**-**		**3.0**

Under the LTEIP, eligible executives are provided w ith a three year, interest free, non-recourse loan from Orica for the sole purpose of acquiring shares in Orica. Executives may not deal w ith the shares w hile the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) tow ards 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 w ith 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, w ith 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.
The LTEIP vests after three years.

* Issue price w as based on VWAP (volume-w eighted average price) at the time of issue.

The amounts recognised in the financial statements of Orica in relation to executive share options during the financial year w ere:

	Consolidated	
	2012	2011
	$m	$m
Bought back ordinary share capital	**(19.9)**	(14.1)

LTEIP options over unissued shares (refer to Remuneration Report Section H):

Exercisable betw een	Balance 30 Sep 10	Issued during year	Exercised during year	Lapsed during year	Balance 30 Sep 11	**Issued during year**	**Exercised during year**	**Lapsed during year**	**Balance 30 Sep 12**
18 Nov 14 23 Jan 15	-	-	-	-	-	305,302	**-**	**-**	**305,302**
18 Nov 14 23 Jan 15	-	-	-	-	-	592,713	-	**-**	**592,713**
19 Nov 13 23 Jan 14	-	1,886,701	(41,008)	(46,186)	1,799,507	**-**	(18,216)	(95,702)	**1,685,589**
19 Nov 12 23 Jan 13	1,785,616	-	(48,740)	(102,845)	1,634,031	**-**	(26,640)	(75,801)	**1,531,590**
18 Nov 11 23 Jan 12	40,580	-	-	-	40,580	**-**	(40,580)	-	**-**
18 Nov 11 23 Jan 12	2,455,267	-	(66,540)	(117,764)	2,270,963	**-**	(2,265,048)	(5,915)	**-**
17 Nov 10 21 Jan 11	1,041,353	-	(3,789)	(1,037,564)	-	**-**	-	-	**-**
Total	5,322,816	1,886,701	(160,077)	(1,304,359)	5,745,081	**898,015**	**(2,350,484)**	**(177,418)**	**4,115,194**

Rights over unissued shares (refer to note 36 and Remuneration Report section H):

Vesting date	Balance 30 Sep 11	Issued during year	Exercised during year	Lapsed during year	**Balance 30 Sep 12**
19 Dec 14	-	664,845	-	(15,680)	**649,165**
30 Nov 12	-	7,942	-	-	**7,942**
31 Mar 13	-	108,246	-	-	**108,246**
01 Sep 13	-	6,148	-	-	**6,148**
Total	-	787,181	-	(15,680)	**771,501**

	Notes	Consolidated 2012 $m	2011 $m
22. Reserves and retained earnings			
(a) Reserves			
Share based payments		**83.3**	65.4
Cash flow hedging		**(15.7)**	(11.5)
Foreign currency translation		**(930.0)**	(715.5)
Equity - arising from purchase of non-controlling interests		**(187.4)**	(187.4)
Balance at end of the year		**(1,049.8)**	(849.0)
Movement in reserves during the year			
Share based payments			
Balance at beginning of year		**65.4**	50.3
Share based payments expense		**17.9**	15.1
Balance at end of the year		**83.3**	65.4
Cash flow hedging			
Balance at beginning of year		**(11.5)**	16.9
Movement for period		**(5.9)**	(40.6)
Tax effect of movement in cash flow hedge reserve		**1.7**	12.2
Balance at end of the year		**(15.7)**	(11.5)
Foreign currency translation			
Balance at beginning of year		**(715.5)**	(656.8)
Translation of overseas controlled entities at the end of the year		**(196.1)**	(71.8)
Tax effect of translation of overseas controlled entities at the end of the year		**(18.4)**	13.1
Balance at end of the year		**(930.0)**	(715.5)
Equity - arising from purchase of non-controlling interests			
Balance at beginning of year		**(187.4)**	(183.0)
Purchase of non-controlling interests (see note 27)		**-**	(4.4)
Balance at end of the year		**(187.4)**	(187.4)
(b) Retained earnings			
Retained earnings at the beginning of the year		**2,363.4**	2,096.2
Profit after income tax attributable to shareholders of Orica		**402.8**	642.3
Defined benefit fund superannuation movement (net of tax)	(38)	**(41.5)**	(25.6)
Transfer of cost related to issue of Step-Up Preference Securities		**(10.0)**	-
Disposal of non-controlling interests		**0.3**	-
Dividends/distributions:	(25)		
Step-Up Preference Securities distributions		**(11.1)**	(32.2)
Less tax credit on Step-Up Preference Securities distributions		**2.2**	10.0
Ordinary dividends – interim		**(137.9)**	(133.2)
Ordinary dividends – final		**(192.0)**	(194.1)
Retained earnings at end of the year		**2,376.2**	2,363.4

Share based payments reserve
The amount charged to the share based payments reserve each year represents the share based payments expense.

Cash flow hedging reserve
The amount in the cash flow hedging reserve represents the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Foreign currency translation reserve
The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations, the translation of transactions that hedge net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a foreign operation.

Equity reserve arising from purchase of non-controlling interests
The equity reserve represents the excess of the 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 2011 relates to purchase of non-controlling interests in Minería, Explosivos y Servicios, S.A. and Orica Philippines Inc.

23. Non-controlling interests in controlled entities

	Consolidated 2012 %	Consolidated 2011 %	Consolidated 2012 $m	Consolidated 2011 $m
Ordinary share capital of controlled entities held by non-controlling interests in:				
Altona Properties Pty Ltd	**37.4**	37.4	**-**	-
Ammonium Nitrate Development and Production Limited	**0.1**	0.1	**-**	-
Bamble Mekaniske Industri AS	**40.0**	40.0	**0.3**	0.3
Bronson & Jacobs International Co. Ltd	**51.0**	51.0	**-**	-
CJSC (ZAO) Carbo-Zakk	**6.3**	6.3	**0.1**	0.1
Dyno Nobel VH Company LLC	**49.0**	49.0	**1.0**	1.0
Emirates Explosives LLC	**35.0**	35.0	**2.1**	2.1
Explosivos de Mexico S.A. de C.V.	**1.3**	1.3	**-**	-
GeoNitro Limited	**35.0**	35.0	**0.5**	0.5
Hunan Orica Nanling Civil Explosives Co., Ltd	**49.0**	49.0	**14.6**	14.6
Jiangsu Orica Banqiao Mining Machinery Company Limited	**49.0**	49.0	**0.9**	0.9
Minova MineTek Private Limited	**24.0**	24.0	**0.2**	0.2
Minova Mining Services SA	**49.0**	49.0	**1.4**	1.4
Minova Ukraina OOO	**10.0**	10.0	**0.3**	0.3
Nitro Asia Company Inc.	**41.6**	41.6	**0.1**	0.1
Northwest Energetic Services LLC	**48.7**	48.7	**1.8**	1.8
OOO Minova TPS	**6.3**	6.3	**-**	-
Orica Blast & Quarry Surveys Limited	**25.0**	25.0	**0.6**	0.6
Orica-CCM Energy Systems Sdn Bhd	**45.0**	45.0	**0.6**	0.6
Orica-GM Holdings Ltd	**49.0**	49.0	**12.6**	12.6
Orica Eesti OU	**35.0**	35.0	**2.6**	2.6
Orica Med Bulgaria AD	**40.0**	40.0	**2.6**	2.6
Orica Mining Services Peru S.A.	**0.9**	0.9	**-**	-
Orica Mongolia LLC (3)	**15.0**	-	**-**	-
Orica Nitrates Philippines Inc	**4.0**	4.0	**0.2**	0.2
Orica Nitro Patlayici Maddeler Sanayi ve Ticaret Anonim Sirketi	**49.0**	49.0	**1.7**	1.7
Orica Panama S.A. (1)	**40.0**	40.0	**0.5**	0.5
Orica Philippines Inc (1)	**5.5**	5.5	**0.1**	0.1
Orica (Weihai) Explosives Co Ltd	**20.0**	20.0	**6.1**	6.1
PT Kaltim Nitrate Indonesia	**10.0**	10.0	**11.0**	9.8
Teradoran Pty Limited (3)	**-**	33.0	**-**	-
Transmate S.A.(2)	**29.8**	29.8	**-**	-
TOO "Minova Kasachstan"	**40.0**	40.0	**0.5**	0.5
			62.4	61.2
Non-controlling interests in shareholders' equity at balance date is as follows:				
Contributed equity			**62.4**	61.2
Reserves			**(22.3)**	(15.0)
Retained earnings			**84.9**	75.1
			125.0	121.3

(1) Non-controlling interests purchased by Orica during the 2011 year.
(2) Non-controlling interests acquired through new acquisitions by Orica during the 2011 year.
(3) Non-controlling interests disposed of by Orica during the 2012 year.

	Company 2012 $m	Company 2011 $m

24. Parent Company disclosure - Orica Limited

	2012 $m	2011 $m
Total current assets	**510.7**	969.7
Total assets	**2,475.1**	2,915.3
Total current liabilities	**300.3**	186.1
Total liabilities	**301.8**	186.2
Equity		
Ordinary shares	**1,795.1**	1,749.9
Retained earnings	**378.2**	489.2
Total equity attributable to ordinary shareholders of Orica	**2,173.3**	2,239.1
Equity attributable to Step-Up Preference Securities' holders	**-**	490.0
Total equity	**2,173.3**	2,729.1
Net profit for the year	**237.8**	472.5

The Company did not have any contractual commitments for the acquisition of property, plant or equipment in the current or previous years.

Contingent liabilities and contingent assets

Under the terms of a Deed of Cross Guarantee entered into in accordance with the ASIC Class Order 98/1418 dated 13 August 1998 (as amended), each company which is a party to the Deed has covenanted with the Trustee of the Deed to guarantee the payment of any debts of the other companies which are party to the Deed which might arise on the winding up of those companies. The closed group of entities which are party to the Deed are disclosed in note 40. A consolidated balance sheet and income statement for this closed group is shown in note 40.

Orica Limited has provided guarantees to Export Finance and Insurance Corporation and banks for loans relating to the Bontang Ammonium Nitrate plant (see note 17).

Orica Limited guaranteed senior notes issued in the US private placement market in 2000, 2003, 2005 and 2010. The notes have maturities between 2012 and 2030 (2011: between 2012 and 2030) (see note 17).

Orica Limited Statement of Changes in Equity

		Ordinary shares $m	Retained earnings $m	Total $m	Step-Up Preference Securities $m	Total equity $m
2011						
Balance at 1 Oct 2010		1,709.1	366.2	2,075.3	490.0	2,565.3
Profit for the year		-	472.5	472.5	-	472.5
Total comprehensive income for the year		-	472.5	472.5	-	472.5
Transactions with owners, recorded directly in equity						
Total changes in contributed equity		40.8	-	40.8	-	40.8
Dividends/distributions paid		-	(349.5)	(349.5)	-	(349.5)
Balance at the end of the year	**30-Sep-2011**	1,749.9	489.2	2,239.1	490.0	2,729.1
2012						
Profit for the year		**-**	**237.8**	**237.8**	**-**	**237.8**
Transactions with owners, recorded directly in equity						
Total changes in contributed equity		**45.2**	**-**	**45.2**	**-**	**45.2**
Reclassification to interest bearing liabilities		**-**	**(10.0)**	**(10.0)**	**(490.0)**	**(500.0)**
Dividends/distributions		**-**	**(338.8)**	**(338.8)**	**-**	**(338.8)**
Balance at the end of the year	**30-Sep-2012**	**1,795.1**	**378.2**	**2,173.3**	**-**	**2,173.3**

	Consolidated 2012 $m	2011 $m
25. Dividends and distributions		
Dividends paid or declared in respect of the year ended 30 September were:		
Ordinary shares		
interim dividend of 37 cents per share, 48.6% franked at 30%, paid 1 July 2011		133.2
interim dividend of 38 cents per share, 36.8% franked at 30%, paid 2 July 2012	**137.9**	
final dividend of 54 cents per share, 100% franked at 30%, paid 10 December 2010		194.1
final dividend of 53 cents per share, 100% franked at 30%, paid 9 December 2011	**192.0**	
Distributions paid in respect of the year ended 30 September were:		
Step-Up Preference Securities		
distribution at 6.30% per annum, per security, unfranked, paid 30 November 2010 for the period from 31 May 2010 to 29 November 2010		15.8
distribution at 6.60% per annum, per security, unfranked, paid 31 May 2011 for the period from 30 Nov 2010 to 30 May 2011		16.4
distribution at 6.52% per annum, per security, unfranked, paid 30 November 2011 for the period from 31 May 2011 to 29 November 2011 [(1)]	**11.1**	
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the year were as follows:		
paid in cash	**289.1**	280.3
satisfied by issue of shares	**40.8**	47.0
Distributions paid in cash [(1)]	**16.3**	32.2
No distributions were satisfied by the issue/purchase of shares.		

[(1)] Total distribution paid for current period was $16.3m and has been allocated between dividends ($11.1m) and interest ($5.2m) based on the equity/debt classification over the distribution period.

Subsequent events

Since the end of the financial year, the directors declared the following dividend:
Final dividend on ordinary shares of 54 cents per share, 44.4% franked at 30%, payable 14 December 2012.
Total franking credits related to this dividend are $37.6 million.

The financial effect of the final dividend on ordinary shares has not been brought to account in the financial statments for the year ended 30 September 2012 - however will be recognised in the 2013 annual financial report.

Franking credits

Franking credits available at the 30% corporate tax rate after allowing for tax payable in respect of the current year's profit and the payment of the final dividend for 2012 are $42.0 million (2011 $49.5 million).

26. Notes to the statement of cash flows

	Notes	Consolidated 2012 $m	2011 $m
Reconciliation of cash			
Cash at the end of the year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:			
Cash	(7)	**235.8**	346.9
Bank overdraft	(17)	**(7.9)**	(3.6)
		227.9	343.3

	Consolidated 2012 $m	2011 $m
Reconciliation of profit from ordinary activities after income tax to net cash flows from operating activities		
Profit from ordinary activities after income tax expense	**423.8**	663.4
Depreciation and amortisation	**251.4**	224.2
Share based payments expense	**17.9**	15.1
Share of associates' net (profit)/loss after adding back dividends received	**(6.2)**	(9.0)
Finance charges - finance leases	**0.6**	1.1
Unwinding of discount on provisions	**5.9**	12.7
(Decrease)/increase in net interest payable	**(4.2)**	6.2
Increase/(decrease) in net interest receivable	**0.1**	(0.6)
Impairment of intangibles	**367.2**	2.2
Impairment of property, plant and equipment	**0.2**	1.9
Impairment of inventories	**4.2**	5.6
Impairment of investments	**0.1**	0.2
Net profit on sale of businesses and controlled entities/investments	**(3.7)**	(1.0)
Net profit on sale of property, plant and equipment	**(32.8)**	(10.8)
Changes in working capital and provisions excluding the effects of acquisitions and disposals of businesses/controlled entities		
increase in trade and other receivables	**(90.4)**	(76.8)
increase in inventories	**(82.2)**	(78.2)
(decrease)/increase in deferred taxes payable	**(37.1)**	32.7
(decrease)/increase in payables and provisions	**(224.2)**	4.5
decrease in income taxes payable	**(46.5)**	(35.2)
Net cash flows from operating activities	**544.1**	758.2

27. Businesses and non-controlling interests acquired

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.

Consolidated - 2012
Acquisition of businesses and controlled entities
The consolidated entity acquired the following businesses:

Businesses
Business assets of Atlas Copco MAI GmbH on 6 October 2011.

2012	Book values $m	Fair value adjustments $m	Total $m
Consideration			
cash paid	**13.8**	**-**	**13.8**
Outflow of cash	**13.8**	**-**	**13.8**
Total consideration	**13.8**	**-**	**13.8**
Fair value of net assets of businesses/controlled entities acquired			
inventories	**2.5**	**-**	**2.5**
property, plant and equipment	**4.7**	**-**	**4.7**
intangibles	**2.4**	**-**	**2.4**
provision for employee entitlements	**(0.3)**	**-**	**(0.3)**
	9.3	**-**	**9.3**
Goodwill on acquisition			**4.5**

Results contributed by acquired entities since acquisition date:	$m
Revenue for the period	**25.2**
Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period	**2.6**

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the acquired businesses and entities for the twelve months to 30 September 2012 are as follows:

	$m
Operating revenue	**25.2**
EBITDA	**2.6**

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

27. Businesses and non-controlling interests acquired (continued)

Consolidated - 2011

Acquisition of businesses and controlled entities

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

Forbusi Importadora e Exportadora Ltda on 1 October 2010.
Mineria, Explosivos y Servicios, S.A. on 12 October 2010, Orica acquired an additional 4% shareholding.
Orica Philippines Inc, at various times, Orica acquired an additional 4.4% shareholding.
Titanobel Belgique S.A. and its subsidiaries on 1 April 2011.
Sociedade de Explosivos Civis, S.A. on 2 June 2011.

Businesses

Business assets of 1723416 Ontario Limited "MHA" on 21 October 2010.
Business assets of Rajahdysainepalvelu Kiviniemi Oy on 14 April 2011.

2011	Book values $m	Fair value adjustments $m	Total $m	Amended Acquisitions $m	Total $m
Consideration					
cash paid	54.5	-	54.5		54.5
net overdraft acquired	2.0	-	2.0	-	2.0
Outflow of cash	56.5	-	56.5	-	56.5
deferred settlement	0.3	-	0.3	-	0.3
Total consideration	56.8	-	56.8	-	56.8
Fair value of net assets of businesses/controlled entities acquired					
trade and other receivables	14.1	(0.4)	13.7	(0.8)	12.9
inventories	3.2	-	3.2	-	3.2
property, plant and equipment	7.0	-	7.0	-	7.0
intangibles	0.2	-	0.2	-	0.2
other assets	0.1	0.5	0.6	-	0.6
trade and other payables	(7.9)	-	(7.9)	-	(7.9)
provision for employee entitlements	(0.9)	(1.1)	(2.0)	-	(2.0)
provision for environmental	(1.4)	-	(1.4)	(1.4)	(2.8)
provision for deferred tax	-	-	-	0.2	0.2
	14.4	(1.0)	13.4	(2.0)	11.4
Goodwill on acquisition			43.4	2.0	45.4

Acquisition of non-controlling interest:

2011	Total $m
Equity reserve	4.4
Total consideration	4.4

Results contributed by acquired entities since acquisition date:	$m
Revenue for the year	19.4
EBITDA for the year	3.4

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the acquired businesses and entities for the twelve months to 30 September 2011 are as follows:

	$m
Operating revenue	43.1
EBITDA	8.0

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

28. Businesses disposed

Disposal of businesses/controlled entities
The following businesses and controlled entities were disposed of:
2012:
Teradoran Pty Limited on 10 February 2012.

2011:
Taiko Trucking Inc. on 1 January 2011.

	Consolidated	
	2012	2011
	$m	$m
Consideration		
cash received	**2.0**	-
cash disposed	**(0.1)**	-
debt disposed	**0.6**	-
Inflow of cash	**2.5**	-
Net consideration	**2.5**	-
Carrying value of net assets of businesses/controlled entities disposed		
trade and other receivables	**1.2**	0.2
inventories	**1.3**	-
property, plant and equipment	**1.1**	-
intangibles	**0.2**	-
other assets	**0.3**	-
payables and interest bearing liabilities	**(0.7)**	(0.5)
provision for employee entitlements	**(0.3)**	-
provision for income tax	**-**	0.1
	3.1	(0.2)
Less non-controlling interests at date of disposal	**(0.9)**	-
	2.2	(0.2)
Profit on sale of business/controlled entities	**0.3**	0.2

29. Impairment testing of goodwill and intangibles with indefinite lives

Impairment testing is conducted annually at the individual cash generating unit (CGU) level where goodwill and intangibles with indefinite lives are allocated and monitored for management purposes.

The carrying amounts of goodwill with indefinite lives are as follows:

	Consolidated	
	2012	2011
	$m	$m
Mining Services:	Goodwill	
- Australia/Asia	**131.3**	132.4
- North America	**66.6**	69.5
- Latin America	**118.8**	120.9
- EMET	**352.8**	373.8
- Other	**216.7**	215.6
Minova	**724.7**	1,156.0
Chemicals	**146.3**	146.7
Total	**1,757.2**	2,214.9

The recoverable amount of goodwill with indefinite lives is assessed based on value in use. The value in use calculations use cash flow projections based on actual operating results and the business five year plan approved by the Board of Directors. Cash flow projections beyond the five year period were calculated using the plan cash flow of the fifth year and industry growth rates going forward.

The discount rates for each CGU were calculated using rates based on an external assessment of the Group's pre-tax weighted average cost of capital in conjunction with risk specific factors to the countries in which the CGUs operate. The pre-tax discount rates applied in the discounted cash flow model range between 9% and 23% (2011 9% - 24%). Foreign currency cash flows are discounted using the functional currency of the CGUs and then translated to Australian Dollars using the closing exchange rate.

The value in use calculations are sensitive to changes in discount rates, earnings and foreign exchange rates varying from the assumptions and forecast data used in the impairment testing. As such, sensitivity analysis was undertaken to examine the effect of a change in a variable on each CGU. For the Orica Group, a one percentage point change in discount rates would affect overall value in use by an estimated $925 million while a 10% change in earnings or foreign exchange rates would affect value in use by $1.5 billion and $261 million respectively which should be compared to the market capitalisation of Orica at balance date of $9.1 billion.

For the interim period ending 31 March 2012, impairment testing indicated that the Minova Segment was not impaired. However, since that time, there have been continued competitive pressures preventing margin recovery in a number of countries and lower demand from North American coal markets in the second half. A reassessment of the business forecasts has been undertaken and the carrying value of intangibles in Minova USA, China and the Minova Group have been written down by $367.2m to their recoverable amount. For the Minova USA CGU, a terminal growth rate of 1% (2011 3%) was used and given the tax deductibility of acquired goodwill in the USA, a post-tax discount rate of 10% (2011 9%) was used. For Minova China a pre-tax discount rate of 19% and a terminal growth rate of 5% was used. The remaining Minova Group CGU's pre-tax discount rates vary from 9% to 23% with growth rates varying from 0% to 6%. The recoverable amount of intangibles would be impacted by any adverse changes in earnings, discount rates or terminal growth rates.

Following the writedown, the Minova Segment includes in their USA CGU an amount of goodwill of $306.1 million (2011 $655.2 million). There are no other individual CGU's that have significant goodwill and intangibles with indefinite lives.

The impairment charge for intangibles with indefinite lives during the year for the Minova Segment was:

	Consolidated	
	2012	2011
	$m	$m
Goodwill	**367.2**	-
Total	**367.2**	-

30. Commitments

	Consolidated 2012 $m	2011 $m
Capital expenditure commitments		
Capital expenditure on property, plant and equipment and business acquisitions contracted but not provided for and payable:		
no later than one year	**60.5**	55.1
later than one, no later than five years	**1.6**	5.0
	62.1	60.1

On 21 May 2012 Orica Ltd announced that it has agreed to form a joint venture with Yara and Apache to build a 330,000 tonnes per annum industrial grade ammonium nitrate plant on the Burrup peninsula. The joint venture is owned 45% (Orica), 45% (Yara) and 10% (Apache). Construction of the plant is expected to have a capital cost of approximately US$800 million and be completed by the end of 2015. In addition to its share of the construction cost, Orica will also pay approximately US$110 million, to be split between Yara and Apache, payable upon commencement of construction. At 30 September 2012, approximately $38.2 million has been paid to the joint venture entity.

	2012 $m	2011 $m
Lease commitments		
Lease expenditure contracted for at balance date but not recognised in the financial statements and payable:		
no later than one year	**64.0**	63.8
later than one, no later than five years	**258.2**	132.2
later than five years	**31.7**	58.5
	353.9	254.5
Representing:		
cancellable operating leases	**158.9**	150.2
non-cancellable operating leases	**195.0**	104.3
	353.9	254.5
Non-cancellable operating lease commitments payable:		
no later than one year	**19.6**	23.3
later than one, no later than five years	**160.3**	54.1
later than five years	**15.1**	26.9
	195.0	104.3
Finance lease commitments payable:		
no later than one year	**1.2**	5.4
later than one, no later than five years	**5.2**	5.0
later than five years	**2.1**	3.1
	8.5	13.5
Less future finance charges	**(1.2)**	(1.5)
Present value of minimum lease payments provided for as a liability	**7.3**	12.0
Representing lease liabilities: (see note 17)		
current	**1.2**	5.4
non-current	**6.1**	6.6
	7.3	12.0

31. Auditors' remuneration

	Consolidated 2012 $000	Consolidated 2011 $000
Total remuneration received, or due and receivable, by the auditors for:		
Audit services		
Auditors of the Company – KPMG Australia		
– Audit and review of financial reports	**4,834**	4,636
– Other regulatory audit services	**356**	116
Auditors of the Company – overseas KPMG firms		
– Audit and review of financial reports (1)	**1,696**	2,017
	6,886	6,769
Other services (2)		
Auditors of the Company – KPMG Australia		
– other assurance services	**52**	-
	52	-
	6,938	6,769

From time to time, KPMG, the auditors of Orica, provide other services to the Group, which are subject to strict corporate governance procedures adopted by the Company which encompass the selection of service providers and the setting of their remuneration.

(1) Fees paid or payable for overseas subsidiaries' local lodgement purposes.

(2) The Board Audit and Risk Committee must approve any other services provided by KPMG above a value of $20,000 per assignment and it also reviews and approves at year end other services provided by KPMG below a value of $20,000. The guidelines adopted by KPMG for the provision of other services ensure their statutory independence is not compromised.

32. Critical accounting judgements and estimates

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

Contingent liabilities

In the normal course of business, contingent liabilities may arise from product-specific and general legal proceedings, from guarantees or from environmental liabilities connected with current or former sites. Where management are of the view that potential liabilities have a low probability of crystallising or it is not possible to quantify them reliably, management disclose them as contingent liabilities. These are not provided for in the financial statements but are disclosed in note 33.

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 (refer to note 19) 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 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 the various countries and at the individual sites. Significant factors in estimating the costs include the work of external consultants and/or internal experts, previous experiences in similar cases, expert opinions regarding environmental programs, current costs and new developments affecting costs, management's interpretation of current environmental laws and regulations, the number and financial position of third parties that may become obligated to participate in any remediation activities on the basis of joint liability, and the remediation methods which are likely to be deployed.

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

32. Critical accounting judgements and estimates (continued)

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 (refer to note 19) to cover the estimated costs associated with remediation until 2017. 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.

On 18 August 2010, the Australian Federal Government and the Danish Government respectively issued export and import permits under the Basel Convention for the shipment of 6,100 tonnes of Hexachlorobenzene (HCB) waste from Orica’s Botany site to the Kommunekemi plant in Nyborg, Denmark for environmentally sound destruction. On 24 December 2010, the Danish Government stated that for political reasons it would not accept shipments of HCB waste from Orica. Orica is committed to finding a solution for destruction of the HCB waste. There are no facilities to treat the HCB waste locally or in Australia and Orica's export applications have been unsuccessful. Given the complex technical, social and political aspects of the HCB Waste, Orica continues to safely store the waste. A provision has been established in respect of this matter (refer to note 19).

Orica received results indicating elevated concentrations of mercury in soil and groundwater at the southern end of the Botany site and at adjacent offsite locations. Orica started remediating the site in May 2011 using a soil washing technology to remove mercury. The soil washing plant was not able to sustain adequate reliable operation and Orica decided to suspend the works. Orica has submitted a new remediation action plan which satisfied the NSW Environment Protection Authority requirements, and Orica aims to restart works in 2013. A provision has been established for remediation activities in respect of this matter.

Legal proceedings

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

32. Critical accounting judgements and estimates (continued)

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 and any changes to useful economic lives may affect prospective depreciation rates and asset carrying values.

Financial instruments at fair value

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

Impairment of assets

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

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

Current asset provisions

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

Taxation

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

33. Contingent liabilities

(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, 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 which give rise to the groundwater contamination which is being remediated 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.

(ii) 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.

(iii) 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 which provides indemnity for amounts exceeding certain limits. The Brazilian Taxation authority has been granted security over the Lorena site as well as a bank guarantee of up to approximately $9 million.

(iv) Norway Tax Action

In August 2009, the Central Tax Office for Large Enterprises (CTO) sent a letter to Dyno Nobel AS (now Orica Norway 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 Tax Office has issued a final office decision confirming its view and Orica now awaits the final invoice for tax and interest which is expected to amount to approximately $32.5 million. Orica has received external legal advice and intends to pursue this matter through an administrative complaints process and/or through the Norwegian courts.

(v) Australian Tax Audit

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

(*vi) Environmental Prosecutions*

The NSW Environment Protection Authority has issued legal proceedings against Orica in relation to environmental incidents at the Botany and Kooragang Island sites that occurred during 2010 and 2011. Orica has entered guilty pleas in relation to some of the charges involved in those legal proceedings. A sentencing and mitigation hearing of those proceedings involving guilty pleas is scheduled for December 2012. The remaining legal proceedings are progressing through Court processes.

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

33. Contingent liabilities (continued)

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 in the US private placement market in 2000, 2003, 2005 and 2010. The notes have maturities between 2012 and 2030.

34. Financial and capital management

Capital management

Orica's objectives when managing capital (net debt and total equity) are to safeguard the Group's ability to continue as a going concern and to ensure that the capital structure enhances, protects and balances financial flexibility against minimising the cost of capital.

In order to maintain the appropriate capital structure, the Group may adjust the amount of dividends paid to shareholders, utilise a dividend reinvestment plan, return capital to shareholders or issue new equity, in addition to incurring an appropriate mix of long and short term borrowings. Currently, Orica's dividend policy is to pay a progressive dividend.

Orica monitors capital on the basis of the accounting gearing ratio (which is calculated as net debt divided by net debt plus shareholders equity) and in previous years an adjusted gearing ratio (which was calculated by notionally reclassifying $250 million of the $500 million Orica Step-Up Preference Securities (SPS) from equity to debt). In addition, Orica monitors various other credit metrics, principally an interest cover ratio (EBIT excluding individually material items, divided by net financing costs adjusted for capitalised borrowing cost) and funds from operations (FFO) divided by total debt measure.

The Group's current target level for adjusted gearing is 35% to 45% and for interest cover is 5 times or greater. These, together with an appropriate FFO/total debt measure, are targeted to maintain a strong investment grade credit profile, which should facilitate access to borrowings from a diverse range of sources. Ratios may move outside of these target ranges for relatively short periods of time after major acquisitions or other significant transactions.

The gearing level and interest cover are also monitored to ensure an adequate buffer against covenant levels under various facilities.

The net debt to gearing ratios are calculated as follows:	Consolidated	
	2012	2011
	$m	$m
Interest bearing borrowings	**2,535.0**	1,755.0
Less cash and cash equivalents	**(235.8)**	(346.9)
Net debt	**2,299.2**	1,408.1
Notional adjustment for SPS	**-**	250.0
Adjusted net debt	**2,299.2**	1,658.1
Total equity	**3,246.5**	3,875.6
Notional adjustment for SPS	**-**	(250.0)
Adjusted equity	**3,246.5**	3,625.6
Adjusted net debt and adjusted equity	**5,545.7**	5,283.7
Gearing ratio (%)	**41.5%**	26.6%
Adjusted gearing ratio (%)	**41.5%**	31.4%

The interest cover ratio is calculated as follows:	**2012**	2011
	$m	$m
EBIT [(1)]	**1,022.6**	1,028.3
Net financing costs	**128.2**	123.5
Capitalised borrowing costs	**38.1**	37.4
	166.3	160.9
Interest cover ratio (times)	**6.1**	6.4

[(1)] Before individually material items

The Group self-insures for certain insurance risks under the *Singapore Insurance Act*. Under this Act, authorised general insurers, including Anbao Insurance Pte Ltd (the Orica self-insurance company), are required to maintain a minimum amount of capital. For the financial year ended 30 September 2012, Anbao Insurance Pte Ltd maintained capital in excess of the minimum requirements prescribed under this Act.

34. Financial and capital management (continued)

Financial risk factors

The Group's principal financial risks are associated with foreign exchange, interest rate, liquidity and credit risk.

The Group's overall risk management program seeks to mitigate these risks and reduce volatility of Orica's financial performance. Financial risk management is carried out centrally by the Group's Treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management and policies covering specific areas, such as foreign exchange, interest rate and credit risk as well as the use of derivative and non-derivative financial instruments and the investment of excess liquidity. Orica enters into derivative instruments for risk management purposes only. Derivative transactions are entered into to hedge the risks relating to underlying physical positions arising from business activities. Derivative transactions to hedge risks such as interest rate and foreign currency movements principally include interest rate swaps, cross currency interest rate swaps, forward exchange contracts and vanilla European option contracts.

Classification of financial assets and financial liabilities

The Group's principal financial instruments comprise cash and cash equivalents, receivables, payables, interest bearing liabilities and derivatives.

For measurement purposes the Group classifies financial assets and financial liabilities into the following categories: (a) financial assets and liabilities at fair value through profit and loss, (b) loans and other receivables and (c) financial liabilities at amortised cost. The Group does not have any financial assets categorised as held-to-maturity or as available-for-sale.

Financial assets and liabilities at fair value through profit and loss

This category combines financial assets and liabilities that are held for trading. A financial asset or liability is classified in this category if it is acquired principally for the purpose of selling in the short term or if it is so designated by management. The Group holds a number of derivative instruments for economic hedging purposes under Board approved risk management policies, which do not meet the criteria for hedge accounting under Accounting Standards. These derivatives are required to be categorised as held for trading. Assets and liabilities in this category are classified as current if they are either held for trading or are expected to be realised within 12 months of the balance sheet date (refer notes 12 and 16). Movements in the fair value of those derivatives that meet the accounting criteria as cash flow hedges and are designated as such are recognised in to the cash flow hedge reserve in equity.

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where maturities are greater than 12 months after the balance sheet date when they are classified as non-current. Loans and receivables are classified as 'receivables' in the balance sheet (refer note 8).

Amortised cost

Financial liabilities measured in this category are initially recognised at their fair value and are then subsequently re-measured at amortised cost using the effective interest rate method. This includes the Group's short-term non-derivative financial instruments (refer note 16) and its interest bearing liabilities (refer note 17).

Risks and mitigation

The risks associated with the financial instruments and the policies for minimising these risks are detailed below:

Interest rate risk management

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Group is primarily exposed to interest rate risk on outstanding interest bearing liabilities. Non-derivative interest bearing assets are predominantly short-term liquid assets. Interest bearing liabilities issued at fixed rates expose the Group to fair value interest rate risk while borrowings issued at a variable rate give rise to cash flow interest rate risk.

Interest rate risk on long-term interest bearing liabilities is managed by adjusting the ratio of fixed interest debt to variable interest debt. This is managed within policies determined by the Orica Board of Directors via the use of interest rate swaps and cross currency interest rate swaps. Under the policy, up to 90% of debt with a maturity of less than one year can be fixed. This reduces on a sliding scale to year five where a maximum 50% of debt with a maturity of between five and ten years can be fixed. Debt issuance with fixed interest payments can exceed ten years but requires Board approval. The Group operated within this range during both the current year and the prior year.

34. Financial and capital management (continued)

Interest Rate Sensitivity

The table below shows the effect on profit from operations, net profit after tax and shareholders' equity if interest rates at year end had been 10% higher or lower based on the relevant interest rate yield curve applicable to the underlying currency the borrowings are denominated in (including Australian dollars, Euros, Canadian dollars, New Zealand dollars and United States dollars) with all other variables held constant, taking into account all underlying exposures and related hedges and does not include the impact of any management action that might take place if these events occurred. A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates. Directors cannot nor do not seek to predict movements in interest rates.

	Consolidated	
	2012	2011
	$m	$m
Effect on profit before tax increase/(decrease)		
If interest rates were 10% higher, with all other variables held constant	**(3.2)**	(2.6)
If interest rates were 10% lower, with all other variables held constant	**3.2**	2.8
Effect on profit after tax increase/(decrease)		
If interest rates were 10% higher, with all other variables held constant	**(2.2)**	(1.9)
If interest rates were 10% lower, with all other variables held constant	**2.2**	2.0
Effect on shareholders' equity increase/(decrease)		
If interest rates were 10% higher, with all other variables held constant	**0.8**	2.5
If interest rates were 10% lower, with all other variables held constant	**(0.8)**	(1.9)

Foreign exchange risk management

Foreign exchange risk - transactional

Foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset or liability or cash flow will fluctuate due to changes in foreign currency rates.

The Group is exposed to foreign exchange risk primarily due to significant sales and/or purchases denominated, either directly or indirectly, in currencies other than the functional currencies of the Group's subsidiaries.

In regard to foreign currency risk relating to sales and purchases, the Group hedges up to 100% of committed exposures. Anticipated exposures are hedged by applying a declining percentage of cover the further the time to the transaction date. Only exposures that can be forecast to a high probability are hedged. Transactions can be hedged for up to five years. The derivative instruments used for hedging purchase and sale exposures are bought vanilla option contracts and forward exchange contracts. Forward exchange contracts may be used only under Board policy for committed exposures and anticipated exposures expected to occur within 12 months. Bought vanilla option contracts may be used for all exposures. These contracts are designated as cash flow hedges and are recognised at their fair value. The currencies giving rise to this risk are primarily U.S. Dollar (USD), Euro (EUR), Canadian Dollar (CAD), New Zealand Dollar (NZD), Norwegian Kroner (NOK), Swedish Kronor (SEK) and Great Britain Pound (GBP).

34. Financial and capital management (continued)

Exchange rate sensitivity

The table below shows the effect on profit and equity of the Group if exchange rates as at 30 September had been 10% higher or lower with all other variables held constant, taking into account all underlying exposures and related hedges and does not include the impact of any management actions that might take place if these events occurred. A sensitivity of 10% has been selected, as this is considered reasonably possible given the current level and volatility of exchange rates based on an historical analysis. Directors cannot nor do not seek to predict movements in exchange rates. However, it should be noted that it is unlikely that all currencies would move in the same direction and by the same percentage. Major exposures are against the USD, CAD, NZD, NOK, SEK, EUR and GBP.

The Group's exposure to foreign currency risk including both external balances and internal balances (eliminated on consolidation) at the reporting date was as follows (Australian dollar equivalents):

	2012						
	USD $m	**CAD $m**	**NZD $m**	**NOK $m**	**SEK $m**	**EUR $m**	**GBP $m**
Cash [1]	**2,511.4**	**46.6**	**1.7**	**63.0**	**1,076.8**	**1,124.4**	**308.8**
Trade and other receivables	**206.8**	**33.3**	**0.2**	**0.3**	**9.9**	**41.0**	**1.7**
Trade and other payables	**(247.4)**	**(29.3)**	**(1.7)**	**(1.5)**	**(12.2)**	**(46.4)**	**(2.4)**
Interest bearing liabilities [1]	**(2,166.0)**	**(35.6)**	**(54.9)**	**(5.7)**	**(453.5)**	**(939.7)**	**(64.6)**
Net derivatives	**351.6**	**(48.8)**	**(39.3)**	**(83.6)**	**-**	**(81.6)**	**-**
Net exposure	**656.4**	**(33.8)**	**(94.0)**	**(27.5)**	**621.0**	**97.7**	**243.5**

	2011						
	USD $m	CAD $m	NZD $m	NOK $m	SEK $m	EUR $m	GBP $m
Cash [1]	2,864.1	47.4	2.8	62.5	162.3	746.5	306.4
Trade and other receivables	240.1	31.4	1.3	0.3	0.8	36.6	0.8
Trade and other payables	(318.6)	(27.2)	(1.0)	(0.3)	(11.6)	(53.9)	(1.1)
Interest bearing liabilities [1]	(2,706.2)	4.7	(34.5)	(13.3)	(83.1)	(523.5)	(60.5)
Net derivatives	432.6	(49.3)	(39.6)	(70.4)	-	(90.8)	-
Net exposure	512.0	7.0	(71.0)	(21.2)	68.4	114.9	245.6

[1] Includes internal deposits and interest bearing liabilities used for Group cash management purposes.

34. Financial and capital management (continued)

A 10% sensitivity w ould move year end rates as follow s (against the Australian Dollar):

	2012			2011		
	10% lower	**As reported**	**10% higher**	10% low er	As reported	10% higher
U.S. Dollar	**0.9415**	**1.0461**	**1.1507**	0.8784	0.9760	1.0736
Canadian Dollar	**0.9220**	**1.0244**	**1.1268**	0.9134	1.0149	1.1164
New Zealand Dollar	**1.1300**	**1.2555**	**1.3811**	1.1513	1.2792	1.4071
Norw egian Kroner	**5.3629**	**5.9588**	**6.5547**	5.1145	5.6828	6.2511
Sw edish Kronor	**6.1355**	**6.8172**	**7.4989**	6.0026	6.6696	7.3366
Euro	**0.7281**	**0.8090**	**0.8899**	0.6493	0.7214	0.7935
Great Britain Pound	**0.5792**	**0.6436**	**0.7080**	0.5635	0.6261	0.6887

The effect on profit from operations, net profit after tax and shareholders' equity of a movement in individual exchange rates w ith all other variables held constant is as follow s:

	2012		2011	
	(10%) $m	**10% $m**	(10%) $m	10% $m
Effect on profit/(loss) from operations from a movement in:				
U.S. Dollar	**(0.8)**	**(2.0)**	(6.3)	4.5
Canadian Dollar	**0.8**	**(0.7)**	1.2	(0.9)
New Zealand Dollar	**(1.0)**	**0.8**	(0.7)	0.5
Norw egian Kroner	**(0.2)**	**0.2**	0.2	(0.2)
Sw edish Kronor	**(0.3)**	**0.3**	(1.2)	1.0
Euro	**(0.5)**	**0.4**	(2.5)	1.9
Great Britain Pound	**-**	**-**	-	-
Effect on net profit after tax from a movement in:				
U.S. Dollar	**(0.5)**	**(1.4)**	(4.4)	3.1
Canadian Dollar	**0.6**	**(0.5)**	0.8	(0.7)
New Zealand Dollar	**(0.7)**	**0.6**	(0.5)	0.4
Norw egian Kroner	**(0.1)**	**0.1**	0.1	(0.1)
Sw edish Kronor	**(0.2)**	**0.2**	(0.9)	0.7
Euro	**(0.4)**	**0.3**	(1.7)	1.4
Great Britain Pound	**-**	**-**	-	-
Increase/(decrease) on shareholders' equity from a movement in:				
U.S. Dollar	**52.9**	**(39.2)**	52.0	(38.7)
Canadian Dollar	**(2.6)**	**2.1**	0.5	(0.4)
New Zealand Dollar	**(7.3)**	**5.9**	(5.4)	4.4
Norw egian Kroner	**(2.2)**	**1.8**	(1.8)	1.5
Sw edish Kronor	**48.3**	**(39.5)**	5.3	(4.3)
Euro	**10.0**	**(8.0)**	7.9	(8.3)
Great Britain Pound	**18.9**	**(15.5)**	19.1	(15.6)

34. Financial and capital management (continued)

Foreign currency risk - translational

Foreign currency earnings translation risk arises primarily as a result of earnings in USD, NZD, NOK, SEK, Chilean Peso (CLP), Mexican Peso (MXN) and CAD being translated into AUD. Derivative contracts to hedge earnings exposures do not qualify for hedge accounting under Accounting Standards. However, Board approved policy allows hedging of this exposure in order to reduce the volatility of full year earnings resulting from changes in exchange rates. At 30 September 2012, the fair value of these derivatives was $nil (2011 $nil).

Foreign currency net investment translation risk is managed within policies determined by the Board of Directors. Hedging of exposures is undertaken centrally by the Group's Treasury department primarily through originating debt in the currency of the foreign operation or by raising debt in a different currency and effectively swapping the debt to the currency of the foreign operation (see below cross currency interest rate swaps under interest rate risk management). The remaining translation exposure is managed, where considered appropriate, through forward foreign exchange derivative instruments. Gains and losses resulting from these hedging activities are recorded in the foreign currency translation reserve within the equity section of the balance sheet and offset against the foreign exchange impact resulting from the translation of the net assets of foreign operations. Twenty six percent of the Group's investment in foreign operations was hedged in this manner as at 30 September 2012 (2011 23.0%).

As at reporting date, derivative instruments designated as hedging net investment exposures had a fair value of $81.0 million loss (2011 $95.4 million loss).

Credit risk management

Credit risk represents the loss that would be recognised if counterparties failed to meet their obligations under a contract or arrangement. The Group has exposure to credit risk on all financial assets included within the balance sheets. For discussion on how this risk in relation to receivables is managed refer to note 8. In regards to credit risk arising from derivatives and cash, this is the credit exposure to financial institutions that are counterparties to derivative contracts and cash deposits, with a positive fair value from Orica's perspective. As at 30 September 2012, the sum of all contracts with a positive fair value was $15.7 million (2011 $11.6 million).

To manage this risk, the Group restricts dealings to highly rated counterparties approved within its credit limit policy. The higher the credit rating of the counterparty, the higher the Group's allowable exposure is to that counterparty under the policy. The Group does not hold any credit derivatives to offset its credit exposures.

34. Financial and capital management (continued)

Liquidity risk management

Liquidity risk arises from the possibility that there will be insufficient funds available to make payment as and when required. The Group manages this risk via:

- maintaining an adequate level of undrawn committed facilities in various currencies that can be drawn upon at short notice;
- generally uses instruments that are readily tradeable in the financial markets;
- monitors duration of long term debt;
- spreads, to the extent practicable, the maturity dates of long-term debt facilities; and
- performs a comprehensive analysis of all inflows and outflows that relate to financial assets and liabilities.

Facilities available and the amounts drawn and undrawn are as follows:

	2012 $m	2011 $m
Unsecured bank overdraft facilities		
Unsecured bank overdraft facilities available	**105.3**	109.7
Amount of facilities undrawn	**97.4**	106.1
Committed standby and loan facilities		
Committed standby and loan facilities available	**3,724.1**	3,809.1
Amount of facilities unused	**1,505.5**	2,078.7

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 2012 to 25 October 2030 (2011 28 February 2012 to 25 October 2030). The contractual maturity of the Groups' fixed and floating rate financial instruments and derivatives are shown in the table below. The amounts shown represent the future undiscounted principal and interest cash flows:

Consolidated	**As at 30 September 2012**				As at 30 September 2011			
	Less than 1 year $m	**1 to 2 years $m**	**2 to 5 years $m**	**Over 5 years $m**	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m
Non-derivative financial assets								
Cash	**235.8**	**-**	**-**	**-**	346.9	-	-	-
Trade and other receivables [(1)]	**1,035.3**	**49.6**	**-**	**-**	941.6	1.2	-	-
Derivative financial assets	**871.2**	**50.7**	**137.7**	**396.9**	539.1	65.1	183.6	434.8
Financial assets	**2,142.3**	**100.3**	**137.7**	**396.9**	1,827.6	66.3	183.6	434.8
Non-derivative financial liabilities								
Trade and other payables [(1)]	**1,058.9**	**12.4**	**-**	**-**	1,141.0	25.6	-	-
Bank overdrafts	**7.9**	**-**	**-**	**-**	3.6	-	-	-
Bank loans	**37.4**	**540.7**	**250.2**	**-**	70.3	141.9	-	-
Export finance facility	**1.8**	**1.8**	**5.5**	**96.6**	1.7	1.7	5.1	110.4
Other short term borrowings	**6.2**	**-**	**-**	**-**	6.0	-	-	-
Private placement	**100.2**	**60.3**	**800.5**	**858.0**	76.3	116.9	575.5	1,260.7
Other long term borrowings	**-**	**1.7**	**1.0**	**-**	-	2.1	0.9	-
Lease liabilities	**1.3**	**1.5**	**3.3**	**2.1**	5.8	1.3	3.3	3.1
Derivative financial liabilities	**878.7**	**61.2**	**186.0**	**470.8**	546.3	73.5	240.0	518.6
Financial liabilities	**2,092.4**	**679.6**	**1,246.5**	**1,427.5**	1,851.0	363.0	824.8	1,892.8
Net inflow/(outflow)	**49.9**	**(579.3)**	**(1,108.8)**	**(1,030.6)**	(23.4)	(296.7)	(641.2)	(1,458.0)

(1) Excludes derivative financial instruments.

34. Financial and capital management (continued)

Cash flow hedges

Cash flow hedges are used to hedge exposures relating to borrowings and ongoing business activities, where there is a highly probable sale, purchase or settlement commitment in foreign currencies.

Foreign exchange transactions

The hedging of foreign exchange transactions is described under foreign currency risk above.

The fair value of forward exchange contracts and options used as hedges of foreign exchange transactions at 30 September 2012 was a net $1.6 million gain (2011 $1.7 million loss), comprising assets of $7.0 million (2011 $6.7 million) and liabilities of $5.4 million (2011 $8.4 million).

Gains and losses recognised in the cash flow hedge reserve on all foreign currency hedges of anticipated purchases and sales and the timing of their anticipated recognition as part of sales or purchases are:

	Net deferred (gains)/losses	
	2012	2011
Term	**$m**	$m
Not later than one year	**(0.6)**	(3.7)
Later than one year but not later than two years	**-**	-
Later than two year but no later than five years	**-**	-
Total	**(0.6)**	(3.7)

The terms of the forward exchange contracts have been negotiated to match the terms of the commitments.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the hedged asset or liability affects the Income Statement, the Group transfers the related amount deferred in equity into the Income Statement.

Interest rate swap contracts

Interest rate or cross currency interest rate swaps are classified as cash flow hedges if they are used to transfer floating rate debt into fixed rate debt and they are stated at fair value. All gains and losses attributable to the hedged risk are taken directly to equity and reclassified into the Income Statement when the interest expense is recognised. All swaps are matched directly against the appropriate loans and interest expense. There was a derivative liability of $21.8 million as at 30 September 2012 (2011 $18.1 million).

The notional amounts of interest rate swaps as summarised below represent the contract or face values of these derivatives. The notional amounts do not represent amounts exchanged by the parties. The amounts to be exchanged are net settled and will be calculated with reference to the notional amounts and the pay and receive interest rates determined under the terms of the derivative contracts. Each contract involves quarterly or semi-annual payment or receipt of the net amount of interest:

	2012 **$m**	**2011** **$m**
Floating to fixed swaps		
One to five years	**350.0**	511.5

Fair value hedges

Cross currency interest rate and interest rate swap contracts

During the period the Group held cross currency interest rate and interest rate swaps to mitigate the Group's exposure to changes in the fair value of foreign denominated debt from fluctuations in foreign currency and interest rates. The hedged items designated were a portion of the Group's foreign currency denominated borrowings. The changes in the fair values of the hedged items resulting from movements in exchange rates and interest rates are offset against the changes in the value of the cross currency interest rate and interest rate swaps. The objective of this hedging is to convert foreign currency borrowings to floating rate Australian dollar borrowings.

For the Group, re-measurement of the hedged items resulted in a gain before tax of $20.8 million (2011 $6.3 million loss) and the changes in the fair value of the hedging instruments resulted in a loss before tax of $20.0 million (2011 $5.5 million gain) resulting in a net gain before tax of $0.8 million (2011 $0.8 million loss) recorded in finance costs.

The fair value of these swaps at 30 September 2012 was $39.3 million (2011 $57.2 million), comprising assets of $84.0 million (2011 $92.2 million) and liabilities of $44.7 million (2011 $35.0 million).

Derivatives not designated in a hedging relationship

Certain derivative instruments do not qualify for hedge accounting, despite being commercially valid economic hedges of the relevant risks. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement (for example, changes in the fair value of vanilla bought European options used to hedge translation of foreign earnings).

34. Financial and capital management (continued)

Interest rate swaps

The change in fair value of swaps executed as economic hedges for which hedge accounting was not applied was nil million for the financial year ending 30 September 2012 (2011 $0.4 million gain).

Fair values of derivatives

The carrying value of derivatives disclosed in notes 12 and 16 equal their fair values. Valuation techniques include where applicable, reference to prices quoted in active markets, discounted cash flow analysis, fair value of recent arm's length transactions involving the same instruments or other instruments that are substantially the same, and option pricing models.

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

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

Fair value hierarchy

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

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

30 September 2012	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Derivative financial assets	**-**	**15.7**	**-**	**15.7**
Derivative financial liabilities	**-**	**(84.1)**	**-**	**(84.1)**
	-	**(68.4)**	**-**	**(68.4)**
30 September 2011				
Derivative financial assets	-	11.6	-	11.6
Derivative financial liabilities	-	(76.7)	-	(76.7)
	-	(65.1)	-	(65.1)

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

35. Events subsequent to balance date

On 12 November 2012, the directors declared a final dividend of 54.0 cents per ordinary share payable on 14 December 2012. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2012 and will be recognised in the 2013 financial statements.

Legal proceedings issued by the Queensland Department of Environment and Heritage Protection against Orica in relation to stormwater and effluent discharges at Orica's Chemical Complex at Yarwun, Queensland have been dealt with in the Gladstone Magistrates Court. Orica was fined $182,000 and also ordered to pay $250,000 to three environment projects in the Gladstone area. No convictions were recorded.

The directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2012, 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.

36. Employee share plans

Employees' options entitlement

Other than the LTEIP shares which are treated as options for accounting purposes, Long Term Incentive Rights Plan (LTIRP), Sign-on and Retention Rights Plans, there are no other options over Orica shares outstanding at 30 September 2011 or 30 September 2012.

(a) (i) Long Term Incentive Rights Plan (LTIRP)

LTIRP was adopted this year as the long term incentive component of remuneration for senior executives (excluding the Executive Committee) selected by the Board based on the role of the individual in guiding the future success of the Company. Invitations to participate in LTIRP are made on the following basis:

- Senior executives are granted a number of rights, which vest upon the satisfaction of the relevant performance hurdle. The number of rights granted to each employee is based on a specified percentage in the range of 15% to 60% of their fixed remuneration, depending on the individual's role and responsibility.
- Each right is an entitlement to be allocated one ordinary share in Orica (or such other number adjusted in accordance with the terms of the LTIRP rules).
- Rights are unlisted and do not carry any dividend or voting rights.
- Shares allocated upon vesting of rights may be either newly issued shares or existing shares acquired on market.
- As the LTIRP is offered to senior executives below the Executive Committee level, it was considered more appropriate to set a single hurdle representing a minimum level of acceptable performance before vesting should occur, rather than the aggressive conditions applicable to LTEIP. The relevant performance hurdle for the Financial Year 2012 grant is based on Orica achieving 2% EPS compound growth per annum over three years.
- Holders of rights that leave the consolidated entity prior to the end of the performance period will, in general, forfeit their rights. The Board has discretion to allow a number of rights to be tested and vest if the holder leaves due to death, disability or other Board approved reasons.
- These long term incentives are expensed over the three year vesting period.

The number of LTIRP issued, values and information is shown in the following table:

Grant date	Vesting date	Number of rights issued	Number of rights held at 30 Sep	Number of participants at 30 Sep	Value of rights at grant date [1] $
As at 30 September 2012					
19 Dec 11	19 Dec 14	664,845	**649,165**	**310**	14,586,699

[1] The assumptions underlying the rights valuations are:

Grant date	Price of Orica Shares at grant date $	Expected volatility in share price %	Dividends expected on shares %	Risk free interest rate %	Fair value per right [2] $
19 Dec 11	24.68	25	4	2.99	21.94

[2] The option valuations prepared by PWC use methodologies consistent with assumptions that apply under an adjusted form of the Black Scholes option pricing model and reflect the value (as at grant date) of options held at 30 September 2012. The assumptions underlying the option valuations are: (a) the exercise price of the option, (b) the life of the option, (c) the current price of the underlying securities, (d) the expected volatility of the share price, (e) the dividends expected on the shares, and (f) the risk-free interest rate for the life of the option.

(a) (ii) Sign-on Rights Allocations

For a select group of senior managers who join Orica post allocation of a LTIRP grant (and generally having forgone at-risk remuneration from their previous employer) rights may be allocated at the discretion of the Orica Board. Allocations are made on the following basis:

- Employees are granted a number of rights, which vest upon the satisfaction of a time based hurdle, generally aligned to their anniversary of joining Orica.
- The number of rights granted to each employee is based on either a specified percentage of their fixed remuneration, or a straight dollar value. The value is determined on an individual basis, but generally aligned to either their future LTIRP grant percentage or the foregone at-risk remuneration from their previous employer.
- Each right is an entitlement to be allocated one ordinary share in Orica.
- Rights are unlisted and do not carry any dividend or voting rights.
- Shares allocated upon vesting of rights may be either newly issued shares or existing shares acquired on market.

36. Employee share plans (continued)

- Holders of rights that leave the consolidated entity prior to the end of the performance period will, in general, forfeit their rights. The Board has discretion to allow a number of rights to be tested and vest if the holder leaves due to death, disability or other Board approved reason.

Sign-on Rights allocations, values and information is shown in the following table:

Grant date	Vesting date	Number of rights issued	Number of rights held at 30 Sep	Number of participants at 30 Sep	Value of rights at grant date [1] $
As at 30 September 2012					
19 Dec 11	30 Nov 12	7,942	**7,942**	**1**	188,861
01 Sep12	01 Sep 13	6,148	**6,148**	**1**	143,064
		14,090	**14,090**		331,925

[1] The assumptions underlying the rights valuations are:

Grant date	Price of Orica Shares at grant date $	Expected volatility in share price %	Dividends expected on shares %	Risk free interest rate %	Fair value per right[2] $
19 Dec 11	24.68	25	4	3.34	23.78
01 Sep 12	24.20	25	4	2.86	23.27

[2] The option valuations prepared by PWC use methodologies consistent with assumptions that apply under an adjusted form of the Black Scholes option pricing model and reflect the value (as at grant date) of options held at 30 September 2012. The assumptions underlying the option valuations are: (a) the exercise price of the option, (b) the life of the option, (c) the current price of the underlying securities, (d) the expected volatility of the share price, (e) the dividends expected on the shares, and (f) the risk-free interest rate for the life of the option.

(b) Employee Share Plan

The Employee Share Plan (ESP) operated between 1987 and 2002. The ESP is administered by Link Market Services Limited. Eligible employees, as determined by the Board, were invited to purchase shares in Orica funded by the provision of an interest free loan repayable over ten years. The balance of loans receivable from employees participating in the ESP at 30 September 2012 was nil (2011 $0.1 million).

Grant date	Date shares become unrestricted	**Number of participants 2012**	Number of participants 2011	Average issue price $	**Shares held at 30 September 2012**	Shares held at 30 September 2011
Pre 1 Oct 01	-	**-**	3	-	**-**	900
31 Dec 01	31 Dec 11	**-**	1	7.32	**-**	400
05 Jul 02	05 Jul 12	**-**	23	9.48	**-**	10,300
		-			**-**	11,600

36. Employee share plans (continued)

(c) (i) General Employee Exempt Share Plan - Australia

The General Employee Exempt Share Plan (GEESP) has operated since 1998. It is administered by Link Market Services Limited. Invitations are made to eligible employees as determined by the Board on the following basis:

- shares acquired are either newly issued shares or existing shares acquired on market;
- employees are each entitled to acquire shares with a market value of approximately $1,000 per year;
- employees salary sacrifice the value of the shares by equal twelve monthly deductions since the date of acquisition;
- employees who leave the consolidated entity must salary sacrifice any remaining amount prior to departure; and
- employees cannot dispose of the shares for a period of three years from date of acquisition or until they leave their employment with the consolidated entity, whichever occurs first.

Grant date	Date shares become unrestricted	**Number of participants at 30 September 2012**	Number of participants at 30 September 2011	**Shares held at 30 September 2012**	Shares held at 30 September 2011
8 Jan 10	8 Jan 13	**1,062**	1,131	**40,356**	42,978
10 Jan 11	10 Jan 14	**1,248**	1,323	**48,672**	51,597
9 Jan 12	9 Jan 15	**1,352**	-	**55,432**	-
				144,460	94,575

(c) (ii) General Employee Exempt Share Plan - New Zealand

A separate GEESP has operated for New Zealand employees since 1999. It is administered internally. Invitations are made to eligible employees as determined by the Board on the following basis:

- shares acquired are either newly issued shares or existing shares acquired on market;
- employees are each entitled to acquire shares with a market value of approximately NZ$780 per year;
- employees salary sacrifice the value of the shares by equal deductions between the date of acquisition and 30 September the following year;
- employees who leave the consolidated entity because of redundancy, retirement or sickness, have the option to salary sacrifice any remaining amounts prior to departure, if they wish to retain their shares;
- employees who leave the consolidated entity because of resignation, will be paid the market value of the shares in proportion to their contributions to date; and
- employees cannot dispose of the shares for a period of three years from date of acquisition or until they leave their employment with the consolidated entity and they are entitled to retain their shares, whichever occurs first.

Grant date	Date shares become unrestricted	**Number of participants at 30 September 2012**	Number of participants at 30 September 2011	**Shares held at 30 September 2012**	Shares held at 30 September 2011
1 Oct 07	30 Sept 10	**35**	35	**805**	805
1 Oct 08	30 Sept 11	**51**	59	**1,428**	1,652
1 Oct 09	30 Sept 12	**63**	64	**1,638**	1,664
1 Oct 10	30 Sept 13	**75**	77	**1,725**	1,771
1 Oct 11	30 Sept 14	**80**	-	**2,160**	-
				7,756	5,892

37. Related party disclosures

(a) Key Management Personnel compensation summary

As deemed under AASB 124 *Related Parties Disclosures*, Key Management Personnel (KMP) include each of the directors, both executive and non-executive, and those members of the Executive Committee who have authority and responsibility for planning, directing and controlling the activities of Orica. In this report, "Executive KMP" refers to the KMP other than the Non-Executive Directors. Non–Executive Directors have oversight of the strategic direction of the Group but no direct involvement in the day to day management of the business.

A summary of the Key Management Personnel compensation is set out in the following table:

	Consolidated	
	2012 $000	2011 $000
Short term employee benefits	**10,689.2**	14,596.1
Other long term benefits	**273.8**	195.4
Post employment benefits	**213.3**	232.4
Share-based payments	**6,947.3**	4,695.6
Termination benefits	**3,806.6**	743.0
	21,930.2	20,462.5

Information regarding individual directors and executives compensation and some equity instruments disclosure as permitted by Corporation Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

(b) Key Management Personnel's transactions in shares and options

The relevant interests of Key Management Personnel in the share capital of the consolidated entity are:

As at 30 September 2012	**Balance 1 October 2011**	**Acquired (1)**	**Net change other (2)**	**Fully paid ordinary shares held at 30 September 2012 (3)**
Non-Executive Directors				
P J Duncan	**15,936**	**-**	**-**	**15,936**
R R Caplan	**8,825**	**2,466**	**-**	**11,291**
I Cockerill	**6,000**	**94**	**-**	**6,094**
G A Hounsell	**11,918**	**441**	**-**	**12,359**
Lim C O	**1,000**	**10,000**	**-**	**11,000**
N L Scheinkestel	**18,032**	**3,094**	**-**	**21,126**
M Tilley	**6,329**	**-**	**-**	**6,329**
Former				
M E Beckett *	**78,235**	**1,700**	**-**	**79,935**
	146,275	**17,795**	**-**	**164,070**

As at 30 September 2011	Balance 1 October 2010	Acquired (1)	Net change other (2)	Fully paid ordinary shares held at 30 September 2011 (3)
Non-Executive Directors				
P J Duncan	15,936	-	-	15,936
M E Beckett	75,536	2,699	-	78,235
R R Caplan	2,752	6,073	-	8,825
I Cockerill	-	6,000	-	6,000
G A Hounsell	16,138	4,870	(9,090)	11,918
Lim C O	-	1,000	-	1,000
N L Scheinkestel	16,827	1,205	-	18,032
M Tilley *	6,329	-	-	6,329
	133,518	21,847	(9,090)	146,275

* Closing balance is at cessation of directorship.

37. Related party disclosures (continued)

As at 30 September 2012	**Fully paid ordinary shares held at 1 October 2011**	**Acquired (1)**	**Net change other (2)**	**Fully paid ordinary shares held at 30 September 2012 (3)**	**Options for fully paid ordinary shares held at 30 September 2012 (4) (5)**
Executive KMP					
I K Smith	**-**	**-**	**-**	**-**	**305,302**
N A Meehan	**54,949**	**85,406**	**(70,000)**	**70,355**	**206,955**
J Beevers	**4,750**	**84,516**	**(84,516)**	**4,750**	**196,318**
C B Elkington	**-**	**47,418**	**(47,418)**	**-**	**126,551**
A J P Larke	**-**	**67,613**	**(67,613)**	**-**	**160,807**
P McEwan	**-**	**40,580**	**(40,580)**	**-**	**116,309**
G J Witcombe	**143,535**	**67,613**	**(27,613)**	**183,535**	**141,970**
Former					
G R Liebelt *	**639,548**	**409,872**	**(250,000)**	**799,420**	**872,009**
	842,782	**803,018**	**(587,740)**	**1,058,060**	**2,126,221**

As at 30 September 2011	Fully paid ordinary shares held at 1 October 2010	Acquired (1)	Net change other (2)	Fully paid ordinary shares held at 30 September 2011 (3)	Options for fully paid ordinary shares held at 30 September 2011 (4)
Executive KMP					
G R Liebelt **	639,548	-	-	639,548	983,898
N A Meehan	54,949	-	-	54,949	204,203
J Beevers	4,750	-	-	4,750	191,920
C B Elkington	-	-	-	-	115,085
A J P Larke **	-	-	-	-	161,370
P McEwan	-	-	-	-	108,132
G J Witcombe	143,535	-	-	143,535	161,370
Former					
M Reich *	-	-	-	-	134,906
	842,782	-	-	842,782	2,060,884

* Closing balance is at cessation of employment with Orica.

** In addition, as at 30 September 2011 the following Executive KMP held Orica Step-Up Preference Securities: A J P Larke 3,000, G R Liebelt 427.

(1) Includes purchase and exercise of options by Executive KMP and shares acquired, including through the Dividend Reinvestment Plan (DRP), by Non-Executive directors and Executive KMP.

(2) Net change other includes changes resulting from sales during the year by Non-Executive directors and Executive KMP.

(3) Includes trust shares for Executive KMP under the LTEIP scheme.

(4) These interests include shares acquired under a loan agreement. A general description of these agreements (LTEIP) is provided in the Remuneration Report. Under AASB 2 Share-based Payments, LTEIP plans are deemed to be option plans for compensation purposes and the amounts receivable from employees in relation to these loans and share capital issued under these schemes are not recognised. The LTEIP vests after three years.

(5) Including rights held under Rights schemes.

(c) Controlled entities

Interests in subsidiaries are set out in note 39.

(d) Transactions with controlled entities

Transactions between Orica and entities in the Group during the year included:

- Interest revenue received and paid by Orica for money deposited with or borrowed from Orica Finance Limited;
- Dividend revenue received by Orica;

All the above transactions with controlled entities are made on normal commercial terms and conditions and in the ordinary course of business.

	2012 $000	2011 $000
Interest revenue/(expense) received and paid by Orica for money deposited with or borrowed from Orica Finance Limited	**1,952**	8,990
Dividend revenue received by Orica	**200,000**	450,000

37. Related party disclosures (continued)

(e) Transactions with other related parties

All transactions with other related parties are made on normal commercial terms and conditions and in the ordinary course of business.

Transactions during the year with Non-Executive directors were:

Orica purchased wine for the amount of $6,600 from Toolangi Vineyards Pty. Ltd. Toolangi Vineyards Pty. Ltd. is a related entity to G A Hounsell.

Transactions during the year with associates were:

	2012 $000	2011 $000
Sales of goods to associates	**228,568**	277,782
Purchases of goods from associates	**65,077**	42,866
Dividend income received from associates	**31,241**	29,940

Additional related party disclosures

Additional relevant related party disclosures are shown throughout the notes to the financial statements as follows:

Dividend income	note 3
Financial income and expenses	note 4
Trade and other receivables	note 8
Investments	note 11, 39
Trade and other payables	note 16
Interest bearing liabilities	note 17
Options	note 21, 36

38. Superannuation commitments

(a) Superannuation plans

The consolidated entity contributes to a number of superannuation plans that exist to provide benefit for employees and their dependants on retirement, disability or death. The superannuation plans cover company sponsored plans, other qualifying plans and multi-employer industry/union plans.

Company sponsored plans

- The principal benefits are pensions or lump sum payments for members on resignation, retirement, disability or death. The benefits are provided on either a defined benefit basis or a defined contribution basis.
- Employee contribution rates are either fixed by the rules of the plans or selected by members from time to time from a specified range of rates. The employer entities contribute the balance of the cost required to fund the defined benefits or, in the case of defined contribution plans, the amounts required by the rules of the plan.
- The contributions made by the employer entities to defined contribution plans are in accordance with the requirements of the governing rules of such plans or are required under law.

Government plans

- Some controlled entities participate in government plans on behalf of certain employees, which provide pension benefits. There exists a legally enforceable obligation on employer entities to contribute as required by legislation.

38. Superannuation commitments (continued)

Industry plans

- Some controlled entities participate in industry plans on behalf of certain employees.
- These plans operate on an accumulation basis and provide lump sum benefits for members on resignation, retirement, disability or death.
- The employer entities have a legally enforceable obligation to contribute a regular amount for each employee member of these plans.
- The employer entities have no other legal liability to contribute to the plans.

(b) Defined contribution pension plans

The consolidated entity contributes to several defined contribution pension plans on behalf of its employees. The amount recognised as an expense for the financial year ended 30 September 2012 was $45.4 million (2011 $40.8 million).

(c) Defined benefit pension plans

The consolidated entity participates in several local and overseas defined benefit post-employment plans that provide benefits to employees upon retirement. Plan funding is carried out in accordance with the requirements of trust deeds and the advice of actuaries. The information within these financial statements has been prepared by the local plan external actuaries. Orica were assisted by Towers Watson Australia to globally consolidate those results. During the year, the consolidated entity made employer contributions of $32.5 million (2011 $35.6 million) to defined benefit plans. The Group's external actuaries have forecast total employer contributions and benefit payments to defined benefit plans of $30.1 million for 2013.

(c) (i) Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	2012 $m	2011 $m
Present value of the funded defined benefit obligations	**630.1**	562.3
Present value of unfunded defined benefit obligations	**84.2**	79.9
Fair value of defined benefit plan assets	**(474.1)**	(437.3)
Deficit	**240.2**	204.9
Restriction on assets recognised	**0.3**	1.1
Net liability in the balance sheet	**240.5**	206.0
Amounts in balance sheet:		
Liabilities	**240.9**	206.6
Assets	**(0.4)**	(0.6)
Net liability recognised in balance sheet at end of year	**240.5**	206.0

(c) (ii) Categories of plan assets

The major categories of plan assets are as follows:

	2012 $m	2011 $m
Cash and net current assets	**43.4**	48.5
Equity instruments	**215.2**	206.7
Fixed interest securities	**141.4**	117.8
Property	**41.4**	36.4
Other assets	**32.7**	27.9
	474.1	437.3

38. Superannuation commitments (continued)

c) (iii) Reconciliations

	2012 $m	2011 $m
Reconciliation of present value of the defined benefit obligations:		
Balance at the beginning of the year	**642.2**	631.8
Current service cost	**14.3**	14.4
Interest cost	**27.9**	30.2
Actuarial losses/(gains)	**72.7**	20.4
Contributions by plan participants	**3.3**	3.5
Benefits paid	**(35.5)**	(35.9)
Acquisitions	**-**	3.1
Settlements/curtailments	**(0.1)**	(19.6)
Exchange differences on foreign funds	**(10.5)**	(5.7)
Balance at the end of the year	**714.3**	642.2
Reconciliation of the fair value of the plan assets:		
Balance at the beginning of the year	**437.3**	439.0
Expected return on plan assets	**29.4**	29.8
Actuarial gains/(losses)	**13.9**	(20.8)
Contributions by plan participants	**3.3**	3.5
Contributions by employer	**32.5**	35.6
Benefits paid	**(35.5)**	(35.9)
Acquisitions	**-**	2.0
Settlements/curtailments	**(0.8)**	(12.9)
Exchange differences on foreign funds	**(6.0)**	(3.0)
Balance at the end of the year	**474.1**	437.3

The fair value of plan assets does not include any amounts relating to the consolidated entity's own financial instruments, property occupied by, or other assets used by, the consolidated entity.

(c) (iv) Amounts recognised in the income statement

The amounts recognised in the income statement are as follows:

	2012 $m	2011 $m
Current service cost	**14.3**	14.4
Interest cost	**27.9**	30.2
Expected return on plan assets	**(29.4)**	(29.8)
Curtailment or settlement losses/(gains)	**0.7**	(6.7)
Total included in employee benefits expense	**13.5**	8.1

(c) (v) Principal actuarial assumptions

The principal actuarial assumptions used were as follows:

	2012	2011
Discount rate	**2.25% - 9.20%**	3.20% - 10.88%
Expected return on plan assets	**4.00% - 9.62%**	4.00% - 12.32%
Future salary increases	**2.25% - 7.00%**	2.25% - 7.00%
Future inflation	**1.75% - 4.50%**	1.75% - 4.50%
Future pension increases	**0.10% - 4.50%**	1.30% - 4.50%
Healthcare cost trend rates (ultimate)	**4.40% - 4.50%**	4.40% - 5.00%

38. Superannuation commitments (continued)

A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	One percentage point increase $m	One percentage point decrease $m
Effect on the aggregate of the service cost and interest cost	**0.3**	**(0.2)**
Effect on the defined benefit obligation	**3.4**	**(2.7)**

(c) (vi) Historic summary

Amounts for the current and previous periods are as follows:

	2012 $m	2011 $m	2010 $m	2009 $m	2008 $m
Defined benefit plan obligation	**714.3**	642.2	631.8	715.7	788.2
Plan assets	**(474.1)**	(437.3)	(439.0)	(545.8)	(613.4)
Restriction on assets recognised	**0.3**	1.1	4.9	2.9	3.7
Deficit	**240.5**	206.0	197.7	172.8	178.5
Experience adjustments arising on plan liabilities - loss/(gain)	**5.5**	(4.7)	8.8	(7.5)	(16.6)
Experience adjustments arising on plan assets - gain/(loss)	**14.2**	(20.8)	(8.4)	(61.4)	(67.4)
Actual return on plan assets	**43.6**	9.0	26.8	(19.2)	(22.4)

(c) (vii) Amounts included in the statement of comprehensive income

	2012 $m	2011 $m
Net actuarial losses	**(58.8)**	(41.2)
Change in the effect of asset ceiling	**0.8**	3.8
Total losses recognised via the Statement of Comprehensive Income	**(58.0)**	(37.4)
Tax credit on total losses recognised via the Statement of Comprehensive Income	**16.5**	11.8
Total losses after tax recognised via the Statement of Comprehensive Income	**(41.5)**	(25.6)

The consolidated entity has elected under AASB 119 *Employee Benefits*, to recognise all actuarial gains/losses in the Statement of Comprehensive Income. The cumulative amount of net actuarial losses/gains (before tax) included in the Statement of Comprehensive Income as at 30 September 2012 is $199.2 million - loss (2011 $140.4 million - loss).

(c) (viii) Expected rate of return on assets assumption

The overall expected rate of return on assets assumption is determined by weighting the expected long-term rate of return for each asset class by the target allocation of plan assets to each class. The rates of return used for each class are net of investment tax and investment fees.

38. Superannuation commitments (continued)

(c) (ix) Surplus/(deficit) for major defined benefit plans

30 September 2012 **Plan**	**Accrued Benefits**	**Fund Assets**	**Accrued (deficit)/ surplus**	**Current contribution recommendation**	**Discount rate**	**Expected return on plan assets**	**Future salary increases**
	$m	**$m**	**$m**		%	%	%
The Flexible Benefits Super Fund (2a)	347.5	257.4	(90.1)	13.0% of salaries	2.90	7.00	3.75
Pension Plan for Employees of Orica Canada Inc (2b)	115.3	93.0	(22.3)	Set in accordance with local annual funding requirements	4.75	5.80	3.25
Post Retirement Benefits (Canada) (2c)	18.8	-	(18.8)	Based on benefit payments	4.75	n/a	n/a
Orica Pension Scheme (UK) (2b)	37.7	31.0	(6.7)	25.0% of pensionable earnings	4.10	5.50	2.70
Dyno Nobel Sweden AB (2d)	32.7	-	(32.7)	Based on benefit payments	3.50	n/a	3.50
Nitro Consult AB (Sweden) (2d)	11.3	-	(11.3)	Based on benefit payments	3.50	n/a	3.50
Dyno DNE (Norway) (2e)	19.5	17.9	(1.6)	Insurance premiums	2.25	4.10	3.50
Dyno Defence (Norway) (2e)	3.4	3.4	-	Insurance premiums	2.25	4.10	3.50
Dynea HK (Norway) (2e)	7.0	3.6	(3.4)	Insurance premiums	2.25	4.10	3.50
Orica New Zealand Ltd Retirement Plan (2b)	29.4	18.4	(11.0)	15.8% of salaries	2.60	5.40	3.50
Orica USA Inc. Retirement Income Plan (2b)	29.0	18.8	(10.2)	Set in accordance with local annual funding requirements	3.75	7.25	n/a
Minova USA Retirement Plans (2b)	21.6	14.2	(7.4)	Set in accordance with local annual funding requirements	3.75	7.25	n/a
Orica's Benefit Plan (Brazil) (2b)	6.4	5.5	(0.9)	Set in accordance with local annual funding requirements	9.20	9.62	6.59
Other (1)	34.7	10.9	(23.8)	Various	Various	Various	Various
	714.3	474.1	(240.2)				
Restriction on assets recognised			(0.3)				
			(240.5)				

30 September 2011 **Plan**	Accrued Benefits	Fund Assets	Accrued (deficit)/ surplus	Current contribution recommendation	Discount rate	Expected return on plan assets	Future salary increases
	$m	$m	$m		%	%	%
The Flexible Benefits Super Fund (2a)	302.8	239.2	(63.6)	13.0% of salaries	4.00	7.25	3.75
Pension Plan for Employees of Orica Canada Inc (2b)	97.6	75.9	(21.7)	Set in accordance with local annual funding requirements	5.50	6.70	3.75
Post Retirement Benefits (Canada) (2c)	17.1	-	(17.1)	Based on benefit payments	5.50	n/a	n/a
Orica Pension Scheme (UK) (2b)	37.6	30.0	(7.6)	25.0% of pensionable earnings	5.05	7.05	3.55
Dyno Nobel Sweden AB (2d)	33.9	-	(33.9)	Based on benefit payments	3.90	n/a	3.50
Nitro Consult AB (Sweden) (2d)	10.9	-	(10.9)	Based on benefit payments	3.90	n/a	3.50
Dyno DNE (Norway) (2e)	21.4	19.3	(2.1)	Insurance premiums	3.30	5.60	3.75
Dyno Defence (Norway) (2e)	3.9	3.6	(0.3)	Insurance premiums	3.30	5.60	3.75
Dynea HK (Norway) (2e)	8.6	4.3	(4.3)	Insurance premiums	3.30	5.60	3.75
Orica New Zealand Ltd Retirement Plan (2b)	27.3	17.8	(9.5)	15.8% of salaries	3.20	5.90	3.50
Orica USA Inc. Retirement Income Plan (2b)	25.1	16.5	(8.6)	Set in accordance with local annual funding requirements	5.25	8.00	n/a
Minova USA Retirement Plans (2b)	18.4	12.9	(5.5)	Set in accordance with local annual funding requirements	5.25	7.50	n/a
Orica's Benefit Plan (Brazil) (2b)	6.1	7.1	1.0	Set in accordance with local annual funding requirements	10.88	12.32	6.59
Other (1)	31.5	10.7	(20.8)	Various	Various	Various	Various
	642.2	437.3	(204.9)				
Restriction on assets recognised			(1.1)				
			(206.0)				

38. Superannuation commitments (continued)

[1] Other international plans comprise the following:

Dyno Nobel HK (Norway)
Dyno Nobel Retirement Plan (Philippines)
Dyno Nobel Retirement Plans (Mexico)
Eurodyn (Europe)
Excess Plan (Canada)
High Income Earners Arrangement (Canada)
Indian Explosives Limited Employees Management Staff Superannuation
Indian Explosives Limited Employees Superannuation Fund
Indian Explosives Limited Gratuity Fund
Indian Explosives Limited Management Staff Leave Encashment Scheme
Indian Explosives Limited Management Staff Pension (DB) Fund
Indian Explosives Limited Non-Management Staff Leave Encashment Scheme
International Pension Plan (Canada & Australia)
Jubilee (Europe)
Minova Carbotech Pension Plans (Germany)
Minova Holding Pension Plans (Germany)
Old Age Part-time Program (Incentives for Early Retirement) (Europe)
Orica Belgium
Orica Europe GmbH & Co. KG
Orica Germany
Orica USA Inc. Retiree Medical Plan
Philippine Explosives Corporation Factory Workers Retirement Plan
Philippine Explosives Corporation Monthly-Paid Employees Retirement Plan
Self-insured Long-Term Disability (LTD) plan (Canada)

[2] The major defined benefit plans of the consolidated entity are categorised as follows:
(a) Funded lump sum retirement benefits based on final average pensionable earnings;
(b) Funded pension retirement benefits based on final average pensionable earnings;
(c) Post retirement life, dental and medical coverage;
(d) Unfunded pension retirement benefits based on final average pensionable earnings; and
(e) Arrangements for each Norway entity are a combination of funded and unfunded pension benefits based on final average pensionable earnings.

39. Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities held during 2011 and 2012:

Name of Entity	Place of incorporation if other than Australia
Company	
Orica Limited	
Controlled Entities	
ACF and Shirleys Pty Ltd (e)	
Active Chemicals Chile S.A.	Chile
Alaska Pacific Powder Company	USA
Altona Properties Pty Ltd (e)	
Aminova International Limited	Hong Kong
Ammonium Nitrate Development and Production Limited	Thailand
Anbao Insurance Pte Ltd	Singapore
Andean Mining & Chemicals Limited	Jersey
Arboleda S.A	Panama
ASA Organizacion Industrial S.A. de C.V.	Mexico
Australian Fertilizers Pty Ltd (e)	
Bamble Mekaniske Industri AS	Norway
Barbara Limited	UK
Beijing Ruichy Minova Synthetic Material Company Limited	China
Brasex Participacoes Ltda	Brazil
Bronson and Jacobs (H.K.) Limited	Hong Kong
Bronson and Jacobs (Shanghai) International Trading Co. Ltd	China
Bronson & Jacobs (GZFTZ) Ltd (c)	China
Bronson & Jacobs International Co. Ltd	Thailand
Bronson & Jacobs (Malaysia) Sdn Bhd	Malaysia
Bronson & Jacobs Pty Ltd	
Bronson & Jacobs (S.E. Asia) Pte Limited	Singapore
Bronson & Jacobs (Shanghai) Chemical Trading Co., Ltd	China
BST Manufacturing, Inc.	USA
Carbo Tech Polonia Sp. z o.o. (f)	Poland
Chemnet Pty Limited (e)	
CJSC (ZAO) Carbo-Zakk	Russia
Controladora DNS de RL de CV (h)	Mexico
Curasalus Insurance Pty Ltd	
Cyantific Instruments Pty Ltd (e)	
Dansel Business Corporation	Panama
Dyno Nobel Latin America S.A. (d)	Peru
Dyno Nobel Nitrogen AB (c)	Sweden
Dyno Nobel Slovakia a.s. (d)	Slovakia
Dyno Nobel VH Company LLC	USA
D.C. Guelich Explosive Company	USA
Eastern Nitrogen Pty Ltd (e)	
Emirates Explosives LLC	United Arab Emirates
Emrick & Hill., Inc	USA
Engineering Polymers Pty Ltd (e)	
Eurodyn Sprengmittel GmbH	Germany
Explosivos de Mexico S.A. de C.V.	Mexico
Explosivos Mexicanos S.A. de C.V.	Mexico
Fortune Properties (Alrode) (Pty) Limited (i)	South Africa
FS Resin (Pty) Limited (i)	South Africa
Forbusi Importadora e Exportadora Ltda	Brazil
GeoNitro Limited	Georgia
Hallowell Manufacturing LLC	USA
Hebben & Fischbach Chemietechnik GmbH	Germany
Hunan Orica Nanling Civil Explosives Co., Ltd	China
Indian Explosives Limited	India
Industry Project Consultants Pty Ltd	
Initiating Explosives Systems Pty Ltd (a)	
International Project Advisors Pty Ltd	
Jiangsu Orica Banqiao Mining Machinery Company Limited	China
Joplin Manufacturing Inc.	USA
LLC Orica Logistics	Russia
Marplex Australia (Holdings) Pty Ltd	
Marplex Australia Pty Ltd	
Mining Quarry Services SPRL	Belgium
Minova AG	Switzerland
Minova Arnall Sp. z o.o.	Poland
Minova Asia Pacific Ltd	Taiwan
Minova Australia Pty Ltd	
Minova Bohemia s.r.o.	Czech Republic
Minova (Botswana) (Proprietary) Limited (j)	Botswana
Minova BWZ GmbH	Germany
Minova CarboTech GmbH	Germany
Minova Carbotech Tunnelling Engineering (Shanghai) Company Limited	China
Minova Codiv S.L.	Spain
Minova Ekochem S.A.	Poland
Minova Holding GmbH	Germany
Minova Holding Inc	USA
Minova International Limited	UK
Minova Ksante Sp. z o.o.	Poland
Minova MAI GmbH (formerly Minova GmbH)	Austria
Minova Mexico S.A. de C.V.	Mexico
Minova MineTek Private Limited	India
Minova Mining Services SA	Chile
Minova Nordic AB	Sweden
Minova Romania S.R.L.	Romania
Minova Ukraina OOO	Ukraine
Minova (Tianjin) Co., Ltd.	China
Minova USA Inc	USA
Minova Weldgrip Limited	UK
Mintun 1 Limited	UK
Mintun 2 Limited	UK
Mintun 3 Limited	UK
Mintun 4 Limited	UK
MMTT Limited	UK
Nitedals Krudtvaerk AS	Norway
Nitro Asia Company Inc.	Philippines
Nitro Consult AB	Sweden
Nitro Consult AS	Norway
Nitroamonia de Mexico S.A de C.V.	Mexico
Nobel Industrier AS	Norway
Nordenfjeldske Spraengstof AS	Norway
Northwest Energetic Services LLC	USA
Nutnim 1 Limited	UK
Nutnim 2 Limited	UK
OOO Minova	Russia
OOO Minova TPS	Russia
Orica-CCM Energy Systems Sdn Bhd	Malaysia
Orica-GM Holdings Limited	UK
Orica Argentina S.A.I.C.	Argentina
Orica Australia Pty Ltd (a)	
Orica Australia Securities Pty Ltd (e)	
Orica Belgium S.A.	Belgium
Orica Blast & Quarry Surveys Limited	UK

39. Investments in controlled entities (continued)

Name of Entity	Place of incorporation if other than Australia	Name of Entity	Place of incorporation if other than Australia
Orica Bolivia S.A.	Bolivia	Orica Med Bulgaria AD	Bulgaria
Orica Brasil Ltda	Brazil	Orica Mining Services (Namibia)	Namibia
Orica Brasil Produtos Quimicos Ltda	Brazil	(Proprietary) Limited (b)	
Orica Caledonie SAS	New Caledonia	Orica Mining Services (Hong Kong) Ltd	Hong Kong
Orica Canada Inc	Canada	Orica Mining Services Peru S.A.	Peru
Orica Canada Investments ULC	Canada	Orica Mining Services Pilbara Pty Ltd (b)	
Orica Caribe, S.A.	Panama	Orica Mining Services Portugal S.A.	Portugal
Orica Centroamerica S.A.	Costa Rica	(formerly Sociedade de Explosivos S.A.)	
Orica Chemicals Argentina S.A.	Argentina	Orica Mining Services (Thailand) Limited	Thailand
Orica Chemicals Chile S.A.	Chile	Orica Mongolia LLC	Mongolia
Orica Chemicals Colombia S.A.S.	Colombia	Orica Mountain West Inc.	USA
Orica Chemicals Peru S.A.	Peru	Orica Mozambique Limitada	Mozambique
(formerly Orica Peru S.A.)		Orica Nelson Quarry Services Inc.	USA
Orica Chemicals Peru S.A.C. (f)	Peru	Orica Netherlands Finance B.V.	Holland
Orica Chemicals Trading Agency (Beijing)	China	Orica New Zealand Finance Limited	NZ
Co., Ltd.		Orica New Zealand Ltd	NZ
Orica Chile Distribution S.A.	Chile	Orica New Zealand Securities Limited	NZ
Orica Chile S.A.	Chile	Orica New Zealand Superfunds Securities Ltd	NZ
Orica CIS CJSC	Russia	Orica Nitrates Philippines Inc	Philippines
Orica Clarendon NZ Limited	New Zealand	Orica Nitratos Peru S.A.	Peru
Orica Clarendon Pty Ltd (e)		Orica Nitro Patlayici Maddeler Sanayi ve	Turkey
Orica Colombia S.A.S.	Colombia	Ticaret Anonim Sirketi	
Orica Czech Republic s.r.o.	Czech Republic	Orica Nitrogen LLC	USA
Orica Denmark A/S	Denmark	Orica Nominees Pty Ltd (e)	
Orica Dominicana S.A.	Dominican	Orica Norway AS	Norway
	Republic	Orica Norway Holdings AS	Norway
Orica Eesti OU	Estonia	Orica Philippines Inc	Philippines
Orica Europe FT Pty Ltd (e)		Orica Panama S.A.	Panama
Orica Europe Investments Pty Ltd (e)		(formerly Minería, Explosivos y Servicios, S.A.)	
Orica Europe Management GmbH	Germany	Orica Poland Sp. z.o.o.	Poland
Orica Europe Pty Ltd & Co KG	Germany	Orica Portugal, S.G.P.S., S.A.	Portugal
Orica Explosives Holdings Pty Ltd		Orica Securities (UK) Limited	UK
Orica Explosives Holdings No 2 Pty Ltd		Orica Servicos de Mineracao Ltda	Brazil
Orica Explosives Holdings No 3 Pty Ltd (e)		Orica Share Plan Pty Limited (e)	
Orica Explosives Research Pty Ltd (e)		Orica Senegal SARL	Senegal
Orica Explosives Technology Pty Ltd		Orica Singapore Pte Ltd	Singapore
Orica Explosives (Thailand) Co Ltd	Thailand	Orica Slovakia s.r.o.	Slovakia
Orica Explosivos Industriales, S.A.	Spain	Orica Solomon Islands Pty Limited	Solomon Islands
Orica Export Inc.	USA	Orica South Africa (Proprietary) Limited	South Africa
Orica Fiji Ltd	Fiji	Orica St. Petersburg LLC	Russia
Orica Finance Limited		Orica Sweden AB	Sweden
Orica Finance Trust		Orica Sweden Holdings AB	Sweden
Orica Finland OY	Finland	Orica Tanzania Limited	Tanzania
Orica GEESP Pty Ltd (e)		Orica UK Limited	UK
Orica Germany GmbH	Germany	Orica US Holdings General Partnership	USA
Orica Ghana Limited	Ghana	Orica USA Inc.	USA
Orica Grace US Holdings Inc.	USA	Orica U.S. Services Inc.	USA
Orica Holdings Pty Ltd (e)		Orica Venezuela C.A.	Venezuela
Orica Ibéria, S.A.	Portugal	Orica Watercare Inc.	USA
Orica IC Assets Holdings Limited Partnership		Orica (Weihai) Explosives Co Ltd	China
Orica IC Assets Pty Ltd		Orica Zambia Limited	Zambia
Orica IC Investments Pty Ltd (e)		OriCare Canada Inc. (b)	Canada
Orica International IP Holdings Inc.	USA	Oricorp Comercial S.A. de C.V.	Mexico
Orica International Pte Ltd	Singapore	Oricorp Mexico S.A. de C.V.	Mexico
Orica Investments (Indonesia) Pty Limited (e)		Penlon Proprietary Limited (e)	
Orica Investments (NZ) Limited	NZ	Project Grace Holdings	UK
Orica Investments (Thailand) Pty Limited (e)		Project Grace Incorporated	USA
Orica Investments Pty Ltd (a)		Project Grace	UK
Orica Japan Co. Ltd	Japan	PT Baktijala Kencana Citra	Indonesia
Orica Kazakhstan Joint Stock Company	Kazakhstan	PT Kalimantan Mining Services	Indonesia
Orica Logistics Canada Inc.	Canada	PT Kaltim Nitrate Indonesia	Indonesia
Orica Mauritania SARL (b)	Mauritania	PT Orica Mining Services	Indonesia

39. Investments in controlled entities (continued)

Name of Entity	Place of incorporation if other than Australia	Name of Entity	Place of incorporation if other than Australia
Retec Pty Ltd (e)		Taian Ruichy Minova Ground Control Technology Co., Ltd	China
Rui Jade International Limited	Hong Kong	Tec Harseim Do Brazil Ltda	Brazil
Sarkem Pty Ltd (e)		Teradoran Pty Ltd (g)	
Southern Blasting Services, Inc.	USA	TOO "Minova Kasachstan"	Kazakhstan
Sprengmittelvertrieb in Bayern GmbH	Germany	Transmate S.A.	Belgium
Sprengstoff-Verw ertungs GmbH	Germany	White Lightning Holding Co Inc	Philippines
Stratabolt Products (Pty) Limited (i)	South Africa		
Stratabolt (Pty) Limited	South Africa		

(a) These controlled entities have each entered into a Deed of Cross Guarantee w ith Orica in respect of relief granted from specific accounting and financial reporting requirements in accordance w ith the ASIC Class Order 98/1418.
(b) Incorporated in 2012.
(c) In liquidation.
(d) Liquidated in 2012.
(e) Small proprietary company - no separate statutory accounts are prepared.
(f) Merged in 2012.
(g) Divested in 2012.
(h) Consolidated as subsidiary in 2012.
(i) Re-registered in 2012.
(j) De-registered in 2012.

40. Deed of cross guarantee

Entities which are party to a Deed of Cross Guarantee, entered into in accordance with ASIC Class Order 98/1418 dated 13 August 1998 (as amended), are disclosed in note 39. A consolidated income statement and consolidated balance sheet for this closed group is shown below.

Summarised balance sheet

	Closed Group 2012 $m	Closed Group 2011 $m
Current assets		
Cash and cash equivalents	**1,592.2**	2,367.2
Trade and other receivables	**281.8**	374.3
Inventories	**169.8**	149.4
Other assets	**12.0**	19.0
Total current assets	**2,055.8**	2,909.9
Non-current assets		
Trade and other receivables	**21.9**	-
Investments accounted for using the equity method	**42.3**	1.5
Other financial assets	**3,228.4**	3,222.6
Property, plant and equipment	**1,089.5**	1,000.9
Intangible assets	**81.7**	76.4
Deferred tax assets	**151.1**	135.1
Other assets	**14.2**	0.1
Total non-current assets	**4,629.1**	4,436.6
Total assets	**6,684.9**	7,346.5
Current liabilities		
Trade and other payables	**439.2**	534.2
Interest bearing liabilities	**654.1**	450.1
Current tax liabilities	**44.7**	16.1
Provisions	**33.7**	137.1
Total current liabilities	**1,171.7**	1,137.5
Non-current liabilities		
Trade and other payables	**5.1**	67.4
Interest bearing liabilities	**2,494.9**	2,589.0
Deferred tax liabilities	**112.8**	89.7
Provisions	**255.7**	156.2
Total non-current liabilities	**2,868.5**	2,902.3
Total liabilities	**4,040.2**	4,039.8
Net assets	**2,644.7**	3,306.7
Equity		
Ordinary shares	**1,795.1**	1,749.9
Reserves	**359.8**	349.2
Retained profits	**489.8**	717.6
Total equity attributable to ordinary shareholders of Orica	**2,644.7**	2,816.7
Equity attributable to Step-Up Preference Securities holders	-	490.0
Total equity	**2,644.7**	3,306.7

Summarised income statement and retained profits

	2012 $m	2011 $m
Profit before income tax expense	**252.6**	701.4
Income tax expense	**(107.7)**	(88.3)
Profit from operations	**144.9**	613.1
Retained profits at the beginning of the year	**717.6**	473.7
Actuarial losses recognised directly in equity	**(23.9)**	(19.7)
Dividends/distributions:		
Step-Up Preference Securities distributions	**(11.1)**	(32.2)
Less tax credit on Step-Up Preference Securities distributions	**2.2**	10.0
Transfer of cost related to issue of Step-Up Preference Securities	**(10.0)**	-
Ordinary dividends – interim	**(137.9)**	(133.2)
Ordinary dividends – final	**(192.0)**	(194.1)
Retained profits at the end of the year	**489.8**	717.6

Independent auditor's report to the members of Orica Limited

Report on the financial report

We have audited the accompanying financial report of Orica Limited (the company), which comprises the consolidated balance sheet as at 30 September 2012, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 40 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 September 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 September 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Orica Limited for the year ended 30 September 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Gordon Sangster
Partner

Melbourne

12 November 2012