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 2014
Previous Corresponding Period	Year Ended	30 September 2013

2. Results for announcement to the market

	Consolidated:				**$m**
2.1	Consolidated revenue from operations	down	1.3%	to	6,796.3
2.2	Profit after tax attributable to shareholders	up	1.7%	to	602.5
2.3	Net profit for the period attributable to shareholders before individually material items	up	1.7%	to	602.5

	Dividends			**Amount per security**	**Franked amount per security at 30% tax**
	Current period				
2.4	Final dividend	- Ordinary	Cents	56.0	20.0
2.4	Interim dividend	- Ordinary	Cents	40.0	16.0
	Previous corresponding period				
2.4	Final dividend	- Ordinary	Cents	55.0	55.0
2.4	Interim dividend	- Ordinary	Cents	39.0	15.0

2.5 Record date for determining entitlements to the dividend:

Ordinary Shares	3-Dec-14

Payment date of dividend:

Ordinary Shares	19-Dec-14

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%.

ii) Conduit foreign income (CFI) component:

Current period		*Previous corresponding period*	
Interim dividend:		Interim dividend:	
Ordinary	24 cents	Ordinary	24 cents
Final dividend:		Final dividend:	
Ordinary	36 cents	Ordinary	Nil cents

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 8 December to 16 December inclusive. The last date for receipt of election notices for participation in the final dividend under the DRP is Thursday 4 December 2014. Shares issued and/or purchased on market pursuant 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	502.9	415.8

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 has been audited.

Chris Hansen
Company Secretary
Date 19 November 2014

Statutory net profit after tax (NPAT)(1) for the full year ended 30 September 2014 was $602.5M up 2% on pcp. The restated previous corresponding period (pcp) was $592.5M(2).

Key Financials

- EBITDA(3) was down 2% to $1,231M (pcp: $1,253M);
- EBIT(4) was down 4% to $930M (pcp: $968M);
- Earnings per ordinary share up 1% to 163.7c;
- Net operating and investing cash flows at $461M, up 48% ($149M) from $311M in the pcp;
- Net debt of $2,237M down $98M on the pcp;
- Gearing(7) was 33.7%, versus 36.8% in the pcp;
- Interest cover of 8.0 times(8) (9) (pcp: 6.4 times); and
- Final ordinary dividend of 56 cents per share, up 2%.

Summary

- Orica delivered a resilient earnings and cashflow performance against a backdrop of difficult mining markets, falling commodity prices and significant pricing pressure. In this context Orica's geographic diversity, growth in emerging markets and its strategic focus on advanced blasting services has enabled the company to meet its full year guidance. This outcome has been achieved notwithstanding flat volumes year on year as a result of weaker than anticipated recovery in explosives volumes in the second half of the financial year;
- EBIT of $930M was 4% below the pcp and reflected continuing pressure on volume and pricing in Mining Services markets and reduced Chemicals EBIT, largely offset by $69M in efficiency benefits, $24M in foreign currency benefit and $23M from asset sales;
- NPAT of $602.5M was up 2% primarily as a result of a lower interest expense and lower effective tax rate; and
- A continued focus on cash generation and the benefits of a capital light strategy delivered a 48% uplift in net operating and investing cashflows.

Revenue

Sales revenue of $6.8B decreased by $89M (1%), driven primarily by:

- Lower volumes across all key product groups within Mining Services and lower pricing for ground support and mining chemical products;
- Lower demand for products in the Chemicals business and temporary customer shutdowns;

Largely offset by:

- Favourable currency movements.

Earnings Before Interest and Tax (EBIT)

EBIT decreased by 4% to $930M (pcp:$968M).

Decreased earnings were attributed to:

- Reduced demand for Mining Services products ($44M);
- Lower pricing for ground support and mining chemical products ($36M) and flat explosives pricing;
- Lower demand in Australian chemicals markets and rationalisation and write-off costs recorded in the first half in the Latin American Chemicals business ($27M);
- Transformation and other costs of $39M. This includes wage increases and other inflationary impacts, costs associated with scheduled plant shutdowns, restructuring and transformation program costs, partially offset by the non recurrence of the 2013 ground support integration costs of $29M; and
- Increased depreciation at Bontang and Carseland ammonium nitrate plants, and the Antofagasta initiating systems plant ($8M);

Partially Offset by:

- Efficiency benefits of $69M including $25M associated with ground support integration and optimisation benefits and ongoing benefits associated with the implementation of the functional operating model;
- A favourable foreign exchange (FX) impact largely due to the lower AUD (+$24M); and
- Higher profit from asset sales (+$23M).

Interest (8)(9)

Net interest expense of $116M was lower than the pcp ($150M) due to lower average debt levels and interest rates and higher capitalised interest associated with the Burrup ammonium nitrate project. Capitalised interest was $28M (pcp:$12M). Interest cover increased to 8.0 times.

Corporate Costs

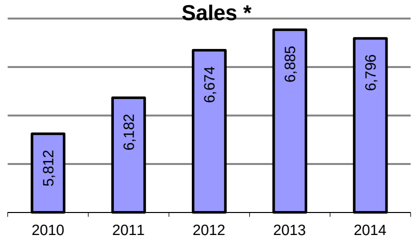
Corporate costs of $90M were lower than the pcp ($100M) due to the profit on sale of assets of $23M compared to pcp (Nil) partially offset by higher net hedging and restructuring costs.

Tax Expense

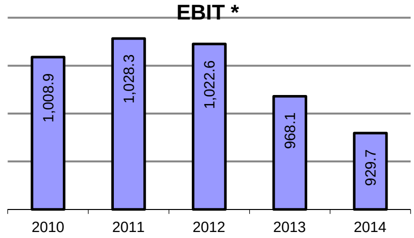
An effective underlying tax rate of 23.1% (pcp: 25.4%) was lower mainly due to a change in geographic profit mix and non taxable profit from asset sales due to the utilisation of capital losses.

Earnings Per Share*

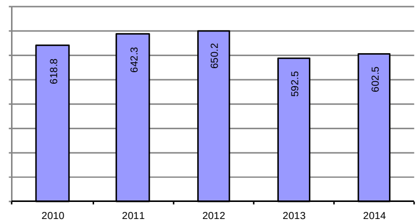
Sales *



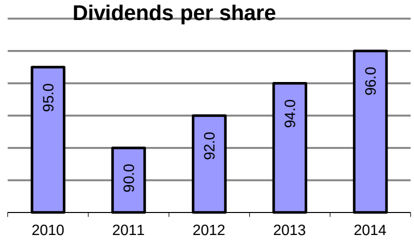
EBIT *



NPAT



Dividends per share



* Excluding Dulux Group

Certain non-IFRS information has been included in this report. This information is considered by management in assessing the operating performance of the business and has not been reviewed by the Group's external auditor. These measures are defined in the footnotes to this report.
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1) Equivalent to Net profit for the period attributable to shareholders of Orica Limited disclosed in Note 2 within the Orica Annual Report (Segment report).
2) 2013 numbers have been restated for new accounting standards. Refer to Note 41
3) EBIT plus Depreciation and Amortisation.
4) EBIT (equivalent to Profit /(loss) before individually material items, net financing costs and income tax expense in the Segment report).
5) (Interim dividend cps x shares on issue at 31 March) + (Final dividend cps x shares on issue at 30 September) / NPAT.
6) Total interest bearing liabilities less cash and cash equivalents.
7) Net debt / (net debt + book equity).
8) EBIT / Net interest expense.
9) This includes capitalised interest. Excluding capitalised interest, interest cover is 6.5 times (PCP 6.0 times).

Note: numbers in this report are subject to rounding

Mining Services

Key Points

- **EBIT contribution from Mining Services down 2% to $953M;**
- **Global explosives volumes were down 1% for the year**. Growth in the Pilbara iron ore region, European quarry and construction sector and improved volumes in emerging mining markets of Africa and CIS was insufficient to fully offset reduced coal market demand in Eastern Australia, North America and Indonesia. This was despite a second half volume recovery, particularly in North and Latin America and Indonesia.
- **The contribution from explosives products was slightly lower than the pcp** due to lower volumes, changes in product mix, scheduled plant shutdowns and restructuring costs;
- **Pricing for explosives, in local currency, has been flat to slightly down** in most markets despite downward market pressure;
- **Sodium cyanide volumes rebounded strongly in the second half** following a weak first half result driven by a period of customer destocking. Full year volumes were down 5%, which, combined with lower pricing, resulted in a significantly reduced contribution from mining chemicals products; and
- **Ground support integration and optimisation benefits** have been delivered although weak market conditions have reduced the net impact of these benefits.

Regional Summaries

<u>Australia/Pacific</u>

- **EBIT of $555M; down 9% ($54M) on the pcp.** 2014 earnings were influenced by headwinds in the sodium cyanide market, including lower pricing and volumes, and a change in explosives product mix. The result included costs associated with scheduled plant maintenance, restructuring, redundancies and initial costs associated with the transformation program partly offset by benefits from asset sales of $8M.
- **Explosives volumes:** Up 1% due to 33% growth in the Pilbara region and 39% increase in sales to third party suppliers, partially offset by a decline in direct sales, predominantly to coal customers with North East volumes down 8% and South East volumes down 7%. AN demand from coal markets was influenced by lower stripping ratios and increased processing yields, which reduced the AN intensity of coal production;
- **Explosives product mix:** Reflect higher AN sales to Pilbara and third party suppliers at lower margins compared to direct emulsion sales;
- **Explosives pricing:** Average pricing generally in line with the prior period despite competitive pressure and increased market supply;
- **Sodium cyanide:** Full year volumes were down 5%, with a strong volume rebound in the second half, up 9% pcp compared to a 17% first half decline. Average pricing declined due to increased competitive supply in a challenging market; and
- **Ground Support:** In line with pcp. Delivery of the integration synergies offset soft market conditions for products and services.

<u>North America</u>

- **EBIT of $180M (including Global Hub contribution of $73M) up 6% ($11M) on pcp.** Improved second half volumes and increased take-up of Orica's advanced blasting services contributed to improved operational performance. The result was also supported by favourable foreign exchange rates and the non-recurrence of higher AN sourcing costs in the pcp;
- **Explosives volumes:** Down 3% due to a 10% decline in full year coal volumes, driven mainly by Eastern US coal markets, partially offset by growth in Canadian and Mexican metals markets in the second half. North American quarry and construction market volumes were up 1% on pcp due to growth in the US. Canadian quarry and construction markets were flat.
- **Explosives pricing:** Explosives pricing was relatively flat across most products;
- **Services:** Higher margins as a result of increased services uptake in Canada and Mexico including successful migration of customers to advanced blasting services; and
- **Ground Support**: Despite cost savings being achieved, lower contribution due to subdued demand from Eastern US coal customers and continued price pressure. Steel and resin volumes declined 9% and 13% respectively.

<u>Latin America</u>

- **EBIT of $112M (including Global Hub contribution of $40M) was down 3% ($3M) on pcp.** The underlying result was flat after taking into account the impact of a prior year land sale and current year favourable FX impact. Lower volumes were offset by higher take up of Orica's advanced blasting services offerings, including successful production trials using the innovative Ultra High Intensity Blasting technique;
- **Explosives volumes: Down 2% pcp after a strong second half rebound.** The recovery in Colombian coal market volumes and contract wins in Brazil were insufficient to offset lower volumes in Peru and Argentina; and
- **Explosives pricing, product and service mix**: Pressure on explosives pricing was mitigated by Orica's differentiation strategy with increasing penetration of higher margin products and advanced services.

<u>Europe, Middle East and Africa (EMEA)</u>

- **EBIT of $94M, up 50% ($32M)** on the pcp due to higher volumes in Africa and CIS, and improved margins for explosives and ground support products.
- **Explosives volumes**: Up 14% due to growth in Africa and CIS combined with increased quarry and construction activity in Western Europe. Volumes were up 41% in Africa driven by the start up of new business in Mozambique and increased volumes at gold mines in Ghana, and up 12% in CIS with new business in Russia;
- **Explosives margins**: Higher as a result of price increases in key infrastructure markets and success with higher margin products and advanced blasting service offerings, particularly contract wins at mining customers in the Nordics and CIS; and
- **Ground Support**: Increased margins due to the achievement of integration benefits and improved prices in infrastructure markets.

	Twelve Months Ended September		
		Restated	
Earnings (A$M)	**2014**	**2013**	**Change**
Sales Revenue	5,718.6	5,736.7	0%
Sales by Product Group			
- Explosives	4,744.1	4,638.8	2%
- Ground Support	656.5	732.9	(10%)
- Mining Chemicals	318.0	365.0	(13%)
Total Mining Services	5,718.6	5,736.7	0%
Net Assets	5,854.6	5,792.4	1%
EBIT:			
Australia/Pacific	555.1	608.6	(9%)
North America	107.0	106.1	1%
Latin America	72.2	86.7	(17%)
EMEA	94.2	62.7	50%
Other	124.4	110.0	13%
EBIT	**952.9**	**974.1**	(2%)
Other comprises:			
Global Hub - North America	72.7	63.1	15%
Global Hub - Latin America	39.5	28.1	41%
Global Hub - Operations	(50.7)	(46.9)	(8%)
Global Hub	61.5	44.3	39%
Asia & Head Office	62.9	65.7	(4%)
Total Mining Services Other	**124.4**	**110.0**	**13%**

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Mining Services (Continued)

Other (Asia, Global Hub and Head Office)

- The respective hub contributions associated with centralised activities (including purchasing, manufacturing, supply chain and research and development) in relation to the North American and Latin American operations are discussed above.
- Global hub operations costs of $51M were up $4M on pcp.
- **Asia and head office:** EBIT declined 4% to $63M**.**
- **Explosives volumes**: declined 15% in Asia, mainly attributable to a 21% decline in Indonesian volumes due to continued weak Indonesian coal markets, selective mining and the temporary closure of mines at a key customer;
- **Returns from the Indonesian market** benefited from ongoing higher production rates at the Bontang ammonium nitrate plant and cost reduction programs; and
- **Explosives pricing**: downward pressure continued in the Indonesian and Indian markets.

Mining Services Perspectives for 2015

- Demand conditions for explosives from global coal markets are expected to remain subdued;
- Growth for explosives is expected to continue in mining markets in Pilbara, Africa and CIS;
- Explosives pricing pressure is expected to continue, partially mitigated by Orica's advanced blasting services strategy and transformation programs;
- Sodium cyanide volumes are expected to improve although pricing pressure to remain; and
- Ground support markets are expected to remain challenging.

Chemicals

Key Points

- **EBIT contribution from Chemicals down 29% ($27M) to $67M** as the business recognised expenses associated with restructuring and write-downs in Latin America. The business is positioned for an expected recovery in General Chemicals volumes and an improved earnings performance in Latin America;
- Improved underlying profit performance from the New Zealand business;
- Market conditions in Australia continued to be challenging especially in plastics and agricultural markets; and
- Temporary mining customer shutdowns reduced earnings by $7M.

Business Summaries

General Chemicals

- Sales down 6% on the pcp reflected lower volumes to mining (due to customer shutdowns), agricultural and plastics sectors in Australia and reduced revenues in Latin America;.
- Improved New Zealand business performance, driven by increased demand from the dairy and pulp and paper sectors and favourable FX benefits;
- The Latin American business recorded a $14M reduction in earnings comprising $11M of rationalisation and write-downs recorded in the first half, and additional operating losses as the business was restructured.

Watercare

- Sales down 8% on the pcp reflecting reduced global caustic soda pricing which has stabilised at lower levels; and
- Lower volumes due to temporary mining customer shutdowns and reduced demand from municipal water authorities.

Perspectives for 2015

- General Chemicals volumes are expected to improve, driven by increased bulk chemical sales to the oil and gas sector and resumption of supply at mine sites that experienced 2014 shutdowns. This is expected to be partly offset by continued softness in automotive and resources demand;
- Watercare contribution is expected to remain flat, with markets remaining competitive and assumed stable caustic soda pricing;
- Improved earnings outcome anticipated from the Latin America business, following the repositioning of the business in the second half of 2014; and
- The weaker AUD should improve prospects for the Australian manufacturing sector and hence demand for general chemicals.

	Twelve Months Ended September		
Earnings (A$M)	2014	Restated 2013	Change
Sales Revenue	1,145.0	1,219.4	(6%)
EBIT	67.2	94.1	(29%)
Net Assets	609.5	621.4	(2%)
Sales by Business*:			
General Chemicals	934.3	991.3	(6%)
Watercare	218.6	237.2	(8%)

* Includes intercompany sales

Balance Sheet

Key balance sheet 12-month movements since September 2013 were:

- Trade working capital (TWC) decreased by $52M primarily driven by lower debtor and inventory levels as a result of a sustained focus on improved debtor collection and inventory management across the global network;
- Net property, plant and equipment increased by $212M mainly due to growth capital spend ($282M), sustaining capital spend ($192M), capitalised interest ($17M) and a positive FX translation ($21M) offset by depreciation ($262M) and disposals ($39M). Spending on growth projects in the period included the Burrup ammonium nitrate project ($151M) and Apatit emulsion plant ($16M);
- Intangible assets increased by $49M due mainly to capital expenditure on the global IT systems and research and development projects ($61M), capitalised interest ($11M) and positive FX translation ($15M), partially offset by amortisation ($39M);
- Net other liabilities decreased by $84M. Major movements included a reduction in tax payables due to the timing of tax payments ($69M) and a reduction in net derivative financial liabilities partially offset by an increase in receivables from asset sales;
- Net debt decreased by $98M largely due to operating and investing cashflows being more than ordinary dividend payments ($267M) and FX translation; and
- Orica shareholders' equity increased $392M driven mainly by increased earnings, net of dividends declared and positive movements in reserves ($54M).

Funding

Solid operating cashflow performance and active management of the debt profile strengthened the balance sheet. Undrawn committed bank facilities were reduced by $562M to $1.6B, with total debt facilities of $4.1B. The year end gearing decreased from 36.8% to 33.7%.

Total drawn debt of $2.5B primarily comprises $1.9B of US Private Placement and $0.2B of committed bank facilities. The duration of drawn debt is 5.7 years (6.6 years pcp). Orica's Standard & Poor's credit rating is BBB (stable outlook).

Cash Flow

- Net operating and investing cashflows increased by $149M to $461M (pcp: $311M).
- Net operating cash inflows decreased by $145M to $917M (pcp: $1,062M), mainly due to:
  - Higher Australian tax instalments and the transition from quarterly to monthly Australian tax payments;
  - $21M increase in non trade working capital compared to pcp from the increased utilisation of leave entitlements and settlement of the Australia carbon emission liability; and
  - Lower volatility of the AUD against major currencies, compared to the pcp, resulted in a favourable FX outcome on translation of debt and reserves of $9M (pcp:$80M).

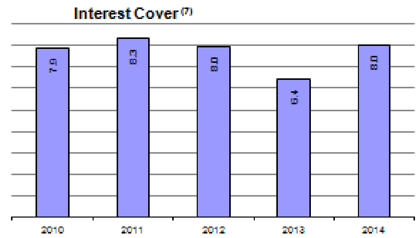
  Partially offset by:
  - $29M higher inflows from trade working capital with an increased management focus on this item across all regions; and
  - Lower interest payments of $10M.
- Net investing cash outflows decreased by $294M to $457M (pcp: $750M), largely due to:
  - decreased sustaining capital expenditure of $67M to $203M; and
  - $210M reduction in growth capital expenditure to $301M due to lower spending on ammonium nitrate plants – Burrup down $53M, Kooragang Island expansion project down $69M, Bontang down $18M.
- Net financing cash outflows increased by $94M to $445M (pcp: $351M), major movements included:
  - A net decrease in borrowings of $96M; and
  - Lower repayments of LTEIP loans of $25M partially offset by no on-market purchase of shares to satisfy the LTEIP plan (pcp: $10M);

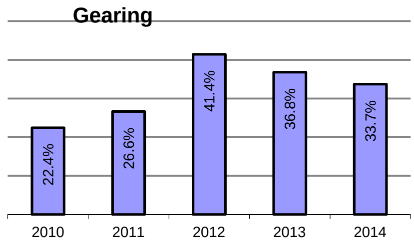
  Partially offset by:
  - Increased take up of the Dividend Reinvestment Plan from 16% in the pcp to 23% resulting in lower cash dividend payments ($19M).

Balance Sheet A$M	**Sept 2014**	**Restated** **Sept 2013**
Inventories	727.4	793.1
Trade Debtors	863.0	929.1
Trade Creditors	(944.3)	(1,023.8)
Total Trade working capital	646.1	698.4
Net property, plant & equipment	3,794.9	3,583.2
Intangible assets	2,388.5	2,340.0
Net other liabilities	(193.7)	(277.5)
Net debt	(2,236.7)	(2,334.2)
Net Assets	**4,399.1**	**4,009.9**
Orica shareholders' equity	4,263.0	3,871.0
Non controlling interests	136.1	138.9
Equity	4,399.1	4,009.9
Gearing [1]	**33.7%**	**36.8%**

Statement of Cash Flows	**Twelve Months Ended September**		
A$M	**2014**	**Restated** **2013**	**Change**
Net operating cash flows			
EBIT	929.7	968.1	(4%)
Add: Depreciation	262.2	247.9	6%
Add: Amortisation	38.6	36.5	6%
EBITDA	1,230.5	1,252.5	(2%)
Net interest paid	(143.3)	(153.3)	7%
Net income tax paid	(209.5)	(139.9)	(50%)
Trade Working Capital mvt [1]	51.0	22.1	131%
Non Trade Working capital mvt [2]	(20.3)	0.6	-
FX mvt on debt/reserves	8.7	79.6	(89%)
	917.1	1,061.6	(14%)
Net investing cash flows			
Capital spending			
Sustaining capital [3]	(202.7)	(269.2)	25%
Growth capital [4]	(301.0)	(510.6)	41%
Total Capital Spending [5]	(503.7)	(779.8)	35%
Acquisitions	(4.6)	(3.6)	(28%)
Proceeds from surplus asset sales, investments and businesses	51.7	33.1	56%
	(456.6)	(750.3)	39%
Net Operating and Investing Cashflow	460.5	311.3	48%
Net financing cash flows			
Net proceeds from share issues (inclusive of non controlling interests)	2.1	5.4	(60%)
Net (payments)/proceeds from LTEIP *	13.9	28.4	(51%)
Movement in borrowings	(176.4)	(80.1)	(120%)
Dividends paid - Orica Limited	(267.4)	(286.0)	7%
Dividends paid - NCI shareholders	(17.4)	(18.8)	7%
	(445.2)	(351.1)	(27%)

*LTEIP: long term employee equity incentive plans





1) Opening trade working capital (TWC) less closing TWC (excluding TWC acquired and disposed of during the year).
2) Non trade working capital: primarily includes other receivables, other assets, other payables and provisions. Movement: opening non trade working capital (NTWC) less closing NTWC (excluding NTWC acquired and disposed of during the year).
3) Capital expenditure other than growth expenditure.
4) Capital expenditure that results in earnings growth through either cost savings or increased revenue.
5) Total growth and sustaining expenditure reconcile to total payments for property plant and equipment and intangibles as disclosed in the Statement of Cash flows within the Orica Annual Report.
6) Including capitalised interest.

Business Development and Corporate

Overview of Orica's business strategy

Orica's strategy is to create sustainable shareholder value through customer focussed, innovation led and capital efficient supply of advanced blasting services, mining chemicals and ground support services and products.

These are delivered through low-cost manufacturing and third-party sourcing that underpins security of supply.

Orica's market-leading solutions maximise our customers' capacity to:

- transform mineral resources into recoverable reserves;
- increase mine productivity and mill throughput;
- increase mineral recovery;
- reduce energy consumption;
- operate safely; and
- improve noise, vibration and fume control.

Orica's capacity to ensure security of supply is a key differentiator and competitive advantage. The company's portfolio of third party supply arrangements and its broad footprint of manufacturing and distribution assets provide supply capability across Australia Pacific, Asia, Europe, Africa, Latin America and North America.

Business Development

Consistent with Orica's strategy, in 2014 work continued on a number of growth projects, including:

- Development of the ammonium nitrate plant at the Burrup Joint Venture in the Pilbara, Western Australia (45% owned by Orica). The project remains on budget and on schedule with commissioning to occur mid to late 2015 calendar year. Overall the project is 90% complete. All 10 pre-assembled modules are now located on site. On site construction is 62% complete with site manning at its peak of 500. Recruitment of the operational team is progressing well with leadership roles largely filled and 50% of operator roles recruited.
- A study into the potential expansion of the ammonium nitrate plant at Kooragang Island, Australia has determined the viability of installing a 10,000t nitric acid tank to supplement the existing nitric acid supply to utilise 70ktpa of additional capacity within the AN plant. Permitting and licensing has been provided by the regulators and this expansion will be progressed at a rate to meet customer demand.
- The Apatit bulk emulsion plant in Russia is 85% complete and on schedule for a December 2014 completion date. Six (of eight) Mobile Manufacturing Units are now in Russia to support the ramp up of production.
- Production trials of Ultra-High Intensity Blasting techniques to improve mill throughput and reduce mine site energy consumption were successfully completed in Mexico and Chile.

Risk Management

Our risk management approach is consistent with AS/NZS ISO31000:2009 Risk Management – Principles and Guidelines, and facilitates the ongoing assessment, monitoring and reporting of risks, which otherwise could impede progress in delivering our strategic priorities.

Core to Orica's risk management approach is a focus on the identification and application of effective controls to both prevent and mitigate the realisation of known risks. These controls are subject to regular verification and assessment to ensure they are functioning as required and opportunities for improvement are captured.

Material Business risks that could adversely affect the achievement of future business performance

There are a number of risks, both specific to Orica and of a more general nature that may affect the future financial performance of Orica. A summary of Orica's approach to the mitigation of these key risks is outlined below.

(i) Changes to industry structure and competition

Orica's global reach allows the company to establish and maintain strategic relationships with customers and suppliers across multiple markets and product groups. Orica also works to retain and grow its market share through its differentiated products and services delivered through a global technical services network of mining engineers, blasting technicians and product support specialists to improve the efficiency, productivity and safety results of customers' operations.

(ii) Adapting to global economic movements and market conditions

Orica recognises the need to adapt its operating model to align with structural changes in the market place and become more efficient, flexible and commercially agile to meet its customers' needs. To achieve this goal it continues to seek sustained process improvement initiatives and develop and provide differentiated products, services and solutions which enhance value for customers. The diverse spread of Orica's global operations also provides a geographic hedge against differing market conditions and exposure to growth opportunities across a diverse range of operating environments.

(iii) Regulatory change

Orica maintains the capacity to monitor, assess and where necessary react to regulatory change and to maintain regulatory compliance.

Orica operates within hazardous environments, particularly in the areas of manufacturing, storage and transportation of raw materials, products and wastes. These potential hazards may cause personal injury and/or loss of life, damage to property and contamination of the environment, which may result in the suspension of operations and the imposition of civil or criminal penalties, including fines, expenses for remediation and claims brought by governmental entities or third parties that have the potential to adversely impact Orica's financial performance.

Orica is strongly focussed on the safety and health of its people, visitors and communities through a safety culture that is based on visible leadership and encouraging employees and contractors that no work be undertaken if it is not safe to do so.

Orica is committed to meeting its environmental obligations. Orica conducts remediation activities at its legacy sites. It does so in consultation with local communities and regulatory authorities, ensuring that responses consider the interests of all relevant parties and applicable environmental standards. In many instances the remediation work is regulated by statutory authorities and is the subject of ongoing stakeholder and community engagement.

(iv) Maintaining social licence to operate

Orica recognises its social licence to operate is fundamental to the successful operation of the company. This is secured by earning and maintaining the respect and confidence of the communities in which it operates through constructive and respectful engagement and by making a positive contribution to the community.

(v) Business disruption

Orica's ability to sustain business operations may be impeded by a significant business disruption. This could occur due to potential events such as a severe weather event, industrial action, local political instability in a foreign country in which it operates or a critical process failure. To manage these risks Orica continually monitors its business performance, executes business continuity programs and coordinates incident responses in the event incidents occur.

(vi) Distribution or sub-optimal supply chain performance

Orica manages these risks through low-cost, multi-source, flexible supply chains of mining inputs to customers in key markets delivered through Orica's own manufacturing capabilities, capital-efficient joint ventures or alliances with supply partners.

(vii) Adverse funding and other treasury matters

Orica manages funding and Treasury related risks by maintaining appropriate gearing and financial metrics and a sufficient level of available debt facilities.

Sustainability

People
With operations in over 50 countries, Orica's more than 14,000 employees represent 79 different nationalities. During 2014, further investment in training and development was made to engage and equip Orica's employees to achieve the Company's objectives continued. By September, over 12,000 employees had gained an understanding of vision, values and strategy through the Orica Seven Pillars program. Multi-year programs to train operational employees and supervisors to globally-consistent standards and to develop Orica's leaders also commenced.

All employees and contractors were migrated onto one global human resources information system, enabling improvements in the way Orica organises, develops and rewards its people for performance.

Productivity improvements were achieved through streamlining operations and embedding flexibility in collective agreements. Overall employee numbers reduced by over 600 during the year.

Safety, Health, Environment and Community (SHEC)
During 2014, Orica continued to strengthen its processes and procedures which support ongoing improvement in sustainability performance, including the revised SHEC management system. Company-wide implementation has been completed of the first phase of the new integrated SHEC information management and reporting system.

Implementation of Orica's revised Safety, Health, Environment, Community (SHEC) systems and processes continued during the year. Key achievements include:

- Implementation of a standardised semi-quantitative risk assessment process for major hazards across the organisation; and
- Implementation of the first phase of the new integrated SHEC information management and reporting system ENABLON, covering incident management, action management and reporting metrics.

In 2014 Orica remained fatality free. Orica achieved an All Worker Recordable Case Rate (number of recordable injuries and illnesses per 200,000 hours worked) of 0.40. Additional initiatives implemented in 2014 to further embed safety into Orica's activities included fatality prevention, injury reduction and vehicle safety programs.
Improving Orica's environmental performance and management has been a key focus in 2014. More than 100 site-specific environmental management plans have been developed and implemented. Further progress has also been made to optimise the nitrous oxide abatement technology installations at Orica's nitric acid plants. Greenhouse gas abatement projects at sites in Australia, Canada and Indonesia have reduced nitrous oxide emissions by more than 900,000 tonnes of carbon dioxide equivalent (CO_2-e) in 2014, compared to 2010 baseline performance.
In 2014 Orica improved the process for determining its community investment priorities. The first round of Orica's Community Partnerships Program established a process to ensure Orica's community investments better reflect the Company's global footprint, and business growth regions. Also, 40 stakeholder management plans have been developed to guide community engagement across key sites and regions.
Progress also continues to be made in addressing legacy issues associated with historical operations. Remediation projects at Deer Park, Villawood, Botany and Yarraville are progressing in consultation with communities and environmental regulators.
During 2014 legal proceedings regarding incidents at Orica's Kooragang Island and Botany plants in 2010 and 2011 were concluded. The Court imposed penalties of $768,250 for a total of nine offences to which Orica had pleaded guilty.

Chemicals Sale
On 18 November 2014 Orica signed a contract to sell the Orica Chemicals business incorporating the chemicals trading businesses in Australia, New Zealand and Latin America, Bronson and Jacobs in Australia, New Zealand and Asia and the Australian Chloralkali manufacturing business to funds advised by Blackstone for a price of $750m. Closing of the transaction is subject to Australian Foreign Investment Review Board and New Zealand Overseas Investment Office approvals and other customary conditions, including material adverse change provisions, within the sale agreement and is expected to occur in the first quarter of calendar year 2015.

Transformation Program
Orica is undertaking a comprehensive program of initiatives across its global operations to improve its cost base, efficiency, asset management capabilities, customer focus and commercial agility. These initiatives are designed to ensure Orica's capacity to sustain profitable growth across varying market conditions.
These programs are expected to result in pre-tax financial benefits of approximately $140 - 170M in 2015 and a further $60-80M in 2016. In 2015 efficiency initiatives arising from the cost review are expected to result in a net headcount reduction of approximately 700 positions.
In 2015 implementation of the transformation program could incur pre-tax costs of $100-120M comprising cash costs of $60-70M which include redundancies and implementation costs and potentially non cash costs in the order of $40-50M. In 2016 total cash costs could be $20-40M.

Dividend
The directors have declared a final ordinary dividend of 56 cps. The dividend is 36% franked at 20 cps. The dividend is payable to shareholders on 19 December 2014 and shareholders registered as at the close of business on 3 December 2014 will be eligible for the final dividend. It is anticipated that dividends in the near future are unlikely to be franked at a rate of more than 40%.

2015 Outlook
The volatility and uncertainty in global resources markets makes it difficult to provide profit guidance for the year ahead. However, the company does not expect a significant improvement in the resources markets reinforcing the requirement for the company to achieve its transformation objectives.
In that context the company considers the following factors to be relevant to the 2015 outlook. Key assumptions are:

- Orica's global explosives volumes to be in the range of 3.8 – 4.0 million tonnes;
- Explosives pricing pressure is expected to increase particularly in Australia;
- Sodium cyanide volumes are expected to improve although pricing pressure to remain;
- Ground support markets are expected to remain challenging;
- Orica's operating costs are anticipated to reduce as a result of the transformation program with net pre-tax benefits of $140-170M and implementation costs of $100-120M in 2015. The transformation program will further improve Orica's resilience in the face of continuing volatility and uncertainty, with the net benefits providing flexibility in how the company positions itself across its diverse markets and customer base;
- Net interest costs broadly in line with 2014;
- Depreciation and amortisation is expected to increase by approximately 5% on 2014;
- An effective tax rate of approximately 25%;
- The continued implementation of the capital light strategy will see capital expenditure in the range of $500-$530M;
- The strong focus on improving operating cashflow is to continue in 2015; and
- The contribution to 2015 earnings from Orica's Chemicals business will be strongly influenced by the timing of its separation from Orica.

Financial Report

Directors' Report

The directors of Orica Limited ('the Company' or 'Orica') present the financial report of the Company and its controlled entities (collectively 'the consolidated entity' or 'the Group') for the year ended 30 September 2014 and the auditor's report thereon.

Directors

The directors of the Company during the financial year and up to the date of this report are:

R R Caplan, Chairman (appointed Chairman on 30 January 2014)	A Calderon
P J B Duncan, Chairman (retired 30 January 2014)	I D Cockerill
I K Smith, Managing Director and Chief Executive Officer	Lim C O
C B Elkington Executive Director Finance (appointed on 12 September 2014)	N L Scheinkestel
N A Meehan, Executive Director Finance (retired on 31 October 2013)	G T Tilbrook
M N Brenner	M Tilley (retired on 30 January 2014)

Particulars of directors' qualifications, experience and special responsibilities will be detailed the annual report.

On 7 March 2014, C Hansen (LLB,BCom) was appointed to the position of Company Secretary of Orica Limited, in addition to his existing responsibilities of Group General Counsel. C Hansen joined Orica in June 2006. He has a wide range of experience in corporate and commercial law and corporate governance in a variety of in-house legal roles, as well as experience in a major Australian law firm.

This position was previously held by A Cook.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are listed below:

Director	Scheduled Board Meetings [(1)]		Audit and Risk Committee [(1)]		Human Resources and Compensation Committee [(1)]		Corporate Governance and Nominations Committee [(1)]		Safety, Health and Environment Committee [(1)]	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R R Caplan	7	7	1	1	1	1	4	4	-	-
I K Smith	7	7	-	-	-	-	4	4	-	-
C B Elkington	1	1	-	-	-	-	1	1	-	-
M N Brenner	7	7	3	3	7	7	4	4	-	-
A Calderon	7	7	3	3	-	-	4	4	4	4
I D Cockerill	7	7	-	-	6	6	4	4	5	5
Lim C O	7	7	-	-	6	6	4	4	5	5
N L Scheinkestel	7	7	4	4	7	7	4	4	-	-
G T Tilbrook	7	7	4	4	-	-	4	4	-	-
Former										
P J B Duncan	1	1	-	-	-	-	1	1	-	-
N A Meehan	-	-	-	-	-	-	-	-	-	-
M Tilley	1	1	1	1	-	-	1	1	1	1

(1) Shows the number of meetings held and attended by each director during the period the director was a member of the Board or Committee.

Directors' interests in share capital

The relevant interest of each director in the share capital of the Company as at the date of this report is disclosed in the Director's Report - Remuneration Report. Directors' interests shown in this note are as at 30 September 2014, however there has been no change in holdings to the date of this report.

Principal activities

The principal activities of the consolidated entity in the course of the financial year were the manufacture and distribution of commercial blasting systems including services and solutions, mining and tunnelling support systems to the mining and infrastructure markets, and various chemical products and services.

Likely developments

Likely developments in the operations of the consolidated entity and the expected results of those operations are covered generally in the review of operations and financial performance of the consolidated entity.

Review and results of operations

A review of the operations of the consolidated entity during the financial year and of the results of those operations is contained on pages 1 to 6.

Dividends

Dividends paid or declared since the end of the previous financial year were:	**$m**
Final dividend at the rate of 55.0 cents per share on ordinary shares, franked to 100% at the 30% corporate tax rate, paid 13 December 2013.	201.7
Interim dividend declared at the rate of 40.0 cents per share on ordinary shares, franked to 40.0% (16.0 cents) at the 30% corporate tax rate, paid 1 July 2014.	147.6
Total dividends paid	349.3

Since the end of the financial year, the directors have declared a final dividend to be paid at the rate of 56.0 cents per share on ordinary shares. This dividend will be franked to 35.7 % (20.0 cents) at the 30% corporate tax rate.

Changes in the state of affairs

On 6 August 2014 Orica announced its intention to pursue the separation of the Chemicals business, either by demerger or sale.

There were no significant changes in the state of affairs of the consolidated entity during the year ended 30 September 2014.

Events subsequent to balance date

Dividends

On 19 November 2014, the directors declared a final dividend of 56.0 cents per ordinary share payable on 19 December 2014. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2014 and will be recognised in the 2015 financial statements.

Chemicals business separation

On 18 November 2014 Orica signed a contract to sell the Orica Chemicals business incorporating the chemicals trading businesses in Australia, New Zealand and Latin America, Bronson and Jacobs in Australia, New Zealand and Asia and the Australian Chloralkali manufacturing business to funds advised by Blackstone for a price of $750m. Closing of the transaction is subject to Australian Foreign Investment Review Board and New Zealand Overseas Investment Office approvals and other customary conditions, including material adverse change provisions, within the sale agreement and is expected to occur in the first quarter of calendar year 2015.

The directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2014, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Environmental regulations

Orica aspires to be a business that does no harm to people and the environment.

To deliver on this aspiration, Orica, as a minimum, seeks to be compliant with all applicable environmental laws and regulatory permissions relevant to its operations. Where instances of non-compliance occur, Orica procedures require that relevant governmental authorities are notified in accordance with statutory requirements and internal investigations are conducted to determine the cause of the non-compliance to ensure the risk of recurrence is minimised.

The Company has committed major investments, both in terms of capital and resources, to improve its environmental performance at key sites in addition to its general maintenance program. The Company is working closely and co-operatively with regulators and government agencies in relation to these initiatives, as well as enhancing community engagement and consultation.

Orica continues to devote considerable resources to cleaning up legacy sites and is committed to dealing with environmental issues from the past in an honest and practical way.

Environmental prosecutions

Orica was the subject of legal proceedings issued by the New South Wales Environment Protection Authority (NSW EPA) in relation to incidents at its Kooragang Island and Botany sites that occurred during 2010 and 2011. In July 2014 the NSW Land & Environment Court imposed penalties of $768,250 for a total of nine offences to which Orica had pleaded guilty. The penalties will contribute to funding seven environmental enhancement projects in the Hunter Valley and Botany. Orica also will meet the NSW EPA's legal and investigation costs.

The NSW EPA has also commenced legal proceedings against Orica alleging one breach of the NSW Protection of the Environment Operations Act in relation to an ammonia vapour incident in March 2013 at the Kooragang Island site. Orica has entered a not guilty plea in relation to those proceedings.

The NSW EPA and the NSW Office of Heritage & Environment have issued legal proceedings against Orica alleging one breach of the NSW Protection of the Environment Operations Act and one breach of the NSW National Parks and Wildlife Act in relation to an overflow of grouting material at a mining operation near Newcastle. Orica has entered guilty pleas in relation to those proceedings.

More specific details about Orica's sustainability initiatives and performance, including safety, health and environment, can be found on the Orica website – www.orica.com/sustainability.

Greenhouse gas and energy data reporting requirements

The group is subject in Australia to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*.

The Energy Efficiency Opportunities Act 2006 was repealed with an effective date of 30 June 2014 and Orica has no outstanding reporting obligations relating to this legislation.

The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual Australian greenhouse gas emissions and energy consumption and production. The Group is in compliance with the legislation as required under this Act.

Indemnification of officers

The Company's Constitution requires the Company to indemnify any person who is, or has been, an officer of the Company, including the directors, the secretaries and other executive officers, against liabilities incurred whilst acting as such officers to the extent permitted by law.

In accordance with the Company's Constitution, the Company has entered into a Deed of Access, Indemnity and Insurance with each of the Company's directors and in a few cases specific indemnities have been provided. No director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the year.

The Company has paid a premium in respect of a contract insuring officers of the Company and of controlled entities, against a liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with some exceptions. The contract of insurance prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

Non-audit services

During the year, KPMG, the Company's auditor, performed certain other services in addition to its audit responsibilities.

The Board is satisfied that the provision of non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

No officer of the Company was a former partner or director of KPMG. A copy of the lead auditor's independence declaration as required under Section 307C of the Corporations Act is contained on page 34 of the annual report and forms part of this Directors' report.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are disclosed in note 31.

Directors' Report

Cover Letter (unaudited) to the Remuneration Report

Dear Shareholder

I am pleased to present the Remuneration Report for the year ended 30 September 2014.

This report contains our remuneration policies, practices and results, and outlines the links between business outcomes and rewards.

2014 performance and remuneration
The financial year 2014 has been a challenging year for Orica. Against a backdrop of difficult mining markets, falling commodity prices and significant pricing pressure, Orica demonstrated resilient earnings and strong cashflow performance. Pleasing progress was also made in safety, cash conversion and on corporate initiatives. The targets in the 2014 Short-Term Incentive (STI) Plan addressed all of these areas and payments of around half of maximum reflect achievement of some targets but not all.

The 2010 Long-Term Equity Incentive Plan (LTEIP) was tested in November 2013. This plan was subject only to one measure, Earnings Per Share (EPS) growth, which would deliver a level of loan forgiveness if the threshold performance outcome was achieved. As the compound EPS growth rate over the plan period was below the threshold, no loan forgiveness was payable. Executives achieved modest capital gains on their shares.

Following no increases in financial year 2013, no increase was made in the Managing Director and Chief Executive Officer's fixed remuneration or Directors' fees which were maintained at the same level for the fourth successive year. Other Executive Key Management Personnel (KMP) received moderate salary increases, in line with increases to employees generally.

The Board considers that these outcomes are consistent with shareholder outcomes.

Changes in key management personnel
Craig Elkington (Chief Financial Officer) and Nick Bowen (Executive Global Head Mining Services) were appointed to their roles during financial year 2014. In addition, Craig Elkington became Executive Director Finance, on 12 September 2014 (and is referred to as Executive Director Finance throughout the Remuneration Report). Andrew Larke assumed responsibility for Chemicals in addition to his existing Strategy and Planning duties.

Two executives ceased employment with Orica in financial year 2014: Noel Meehan (Executive Director Finance) and Alison Andrew (Executive Global Head Chemicals). Details of termination benefits paid are set out on Section E.

Remuneration arrangements for 2015
As indicated in last year's report, a detailed review of the Executive Remuneration Framework was undertaken during 2014. Information was considered from a number of sources, including stakeholders, advisors and comprehensive market research.

Our guiding principle was to develop a framework that is aligned to the business strategy, is simple and globally competitive, is consistent with best practice and which motivates executives while aligning their interests to those of our shareholders.

As a result of the review, key changes to Executive Remuneration in 2015 will be:

- The Total Remuneration opportunity for the Managing Director and Chief Executive Officer, comprising fixed remuneration, short and long-term incentives, will remain at financial year 2014 levels. In addition, a greater proportion of his remuneration will be delivered in shares and performance rights, strengthening alignment to shareholders.
- Fixed pay for other Executive KMP will remain at financial year 2014 levels. However, their performance-based pay opportunity will be increased to provide improved competitiveness to market. The effect is to re-balance their remuneration mix to reflect greater pay 'at-risk'.
- One-third of any future STI award for all Executive KMP will be deferred for 1 year into Orica shares.
- No further grants will be made under LTEIP, the loan-based LTI plan. As from 2015, all senior leaders will participate in a performance rights plan. Under the rights plan, rights will vest based on Relative Total Shareholder Return and Return on Capital performance. Targets have been set for the 2015 grant to ensure full vesting occurs only in the event of sustained superior performance.
- A malus policy will be introduced to formalise the Board's discretion to deny payment of unvested entitlements to Executives, should circumstances require.
- Executives will be required to hold a minimum percentage of their fixed remuneration in Orica shares. These shares must be acquired over a reasonable time.

Your Directors believe that these changes will provide a competitive remuneration structure that strengthens the alignment of Executives with the long-term success of Orica and its shareholders.

We therefore commend this report to you and welcome your suggestions for further improvements.

Nora Scheinkestel
Chairman, Human Resources and Compensation Committee

Remuneration Report (audited)

Contents of the Remuneration Report

Section A. Remuneration Governance

A.1 Human Resources and Compensation Committee composition, role and responsibility

The Human Resources and Compensation Committee (Committee) is delegated responsibility by the Board for reviewing and making recommendations on remuneration policies for the Group, including in particular, the policies governing the remuneration of Executives.

Activities of the Committee are governed by its Terms of Reference, which are available on the Company's website at www.orica.com. Amongst other responsibilities, the Committee assists the Board in its oversight of:

- remuneration policy for senior executives;
- determination of levels of reward and the remuneration structure for senior executives, including short-term and long-term incentive plans;
- the company's compliance with applicable legal and regulatory requirements in respect of remuneration matters;
- approval of the allocation of shares and awards under the Long Term Equity Incentive Plan, General Equity Employee Share Plan and the Long Term Incentive Rights Plan.

In financial year 2014, the Committee comprised four Non-Executive Directors: Nora Scheinkestel (Chairman), Ian Cockerill, Lim Chee Onn and Maxine Brenner. Russell Caplan also attended all Committee meetings since being appointed Chairman of the Board.

A.2 Use of Remuneration Consultants

In providing recommendations to the Committee, management received survey data sourced from external specialists and received external advice on matters relating to remuneration and prevailing regulatory and governance standards from Ernst & Young and 3 Degrees Consulting. No remuneration recommendations were received from Remuneration Consultants as defined under the Corporations Act 2001.

A.3 Names and positions of Key Management Personnel

Executive Key Management Personnel

The table below lists the Executives of the Company whose remuneration details are outlined in this Remuneration Report. These Executives, together with the Non-Executive Directors, are defined as Key Management Personnel (KMP) under accounting standards.

Directors' Report – Remuneration Report

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 have no direct involvement in the day-to-day management of the business.

Particulars of Executives' qualifications, experience and responsibilities will be detailed the Annual Report.

Name	Role	Commencement date in role	Country of Residence
Executive Directors			
Ian Smith	Managing Director and Chief Executive Officer	27 February 2012	Australia
Craig Elkington (1)	Executive Director Finance	12 September 2014	Australia
Group Executives			
Nick Bowen	Executive Global Head, Mining Services	11 November 2013	Australia
Tony Edmondstone	Executive Global Head, Supply	4 February 2013	Singapore
Richard Hoggard	Executive Global Head, Manufacturing	1 October 2012	Australia
Andrew Larke (2)	Executive Global Head, Chemicals, Strategy & Planning	1 November 2013	Australia
Former Group Executives		**Date ceased to hold office**	**Country of residence**
Alison Andrew (2)	Executive Global Head, Chemicals	1 November 2013	New Zealand
Noel Meehan (3)	Executive Director Finance	31 October 2013	Australia

(1) Craig Elkington was appointed Chief Financial Officer on 1 November 2013 and became Executive Director Finance on 12 September 2014. Prior to his appointment as Chief Financial Officer, Craig Elkington was Executive Global Head, Mining Services.

(2) Alison Andrew left Orica on 1 November 2013. Andrew Larke, previously Executive Global Head Strategy Planning and Mergers and Acquisitions assumed responsibility for Chemicals in addition to his existing duties.

(3) Noel Meehan retired on 31 October 2013 and Craig Elkington was appointed Chief Financial Officer on 1 November 2013.

Non-Executive Directors

The Non-Executive Directors who held office during financial year 2014 are set out below:

Name	Role	Commencement date in role	Country of Residence
Current Directors			
Russell Caplan	Non-Executive Director, Chairman	30 January 2014	Australia
Maxine Brenner	Non-Executive Director	8 April 2013	Australia
Alberto Calderon	Non-Executive Director	14 August 2013	Australia
Ian Cockerill	Non-Executive Director	12 July 2010	South Africa
Lim Chee Onn	Non-Executive Director	12 July 2010	Singapore
Nora Scheinkestel	Non-Executive Director	1 August 2006	Australia
Gene Tilbrook	Non-Executive Director	14 August 2013	Australia
Former Directors		**Date ceased to hold office**	**Country of residence**
Peter Duncan	Non-Executive Director, Chairman	30 January 2014	Australia
Michael Tilley	Non-Executive Director	30 January 2014	Australia

Section B. Remuneration Policy and Structure

B.1 Summary of Executive Remuneration Arrangements for financial year 2014

Orica's remuneration framework is designed to attract, motivate, reward and retain executives through a remuneration approach that is globally relevant, competitive, aligns with shareholder interests and has a high perceived value.

A summary of arrangements, key developments and outcomes in 2014 is set out in the table below.

	Executive remuneration component	Payment vehicle	Performance measure	Specific targets / performance link	Key developments/ outcomes for financial year 2014
Fixed	**Fixed Annual Remuneration (FAR)**	Cash, superannuation, other benefits		FAR increases vary based on individual performance and market relativity	No increase in CEO FAR. Modest increases in Executive FAR following no increase in FY2013.
At-risk remuneration	**Short Term Incentive Plan (STI Plan)**	Annual cash payment following the release of end of year results Group and Personal performance objectives operate independently and the weighted result for each of the Group and Personal performance objectives is then multiplied together to determine the final STI amount	**Group Objective 1** Safety, Health & Environment (SHE)	Reductions in: • Overdue actions from risk assessments • All Worker Recordable Case Rate • Process Excursions	A leading Safety, Health and Environment indicator measuring reduction in Overdue actions was introduced, further reinforcing Orica's commitment to improving Safety performance and outcomes. In financial year 2014, safety and cash conversion performance improved on the previous year. Gross Margin was in line with financial year 2013 outcomes. EBIT and NPAT performance, while in line with financial year 2013 outcomes, was below the targets set.
			Group Objective 2 Earnings measures	Improvements in: • Earnings Before Interest & Tax [(1)] • Net Profit After Tax [(1)]	
			Group Objective 3 Margin measures	Improvements in: • Gross Margin • Cash Conversion	
			Group Objective 4 Board discretion		A range of outcomes was achieved against personal objectives. On average, the outcome on the personal performance component was between target and maximum for Executive KMP and reflected progress on key corporate initiatives.
			Personal Objectives 3 personal objectives and Board discretion	Functional and financial objectives specific to KMP area of influence	
	Long Term Equity Incentive Plan (LTEIP)	Loan-based share plan, assessed over a 3 year period where up to 35% of loan is forgiven if performance hurdles are achieved	For grants made: • Earnings per Share (EPS) growth • Relative Total Shareholder Return (TSR) For grants tested: EPS only	Compound annual EPS growth of between 5% (threshold) and 15% (maximum) TSR percentile ranking above median (threshold) to 75th percentile and above (maximum)	During financial year 2014, the 2010 LTEIP grant was tested. The performance condition of EPS growth relating to the 2010 plan was not met, hence there was no loan forgiveness. Participants achieved modest capital gains on their shares.

(1) Before individually material items

B.2 Executive KMP Remuneration policy and structure

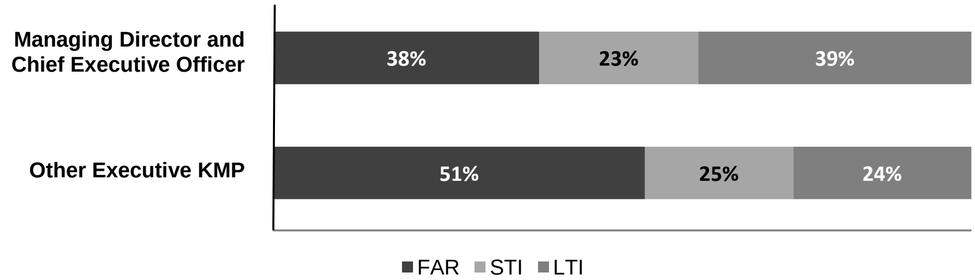
This section outlines the elements of Executive KMP remuneration in financial year 2014, how it is linked to performance and how remuneration outcomes are delivered. Changes proposed in financial year 2015 are outlined in Section D.

Total Remuneration Mix
The Board considers that a significant portion of Executive remuneration should be 'at-risk' to provide alignment with the interests of shareholders.

The graph below shows the target remuneration mix for financial year 2014, based on the earning opportunity for Executives, using STI at target and a fair value calculation (as per Australian Accounting Standards Board, AASB 2) of the long term incentive (LTI) award at grant using an external valuation from PricewaterhouseCoopers. The fair value approach is used as it provides consistency year-on-year in the valuation and weighting of the LTI opportunity in an Executive's Total Annual Remuneration package and will enable comparison with remuneration arrangements in financial year 2015.

The STI and LTI plans only provide material rewards to a Senior Executive if the performance measures of the relevant plans are met.

For financial year 2014, the target remuneration mix for Executive KMP is shown in the following graph. The changes to remuneration in financial year 2015 will provide a change to the pay mix for other Executive KMP with a greater weighting of reward 'at risk', as outlined in Section D.



Fixed Annual Remuneration (FAR)

Fixed Annual Remuneration (FAR) is generally set with reference to the market median for listed companies of a comparable market capitalisation to Orica, having regard to an individual's responsibilities, performance, qualifications, skills and experience.

Consideration is given to business and individual performance as well as the need to retain key talent. Where appropriate, additional sector or industry-specific data is taken into consideration in benchmarking fixed remuneration.

Short-Term Incentives (STI)

All Executive KMP have the opportunity to receive an STI award paid in cash, based on meeting annual performance targets linked to both Group and Personal objectives.

The table below outlines key attributes of Orica's STI Plan.

Short-Term Incentive Plan - Structure and purpose of the plan	
What is the STI Plan?	An at-risk annual cash incentive plan linked to specific annual Group and Personal performance objectives, which is based on a percentage range of each participant's Fixed Annual Remuneration.
What is the value of the STI opportunity?	The STI opportunity is intended to pay at the top quartile on achievement of maximum targets. It is expressed as a percentage of FAR and varies depending on role. • The Target Incentive for the CEO is 60% of FAR, with the Maximum being 120% of FAR. • The Target Incentive for Executive KMP (1) is 40% of FAR; Maximum is 80% of FAR. (1) The Executive Global Head, Chemicals Strategy & Planning's Target Incentive is 80% of FAR with a Maximum of 160% for historical reasons.
What are the STI performance objectives and why were they chosen?	Each Executive KMP has a set of Group and Personal performance objectives. Group objectives common to all Executive KMP are selected to reflect Orica's focus on people and operational safety and on financial performance arising from execution of business strategy and delivery against measures that impact long-term sustainability.

For financial year 2014, the Group objectives were as follows:

Group objectives	Component	Weighting
Safety, Health and Environment	Overdue actions arising from major risk assessments, audits and ICAMs below target percentage [1]	8.33%
	Improvement in All Worker Recordable Case Rate (AWRCR)	8.33%
	Improvement in Process Safety	8.33%
Earnings measures	Improvement on previous year's Earnings Before Interest and Taxation (EBIT) [2]	12.50%
	Improvement in Net Profit After Tax (NPAT) [3]	12.50%
Margin measures	Improvement in Gross Margin	12.50%
	Improvement in Cash Conversion	12.50%
Board discretion	Amount which may be payable, determined at the Board's discretion	25.00%

(1) Incident Cause Analysis Method (ICAM) is Orica's global incident investigation method.
(2) For STI purposes EBIT is defined as earnings before interest, tax and individually material items.
(3) NPAT is defined as Net Profit After Tax before individually material items attributable to shareholders of Orica Limited.

In addition, each Executive is set three equally-weighted Personal objectives specific to their area of influence. A fourth discretionary component may be payable, determined at the Board's discretion.

Objectives are approved by the Board at the start of each financial year and are set out in a formal Performance Agreement. Target performance for each Group objective typically represents improvement relative to the previous year.

How does performance against STI objectives determine STI outcome?	Under the Plan, Group and Personal objectives operate independently and the weighted result for each is then multiplied together to determine the final STI amount. Each objective has a minimum threshold, below which no incentive is paid for that measure, and a maximum limit that caps the performance objective (with a straight line scale applied between threshold and maximum). In total, the Plan design allows for up to 120% of FAR to be earned by the CEO and 80% of FAR for other Executive KMP [1] where maximum performance is achieved for all measures. Performance is measured over the financial year preceding the payment date. (1) The Executive Global Head, Chemicals Strategy & Planning can earn a maximum of 160% of FAR for historical reasons.
Who sets the targets and assesses performance?	The Board approves the metrics and targets for the Managing Director and other Executive KMP at the beginning of each year and assesses performance against those targets at the end of the financial year. The Board retains an overriding discretion in relation to payments (if any) under the STI Plan (regardless of whether any of the STI performance objectives have been satisfied).
What happens in the event of cessation of employment?	A participant will not be eligible for a payment if terminated due to misconduct or poor performance nor, in general, if they resign before the end of the STI performance period. In limited circumstances approved by the Board (such as bona fide redundancy) and where a participant has more than 6 months service in the financial year, the participant may be awarded a pro-rata STI payment. Any STI payment made will be payable following the end of the relevant financial year in line with all other STI participants.
How would a change of control impact on STI entitlements?	Where there is a change of control, the Board has the discretion to pay some or all of the STI available for that financial year.

Long-Term Incentives (LTEIP)

The Orica Long-Term Equity Incentive Plan (LTEIP) has been the long-term incentive component of the remuneration arrangements for Executive KMP since 2004. While a performance rights plan will be implemented from financial year 2015, awards already granted under the LTEIP plan will run through to scheduled testing. Executive KMP participated in LTEIP in financial year 2014.

The LTEIP is an equity plan where shares are acquired up front through the provision of a non-recourse loan from the Company, provided for the sole purpose of acquiring shares in Orica. It operates much like a traditional option plan, as the outstanding loan balance is effectively the 'exercise price' that must be paid before any value can be realised.

Maximum rewards under LTEIP arise where there is strong share price performance, strong earnings per share growth and strong relative total shareholder return performance.

Directors' Report – Remuneration Report

The table below outlines key attributes of the Orica LTEIP Plan under which awards were granted in financial year 2014.

<table>
<tr><th colspan="2">Long-Term Incentive Plan - Structure and purpose of the plan</th></tr>
<tr><td>How is the amount of the loan determined?</td><td>The target loan amount takes into account a range of factors, including the key performance measures and dividends payable over the performance period, a notional interest charge on the loan and the fringe benefits tax cost of partial loan forgiveness. The target loan amount, together with the performance measures, is intended to deliver an opportunity in fair value terms of approximately 100% of FAR for the Managing Director and 48% of FAR for other Executive KMP.</td></tr>
<tr><td>How does the LTEIP plan deliver benefits to participants?</td><td>LTEIP delivers benefits to Executives by (a) partial loan forgiveness dependent on meeting the performance hurdles of Relative Total Shareholder Return (TSR) and Earnings Per Share (EPS) growth [1] and (b) capital appreciation in the shares held under the plan. The primary benefit under LTEIP is achieved through loan forgiveness and there is no loan forgiveness if EPS and/or TSR targets are not met.

Partial loan forgiveness - a benefit is provided in the form of forgiving part of the outstanding loan balance in return for performance against performance hurdles. While the performance hurdles have changed from time to time to reflect appropriate business priorities, from 2012, the two measures have been Relative TSR and EPS growth. Loan forgiveness for the 2010 grant tested in financial year 2014 was based on EPS growth only.

Capital appreciation - a benefit is provided through share price increases above the grant price (if achieved), directly reflecting shareholder value created.

Dividends - any dividends paid on the shares during the vesting period are applied (on an after-tax basis) towards repaying the loan.

[1] The 2010 award, which vested in November 2013, one performance hurdle applied, namely EPS growth</td></tr>
<tr><td>What are the targets applicable to the financial year 2014 LTEIP grants?</td><td>The maximum total loan forgiveness is 35% [1]. Up to 15% of the loan may be forgiven for satisfaction of the EPS performance condition and up to 20% for satisfaction of the relative TSR performance condition.

The targets applicable for the financial year 2014 LTEIP grants are:

<table>
<tr><th>Compound EPS growth per annum</th><th>Percentage of the loan that is forgiven if the EPS hurdle is met [1]</th></tr>
<tr><td>Less than 5%</td><td>0%</td></tr>
<tr><td>5%</td><td>5%</td></tr>
<tr><td>10% (Target Loan Forgiveness)</td><td>10%</td></tr>
<tr><td>15% and above (Maximum Loan forgiveness)</td><td>15%</td></tr>
</table>

<table>
<tr><th>Orica TSR percentile ranking against ASX 100</th><th>Percentage of loan that is forgiven if the TSR hurdle is met [1]</th></tr>
<tr><td>Below 50th percentile</td><td>0%</td></tr>
<tr><td>50th percentile (Target Loan Forgiveness)</td><td>10% [2]</td></tr>
<tr><td>75th percentile and above (Maximum Loan Forgiveness)</td><td>20%</td></tr>
</table>

[1] For an Executive located in Australia. Participants based outside Australia must pay withholding tax to participate in LTEIP. To compensate for this, target loan forgiveness starts at approximately 37% of the loan increasing to a maximum loan forgiveness of 65%.
[2] Straight line loan forgiveness applies for performance between 50th and 75th percentile ranking.</td></tr>
<tr><td>What is the term of the loan?</td><td>The loan period runs from the grant date until shortly after the performance condition of LTEIP is tested, a period of approximately three years.</td></tr>
<tr><td>Is the loan interest free?</td><td>An interest component is taken into account in determining the level of performance-based loan forgiveness that may be awarded to executives. There is no interest charge to the Executive on the loan itself.</td></tr>
<tr><td>How are shares acquired for allocation to Executives under LTEIP?</td><td>The Company has the flexibility under LTEIP rules to acquire shares on-market, issue new shares, or reallocate forfeited shares to participants in the Plan.

Orica sought and received shareholder approval for the LTEIP grant made to the Managing Director in February 2014.</td></tr>
<tr><td>Are Executives entitled to deal with shares during the loan period?</td><td>No. The shares are held as security for the loan.</td></tr>
<tr><td>How is the balance of the loan reduced over time?</td><td>During the loan period, part of the dividends paid on the shares are applied in part repayment of the loan. Of dividends received, a portion is paid to the Executive KMP (after withholding tax, where applicable) to fund their tax liability on these dividends received.

The remainder is applied towards reducing the balance of their loan. Any performance-based partial loan forgiveness will reduce the balance at the end of the period. Executives are not entitled to make additional voluntary repayments during the loan. The outstanding loan balance must be repaid at the end of the loan period.</td></tr>
</table>

If the loan is non-recourse, do Executives have to repay the loan?	Yes, Executives must repay their loan at the end of the performance period. Executives can either repay their loan out of their own funds or sell some or all of their shares and apply the proceeds of sale to repay the loan. Shares remain restricted until the loan is repaid. If the value of the shares is less than the outstanding loan balance at the end of the performance period, the Executive surrenders and forfeits the shares to Orica in full settlement of the loan balance and no benefit accrues to the Executive. This is why the loan is regarded as 'non-recourse'.
Does the Company buy back or cancel shares surrendered under the non-recourse feature of LTEIP?	No. Surrendered shares are held in the Orica Share Plan Trust and reallocated under future LTEIP grants.
Partial loan forgiveness may be granted subject to EPS performance. What is EPS and how is it calculated?	EPS stands for Earnings per Share and is calculated by dividing Orica's net profit after tax by the undiluted weighted average number of ordinary shares on issue during the relevant performance period. Calculations under LTEIP will normally use reported basic EPS before any adjustment for individually material items. However, the Board has retained discretion to adjust EPS, either positively or negatively, in exceptional circumstances for individually material items (disclosed in note 6 of Orica's financial statements). EPS growth will be rounded to 1 decimal place and straight line loan forgiveness will be granted between 5% and 15% Compound Annual Growth Rate (CAGR). For example, EPS growth of 12.1% will result in 12.1% loan forgiveness. No loan forgiveness on the EPS component will be granted should CAGR in EPS not equal or exceed 5% compound over the 3 year performance period.
Partial loan forgiveness may be granted subject to relative TSR performance. What is relative TSR and how is it calculated?	TSR stands for Total Shareholder Return and is calculated by measuring a combination of share price appreciation and dividends re-invested to show the total return to shareholders over the three year performance period. Orica's TSR is then ranked on a relative basis with the TSR performance of the constituent companies of the ASX 100 (with no exclusions). No loan forgiveness for the TSR component will be granted should Orica's TSR ranking be below the 50^{th} percentile over the performance period. Maximum loan forgiveness for the TSR component will be achieved where Orica's TSR ranking is at or above the 75^{th} percentile. Straight line loan forgiveness will be granted for performance between 50^{th} and 75^{th} percentile ranking (rounded to one decimal place). For example, Orica's TSR performance at the 59^{th} percentile will result in 13.6% loan forgiveness.
Why did the Board select these measures as the performance conditions?	Growth in EPS was selected as it maintains a strong correlation with long term shareholder return, whilst reducing the plan's susceptibility to short term share price volatility as share price may be influenced by market factors that are not always representative of the Company's performance. When selecting this target, the Board had reference to both the general performance of the market (where an EPS growth of 10% per annum generally reflects high end performance within the ASX 100) and Orica's historical EPS growth. Relative TSR was introduced to align Executive reward under LTEIP with returns delivered to shareholders. The ASX 100 was selected as the relative TSR comparator group because, in the absence of a sufficient number of direct competitor companies, the ASX 100 represents a meaningful group of companies that Orica competes with for shareholder capital and Executive talent.
How is the EPS performance condition tested?	Earnings per share growth is measured from the reported EPS for the financial year immediately preceding the grant, against the EPS for the three financial years after the grant date.
How is the relative TSR performance condition tested?	Relative TSR is measured from the date of the LTEIP grant until the end of the performance period. Orica receives an independent report from Ernst & Young that sets out Orica's TSR growth and that of each company in the TSR comparator group (companies of the ASX 100 with no exclusions).
Can recipients benefit even when performance has fallen below target?	The primary benefit from LTEIP is achieved through loan forgiveness which is dependent on meeting the EPS and/or Relative TSR hurdles. If these are not achieved, there is no loan forgiveness and the Executive has to repay the full loan amount, less any after-tax dividend payments applied against the loan. There may however still be a benefit received from share price appreciation but this is by definition likely to be small if the EPS and/or relative TSR targets have not been achieved.
Is the performance condition re-tested?	No, the performance condition is only tested once at the end of the performance period.
What happens if a LTEIP participant ceases employment prior to repayment of the loan?	If an Executive resigns from the Group or is terminated for cause during the loan period, in general the shares are forfeited and surrendered to the Group (in full settlement of the loan) and the individual has no further interest in the shares. However, the Board retains a discretion to determine otherwise in appropriate circumstances which may include allowing an Executive to repay the loan and retain the capital appreciation or, where performance warrants, grant partial loan forgiveness on a pro rata basis. The Board may also determine to leave the loan in place for the remainder of the performance period and test the loan forgiveness provisions at the end of the performance period in appropriate circumstances.
How would a change of control impact on LTEIP entitlements?	The LTEIP rules provide that the loan becomes immediately repayable upon a change of control event, with the outstanding loan balance reduced by the target forgiveness amount, except where the Board determines otherwise. The Board's current intention is that it would not exercise its discretion to vary this default position in the event of an actual change of control.

Service Agreements

Remuneration and other terms of employment for Executive KMP are formalised in service agreements.

All Executive KMP have contracts of no fixed term except for the Managing Director and Chief Executive Officer whose agreement is for a defined period which ends on 27 February 2017 (with an option to extend the contract by mutual agreement for a further term).

Should the Company wish to terminate any of the other Executive KMP for convenience, the Company must provide the Executive a payment equal to one times their average fixed annual remuneration over the preceding three years. Should the Company wish to terminate the Managing Director and Chief Executive Officer, it must provide him with six months' notice together with a severance payment equal to six months' fixed annual remuneration. All Executive KMP must provide the Company with six months' notice if they wish to resign.

Each of the Executive KMP has also agreed to restraints and non-solicitation undertakings as part of their service agreements, which will apply upon cessation of their employment to protect the legitimate business interests of Orica.

All KMP are required to comply with Orica's 'Guidelines in dealing with Securities' at all times and in respect of all Orica shares held, including, for Executive KMP, shares held under LTEIP or any other employee share plan. In addition, Executive KMP are prohibited from using any Orica shares as collateral in any margin loan or derivative arrangement.

B.3 Non-Executive Director Remuneration policy and structure

The key principles relating to Non-Executive Directors' remuneration are set out below:

- To preserve independence and impartiality, Non-Executive Directors are not entitled to any form of incentive payments and the level of their fees is not set with reference to measures of Company performance. However, to create alignment between Directors and shareholders, the Board has adopted guidelines that encourage Non-Executive Directors to hold (or have a benefit in) shares in the Company equivalent in value to at least one year's base fees. Such holdings must be acquired over a reasonable time in a manner of the Director's choosing (subject to Orica's Guidelines for dealing in securities); using personal funds and includes shares held in superannuation accounts or other entities controlled by the Non-Executive Director.
- The current aggregate fee pool for Non-Executive Directors of $2,500,000 was approved by shareholders at the Company's 2010 Annual General Meeting. These fees exclude superannuation benefits and other payments in accordance with rule 48.1 of Orica's constitution. Notwithstanding rule 48.1 of the Constitution, the Company does, in practice, pay both superannuation and committee fees to the Non-Executive Directors out of the maximum aggregate fee pool.
- Non-Executive Directors can elect how they wish to receive their total fees i.e. as a contribution of cash, superannuation contributions or charitable donations. Board and Committee fees are set by reference to a number of relevant considerations including responsibilities and time commitment attaching to the role of Director; the Company's existing remuneration policies; survey data sourced from external specialists; fees paid by comparable companies; and the level of remuneration required to attract and retain directors of the appropriate calibre.
- Generally, no additional benefits are paid to the Non-Executive Directors upon their retirement from office. The former Chairman, P J B Duncan, however, had a grandfathered retirement entitlement of $154,800 (preserved as at July 2004 with no indexation) which was paid on his retirement. There are no other grandfathered arrangements.

The table below sets out the elements of Non-Executive Director fees and other benefits.

Board Fees	**Chair of Board** [(1)]	**Non-Executive Director**	**Included in the shareholder approved cap?**
Board	$510,000	$170,000	Yes
Committee fees	**Chair of Committee**	**Committee member**	**Included in the shareholder approved cap?**
Audit and Risk Committee	$45,000	$22,500	Yes
Human Resources and Compensation Committee	$45,000	$22,500	Yes
Safety, Health and Environment Committee	$45,000	$22,500	Yes

Other Benefits		**Included in the shareholder approved cap?**
Superannuation	Superannuation contributions are made on behalf of the Non-Executive Directors at a rate of 9.5% being the current superannuation guarantee contribution rate (9.25% up to 30 June 2014). Directors do not receive the 9.5% superannuation contribution on the total amount of their fees, as the Company only makes contributions up to the amount required to avoid imposition of the superannuation guarantee charge.	Yes
Other fees/benefits	Non-Executive Directors receive a travel allowance based on the hours travelled to a Board meeting. If travel to attend a meeting takes between 3 hours and 12 hours, the allowance paid is $2,500 per meeting. If travel time exceeds 12 hours, the allowance paid is $5,000 per meeting. Non-Executive Directors are also permitted to be paid additional fees for extra services or special exertions.	No

(1) Committee fees are not paid to the Chairman of the Board.

Section C. Financial year 2014 Executive Remuneration Outcomes

C.1 Key remuneration drivers in financial year 2014

In financial year 2014, the Board continued to set challenging financial and non-financial performance targets. Aligned to business performance and shareholder outcomes, financial year 2014 Executive remuneration outcomes reflected little or no movement on fixed pay and STI outcomes that were around half of maximum. The 2010 LTEIP Plan which was tested in financial year 2014 delivered no loan forgiveness and modest capital appreciation. Further detail on outcomes is provided below.

C.2 Business Performance in financial year 2014

In financial year 2014, Orica demonstrated resilient earnings and strong cashflow performance against a backdrop of difficult mining markets, falling commodity prices and significant pricing pressure.

Over the past five years:

- cumulative growth in total shareholder return (movement in the Company's share price plus dividends received) was 25.41 percent.
- an average of 93.4 cents per ordinary share per annum has been paid to shareholders in dividends.
- compound earnings per share (EPS) growth was approximately 2.43 percent.

The table below summarises key indicators of the performance of the Group and relevant shareholder returns over the past five financial years.

				Restated	
Financial year ended 30 September	**2010**	**2011**	**2012**	**2013**	**2014**
EBIT ($m) (1)	1,009.0	1,028.3	1,022.6	968.1	929.7
Dividends per ordinary share (cents) (3)	95.0	90.0	92.0	94.0	96.0
Closing share price ($ as at 30 September) (2)	25.71	23.48	24.87	20.06	18.90
EPS growth (%) (1)	6.30%	(6.52%)	2.54%	(8.43%)	0.49%
NPAT ($m) (1) (3)	675.8	642.3	650.2	592.5	602.5
External Sales ($m)	5,812.1	6,182.3	6,674.1	6,885.2	6,796.3
Cumulative TSR (%)	30.20	32.83	39.21	14.39	25.41

(1) Before individually material items.
(2) The opening share price for financial year 2010 was $23.50.
(3) Including Dulux Group which was demerged from Orica on 9 July 2010.

C.3 Fixed Annual Remuneration Outcomes

Salaries for most Executive KMP other than the Managing Director and CEO were increased by 3.5% based on a market review in November 2013 to the levels set out below. This was in line with the average remuneration review outcome for Orica's Australian employees and followed no increases in FY2013. Ian Smith did not receive an increase in his fixed remuneration in either FY2013 or FY2014.

Name	**FAR (1)**
Current Executive Directors	
I K Smith	2,500,000
C B Elkington (2)	950,000
Current Executive KMP	
N R Bowen (3)	950,000
T J Edmondstone (4)	746,940
R Hoggard	838,350
A J P Larke	919,290

(1) Fixed Annual Remuneration (FAR) includes Base pay, and superannuation. FAR is reviewed annually by the Board following the end of each financial year and adjustments are, in general, effective from 1 January of the following year. Accordingly, the amounts set out in the table above are the Executives' fixed annual remuneration as at 30 September 2014.

(2) Craig Elkington was appointed Chief Financial Officer on 1 November 2013 and his salary was increased to $950,000 to reflect his change in position. C Elkington was appointed Executive Director Finance on 12 September 2014 and his remuneration did not change.

(3) Nick Bowen was appointed on 11 November 2013. N Bowen did not participate in the 2014 Annual Remuneration Review.

(4) Salary based on Singapore dollar amount translated at average foreign exchange rate for the year.

C.4 Short-Term Incentive Outcomes

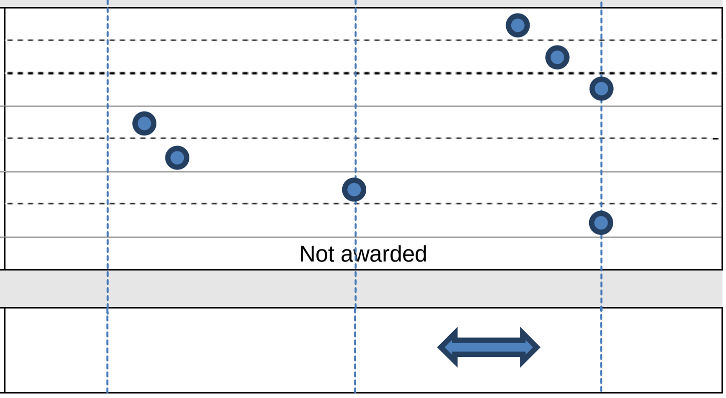
Awards to Executive KMP under the STI Plan

STI performance targets were set for financial year 2014, generally as an improvement to financial year FY2013 outcomes.

- Safety targets were set to reflect Orica's commitment to continuously improving safety performance. All Worker Recordable Case Rate and Process Safety targets were set to reflect an improvement on financial year 2013 outcomes. In financial year 2014, a third leading safety measure, 'Overdue Actions', was introduced to drive timely closure of actions arising from major risk assessments, audits and incident investigations. Pleasing progress was made over the year with over 20 percent improvement versus financial year 2013 outcomes on all three metrics reflecting focus on risk management and on taking timely action to address safety matters.
- NPAT and EBIT targets were set to represent an improvement on financial year 2013 performance. While earnings were resilient in a difficult market, performance was in line with financial year 2013 outcomes and therefore was at the lower end of the range set for incentive purposes.
- Gross Margin and Cash Conversion targets were set in line with financial year 2013 outcomes, which exceeded financial year 2013 targets significantly. Gross margin performance was in line with financial year 2013 outcomes and strong cash conversion, up 9 percent on the previous corresponding period, was achieved.
- Taking into account shareholder outcomes, the Board determined that the discretionary element of business performance would not be awarded.
- Individual measures for Executives were determined at the commencement of the financial year. The Board approved the measures for Executive KMP. These measures comprised each individual's contribution to delivery against projects and initiatives within the scope of their role. Personal performance of Executive KMP was reviewed against these measures by the Board. On average, the outcome on the personal performance component was between target and maximum for Executive KMP.

Performance against the STI objectives for the FY2014 performance year is illustrated in the table below.

		Performance for financial year 2014		
Group Business Performance Objective		**Threshold**	**Target**	**Maximum**
Safety	Percentage of overdue actions vs target [1]			
	All Worker Recordable Case Rate (AWRCR)			
	Process Safety [2]			
Earnings	EBIT			
	NPAT			
Margin	Gross Margin [3]			
	Cash Conversion [4]			
Discretion			Not awarded	
Individual Performance Objective				
Individual measures based on initiatives and key project deliverables linked to sustainable improvement in company performance, including discretion				



[1] Overdue actions = % of actions arising from major risk assessments, audits and ICAMS. Incident Cause Analysis Method (ICAM) is Orica's global incident investigation method.
[2] Process Safety measure defined as Process Excursions = On and Off Site loss of Containment (Category 2, 3 and 4 incidents).
[3] Cash Conversion = (EBITDA – (Sustaining Capital) +/- (Movement in Trade Working Capital))/EBITDA x 100.
[4] Gross Margin % = (Sales – Total Variable Cost of Sales (includes manufacturing employee costs and depreciation)) / Sales x 100.

Financial year 2014 STI Outcomes

Considering performance on all objectives, the STI payment was at 51.8% of maximum STI for the Managing Director and an average of 48.3% of maximum STI for other Executive KMP. Across all Executive KMP, approximately half of the maximum available opportunity was foregone.

Details of the 2014 STI percentages for Executive KMP are set out in the table below:

For the year ended 30 September 2014	Maximum STI opportunity $000	Actual STI Payment $000	Actual STI payment as % of maximum STI	% of maximum STI payment forfeited/forgone
Current Executive KMP [1]				
I K Smith	3,000.0	1,554.0	51.8	48.2
C B Elkington	760.0	372.6	49.0	51.0
N R Bowen	760.0	365.6	48.1	51.9
T J Edmondstone	597.6	281.9	47.2	52.8
R Hoggard	670.7	316.4	47.2	52.8
A J P Larke	1,470.9	734.4	50.0	50.0

[1] Former Executive KMP A M Andrew and N A Meehan were not eligible to receive a pro-rata STI payment in financial year 2014 as they did not complete 6 months in role in the financial year.

C.5 Long-Term Incentive Outcomes

Historic awards to Executive KMP under the Long Term Equity Incentive Plan (LTEIP)

Over the past five years, the Long Term Equity Incentive Plan (LTEIP) has provided a loan forgiveness benefit in only one instance and has provided modest capital appreciation benefit to Plan participants in four of the past five years. The 2008 plan, which vested in 2011, vested with a performance outcome around target which provided both loan forgiveness and a capital appreciation benefit.

Details of the five year historical analysis of benefits under the LTEIP are tabled below.

Plan	Hurdles (Target)	Allocation price	Perfor-mance period	LTEIP Performance Outcomes			
				Status	Was a capital benefit derived (i.e. did the participating Executives keep their shares?)	Was loan forgiveness / waiver granted?	Was the maximum loan forgiveness granted?
2006 Offer	TSR growth: average 15% pa or greater (compound)	$23.77	3 years	Complete	Yes	No	No
2007 Offer	TSR growth: average 15% pa or greater (compound)	$31.76	3 years	Complete	No	No	No
2008 Offer	TSR growth: average 10% pa or greater (compound)	$16.13	3 years	Complete	Yes	Yes	No
2009 Offer	TSR growth: average 10% pa or greater (compound)	$24.79	3 years	Complete	Yes	No	No
2010 Offer	EPS growth: average 10% pa or greater (compound)	$25.23	3 years	Complete	Yes	No	No

Awards vesting in 2014 under the Long Term Equity Incentive Plan (LTEIP)

The 2010 Long-Term Equity Incentive Plan (LTEIP) award was tested in November 2013. The 2010 LTEIP award had one performance hurdle, namely Earnings per Share (EPS) growth. As the compound EPS growth over the plan period was below the threshold performance level, no loan forgiveness was applied. Executives achieved modest capital gains on their shares.

Directors’ Report – Remuneration Report

New awards offered to Executive KMP in February 2014

Under the LTEIP, eligible Executives are provided with an interest free, non-recourse loan from the Group for the sole purpose of acquiring shares in Orica. The 2014 offer, which was granted as part of the Executive KMP total remuneration for financial year 2014, was allocated in February 2014 following approval of the Managing Director and CEO’s award by shareholders at the Annual General Meeting.

The following table shows the current balances of the non-recourse loans from Group, for the Executive KMP, following the February 2014 grant.

For the year ended 30 September 2014	Opening balance $	Advances during FY14 [1] $	Other repayments during FY14 [2] $	Cash repayments during FY14 [3] $	Closing balance $	Interest free value $	Highest indebtedness $
Current Executive Directors							
I K Smith	15,452,094	7,687,493	-	358,062	22,781,525	1,043,559	22,970,095
C B Elkington	3,120,519	1,363,238	-	876,036	3,607,721	183,642	4,448,373
Current Executive KMP							
N R Bowen	-	1,363,238	-	11,581	1,351,657	36,893	1,363,238
T J Edmondstone	1,502,332	918,396	-	615,905	1,804,823	90,266	2,403,862
R Hoggard	1,399,817	1,162,327	-	277,941	2,284,203	100,553	2,546,695
A J P Larke	3,593,581	1,274,556	-	1,194,559	3,673,578	198,352	3,704,440
Former Executive Directors							
N A Meehan [4]	4,746,002	-	-	1,503,517	3,242,485	218,040	4,746,002
Former Executive KMP							
A M Andrew [4]	1,020,447	-	-	1,020,447	-	6,505	1,020,447
Total Executive Key Management Personnel	**30,834,792**	**13,769,248**	**-**	**5,858,048**	**38,745,992**	**1,877,810**	**43,203,152**

(1) Under LTEIP, eligible Executives are provided with an interest free, non-recourse loan from the Group for the sole purpose of acquiring shares in Orica. Executives must apply net cash dividends to the repayment of the loan balance, and Executives may not deal with the shares while the loan remains outstanding. Accounting Standards require that shares issued under employee incentive share plans in conjunction with non-recourse loans are to be accounted for as options. As a result, the amounts receivable from employees in relation to these loans have not been recognised in the financial statements.

(2) Constitutes loan forgiveness amounts under LTEIP. No loan forgiveness was granted during the year.

(3) Constitutes repayments including after tax dividends paid on the shares applied against the loan, repayment of loan on vesting of LTEIP and forfeiture of LTEIP options.

(4) N A Meehan, under a Deed of Release dated September 2013, ceased employment on 31 October 2013 and A M Andrew ceased employment on 1 November 2013. As a participant in LTEIP, the Board determined in November 2013 that, notwithstanding his cessation of employment, N A Meehan would continue to participate in the LTEIP offers that remain ‘on foot’ and his participation would be treated in accordance with the relevant LTEIP rules in the same manner as all other participating Executives with the relevant share based payments expense under accounting standards being included 50% in his 2013 remuneration with the balance to be included in 2014. The Board determined that A M Andrew’s December 2010 LTEIP grant would tested as normal in November 2013. These options subsequently lapsed as the value of shares was less than the loan balance. Other LTEIP options held by A M Andrew lapsed on her cessation of employment.

Section D. Remuneration Changes for financial year 2015

As indicated last year, the Human Resources and Compensation Committee undertook a detailed review of the Executive Remuneration Framework during 2014, which included meetings with a range of stakeholders, research into prevailing market practice and trends, and consideration of current governance requirements.

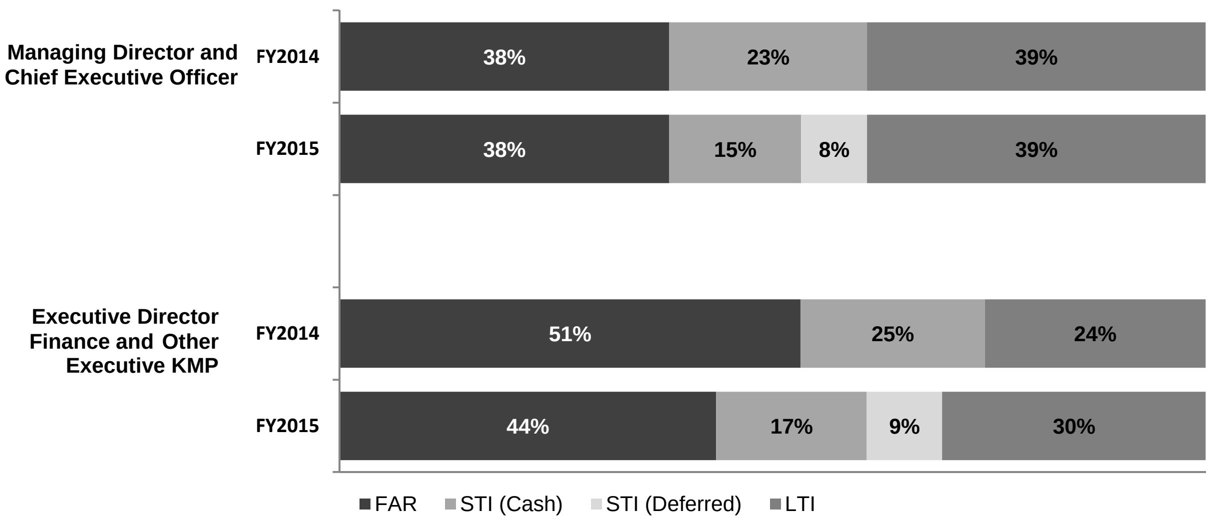
The Committee also took account of the fact that the organisation is currently undergoing significant transformation and has a renewed focus on disciplined capital management.

The objectives of the Orica Framework were endorsed i.e. to ensure that remuneration is aligned to shareholder interests, linked to strategy and globally competitive in attracting, retaining and providing incentives to management.

In this context, the Board has determined to make a number of changes to remuneration arrangements for senior Executives. Key features of Executive Remuneration in 2015 will be:

- The Total Remuneration opportunity for the Managing Director and Chief Executive Officer, comprising fixed remuneration, short and long-term incentives, will remain at financial year 2014 levels. In addition, a greater proportion of his remuneration will be delivered in shares and performance rights, strengthening alignment to shareholders.
- Fixed pay for other Executive KMP will remain at financial year 2014 levels. However, their performance-based pay opportunity will be increased to provide improved competitiveness to market. The effect is to re-balance remuneration mix to reflect greater pay 'at-risk'.
- One-third of any future STI award for all Executive KMP will be deferred for 1 year into Orica shares.
- No further grants will be made under LTEIP, the loan-based LTI plan. As from 2015, all Senior Leaders will participate in a performance rights plan. Under the rights plan, rights will vest based on Relative Total Shareholder Return and Return on Capital performance. Targets have been set for the 2015 grant to ensure full vesting occurs only in the event of sustained superior performance.
- The new long-term incentive plan has been set to deliver an equivalent earnings opportunity as LTEIP in fair value terms for the Managing Director and Chief Executive Officer and the Executive Director Finance, and to deliver an increased earnings opportunity for other Executive KMP, aligned to market levels. Shareholder approval will be sought at the next Annual General Meeting for the grant of performance rights under the new LTI plan to the Managing Director and Chief Executive Officer and the Executive Director Finance. The number of rights will be set, in conjunction with performance targets, to deliver the earnings opportunity in the event of sustained superior performance.
- A malus policy will be introduced to formalise the Board's discretion to deny payment of unvested entitlements to Executives, should circumstances require.
- Executives will be required to hold a minimum percentage of their fixed remuneration in Orica shares. These must be acquired over a reasonable time.

With these changes the pay mix for financial year 2015 will change as illustrated in the following graph.



Further detail on these changes will be provided in the financial year 2015 Remuneration Report.

Section E. Executive KMP – Remuneration Tables and Data

E.1 Nature and Amount of each Element of Remuneration of Executive KMP

Details of the nature and amount of each element of remuneration of Executive KMP are set out in the following table:

	Short term employee benefits			Post employ-ment benefits					
	Base (Fixed) Pay $000	STI Payment (1) $000	Other Benefits (2) $000	Super-annuation Benefits $000	Termination Benefits $000	Other Long Term Benefits (3) $000	**Total excluding SBP* Expense $000**	Share Based Payments Expense (4) $000	**Total $000**
Current Executive Directors									
I K Smith									
2014	**2,481.9**	**1,554.0**	**(26.0)**	**18.0**	**-**	**-**	**4,027.9**	**2,159.4**	**6,187.3**
2013	2,483.2	1,023.8	27.9	16.8	-	-	3,551.7	1,618.3	5,170.0
C B Elkington									
2014	**926.1**	**372.6**	**25.0**	**18.0**	**-**	**39.1**	**1,380.8**	**347.5**	**1,728.3**
2013	863.2	160.2	88.8	16.8	-	46.2	1,175.2	493.1	1,668.3
Total Current Executive Directors									
2014	**3,408.0**	**1,926.6**	**(1.0)**	**36.0**	**-**	**39.1**	**5,408.7**	**2,506.9**	**7,915.6**
2013	3,346.4	1,184.0	116.7	33.6	-	46.2	4,726.9	2,111.4	6,838.3
Former Executive Director									
N A Meehan (5)									
2014	**101.2**	**-**	**9.2**	**2.9**	**593.3**	**0.2**	**706.8**	**313.6**	**1,020.4**
2013	1,233.2	328.1	52.4	16.8	593.3	20.8	2,244.6	1,136.9	3,381.5
Total Executive Directors									
2014	**3,509.2**	**1,926.6**	**8.2**	**38.9**	**593.3**	**39.3**	**6,115.5**	**2,820.5**	**8,936.0**
2013	4,579.6	1,512.1	169.1	50.4	593.3	67.0	6,971.5	3,248.3	10,219.8
Current Executive KMP									
N R Bowen									
2014	**829.9**	**365.6**	**323.8**	**16.5**	**-**	**-**	**1,535.8**	**107.1**	**1,642.9**
2013	-	-	-	-	-	-	-	-	-
T J Edmondstone (6) (7)									
2014	**740.6**	**281.9**	**570.4**	**-**	**-**	**10.7**	**1,603.6**	**194.8**	**1,798.4**
2013	448.4	134.4	380.2	4.3	-	6.9	974.2	265.3	1,239.5
R Hoggard (7)									
2014	**813.2**	**316.4**	**18.8**	**18.0**	**-**	**23.3**	**1,189.7**	**236.1**	**1,425.8**
2013	793.2	187.1	19.0	16.8	-	97.4	1,113.5	192.7	1,306.2
A J P Larke									
2014	**893.5**	**734.4**	**49.5**	**18.0**	**-**	**21.3**	**1,716.7**	**358.6**	**2,075.3**
2013	871.4	385.5	34.2	16.8	-	14.8	1,322.7	581.6	1,904.3
Total Current Executive KMP									
2014	**3,277.2**	**1,698.3**	**962.5**	**52.5**	**-**	**55.3**	**6,045.8**	**896.6**	**6,942.4**
2013	2,113.0	707.0	433.4	37.9	-	119.1	3,410.4	1,039.6	4,450.0
Former Executive KMP									
A M Andrew (5) (7)									
2014	**62.5**	**-**	**15.6**	**-**	**-**	**-**	**78.1**	**2.9**	**81.0**
2013	482.4	129.7	47.3	-	-	-	659.4	6.0	665.4
J R Beevers (6) (8)									
2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2013	4.2	-	0.3	-	976.7	-	981.2	668.0	1,649.2
P McEwan (9)									
2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2013	319.2	34.2	(0.5)	8.6	-	-	361.5	182.2	543.7
G J Witcombe									
2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2013	192.3	-	610.9	8.2	846.8	3.4	1,661.6	308.7	1,970.3
Total Former Executive KMP									
2014	**62.5**	**-**	**15.6**	**-**	**-**	**-**	**78.1**	**2.9**	**81.0**
2013	998.1	163.9	658.0	16.8	1,823.5	3.4	3,663.7	1,164.9	4,828.6

Total Executive KMP									
2014	**3,339.7**	**1,698.3**	**978.1**	**52.5**	**-**	**55.3**	**6,123.9**	**899.5**	**7,023.4**
2013	3,111.1	870.9	1,091.4	54.7	1,823.5	122.5	7,074.1	2,204.5	9,278.6
Total									
2014	**6,848.9**	**3,624.9**	**986.3**	**91.4**	**593.3**	**94.6**	**12,239.4**	**3,720.0**	**15,959.4**
2013	7,690.7	2,383.0	1,260.5	105.1	2,416.8	189.5	14,045.6	5,452.8	19,498.4

* Share Based Payments (SBP).

(1) STI Payment includes payments relating to 2014 performance accrued but not paid until financial year 2015.

(2) These benefits include relocation costs, car parking, medical costs, movement in annual leave accrual, spousal travel and costs associated with services related to employment (inclusive of any applicable fringe benefits tax) and for G J Witcombe include a retention bonus of $592,552 (refer to Section E.4 (b)).

(3) This benefit includes the movement in long service leave accrual.

(4) Includes the value calculated under AASB 2 Share Based Payments to Executives which vest over three years. Value only accrues to the Executive when performance conditions have been met. Each year, the Board may decide to allocate long term incentives to Executives. The Share Based Payments expense represents the expense required under Accounting Standards to be expensed during the year in respect of current and past long term incentive allocations to Executives. These amounts are therefore not amounts actually received by Executives during the year. The mechanism which determines whether or not long term incentives vest in the future is described in section B.2 and note 36 (a).

(5) N A Meehan, under a Deed of Release dated September 2013, ceased employment on 31 October 2013 and A M Andrew ceased employment on 1 November 2013. As a participant in LTEIP, the Board determined in November 2013 that, notwithstanding his cessation of employment, N A Meehan would continue to participate in the LTEIP offers that remain 'on foot' and his participation would be treated in accordance with the relevant LTEIP rules in the same manner as all other participating Executives with the relevant share based payments expense under accounting standards being included 50% in his 2013 remuneration with the balance included in 2014. In addition to his statutory entitlements to accrued leave, under the terms of N A Meehan's service agreement, he was entitled to a severance payment of $1,186,598 upon cessation of his employment (equivalent to 1.0 times his fixed remuneration), 50% of which, under accounting standards, was included in his 2013 remuneration with the balance included in 2014. The Board has determined that A M Andrew's December 2010 LTEIP grant was tested as normal in November 2013. These options subsequently lapsed as the value of shares was less than the loan balance. Other LTEIP options held by A M Andrew lapsed on her cessation of employment and the market value of the forfeited options, based on the Orica share price at the lapse date was $60,832.

(6) For overseas based Executives, other benefits include up to 100% of relocation and travel allowances, reimbursement of accommodation and living away from home expenses, health insurance, family travel and taxation expenses.

(7) In financial year 2013 the amounts disclosed relate to remuneration paid from the date of the Executive's designation as KMP.

(8) J R Beevers ceased employment on 1 October 2012. The Board determined that his Dec 2009 LTEIP grant would be tested as normal in November 2012 and he remained entitled to the capital appreciation on the 2009 LTEIP grant. He was also entitled to retain his Dec 2010 and Dec 2011 LTEIP grants on cessation of employment with the loans to be repaid by 31 December 2012 and these subsequently lapsed because the value of the shares was less than the outstanding loan balance at 31 December 2012. The market value of the forfeited options, based on the Orica share price at the lapse date was $2,698,811.

(9) P McEwan ceased employment on 2 April 2013. The Board determined that she was entitled to retain her Dec 2010 LTEIP grant with the loan to be settled by 3 June 2013 and these subsequently lapsed because the value of the shares was less than the outstanding loan balance at 3 June 2013. The Dec 2011 LTEIP grant was forfeited on cessation of employment. The market value of the forfeited options, based on the Orica share price at the lapse date was $1,584,829.

E.2 Equity instruments granted to and exercised by Executive KMP

As outlined above, although shares allocated to Executive KMP under LTEIP are 'shares' for legal and taxation purposes, Accounting Standards require that they be treated as options for accounting purposes. Share rights and retention rights are also treated as options for accounting purposes. The value of options granted during the year and the value of any options granted in a previous year that were exercised during the year relating to Executive KMP is set out below. The value of the options granted, as valued by PricewaterhouseCoopers (PwC), is the fair value calculated at grant date using an adjusted form of the Black Scholes option pricing model.

For the year ended 30 September 2014	Options Granted Number	Options Granted [1] [2] [3] $	% of Total Remuneration received as Options	Options Exercised [4] Number	Options Exercised [4] $
Current Executive Directors					
I K Smith	317,010	2,567,781	34.9	-	-
C B Elkington	56,216	455,350	20.1	34,036	16,725
Former Executive Directors					
N A Meehan	-	-	30.7	59,754	25,599
Current Executive KMP					
N R Bowen	56,216	455,350	6.5	-	-
T J Edmondstone	37,872	306,763	10.8	24,530	12,366
R Hoggard	47,931	388,241	16.6	10,227	4,511
A J P Larke	52,559	425,728	17.3	47,159	26,003
Former Executive KMP					
A M Andrew	-	-	3.6	-	-
Total Executive Key Management Personnel	567,804	4,599,213		175,706	85,204

(1) Accounting Standards require that shares issued under employee incentive share plans in conjunction with non-recourse loans are to be accounted for as options. As a result, the amounts receivable from eligible Executives in relation to these loans have not been recognised in the financial statements.

(2) The LTEIP options have been valued by PwC at $8.10 per option. The benefit of the options granted under the December 2010 and subsequent LTEIP offers may lapse during future years if the Executives cease employment with the Group before the end of the three year performance period.

(3) The minimum potential value of grants made during the year under LTEIP is nil.

(4) The value of each LTEIP option exercised is the market value of Orica shares on the date of exercise, less the exercise price paid (i.e. effectively the outstanding loan balance at that date for all Executives).

E.3 Number of equity instruments that comprise LTEIP and share rights held by Executive KMP

For the year ended 30 September 2014	Grant date	Granted during FY14	Exercised during FY14 (1) (2)	Lapsed	Outstanding at year end	Exercise price $	Value of options at grant date (3) $	Value of options included in compensation for the year (3) $
Current Executive Directors								
I K Smith								
	24 Feb 12	-	-	-	305,302	N/A	2,842,362	632,514
	7 Feb 13	-	-	-	293,080	N/A	2,614,274	922,685
	21-Feb 14	317,010	-	-	317,010	N/A	2,567,781	604,184
C B Elkington								
	17 Dec 10 (4)	-	34,036	-	-	N/A	314,833	17,302
	19 Dec 11	-	-	-	42,742	N/A	342,363	71,522
	9 Jan 12 (5)	-	-	-	-	N/A	372,557	-
	7 Feb 13	-	-	-	48,143	N/A	429,436	151,565
	21 Feb 14	56,216	-	-	56,216	N/A	455,350	107,141
Former Executive Directors								
N A Meehan								
	17 Dec 10 (4)	-	59,754	-	-	N/A	552,725	15,187
	19 Dec 11	-	-	-	62,289	N/A	498,935	65,144
	9 Jan 12 (5)	-	-	-	-	N/A	597,057	-
	7 Feb 13	-	-	-	68,385	N/A	609,994	233,233
Current Executive KMP								
N R Bowen	21-Feb 14	56,216	-	-	56,216	-	455,350	107,141
T J Edmondstone								
	17 Dec 10 (4)	-	24,530	-	-	N/A	226,903	12,378
	19 Dec 11(6)	-	-	-	13,387	N/A	293,710	-
	7 Feb 13	-	-	-	35,013	N/A	312,316	110,229
	21 Feb 14	37,872	-	-	37,872	N/A	306,763	72,180
R Hoggard								
	17 Dec 10 (4)	-	10,227	-	-	N/A	94,600	5,199
	19 Dec 11(6)	-	-	-	8,302	N/A	182,146	-
	7 Feb 13	-	-	-	44,313	N/A	395,272	139,508
	21 Feb 14	47,931	-	-	47,931	N/A	388,241	91,351
A J P Larke								
	17 Dec 10 (4)	-	47,159	-	-	N/A	436,221	23,972
	19 Dec 11	-	-	-	48,669	N/A	389,839	81,439
	9 Jan 12 (5)	-	-	-	-	N/A	424,233	-
	7 Feb 13	-	-	-	48,591	N/A	433,432	152,976
	21 Feb 14	52,559	-	-	52,559	N/A	425,728	100,171
Former Executive KMP								
A M Andrew								
	17 Dec 10 (4)	-	-	5,710	-	N/A	-	2,904
	19 Dec 11(6)	-	-	2,912	-	N/A	-	-
	7 Feb 13	-	-	33,919	-	N/A	-	-

(1) The combination of shares and the loan provided to fund those shares under LTEIP constitutes an option under AASB 2. These options vest over three years. Under the terms of LTEIP, the loan must be repaid before the Executives can deal with the shares. Accordingly, the exercise period of these options is the loan repayment period, which commences following the testing of the performance condition, typically in November after the annual results announcement, and continues through to February of the following year. The options expire if the loan is not repaid within the repayment window.

(2) There were no amounts outstanding on shares issued as a result of the exercise of the options.

(3) The option valuation prepared by PwC uses methodologies consistent with assumptions that apply under an adjusted form of the Black Scholes option pricing model and reflects the value (as at grant date) of options held at 30 September 2014.

(4) The share based payments expense of $9.25 per option for the December 2010 scheme had been based on achieving an EPS growth of 10% per annum. When these options vested this year the 10% growth had not been achieved, therefore the expense per option was re-valued to $6.10, the fair value for EPS growth of less than 5%. This resulted in a reduction of the share based payment expense for the current year in relation to this scheme.

(5) Share rights under the Executive Retention Scheme vested in FY2013 (refer to Section E.4.(b)).

(6) Share rights issued under LTIRP (refer to note 36).

E.4 Equity instruments held by Executive KMP

(a) LTEIP

The number of option (LTEIP) issues, values and related Executive loan information in relation to Orica Executive KMP is shown in the following table (details of the Long Term Incentive Rights Plan (LTIRP) are in note 36):

Grant date	Number of options issued	Number of options held at 30 Sep	Number of participants at 30 Sep	Total loan at grant date $	Total loan at 30 Sep $	Target loan waiver opportunity over full loan period $	Loan repayments through dividends during year $	Value of options at grant date (1) $
As at 30 September 2014								
21 Feb 14	839,544	**839,544**	**14**	**20,358,942**	20,185,996	4,071,788	172,946	6,800,306
11 Mar 13	33,919	**33,919**	**1**	**889,695**	866,288	177,939	16,595	282,545
7 Feb 13	704,355	**670,436**	**10**	**18,475,232**	17,122,868	3,695,046	328,011	6,282,847
24 Feb 12	305,302	**305,302**	**1**	**8,029,443**	7,674,102	1,794,786	149,369	2,842,362
19 Dec 11	592,713	**451,683**	**4**	**14,924,513**	10,847,664	3,616,963	220,986	4,747,631
	2,475,833	**2,300,884**		**62,677,825**	56,696,918	13,356,522	887,907	20,955,691

(1) The assumptions underlying the options valuations are:

Grant date	Price of Orica Shares at grant date $	Expected volatility in share price %	Dividends expected on shares (2) %	Risk free interest rate %	Fair value per option (3) $
21 Feb 14	24.30	25	Nil	3.05	8.10
11 Mar 13	25.90	25	Nil	2.97	8.33
7 Feb 13	26.73	25	Nil	2.78	8.92
24 Feb 12	26.62	25	Nil	3.71	9.31
19 Dec 11	24.68	25	Nil	2.99	8.01
17 Dec 10	25.20	25	Nil	5.19	9.25

(2) A net dividend yield of nil has been adopted as participants will fully benefit from dividend receipts as loan repayment during the life of the LTEIP instruments.

(3) Under the December 2010 and subsequent LTEIP schemes, a portion of the loan was forgiven based on Orica's compound growth in earnings per share over a pre-determined performance period. Under accounting standards, the share based payments expense (fair value per option) is adjusted to an expense based on the actual EPS growth achieved. The range of fair values per option is:

Grant date	Less than 5% EPS growth per annum $	EPS growth of 5% per annum $	EPS growth of 10% per annum $	EPS growth of 15% or higher per annum $
21 Feb 14	6.77	7.42	8.10	8.83
11 Mar 13	6.90	7.47	8.33	9.09
7 Feb 13	7.53	8.20	8.92	9.78
24 Feb 12	5.87	7.44	9.31	11.32
19 Dec 11	5.02	6.37	8.01	9.89
17 Dec 10 (4)	6.10	7.50	9.25	11.10

(4) The share based payments expense of $9.25 per option for the December 2010 scheme had been based on achieving an EPS growth of 10% per annum. When these options vested this year the 10% growth had not been achieved, therefore the expense per option was re-valued to $6.10, the fair value for EPS growth of less than 5%. This resulted in a reduction of the share based payment expense for the current year in relation to this scheme.

On the demerger of DuluxGroup Limited on 9 July 2010, participating employees of both Orica and DuluxGroup received one DuluxGroup share for every one Orica share held previously under the Orica LTEIP scheme. At demerger date, the price of Orica shares was $25.68. The sale of these DuluxGroup shares resulted in the proceeds being applied towards repaying the loan (against which each tranche of shares were granted). For continuing Orica employees, the TSR target of each tranche was proportionately reduced to take account of DuluxGroup no longer being part of the Orica Group. No current LTEIP participants retain any DuluxGroup shares under LTEIP.

As a result of modifying the period in which the employees could exercise the options for DuluxGroup employees and the TSR targets for continuing Orica employees, an incremental share based payments expense was incurred. The incremental value per option was valued by PwC.

The assumptions underlying the options valuations are:

Grant date	Number of options held at 9 July 2010	Expected volatility in share price	Dividends expected on shares [2]	Risk free interest rate	Incremental value per option $
Continuing Orica Employees					
15 Dec 09	1,785,616	30%	Nil	4.50%	0.65

[2] A net dividend yield of nil has been adopted as participants will fully benefit from dividend receipts as loan repayment during the life of the LTEIP instruments.

The terms of LTEIP apply equally to Executive KMP and other eligible Executives of the Company.

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 2014. 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. The share based payments expense recognised in the Income Statement for share based payment schemes in 2014 was $9.9 million (2013 $16.0 million).

Shares issued under employee incentive share plans in conjunction with non-recourse loans are accounted for as options. As a result, they are measured at fair value at the date of grant using an option valuation model which generates possible future share prices based on similar assumptions that underpin the Black Scholes option pricing model and reflects the value (as at grant date) of options granted. 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.

(b) Retention Rights

Retention Rights were granted to selected Executive KMP and former Executive KMP in financial year 2012. No Retention Rights remained outstanding as at 30 September 2014 or 30 September 2013.

Retention Rights allocations in financial year 2012 and their values in relation to Orica Executive KMP is shown in the following table:

As at 30 September 2012

Grant date	Vesting date	Number of rights issued	Number of rights held	Number of participants	Value of rights at grant date [1] $
09 Jan 12	31 March 13	108,246	108,246	5	2,498,318

[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] $
09 Jan 12	24.24	25	4	3.48	23.08

[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.

E.5 Relevant interests of Executive KMP in the share capital of the consolidated entity

As at 30 September	Fully paid ordinary shares held at 1 October	Acquired [1]	Net change other [2]	Fully paid ordinary shares held at September [3]	Options for fully paid ordinary shares held at September [4] [5]
Executive KMP					
I K Smith					
2014	**-**	**-**	**-**	**-**	**915,392**
2013	-	-	-	-	598,382
C B Elkington					
2014	**-**	**34,036**	**(34,036)**	**-**	**147,101**
2013	-	49,773	(49,773)	-	124,921
N R Bowen					
2014	**-**	**-**	**-**	**-**	**56,216**
2013	-	-	-	-	-
T J Edmondstone					
2014	**-**	**24,530**	**(24,530)**	**-**	**86,272**
2013	-	24,590	(24,590)	-	72,930
R Hoggard					
2014	**1,064**	**10,227**	**(10,065)**	**1,226**	**100,546**
2013	23	10,103	(9,062)	1,064	62,842
A J P Larke					
2014	**-**	**47,159**	**(47,159)**	**-**	**149,819**
2013	-	64,979	(64,979)	-	144,419
Former					
A M Andrew *					
2014	**-**	**-**	**-**	**-**	**-**
2013	-	5,889	(5,889)	-	42,541
J Beevers *					
2014	**-**	**-**	**-**	**-**	**-**
2013	4,750	88,367	(93,117)	-	-
P McEwan *					
2014	**-**	**-**	**-**	**-**	**-**
2013	-	46,941	(33,574)	13,367	-
N A Meehan *					
2014	**97,277**	**59,754**	**(59,754)**	**97,277**	**130,674**
2013	70,355	84,912	(57,990)	97,277	190,428
G J Witcombe *					
2014	**-**	**-**	**-**	**-**	**-**
2013	183,535	141,970	(325,505)	-	-
Total Executive KMP					
2014	**98,341**	**175,706**	**(175,544)**	**98,503**	**1,586,020**
2013	258,663	517,524	(664,479)	111,708	1,236,463

* Closing balance is at cessation of employment with Orica and post exercising LTEIP during financial year 2014 and LTEIP/Retention Rights during financial year 2013.

(1) Includes purchase and exercise of options by Executives and shares acquired, including through the Dividend Reinvestment Plan (DRP).

(2) Net change other includes changes resulting from sales during the year by Executives (of which a significant portion was used to repay LTEIP loans).

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

(4) These interests include shares acquired under a loan agreement. A general description of these agreements (LTEIP) is provided earlier in this 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 recognized. The LTEIP vests after three years.

(5) Including rights held under Rights schemes.

F. Non-Executive Director – Remuneration Tables and Data

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. Particulars of Non-Executive Director qualifications, experience and special responsibilities will be detailed in the Annual Report. The names and positions of the Non-Executive Directors whose remuneration is disclosed in this report are provided in section A.3.

F.1 Non-Executive Director Remuneration

Details of Non-Executive Directors' remuneration are set out in the following table:

For the year to 30 September 2014	Directors Fees [1]	Committee Fees [1] Audit and Risk	SH&E	HR&C	Super-annuation [2]	Other Benefits [3]	Total
	$000	$000	$000	$000	$000	$000	$000
Current Directors							
R R Caplan, Chairman [4]							
2014	**399.1**	**7.4**	**-**	**14.8**	**18.0**	**-**	**439.3**
2013	170.0	13.1	-	45.0	16.8	2.5	247.4
M N Brenner [5]							
2014	**170.0**	**15.1**	**-**	**33.7**	**18.0**	**-**	**236.8**
2013	85.0	-	-	11.3	8.6	17.5	122.4
A Calderon							
2014	**170.0**	**15.1**	**23.3**	**-**	**18.0**	**-**	**226.4**
2013	22.5	-	-	-	2.4	-	24.9
I D Cockerill [6]							
2014	**170.0**	**-**	**37.6**	**15.1**	**18.0**	**49.5**	**290.2**
2013	170.0	-	22.5	-	16.8	49.6	258.9
Lim Chee Onn							
2014	**170.0**	**-**	**22.5**	**15.1**	**18.0**	**12.5**	**238.1**
2013	170.0	-	22.5	-	16.8	15.0	224.3
N L Scheinkestel [5]							
2014	**170.0**	**29.8**	**-**	**37.6**	**18.0**	**-**	**255.4**
2013	170.0	45.0	-	22.5	16.8	17.5	271.8
G T Tilbrook							
2014	**170.0**	**37.6**	**-**	**-**	**18.0**	**15.0**	**240.6**
2013	22.5	3.0	-	-	2.4	2.5	30.4
Former Director							
P J B Duncan, Chairman [7] [8]							
2014	**170.0**	**-**	**-**	**-**	**5.9**	**-**	**175.9**
2013	510.0	-	-	-	16.8	2.5	529.3
G A Hounsell [9]							
2014	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2013	70.8	9.4	-	9.4	6.9	-	96.5
M Tilley [5]							
2014	**56.6**	**7.5**	**15.0**	**-**	**5.9**	**-**	**85.0**
2013	170.0	22.5	45.0	-	16.8	17.5	271.8
Total Non-Executive Directors							
2014	**1,645.7**	**112.5**	**98.4**	**116.3**	**137.8**	**77.0**	**2,187.7**
2013	1,560.8	93.0	90.0	88.2	121.1	124.6	2,077.7

(1) Represents Directors' remuneration earned during the financial year.

(2) Company superannuation contributions made on behalf of Non-Executive Directors.

(3) These benefits include travel allowances payable to Non-Executive Directors and any additional Committee fees paid to directors for extra services or special exertions.

(4) Appointed on 30 January 2014.

(5) An additional fee of $15,000 was paid to M N Brenner, N L Scheinkestel and M Tilley for extra services and special exertions related to a services or special exertions related to Working Group Committee that met during financial year 2013.

(6) Other benefits for I D Cockerill include spousal travel (inclusive of any fringe benefits tax).

(7) Orica has discontinued retirement allowances for all Non-Executive Directors. P J B Duncan was appointed prior to 1 July 2002 and had his retirement allowance preserved (as at 1 July 2004) with no indexation and the allowance of $154,800 was paid upon his retirement. In accordance with rule 48.1 of Orica's constitution, those retirement benefits do not fall within the maximum aggregate fee cap for Non-Executive Directors.

(8) Retired on 30 January 2014.

(9) Retired on 18 February 2013.

F.2 Relevant interests of Non-Executive Director transactions in the share capital of the consolidated entity:

As at 30 September	Balance 1 October	Acquired [1]	Net change other [2]	Fully paid ordinary shares held at 30 September
Non-Executive Directors				
R R Caplan				
2014	**18,280**	**9,803**	**-**	**28,083**
2013	11,291	6,989	-	18,280
M N Brenner *				
2014	**-**	**-**	**-**	**-**
2013	-	-	-	-
A Calderon *				
2014	**-**	**2,300**	**-**	**2,300**
2013	-	-	-	-
I Cockerill				
2014	**6,231**	**4,366**	**-**	**10,597**
2013	6,094	137	-	6,231
Lim Chee Onn				
2014	**11,000**	**-**	**-**	**11,000**
2013	11,000	-	-	11,000
N L Scheinkestel				
2014	**24,391**	**2,387**	**-**	**26,778**
2013	21,126	3,265	-	24,391
G T Tilbrook *				
2014	**4,000**	**-**	**-**	**4,000**
2013	-	4,000	-	4,000
Former				
P J Duncan **				
2014	**15,936**	**-**	**-**	**15,936**
2013	15,936	-	-	15,936
G A Hounsell **				
2014	**-**	**-**	**-**	**-**
2013	12,359	273	-	12,632
M Tilley **				
2014	**6,329**	**-**	**-**	**6,329**
2013	6,329	-	-	6,329
Total Non-Executives				
2014	**86,167**	**18,856**	**-**	**105,023**
2013	84,135	14,664	-	98,799

* M N Brenner was appointed as a director on 8 April 2013. A Calderon and G T Tilbrook were appointed as directors on 14 August 2013.

** Closing balance is at cessation of directorship.

(1) Shares acquired by Non-Executives, including through the Dividend Reinvestment Plan (DRP).

(2) Net change other includes changes resulting from sales during the year by Non-Executives.

Rounding

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

This Directors' Report is signed on behalf of the Board in accordance with a resolution of the directors of Orica Limited.

R R Caplan
Chairman

I K Smith
Managing Director and Chief Executive Officer

Dated at Melbourne this 19th day of November 2014.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Orica Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 September 2014 there have been:

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

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Martin Sheppard
Partner
Melbourne
19 November 2014

Income Statement

For the year ended 30 September

	Notes	Consolidated 2014 $m	Restated 2013 $m
Sales revenue	(3)	**6,796.3**	6,885.2
Other income	(3)	**57.0**	43.0
Expenses			
Changes in inventories of finished goods and work in progress		**(42.8)**	35.9
Raw materials and consumables used and finished goods purchased for resale		**(3,233.7)**	(3,343.7)
Share based payments		**(9.9)**	(16.0)
Other employee benefits expense		**(1,256.7)**	(1,243.3)
Depreciation expense	(4c)	**(262.2)**	(247.9)
Amortisation expense	(4c)	**(38.6)**	(36.5)
Purchased services		**(335.3)**	(317.8)
Repairs and maintenance		**(178.9)**	(196.1)
Impairment of goodwill	(29)	**-**	(5.7)
Outgoing freight		**(323.4)**	(326.2)
Lease payments - operating leases		**(68.2)**	(66.9)
Other expenses		**(207.0)**	(232.3)
Share of net profit of associates accounted for using the equity method	(11)	**33.1**	36.4
Total		**(5,923.6)**	(5,960.1)
Profit from operations		**929.7**	968.1
Net financing costs			
Financial income	(4a)	**35.3**	34.2
Financial expenses	(4b)	**(151.1)**	(184.4)
Net financing costs		**(115.8)**	(150.2)
Profit before income tax expense		**813.9**	817.9
Income tax expense	(5)	**(187.9)**	(208.0)
Net profit for the year		**626.0**	609.9
Net profit for the year attributable to:			
Shareholders of Orica Limited		**602.5**	592.5
Non-controlling interests		**23.5**	17.4
Net profit for the year		**626.0**	609.9
		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)	**163.7**	162.9
Diluted	(6)	**163.4**	162.7

The Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 40 to 116.

Statement of Comprehensive Income

For the year ended 30 September

	Notes	Consolidated 2014 $m	Restated 2013 $m
Profit for the year		**626.0**	609.9
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
Effective portion of changes in fair value	(5c)	**26.3**	15.0
Transferred loss to Income Statement	(5c)	**(0.2)**	(4.1)
Tax expense on cash flow hedges	(5c)	**(7.8)**	(3.3)
Net Cash flow hedges		**18.3**	7.6
Exchange differences on translation of foreign operations			
Exchange (loss)/gain on translation of foreign operations	(5c)	**(13.2)**	177.4
Net gain on hedge of net investments in foreign subsidiaries	(5c)	**1.8**	178.9
Tax benefit on hedge of net investments in foreign subsidiaries	(5c)	**29.3**	23.5
Net exchange differences on translation of foreign operations		**17.9**	379.8
Items that will not be reclassified subsequently to profit or loss:			
Retained earnings			
Actuarial (losses)/benefits on defined benefit plans	(5c)(38)	**(12.6)**	35.3
Tax benefit/(expense) on actuarial benefits/(losses) on defined benefit plans	(5c)(38)	**1.7**	(10.9)
Net retained earnings		**(10.9)**	24.4
Other comprehensive income for the year		**25.3**	411.8
Total comprehensive income for the year		**651.3**	1,021.7
Attributable to:			
Shareholders of Orica Limited		**635.7**	991.3
Non-controlling interests		**15.6**	30.4
Total comprehensive income for the year		**651.3**	1,021.7

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 40 to 116.

Balance Sheet
As at 30 September

	Notes	Consolidated 2014 $m	Restated 2013 $m
Current assets			
Cash and cash equivalents	(7)	**263.2**	222.4
Trade and other receivables	(8)	**1,043.8**	1,049.3
Inventories	(9)	**727.4**	793.1
Other assets	(10)	**72.7**	73.6
Other financial assets - derivative assets	(12)	**30.2**	11.4
Total current assets		**2,137.3**	2,149.8
Non-current assets			
Trade and other receivables	(8)	**76.0**	97.3
Investments accounted for using the equity method	(11)	**204.8**	197.7
Other financial assets - derivative assets	(12)	**26.3**	1.4
Other financial assets	(12)	**3.2**	0.7
Property, plant and equipment	(13)	**3,794.9**	3,583.2
Intangible assets	(14)	**2,388.5**	2,340.0
Deferred tax assets	(15)	**202.5**	216.7
Other assets	(10)	**5.7**	26.7
Total non-current assets		**6,701.9**	6,463.7
Total assets		**8,839.2**	8,613.5
Current liabilities			
Trade and other payables	(16)	**1,211.0**	1,240.0
Other financial liabilities - derivative liabilities	(16)	**22.1**	19.5
Interest bearing liabilities	(17)	**542.7**	443.9
Current tax liabilities	(18)	**9.3**	78.3
Provisions	(19)	**172.2**	173.3
Total current liabilities		**1,957.3**	1,955.0
Non-current liabilities			
Trade and other payables	(16)	**6.9**	12.3
Other financial liabilities - derivative liabilities	(16)	**32.9**	55.7
Interest bearing liabilities	(17)	**1,957.2**	2,112.7
Provisions	(19)	**417.5**	415.5
Deferred tax liabilities	(20)	**68.3**	52.4
Total non-current liabilities		**2,482.8**	2,648.6
Total liabilities		**4,440.1**	4,603.6
Net assets		**4,399.1**	4,009.9
Equity			
Ordinary shares	(21)	**1,975.0**	1,877.9
Reserves	(22)	**(607.0)**	(661.1)
Retained earnings	(22)	**2,895.0**	2,654.2
Total equity attributable to ordinary shareholders of Orica Limited		**4,263.0**	3,871.0
Non-controlling interests in controlled entities	(23)	**136.1**	138.9
Total equity		**4,399.1**	4,009.9

The Balance Sheet is to be read in conjunction with the notes to the financial statements set out on pages 40 to 116.

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	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m
2013 - Restated									
Balance at 1 October 2012	1,795.1	2,376.3	83.3	(15.7)	(930.0)	(187.4)	3,121.6	125.0	3,246.6
Profit for the year - as reported	-	601.6	-	-	-	-	601.6	19.6	621.2
Adjustments	-	(9.1)	-	-	-	-	(9.1)	(2.2)	(11.3)
Profit for the year- restated	-	592.5	-	-	-	-	592.5	17.4	609.9
Other comprehensive income	-	17.2	-	7.6	347.0	-	371.8	13.0	384.8
Adjustments	-	7.2	-	-	19.8	-	27.0	-	27.0
Other comprehensive income - restated	-	24.4	-	7.6	366.8	-	398.8	13.0	411.8
Total comprehensive income for the year - restated	-	616.9	-	7.6	366.8	-	991.3	30.4	1,021.7
Transactions with owners, recorded directly in equity									
Total changes in contributed equity	82.8	-	-	-	-	-	82.8	4.0	86.8
Share-based payments expense	-	-	16.0	-	-	-	16.0	-	16.0
Acquisition of non-controlling interests	-	-	-	-	-	(1.7)	(1.7)	(1.6)	(3.3)
Divestment of non-controlling interests	-	-	-	-	-	-	-	(0.4)	(0.4)
Dividends/distributions	-	(339.0)	-	-	-	-	(339.0)	-	(339.0)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	-	(18.5)	(18.5)
Balance at the end of the year - restated	1,877.9	2,654.2	99.3	(8.1)	(563.2)	(189.1)	3,871.0	138.9	4,009.9
2014									
Balance at 1 October 2013 - Restated	**1,877.9**	**2,654.2**	**99.3**	**(8.1)**	**(563.2)**	**(189.1)**	**3,871.0**	**138.9**	**4,009.9**
Profit for the year	**-**	**602.5**	**-**	**-**	**-**	**-**	**602.5**	**23.5**	**626.0**
Other comprehensive income	**-**	**(10.9)**	**-**	**18.3**	**25.8**	**-**	**33.2**	**(7.9)**	**25.3**
Total comprehensive income for the year	**-**	**591.6**	**-**	**18.3**	**25.8**	**-**	**635.7**	**15.6**	**651.3**
Transactions with owners, recorded directly in equity									
Total changes in contributed equity	**97.1**	**-**	**-**	**-**	**-**	**-**	**97.1**	**0.9**	**98.0**
Share-based payments expense	**-**	**-**	**9.9**	**-**	**-**	**-**	**9.9**	**-**	**9.9**
Divestment of non-controlling interests	**-**	**(1.5)**	**-**	**-**	**-**	**0.1**	**(1.4)**	**(2.2)**	**(3.6)**
Dividends/distributions	**-**	**(349.3)**	**-**	**-**	**-**	**-**	**(349.3)**	**-**	**(349.3)**
Dividends declared/paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(17.1)**	**(17.1)**
Balance at the end of the year	**1,975.0**	**2,895.0**	**109.2**	**10.2**	**(537.4)**	**(189.0)**	**4,263.0**	**136.1**	**4,399.1**

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out in pages 40 to 116.

Statement of Cash Flows

For the year ended 30 September

	Notes	Consolidated 2014 $m Inflows/ (Outflows)	Restated 2013 $m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		**7,552.5**	7,603.8
Payments to suppliers and employees		**(6,339.8)**	(6,295.1)
Interest received		**33.7**	34.0
Borrowing costs		**(177.0)**	(187.3)
Dividends received		**35.5**	25.2
Other operating revenue received		**21.7**	20.9
Net income taxes paid		**(209.5)**	(139.9)
Net cash flows from operating activities	(26)	**917.1**	1,061.6
Cash flows from investing activities			
Payments for property, plant and equipment		**(442.8)**	(627.4)
Payments for intangibles		**(60.9)**	(152.4)
Payments for purchase of investments		**(4.0)**	(0.9)
Payments for purchase of businesses/controlled entities	(27)	**-**	(2.7)
Payments of deferred consideration from prior acquisitions		**(0.6)**	-
Proceeds from sale of property, plant and equipment		**50.1**	31.3
Proceeds from sale of investments		**1.2**	1.3
Proceeds from sale of businesses/controlled entities	(28)	**0.4**	0.5
Net cash flows used in investing activities		**(456.6)**	(750.3)
Cash flows from financing activities			
Proceeds from long term borrowings		**4,254.6**	6,585.1
Repayment of long term borrowings		**(4,217.4)**	(6,776.2)
Net movement in short term financing		**(212.0)**	112.1
Payments for finance leases		**(1.6)**	(1.1)
Proceeds from issue of ordinary shares		**15.2**	39.4
Proceeds from issue of shares to non-controlling interests		**0.8**	4.0
Payments for buy-back of ordinary shares - LTEIP		**-**	(9.6)
Dividends paid - Orica ordinary shares		**(267.4)**	(286.0)
Dividends paid - non-controlling interests		**(17.4)**	(18.8)
Net cash used in financing activities		**(445.2)**	(351.1)
Net increase/(decrease) in cash held		**15.3**	(39.8)
Cash at the beginning of the year		**203.2**	229.1
Effects of exchange rate changes on cash		**(4.8)**	13.9
Cash at the end of the year	(26)	**213.7**	203.2

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 40 to 116.

Notes to the Financial Statements

For the year ended 30 September 2014

1. Accounting policies

The significant accounting policies adopted in preparing the financial report of Orica Limited ('the Company' or 'Orica') and of its controlled entities (collectively 'the consolidated entity' or 'the Group') are stated below to assist in a general understanding of this 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, joint operations 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 and the Corporations Act 2001 and complies with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 19 November 2014. 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 on issue that are effective or early adopted by Orica as at 30 September 2014.

Except as described below, the accounting policies applied by the Group in the financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 September 2013. The standards relevant to Orica that has been adopted during the year are:

Consolidated Financial Statements and Joint Arrangements

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

These standards revise the definition of control and the types of joint arrangements. Following an assessment of these standards, Yara Pilbara Nitrates Pty Ltd is accounted for as a jointly controlled operation instead of an investment accounted for using the equity method and Orica Mining Services Pilbara Pty Ltd is accounted for as an investment accounted for using the equity method instead of consolidated. The effect on the financial statements of adopting these standards is shown in note 41.

Employee benefits

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

Following an assessment of these standards the provision balance as at 30 September 2012 was reduced by $10 million and profit after income tax for the 2013 financial year was $8.8million lower. The major ongoing effect of the employee benefits standard is that the expected return on assets in defined benefit funds are the discount rates applied to the net defined benefit asset or liability. The effect on the financial statements of adopting these standards is shown in note 41.

Fair Value measurement

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

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

Other standards

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.

These standards impact mainly on disclosures in the financial statements.

Standards taking effect from 1 October 2014 and later

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities - applicable for annual reporting periods beginning on or after 1 January 2014.
- AASB 9 Financial Instruments - applicable for annual reporting periods beginning on or after 1 January 2018.
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 – [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] - available for annual reporting periods beginning on or after 1 January 2018.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) – available for annual reporting periods on or after 1 January 2018.
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets - applicable for annual reporting periods beginning on or after 1 January 2014.

1. Accounting policies (continued)

- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting – applicable for annual reporting periods beginning on or after 1 January 2014.
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015].
- AASB 2014-1 Amendments to Australian Accounting Standards arising from AASB 119 Defined Benefit Plans: Employee Contributions [Operative dates: Part A-C – 1 Jul 2014; Part D – 1 Jan 2016; Part E – 1 Jan 2018].
- AASB 2014-3 Amendments to Australian Accounting Standards arising from AASB 1 & AASB 11 Accounting for Acquisitions of Interests in Joint Operations.

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

(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 parent entity) and its subsidiaries as defined in Accounting Standard AASB 10 Consolidated 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.

1. Accounting policies (continued)

For the December 2010 and subsequent years issues under the Long Term Equity Incentive Plan, 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 recognised at 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 together with any net gain resulting from the sale of permits is recognised in other expenses. Liabilities are 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.

(ix) Taxation

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

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 and joint operations

Associate entities

Where Orica holds an interest in the equity of an entity, generally of between 20 per cent and 50 per cent, and are able to significantly influence the decisions of the entity, that entity is an associated entity. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligation for the liabilities relating to the arrangement. Orica recognises its share of any jointly held or incurred assets, liabilities, revenue and expenses in the consolidated financial statements under appropriate headings.

(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.

1. Accounting policies (continued)

(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 each financial year.

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

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

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

(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, capitalised development costs, 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 - Goodwill

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 and a reliable estimate of the liability is able to be assessed. 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.

1. Accounting policies (continued)

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, 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.

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 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 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.

1. Accounting policies (continued)

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.

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,

1. Accounting policies (continued)

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.

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

(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 (CGU) 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 CGU being no larger than a segment. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes, subject to being at no greater than the segments reported in note 2. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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 CGU 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.

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 and Chief Executive Officer.

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

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

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

Defined reportable segments	Products/services
Mining Services - Australia/Pacific - North America - Latin America - EMEA - Other*	Manufacture and supply of commercial explosives and blasting systems including services and solutions to the mining and infrastructure markets, the provision of ground support services in mining and tunnelling and supply of sodium cyanide for gold extraction.
Chemicals	Manufacture, distribution and trading of a broad range of industrial and specialty chemicals for use in a wide range of industries, which include water treatment, pulp and paper, food and beverage, construction and mining.
Other	Minor activities, operation of the Botany Groundwater 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, global hub activities (including research and development, global purchasing and supply chain), other support costs and Asia.

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

2. Segment report (continued)

Reportable segments 2014 $m	Mining Services Australia/Pacific	Mining Services North America	Mining Services Latin America	Mining Services EMEA	Mining Services Other	Eliminations	Total Mining Services	Chemicals	Other	Eliminations	Consolidated
Revenue											
External sales	1,877.1	1,433.8	928.2	1,008.6	457.6	-	5,705.3	1,088.4	2.6	-	6,796.3
Inter-segment sales	119.9	175.1	53.5	17.6	895.0	(1,247.8)	13.3	56.6	0.3	(70.2)	-
Total sales revenue	1,997.0	1,608.9	981.7	1,026.2	1,352.6	(1,247.8)	5,718.6	1,145.0	2.9	(70.2)	6,796.3
Other income [1]	8.6	9.6	15.3	2.5	6.2	(0.9)	41.3	0.8	14.9	-	57.0
Total revenue and other income	2,005.6	1,618.5	997.0	1,028.7	1,358.8	(1,248.7)	5,759.9	1,145.8	17.8	(70.2)	6,853.3
Results											
Profit/(loss) before net financing costs and income tax expense	555.1	107.0	72.2	94.2	124.4	-	952.9	67.2	(90.4)	-	929.7
Financial income											35.3
Financial expense											(151.1)
Profit before income tax expense											813.9
Income tax expense											(187.9)
Profit after income tax expense											626.0
Profit attributable to non-controlling interests											(23.5)
Net profit for the period attributable to shareholders of Orica Limited											602.5
Segment assets	3,154.6	1,119.6	705.5	1,034.9	1,219.7	-	7,234.3	791.3	813.6	-	8,839.2
Segment liabilities	376.5	182.5	227.1	265.8	327.8	-	1,379.7	181.8	2,878.6	-	4,440.1
Net Assets	2,778.1	937.1	478.4	769.1	891.9	-	5,854.6	609.5	(2,065.0)	-	4,399.1
Investments accounted for using the equity method	3.3	158.6	3.9	4.6	33.6	-	204.0	0.1	0.7	-	204.8
Acquisitions of PPE and intangibles	316.5	41.3	25.2	47.6	53.1	-	483.7	29.8	50.0	-	563.5
Impairment of inventories	1.0	1.7	1.1	0.6	1.8	-	6.2	1.5	3.0	-	10.7
Impairment of trade receivables	1.0	1.4	0.3	0.9	0.7	-	4.3	2.9	2.1	-	9.3
Impairment of investments	-	-	-	-	-	-	-	-	0.4	-	0.4
Depreciation	105.0	39.6	22.9	32.4	28.4	-	228.3	30.6	3.3	-	262.2
Amortisation	3.8	13.7	1.0	7.6	7.4	-	33.5	0.3	4.8	-	38.6
Non-cash expenses other than depreciation and amortisation: - share based payments	2.0	2.3	0.6	1.2	3.7	-	9.8	0.8	(0.7)	-	9.9
Share of associates net profit equity accounted	3.0	28.7	1.4	0.1	-	-	33.2	(0.1)	-	-	33.1

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

2. Segment report (continued)

Reportable segments 2013 Restated $m	Mining Services Australia/Pacific	Mining Services North America	Mining Services Latin America	Mining Services EMEA	Mining Services Other	Eliminations	Total Mining Services	Chemicals	Other	Eliminations	Consolidated
Revenue											
External sales	1,940.5	1,390.1	956.7	922.7	505.6	-	5,715.6	1,167.1	2.5	-	6,885.2
Inter-segment sales	115.5	181.9	40.6	15.7	812.3	(1,144.9)	21.1	52.3	0.3	(73.7)	-
Total sales revenue	2,056.0	1,572.0	997.3	938.4	1,317.9	(1,144.9)	5,736.7	1,219.4	2.8	(73.7)	6,885.2
Other income [1]	(0.8)	17.7	13.0	(0.9)	11.7	-	40.7	2.5	(0.2)	-	43.0
Total revenue and other income	2,055.2	1,589.7	1,010.3	937.5	1,329.6	(1,144.9)	5,777.4	1,221.9	2.6	(73.7)	6,928.2
Results											
Profit/(loss) before net financing costs and income tax expense	608.6	106.1	86.7	62.7	110.0	-	974.1	94.1	(100.1)	-	968.1
Financial income											34.2
Financial expense											(184.4)
Profit before income tax expense											817.9
Income tax expense											(208.0)
Profit after income tax expense											609.9
Profit attributable to non-controlling interests											(17.4)
Net profit for the period attributable to shareholders of Orica Limited											592.5
Segment assets	2,984.8	1,128.2	774.3	1,091.7	1,185.4	-	7,164.4	843.4	605.7	-	8,613.5
Segment liabilities	411.8	199.6	225.9	241.0	293.7	-	1,372.0	222.0	3,009.6	-	4,603.6
Net Assets	2,573.0	928.6	548.4	850.7	891.7	-	5,792.4	621.4	(2,403.9)	-	4,009.9
Investments accounted for using the equity method	1.8	152.9	3.4	8.9	29.6	-	196.6	1.0	0.1	-	197.7
Acquisitions of PPE and intangibles	489.7	69.1	40.9	47.6	78.9	-	726.2	22.6	38.0	-	786.8
Impairment of inventories	4.1	2.5	0.3	2.9	1.8	-	11.6	1.2	-	-	12.8
Impairment of trade receivables	1.0	1.6	0.1	3.4	3.6	-	9.7	1.8	-	-	11.5
Impairment of investments	-	-	-	0.3	-	-	0.3	-	-	-	0.3
Depreciation	101.0	35.4	21.4	30.8	25.6	-	214.2	30.2	3.5	-	247.9
Amortisation	3.8	12.9	0.3	7.0	8.8	-	32.8	0.6	3.1	-	36.5
Non-cash expenses other than depreciation and amortisation: - share based payments	2.3	4.1	0.8	0.9	2.4	-	10.5	1.1	4.4	-	16.0
Share of associates net profit equity accounted	1.8	33.4	1.1	0.2	-	-	36.5	(0.1)	-	-	36.4

[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.

2014 **$m**	Australia	United States of America	Other *	Consolidated
Revenue from external customers				
External sales from continuing operations	**2,290.3**	**897.3**	**3,608.7**	**6,796.3**
Location of non-current assets				
Non-current assets **	**2,802.9**	**750.4**	**2,914.9**	**6,468.2**

Restated 2013 $m	Australia	United States of America	Other *	Consolidated
Revenue from external customers				
External sales from continuing operations	2,385.2	840.6	3,659.4	6,885.2
Location of non-current assets				
Non-current assets **	2,533.9	728.6	2,982.4	6,244.9

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

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

	Consolidated 2014 $m	Restated 2013 $m

3. Sales revenue and other income

	2014 $m	2013 $m
Sales revenue	**6,796.3**	6,885.2
Other income		
Other income	**21.8**	20.9
Net foreign currency gains	**1.9**	12.1
Profit from sale of businesses/controlled entities/investments	**0.1**	-
Profit on sale of property, plant and equipment	**33.2**	10.0
Total other income	**57.0**	43.0

4. Specific profit and loss income and expenses

	2014 $m	2013 $m
a) Financial income:		
Interest income received/receivable from:		
external parties	**33.7**	34.2
unwinding of discount on receivables	**1.6**	-
Total financial income	**35.3**	34.2
b) Financial expenses:		
Borrowing costs paid/payable to:		
external parties	**176.5**	188.3
capitalised interest	**(27.6)**	(11.9)
unwinding of discount on provisions	**1.9**	7.7
finance charges – finance leases	**0.3**	0.3
Total financial expenses	**151.1**	184.4
Net financing costs	**115.8**	150.2
c) Profit before income tax expense is arrived at after charging/(crediting):		
Depreciation on property, plant and equipment:		
buildings and improvements	**26.4**	25.2
machinery, plant and equipment	**235.8**	222.7
Total depreciation on property, plant and equipment	**262.2**	247.9
Amortisation of intangibles	**38.6**	36.5
Amounts provided for:		
trade receivables impairment	**9.3**	11.5
doubtful debts – other receivables	**0.1**	-
employee entitlements	**45.1**	53.4
environmental liabilities	**13.0**	22.5
inventory impairment	**10.7**	12.8
investment impairment	**0.4**	0.3
restructuring and rationalisation provisions	**0.7**	2.0
decommissioning	**0.8**	1.6
other provisions	**33.7**	7.3
Bad debts written off to impairment allowance	**4.3**	5.0
Bad debts written off in respect of other receivables	**-**	0.1
Lease payments – operating leases	**68.2**	66.9
Loss on disposal of businesses/controlled entities	**-**	0.4
Research and development	**36.6**	47.1

	Consolidated 2014 $m	Restated 2013 $m

5. Income tax expense

a) Income tax expense recognised in the income statement

	2014 $m	2013 $m
Current tax expense		
Current year	**143.3**	208.2
Deferred tax	**48.6**	0.1
Over provided in prior years	**(4.0)**	(0.3)
Total income tax expense in income statement	**187.9**	208.0

b) Reconciliation of income tax expense to prima facie tax payable

	2014 $m	2013 $m
Income tax expense attributable to profit		
Prima facie income tax expense calculated at 30% on profit	**244.2**	245.4
Tax effect of items which (decrease)/increase tax expense:		
variation in tax rates of foreign controlled entities	**(20.7)**	(16.1)
tax over provided in prior years	**(4.0)**	(0.3)
non allowable share based payments	**3.0**	4.8
non allowable goodwill written off	**-**	1.7
non taxable profit on sale of property due to utilisation of capital losses	**(10.2)**	-
other foreign deductions	**(32.4)**	(34.4)
sundry items	**8.0**	6.9
Income tax expense reported in the income statement	**187.9**	208.0

5. Income tax expense (continued)

c) Income tax recognised in comprehensive income:

	Consolidated					
		2014			Restated 2013	
	$m	**$m**	**$m**	$m	$m	$m
	Before tax	**Tax (expense) benefit**	**Net of tax**	Before tax	Tax (expense) benefit	Net of tax
Net gain on hedge of net investments in foreign subsidiaries	**1.8**	**29.3**	**31.1**	178.9	23.5	202.4
Cash flow hedges						
- Effective portion of changes in fair value	**26.3**	**(7.9)**	**18.4**	15.0	(4.5)	10.5
- Transferred to carrying value of non current assets	**-**	**-**	**-**	-	-	-
- Transferred to Income Statement	**(0.2)**	**0.1**	**(0.1)**	(4.1)	1.2	(2.9)
Exchange (losses)/gains on translation of foreign operations	**(13.2)**	**-**	**(13.2)**	177.4	-	177.4
Actuarial benefits/(losses) on defined benefit plans	**(12.6)**	**1.7**	**(10.9)**	35.3	(10.9)	24.4
	2.1	**23.2**	**25.3**	402.5	9.3	411.8

d) Recognised deferred tax assets and liabilities

		Balance Sheet		Income Statement	
			Restated		Restated
		2014	2013	**2014**	2013
Consolidated	Notes	**$m**	$m	**$m**	$m
Deferred tax assets					
Trade and other receivables		**2.8**	3.9	**1.1**	(1.8)
Inventories		**13.8**	14.7	**0.9**	(2.3)
Property, plant and equipment		**30.8**	27.2	**(3.6)**	(11.9)
Intangible assets		**42.5**	51.7	**9.2**	10.8
Trade and other payables		**50.6**	42.4	**(8.2)**	(7.8)
Interest bearing liabilities		**23.8**	57.2	**51.1**	16.3
Provision for employee entitlements		**35.2**	34.4	**(0.8)**	(4.4)
Provision for retirement benefit obligations		**40.8**	42.4	**3.3**	(0.1)
Provisions for restructuring and rationalisation		**0.3**	0.8	**0.5**	0.3
Provisions for environmental		**44.1**	49.5	**5.4**	3.6
Provisions for decommissioning		**3.4**	3.1	**(0.3)**	0.1
Provisions for other		**1.4**	0.2	**(1.2)**	-
Tax losses		**114.5**	109.5	**(5.9)**	(54.2)
Other items		**2.6**	1.4	**(1.2)**	2.4
Deferred tax assets		**406.6**	438.4		
Less set-off against deferred tax liabilities		**(204.1)**	(221.7)		
Net deferred tax assets	(15)	**202.5**	216.7		
Deferred tax liabilities					
Inventories		**7.2**	6.9	**0.3**	1.7
Property, plant and equipment		**193.0**	189.1	**3.9**	41.1
Intangible assets		**21.9**	27.7	**(5.8)**	(2.1)
Interest bearing liabilities		**23.3**	24.5	**(1.2)**	4.1
Undistributed profits of foreign subsidiaries		**16.0**	14.0	**2.0**	2.9
Other items		**11.0**	11.9	**(0.9)**	1.4
Deferred tax liabilities		**272.4**	274.1		
Less set-off against deferred tax assets		**(204.1)**	(221.7)		
Net deferred tax liabilities	(20)	**68.3**	52.4		
Deferred tax expense				**48.6**	0.1

5. Income tax expense (continued)

e) Unrecognised deferred tax assets

	Consolidated 2014 $m	2013 $m
Tax losses not booked	**4.0**	6.5
Capital losses not booked	**26.2**	35.4
Temporary differences not booked	**0.9**	0.9

Geographical analysis of tax losses not booked at 30 September 2014:	Tax losses $m	Capital losses $m	Expiry date
Australia	**0.7**	**25.3**	Indefinite
Other	**3.3**	**0.9**	Between 2015 and 2030
	4.0	**26.2**	

f) Unrecognised deferred tax liabilities

	Consolidated 2014 $m	2013 $m
Unrecognised deferred tax liabilities relating to temporary differences of investments in subsidiaries	**85.1**	83.0

g) Taxes paid:

Income taxes:

Orica operates in a number of countries around the world and is subject to local tax rules in each of those countries.

The tax expense for the year 2014 was $187.9 million (2013 $208.0 million) on a profit before income tax of $813.9 million (2013 $817.9 million) giving an effective tax rate of 23.1% (2013 25.4%).

This varies from the standard Australian tax rate of 30% due primarily to different tax rates in countries that Orica operates in as well as non taxable income and non allowable deductions in various countries.

The amount of income tax paid is shown below and differs from the tax expense due to the timing of tax payments to tax authorities and differences between the timing of deductions for accounting and tax purposes.

Other taxes:

In various jurisdictions around the world, Orica pays taxes based on the amount of wage and salary payments to its employees. The amounts paid are shown below.

In addition, in various jurisdictions, Orica is required to charge its customers goods and services tax, value added tax and similar taxes and obtains a deduction for similar taxes paid to its suppliers.
The net amount paid in relation to the taxes is shown below.

Taxes paid by the Group were as follows:	Consolidated 2014 $m	Restated 2013 $m
Income taxes:		
Income taxes paid including withholding taxes	**209.5**	139.9
Other taxes:		
Taxes on wages and salaries paid by the employer	**52.6**	52.3
Net Goods and Services Tax/Value Added Taxes paid	**188.5**	186.3
Total taxes paid	**450.6**	378.5

	Consolidated 2014 $m	Restated 2013 $m

6. Earnings per share (EPS)

(i) As reported in the income statement

Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica Limited	**2014 $m**	**Restated 2013 $m**
Net profit for the period	**626.0**	609.9
Net profit for the period attributable to non-controlling interests	**(23.5)**	(17.4)
Net profit for the period attributable to ordinary shareholders	**602.5**	592.5
	Number	Number
Weighted average number of shares used as the denominator:		
Number for basic earnings per share	**368,149,688**	363,687,959
Effect of executive share options and rights	**558,509**	577,759
Number for diluted earnings per share	**368,708,197**	364,265,718

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

Issue date:	Exercisable on/between:	2014	2013
- 15 Dec 2009	- 19 Nov 12 to 23 Jan 13	**-**	416,002
- 17 Dec 2010	- 19 Nov 13 to 23 Jan 14	**604,967**	1,536,003
- 19 Dec 2011	- 18 Nov 14 to 23 Jan 15	**451,683**	495,724
- 19 Dec 2011	- 19 Dec 14	**491,907**	-
- 24 Feb 2012	- 18 Nov 14 to 23 Jan 15	**305,302**	305,302
- 7 Feb 2013	- 18 Nov 15 to 23 Jan 16	**673,409**	453,489
- 11 Mar 2013	- 18 Nov 15 to 23 Jan 16	**33,919**	18,274
- 21 Feb 2014	- 18 Nov 17 to 23 Jan 18	**508,326**	-
- 10 Jun 2014	- 2 Jun 16	**798**	-

	Cents per share	Cents per share
Total attributable to ordinary shareholders of Orica Limited		
Basic earnings per share	**163.7**	162.9
Diluted earnings per share	**163.4**	162.7

	Consolidated 2014 $m	Restated 2013 $m

7. Cash and cash equivalents

	2014 $m	2013 $m
Cash at bank and on hand	**242.9**	200.0
Deposits at call		
external	**20.3**	22.4
	263.2	222.4

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.

8. Trade and other receivables

	Consolidated 2014 $m	Restated 2013 $m
Current		
Trade receivables (i)		
external	**861.5**	931.0
associated companies	**19.8**	17.0
Less allowance for impairment (i) (ii)		
external	**(18.3)**	(19.2)
	863.0	928.8
Other receivables (iii)		
external	**181.0**	120.6
Less allowance for impairment (iii) (iv)		
external	**(0.2)**	(0.1)
	180.8	120.5
	1,043.8	1,049.3
Non-current		
Other receivables		
external (1) (2)	**74.3**	97.3
retirement benefit surplus (see note 38)	**1.7**	-
	76.0	97.3

(1) Includes $18.6 million (2013 $18.6 million) that was paid to the Australian Tax Office (ATO) during the year ended 30 September 2012 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 (see also note 33 c iii).

(2) Includes $6.8 million (2013 $6.8 million) paid to the Central Tax Office of Norway (CTO) and a deferred tax asset in relation to prior years' tax losses of $23.9 million (2013 $23.3 million) that has been utilised to offset the tax liability in respect of a tax audit relating to the transfer of the Dyno Nobel house brand in conjunction with Orica's acquisition of the Dyno Nobel's explosives business in the 2005 income year. Orica has objected against the reassessment. While the matter is in dispute tax, Orica is required to settle the remaining liability of approximately $3.5 million (2013 $4.6 million) as they fall due between 2015 and 2054.

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 Restated	
	2014 Gross $m	**2014 Allowance $m**	2013 Gross $m	2013 Allowance $m
Not past due	**751.7**	**-**	763.7	-
Past due 0 - 30 days	**45.4**	**(0.1)**	69.6	(0.7)
Past due 31 - 60 days	**16.5**	**-**	29.6	(0.4)
Past due 61 - 90 days	**9.7**	**(0.1)**	15.5	(0.4)
Past due 91 - 120 days	**9.1**	**(0.2)**	8.0	(0.2)
Past 120 days	**48.9**	**(17.9)**	61.6	(17.5)
	881.3	**(18.3)**	948.0	(19.2)

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:
- 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	
	2014 $m	2013 $m
Opening balance	**(19.2)**	(12.7)
Allowances made during the year	**(9.3)**	(11.5)
Reductions through disposal of entities	**-**	0.1
Allowances utilised during the year	**4.3**	5.0
Allowances written back during the year	**5.9**	1.0
Foreign currency exchange differences	**-**	(1.1)
Closing balance	**(18.3)**	(19.2)

8. Trade and other receivables (continued)

(iii) Current other receivables and allowance for impairment

	Consolidated		Consolidated Restated	
	2014 Gross $m	**2014 Allowance $m**	2013 Gross $m	2013 Allowance $m
Not past due	**169.2**	**-**	116.5	-
Past due 0 - 30 days	**4.1**	**-**	0.1	-
Past due 31 - 60 days	**0.5**	**-**	-	-
Past due 61 - 90 days	**3.0**	**-**	-	-
Past due 91 - 120 days	**0.3**	**-**	-	-
Past 120 days	**3.9**	**(0.2)**	4.0	(0.1)
	181.0	**(0.2)**	120.6	(0.1)

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. Interest may be charged where the terms of repayment exceed agreed terms. 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	
	2014 $m	2013 $m
Opening balance	**(0.1)**	(0.5)
Allowances made during the year	**(0.1)**	-
Allowances utilised during the year	**-**	0.1
Allowances written back during the year	**-**	0.3
Closing balance	**(0.2)**	(0.1)

(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	
		Restated
Reportable segments:	**2014**	2013
	%	**%**
Mining Services:		
- Australia/Pacific	**18.1**	16.9
- North America	**12.6**	12.5
- Latin America	**11.7**	14.0
- EMEA	**23.6**	21.1
- Mining Other	**13.6**	16.8
Chemicals	**14.1**	17.0
Other	**6.3**	1.7
	100.0	100.0

Geographical segments:	**2014**	2013
	%	**%**
Australia	**31.2**	24.8
New Zealand	**2.6**	2.8
Asia	**15.1**	19.0
North America	**10.3**	10.1
Latin America	**16.9**	21.9
Europe	**18.8**	17.0
Other	**5.1**	4.4
	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	
	2014	2013
	$m	$m
9. Inventories		
Raw materials and stores	**319.3**	342.2
Work in progress	**21.1**	28.1
Finished goods	**387.0**	422.8
	727.4	793.1

* Inventories have been shown net of provision for impairment of $18.3 million (2013 $19.7 million).

	Consolidated	
		Restated
	2014	2013
	$m	$m
10. Other assets		
Current		
Prepayments and other assets	**72.7**	73.6
	72.7	73.6
Non-current		
Prepayments and other assets	**5.7**	26.7
	5.7	26.7

			Consolidated			
				Restated		Restated
			2014	2013	**2014**	2013
			%	%	**$m**	$m

11. Investments accounted for using the equity method and joint operations.

(a) 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	**0.1**	0.2
Botany Industrial Park Pty Limited	Facility management service	30 Sep	**33.4**	33.4	**-**	-
Exor Explosives Limited [2]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**0.3**	0.3
FiReP Holding AG [3]	Manufacture and sale of strata support and ventilation products	31 Dec	**25.0**	25.0	**2.6**	2.7
Geneva Nitrogen LLC [4]	Manufacture and sale of explosives	30 Sep	**50.0**	50.0	**9.7**	9.0
Irish Mining Emulsion Systems Ltd [5]	Manufacture and sale of explosives	30 Sep	**50.0**	50.0	**0.3**	0.4
Kitikmeot Blasting Services Inc. [6]	Explosives service provider	31 Oct	**49.0**	49.0	**0.5**	0.5
MicroCoal Inc. [4] [b]	Development and commercialisation of coal dewatering process	31 Dec	**-**	-	**-**	-
Mineral Carbonation International Pty Limited [a]	Develop carbon capture technology	30 Sep	**39.9**	39.9	**0.7**	0.1
MSW-Chemie GmbH [7]	Manufacture and sale of explosives	31 Dec	**31.5**	31.5	**0.5**	0.5
Nelson Brothers, LLC [4]	Manufacture and sale of explosives	30 Sep	**50.0**	50.0	**27.5**	29.2
Nelson Brothers Mining Services LLC [4]	Supply of explosives	30 Sep	**50.0**	50.0	**32.8**	24.0
Orica Graneles S.A. [8] [a] [c]	Import and distribution of amino acids for animal feed	31 Dec	**-**	50.0	**-**	0.8
Orica Mining Services Pilbara Pty Ltd	Manufacture and sale of explosives	30 Sep	**45.0**	45.0	**3.3**	1.8
Orica-UMMC LLC [9]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**3.5**	4.1
Pigment Manufacturers of Australia Limited	Non-operating company	31 Dec	**50.0**	50.0	**-**	-
PIIK Limited Partnership [6]	Sale of explosives	30 Sep	**49.0**	49.0	**-**	-
Sahtu Explosives Limited [6]	Explosives service provider	31 Oct	**49.0**	49.0	**-**	-
Southwest Energy LLC [4]	Sale of explosives	30 Sep	**50.0**	50.0	**88.0**	90.1
Sprewa Sprengmittel GmbH [7]	Sale of explosives	31 Dec	**24.0**	24.0	**0.8**	0.8
SVG&FNS Philippines Holdings Inc [10]	Investment company	31 Dec	**40.0**	40.0	**-**	-
Thai Nitrate Company Ltd [11] [d]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**30.1**	29.6
Tlicho Blasting Services Inc. [6]	Explosives service provider	31 Oct	**49.0**	49.0	**0.1**	0.1
Troisdorf GmbH [7]	Holder of operating permits	30 Sep	**50.0**	50.0	**-**	-
Ulaex SA [12]	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**3.9**	3.4
Wurgendorf GmbH [7]	Holder of operating permits	31-Dec	**50.0**	50.0	**0.1**	0.1
					204.8	197.7

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

[a] Acquired in 2013.

[b] Disposed of in 2013.

[c] Disposed of in 2014.

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

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

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

(a) Investments accounted for using the equity method (continued)

	Consolidated	
		Restated
	2014	2013
	$m	$m
Movements in carrying amounts of investments		
Carrying amount of investments in associates at the beginning of the year	**197.7**	165.8
Investments in associates during the year	**1.5**	1.0
Investments in associates disposed of during the year	**(1.2)**	-
Impairment of investments	**(0.4)**	(0.3)
Share of associates' net profit equity accounted	**33.1**	36.4
Less dividends from associates	**(35.5)**	(25.2)
Effects of exchange rate changes	**9.6**	20.0
Carrying amount of investments in associates at the end of the year	**204.8**	197.7
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	**787.2**	773.3
Net profit after tax	**70.2**	76.6
Assets	**411.1**	382.3
Liabilities	**177.6**	132.9

(b) Joint operations

The Group owns a 45% interest of the Yara Pilbara Nitrates Pty Ltd in conjunction with Yara Australia Pty Ltd (34.6%) and Yara Pilbara Holdings Pty Ltd (20.4%). The entity will build and operate a 330,000 tonnes per annum industrial grade ammonium nitrate plant on the Burrup Peninsula (Western Australia, Australia).

Construction of the plant is expected to have a capital cost of approximately US$800 million and be completed by the end of 2015 with Yara managing construction and the ongoing operation of the plant.

The parties have committed to require substantially all of the output to be sold to them and they have rights to substantially all of the economic benefits of the assets. The dependence of the manufacturing entity upon Orica and Yara for the generation of cash flows indicates that the parties have an obligation for the liabilities of the manufacturing arrangement which is settled through the purchase.

	Consolidated 2014 $m	2013 $m

12. Other financial assets

	2014 $m	2013 $m
Current - other financial assets - derivative assets (i)		
cross currency interest rate swaps - net investment	**0.6**	0.3
forward foreign exchange contracts/options	**29.6**	11.1
	30.2	11.4
Non-current - other financial assets - derivative assets (i)		
cross currency interest rate swaps - debt principal	**13.7**	0.5
interest rate swaps	**5.8**	0.9
commodity swaps	**6.8**	-
	26.3	1.4
Non-current - other financial assets		
Interest in listed entities	**2.5**	-
Interest in unlisted entities	**0.7**	0.7
	3.2	0.7

(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 2014 $m	Restated 2013 $m
Land, buildings and improvements		
at cost	**773.2**	738.6
accumulated depreciation	**(242.5)**	(210.3)
Total carrying value	**530.7**	528.3
Machinery, plant and equipment		
Gross book value		
at cost	**5,275.7**	4,874.9
under finance lease	**35.6**	35.7
	5,311.3	4,910.6
Accumulated depreciation		
at cost	**(2,031.6)**	(1,842.7)
under finance lease	**(15.5)**	(13.0)
	(2,047.1)	(1,855.7)
Net carrying value		
at cost	**3,244.1**	3,032.2
under finance lease	**20.1**	22.7
Total carrying value	**3,264.2**	3,054.9
Total net carrying value of property, plant and equipment	**3,794.9**	3,583.2

(i) Capitalised borrowing costs
Interest amounting to $17.0 million (2013 $9.4 million) was capitalised to property, plant and equipment, calculated at the average rate of 5.6% (2013 5.7%).

(ii) Significant assets under construction [1]
Included in Property, Plant and Equipment are assets under construction relating to:

	Consolidated 2014 $m	Restated 2013 $m
Burrup ammonium nitrate plant	**320.8**	127.8
Kooragang Island plant uprate	**200.3**	189.1
Nanling detonator plant	**140.3**	116.7

[1] Assets under construction balances are translated at year end foreign exchange rates and include 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
2013				
Carrying amount at the beginning of the year	01-Oct-2012	458.3	2,613.0	3,071.3
Additions		90.3	541.5	631.8
Disposals		(9.2)	(6.5)	(15.7)
Depreciation expense		(25.2)	(222.7)	(247.9)
Foreign currency exchange differences		14.1	129.6	143.7
Carrying amount at the end of the year	30-Sep-2013	**528.3**	**3,054.9**	**3,583.2**
2014				
Additions		**50.2**	**441.2**	**491.4**
Disposals		**(3.7)**	**(35.0)**	**(38.7)**
Disposals through disposal of entities (see note 28)		**-**	**(0.1)**	**(0.1)**
Depreciation expense		**(26.4)**	**(235.8)**	**(262.2)**
Foreign currency exchange differences		**(17.7)**	**39.0**	**21.3**
Carrying amount at the end of the year	30-Sep-2014	**530.7**	**3,264.2**	**3,794.9**

	Consolidated 2014 $m	Restated 2013 $m
14. Intangible assets		
Goodwill	**2,378.5**	2,354.9
Less accumulated impairment losses	**(477.3)**	(451.6)
Total net book value of goodwill	**1,901.2**	1,903.3
Patents, trademarks and rights	**273.9**	256.3
Less accumulated amortisation	**(66.2)**	(60.5)
Total net book value of patents, trademarks and rights	**207.7**	195.8
Software	**223.8**	172.9
Less accumulated amortisation	**(66.8)**	(57.7)
Total net book value of software	**157.0**	115.2
Customer contracts and relationships	**279.2**	269.4
Less accumulated amortisation	**(175.7)**	(148.5)
Total net book value of customer contracts and relationships	**103.5**	120.9
Other	**35.9**	20.0
Less accumulated amortisation	**(16.8)**	(15.2)
Total net book value of other	**19.1**	4.8
Total net book value of intangibles	**2,388.5**	2,340.0

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	Customer contracts and relationships $m	Software $m	Other $m	Total $m
2013 - restated						
Carrying amount at the beginning of the year	1,757.2	66.5	129.5	87.2	6.4	2,046.8
Additions	-	122.1	-	32.9	-	155.0
Disposals through disposal of entities (see note 28)	(0.2)	-	-	-	-	(0.2)
Amortisation expense	-	(4.7)	(22.2)	(7.4)	(2.2)	(36.5)
Impairment expense (see note 29)	(5.7)	-	-	-	-	(5.7)
Foreign currency exchange differences	152.0	11.9	13.6	2.5	0.6	180.6
Carrying amount at the end of the year	**1,903.3**	**195.8**	**120.9**	**115.2**	**4.8**	**2,340.0**
2014						
Additions	**-**	**6.5**	**-**	**50.2**	**15.4**	**72.1**
Amortisation expense	**-**	**(4.7)**	**(22.9)**	**(9.2)**	**(1.8)**	**(38.6)**
Foreign currency exchange differences	**(2.1)**	**10.1**	**5.5**	**0.8**	**0.7**	**15.0**
Carrying amount at the end of the year	**1,901.2**	**207.7**	**103.5**	**157.0**	**19.1**	**2,388.5**

Capitalised borrowing costs
Interest amounting to $10.6 million (2013 $2.5 million) was capitalised to intangibles assets, calculated at the average rate of 5.6% (2013 5.7%).

	Consolidated 2014 $m	Restated 2013 $m
15. Deferred tax assets		
Net deferred tax assets (see note 5)	**202.5**	216.7

	Consolidated 2014 $m	Consolidated Restated 2013 $m
16. Trade and other payables		
Current		
Trade payables		
external	**940.0**	1,019.1
associated companies	**4.3**	4.7
Other payables		
external	**266.7**	216.2
	1,211.0	1,240.0
Current - other financial liabilities - derivative liabilities		
Derivative financial instruments		
cross currency interest rate swaps - net investment	**4.7**	6.0
forward foreign exchange contracts	**16.3**	13.5
interest rate swaps	**1.1**	-
	22.1	19.5
Non-current		
Other payables		
external	**6.9**	12.3
	6.9	12.3
Non-current - other financial liabilities - derivative liabilities		
Derivative financial instruments		
cross currency interest rate swaps - debt principal	**28.3**	32.7
cross currency interest rate swaps - net investment	**4.6**	10.0
interest rate swaps	**-**	13.0
	32.9	55.7

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. Trade and other payables are non-interest bearing and include liabilities in respect of trade financing within the normal operating cycle of the business.

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 2014 $m	2013 $m
Current		
Unsecured		
bank overdrafts	**49.5**	19.2
commercial paper	**135.9**	377.2
other short term borrowings	**75.5**	33.4
other loans		
private placement (1)	**267.1**	-
export finance facility (2)	**13.4**	12.7
Lease liabilities (see note 30)	**1.3**	1.4
	542.7	443.9
Non-current		
Unsecured		
bank loans	**192.9**	159.1
other loans		
private placement (1)	**1,680.6**	1,870.0
export finance facility (2)	**67.2**	75.9
other	**12.5**	2.6
Lease liabilities (see note 30)	**4.0**	5.1
	1,957.2	2,112.7

(1) **Private placement**

Orica Limited guaranteed senior notes issued in the US private placement market in 2003, 2005, 2010 and 2013. The notes have maturities between 2015 and 2030 (2013: between 2015 and 2030).

(2) **Export finance facility**

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 2014 varying from 0.1% to 4.5% (2013 0.1% to 5.0%) 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 2014 $m	2013 $m
Finance leases		
Property, plant and equipment	**20.1**	22.7
	20.1	22.7

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 2014 $m	Restated 2013 $m

18. Current tax liabilities

	2014 $m	2013 $m
Provision for income tax	**9.3**	78.3

19. Provisions

	2014 $m	2013 $m
Current		
Employee entitlements	**79.3**	80.6
Restructuring and rationalisation	**1.4**	4.7
Environmental	**52.5**	69.5
Decommissioning	**0.5**	2.0
Other	**38.5**	16.5
	172.2	173.3
Non-current		
Employee entitlements	**55.4**	53.8
Retirement benefit obligations (see note 38)	**207.8**	206.2
Environmental	**115.6**	118.5
Decommissioning	**13.2**	10.2
Contingent liabilities on acquisition of controlled entities	**13.5**	15.9
Other	**12.0**	10.9
	417.5	415.5
Aggregate employee entitlements		
Current	**79.3**	80.6
Non-current	**263.2**	260.0
	342.5	340.6

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	**4.7**
Provisions made during the year	**0.7**
Provisions written back during the year	**(2.6)**
Payments made during the year	**(1.5)**
Foreign currency exchange differences	**0.1**
Carrying amount at the end of the year	**1.4**

19. Provisions (continued)

Current provision - environmental	Consolidated $m
Carrying amount at the beginning of the year	**69.5**
Provisions made during the year	**13.0**
Provisions written back during the year	**(1.0)**
Payments made during the year	**(32.5)**
Provision transferred from non-current	**4.0**
Foreign currency exchange differences	**(0.5)**
Carrying amount at the end of the year	**52.5**

Current provision - decommissioning	
Carrying amount at the beginning of the year	**2.0**
Payments made during the year	**(0.1)**
Provision transferred to non-current	**(1.4)**
Carrying amount at the end of the year	**0.5**

Current provision - other	
Carrying amount at the beginning of the year	**16.5**
Provisions made during the year	**32.5**
Provisions written back during the year	**(0.2)**
Payments made during the year	**(10.0)**
Provision transferred from non-current	**0.1**
Foreign currency exchange differences	**(0.4)**
Carrying amount at the end of the year	**38.5**

Non-current provision - environmental	
Carrying amount at the beginning of the year	**118.5**
Provisions written back during the year	**(1.1)**
Unwinding of discount on provisions (see note 4)	**1.9**
Provision transferred to current	**(4.0)**
Foreign currency exchange differences	**0.3**
Carrying amount at the end of the year	**115.6**

19. Provisions (continued)

Non-current provision - decommissioning	Consolidated $m
Carrying amount at the beginning of the year	**10.2**
Provisions made during the year	**0.8**
Provision transferred from current	**1.4**
Foreign currency exchange differences	**0.8**
Carrying amount at the end of the year	**13.2**

Non-current provision - contingent liabilities on acquisition of controlled entities	
Carrying amount at the beginning of the year	**15.9**
Payments made during the period	**(1.9)**
Foreign currency exchange differences	**(0.5)**
Carrying amount at the end of the year	**13.5**

Non-current provision - other	
Carrying amount at the beginning of the year	**10.9**
Provisions made during the year	**1.2**
Provisions written back during the year	**(0.1)**
Payments made during the period	**(0.1)**
Provision transferred to current	**(0.1)**
Foreign currency exchange differences	**0.2**
Carrying amount at the end of the year	**12.0**

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	
		Restated
	2014	2013
	$m	$m
Total environmental provision comprises:		
Botany Groundwater remediation	**59.3**	59.2
Hexachlorobenzene (HCB) waste remediation	**35.0**	35.7
Botany Mercury remediation	**9.1**	18.2
Nordics sites remediation	**14.7**	16.0
Seneca remediation	**8.1**	8.6
Yarraville remediation	**17.2**	18.0
Villawood remediation	**9.4**	15.5
Other environmental provisions	**15.3**	16.8
Total environmental provisions	**168.1**	188.0

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	
	2014	2013
	$m	$m
Net deferred tax liabilities (see note 5)	**68.3**	52.4

	Consolidated 2014 $m	2013 $m

21. Contributed equity

	2014 $m	2013 $m
Issued and fully paid:		
Ordinary shares - 372,743,291 (2013 - 368,203,632)	**1,975.0**	1,877.9
Balance at end of year	**1,975.0**	1,877.9

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

Details	Date	Number of shares	Issue price $	$m
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-12	365,642,802		1,795.1
Shares issued under the Orica dividend reinvestment plan (note 25)	14-Dec-12	1,043,714	23.92	25.0
Shares issued under the Orica dividend reinvestment plan (note 25)	1-Jul-13	1,335,231	20.96	28.0
Share movements under the Orica LTEIP plan (Remuneration Report) (1) (3)		181,885		28.4
Shares issued under the Orica GEESP plan (note 36) (2)		-		1.4
Balance at end of year	**30-Sep-13**	**368,203,632**		**1,877.9**
Shares issued under the Orica dividend reinvestment plan (note 25)	**13-Dec-13**	**2,051,377**	**23.11**	**47.4**
Shares issued under the Orica dividend reinvestment plan (note 25)	**1-Jul-14**	**1,818,929**	**19.03**	**34.5**
Share movements under the Orica LTEIP plan (Remuneration Report) (1) (3)		**669,353**		**13.9**
Shares issued under the Orica GEESP plan (note 36) (2)		**-**		**1.3**
Balance at end of year	**30-Sep-14**	**372,743,291**		**1,975.0**

(1) Share movements under the Orica LTEIP plans.
(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 B)				
2012/2013				
Shares issued	14-Feb-13	81,811	26.23	-
Shares issued	2-Apr-13	100,074	23.81	-
Shares bought back	Various	-		(9.6)
Shares issued - loan repayment	Various	-		38.0
Movement for the year	**30-Sep-13**	**181,885**		**28.4**
2013/2014				
Shares issued	**21-Feb-14**	**669,353**	**24.25**	**-**
Shares issued - loan repayment	**Various**	**-**		**13.9**
Movement for the year	**30-Sep-14**	**669,353**		**13.9**

Under the LTEIP, eligible executives are provided with a three year, interest free, non-recourse loan from Orica for the sole purpose of acquiring shares in Orica. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. The shares issued to the executives are either purchased on market, issued as new shares by Orica or reissued unvested shares by Orica. Shares issued under this plan in conjunction with non-recourse loans are accounted for as options. As a result, the amounts receivable from employees in relation to these loans are not recognised in the financial statements. Shares issued under this plan are recognised as shares issued at nil value, with a share based payments expense recognised in the income statement based on the value of the options. The options issued on 21 February 2014 were valued by PwC using methodology consistent with the Black Scholes method. The key assumptions at grant date were: Orica Share price $24.30; Expected volatility 25%; Expected dividends NIL%; Risk free interest rate 3.05%; Resulting in a fair value at $8.10 per option. 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.

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

	Consolidated 2014 $m	Consolidated 2013 $m
Bought back ordinary share capital	**-**	(9.6)

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

Exercisable between	Balance 30 Sep 12	Issued during the period	Exercised during the period	Lapsed during the period	Balance 30 Sep 13	Issued during the period	Exercised during the period	Lapsed during the period	Balance 30 Sep 14
18 Nov 16 - 23 Jan 17	-	-	-	-	-	**839,544**	**-**	**-**	**839,544**
18 Nov 15 - 23 Jan 16	-	33,919	-	-	33,919	**-**	**-**	**-**	**33,919**
18 Nov 15 - 23 Jan 16	-	704,355	-	-	704,355	**-**	**-**	**(33,919)**	**670,436**
18 Nov 14 - 23 Jan 15	305,302	-	-	-	305,302	**-**	**-**	**-**	**305,302**
18 Nov 14 - 23 Jan 15	592,713	-	(48,213)	(92,817)	451,683	**-**	**-**	**-**	**451,683**
19 Nov 13 - 23 Jan 14	1,685,589	-	(47,159)	(218,515)	1,419,915	**-**	**(589,192)**	**(830,723)**	**-**
19 Nov 12 - 23 Jan 13	1,531,590	-	(1,527,773)	(3,817)	-	**-**	**-**	**-**	**-**
Total	4,115,194	738,274	(1,623,145)	(315,149)	2,915,174	**839,544**	**(589,192)**	**(864,642)**	**2,300,884**

21. Contributed equity (continued)

Rights over unissued shares (refer to note 36):

Vesting date	Balance 30 Sep 12	Issued during the period	Exercised during the period	Lapsed during the period	Balance 30 Sep 13	Issued during the period	Exercised during the period	Lapsed during the period	Balance 30 Sep 14
19 Dec 16	-	-	-	-	-	**743,218**	**-**	**(92,160)**	**651,058**
1 Dec 16	-	-	-	-	-	**2,603**	**-**	**-**	**2,603**
1 Feb 16	-	-	-	-	-	**5,367**	**-**	**-**	**5,367**
2 Jan 16	-	-	-	-	-	**2,601**	**-**	**-**	**2,601**
19 Dec 15	-	24,293	-	-	24,293	**-**	**-**	**-**	**24,293**
19 Dec 15	-	717,397	-	(74,081)	643,316	**-**	**-**	**(148,786)**	**494,530**
1 Dec 15	-	-	-	-	-	**2,147**	**-**	**-**	**2,147**
1 Dec 15	-	-	-	-	-	**2,601**	**-**	**-**	**2,601**
20 Nov 15	-	-	-	-	-	**953**	**-**	**-**	**953**
23 Sep 15	-	-	-	-	-	**3,865**	**-**	**-**	**3,865**
4 Mar 15	-	3,836	-	-	3,836	**-**	**-**	**-**	**3,836**
1 Feb 15	-	-	-	-	-	**5,366**	**-**	**-**	**5,366**
2 Jan 15	-	-	-	-	-	**2,601**	**-**	**-**	**2,601**
31 Dec 14	-	-	-	-	-	**3,404**	**-**	**-**	**3,404**
19 Dec 14	649,165	-	-	(89,522)	559,643	**-**	**-**	**(108,477)**	**451,166**
1 Dec 14	-	-	-	-	-	**2,146**	**-**	**-**	**2,146**
1 Dec 14	-	-	-	-	-	**3,469**	**-**	**-**	**3,469**
20 Nov 14	-	-	-	-	-	**952**	**-**	**-**	**952**
23 Sep 14	-	-	-	-	-	**3,864**	**(3,864)**	**-**	**-**
4 Mar 14	-	3,835	-	-	3,835	**-**	**(3,835)**	**-**	**-**
30 Nov 13	7,942	-	-	-	7,942	**-**	**(7,942)**	**-**	**-**
15 Oct 13	-	4,885	(4,885)	-	-	**-**	**-**	**-**	**-**
1 Sep 13	6,148	-	(6,148)	-	-	**-**	**-**	**-**	**-**
31 Mar 13	108,246	-	(108,246)	-	-	**-**	**-**	**-**	**-**
Total	771,501	754,246	(119,279)	(163,603)	1,242,865	**785,157**	**(15,641)**	**(349,423)**	**1,662,958**

22. Reserves and retained earnings

	Notes	Consolidated 2014 $m	Restated 2013 $m
(a) Reserves			
Share based payments		**109.2**	99.3
Cash flow hedging		**10.2**	(8.1)
Foreign currency translation		**(537.4)**	(563.2)
Equity - arising from purchase of non-controlling interests		**(189.0)**	(189.1)
Balance at end of the year		**(607.0)**	(661.1)
Movement in reserves during the year			
Share based payments			
Balance at beginning of year		**99.3**	83.3
Share based payments expense		**9.9**	16.0
Balance at end of the year		**109.2**	99.3
Cash flow hedging			
Balance at beginning of year		**(8.1)**	(15.7)
Movement for period		**26.1**	10.9
Tax effect of movement in cash flow hedge reserve		**(7.8)**	(3.3)
Balance at end of the year		**10.2**	(8.1)
Foreign currency translation			
Balance at beginning of year		**(563.2)**	(930.0)
Translation of overseas controlled entities at the end of the year		**(3.5)**	343.3
Tax effect of translation of overseas controlled entities at the end of the year		**29.3**	23.5
Balance at end of the year		**(537.4)**	(563.2)
Equity - arising from purchase/disposal of non-controlling interests			
Balance at beginning of year		**(189.1)**	(187.4)
Disposal/(purchase) of non-controlling interests		**0.1**	(1.7)
Balance at end of the year		**(189.0)**	(189.1)
(b) Retained earnings			
Retained earnings at the beginning of the year		**2,654.2**	2,376.3
Profit after income tax attributable to shareholders of Orica		**602.5**	592.5
Defined benefit fund superannuation movement (net of tax)	(38)	**(10.9)**	24.4
Disposal of non-controlling interests		**(1.5)**	-
Dividends:	(25)		
Ordinary dividends – interim		**(147.6)**	(142.5)
Ordinary dividends – final		**(201.7)**	(196.5)
Retained earnings at end of the year		**2,895.0**	2,654.2

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 2014 relates to disposal of 1.5% Orica's share in Jiangsu Orica Banqiao Mining Machinery Company Limited.

The movement for the year ended 30 September 2013 relates to purchase of 20% non-controlling interests in JV Minova Kazakhstan Limited Liability Partnership.

23. Non-controlling interests in controlled entities

	Consolidated 2014 %	Consolidated Restated 2013 %	Consolidated 2014 $m	Consolidated Restated 2013 $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 [4]	**-**	-	**-**	-
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	**18.4**	18.4
Jiangsu Orica Banqiao Mining Machinery Company Limited [3]	**50.5**	49.0	**1.7**	0.9
JV Minova Kazakhstan Limited Liability Partnership [1]	**20.0**	20.0	**0.2**	0.2
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 L.L.C.	**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 Mining Services South Africa (Pty) Ltd [3]	**25.0**	-	**0.1**	-
Orica Mongolia LLC [3]	**51.0**	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.	**40.0**	40.0	**0.5**	0.5
Orica Philippines Inc	**5.5**	5.5	**0.1**	0.1
Orica Qatar LLC [2]	**40.0**	40.0	**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**	11.0
Transmate S.A.	**29.8**	29.8	**-**	-
			66.6	65.7
Non-controlling interests in shareholders' equity at balance date is as follows:				
Contributed equity			**66.6**	65.7
Reserves			**(16.9)**	(9.0)
Retained earnings			**86.4**	82.2
			136.1	138.9

[1] Non-controlling interests purchased by Orica during the 2013 year.
[2] Non-controlling interests through new incorporations during the 2013 year.
[3] Non-controlling interests disposed of by Orica during the 2014 year.
[4] Non-controlling interests disposed of by Orica during the 2013 year.

	Consolidated 2014 $m	Restated 2013 $m

23. Non-controlling interests in controlled entities (continued)

The following table summarised the information relating to non-controlling interests.
The amounts disclosed are before inter-company eliminations.

	2014 $m	2013 $m
Current assets	**500.4**	483.5
Current liabilities	**269.4**	263.0
Current net assets	**231.0**	220.5
Non-current assets	**840.3**	805.7
Non-current liabilities	**549.3**	534.3
Non-current net assets	**291.0**	271.4
Net assets	**522.0**	491.9
Carrying amount of non-controlling interests	**136.1**	138.9
Sales Revenue	**795.4**	787.9
Net profit for the year	**69.1**	52.7
Other comprehensive income	**7.0**	47.1
Total comprehensive income	**76.1**	99.8
Profit/(loss) allocated to non-controlling interests	**23.5**	17.4
Other comprehensive income related to non-controlling interests	**(7.9)**	13.0
Total	**15.6**	30.4
Dividends paid - non-controlling interests	**(17.4)**	(18.8)
Cash flows from operating activitities	**2.7**	2.1
Cash flows from investments activities	**(5.8)**	(21.3)
Cash fows from financing activities	**11.6**	21.0
Net increase in cash and cash equivalents	**8.5**	**1.8**

24. Parent Company disclosure - Orica Limited

	Company 2014 $m	Company 2013 $m
Total current assets	**1,036.1**	632.4
Total assets	**3,003.4**	2,595.7
Total current liabilities	**502.1**	273.8
Total liabilities	**504.9**	275.3
Equity		
Ordinary shares	**1,975.0**	1,877.9
Retained earnings	**523.5**	442.5
Total equity attributable to ordinary shareholders of Orica Limited	**2,498.5**	2,320.4
Net profit for the year	**430.3**	403.3

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 2003, 2005, 2010 and 2013. The notes have maturities between 2015 and 2030 (2013: between 2015 and 2030) (see note 17).

24. Parent Company disclosure - Orica Limited (continued)

Orica Limited Statement of Changes in Equity

		Ordinary shares	Retained earnings	Total equity
		$m	$m	$m
2013				
Balance at 1 Oct 2012		1,795.1	378.2	2,173.3
Profit for the year		-	403.3	403.3
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	403.3	403.3
Transactions with owners, recorded directly in equity				
Total changes in contributed equity		82.8	-	82.8
Dividends/distributions paid		-	(339.0)	(339.0)
Balance at the end of the year	**30-Sep-2013**	1,877.9	442.5	2,320.4
2014				
Profit for the year		**-**	**430.3**	**430.3**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year		**-**	**430.3**	**430.3**
Transactions with owners, recorded directly in equity				
Total changes in contributed equity		**97.1**	**-**	97.1
Dividends/distributions		**-**	**(349.3)**	**(349.3)**
Balance at the end of the year	**30-Sep-2014**	**1,975.0**	**523.5**	**2,498.5**

25. Dividends and distributions

	Consolidated 2014 $m	2013 $m
Dividends paid or declared in respect of the year ended 30 September were:		
Ordinary shares		
interim dividend of 39 cents per share, 38.5% franked at 30%, paid 1 July 2013		142.5
interim dividend of 40 cents per share, 40% franked at 30%, paid 1 July 2014	**147.6**	
final dividend of 54 cents per share, 44.4% franked at 30%, paid 14 December 2012		196.5
final dividend of 55 cents per share, 100% franked at 30%, paid 13 December 2013	**201.7**	
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	**267.4**	286.0
satisfied by issue of shares	**81.9**	53.0

Subsequent events

Since the end of the financial year, the directors declared the following dividend:
Final dividend on ordinary shares of 56.0 cents per share, 35.7% franked at 30%, payable 19 December 2014.
Total franking credits related to this dividend are $31.9 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 2014 - however will be recognised in the 2015 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 2014 are Nil (2013 $39.3 million).

26. Notes to the statement of cash flows

	Notes	Consolidated 2014 $m	Restated 2013 $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)	**263.2**	222.4
Bank overdraft	(17)	**(49.5)**	(19.2)
		213.7	203.2

	Consolidated 2014 $m	Restated 2013 $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	**626.0**	609.9
Depreciation and amortisation	**300.8**	284.4
Share based payments expense	**9.9**	16.0
Share of associates' net loss/(profit) after adding back dividends received	**2.4**	(11.2)
Finance charges - finance leases	**0.3**	0.3
Unwinding of discount on provisions	**1.9**	7.7
Decrease in net interest payable	**(0.5)**	(0.4)
Increase in net interest receivable	**(0.1)**	(0.2)
Impairment of intangibles	**-**	5.7
Impairment of inventories	**10.7**	12.8
Impairment of investments	**0.4**	0.3
Net (profit)/loss on sale of businesses and controlled entities/investments	**(0.1)**	0.4
Net profit on sale of property, plant and equipment	**(33.2)**	(10.0)
Changes in working capital and provisions excluding the effects of acquisitions and disposals of businesses/controlled entities		
decrease/(increase) in trade and other receivables	**69.5**	(85.1)
decrease/(increase) in inventories	**53.7**	(113.8)
increase/(decrease) in net deferred taxes	**53.4**	(14.1)
(decrease)/increase in payables and provisions	**(103.1)**	286.7
(decrease)/increase in income taxes payable	**(74.9)**	72.2
Net cash flows from operating activities	**917.1**	1,061.6

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 - 2014
Acquisition of businesses and controlled entities

During financial year 2014 the consolidated entity has not acquired any businessess or entities.

Consolidated - 2013
Acquisition of businesses and controlled entities
During financial year 2013 the consolidated entity has not acquired any businessess or entities.

Acquisition of non-controlling interest:
JV Minova Kazakhstan Limited Liability Partnership, on 12 April 2013 Orica acquired additional 20%.

2013	Total $m
Decrease in non-controlling interests	(1.6)
Equity reserve	(1.7)
Deferred consideration	0.6
Total consideration	(2.7)

28. Businesses disposed

Disposal of businesses and controlled entities

The following businesses and controlled entities were disposed of:

2014:

Orica Nelson Quarry Services Inc. on 31 January 2014.
Business assets of Emrick & Hill., Inc on 30 September 2014.

2013:

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

	Consolidated	
	2014	2013
	$m	$m
Consideration		
cash received	**1.6**	0.2
cash disposed	**(1.2)**	-
debt disposed	**-**	0.3
Inflow of cash	**0.4**	0.5
Cash received		
deferred settlement	**1.6**	-
Net consideration	**2.0**	0.5
Carrying value of net assets of businesses/controlled entities disposed		
trade and other receivables	**1.8**	1.4
inventories	**1.3**	1.5
property, plant and equipment	**0.1**	-
intangibles	**-**	0.2
other assets	**0.1**	-
investment	**-**	0.2
payables and interest bearing liabilities	**(1.3)**	(1.8)
provision for employee entitlements	**-**	(0.2)
provision for income tax	**(0.1)**	-
	1.9	1.3
Less non-controlling interests at date of disposal	**-**	(0.4)
	1.9	0.9
Profit/(loss) on sale of business/controlled entities	**0.1**	(0.4)

Disposal of non-controlling interest:

2014:

Orica Mongolia LLC, in December 2013 Orica divested 36% of its interest.
Jiangsu Orica Banqiao Mining Machinery Company Limited, in December 2013 Orica divested 1.5% of its interest.
Orica Mining Services South Africa (Pty) Ltd, in April 2014 Orica divested 25% of its interest.

29. Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to cash generating units (CGU), or groups of cash generating units expected to benefit from the synergies. Each unit or group of units to which goodwill has been allocated shall:
- represent the lowest level at which it is internally monitored; and
- not be larger than a segment.

Goodwill is internally monitored at the segment level and accordingly, impairment testing of goodwill is undertaken at the segment level.

The carrying amounts of goodwill in each segment are as follows:

	Consolidated	
	2014	2013
	$m	$m
Mining Services:		
- Australia/Pacific	**890.2**	891.4
- North America	**271.5**	269.8
- Latin America	**208.2**	207.5
- EMEA	**326.2**	328.3
- Other	**66.4**	60.4
Chemicals	**138.7**	145.9
Total	**1,901.2**	1,903.3

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 operating budgets approved by the Board of Directors. Cash flow projections are calculated using the 2015 budgeted cash flows 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 34% (2013 10% - 21%). 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 key assumptions regarding the range of discount and growth rates used in the calculation of value in use are as follows:

	Discount Rates	Terminal Growth Rates Rates	Discount Rates	Terminal Growth Rates Rates
	2014	**2014**	**2013**	**2013**
	%	**%**	**%**	**%**
Mining Services:				
- Australia/Pacific	14.9% - 15.6%	0.0% - 6.0%	15.0% - 15.6%	0.0% - 6.0%
- North America	12.7% - 12.7%	0.0% - 3.0%	13.2% - 13.2%	0.0% - 2.0%
- Latin America	15.9% - 16.6%	0.0% - 6.9%	17.8% - 17.8%	0.0% - 10.1%
- EMEA	8.8% - 33.7%	0.0% - 8.5%	10.0% - 20.7%	0.0% - 10.2%
- Other	9.5% - 21.8%	0.0% - 7.1%	12.6% - 19.0%	0.0% - 10.2%
Chemicals	13.1% - 18.8%	2.7% - 4.0%	13.6% - 13.6%	0.0% - 2.9%

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.

The impairment charge for intangibles with indefinite lives during the 2013 year relates to a specific asset in the Mining Services - Other Segment.

	Consolidated	
	2014	2013
	$m	$m
Goodwill	**-**	5.7
Total	**-**	5.7

30. Commitments

	Consolidated 2014 $m	Consolidated Restated 2013 $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	**106.9**	184.2
later than one, no later than five years	**3.1**	96.5
later than five years	**0.1**	-
	110.1	280.7

	Consolidated 2014 $m	Consolidated 2013 $m
Lease commitments		
Lease expenditure contracted for at balance date but not recognised in the financial statements and payable:		
no later than one year	**72.9**	71.8
later than one, no later than five years	**110.7**	147.8
later than five years	**36.9**	41.7
	220.5	261.3
Representing:		
cancellable operating leases	**131.6**	155.2
non-cancellable operating leases	**88.9**	106.1
	220.5	261.3
Non-cancellable operating lease commitments payable:		
no later than one year	**24.7**	26.4
later than one, no later than five years	**43.8**	58.3
later than five years	**20.4**	21.4
	88.9	106.1
Finance lease commitments payable:		
no later than one year	**1.3**	1.4
later than one, no later than five years	**4.7**	5.0
later than five years	**-**	1.0
	6.0	7.4
Less future finance charges	**(0.7)**	(0.9)
Present value of minimum lease payments provided for as a liability	**5.3**	6.5
Representing lease liabilities: (see note 17)		
current	**1.3**	1.4
non-current	**4.0**	5.1
	5.3	6.5

31. Auditors' remuneration

	Consolidated 2014 $000	Consolidated 2013 $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	**4,463**	4,914
– Other regulatory audit services	**226**	592
Auditors of the Company – overseas KPMG firms		
– Audit and review of financial reports [1]	**2,185**	1,994
	6,874	7,500
Other services [2]		
Auditors of the Company – KPMG Australia		
– other assurance services	**-**	-
	-	-
	6,874	7,500

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 $100,000 per assignment and it also reviews and approves at year end other services provided by KPMG below a value of $100,000. In addition, 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, they are disclosed 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. It is also assumed that the methods planned for environmental remediation will be able to treat the issues within the expected time frame.

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

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

In respect of the Botany groundwater (New South Wales, Australia) contamination, Orica is continuing to conduct extensive remediation activities, including the operation of a Groundwater Treatment Plant, to treat the groundwater at Botany, which is

32. Critical accounting judgements and estimates (continued)

contaminated with pollutants from historical operations. A provision exists (refer to note 19) to cover the estimated costs associated with remediation until 2019. Costs are expected to be incurred after this date, but it is not possible to predict the time frame over which remediation will be required or the form the remediation will take and therefore it is not possible to reliably estimate any associated costs. In light of ongoing discussions with regulatory authorities and following an assessment of currently available technologies to treat the contamination, Orica intends to maintain a provision at current levels that takes into account the estimated costs associated with remediation commitments over the five year period. The provision will continue to be re-evaluated based on future regulatory assessments and advancements in appropriate technologies.

Orica is committed to finding a solution for destruction of its hexachlorobenzene (HCB) waste. There are no facilities to treat the HCB waste in Australia and Orica's export applications have been unsuccessful. Orica continues to 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 submitted a remediation action plan which satisfied the NSW Environment Protection Authority requirements, and Orica restarted works in August 2013. A provision has been established for remediation activities in respect of this matter.

Legal proceedings

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

Warranties and Indemnities

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

Defined benefit superannuation fund obligations

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

Property, plant and equipment and definite life intangible assets

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

Financial instruments at fair value

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

32. Critical accounting judgements and estimates (continued)

Impairment of assets

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

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

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

33. Contingent liabilities

(a) Environmental

(a) (i) General

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

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

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

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

33. Contingent liabilities (continued)

(a)(ii) Environmental Prosecutions

Orica is the subject of legal proceedings issued by the NSW Environmental Protection Authority and the NSW Office of Heritage and Environment in relation to environmental incidents that occurred in 2013 at Orica's Kooragang Island site and in the Hunter Valley. Orica has entered guilty pleas in relation to the Hunter Valley incident. The NSW Land & Environment Court is expected to convene a mitigation and sentencing hearing for this matter in 2015. Orica has entered a not guilty plea in relation to the Kooragang Island incident. A trial date has not yet been set by the NSW Land & Environment Court for these proceedings.

(b) WorkCover Prosecutions

The New South Wales WorkCover Authority has issued legal proceedings against Orica Australia in relation to an incident at the Kooragang Island site on 9 November 2011. Orica Australia has entered a not guilty plea in these proceedings with the matter to go to trial later this year.

It is possible that Orica will incur penalties as a consequence of these environmental and WorkCover 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.

(c) Taxation

(c) (i) Investigations and audits

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

(c) (ii) German Tax Action

As the result of an income tax audit covering the 2005 to 2008 years, the German Central Tax Office ("the Tax Office") is proposing to challenge Orica's tax returns under laws which were announced in 2012 and introduced in 2013 in relation to a financing arrangement by Orica of its German group from 2005 onwards. The amount of the possible reassessment is approximately $16m. Orica has received external advice that the laws should not apply to these arrangements and in addition should not be applied retrospectively. The Tax Office has advised that it will extend the audit beyond 2008 and may challenge the financing arrangement in the later years.

(c) (iii) Australian Tax Action

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

(c) (iv) Norway Tax Action

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

(c) (v) 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.

(d) Guarantees, indemnities and warranties

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

33. Contingent liabilities (continued)

- Orica Limited guaranteed senior notes issued by Orica Finance Limited in the US private placement market in 2003, 2005, 2010 and 2013. The notes have maturities between 2015 and 2030. Orica Limited has also provided guarantees for senior committed bank facilities.

(e) Other

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

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). 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 a total debt measure.

The Group's current target level for 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 2014 $m	Restated 2013 $m
Interest bearing borrowings	**2,499.9**	2,556.6
Less cash and cash equivalents	**(263.2)**	(222.4)
Net debt	**2,236.7**	2,334.2
Total Equity	**4,399.1**	4,009.9
Net debt and total equity	**6,635.8**	6,344.1
Gearing ratio (%)	**33.7%**	36.8%

The interest cover ratio is calculated as follows:	2014 $m	Restated 2013 $m
EBIT	**929.7**	968.1
Net financing costs	**115.8**	150.2
Capitalised borrowing costs	**27.6**	11.9
	143.4	162.1
Interest cover ratio (times)	**6.5**	6.0

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 2014, 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 the 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. Beyond this, a maximum 25% of the debt with a maturity of between ten and twenty years can be fixed. The Group operated within this range during both the current year and the prior year and as at September, the fixed rate borrowings after the impact of interest rate swaps and cross currency swaps were $1,144 million (2013 $1,098 million).

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 or derivatives 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	
		Restated
	2014	2013
	$m	$m
Effect on profit before tax increase/(decrease)		
If interest rates were 10% higher, with all other variables held constant	**(1.3)**	(1.0)
If interest rates were 10% lower, with all other variables held constant	**1.3**	1.0
Effect on profit after tax increase/(decrease)		
If interest rates were 10% higher, with all other variables held constant	**(1.0)**	(0.7)
If interest rates were 10% lower, with all other variables held constant	**1.0**	0.7
Effect on shareholders' equity increase/(decrease)		
If interest rates were 10% higher, with all other variables held constant	**(0.4)**	1.0
If interest rates were 10% lower, with all other variables held constant	**0.4**	(1.0)

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), Norwegian Kroner (NOK), Swedish Kronor (SEK), Chilean Peso (CLP), Colombian Peso (COP) and Mexican Peso (MXN).

34. Financial and capital management (continued)

Exchange rate sensitivity

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):

	2014						
	USD $m	**CAD $m**	**NZD $m**	**NOK $m**	**SEK $m**	**EUR $m**	**GBP $m**
Cash [(1)]	**2,428.9**	**1,064.6**	**248.8**	**66.6**	**228.8**	**1,302.0**	**381.2**
Trade and other receivables	**205.2**	**67.3**	**1.5**	**0.9**	**2.6**	**39.7**	**6.4**
Trade and other payables	**(362.4)**	**(31.2)**	**(1.3)**	**(0.4)**	**(8.3)**	**(35.4)**	**(1.4)**
Interest bearing liabilities [(1)]	**(2,468.3)**	**(573.2)**	**(369.2)**	**(38.6)**	**(98.4)**	**(1,228.6)**	**(117.3)**
Net derivatives	**452.3**	**(51.2)**	**(41.7)**	**(88.4)**	**0.1**	**(93.4)**	**0.4**
Net exposure	**255.7**	**476.3**	**(161.9)**	**(59.9)**	**124.8**	**(15.7)**	**269.3**

	2013 - restated						
	USD $m	CAD $m	NZD $m	NOK $m	SEK $m	EUR $m	GBP $m
Cash [(1)]	3,041.6	97.0	3.4	65.2	1,252.7	1,358.7	351.9
Trade and other receivables	296.5	49.6	0.1	0.3	16.0	62.2	2.4
Trade and other payables	(347.3)	(27.1)	(0.3)	(0.4)	(11.3)	(54.7)	(0.6)
Interest bearing liabilities [(1)]	(2,904.6)	(34.9)	(84.2)	(18.8)	(518.4)	(1,208.6)	(92.7)
Net derivatives	415.9	(52.3)	(41.3)	(90.3)	(0.4)	(95.3)	(0.1)
Net exposure	502.1	32.3	(122.3)	(44.0)	738.6	62.3	260.9

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

The following tables show 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, New Zealand Dollar (NZD), NOK, SEK, EUR and Great Britain Pound (GBP).

A 10% sensitivity would move year end rates as follows (against the Australian Dollar):

	2014			2013 - restated		
	10% lower	**As reported**	**10% higher**	10% lower	As reported	10% higher
U.S. Dollar	**0.7876**	**0.8751**	**0.9626**	0.8363	0.9292	1.0221
Canadian Dollar	**0.8780**	**0.9756**	**1.0732**	0.8616	0.9573	1.0530
New Zealand Dollar	**1.0103**	**1.1226**	**1.2349**	1.0094	1.1215	1.2337
Norwegian Kroner	**5.0720**	**5.6356**	**6.1992**	5.0044	5.5604	6.1164
Swedish Kronor	**5.6953**	**6.3281**	**6.9609**	5.3721	5.9690	6.5659
Euro	**0.6206**	**0.6895**	**0.7585**	0.6193	0.6881	0.7569
Great Britain Pound	**0.4845**	**0.5383**	**0.5921**	0.5172	0.5747	0.6322

34. Financial and capital management (continued)

The effect on profit from operations, net profit after tax and shareholders' equity of a movement in individual exchange rates on both external balances and internal balances (eliminated on consolidation) of Cash, Trade and other receivables, Trade and other payables, Interest bearing liabilities and net derivatives at the end of the reporting date would be as follows:

	2014		Restated 2013	
	(10%)	**10%**	(10%)	10%
	$m	**$m**	$m	$m
Effect on profit/(loss) from operations from a movement in:				
U.S. Dollar	**(14.4)**	**11.7**	(0.8)	(1.8)
Canadian Dollar	**4.2**	**(3.5)**	3.7	(3.0)
New Zealand Dollar	**(0.4)**	**0.3**	(0.6)	0.4
Norwegian Kroner	**0.1**	**(0.0)**	0.0	(0.0)
Swedish Kronor	**(0.6)**	**0.5**	0.5	(0.4)
Euro	**(0.7)**	**0.6**	1.4	(1.4)
Great Britain Pound	**0.5**	**(0.4)**	(0.1)	0.1
Effect on net profit/(loss) after tax from a movement in:				
U.S. Dollar	**(10.1)**	**8.2**	(0.6)	(1.3)
Canadian Dollar	**3.0**	**(2.4)**	2.6	(2.1)
New Zealand Dollar	**(0.3)**	**0.2**	(0.4)	0.3
Norwegian Kroner	**0.0**	**(0.0)**	0.0	(0.0)
Swedish Kronor	**(0.4)**	**0.4**	0.3	(0.2)
Euro	**(0.5)**	**0.4**	1.0	(1.0)
Great Britain Pound	**0.4**	**(0.3)**	-	-
Increase/(decrease) on shareholders' equity from a movement in:				
U.S. Dollar	**36.4**	**(29.8)**	63.8	(49.6)
Canadian Dollar	**38.3**	**(31.4)**	1.5	(1.2)
New Zealand Dollar	**(7.9)**	**6.4**	(4.9)	4.0
Norwegian Kroner	**(3.3)**	**2.7**	(1.9)	1.6
Swedish Kronor	**10.7**	**(8.8)**	59.3	(48.5)
Euro	**2.4**	**(1.9)**	13.8	(11.3)
Great Britain Pound	**21.7**	**(17.7)**	23.0	(18.8)

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, CLP, COP, 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 2014, the fair value of these derivatives was $nil (2013 $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 or cross currency swaps. 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. Thirty one percent of the Group's investment in foreign operations was hedged in this manner as at 30 September 2014 (2013 32.0%).

As at reporting date, derivative instruments designated as hedging net investment exposures had a fair value of $101.9 million loss (2013 $108.6 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 2014, the sum of all contracts with a positive fair value was $56.5 million (2013 $12.8 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;
- using instruments that are readily tradeable in the financial markets;
- monitoring duration of long term debt;
- spreading, to the extent practicable, the maturity dates of long-term debt facilities; and
- comprehensively analysing of all inflows and outflows that relate to financial assets and liabilities.

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

	2014 $m	Restated 2013 $m
Unsecured bank overdraft facilities		
Unsecured bank overdraft facilities available	**116.1**	113.7
Amount of facilities undrawn	**66.6**	94.5
Committed standby and loan facilities		
Committed standby and loan facilities available	**3,774.0**	4,232.4
Amount of facilities unused	**1,552.8**	2,114.7

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 28 April 2015 to 25 October 2030 (2013 6 May 2014 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 2014**				Restated As at 30 September 2013			
	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	**263.2**	**-**	**-**	**-**	222.4	-	-	-
Trade and other receivables [1]	**1,043.8**	**74.3**	**-**	**-**	1,049.3	97.3	-	-
Derivative financial assets	**1,997.0**	**119.7**	**337.4**	**259.9**	1,271.1	52.4	153.5	427.6
Financial assets	**3,304.0**	**194.0**	**337.4**	**259.9**	2,542.8	149.7	153.5	427.6
Non-derivative financial liabilities								
Trade and other payables [1]	**1,211.0**	**6.9**	**-**	**-**	1,240.0	12.3	-	-
Bank overdrafts	**49.5**	**-**	**-**	**-**	19.2	-	-	-
Bank loans	**7.0**	**135.1**	**66.7**	**-**	5.6	5.6	167.4	-
Export finance facility	**14.7**	**14.7**	**44.2**	**14.3**	14.0	13.8	40.2	25.7
Other short term borrowings	**211.4**	**-**	**-**	**-**	33.4	-	-	-
Private placement	**353.3**	**172.4**	**600.1**	**1,403.6**	82.1	346.6	606.4	1,462.4
Other long term borrowings	**3.6**	**6.2**	**3.6**	**-**	-	1.7	1.0	-
Lease liabilities	**1.2**	**1.1**	**3.2**	**-**	1.3	1.5	3.3	2.1
Derivative financial liabilities	**1,985.8**	**137.2**	**329.4**	**259.1**	1,286.8	58.0	197.0	484.0
Financial liabilities	**3,837.5**	**473.6**	**1,047.2**	**1,677.0**	2,682.4	439.5	1,015.3	1,974.2
Net outflow	**(533.5)**	**(279.6)**	**(709.8)**	**(1,417.1)**	(139.6)	(289.8)	(861.8)	(1,546.6)

[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 2014 was a net $13.3 million gain (2013 $2.4 million loss), comprising assets of $29.7 million (2013 $11.1 million) and liabilities of $16.4 million (2013 $13.5 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	
		Restated
	2014	2013
Term	**$m**	$m
Not later than one year	**(2.1)**	(0.2)
Later than one, no later than five years	**(2.5)**	-
Later than five years	**(0.4)**	-
Total	**(5.0)**	(0.2)

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.

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).

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 $1.1 million as at 30 September 2014 (2013 $13.0 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:

		Restated
	2014	2013
	$m	$m
Floating to fixed swaps		
One to five years	**350.0**	350.0

Commodity hedging transactions

The group is exposed to price risk from a number of commodities, which can ordinarily be passed on to customers. Hedging is undertaken in specific circumstances, following Board approval. In these cases, movements in the commodity hedges are initially recognised within equity and recognised in the P&L when the forecast transaction is realised.

The fair value of swap contracts used to hedge commodity risk at 30 September 2014 was a net gain of $6.9 million (2013 $nil), comprising of assets of $6.9 million (2013 $nil) and liabilities of $nil (2013 $nil).

34. Financial and capital management (continued)

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.

For the Group, re-measurement of the hedged items resulted in a loss before tax of $20.3 million (2013 $25.5 million loss) and the changes in the fair value of the hedging instruments resulted in a gain before tax of $22.2 million (2013 $25.5 million gain) resulting in a net gain before tax of $1.9 million (2013 nil million gain) recorded in finance costs.

The fair value of these swaps at 30 September 2014 was $88.9 million (2013 $66.7 million), comprising assets of $106.9 million (2013 $86.8 million) and liabilities of $18.0 million (2013 $20.1 million).

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).

As at 30 September 2014	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Derivative financial assets	**-**	**56.5**	**-**	**56.5**
Derivative financial liabilities	**-**	**(55.0)**	**-**	**(55.0)**
	-	**1.5**	**-**	**1.5**
As at 30 September 2013 - restated				
Derivative financial assets	-	12.8	-	12.8
Derivative financial liabilities	-	(75.2)	-	(75.2)
	-	(62.4)	-	(62.4)

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

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet where Orica currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Orica also entered into master netting arrangements that do not meet the criteria for offsetting but allow for the related amounts to be set-off in certain circumstances, such as the event of default.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements but not offset, as at 30 September 2014 and 30 September 2013. The column 'Net amount' shows the impact on the Group's balance sheet if all set-off rights were exercised.

34. Financial and capital management (continued)

2014	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts	**Gross amounts set off in the balance sheet**	**Net amounts presented in the balance sheet**	**Amounts subject to master netting agreements**	**Net amount**
	$m	**$m**	**$m**	**$m**	**$m**
Derivative financial assets					
Interest rate swaps	**20.0**	**-**	**20.0**	**(6.6)**	**13.4**
Commodity swaps	**6.9**	**-**	**6.9**	**(2.9)**	**4.0**
Forward exchange contracts	**29.5**	**-**	**29.5**	**(21.1)**	**8.4**
Options	**0.1**	**-**	**0.1**	**(0.1)**	**-**
Total	**56.5**	**-**	**56.5**	**(30.7)**	**25.8**
Derivative financial liabilities					
Interest rate swaps	**38.7**	**-**	**38.7**	**(14.4)**	**24.3**
Commodity swaps	**-**	**-**	**-**	**-**	**-**
Forward exchange contracts	**16.3**	**-**	**16.3**	**(16.3)**	**-**
Options	**-**	**-**	**-**	**-**	**-**
Total	**55.0**	**-**	**55.0**	**(30.7)**	**24.3**

2013 Restated					
Derivative financial assets					
Interest rate swaps	1.7	-	1.7	(1.6)	0.1
Commodity swaps	-	-	-	-	-
Forward exchange contracts	9.5	-	9.5	(9.0)	0.5
Options	1.6	-	1.6	(1.6)	-
Total	12.8	-	12.8	(12.2)	0.6
Derivative financial liabilities					
Interest rate swaps	61.6	-	61.6	(4.2)	57.4
Commodity swaps	-	-	-	-	-
Forward exchange contracts	13.6	-	13.6	(8.0)	5.6
Options	-	-	-	-	-
Total	75.2	-	75.2	(12.2)	63.0

35. Events subsequent to balance date

Dividends

On 19 November 2014, the directors declared a final dividend of 56.0 cents per ordinary share payable on 19 December 2014. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2014 and will be recognised in the 2015 financial statements.

Chemicals business separation

On 18 November 2014 Orica signed a contract to sell the Orica Chemicals business incorporating the chemicals trading businesses in Australia, New Zealand and Latin America, Bronson and Jacobs in Australia, New Zealand and Asia and the Australian Chloralkali manufacturing business to funds advised by Blackstone for a price of $750m. Closing of the transaction is subject to Australian Foreign Investment Review Board and New Zealand Overseas Investment Office approvals and other customary conditions, including material adverse change provisions, within the sale agreement and is expected to occur in the first quarter of calendar year 2015.

The directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2014, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

36. Employee share plans

Employees' options entitlement

Other than the LTEIP shares which are treated as options for accounting purposes, the Long Term Incentive Rights Plan (LTIRP) and the Sign-on Rights Plans, there are no other options over Orica shares outstanding at 30 September 2013 or 30 September 2014.

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

In financial year 2012 LTIRP was adopted 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.
- LTIRP is offered to senior executives below the Executive Committee level. A single hurdle of Orica achieving 2% EPS compound growth per annum over three years was set for this scheme to represent the minimum level of acceptable performance before vesting can occur.
- 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.
- The fair value of these long term incentives are expensed over the three year vesting period.

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

Grant date	Vesting date	Number of rights issued	Number of rights held at 30 September 2014	Number of rights held at 30 September 2013	Number of participants at 30 September 2014	Number of participants at 30 September 2013	Fair value of rights at grant date [1] $
19 Dec 11	19 Dec 14	664,845	**451,166**	559,643	**229**	279	14,586,699
19 Dec 12	19 Dec 15	717,397	**494,530**	643,316	**237**	291	15,754,038
1 April 13	19 Dec 15	24,293	**24,293**	24,293	**5**	5	533,960
19 Dec 13	19 Dec 16	744,827	**651,058**	-	**251**	-	14,993,368
		2,151,362	**1,621,047**	1,227,252	**722**	575	45,868,065

[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	4.0	2.99	21.94
19 Dec 12	24.70	25	4.0	2.77	21.96
1 April 13	24.45	25	4.0	2.88	21.98
19 Dec 13	22.98	25	4.5	2.92	20.13

[2] The option valuations prepared by PwC use methodologies consistent with assumptions that apply under the Black Scholes option pricing model and reflect the value (as at grant date) of options held at 30 September. 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.

36. Employee share plans (continued)

(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.
- 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 related information is shown in the following table:

Grant date	Vesting date	Number of rights issued	Number of rights held at 30 September 2014	Number of rights held at 30 September 2013	Number of participants at 30 September 2014	Number of participants at 30 September 2013	Value of rights at grant date [1] $
19 Dec 11	30 Nov 13	7,942	**-**	7,942	**-**	1	181,554
1 Sep 12	1 Sep 13	6,148	**-**	-	**-**	-	143,064
15 Oct 12	30 Jun 13	4,885	**-**	-	**-**	-	121,197
11 Mar 13	4 Mar 14	3,835	**-**	3,835	**-**	1	95,492
11 Mar 13	4 Mar 15	3,836	**3,836**	3,836	**1**	1	91,872
5 Dec 13	20 Nov 14	952	**952**	-	**1**	-	20,868
5 Dec 13	20 Nov 15	953	**953**	-	**1**	-	19,994
1 Apr 14	1 Dec 14	2,146	**2,146**	-	**1**	-	44,916
1 Apr 14	1 Dec 15	2,147	**2,147**	-	**1**	-	43,004
1 Apr 14	23 Sep 14	3,864	**-**	-	**-**	-	81,569
1 Apr 14	23 Sep 15	3,865	**3,865**	-	**1**	-	78,073
1 Apr 14	1 Dec 14	3,469	**3,469**	-	**1**	-	72,606
1 Apr 14	1 Dec 15	2,601	**2,601**	-	**1**	-	52,098
1 Apr 14	1 Dec 16	2,603	**2,603**	-	**1**	-	49,900
1 Apr 14	1 Feb 15	5,366	**5,366**	-	**2**	-	111,505
1 Apr 14	1 Feb 16	5,367	**5,367**	-	**2**	-	106,696
10 Jun 14	31 Dec 14	3,404	**3,404**	-	**1**	-	64,233
10 Jun 14	2 Jan 15	2,601	**2,601**	-	**1**	-	49,081
10 Jun 14	2 Jan 16	2,601	**2,601**	-	**1**	-	46,948
			41,911	15,613	**16**	3	1,474,670

36. Employee share plans (continued)

(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	4.0	3.13	22.86
1 Sep 12	24.20	25	4.0	2.86	23.27
15 Oct 12	25.51	25	4.0	2.58	24.81
11 Mar 13	25.90	25	4.0	2.88	24.90
11 Mar 13	25.90	25	4.0	2.90	23.95
5 Dec 13	22.91	25	4.5	2.50	21.92
5 Dec 13	22.91	25	4.5	2.79	20.98
1 Apr 14	21.56	25	4.5	2.79	20.93
1 Apr 14	21.56	25	4.5	2.79	20.03
1 Apr 14	21.56	25	4.5	2.79	21.11
1 Apr 14	21.56	25	4.5	2.79	20.20
1 Apr 14	21.56	25	4.5	2.79	20.93
1 Apr 14	21.56	25	4.5	2.79	20.03
1 Apr 14	21.56	25	4.5	2.79	19.17
1 Apr 14	21.56	25	4.5	2.79	20.78
1 Apr 14	21.56	25	4.5	2.79	19.88
10 Jun 14	19.34	25	4.5	2.79	18.87
10 Jun 14	19.34	25	4.5	2.79	18.87
10 Jun 14	19.34	25	4.5	2.79	18.05

(2) The option valuations prepared by PwC use methodologies consistent with assumptions that apply under the Black Scholes option pricing model and reflect the value (as at grant date) of options held at 30 September. 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) (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 2014**	Number of participants at 30 September 2013	**Shares held at 30 September 2014**	Shares held at 30 September 2013
9 Jan 12	9 Jan 15	**1,130**	1,247	**46,330**	51,127
8 Jan 13	8 Jan 16	**1,242**	1,375	**47,196**	52,250
8 Jan 14	8 Jan 17	**1,243**	-	**52,206**	-
		3,615	2,622	**145,732**	103,377

(b) (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

36. Employee share plans (continued)

- 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. After the period of three years, employees may submit a Notice of Withdrawal to release some or all of their shares.

Grant date	Date shares become unrestricted	**Number of participants at 30 September 2014**	Number of participants at 30 September 2013	**Shares held at 30 September 2014**	Shares held at 30 September 2013
1 Oct 10	30 Sep 13	**50**	63	**1,150**	1,449
1 Oct 11	30 Sep 14	**56**	63	**1,512**	1,701
1 Oct 12	30 Sep 15	**72**	80	**1,728**	1,920
1 Oct 13	30 Sep 16	**69**	-	**2,346**	-
		247	206	**6,736**	5,070

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	
	2014 $000	2013 $000
Short term employee benefits	**13,510.0**	13,290.8
Other long term benefits	**94.6**	189.5
Post employment benefits	**229.2**	226.2
Share-based payments	**3,720.0**	5,452.8
Termination benefits	**593.3**	2,416.8
	18,147.1	21,576.1

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) Controlled entities

Interests in subsidiaries are set out in note 39.

(c) Transactions with controlled entities

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

- Interest revenue received and paid by Orica Limited for money deposited and borrowed;
- Dividend income received by Orica Limited;

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

	2014 $000	2013 $000
Net interest received by Orica Limited	**17,456**	8,460
Dividend income received by Orica Limited	**400,000**	400,000

37. Related party disclosures (continued)

(d) 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 associates were:

	2014 $000	Restated 2013 $000
Sales of goods to associates	**333,572**	357,977
Purchases of goods from associates	**91,113**	88,010
Dividend income received from associates	**35,545**	25,173
Income received from leasing	**2,081**	166
Interest income received from associates	**10**	6

Additional related party disclosures

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

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 and shares	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 or 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.

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 2014 was $47.3 million (2013 $47.1 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 $35.4 million (2013 $33.0 million) to defined benefit plans. The Group's external actuaries have forecast total employer contributions and benefit payments to defined benefit plans of $26.8 million for 2015.

(c) (i) Balance sheet amounts

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

	2014	2013 Restated
	$m	$m
Present value of the funded defined benefit obligations	**690.2**	657.7
Present value of unfunded defined benefit obligations	**108.3**	91.0
Fair value of defined benefit plan assets	**(594.1)**	(542.8)
Deficit	**204.4**	205.9
Restriction on assets recognised	**1.7**	0.3
Net liability in the balance sheet	**206.1**	206.2
Amounts in balance sheet:		
Liabilities	**207.8**	206.2
Assets	**(1.7)**	-
Net liability recognised in balance sheet at end of year	**206.1**	206.2

38. Superannuation commitments (continued)

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

The amounts recognised in the income statement are as follows:

	2014	2013 Restated
	$m	$m
Current service cost	**17.7**	19.0
Interest cost on defined benefit obligation	**7.2**	7.7
Total included in employee benefits expense	**24.9**	26.7

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

	2014	2013 Restated
	$m	$m
Actuarial gains/(losses) on defined benefit obligations:		
Due to changes in demographic assumptions	(6.6)	(21.3)
Due to changes in financial assumptions	(42.6)	39.4
Due to experience adjustments	(0.4)	(12.5)
Total	(49.6)	5.6
Change in irrecoverable surplus other than interest	(1.3)	0.3
Return on plan assets greater than discount rate	38.3	29.4
Total (losses)/ gains recognised via the Statement of Comprehensive Income	(12.6)	35.3
Tax benefit/(expense) on total (losses)/ gains recognised via the Statement of Comprehensive Income	1.7	(10.9)
Total (losses)/ gains after tax recognised via the Statement of Comprehensive Income	(10.9)	24.4

(c) (iv) Reconciliations

	2014	2013 Restated
	$m	$m
Reconciliation of present value of the defined benefit obligations:		
Balance at the beginning of the year	748.7	704.8
Current service cost	17.7	19.0
Interest cost	30.4	25.8
Actuarial (gains)/losses	49.6	(5.6)
Contributions by plan participants	2.7	2.9
Benefits paid	(50.9)	(32.4)
Settlements/curtailments	-	(0.9)
Exchange differences on foreign funds	0.3	35.1
Balance at the end of the year	798.5	748.7
Weighted average duration of defined benefit obligation at end of period - Years	13.1	13.3

	2014	2013 Restated
	$m	$m
Reconciliation of the fair value of the plan assets:		
Balance at the beginning of the year	**542.8**	474.1
Interest income on plan assets	**23.2**	18.1
Actuarial gains	**38.3**	29.4
Contributions by plan participants	**2.7**	2.9
Contributions by employer	**35.4**	33.0
Benefits paid	**(50.9)**	(32.4)
Settlements/curtailments	**-**	(1.0)
Exchange differences on foreign funds	**2.6**	18.7
Balance at the end of the year	**594.1**	542.8

38. Superannuation commitments (continued)

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.

	2014 **$m**	2013 Restated $m
Comprising:		
Quoted in active markets:		
Equities	**228.6**	226.1
Debt securities	**185.0**	142.2
Property	**1.4**	1.1
Other quoted securities	**53.8**	51.3
Other:		
Equities	**-**	-
Debt securities	**-**	-
Property	**45.2**	41.6
Insurance contracts	**23.8**	27.5
Cash and cash equivalents	**56.3**	53.0
	594.1	542.8

The principal assumptions applied in determining the present value of defined benefit obligations and their bases were as follows

- Rates of increase in pensionable remuneration, pensions in payment and healthcare costs: historical experience and management 's long-term future expectations;
- Discount rates: prevailing long-term high quality bond yields, chosen to match the currency and duration of the relevant obligation; and
- Mortality rates: the local actuaries' designated mortality rates for the individual plans concerned.

The weighted averages for those assumptions and related sensitivity information are presented below. Sensitivity information indicates by how much the defined benefit obligations would increase or decrease if a given assumption were to increase or decrease with no change in other assumptions.

	Assumptions used		Effect of using alternative assumptions	
	2014	2013 Restated	Change of assumptions	2014 Increase/(Decrease) $m
Rate of increase in pensionable remuneration	**3.08%**	3.31%	+1%	25
Rate of increase in pensions in payment	**2.28%**	2.10%	+1%	22
Rate of increase in medical trend (ultimate)	**4.40%**	4.41%	+1%	5
Discount rate for pension plans	**3.90%**	4.33%	+1%	(83)

The expected age at death for persons aged 65 is 86 years for men and 89 years for women at 30 September 2014. If members are one year older the defined benefit obligation at 30 September 2014 would decrease by $17 million.

39. Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities held during 2013 and 2014:

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

39. Investments in controlled entities (continued)

Name of Entity	Place of incorporation if other than Australia
Orica Brasil Produtos Quimicos Ltda	Brazil
Orica Caledonie SAS	New Caledonia
Orica Canada Inc	Canada
Orica Canada Investments ULC	Canada
Orica Caribe, S.A.	Panama
Orica Centroamerica S.A.	Costa Rica
Orica Chemicals Argentina S.A.	Argentina
Orica Chemicals Australia Operations Pty Ltd (b)	
Orica Chemicals Chile S.A.	Chile
Orica Chemicals Colombia S.A.S.	Colombia
Orica Chemicals Holdings Pty Ltd (formerly Orica Clarendon Pty Ltd) (f)	
Orica Chemicals New Zealand Limited (formerly Orica Clarendon NZ Limited)	New Zealand
Orica Chemicals Peru S.A.	Peru
Orica Chemicals Trading Agency (Beijing) Co., Ltd.	China
Orica Chile Distribution S.A.	Chile
Orica Chile S.A.	Chile
Orica CIS CJSC	Russia
Orica Colombia S.A.S.	Colombia
Orica Czech Republic s.r.o.	Czech Republic
Orica Denmark A/S	Denmark
Orica Dominicana S.A.	Dominican Republic
Orica DRC SARL (b)	Democratic Republic of Congo
Orica Eesti OU	Estonia
Orica Europe FT Pty Ltd (f)	
Orica Europe Investments Pty Ltd (f)	
Orica Europe Management GmbH	Germany
Orica Europe Pty Ltd & Co KG	Germany
Orica Explosives Holdings Pty Ltd	
Orica Explosives Holdings No 2 Pty Ltd	
Orica Explosives Holdings No 3 Pty Ltd (f)	
Orica Explosives Research Pty Ltd (f)	
Orica Explosives Technology Pty Ltd	
Orica Explosives (Thailand) Co Ltd (d)	Thailand
Orica Explosivos Industriales, S.A.	Spain
Orica Export Inc.	USA
Orica Fiji Ltd	Fiji
Orica Finance Limited	
Orica Finance Trust	
Orica Finland OY	Finland
Orica GEESP Pty Ltd (f)	
Orica Germany GmbH	Germany
Orica Ghana Limited	Ghana
Orica Grace US Holdings Inc.	USA
Orica Ground Support Inc (formerly Minova USA Inc)	USA
Orica Holdings Pty Ltd (f)	
Orica Ibéria, S.A.	Portugal
Orica IC Assets Holdings Limited Partnership	
Orica IC Assets Pty Ltd	
Orica IC Investments Pty Ltd (f)	
Orica International IP Holdings Inc.	USA
Orica International Pte Ltd	Singapore
Orica Investments (Indonesia) Pty Limited (f)	
Orica Investments (NZ) Limited	NZ
Orica Investments (Thailand) Pty Limited (f)	
Orica Investments Pty Ltd (a)	
Orica Japan Co. Ltd	Japan

Name of Entity	Place of incorporation if other than Australia
Orica Kazakhstan Joint Stock Company	Kazakhstan
Orica Logistics Canada Inc.	Canada
Orica Mauritania SARL	Mauritania
Orica Med Bulgaria AD	Bulgaria
Orica Mining Services (Namibia) (Proprietary) Limited	Namibia
Orica Mining Services (Hong Kong) Ltd	Hong Kong
Orica Mining Services Peru S.A.	Peru
Orica Mining Services Portugal S.A.	Portugal
Orica Mining Services South Africa (Pty) Ltd (formerly Stratabolt (Pty) Limited	South Africa
Orica Mining Services (Thailand) Limited	Thailand
Orica Mongolia LLC	Mongolia
Orica Mountain West Inc.	USA
Orica Mozambique Limitada	Mozambique
Orica Nelson Quarry Services Inc. (g)	USA
Orica Netherlands Finance B.V.	Holland
Orica New Zealand Finance Limited	NZ
Orica New Zealand Limited	NZ
Orica New Zealand Securities Limited	NZ
Orica New Zealand Superfunds Securities Limited	NZ
Orica Nitrates Philippines Inc	Philippines
Orica Nitratos Peru S.A.	Peru
Orica Nitro Patlayici Maddeler Sanayi ve Ticaret Anonim Sirketi	Turkey
Orica Nitrogen LLC	USA
Orica Nominees Pty Ltd (f)	
Orica Norway AS	Norway
Orica Norway Holdings AS	Norway
Orica Panama S.A.	Panama
Orica Philippines Inc	Philippines
Orica Poland Sp. z.o.o.	Poland
Orica Portugal, S.G.P.S., S.A.	Portugal
Orica Qatar LLC	Qatar
Orica Securities (UK) Limited	UK
Orica Servicos de Mineracao Ltda	Brazil
Orica Share Plan Pty Limited (f)	
Orica Senegal SARL	Senegal
Orica Singapore Pte Ltd	Singapore
Orica Slovakia s.r.o.	Slovakia
Orica Solomon Islands Pty Limited	Solomon Islands
Orica South Africa Holdings (Pty) Limited (formerly FS Resin (Pty) Limited)	South Africa
Orica St. Petersburg LLC	Russia
Orica Sweden AB	Sweden
Orica Sweden Holdings AB	Sweden
Orica Tanzania Limited	Tanzania
Orica UK Limited	UK
Orica US Finance LLC (b)	USA
Orica US Holdings General Partnership	USA
Orica USA Inc.	USA
Orica U.S. Services Inc.	USA
Orica Venezuela C.A.	Venezuela
Orica Watercare Inc.	USA
Orica (Weihai) Explosives Co Ltd	China
Orica Zambia Limited	Zambia
OriCare Canada Inc.	Canada
Oricorp Comercial S.A. de C.V.	Mexico
Oricorp Mexico S.A. de C.V.	Mexico
Penlon Proprietary Limited (f)	
Project Grace	UK
Project Grace Holdings	UK

39. Investments in controlled entities (continued)

Name of Entity	Place of incorporation if other than Australia
Project Grace Incorporated	USA
PT Bronson & Jacobs Indonesia (formerly PT Baktijala Kencana Citra)	Indonesia
PT Kalimantan Mining Services	Indonesia
PT Kaltim Nitrate Indonesia	Indonesia
PT Orica Mining Services	Indonesia
Retec Pty Ltd (f)	
Rui Jade International Limited	Hong Kong
Sarkem Pty Ltd (f)	
Southern Blasting Services, Inc.	USA
Sprengmittelvertrieb in Bayern GmbH	Germany
Sprengstoff-Verwertungs GmbH	Germany
Stratabolt Products (Pty) Limited	South Africa
Taian Ruichy Minova Ground Control Technology Co., Ltd	China
Tec Harseim Do Brazil Ltda	Brazil
Transmate S.A.	Belgium
Watercare Investments Pty Ltd (b) (f)	
White Lightning Holding Co Inc	Philippines
Yara Pilbara Nitrates Pty Ltd	

(a) These controlled entities have each entered into a Deed of Cross Guarantee with Orica in respect of relief granted from specific accounting and financial reporting requirements in accordance with the ASIC Class Order 98/1418.
(b) Incorporated in 2014.
(c) In liquidation.
(d) Liquidated in 2014.
(e) Deregistered in 2014.
(f) Small proprietary company - no separate statutory accounts are prepared.
(g) Divested in 2014.

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.

	Closed Group	
	2014	2013 Restated
	$m	$m
Summarised balance sheet		
Current assets		
Cash and cash equivalents	**902.4**	1,701.9
Trade and other receivables	**351.2**	327.1
Inventories	**181.0**	222.1
Other assets	**23.6**	12.1
Total current assets	**1,458.2**	2,263.2
Non-current assets		
Trade and other receivables	**23.9**	23.2
Investments accounted for using the equity method	**2.9**	1.9
Other financial assets	**3,731.6**	3,482.6
Property, plant and equipment	**1,124.9**	1,163.3
Intangible assets	**326.5**	236.0
Deferred tax assets	**172.3**	174.9
Other assets	**-**	19.6
Total non-current assets	**5,382.1**	5,101.5
Total assets	**6,840.3**	7,364.7
Current liabilities		
Trade and other payables	**486.9**	511.5
Interest bearing liabilities [(1)]	**3,176.2**	3,606.9
Current tax liabilities	**16.7**	57.7
Provisions	**87.3**	108.2
Total current liabilities	**3,767.1**	4,284.3
Non-current liabilities		
Trade and other payables	**1.2**	5.2
Interest bearing liabilities	**34.3**	35.1
Deferred tax liabilities	**159.8**	142.6
Provisions	**208.7**	219.3
Total non-current liabilities	**404.0**	402.2
Total liabilities	**4,171.1**	4,686.5
Net assets	**2,669.2**	2,678.2
Equity		
Ordinary shares	**1,975.0**	1,877.9
Reserves	**385.1**	372.3
Retained profits	**309.1**	428.0
Total equity	**2,669.2**	2,678.2

Summarised income statement and retained profits		
Profit before income tax expense	**288.1**	360.0
Income tax expense	**(65.7)**	(100.9)
Profit from operations	**222.4**	259.1
Retained profits at the beginning of the year	**428.0**	492.6
Actuarial gains recognised directly in equity	**8.0**	15.3
Ordinary dividends – interim	**(147.9)**	(142.5)
Ordinary dividends – final	**(201.4)**	(196.5)
Retained profits at the end of the year	**309.1**	428.0

[(1)] These interest bearing liabilities are predominantly with Orica Finance Limited. At the date of this report there is no intention to re-call these borrowings.

41. Prior period restatement due to changes in accounting standards

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

Consolidated Financial Statements and Joint Arrangements

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

Employee benefits

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

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

Income Statement

For the year ended 30 September 2013:

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

	cents	cents	cents
Earnings per share			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
Total attributable to ordinary shareholders of Orica Limited:			
Basic	165.4	(2.5)	162.9
Diluted	165.2	(2.5)	162.7

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

Statement of Comprehensive Income

For the year ended 30 September 2013:

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

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

Balance Sheet

As at 30 September 2013:

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

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

Statement of Changes in Equity

For the year ended 30 September 2013

	Ordinary shares	Retained earnings	Share based payments reserve	Cash flow hedging reserve	Foreign currency translation reserve	Equity reserve arising from purchase of non-controlling interests	Total	Step-Up Preference Securities	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
2012										
Balance at 1 October 2011 - as reported	1,749.9	2,363.4	65.4	(11.5)	(715.5)	(187.4)	3,264.3	490.0	121.3	3,875.6
Adjustments	-	0.1	-	-	-	-	0.1	-	-	0.1
Balance at 1 October 2011 - restated	1,749.9	2,363.5	65.4	(11.5)	(715.5)	(187.4)	3,264.4	490.0	121.3	3,875.7
Profit for the year	-	402.8	-	-	-	-	402.8	-	21.0	423.8
Other comprehensive income	-	(41.5)	-	(4.2)	(214.5)	-	(260.2)	-	(7.3)	(267.5)
Total comprehensive income for the year - restated	-	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 - restated	1,795.1	2,376.3	83.3	(15.7)	(930.0)	(187.4)	3,121.6	-	125.0	3,246.6
2013										
Balance at 1 October 2012	**1,795.1**	**2,376.3**	**83.3**	**(15.7)**	**(930.0)**	**(187.4)**	**3,121.6**	**-**	**125.0**	**3,246.6**
Profit for the year - as reported	**-**	**601.6**	**-**	**-**	**-**	**-**	**601.6**	**-**	**19.6**	**621.2**
Adjustments	**-**	**(9.1)**	**-**	**-**	**-**	**-**	**(9.1)**	**-**	**(2.2)**	**(11.3)**
Profit for the year - restated	**-**	**592.5**	**-**	**-**	**-**	**-**	**592.5**	**-**	**17.4**	**609.9**
Other comprehensive income	**-**	**17.2**	**-**	**7.6**	**347.0**	**-**	**371.8**	**-**	**13.0**	**384.8**
Adjustments	**-**	**7.2**	**-**	**-**	**19.8**	**-**	**27.0**	**-**	**-**	**27.0**
Other comprehensive income - restated	**-**	**24.4**	**-**	**7.6**	**366.8**	**-**	**398.8**	**-**	**13.0**	**411.8**
Total comprehensive income for the year - restated	**-**	**616.9**	**-**	**7.6**	**366.8**	**-**	**991.3**	**-**	**30.4**	**1,021.7**
Transactions with owners, recorded directly in equity										
Total changes in contributed equity	**82.8**	**-**	**-**	**-**	**-**	**-**	**82.8**	**-**	**4.0**	**86.8**
Share-based payments expense	**-**	**-**	**16.0**	**-**	**-**	**-**	**16.0**	**-**	**-**	**16.0**
Acquisition of non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(1.7)**	**(1.7)**	**-**	**(1.6)**	**(3.3)**
Divestment of non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Dividends/distributions	**-**	**(339.0)**	**-**	**-**	**-**	**-**	**(339.0)**	**-**	**-**	**(339.0)**
Dividends declared/paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(18.5)**	**(18.5)**
Balance at the end of the year - restated	**1,877.9**	**2,654.2**	**99.3**	**(8.1)**	**(563.2)**	**(189.1)**	**3,871.0**	**-**	**138.9**	**4,009.9**

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

Statement of Cash Flows

For the year ended 30 September 2013

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

Directors' Declaration

We, Russell Ronald Caplan and Ian Kingsley Smith, being directors of Orica Limited, do hereby state in accordance with a resolution of the directors that in the opinion of the directors,

(a) the consolidated financial statements and notes, set out on pages 35 to 116, and the Remuneration report in the Directors' report, set out on pages 11 to 32, are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of the consolidated entity as at 30 September 2014 and of its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the controlled entities identified in note 39 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Executive Director Finance for the financial year ended 30 September 2014.

The directors draw attention to note 1 (ii) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

R R Caplan
Chairman

I K Smith
Managing Director and Chief Executive Officer

Dated at Melbourne this 19th day of November 2014.

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 2014, 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 41 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.

KPMG

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 2014 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 2014. 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 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

M J Sheppard

Martin Sheppard
Partner

Melbourne

19 November 2014

Shareholders' Statistics

As at 6 November 2014

Distribution of ordinary shareholders and shareholdings

Size of holding			Number of holders		Number of shares	
1	–	1,000	40,318	65.33%	16,215,606	4.35%
1,001	–	5,000	18,705	30.31%	38,670,991	10.37%
5,001	–	10,000	1,840	2.98%	12,628,369	3.39%
10,001	–	100,000	791	1.28%	14,917,439	4.00%
100,001 and over			62	0.10%	290,310,886	77.88%
Total			61,716	100.00%	372,743,291	100.00%

Included in the above total are 2,395 shareholders holding less than a marketable parcel of 25 shares.
The holdings of the 20 largest holders of fully paid ordinary shares represent 74.33% of that class of shares.

Twenty largest ordinary fully paid shareholders

	Shares	% of total
HSBC Custody Nominees (Australia) Limited	147,209,448	39.49%
JP Morgan Nominees Australia Limited	54,767,278	14.69%
National Nominees Limited	30,368,198	8.15%
Citicorp Nominees Pty Limited	11,794,094	3.16%
Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C>	7,005,903	1.88%
BNP Paribas Nominees Pty Ltd <DRP>	5,422,273	1.45%
RBC Investor Services Australia Nominees Pty Limited <PI POOLED A/C>	3,594,662	0.96%
Australian Foundation Investment Company Limited	2,711,626	0.73%
Argo Investments Limited	2,557,983	0.69%
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	2,405,520	0.65%
AMP Life Limited	1,670,127	0.45%
The Senior Master of the Supreme Court COMMON FUND NO 3	1,144,592	0.31%
BNP Paribas Nominees Pty Ltd <AGENCY LENDING DRP A/C>	1,111,163	0.30%
HSBC Custody Nominees (Australia) Limited <NT-COMNWLTH SUPER CORP A/C>	1,078,761	0.29%
Australian United Investment Company Limited	1,000,000	0.27%
Gwynvill Investments Pty Ltd	711,574	0.19%
UBS Wealth Management Australia Nominees Pty Ltd	653,482	0.18%
Custodial Services Limited <BENEFICIARIES HOLDING A/C>	645,631	0.17%
UBS Nominees Pty Ltd	617,091	0.17%
Avanteos Investments Limited <ENCIRCLE IMA A/C>	609,524	0.16%
Total	277,078,930	74.33%

Register of substantial shareholders

The names of substantial shareholders in the company, and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the Company on the respective dates, are as follows:

2 July 2014	Harris Associates	47,453,544	12.79%
11 July 2014	Schroder Investment Management	23,250,167	6.24%
19 September 2014	M&G Investment Management	21,885,573	5.87%

Ten Year Financial Statistics

Orica consolidated		2014 $m	Restated [1] 2013 $m
Sales		**6,796.3**	**6,885.2**
Earnings before depreciation, amortisation, net borrowing costs and tax		1,230.5	1,252.5
Depreciation and amortisation (excluding goodwill)		(300.8)	(284.4)
Goodwill amortisation		-	-
Earnings before net borrowing costs and tax (EBIT)		**929.7**	**968.1**
Net borrowing costs		(115.8)	(150.2)
Individually material items before tax		-	-
Taxation expense		(187.9)	(208.0)
Non-controlling interests		(23.5)	(17.4)
Profit/(loss) after tax and individually material items		**602.5**	**592.5**
Individually material items after tax attributable to members of Orica Limited		**-**	**-**
Profit after tax before individually material items net of tax		**602.5**	**592.5**
Dividends/distributions		349.3	339.0
Current assets		2,137.3	2,149.8
Property, plant and equipment		3,794.9	3,583.2
Investments		208.0	197.7
Intangibles		2,388.5	2,340.0
Other non-current assets		310.5	342.8
Total assets		**8,839.2**	**8,613.5**
Current borrowings and payables		1,775.8	1,703.4
Current provisions		181.5	251.6
Non current borrowings and payables		1,997.0	2,180.7
Non current provisions		485.8	467.9
Total liabilities		**4,440.1**	**4,603.6**
Net assets		**4,399.1**	**4,009.9**
Equity attributable to ordinary shareholders of Orica Limited		4,263.0	3,871.0
Equity attributable to Step-Up Preference Securities holders		-	-
Equity attributable to non-controlling interests		136.1	138.9
Total shareholders' equity		**4,399.1**	**4,009.9**
Number of ordinary shares on issue at year end	millions	372.7	368.2
Weighted average number of ordinary shares on issue	millions	368.1	363.7
Basic earnings per ordinary share			
before individually material items	**cents**	**163.7**	**162.9**
including individually material items	**cents**	**163.7**	**162.9**
Dividends per ordinary share	**cents**	**96.0**	**94.0**
Dividend franking	**%**	**37.5**	**74.5**
Dividend yield (based on year end share price)	**%**	5.1	4.7
Closing share price range – High		**$24.78**	**$27.31**
Low		**$18.51**	**$17.61**
Year end		**$18.90**	**$20.06**
Stockmarket capitalisation at year end	$m	7,044.0	7,386.1
Net tangible assets per share	**$**	**5.03**	**4.16**
Profit margin (earnings before net borrowing costs and tax/sales)	**%**	**13.7**	**14.1**
Net debt		**2,236.7**	**2,334.2**
Gearing (net debt/net debt plus equity)	**%**	**33.7**	**36.8**
Interest cover (EBIT/net borrowing costs excluding capitalised interest)	**times**	**6.5**	**6.0**
Net capital expenditure on plant and equipment (Cash Flow)		**(392.7)**	**(596.1)**
Net capital proceeds/(expenditure) on acquisitions (Cash Flow)		**0.4**	**(2.2)**
Return on average shareholders' funds			
before individually material items	**%**	**14.8**	**16.9**
including individually material items	**%**	**14.8**	**16.9**

[1] Income statement for 2013 and balance sheets for 2013 and 2012 are stated under revised accounting standards (refer to note 1 (ii)).

Ten Year Financial Statistics

Restated [1] 2012 $m	2011 $m	2010 $m	2009 $m	2008 $m	2007 $m	2006 $m	2005 $m
6,674.1	**6,182.3**	**6,539.3**	**7,411.0**	**6,544.1**	**5,527.2**	**5,359.2**	**5,126.7**
1,274.0	1,252.5	1,340.9	1,330.2	1,188.8	995.9	814.6	741.3
(251.4)	(224.2)	(239.5)	(247.7)	(218.7)	(183.2)	(156.9)	(140.4)
-	-	-	-	-	-	-	-
1,022.6	**1,028.3**	**1,101.4**	**1,082.5**	**970.1**	**812.7**	**657.7**	**600.9**
(128.2)	(123.5)	(127.6)	(133.5)	(157.7)	(122.6)	(92.2)	(102.5)
(367.2)	-	715.6	(139.6)	(41.6)	(22.3)	70.8	(187.7)
(103.4)	(241.4)	(334.7)	(228.0)	(203.5)	(154.4)	(74.9)	(88.8)
(21.0)	(21.1)	(36.0)	(39.6)	(27.7)	(25.7)	(22.3)	(13.6)
402.8	**642.3**	**1,318.7**	**541.8**	**539.6**	**487.7**	**539.1**	**208.3**
(247.4)	**-**	**642.9**	**(104.3)**	**(32.7)**	**(10.1)**	**158.8**	**(131.6)**
650.2	**642.3**	**675.8**	**646.1**	**572.3**	**497.8**	**380.3**	**339.9**
341.0	359.5	1,098.3	378.0	326.0	303.7	207.1	190.6
2,033.2	1,985.2	1,831.9	1,994.4	2,458.2	1,955.2	2,479.7	1,781.6
3,071.3	2,709.7	2,235.2	2,075.0	2,052.3	1,742.9	1,603.1	1,593.7
165.8	172.1	162.6	168.3	209.3	125.6	125.9	49.1
2,046.9	2,505.4	2,510.9	2,756.5	3,012.6	2,055.5	1,141.3	634.3
295.2	255.8	248.8	360.0	275.4	335.2	362.8	252.5
7,612.4	**7,628.2**	**6,989.4**	**7,354.2**	**8,007.8**	**6,214.4**	**5,712.8**	**4,311.2**
1,412.9	1,229.0	1,215.5	1,316.9	1,777.8	1,625.4	981.0	958.9
165.3	228.4	343.4	298.8	301.8	332.3	319.1	218.7
2,275.1	1,769.3	1,305.1	1,279.8	1,107.2	1,098.6	1,272.5	1,287.2
512.5	525.9	492.8	485.9	502.6	530.5	472.0	326.9
4,365.8	**3,752.6**	**3,356.8**	**3,381.4**	**3,689.4**	**3,586.8**	**3,044.6**	**2,791.7**
3,246.6	**3,875.6**	**3,632.6**	**3,972.8**	**4,318.4**	**2,627.6**	**2,668.2**	**1,519.5**
3,121.6	3,264.3	3,032.7	3,370.7	3,731.5	2,076.7	2,126.6	1,327.9
-	490.0	490.0	490.0	490.0	490.0	490.0	-
125.0	121.3	109.9	112.1	96.9	60.9	51.6	191.6
3,246.6	**3,875.6**	**3,632.6**	**3,972.8**	**4,318.4**	**2,627.6**	**2,668.2**	**1,519.5**
365.6	364.0	362.1	360.0	359.2	307.9	309.2	273.1
360.6	357.5	355.5	353.9	320.0	306.3	300.8	272.8
177.9	**173.5**	**185.6**	**174.6**	**170.0**	**149.5**	**126.4**	**124.6**
109.2	**173.5**	**366.4**	**145.2**	**159.8**	**146.3**	**179.2**	**76.3**
92.0	**90.0**	**95.0**	**97.0**	**94.0**	**89.0**	**74.0**	**71.0**
41.3	**78.9**	**73.7**	**35.1**	**36.2**	**34.8**	**40.5**	**32.4**
3.7	3.8	3.7	4.1	4.5	3.0	3.3	3.4
$27.97	**$27.75**	**$27.75**	**$24.15**	**$32.18**	**$33.90**	**$26.45**	**$21.55**
$22.40	**$21.44**	**$21.95**	**$11.30**	**$20.95**	**$21.78**	**$17.78**	**$14.32**
$24.87	**$23.48**	**$25.71**	**$23.50**	**$20.95**	**$30.10**	**$22.47**	**$21.00**
9,092.5	8,546.7	9,310.0	8,459.0	7,525.2	9,268.2	6,948.1	5,735.2
2.94	**2.08**	**1.44**	**1.71**	**2.00**	**0.07**	**3.19**	**2.53**
15.3	**16.6**	**16.8**	**14.6**	**14.8**	**14.7**	**12.3**	**11.7**
2,298.1	**1,408.1**	**1,051.6**	**1,094.5**	**1,020.5**	**1,305.7**	**302.1**	**1,112.1**
41.4	**26.6**	**22.4**	**21.6**	**19.1**	**33.2**	**10.2**	**42.3**
6.1	**6.4**	**7.5**	**7.8**	**6.1**	**6.6**	**7.1**	**5.9**
(558.0)	**(646.6)**	**(517.3)**	**(345.6)**	**(394.8)**	**(280.9)**	**(329.2)**	**(234.9)**
(11.3)	**(60.9)**	**(162.1)**	**(107.3)**	**(866.2)**	**(917.7)**	**(875.6)**	**(59.2)**
18.9	**17.7**	**18.3**	**16.0**	**16.9**	**19.2**	**19.3**	**25.5**
11.7	**17.7**	**35.7**	**13.4**	**15.9**	**18.8**	**27.3**	**15.6**