ORICA

Annual Report 2009

Contents

Orica Limited
ABN 24 004 145 868

About Orica

Orica Mining Services

World's leading supplier of commercial explosives and blasting systems.

Chemicals

Leading manufacturer, trader and distributor of chemicals to the mining, water treatment and other industrial markets.

Minova

Manufacturer and marketer of high quality speciality chemicals and bolts to support underground mining and tunnel operations.

DuluxGroup

Marketer and manufacturer of premium branded products supported by world class innovation capability.

The way we do business

Orica's journey to become a market leader across all of its business platforms has been very deliberate. Begun more than a decade ago, this has seen us divest dozens of businesses and gradually acquire others to position ourselves in a world where demand for our products and expertise will continue to steadily grow. This portfolio reshaping combined with financial and strategic discipline has been important to our success. Guiding Orica through this gradual evolution has been what we consider to be three critical enablers to our success, namely Growth, Productivity and Culture.

Growth

Our growth has come from building and consolidating leadership around the core things we do well and is guided by three criteria:

- Market leadership – our aim is to be the market leader in each business and to ensure that we have the competitive advantage to sustain that position.
- Grow 'close to the core' – we pursue opportunities in related businesses where we can use our knowledge and expertise and achieve synergies.
- Invest in the 'winners' – we only grow our best performing businesses that meet financial performance targets and have earned the right to grow.

Productivity

Improving productivity, measured by Orica as the ratio of total fixed costs to gross margin, is a key element to how we do business. We aim to improve productivity year-on-year by way of efficiency, effectiveness or leveraging our fixed cost base.

A keen focus on manufacturing and supply chain improvements and adoption of Six Sigma methodology is important in achieving our productivity improvement targets.

Culture

Orica's 15,000 employees are located in more than 50 countries, reflecting diverse cultural, language and workplace relations backgrounds. They are united by a strong culture and common understanding about the way we do business, which is essential to our continued success. The 'Deliver the Promise' culture program, adopted by all employees, supports the performance based environment upon which we are measured. It revolves around four key principles: Safety, Health and the Environment; Commercial Ownership; Creative Customer Solutions; and Working together. These principles empower employees to strive for excellence and achieve long-term, sustainable results.

Chairman's Report

I am pleased to report that this year your company continued to perform well, achieving double digit profit growth and delivering its eighth consecutive year of profit improvement.

Despite very challenging market conditions and a generally subdued global economy, your company's underlying earnings for the year improved with net profit after tax before individually material items up 13% on the full year result for 2008 to a record $646 million. Net profit after tax and significant items was up by 0.4% to $542 million from the previous year.

The Board has declared a final dividend of 57 cents per ordinary share, franked at 20 cents per share, representing an increase of 2 cents on the 2008 final dividend.

The fallout from the crisis in global financial markets has tested all companies and Orica has not been immune. Through strategic portfolio reshaping and a strong culture of financial discipline, Orica has been deliberately designed to withstand tougher tests than those presented by the market in recent times. In a year of extreme volatility in global markets, Orica's strategy of pursuing leadership positions in markets offering long term, sustainable growth with limited exposure to the vagaries of commodity price cycles has been tested and reaffirmed.

That strategy has seen your company become increasingly focussed on the mining and infrastructure sectors which offer long term, resilient earnings. An important part of that journey was the Board's decision to demerge the consumer products business, now known as DuluxGroup. Although the separation has been deferred due to uncertainty in financial markets, the strategic rationale behind that decision remains sound and we intend to proceed with it when market stability returns. DuluxGroup is a very different business to the remainder of the Orica portfolio. A market leader with privileged brand assets, it is a quality business, the true worth of which is probably not adequately reflected while it remains a relatively minor part of a larger Orica.

That quality has again shone through this year, with the business achieving record profits and increasing its market share despite declining markets. DuluxGroup's continued investment in brands, innovation and customer relationship management saw it achieve record sales and continue to receive customer service awards. It has completed the acquisition of Sopel, a premium woodcare company based in Shanghai. This provides a platform for growth in the region through the expansion of paints and introduction of Selleys products.

The newest addition to the Orica portfolio, Minova, has performed well in the face of very difficult market conditions this year. With the increasing trend towards underground mining and a greater focus on safety in emerging mining regions, the business is complementary to the larger Orica Mining Services business. They share some common customers but do not have complete geographic overlap. With its roots in North America, the business this year has extended its footprint in Eastern Europe and its Chinese business has achieved record volume and sales growth. Taking advantage of the market penetration achieved by Mining Services, we see terrific growth potential in South America and elsewhere.

Orica Mining Services achieved record profits and sales this year and secured a number of new contracts. Ammonium nitrate volumes showed considerable resilience with volume growth in gold and thermal coal markets, in large part offsetting declines in other sectors – an endorsement of the clear strategy to expose the business to the volume side of mining rather than the inconsistency of commodity prices. This very good result was assisted by cost and productivity efficiencies.

Chemicals achieved record profit reflecting strong demand for sodium cyanide. With a strong competitive position as a global leader in the supply of this product to the gold mining sector, the business also achieved record sales in 2009. We anticipate this strong demand continuing and have progressed with feasibility work for the uprate of the sodium cyanide plant at Gladstone in Australia. This plant is also benefiting from a large scale bulk caustic soda terminal commissioned on site this year. During 2009 Chemicals further expanded export sales with new agreements signed in Latin America and Africa.

After some very active years pursuing acquisitive growth, 2009 has been a year of consolidation in which good progress was made on effective integration of businesses purchased in previous years with resulting synergies contributing to overall 2009 company performance. Orica remains focussed on capturing the long term growth opportunities before it and our attention is very much on pursuing organic growth through some significant brownfield projects. A worldscale ammonium nitrate plant in Bontang Indonesia is progressing well. Feasibility work has continued for the uprate of our ammonia plant at Kooragang Island along with assessing the feasibility for ammonium nitrate expansion opportunities in Australia and Latin America. Minova has very recently opened a new coal bolt facility at its Arndell Park site in New South Wales and DuluxGroup will benefit from a new powder coatings plant opened in Australia this year. DuluxGroup has begun work on a new protective coatings plant in Australia and an upgrade of the water-based paints plant in New Zealand.

Orica pursues these growth plans with the confidence that comes from having shaped a portfolio of businesses that are each leaders in markets where demand for its products and services will steadily grow. That confidence is supported by a prudently managed balance sheet. The board remains committed to a BBB+ rating. This year the company successfully renegotiated $2 billion in debt facilities and received great support in financial markets.

In 2009 earnings per share (EPS) before individually material items increased 3% over the 2008 full year to 174.6 cents. This is the eighth consecutive year of EPS growth.

It has been my pleasure to serve as Chairman of the Orica Board for the past eight years and I welcome Peter Duncan as the incoming Chairman. On behalf of the Board I would like to thank each of the Orica employees around the world who have worked hard, demonstrating great skill and discipline to deliver an eighth year of earnings growth in the face of some very difficult market conditions. They do so within a culture that encourages excellence and rewards success.

It is the calibre of our people, combined with a resilient growth strategy and strong financial discipline, that is at the core of your company's performance this year and it is this that gives your Board confidence that we will continue to provide superior rewards to our shareholders over time.

Don Mercer
Chairman

Managing Director's Report

This year Orica delivered its eighth consecutive year of underlying profit growth with most businesses delivering record results despite generally subdued global markets. This earnings resilience is the result of both a strong strategic position and a well established culture of financial discipline that has seen all of our businesses respond quickly and effectively to the market environment.

Orica Mining Services achieved a record result with earnings before interest and tax (EBIT) up 16% to $737 million. This strong result reflects significant productivity and efficiency improvements, improved ammonium nitrate pricing and strong volumes in global gold markets and thermal coal markets in Australia and Indonesia – offsetting weak volumes in other sectors. Despite mixed global market conditions, the business delivered double digit earnings growth across all regions except Europe where EBIT was down on the 2008 full year as a result of a significant downturn in infrastructure markets.

The Minova business achieved earnings of $145 million, down 3% on the 2008 full year, due largely to difficult trading conditions in Eastern Europe and the US. Elsewhere pricing and volumes remained reasonably steady and the underlying performance of the Minova business in most other market segments was pleasing. The business achieved steady growth in tunnelling and continued penetration of the Chinese market with strong volume and sales growth. It has responded quickly and effectively to manage the fundamentals of cost and productivity. An important part of this has been the ongoing integration of Minova into Orica which has delivered synergies of $26 million. As Minova has extended into new geographies this productivity focus is being maintained and bolt-on acquisitions in all regions are delivering to expectations.

Chemicals achieved record earnings of $170 million, an increase of 17%. This very good performance included record profits for Mining Chemicals reflecting strong demand for sodium cyanide by the global gold mining sector and some favourable impact from a weaker Australian dollar. The Watercare business benefitted from higher than average global caustic prices. Pleasingly, the Bronson & Jacobs business saw significant improvement with sales up 4%. During the year, the merger of the former Chemical Services and Chemnet businesses was completed and delivered synergies of $12 million. This was an important productivity initiative for the business and it combined with general cost control and restructuring initiatives across all business segments in contributing to the overall result.

The newly named DuluxGroup delivered another record result with EBIT up 5% to $129 million. Importantly, the business achieved a sales increase of 7% despite market decline and increased competition. Earnings growth in the paints business was driven by increased market share and the Selleys business grew earnings through new product and category growth. The new name capitalises on the brand strength of this iconic business and is consistent with the intention, at the right time and in the right market environment, to proceed with our plan to demerge the business. Its results reinforce DuluxGroup's strength and bright future as a stand alone business when the time comes.

In a year when our strategy and business model were put to perhaps their sternest test to date, Orica's business has delivered overall excellent results. At their core is a relentless drive for productivity supported by a high performance culture which rewards people for finding more efficient, innovative and effective ways to deliver superior solutions to our customers. Each of our businesses is accountable for delivering year-on-year productivity improvements and this year has been no exception with productivity and synergy benefits contributing $101 million to EBIT.

Particularly pleasing in a year of general financial market uncertainty, has been an increase in the current cash flow from operating activities of 16% to $855 million as a result of business profit growth and very good discipline across all of our businesses in managing working capital. Orica employees understand that strict financial discipline provides the flexibility to respond to market challenges and to take advantage of market growth opportunities as they arise.

Orica employs more than 15,000 people across approximately 50 countries and our commitment to an injury-free workplace is consistent and without compromise. We continue to work towards the goal of 'no injuries to anyone, ever'. I am sad to report that this year we fell well short of that goal with the deaths of four colleagues in four separate incidents each in different parts of the world. This is clearly unacceptable and has an untold impact on friends, family and colleagues. We have thoroughly investigated each of these incidents and implemented important improvements from what was learnt.

Caring for the environment is consistent with Orica's goal to become a company that does 'zero harm'. Many of our operations are energy and resource intensive and not only is it part of our commitment to ensuring a sustainable environment, it makes good business sense to reduce our environmental footprint as much as possible. We monitor greenhouse gas emissions, water use, waste generation and energy use. We further reduced our energy consumption this year and, pleasingly, have already reached our Challenge 2010 targets in terms of greenhouse gas emissions, water use and waste generation.

An important part of our environmental commitment is cleaning up legacy contamination at our sites caused by past manufacturing. The groundwater treatment plant at Botany continues to operate at a level required to contain the contaminated plume. We continue to pursue options to export the store of hexachlorobenzene to specialised destruction facilities in Europe.

Orica's ongoing success would not be possible without the talented and committed people working at all levels of the organisation and I thank them for their very important contribution. The depth of skills the business has to draw on is reflected in the performance of each business and is supported by strong recruitment, professional development and talent management programmes.

Since my last report there have been two changes within the Group Executive team. We welcome John Beevers, former General Manager of Orica Mining Services Australia/Asia, to the position of Chief Executive Officer of Orica Mining Services. John replaces Philippe Etienne who retired from Orica in July this year. I am also pleased to welcome Trisha McEwan who was appointed to the role of General Manager Human Resources and Communications in May this year. Trisha brings to Orica a wealth of experience in human resources roles in large companies, predominantly in New Zealand.

I would like to thank Don Mercer for his invaluable contribution as Chairman of the Orica Board for the past eight years, a period of significant change for the company which has resulted in considerable growth and which reflects a very tight strategic focus. I welcome Peter Duncan as incoming Chairman and look forward to working with him in his new role.

In a year of general global market uncertainty, Orica has continued to deliver record results. This resilience reflects a long established strategy of building and consolidating leadership positions around the core of things we know and execute well in markets offering relatively stable earnings and steady growth. This strategy, supported by a strong culture of financial discipline, gives us confidence that we can continue to achieve success and deliver superior results to our shareholders.

Graeme Liebelt
Managing Director and
Chief Executive Officer

Review of Operations and Financial Performance

Net profit after tax (NPAT) and individually material items for the year ended 30 September 2009 was up $2M to $542M, compared with the previous corresponding period (pcp) of $540M.

Orica's NPAT before individually material items of $646M was up 13% compared with the pcp ($572M).

Operating cash flow improved by 16% to $855M.

Financial Highlights

- Sales revenue up 13% to $7.4B;
- EBIT up 12% to $1.1B;
- Earnings per ordinary share (1) at 174.6 cents, up 3% from the pcp;
- Gearing (2) at 21.6%, up from 19.1% in the pcp;
- Interest cover at 7.8 times; and
- Final ordinary dividend is 57 cents per share (cps) - franked at 20 cps, an increase of 2 cents over the pcp (55 cps).

Business Highlights

- Record results for Mining Services, Chemicals and DuluxGroup, assisted by productivity and efficiency initiatives, despite deteriorating market conditions;
- Strong cash flow performance and improvement in trade working capital over the pcp;
- Record result in Mining Services with EBIT up 16% to $737M, reflecting margin improvement from pricing and productivity initiatives;
- Minova EBIT down 3% on the pcp negatively impacted by the under-recovery of steel input prices in the US market in the first half;
- Record result for Chemicals with EBIT at $170M, 17% ahead of last year, reflecting strong demand for sodium cyanide, higher caustic prices and the delivery of synergies; and
- Record result in DuluxGroup with EBIT up 5% to $129M driven by market share gains and productivity improvements.

Outlook - 2010

- Orica expects earnings growth to continue in 2010. In light of the shape of the economic decline experienced in 2009, we anticipate first half conditions to be more difficult than those of the previous corresponding period. Subject to the rate of global economic recovery and the extent of further adverse movements in exchange rates, we expect Group net profit after tax (pre individually material items) in 2010 to be higher than that reported in 2009.

Revenue

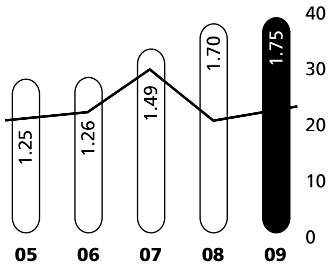
- Sales revenue of $7.4B increased by $867M (+13%), driven primarily by:
  - Higher AN pricing;
  - Stronger demand for sodium cyanide in Mining Chemicals and higher average prices for caustic;
  - Market share increases in DuluxGroup;
  - The recovery of higher input costs across most business segments; and
  - Favourable foreign exchange movements ($693M).
- Other income was down on the pcp by $9M (-17%), mainly due to a reduction in currency gains in the current year ($8M).

(1) Before individually material items.

(2) Net debt/(net debt + book equity).

Shareholder Scorecard

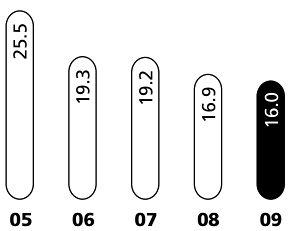
Earnings per Share* ($) and Year End Share price ($)



EPS — Year End Share Price

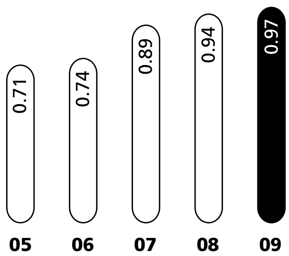
*Before individually material items

Return on Shareholders' Funds* (%)



*Before individually material items

Dividends per Share ($)



Earnings Before Interest And Tax (EBIT)

- EBIT increased by 12% to $1.1B (pcp: $970M) primarily due to:
  - Productivity and synergy benefits of $101M;
  - Favourable impact of foreign exchange movements of $68M; and
  - Favourable ammonia lag of $33M.

  Partly offset by:
  - Under-recovery in the market of US steel input prices of $15M;
  - Net change of $3M due to volume and price. Pricing improved largely due to improved ammonium nitrate pricing and higher average caustic prices, offset by lower volumes across most business segments due to slowdown in demand;
  - Inflationary effect on fixed costs of $57M; and
  - Increased Corporate and Support costs of $14M (refer below).

Interest

- Net interest expense of $134M decreased by $24M from the pcp, mainly due to lower average net debt levels post the 2008 Rights Issue and lower average interest rates; and
- Interest cover was 7.8 times (pcp 6.1 times).

Corporate Centre & Support Costs

- Corporate centre costs of $41M were $5M lower than the pcp predominantly due to the costs associated with the cancellation of the 5% preference shares in the pcp ($7.5M); and
- Other Support costs of $57M were $19M higher than the pcp, primarily due an increase in Botany related expenses ($12M).

Tax Expense

- Tax expense was $263M with an effective tax rate of 27.7% (pcp: 26.1%). The higher effective rate was primarily a result of a decrease in foreign deductions.

Net Profit

- Net profit after tax before individually material items increased 13% to $646M (pcp: $572M), and
- Net profit after tax and individually material items was up 0.4% to $542M (pcp: $540M).

Individually Material Items

- Individually material items for the period was a loss after tax of $104M (pcp: loss of $33M). This included costs related to restructuring and rationalisation activities within Mining Services ($24M); impairment of the Marplex business as a result of the deterioration in business performance driven by adverse market conditions ($14M); write down of the Botany Groundwater Treatment plant ($43M); the ongoing integration of Minova/Excel ($9M); finalisation of the Dyno Nobel integration ($13M); and expenses relating to the indefinitely deferred demerger of DuluxGroup ($15M); offset by a gain on derivatives of $14M relating to the purchase of minority interests during the period.

Dividend

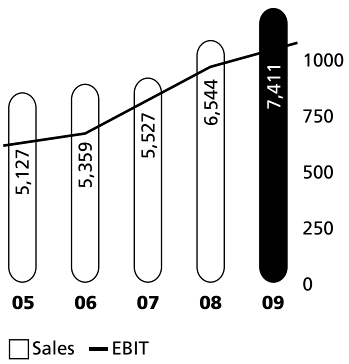
- The directors have increased the final ordinary dividend by 2 cents to 57 cps (pcp: 55 cps) - franked at 20 cps; and
- Franking capacity in the near term is unlikely to exceed 40%.

Bank Debt Facilities

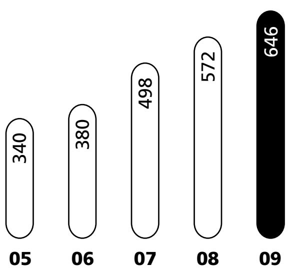
- In September 2009 Orica successfully extended existing facilities for 1, 2, 3, 4 and 5 years ($50M in 1 year);
- The average term of the bank debt facilities is approximately 3 years;
- Bank debt facilities total $2.1B of which $0.2B was drawn at 30 September 2009;
- The facilities are multi currency, flexible and cancellable at Orica's option; and
- On average, margins on the bank facilities have increased by 190 basis points (bps) in line with current market conditions.

Financial Summary

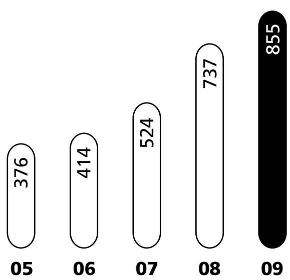
Sales ($M) and EBIT ($M)



Net Profit After Tax Before Significant/ Individually Material Items ($M)



Cash Flow from Operating Activities ($M)



Review of Operations and Financial Performance

Balance Sheet

- Key balance sheet movements since September 2008 were:
  - Trade working capital (TWC) has decreased by $104M compared to the pcp as a result of an underlying improvement of $51M, combined with a favourable foreign exchange impact of $53M;
  - Rolling TWC to sales(1) has remained at 14.5% (pcp: 14.5%);
  - Net property, plant and equipment (PP&E) is $23M up on the pcp due to spend on growth projects ($212M), sustenance capital ($159M) and PP&E from acquired businesses ($5M); offset by depreciation ($203M), asset write downs ($70M), foreign exchange translation ($66M) and disposals ($10M). Significant capital spend during the period included Mining Services growth projects including Bontang ($72M), Kooragang Island upgrade ($15M), the Russian Olkon Bulk emulsion plant ($11M), Brownsburg EBS plant ($9M) and Nanling ($6M) and Gladstone caustic soda storage tanks ($8M) within Chemicals. Spend on smaller growth projects make up the residual capital expenditure;
  - Intangible assets are down $256M due to the impact of foreign exchange translation on intangible assets ($275M), amortisation ($45M) and impairment ($9M); partly offset by acquisition of businesses/entities and buyout of minorities ($52M) and additions of intangibles ($21M);
  - Net other liabilities decreased by $66M mainly due to an increase in net tax balance sheet accounts ($46M) and a reduction in provisions ($63M), partly offset by a decrease in investments in associates ($41M);
  - Net debt increased by $74M mainly as a result of adverse foreign exchange movements ($90M);
  - Orica shareholders' equity decreased by $361M, mainly due to a decrease in the foreign currency translation reserve of $433M, partly offset by earnings net of dividends paid; and
  - Minority interests have increased by $15M due to higher business profits, partly offset by minority interest buyouts.

Gearing

- Accounting gearing (net debt/(net debt + equity)) increased to 21.6% from 19.1% in September 2008. In accordance with accounting standards, the Step-up Preference Securities (SPS) are recognised as equity; and
- Adjusted gearing, which treats the SPS securities as 50% equity and 50% debt (Standard & Poors credit rating treatment), was 26.5% (pcp 23.8%).

Cash Flow

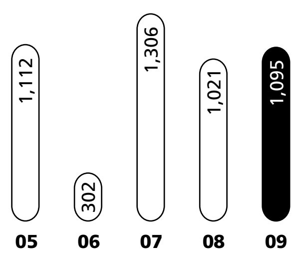
- Net operating cash inflows increased by $118M to $855M, compared with the pcp mainly due to:
  - Earnings before interest, tax, depreciation and amortisation (EBITDA) growth of $141M to $1,330M (pcp $1,189M);
  - $12M reduction in interest paid, mainly due to lower interest rates and lower average net debt level compared to the same period last year; and
  - A significant improvement in trade working capital management resulting in a cash inflow of $104M (compared to an outflow of $30M in the pcp).

  Offset by:
  - An increase in non-trade working capital outflows of $124M largely due to $82M spend on Mining Services restructuring activities, integration expenses in the Mining Services and Minova businesses and indefinitely deferred DuluxGroup demerger costs, and foreign exchange movements; and
  - $45M increase in income tax paid due to earnings growth and the timing of payments.
- Net investing cash outflows of $516M decreased by $754M from $1,270M in the pcp. The decrease was mainly due to:
  - A reduction in acquisitions of $702M. In the pcp, $781M of acquisition spend related to Excel; and

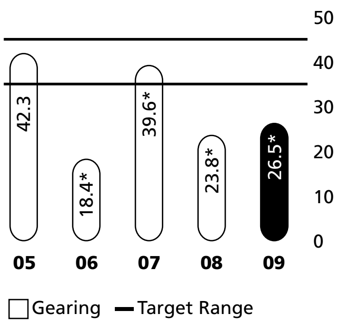
(1) Rolling 12-month average TWC/Rolling 12-month total sales

Financial Leverage

Net Debt ($M)

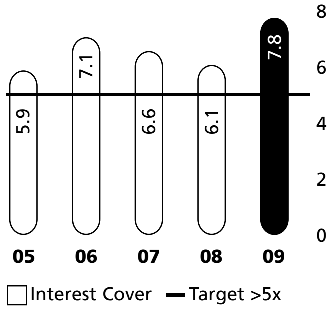


Adjusted Gearing (%)



*Adjusted gearing, which treats the Step-up Preference Securities (SPS) as 50% equity and 50% debt.

Interest Cover (Times)



– $48M reduction in sustenance capital spending.

- Net financing cash inflows decreased by $796M to $331M outflow (pcp inflow $465M) mainly due to:
  – A reduction in proceeds from share issues of $1,066M. The pcp contained proceeds from the Rights Issue along with proceeds received from the fully underwritten Dividend Reinvestment Plan (DRP);
  – A net increase in outflows of $24M to acquire shares on market for the LTEIP program; and
  – An increase in dividends and distributions paid of $174M due to the absence in the current year of the fully underwritten DRP.

  Partly offset by:
  – An increase in inflows from borrowings of $467M (outflow of $390M in the pcp).

Orica SPS

- Two further instalments totalling $38M on the SPS securities were paid during the period; and
- The distributions were unfranked and the distribution rate was calculated as the sum of the 180 Bank Bill Swap Rate (BBSW) plus a margin of 1.35%. The distribution rate for the current period ending 29 November 2009 is 4.57%.

Mergers & Acquisitions

Given economic uncertainty and general slowdown in demand in most of our market segments, 2009 has been a period of consolidation and integration of recent acquisitions. This included:

- The continued integration of Minova/Excel, which is on-track with synergies of $26M now delivered;
- The successful integration of bolt-on acquisitions in Mining Services, Minova and DuluxGroup, with acquisitions delivering to or above expectations. This includes, the acquisitions of Strata Control Systems, BWZ and Arnall in Minova, South West Energy in Mining Services and Sopel in DuluxGroup, among other smaller acquisitions; and
- The acquisition of an additional 49% interest (taking Orica's interest to 99%) in Samex, an explosives distribution business in Peru, which was completed in November 2008.

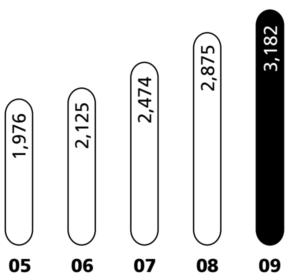
Business Development

During the year, work progressed on a number of growth projects within our mining businesses. This included:

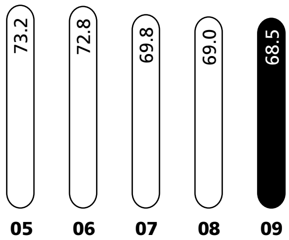
- The continued development of the 300ktpa AN facility in Bontang, Indonesia. Cumulative spend to date is $148M. The Engineering, Procurement and Construction contract was signed in May 2009 and site piling work commenced in August 2009. The overall project is tracking to plan with commissioning expected in 2011;
- The continuation of feasibility work on AN expansion opportunities in Australia and Latin America. Orica's proposed Latin American AN project in Marcona, Peru, was granted state significance by the Ministry of Production in September 2009, an important step in the planning approval process. The optimal timing of these projects is dependent on market conditions and an improvement in demand;
- Feasibility work on an ammonia plant expansion project at Kooragang Island for a proposed uprate of 65ktpa to the existing ammonia plant, with a target completion date of late 2011;
- The commencement of engineering design work for a non-electric detonator initiating systems facility in Nanling, China, commissioning of which is expected early 2011. Orica has entered a Joint Venture arrangement for the construction and operation of the plant, with 51% ownership; and
- Feasibility work on a sodium cyanide plant expansion project at Yarwun for a proposed uprate of 15ktpa, increasing capacity to 95ktpa, with a target commissioning date of 2011.

Efficiency

Gross Margin Growth ($M)



Productivity (%)



Productivity is measured as total fixed costs (incl. depreciation and amortisation) as a percentage of gross margin.

Review of Business Segment Performance

Orica Mining Services

Record result with sales up 14% to $4.1B and EBIT up 16% to $737M.

Highlights

- Significant productivity and efficiency improvements along with restructuring activities delivered a record result with EBIT up $101M, despite difficult trading conditions and soft demand;
- Benefits of improved AN pricing continued;
- Strong volumes in global gold markets and thermal coal markets in Australia and Indonesia, partly offset weak demand in base metal, infrastructure and US thermal coal markets;
- Strong Electronic Blasting Systems (EBS) revenue growth period on period;
- Benefit of falling input costs, with favourable lag impact on cost pass-throughs of approximately $33M; and
- Foreign exchange movements, net of hedging costs, positively impacted earnings by $49M.

Business Summaries

Australia/Asia

- EBIT of $408M, up 17% on the pcp, achieved mostly through improved AN pricing and productivity benefits from disciplined cost management;
- Favourable lag impact on ammonia cost recovery;
- AN volumes generally flat with strong demand from thermal coal markets in Australia and Indonesia offset by softer demand in base metal and metallurgical coal markets; and
- Negative impact from foreign exchange of $5M (transactional impact).

North America

- EBIT of $123M, up 26% on the pcp, despite difficult market conditions;
- Favourable impact from foreign exchange on earnings net of hedging costs of $20M;
- AN volumes down 6% due to significant slowdown in infrastructure markets and US thermal coal markets;
- Impact to earnings of volume slowdown mostly offset by the benefits of productivity programs implemented swiftly in response to slowdown in demand; and
- Acquisitions delivered to expectations.

Latin America

- EBIT of $117M, up 24% on the pcp;
- Favourable impact of foreign exchange on earnings of $25M (mostly transactional); and
- Generally flat market conditions with volumes slightly down in base metal markets.

Europe, Middle East and Africa (EMEA)

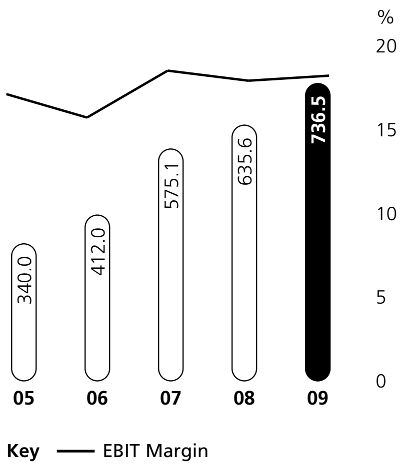
- EBIT of $90M, down 8% on the pcp;
- Favourable foreign exchange benefit of $9M (mostly translational);
- Volume down on the pcp due to significant downturn in infrastructure markets, with volumes in that segment down between 20-30%; offset mostly by
- Cost reductions from productivity initiatives and improved recovery of input cost changes.

Perspectives For 2010

- Slow recovery in base metal, infrastructure and US thermal coal markets;
- Continued growth in EBS and Blast Based Services (BBS);
- Further productivity benefits to be delivered from restructuring initiatives; and
- Negative earnings impact of a stronger Australian dollar.

Record result with sales up 14% to $4.1B and EBIT up 16% to $737M.

EBIT ($M) and EBIT Margin (%)



Financial Performance $M

Year ended September	2009	2008	Change F/(U)*
Sales Revenue	**4,057.8**	3,552.1	14%
EBIT	**736.5**	635.6	16%
Operating Net Assets	**2,541.5**	2,675.8	(5%)
EBIT:			
Australia/Asia	**407.6**	347.1	17%
North America	**122.6**	97.2	26%
Latin America	**116.5**	93.6	24%
EMEA	**89.8**	97.7	(8%)

* F – Favourable, (U) – Unfavourable

Minova

EBIT down by 3%.

Highlights

- Integration activity is on plan with $26M EBIT synergies delivered;
- Softer volumes due to difficult trading conditions in the US and Eastern Europe, however volumes in most other markets remained steady despite the global slowdown;
- Prices remained reasonably steady in most markets except the US steel business, where earnings were significantly impacted in the first half by the under-recovery in the market of steel input prices ($15M) and increased competitor activity;
- Tunnelling activity showed steady growth with contribution up 18% on the pcp;
- Bolt-on acquisitions, including Strata Control Systems (Australia), BWZ (Germany) and Arnall (Poland), delivered to expectations; and
- Foreign exchange movements, net of hedging costs, positively impacted earnings by $11M.

Business Summaries

Minova Americas:

- EBIT significantly impacted by the under-recovery in the market of steel input costs;
- Bolt volumes down 10% and resin capsules down 4% due to a significant reduction in coal production volumes and market share losses in 2008;
- Subdued pricing for bolts and resins due to increased competitor activity;
- Net benefit of foreign exchange movements after hedging costs; and
- Productivity and restructuring initiatives are delivering benefits.

Minova Europe:

- Contribution from bolt-on acquisitions of Arnall and BWZ delivering to expectations;
- Steady volumes into coal markets in Poland, Germany, the UK and the Czech Republic;
- Stronger tunnelling activity period on period;
- Volume declines in Russia and the Ukraine due mainly to slowdown in metallurgical coal markets; and
- Net unfavourable EBIT impact of foreign exchange due to significant devaluation of currencies in Eastern Europe.

Australia, Pacific and Africa (APA):

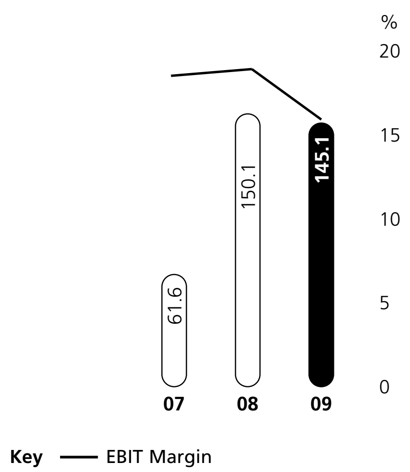
- Market conditions in Australia were reasonably firm with volumes in line with prior period despite some temporary mine closures;
- Contribution from the Strata Control Systems acquisition in 2008 delivering to expectations;
- Favourable product mix in Australia, with an increase in contribution from emergency services;
- Penetration of the Chinese market continues with strong volume and sales growth in firm market conditions; and
- Market share maintained in South Africa despite softer market conditions. Small bolt-on acquisitions are delivering in line with expectations.

Perspectives For 2010

- Increasing investment and resources in China;
- Geographic and technology expansion through small bolt-on acquisitions;
- Slow recovery in mining markets across most regions and steady demand in civil engineering markets;
- Negative earnings impact of a stronger Australian dollar;
- Tight cost control and productivity focus; and
- Continued progress on the integration of acquisitions.

Integration activity is on plan with $26M EBIT synergies delivered.

EBIT ($M) and EBIT Margin (%)



Financial Performance $M

Year ended September	2009	2008	Change F/(U)*
Sales Revenue	**940.9**	794.2	18%
EBIT	**145.1**	150.1	(3%)
Operating Net Assets	**1,701.0**	1,873.8	(9%)

* F – Favourable, (U) – Unfavourable

Review of Business Segment Performance

Chemicals

Record result with sales up 10% to $1.5B and EBIT up 17% to $170M.

Highlights

- Record result from Mining Chemicals;
- Merger of Chemnet and Chemical Services is complete and synergies tracking to expectations with EBIT benefits of $12M delivered in the period;
- Additional productivity benefits delivered through tight cost control and restructuring initiatives across all business segments in response to economic conditions and slowdown in demand;
- Higher average global caustic price; and
- Performance turnaround in Bronson & Jacobs.

Business Summaries

General Chemicals

- General Chemicals sales up 7% on the pcp due mainly to the recovery of cost increases (impacted mostly by foreign exchange) which offset the impact of lower volume;
- Significant improvement in Bronson & Jacobs with sales up 4% on the pcp reflecting improved customer service and increased market share in the food and nutrition market segments;
- The Latin American business achieved significant volume growth period on period, though experienced margin pressure from rising input costs; and
- Significant volume declines in Marplex (-25%); Chemnet Australia (-15%) and Chemnet NZ (-10%) due to slowdown in the automotive, mining, construction and manufacturing sectors in Australia and New Zealand, partly offset by new volumes associated with the Shell lubricants business in New Zealand.

Watercare

- Sales in Watercare were up 13% on the pcp reflecting higher global caustic prices; and
- Volumes down compared to the pcp due to slowdown in demand for all major product groups.

Mining Chemicals

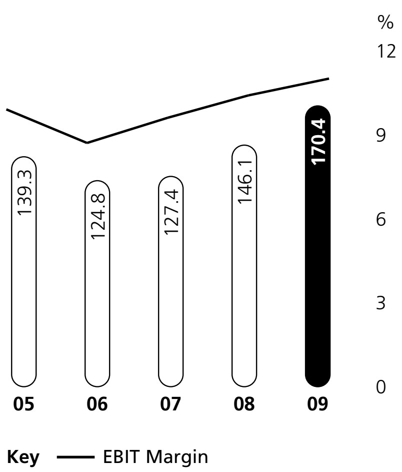
- Sales in Mining Chemicals up 11% on the pcp, primarily attributable to stronger demand for sodium cyanide and the favourable impact of a weaker Australian dollar.

Perspectives For 2010

- Sodium cyanide demand expected to remain firm;
- Expected decline in average caustic prices;
- Slow recovery in demand in automotive and general manufacturing sectors;
- Negative earnings impact of a stronger Australian dollar;
- Synergies from the Chemicals merger will continue to flow through; and
- Continued focus on productivity and cost control.

Record result with sales up 10% to $1.5B and EBIT up 17% to $170M.

EBIT ($M) and EBIT Margin (%)



Financial Performance $M

Year ended September	2009	2008	Change F/(U)*
Sales Revenue	**1,548.3**	1,406.1	10%
EBIT	**170.4**	146.1	17%
Operating Net Assets	**789.7**	791.6	0%
Business Sales:			
General Chemicals	**1,046.3**	979.4	7%
Watercare	**253.3**	223.8	13%
Mining Chemicals	**257.2**	231.7	11%

* F – Favourable, (U) – Unfavourable

DuluxGroup

Record result with sales up 7% on the pcp to $940M, and EBIT up 5% on the pcp to $129M.

Highlights

- Sales revenue increased by 7% on the pcp despite market decline and increased competition;
- Earnings growth for Paints driven by market share growth;
- Earnings growth for Selleys driven by new products and category growth;
- Yates restructuring complete with focus now on brand investment and innovation; and
- Strong productivity focus across all business segments in response to soft market conditions and rising input costs.

Business Summaries

Coatings

- Sales revenue growth of 8% on the pcp;
- Australian Retail earnings were ahead of last year primarily due to market share increases (which offset the impact of overall market decline) and continuing marketing investment in key brands;
- Australian trade paint earnings were down on last year due to weaker market conditions which offset the benefit of market share gains and improved productivity;
- New Zealand earnings were down on lower market volumes;
- Texture Coatings earnings were in line with the pcp;
- Woodcare earnings were marginally above the pcp;
- Powder coatings ANZ business delivered earnings well below pcp due to significant decline in market demand;
- Strong performance from PNG, driven by volume growth; and
- Sales growth in China following acquisition of Sopel business in November 2008.

Home Improvement and Garden Care

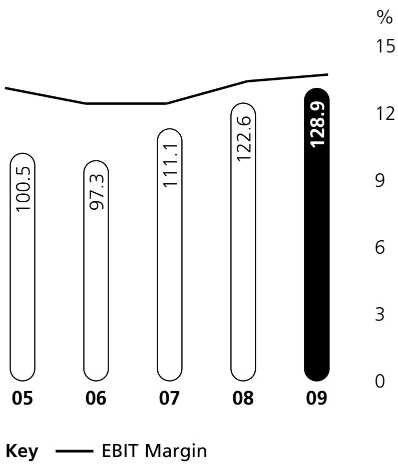
- Earnings growth for Selleys driven by revenue and productivity improvements; and
- Continued earnings improvement by Yates, delivering productivity benefits from the recently completed restructuring program and ongoing marketing initiatives.

Perspectives For 2010

- Market softness expected to continue, particularly in Powders and New Zealand;
- Continued development of China business platform; and
- Continued focus on productivity and cost control.

Record result with sales up 7% on the pcp to $940M, and EBIT up 5% on the pcp to $129M.

EBIT ($M) and EBIT Margin (%)(2)



Financial Performance $M

Year ended September	2009	2008	Change F/(U)*
Sales Revenue	**940.2**	875.4	7%
EBIT	**128.9**	122.6	5%
Operating Net Assets	**290.1**	279.0	4%
Business Sales:			
Coatings	**699.9**	650.9	8%
Home Improvement and Garden Care(1)	**240.3**	224.5	7%

(1) Selleys & Yates
(2) Excludes the $9.5M Yates restructuring provision in 2007
* F – Favourable, (U) – Unfavourable

Board Members

Donald P Mercer
BSc (Hons) MA (Econ)

Chairman, Non-Executive Director since October 1997, appointed Chairman since May 2001. Chair of the Corporate Governance and Nominations Committee.

Chairman of Newcrest Mining Limited, Air Liquide Australia Limited and Orchestra Victoria Limited. Former Chairman of Australian Institute of Company Directors Ltd. Former Managing Director and Chief Executive Officer of ANZ Banking Group.

Graeme R Liebelt
BEc (Hons)

Managing Director and Chief Executive Officer (CEO) since September 2005. Executive Director since July 1997. Member of Corporate Governance and Nominations Committee.

Director of Melbourne Business School Limited. Board member of The Global Foundation. Former CEO of Orica Mining Services, Chairman and Director of Incitec Limited, General Manager of Plastics and Managing Director of Dulux.

Noel A Meehan
BSc (Hons), CPA

Executive Director Finance since September 2005. Former Chief Financial Officer of Orica Chemicals, Orica Group Investor Relations Manager and Corporate Reporting Manager.

Prior to joining Orica, he held a variety of finance roles both within Qantas Airways Limited and Australian Airlines Limited.

Michael E Beckett
BSc, FIMM, FRSA

Non-Executive Director since July 2002. Member of the Corporate Governance and Nominations Committee and the Safety, Health & Environment Committee.

Chairman of Thomas Cook Group plc and Endeavour Financial Corporation. Director of Northam Platinum Limited (South Africa), Mvelaphanda Resources Limited (South Africa), Egypt Trust Limited and Endeavour Mining Capital Corp.

Peter J B Duncan
BChE (Hons) GradDip (Bus)

Non-Executive Director since June 2001. Member of the Human Resources and Compensation Committee.

Chairman of Cranlana Programme Foundation and Scania Australia. Former director of National Australia Bank Limited, GasNet Australia Limited and CSIRO and former member of Siemens Australia Advisory Board. Former Chief Executive Officer of the Shell Group of Companies in Australia.

Garry A Hounsell
BBus (Accounting) FCA, CPA, FAICD

Non-Executive Director since September 2004. Member of the Audit and Risk Committee and Human Resources and Compensation Committee.

Chairman of PanAust Limited and Deputy Chairman of Mitchell Communication Group Limited. Director of Qantas Airways Limited and Nufarm Limited. He is also Chairman of Investec Global Aircraft Fund, and a Director of Ingeus Limited. Board Member of law firm Freehills. Former Chief Executive Officer and Country Managing Partner of Arthur Andersen and former Senior Partner of Ernst & Young.

Peter M Kirby
BEc (Hons), MA (Econ) MBA

Non-Executive Director since July 2003. Chairman of the Safety, Health & Environment Committee. Member of the Corporate Governance and Nominations Committee.

Director of Macquarie Bank Limited. Former Chairman of Medibank Private Limited and Director of the Business Council of Australia. Former Managing Director and Chief Executive Officer of CSR Limited and former Chief Executive Officer of ICI Paints and member of the Executive Board of ICI plc.

Nora Scheinkestel
Ph D, LLB (Hons), FAICD, Centenary Medal

Non-Executive Director since August 2006. Chairman of the Audit and Risk Committee. Member of the Corporate Governance and Nominations Committee.

Director of AMP Limited, Pacific Brands Limited and PaperlinX Limited. Associate Professor Melbourne Business School. Former director of Newcrest Mining Limited, Mayne Group Ltd, Mayne Pharma Limited, North Ltd, MBF Health Fund, Docklands Authority, IOOF Funds Management and a number of utilities across the gas, water and electricity sector. Also former Chairman of South East Water Limited and the Energy 21 and Stratus Group.

Michael Tilley
GradDip, BA

Non-Executive Director since November 2003. Member of the Audit and Risk Committee and the Safety, Health & Environment Committee.

Former Managing Director and Chief Executive Officer of Challenger Financial Services Group Limited. Former member of the Takeovers Panel. Former Non-Executive Director of Incitec Ltd and former Chairman and Chief Executive Officer of Merrill Lynch Australasia.

Russell R Caplan
LLB, FAICD

Non-Executive Director since October 2007. Chairman of the Human Resources and Compensation Committee. Member of the Corporate Governance and Nominations Committee.

Chairman of the Shell Group of Companies in Australia and the Melbourne and Olympic Parks Trust. Director of the Australian Institute of Petroleum. Former Director of Woodside Petroleum Limited.

Annette M Cook
Dip Bus (Accounting), Dip Bus (Data Processing), CPA

Company Secretary of Orica Limited since 16 February 2005 and prior to that was assistant Company Secretary from August 2002. Joined Orica in July 1987 and has had a variety of roles in Business Services, IT and Finance.

Group Executive

Graeme R Liebelt
BEc (Hons)
Managing Director

Graeme has held a variety of key positions within the Orica Group since joining in 1989 including Chief Executive of ICI Paints Pacific, General Manager Plastics and Advanced Sciences Groups and Chief Executive Officer Orica Mining Services.

Prior to joining Orica Graeme held a number of senior positions including Marketing Director Repco (Australia), Marketing Director Philip Morris (Australia) and Consultant for Pappas Carter (now Boston Consulting Group).

Noel Meehan
BSc (Hons), CPA
Executive Director Finance

Noel joined Orica in April 1999 as Corporate Reporting Manager. Since then, he as held a number of other senior finance roles within the Group, including CFO for Chemicals and Orica Group Investor Relations Manager. Noel was appointed to the role of Chief Financial Officer in May 2005 and Executive Director Finance in September 2005.

John Beevers
BEng (Mining), M.Bus
Chief Executive Officer, Orica Mining Services

Since joining Orica in 1985, John has held a variety of positions in Mining Services with leadership roles in Technology, Operations and Business. In 2005 he was appointed General Manager, Chemical Services, returning to Mining Services as General Manager Australia/Asia in 2006. John was appointed to his current position in November 2008.

Craig Elkington
BBus (Acc), CPA
President, Orica Mining Services, North America

Craig joined Orica in 1994 initially with corporate accounting responsibilities before moving into several senior finance roles across the Group's business platforms. In 1998 he moved to Denver, Colorado to join the North American Mining Services business following the acquisition of ICI's explosives operations.

In recent years he has held the CFO positions of the Company's former subsidiary Incitec Ltd, the Chemicals Division and most recently as CFO of the global Mining Services Group. Craig was appointed to the role of President Orica Mining Services North America in December 2007.

Patrick Houlihan
BSc (Hons), MBA
Chief Executive Officer, DuluxGroup

Patrick joined the Dulux business in 1989 as a research chemist and has since accumulated extensive experience across all facets of DuluxGroup division. He has progressed through a succession of technical, commercial and senior leadership roles including Dulux Director of Marketing, Selleys Sales Director and Yates General Manager. Patrick was appointed to his current role in February 2007.

Andrew Larke
LLB, BComm, Grad Dip
(Corporations & Securities Law)
Group General Manager, Mergers and Acquisitions, Strategy and Technology

Andrew has spent more than 15 years in mergers, acquisitions, divestments and corporate advisory. He joined Orica in April 2002 as General Manager, Mergers and Acquisitions and has been responsible for leading Orica's M&A activities since that time, including the merger of Incitec and Pivot in 2003, the subsequent divestment of Orica's shareholding in the merged Incitec Pivot entity in 2006 and the acquisition of Dyno Nobel in 2005.

Trisha McEwan
Dip Bus (Admin)
General Manager, Human Resources and Communications

Trisha joined Orica in June 2009 and has had a broad career spanning roles within a number of industry sectors, mainly within New Zealand. Trisha recently spent seven years as Group Director Human Resources with Telecom NZ, helping build people and organisational capability as the business underwent a period of major change.

Michael Reich
B Mining Eng
Chief Executive Officer, Minova

Michael was appointed to the role of Chief Executive Officer Minova in December 2007.

Prior to his appointment, Michael was CEO of Minova's European business for five years.

Michael has extensive experience in the mining industry particularly in the area of underground coal mining operations. Throughout his career he has as held a number of positions including sales and operations management.

Greg Witcombe
BSc
Group General Manager, Chemicals

Greg joined the company in 1977 as a research chemist with the Agricultural Products business before moving into a series of commercial roles in the Chemicals business. His senior management positions have included General Manager of Trading (Chemnet) and Mining Chemicals, General Manager of the Polyethylene Group, Manager Director of Incitec Ltd and Managing Director of Incitec Pivot Limited.

Prior to his current appointment, Greg was General Manager People and Community with responsibility for Human Resources, Safety Health and Environment, Corporate Affairs, Six Sigma and Group Procurement.

Corporate Governance

Orica's directors and management are committed to conducting the company's business ethically and in accordance with high standards of corporate governance.

This statement describes Orica's approach to corporate governance. The Board believes that Orica's policies and practices comply with the Australian Stock Exchange (ASX) Corporate Governance Council Principles and Recommendations. The company's corporate governance policies can be viewed on the company's website at www.orica.com.

Integrity of Reporting

The company has controls in place that are designed to safeguard the company's interests and integrity of its reporting. These include accounting, financial reporting, safety, health and environment and other internal control policies and procedures, which are directed at monitoring whether the company complies with regulatory requirements and community standards.

Both the Managing Director and Executive Director Finance are required to state in writing to the Board that:

- the company's financial reports represent a true and fair view of the group's financial condition and operational results and are in accordance with relevant accounting standards; and
- these statements are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

These assurances are based on a financial letter of assurance that cascades down through management and includes sign-off by business general managers and business chief financial officers.

Comprehensive practices have been adopted to monitor:

- that capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- financial exposures including the use of derivatives;
- safety, health and environment standards and management systems to achieve high standards of performance and compliance; and
- that business transactions are properly authorised and executed.

Internal audit has a mandate for reviewing and recommending improvements to controls, processes and procedures used by the company across its corporate and business activities. The company's internal audit is managed by the Chief Sustainability and Risk Officer and supported by an independent external firm of accountants.

The company's financial statements are subject to an annual audit by an independent, professional auditor who also reviews the company's half-yearly financial statements. The Board Audit and Risk Committee oversees this process on behalf of the Board.

Risk Identification and Management

Orica believes that effective risk management supports the company's ability to grow. Orica recognises the importance of risk management practices across all businesses and operations. Effective risk management highlights for management's attention the risks of loss of value and provides a framework to achieve and deliver the company's strategy.

The Board establishes the policies for the oversight and management of material business risks and internal control. The design and implementation of the risk management and internal control systems to manage the company's material business risks is the responsibility of management. The Board satisfies itself that management has developed and implemented a sound system of risk management and internal control.

The key elements of the policies for the oversight and management of material business risks are:

- Material financial and non-financial business risks are systematically and formally identified and assessed by the Board, Group Executive and business platforms on (at least) an annual basis.
- Risk assessments are also performed for individual material projects, capital expenditure, products and country risks.
- Internal controls are identified and where appropriate, management plans are established for each significant identified risk outlining the mitigation strategy and tasks, and the management responsible for the action.
- Formal risk reporting is provided to the Board on an ongoing basis including information in relation to whether material business risks are being managed effectively – this includes information relating to risk profiles and progress against plans.

The Managing Director and Executive Director Finance have provided a report to the Board that the risk management and internal control systems have been designed and implemented to manage the company's material business risks, and management has reported to the Board as to the effectiveness of the company's and consolidated entity's management of its material business risks.

A separate role of Chief Sustainability and Risk Officer exists, reporting to the Executive Director Finance and liaising directly with the Board Audit and Risk Committee, to manage the company's risk management and internal audit program.

An independent external firm of accountants assists the Chief Sustainability and Risk Officer in ensuring compliance with internal controls and risk management programs by regularly reviewing the effectiveness of the risk management and internal control systems, and periodically provides assistance and input when undertaking risk assessments.

The Board Role

The Board of Orica Limited sees its primary role as the protection and enhancement of long term shareholder value. The Board is accountable to shareholders for the performance of the company. It directs and monitors the business and affairs of the company on behalf of shareholders and is responsible for the company's overall corporate governance.

The Board responsibilities include appointing the Managing Director and succession planning, approving major strategic plans, monitoring the integrity and consistency of management's control of risk, agreeing business plans and budgets, approving major capital expenditure, acquisitions and divestments, approving funding plans and capital raisings, agreeing corporate goals and reviewing performance against approved plans.

Responsibility for managing, directing and promoting the profitable operation and development of the company, consistent with the primary objective of enhancing long term shareholder value, is delegated to the Managing Director, who is accountable to the Board.

The Board recognises the respective roles and responsibilities of the Board and management in the charters prepared for the Board, Managing Director and Chairman and in the company's reserved authorities approved by the Board.

Composition

The Board considers that its structure, size, focus, experience and use of committees enables it to operate effectively and add value to the company.

Orica maintains a majority of non-executive directors on its Board and separates the role of Chairman and Managing Director.

The Board currently comprises ten directors: eight independent non-executive directors, including the Chairman, and two executive directors, being the Managing Director and the Executive Director Finance.

Details of the directors as at the date of this report, including their qualifications and experience are set out on page 12.

The composition of the Board seeks to provide an appropriate range of experience, skills, knowledge and perspective to enable it to carry out its obligations and responsibilities. In reviewing the Board's composition and in assessing nominations for appointment as non-executive directors, the Board uses external professional advice as well as its own resources to identify candidates for appointment as directors.

The balance of skills and experience of the Board is critically and regularly reviewed by the Corporate Governance and Nominations Committee.

Independence

The Board recognises the special responsibility of non-executive directors for monitoring executive management and the importance of independent views.

The Chairman and all non-executive directors are independent of executive management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment or compromise their ability to act in the best interests of the company.

The independence of each director is considered on a case by case basis from the perspective of both the company and the director. Materiality is assessed by reference to each director's individual circumstances, rather than by applying general materiality thresholds. Each director is obliged to immediately inform the company of any fact or circumstance, which may affect the director's independence.

If a conflict of interest arises, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Directors must keep the Board advised, on an ongoing basis of any interests that could potentially conflict with those of the company.

Selection and Appointment of Directors

The directors are conscious of the need for Board members to possess the diversity of skill and experience required to fulfil the obligations of the Board. In considering membership of the Board, directors take into account the appropriate characteristics needed by the Board to maximise its effectiveness and the blend of skills, knowledge and experience necessary for the present and future needs of the company.

Nominations for appointment to the Board are considered by the Corporate Governance and Nominations Committee and approved by the Board as a whole.

Non-executive directors are subject to shareholder re-election by rotation at least every three years, and normally do not serve more than 10 years.

All directors must obtain the Chairman's prior approval before accepting directorships or other significant appointments.

An orientation program is offered to new directors including a program of site visits and briefings on Orica's businesses and operations and key policies and controls.

Board Meetings

The Board has eight scheduled meetings per year, of which six are two days duration. Additional meetings are held as the business of the company may require. Directors receive comprehensive Board papers in advance of the Board meetings. As well as holding regular Board meetings, the Board sets aside at least two days annually to comprehensively review business plans and company strategy. Directors also receive regular exposure to Orica's businesses and the major regulatory controls relevant to the company. Directors also undertake site visits to a range of Orica operations to meet with employees, customers and other stakeholders.

In those months that Board meetings are not scheduled directors receive financial and safety, health and environment reports and an update from the Managing Director on the performance of the company and any issues that have arisen since the last Board meeting.

In conjunction with or in addition to scheduled Board meetings, the non-executive directors meet together without the presence of management and the executive directors to discuss company matters.

To aid the effectiveness of Board meetings each scheduled Board meeting is subject to a critical review evaluating the standard of information and material presented to the Board and the quality of the contribution made by directors to the consideration of issues on the agenda.

Board and Executive Performance

Orica has in place a range of formal processes to evaluate the performance of the Board, Board Committees and executives. These processes can be viewed on the Orica website at www.orica.com.

At the conclusion of the year, the Board carries out a review of its performance. Directors standing for re-election are subject to a performance review conducted by the Board. In addition, each Board Committee reviews its effectiveness. An independent review of Board, Committee and director performance is undertaken periodically. During the year the annual Board and committee reviews were conducted in respect of the previous financial year in accordance with the process set out above.

The non-executive directors are responsible for regularly evaluating the performance of the Managing Director. The evaluation is based on specific criteria, including the company's business performance, short and long term strategic objectives and the achievement of personal objectives agreed annually with the Managing Director.

All Orica executives are subject to an annual performance review. The review involves an executive being evaluated by their immediate superior by reference to their specific performance contract for the year, including the completion of key performance indicators and contribution to specific business and company plans. All Orica executives, including the Chief Executive Officer, have had their performance evaluated during the year in accordance with the process set out above.

Access to Information and Independent Advice

Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the Chairman, or with the approval of a majority of the board, may seek independent professional advice at the company's expense. Pursuant to a deed executed by the company and each director, a director also has the right to have access to all documents which have been presented to meetings or made available whilst in office, or made available in relation to their position as director for a term of ten years after ceasing to be a director or such longer period as is necessary to determine relevant legal proceedings that commenced during this term.

Shareholdings of Directors and Employees

The Board has approved guidelines for dealing in securities. Directors and employees must not, directly or indirectly, buy or sell the shares or other securities of Orica, excluding participation in the Dividend Reinvestment Plan, when in possession of unpublished price sensitive information, which could materially affect the value of those securities. Subject to this restriction, directors and employees may buy or sell Orica shares during the following trading windows:

- in the 28 day period commencing 24 hours after the announcement of the Orica half-year results; and
- in the period commencing 24 hours after the announcement of the full-year results and ending 31 January.

Directors and employees must receive clearance from the Chairman or Company Secretary for any proposed dealing in Orica shares outside of a trading window.

Directors and employees must not deal in Orica securities on a short-term basis

or enter into short-term derivative arrangements in any circumstances.
Directors and employees may deal in securities via a margin loan arrangement in relation to their Orica securities where:

- the Orica securities are not held "at risk" or subject to restrictions under an Orica employee, executive or director plan;
- the margin lending arrangement does not, of itself, trigger a transfer in the legal or beneficial ownership of the underlying securities;
- the arrangement is entered into during a trading window; and
- the Company Secretary is notified prior to the margin lending arrangement being entered into.

Directors and employees may create or enter into a derivative arrangement in relation to Orica securities where:

- the Orica securities are not held "at risk" or subject to restrictions under an Orica employee, executive or director plan;
- the derivative arrangement would not be considered a short term derivative arrangement; and
- the Company Secretary is notified prior to the derivative arrangement being entered into.

Any transaction conducted by directors in Orica securities is notified to the Australian Stock Exchange. Each director has entered into an agreement with the company to provide information to allow the company to notify the ASX of any transaction within 5 business days. The current shareholdings are shown in Note 37.

Directors' Fees and Executive Remuneration

The remuneration report on page 24 sets out details regarding the company's remuneration policy, fees paid to directors for the past financial year, and specific details of executive remuneration.

Board Committees

The Board has charters for each of its committees. Charters are reviewed annually and objectives set for each committee. The committees report back to the Board and do not have formal delegation of decision making authority. The Committee Chairmen report on the committees as a standing item of the Board agenda. Additionally any director is welcome to attend any committee, and minutes of the committees are circulated to the Board. The charters may be viewed on the Orica website at www.orica.com.

Board Audit and Risk Committee

The Board Audit and Risk Committee comprises three independent non-executive directors with relevant financial, commercial and risk management experience.
The Chairman of the Board Audit and Risk Committee is separate from the Chairman of the Board. Nora Scheinkestel is the current Chairman of the Board Audit and Risk Committee and the other members are Garry Hounsell and Michael Tilley. The Chairman, Managing Director and Executive Director Finance attend ex officio.

The committee is charged with assessing the adequacy of the company's financial and operating controls, oversight of risk management systems and compliance with legal requirements affecting the company. The committee meets at least four times per year.

Details of directors' attendance at meetings of the Audit and Risk Committee are set out in the Directors' Report on page 21.

The committee assesses and reviews external and internal audits and risk reviews and any material issues arising from these audits or reviews. It also assesses and reviews the accounting policies and practices of the group as an integral part of reviewing the half yearly and full year accounts for recommendation to the Board. It also makes recommendations to the Board regarding the appointment of external auditors and the level of their fees and provides a facility, if necessary, to convey any concerns raised by the internal and external auditors independent of management influence. The external and internal auditors attend committee meetings and meet privately with the committee at least twice per year.

The Board Audit and Risk Committee monitors the level of any other services provided by the external auditor for compatibility in maintaining auditor independence. Restrictions are placed on other services performed by the external auditor and projects outside the scope of the approved audit program require the approval of the Chairman of the Board Audit and Risk committee. Any other services with a value of greater than $20,000 must be submitted to the Committee for approval in advance of the work being undertaken. The committee is asked to ratify any other services less than $20,000 in value. The fees paid to the company's external auditors for audit and other services are set out in Note 31.

Human Resources & Compensation Committee

During 2009 the Board considered it was appropriate to expand the remit for the Remuneration and Appointments Committee to include a broader and deeper focus on human resources issues. This resulted in a name change for the committee to, Human Resources & Compensation Committee.
The committee comprises Russell Caplan (Chairman), Garry Hounsell and Peter Duncan. The Chairman attends ex officio and the Managing Director and Executive Director Finance attend by invitation.

Details of directors' attendance at meetings of the Human Resources & Compensation Committee are set out in the Directors' Report on page 21.

The Committee assists the Board in the effective discharge of its responsibilities for the oversight of management process and performance in the provision of human resources necessary to effectively execute the company's strategy over the long term. The Committee recommends to the Board on the company's recruitment, organisational and people development, retention, employee relations, policies and workplace capability, including the capability of candidates considered for succession to Managing Director and Group Executive positions.

Remuneration arrangements and termination payments for the Managing Director, Executive Directors and executives reporting to the Managing Director, including short term incentive payments, performance targets and bonus payments, remain matters for all non-executive directors. Remuneration is set by reference to independent data, external professional advice, the company's circumstances and the requirement to attract and retain high calibre management.

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee comprises Don Mercer (Chairman), Graeme Liebelt, Nora Scheinkestel, Peter Kirby, Russell Caplan and Michael Beckett. The committee monitors new developments in corporate governance practices and evaluates the company's policies and practices in response to changing external and internal factors and the ethical guidelines affecting the company.

This committee also deals with the nomination of directors and considers the most appropriate processes for review of the Board's composition and performance. The committee evaluates the composition of the Board and the annual program of matters considered by the Board to determine whether the appropriate mix of members and business exists to enable the Board to discharge its responsibilities to shareholders.

Details of directors' attendance at meetings of the Corporate Governance and Nominations Committee are set out in the Directors' Report on page 21.

Safety, Health and Environment Committee

The Safety, Health and Environment Committee comprises Peter Kirby (Chairman), Michael Beckett and Michael Tilley. The Chairman, Managing Director and Executive Director Finance attend ex officio. The committee assists the Board in the effective discharge of its responsibilities in relation to safety, health and environmental matters arising out of activities within the company as they affect employees, contractors, visitors and the communities in which it operates. The committee also reviews the company's compliance with the environment policy and legislation and reviews safety, health and environmental objectives, targets and due diligence processes adopted by the company.

A Letter of Assurance for SH&E is written by the Managing Director and presented to the SH&E Committee on an annual basis after a thorough process of assessment by each business.

Details of directors' attendance at meetings of the Safety, Health and Environment Committee are set out in the Directors' Report on page 21.

Executive and Special Committees

In addition, there is a standing Executive Committee comprising the Chairman, the Managing Director, the Executive Director Finance and any other non-executive director who is available (but at least one), which is convened as required, to deal with matters that need to be dealt with between board meetings. From time to time special committees may be formed on an as-needs basis to deal with specific matters.

Continuous Disclosure and Keeping Shareholders Informed

The company seeks to provide relevant and timely information to its shareholders and is committed to fulfilling its obligations to the broader market for continuous disclosure and enabling equal access to material information about the company.

The Board has approved a continuous disclosure policy so that the procedures for identifying and disclosing material and price sensitive information in accordance with the Corporations Act and ASX Listing Rules are clearly articulated. This policy sets out the obligations of employees and guidelines relating to the type of information that must be disclosed and may be viewed on the Orica website at www.orica.com.

Information provided to and discussions with analysts are subject to the continuous disclosure policy. Material information must not be selectively disclosed prior to being announced to the Australian Stock Exchange.

The Company Secretary is the person responsible for communication with the Australian Stock Exchange.

The www.orica.com website contains copies of the annual and half year reports, ASX announcements, investor relations publications, briefings and presentations given by executives, (including webcasts), plus links to information on our products and services. Shareholders may elect to receive electronic notification of releases of information by the company and receive their notice of meeting and proxy form by email. Electronic submission of proxy appointments and power of attorney are also available to shareholders. Page 128 of this report contains details of how information provided to shareholders may be obtained.

The Board encourages full participation of shareholders at the Annual General Meeting. Important issues are presented to the shareholders as single resolutions. The external auditor attends annual general meetings to answer any questions concerning the audit and the content of the auditor's report.

Code of Conduct

Orica acknowledges the need for directors, executives, employees and contractors to observe the highest ethical standards of corporate and business behaviour. Orica has adopted a Code of Conduct (entitled: Your Guide To How We Do Business) which applies to all countries in which Orica operates. The Code of Conduct sets out the standards of business conduct required of all employees and contractors of the company. It is aimed at ensuring the company maximises its good reputation and that its business is conducted with integrity and in an environment of openness.

The Code of Conduct provides clear direction and guidance with regard to expected standards of behaviour and conduct with respect to (amongst other things):

- safety, health and environment;
- protection of information and the company's resources;
- competition law and trade practices compliance;
- privacy;
- conflict of interest;
- insider trading and dealing in securities;
- equal employment opportunity and harassment;
- gifts and benefits;
- prevention of bribery and facilitation payments; and
- prevention of, and dealing with, fraud.

The Code of Conduct is periodically reviewed and approved by the Corporate Governance and Nominations Committee and processes are in place to promote and communicate the Code of Conduct and relevant company policies and procedures. An Integrity Hotline (the "Speak Up" line) and associated website and email facility have been established to enable employees to report (on an anonymous basis) breaches of the Code of Conduct. If a report is made, it is escalated as appropriate for investigation and action.

The Code of Conduct is overseen by the Orica Business Conduct Committee comprising the Executive Director Finance, General Manager Human Resources and Communications, the Group General Counsel and the Chief Risk Officer, who review compliance with the Code of Conduct over the relevant reporting period and make recommendations to the Corporate Governance and Nominations Committee to address any systemic issues.

The Code of Conduct has been translated into Orica's family of languages. It may be viewed on the Orica website at www.orica.com.

Donations

The equivalent of dividends payable on a shareholding of approximately 0.5% of the company's ordinary issued capital is allocated for donation at the direction of the Corporate Governance and Nominations Committee.

From the amount allocated for corporate donations, Orica matches employee 'Dare to Share' contributions and may support worthwhile causes overseas. The amount remaining is allocated to the Orica Community Program and is distributed to selected Australian charitable organisations in accordance with published criteria.

In addition Orica's operations contribute to their local communities with donations, sponsorship and practical support.

Orica does not make political donations.

Safety, Health & Environment

Orica considers the successful management of safety, health and environment issues as a vital issue for our employees, customers, communities and business success. At each Board meeting the directors receive a report on current safety, health and environment issues and performance in the group. The Board receives more detailed presentations on safety, health and environment every six months. A separate Board Safety, Health and Environment Committee reviews and monitors environmental issues at Board level.

For more in-depth information on our SH&E and Sustainability commitments in 2009, visit the Orica website: www.orica.com/sustainability.

The Sustainability section of this Annual Report details the actions being undertaken by the company to improve its environmental performance.

Sustainability

Orica's success is underpinned by a commitment to take care of the safety of the people we work with and the communities in which we work. Our guiding principles are to:

- Value people and the environment; and to achieve
- No injuries to anyone, ever.

We are striving to be carbon and water neutral, approach zero waste and be environmentally friendly in a commercially responsible way.

No Injuries to Anyone, Ever

We are sad to report the tragic deaths of four employees in separate incidents in October and November 2008. The incidents occurred in Malaysia, Poland, China and Mexico. Each fatality has been fully investigated and lessons learned have been shared across the organisation.

In 2009 we increased our emphasis on the preparation of Job Safety and Environment Risk Assessments particularly for Permits to Work[1] (PTW). We have been pleased to note a significant decrease in the number of PTW incidents during the reporting period.

Expert Panels have been established to define the requirements for the design and control of major hazard processes. In 2009 our Expert Panels worked with customers to improve our underground mine safety performance; addressed risks with transportation of explosive materials as well as with chlorine and sodium cyanide operations.

Our businesses have developed Process Safety Scorecards and participated in benchmarking between the sites as well as with external industry associations.

Our All Worker Recordable Case Rate has reduced to 0.69 compared with 0.72 in 2008.

Value People and the Environment

It is with regret that we report a greater number of distribution incidents this year. Seventeen incidents involved vehicle rollovers and there were two significant losses of containment from ships in heavy seas. There were five fatalities to members of the public, including a contract driver, in four separate incidents across the globe. In response to these incidents, our Chemicals business has implemented a training program across its logistics and commercial team to address the *"Chain of Responsibility"* legislation that impacts the whole supply chain from producer to transporters to customer.

Three minor site losses of containment occurred on our sites during the reporting period.

Carbon Neutral

Climate change is a serious global issue that presents challenges and opportunities for Orica. The risk of extreme weather events is considered in our risk management, emergency response planning and business continuity planning processes.

Shadow prices for carbon emissions and water consumption are now required in our key capital expenditure proposals.

Illustrating our commitment to reducing our impact on the climate, we have embraced several opportunities for our company, including:

- Understanding carbon abatement opportunities in the Clean Development Mechanism countries where we operate;
- Achieving significant energy savings identified through our participation in the Australian Government's Energy Efficiency Opportunities program; and
- Creating products and services that minimise carbon emissions from the provision of better blasting services to our global mining customers.

We have improved our energy efficiency by 12.7 per cent and reduced our greenhouse gas emissions by 37.2 per cent compared to our 2004 baseline.

In 2008 we commenced our nitrous oxide abatement program by installing technology at our operation in Carseland, Canada. This has reduced the facility's emissions by 53 per cent. In July 2009 similar technology was installed at our operation in Bacong, the Philippines. This project was implemented as part of the Clean Development Mechanism (defined in article 12 of the Kyoto Protocol) and has reduced the facilities' emissions by over 75 per cent, equal to 28,000 tonnes of carbon dioxide equivalent per annum.

In Australia we are preparing to participate in the pending national emissions trading scheme and have commenced reporting in accordance with the National Greenhouse and Energy Reporting Act (2007).

Water Neutral

Orica has implemented, and continues to develop, measures to mitigate the impact of various levels of water restrictions around Australia.

Water use at our facilities reduced by 32.2 per cent in 2009 compared to our 2004 baseline, again achieving our Challenge 2010 target of a 15 per cent reduction in water consumed per tonne of product.

Zero Waste

We have reduced our waste generation per tonne of production by 60.9 per cent in 2009 compared to our 2004 baseline, achieving our Challenge 2010 target of a 50 per cent reduction for the third consecutive year.

Various initiatives contributed to this continued success. New procedures for waste Cereclor reprocessing eliminated more than 185 tonnes of waste at our operation in Laverton, Australia. Our Minova business in the United States worked with a major customer to significantly reduce packaging on a range of products.

Environmentally Friendly

We are committed to ensuring that our operations, products and services have no unintended consequences to the environment and the community.

Orica was fined $5,000 for breaches relating to nitrate discharges at our Yarwun, Australia, facility.

In 2009 we made further improvements to our on site controls to protect land and waterways, revised product transfer and monitoring protocols and increased our focus on recycling our products' packaging. We also introduced various sustainable products to the marketplace. For example:

- Orica Mining Chemicals has developed a collapsible transport container that can be easily disassembled for reuse;
- Dulux Envirosolutions™ Envirowash and Waste Paint Hardener products continue to open up new markets in Australia, New Zealand, South Africa, Mozambique and the United States; and
- Orica Mining Services conducted Argentina's first electronic blasting by remote control this year using our 'Surface Remote Blasting System'. The system ensures that the operator is able to activate the detonation well away from any safety hazards such as flying rock and other blast effects.

Read more about how we delivered on our SH&E and sustainability commitments in 2009 in our Sustainability Report at: **www.orica.com/sustainability**

1 'Permit to Work' is formal written system used to control certain types of potentially hazardous work.

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 2009 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:

D P Mercer, Chairman
G R Liebelt, Managing Director
N A Meehan, Executive Director Finance
M E Beckett
R R Caplan
P J Duncan
G A Hounsell
P M Kirby
N L Scheinkestel
M Tilley
C M Walter (retired 21 December 2008)

Particulars of directors' qualifications, experience and special responsibilities are detailed on page 12 of the annual report.

A Cook (Dip Bus (Accounting), Dip Bus (Data Processing), CPA) has been a Company Secretary of Orica Limited since 16 February 2005 and prior to that was Assistant Company Secretary from August 2002, following a series of roles in Orica over 21 years.

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]		Remuneration and Appointments Committee [1] [2]	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
D P Mercer	7	7	-	-	-	-	4	4	-	-	2	2
G R Liebelt	7	7	-	-	-	-	4	4	-	-	-	-
N A Meehan	7	7	-	-	-	-	-	-	-	-	-	-
M E Beckett	7	7	-	-	-	-	4	4	4	4	2	2
R R Caplan	7	7	-	-	2	2	2	2	2	2	2	2
P J Duncan	7	7	3	3	2	2	2	2	-	-	2	2
G A Hounsell	7	7	4	4	2	2	-	-	-	-	2	1
P M Kirby	7	7	-	-	-	-	4	4	4	4	2	2
N L Scheinkestel	7	7	4	4	-	-	2	2	-	-	2	2
M Tilley	7	7	3	3	-	-	-	-	3	3	2	2
C M Walter	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.

(2) The Remuneration and Appointments Committee was replaced with the Human Resources and Compensation Committee in February 2009.

In addition to the Board meetings referred to in the above table, available directors attended three meetings during the year to address business matters arising between scheduled Board meetings.

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 note 37. Directors' interests shown in this note are as at 30 September 2009, 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 mining products and services, consumer products and 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 on pages 4 to 11 of the annual report. Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the directors, disclosure would be likely to result in unreasonable prejudice to 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 4 to 11 of the annual report.

Dividends

Dividends paid or declared since the end of the previous financial year were:	**$m**
Final dividend at the rate of 55 cents per share on ordinary shares, franked to 36.36% (20.0 cents) at the 30% corporate tax rate, paid 5 December 2008.	198.0
Interim dividend declared at the rate of 40 cents per share on ordinary shares, franked to 35.0% (14 cents) at the 30% corporate tax rate, paid 3 July 2009.	142.5
Total dividends paid	340.5

Since the end of the financial year, the directors have declared a final dividend to be paid at the rate of 57 cents per share on ordinary shares. This dividend will be franked to 35.09% (20.0 cents) at the 30% corporate tax rate.

Distributions on Step-Up Preference Securities

Distributions paid since the end of the previous financial year were:	**$m**
Distribution at the rate of 9.38% per annum, per security, unfranked paid 1 December 2008 for the period from 31 May 2008 to 29 November 2008.	23.5
Distribution at the rate of 5.63% per annum, per security, unfranked paid 1 June 2009 for the period from 30 November 2008 to 31 May 2009.	14.0
Total distributions paid	37.5

Changes in the state of affairs

Particulars of significant changes in the state of affairs of the consolidated entity during the year ended 30 September 2009 are as follows:

Acquisitions

- On 7 November 2008, Orica acquired OPEL Chemical (Singapore) Private Limited which owns a decorative coatings business in China.
- On 28 November 2008, Orica acquired an additional 48.6% interest in Orica Mining Services Peru S.A..

On 4 September 2009, Orica announced that it had successfully renegotiated and extended bilateral debt facilities with its existing bank debt providers. A total amount of $2.1billion in facilities was committed by Orica's bank debt providers, with tranche maturity dates in each of 1, 2, 3, 4 and 5 years.

Events subsequent to balance date

On 9 November 2009, the directors declared a final dividend of 57 cents per ordinary share payable on 4 December 2009. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2009 and will be recognised in the 2010 financial statements.

The directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2009, 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

Safety, health and environment are cornerstones of Orica culture and Orica has set itself high standards. 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.

Where applicable, manufacturing licences and consents are in place at each Orica site, often in consultation with local environmental regulatory authorities. The measurement of compliance with conditions of licences and consents involves collection of monitoring data. Any breach of licence limits is reported to authorities as required and is investigated to determine cause and ensure the risk of recurrence is minimised.

Greenhouse gas and energy data reporting requirements

The Group is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007*.

The *Energy Efficiency Opportunities Act 2006* requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result. As required under this Act, the Group has registered with the Department of Resources, Energy and Tourism as a participant entity and reported the results from its initial assessments before 31 December 2008.

The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual greenhouse gas emissions and energy use. The first measurement period for this Act ran from 1 July 2008 to 30 June 2009. The Group has implemented systems and processes for the collection and calculation of the data required and, in compliance with the legislation, submitted its initial report to the Greenhouse and Energy data Officer before 31 October 2009.

Environmental prosecutions

On 17 December 2008, the Queensland Environmental Protection Agency (EPA) prosecuted a subsidiary of the Company in relation to nitrate discharges in July 2007 that allegedly exceeded the Yarwun site environmental licence conditions. In December 2008 the Queensland Magistrates' Court fined the subsidiary $5,000, without recording a conviction, and acknowledged the Group's undertaking to pay $15,000 towards an EPA water quality and sampling project in Gladstone, Queensland.

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.

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. Executives and officers of Orica and directors of major subsidiaries have made a contribution to the insurance contract premium.

Non-audit services

During the year, KPMG, the Company's auditor, has 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 40 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.

Remuneration Report – audited

The directors of Orica Limited present the Remuneration Report (which forms part of the Directors' Report) prepared in accordance with section 300A of the Corporations Act for the Company and its controlled entities for the year ended 30 September 2009.

A. Remuneration Report Summary

A.1 Remuneration strategy

Orica is a company that enjoys a strong performance based culture and aims to deliver above average returns to its shareholders. The remuneration strategy adopted by the Company has been a key factor in achieving this success. The Company's remuneration framework is aligned with the Company's business strategy. It aims to attract, motivate, reward and retain executives through a remuneration system that is globally relevant, adaptable, sustainable, performance driven, competitive, shareholder aligned, differentiated, retentive and transparent and has a high perceived value. The key elements of the strategy are fixed salary at the market median with the ability to earn top quartile total remuneration based on achievement of clear short and long term performance targets.

Orica has a policy on the use of financial products (e.g. derivatives, margin loans or similar products) by directors and employees to limit the risk attached to equity instruments (commonly referred to as 'hedging') where those instruments are granted to them as part of their remuneration. Under this policy, Orica securities must not be hedged prior to vesting (i.e. prior to the relevant performance hurdles being met) or while they are subject to restriction under a long-term incentive plan. Any Orica securities that have vested and are no longer subject to restriction under a long-term incentive plan may be subject to hedging arrangements provided the Company is notified in advance of the employee/director entering into the relevant arrangement and the arrangements are put in place in a trading window.

Consistent with this policy, the Company's equity plans prohibit hedging of unvested securities. Orica treats compliance with this policy as a serious issue and takes appropriate measures to ensure the policy is adhered to. Breaches of the policy will be subject to appropriate sanctions, which could include disciplinary action or termination of employment.

A.2 Overview of elements of remuneration

As deemed under AASB 124 *Related Party Disclosures*, Key Management Personnel (KMP) include non-executive directors and members of the Group Executive Team (executive directors and the most highly remunerated executives) who have authority and responsibility for planning, directing and controlling the activities of Orica. In this report, "Executive KMP" refers to Executive Key Management Personnel. Non–executive directors have no involvement in the day to day management of the business.

Non-Executive Directors

Non-executive directors fees are set at levels which reflect the responsibilities and time commitments required of non-executive directors to discharge their duties. In order to maintain independence and impartiality, these fees are not linked to the performance of Orica.

Executive Directors and Senior Executives

Executive directors and senior executives remuneration comprises both a fixed component and an at-risk component. Fixed remuneration provides a guaranteed level of reward based on the executive's role, skills, knowledge, experience, individual performance and the employment market. At-risk remuneration rewards Executive KMP for achieving financial and business targets and increasing shareholder value. The mix between fixed remuneration and at-risk remuneration depends on the level of seniority of the Executive KMP.

	Elements of Remuneration	Directors		Executive KMP	Discussion in Remuneration Report
		Non-Executive	Executive		
Fixed remuneration	Fees	✓	×	×	B2
	Salary	×	✓	✓	E1
	Compulsory Statutory Superannuation	✓ (1)	✓	✓	B2/E1
	Other benefits	✓	✓	✓	B2/E1
At-risk remuneration	Short Term Incentive (STI)	×	✓	✓	D3
	Long Term Equity Incentive Plan	×	✓	✓	D4/G/H
Other	Retention arrangements	×	✓ (2)	✓	D5
Post-employment	Service Agreements	×	✓	✓	F1
	Termination payments – former Executive	×	✓	✓	E1

Table 1

(1) Retirement allowances for non-executive directors have been discontinued and directors appointed prior to 1 July 2002 preserved their retirement allowances as at 1 July 2004, with no indexation. The allowances will be paid to eligible directors on retirement.

(2) The Managing Director did not participate in the retention arrangements.

A.3 Key Management Personnel

Particulars of Key Management Personnel qualifications, experience and special responsibilities are detailed on pages 12 to 13 of the annual report.

All current Executive KMP other than Patricia McEwan were promoted internally from other roles within the Group. This reflects Orica's commitment to succession planning and development of key talent.

The Key Management Personnel to whom this Report applies are:

Name	Role	Commencement Date in current role
Non-Executive		
Donald Mercer	Non-Executive Director	1 October 1997
Michael Beckett	Non-Executive Director	15 July 2002
Russell Caplan	Non-Executive Director	1 October 2007
Peter Duncan	Non-Executive Director	1 June 2001
Garry Hounsell	Non-Executive Director	21 September 2004
Peter Kirby	Non-Executive Director	22 July 2003
Nora Scheinkestel	Non-Executive Director	1 August 2006
Michael Tilley	Non-Executive Director	10 November 2003
Former		**Retirement Date**
Catherine Walter	Non-Executive Director	21 December 2008
Executives		
Current		
Graeme Liebelt	Managing Director	1 September 2005
Noel Meehan	Executive Director Finance	1 May 2005
Michael Reich	Chief Executive Officer, Minova	1 February 2008
Andrew Larke	Group General Manager, Mergers and Acquisitions, Strategy and Technology	1 June 2006
Greg Witcombe	Group General Manager, Chemicals	22 September 2008
John Beevers [(1)]	Chief Executive Officer, Orica Mining Services	13 November 2008
Craig Elkington	President, Orica Mining Services, North America	1 April 2008
Patrick Houlihan	Chief Executive Officer, DuluxGroup	1 February 2007
Patricia McEwan	General Manager, Human Resources and Communications	1 June 2009
Former		**Leaving Date**
Philippe Etienne [(2)]	General Manager, Business Development	31 July 2009

Table 2

The Company Secretary is not considered Key Management Personnel. Accordingly, the Company Secretary has not been included in any Key Management Personnel totals.

(1) On 13 November 2008, John Beevers commenced as Chief Executive Officer, Orica Mining Services. Prior to this, John Beevers was General Manager, Orica Mining Services Australia/Asia.

(2) From 13 November 2008, Philippe Etienne was General Manager Business Development. Prior to this, Philippe Etienne was Chief Executive Officer, Orica Mining Services.

This Remuneration Report is signed in accordance with a resolution of the directors of Orica Limited.

D.P. Mercer

D P Mercer
Chairman

9th November 2009.

B. Non-Executive Directors' Remuneration

B.1 Policy – independence and impartiality

Non-Executive directors' fees, excluding committee fees, are set by the Board within the maximum aggregate amount of $1,800,000 approved by shareholders at the 2005 Annual General Meeting. These fees exclude superannuation benefits and other payments in accordance with rule 48.1 of Orica's constitution. These fees are set at levels which reflect the time commitments and responsibilities of non-executive directors. In order to maintain 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. In setting fees, the Board takes into consideration the Company's existing remuneration policies, external professional advice, survey data on fees paid by comparable companies and the level of remuneration required to attract and retain directors of the appropriate calibre. From 1 April 2009, non-executive directors receive a fee of $154,000 in relation to their service as a director of the Board, and the Chairman, taking into account the greater commitment required, receives a fee of $462,000. The Chairman's fees include payment for service on the Corporate Governance and Nominations Committee. From 1 April 2009, directors who sit on the Board's Audit and Risk Committee and Safety, Health and Environment Committee (SH&E) and Human Resources and Compensation Committee (HR&C) receive an additional fee of $20,000 per annum, other than Chairs of these Board committees who receive an additional fee of $40,000 per annum. Superannuation contributions are also made. In addition, the Board may pay additional remuneration for significant extra workload of non-executive directors. Non-Executive directors are also entitled to be reimbursed for reasonable travel, accommodation and other expenses incurred by the director while engaged on the business of the Company, in accordance with rule 50.2 of Orica's constitution.

Orica has discontinued retirement allowances for all Non-Executive directors. Directors appointed prior to 1 July 2002 have had their retirement allowance preserved (as at 1 July 2004) with no indexation and the allowance will be paid to the eligible directors upon 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.

B.2 Remuneration

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

		Committee Fees (1)						
For the year to 30 September 2009	Directors Fees (1)	Audit and Risk	SH&E	HR&C	Due Diligence (2)	Super-annuation (3)	Other Benefits (1) (4)	Total
	$000	$000	$000	$000	$000	$000	$000	$000
D P Mercer, Chairman (5)	441.0	-	-	-	-	39.7	-	480.7
M E Beckett	147.0	-	17.5	-	-	14.8	-	179.3
R R Caplan	147.0	-	7.5	20.0	-	15.7	-	190.2
P J Duncan (5)	147.0	17.1	-	10.0	-	15.7	-	189.8
G A Hounsell (4)	147.0	17.5	-	10.0	-	17.5	20.0	212.0
P M Kirby (4)	147.0	-	35.0	-	-	18.6	25.0	225.6
N L Scheinkestel	147.0	28.8	-	-	-	15.8	-	191.6
M Tilley	147.0	11.2	12.5	-	-	15.4	-	186.1
Former								
C M Walter (5)	30.9	-	3.3	-	-	3.1	-	37.3
Total Non-Executive Directors	**1,500.9**	**74.6**	**75.8**	**40.0**	**-**	**156.3**	**45.0**	**1,892.6**
For the year to 30 September 2008								
D P Mercer, Chairman (5)	420.0	-	-	-	-	37.8	-	457.8
M E Beckett	140.0	-	15.0	-	-	14.0	-	169.0
R R Caplan	140.0	-	11.3	-	-	13.6	-	164.9
P J Duncan (5)	140.0	30.0	-	-	-	15.3	-	185.3
G A Hounsell (2)	140.0	15.0	-	-	25.0	16.2	-	196.2
P M Kirby (2)	140.0	-	30.0	-	20.0	17.1	-	207.1
N L Scheinkestel (2)	140.0	15.0	-	-	20.0	15.8	-	190.8
M Tilley	140.0	-	-	-	-	12.6	-	152.6
C M Walter (2) (5)	140.0	-	15.0	-	25.0	16.2	-	196.2
Total Non-Executive Directors	1,540.0	60.0	71.3	-	90.0	158.6	-	1,919.9

Table 3

(1) Represents actual directors' remuneration paid during the financial year.

(2) C Walter chaired and P Kirby was a member of the Rights Issue Committee. G Hounsell chaired and N Scheinkestel was a member of the Demerger Committee.

(3) Company superannuation benefits contributions made on behalf of Non-Executive directors.

(4) Remuneration for additional workload involved in the proposed demerger of the DuluxGroup.

(5) If each eligible Non-Executive director had ceased to be a director on 30 September in each year, the following benefits would have been payable under the grandfathered Directors' Retirement Scheme: D P Mercer $664,000 (2008 $664,000), P J Duncan $154,800 (2008 $154,800), C M Walter $nil (paid in full in 2009) (2008 $228,700) (refer Non-Executive directors' remuneration policy above). These benefits have been fully provided for in the financial statements.

C. Company performance – the link to reward

C.1 Five year performance

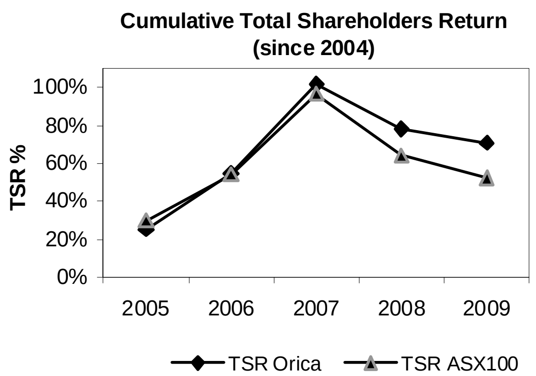
Over the past five financial years, the Board has set challenging financial performance targets for management and has directly aligned Executive KMP incentives to the achievement of those targets. The link is clear: when target performance is achieved, target Executive KMP rewards are earned, and when above target performance is achieved, Executive KMP earn above target rewards.

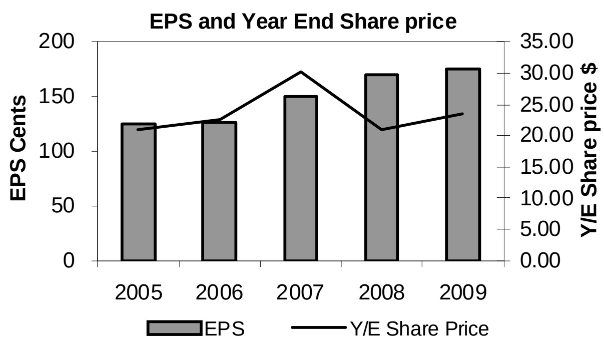
Orica has enjoyed strong performance over the past five years:

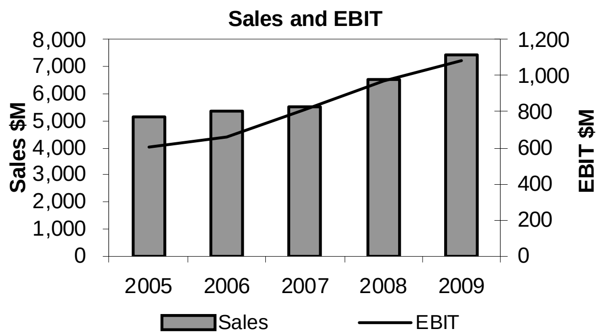
- net profit after tax (before individually material items) has grown at a compound rate of 14.7% per annum over the five years;
- the share price has increased 36% over that period;
- an average of 85.0 cents per ordinary share per annum has been paid to shareholders under the Company's dividend policy;
- additional returns to shareholders have been made through share buy-backs; and
- total shareholder return (TSR) over the past five years has been 71%.

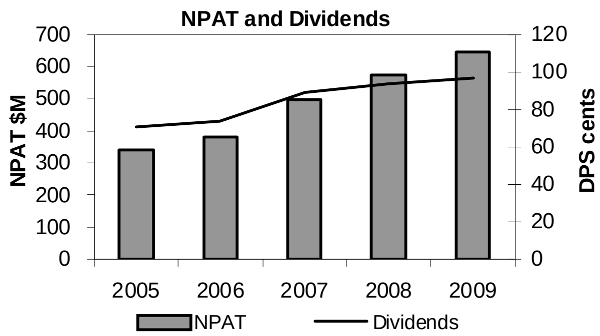
As a result, for the past five years, Executive KMP have generally earned rewards at or above target levels.

The Board believes that directly linking Executive KMP rewards to performance targets has been a key driver in the achievement of the strong results (before individually material items) shown in the charts below.









Further information about this year's performance is set out in the Managing Director's report on page 3 and throughout the annual report.

Over the past five years, Orica has conducted a series of on-market share buy-backs as part of its capital management strategy. These buy-backs have resulted in a total buy-back of 10,304,800 ordinary shares, with $250 million returned to shareholders.

C.2 Link to performance

All of the at-risk component of Executive KMP remuneration is tied to performance.

Executive KMP **short term incentives** are paid annually in cash and are linked to overall performance measures for Orica, as well as specific measures for businesses in the areas of financial performance (net profit after tax (before individually material items) (NPAT), earnings before interest and tax before individually material items (EBIT) and cash flow) and safety. The specific measures and their weightings vary depending on the seniority and role of the Executive KMP. Each year, a performance contract specifying target, stretch and threshold performance measures is set and agreed with each Executive KMP, by that Executive KMP's manager. The performance contract of the Managing Director is set and agreed with the Chairman. The Chairman and the Human Resources and Compensation Committee review Executive KMP performance targets to ensure they are appropriately challenging.

Executive KMP **long term incentives** (delivered through the Long Term Equity Incentive Plan) are linked to growth in Orica's share price and growth in Total Shareholder Return (TSR).

The table below shows how specific measures of Company performance and shareholder value link to Executive KMP at-risk rewards. Note that financial data prior to 2005 is stated under accounting standards used prior to the adoption of International Financial Reporting Standards.

These measures are directly linked to short term incentives. A minimum level of NPAT must be achieved before any incentives are paid.

Executive long term incentives are directly linked to share price and TSR growth.

	2004	2005	2006	2007	2008	2009
External Sales ($m)	4,610.5	5,126.7	5,359.2	5,527.2	6,544.1	7,411.0
Cash flow from operating activities ($m)	587.9	375.8	413.9	524.3	736.9	854.9
EBIT ($m)	553.3	600.9	657.7	812.7	970.1	1,082.5
NPAT ($m)	325.6	339.9	380.3	497.8	572.3	646.1
All Workers Recordable Case Rate	0.74	0.85	0.57	0.60	0.72	0.69
Dividends per ordinary share (cents)	68.0	71.0	74.0	89.0	94.0	97.0
Return of capital ($m)	127.5	53.7	81.5	114.8	-	-
Year end share price ($)	17.30	21.00	22.47	30.10	20.95	23.50
Cumulative TSR - Orica (%)		25.24	54.94	101.79	78.24	70.96
Cumulative TSR - ASX 100 (%)		29.83	54.10	96.75	64.32	52.28

Table 4

D. Executive remuneration – driving a performance culture

D.1 Board policy on remuneration

The Human Resources and Compensation Committee has recommended, and the Board has adopted, a policy that remuneration for Executive KMP will:

- reinforce the short, medium and long term objectives of Orica;
- link the rewards for management to the creation of shareholder value and returns; and
- be competitive in the markets in which Orica operates in order to attract, motivate and retain high calibre employees.

Details of the composition and responsibilities of the Human Resources and Compensation Committee are set out on page 16. The Committee and senior management receive external advice on matters relating to remuneration.

The Board considers it desirable for remuneration packages of Executive KMP to include both a *fixed* component and an *at-risk* or *performance-related* component (comprising both short term and long term incentives). The Board views the at-risk component as an essential driver of Orica's high performance culture. The mix between fixed remuneration and at-risk remuneration is designed to reflect market conditions at each job and seniority level. For the Managing Director, the split is broadly 45% fixed and 55% at-risk, whilst the split for other Executive KMP is broadly 55% fixed and 45% at-risk, as shown in the table below. These splits have been updated from the 2008 report, and represent the annual grant value of Executive Long Term Incentives.

	% of Total Annual Remuneration		
	Fixed (1)	At-risk	
		Short term incentive (2) (3)	Long term incentive (4)
Managing Director	45%	25%	30%
Other Executive KMP	55%	25%	20%

Table 5

(1) Fixed Annual Remuneration as per table 13 in section F1.

(2) Target STI is set at 50% of the maximum STI. Executive KMP may achieve greater than 100% of maximum STI where there is an uncapped STI for selected significant critical performance items such as EBIT performance.

(3) Maximum STI (%) as per table 10 in section E2.

(4) LTEIP granted ($) as per table 11 in section E3.

The percentages in table 5 represent the remuneration mix for the Executive KMP where target performance is achieved. The actual remuneration mix for the Executive KMP will vary depending on the level of performance achieved at a Group, business and individual level. Where stretch targets for short term and long term incentives are met, then the proportion of total remuneration derived from these at-risk components will be significantly higher than the percentages shown in table 5. This relatively high weighting of at-risk remuneration reflects the Board's commitment to performance-based reward.

For full details of the remuneration paid to executive directors (including the Managing Director) and Executive KMP for the 2009 financial year, refer to section E below.

D.2 Fixed remuneration

All Executive KMP receive a fixed remuneration component. In general, this is expressed as a total amount of salary and other benefits (including statutory superannuation contributions) that may be taken in an agreed form, including cash and superannuation. Fixed remuneration is reviewed annually and is determined by the scope of the individual's role, their level of knowledge, skills and experience, individual performance and market benchmarking.

Against the background of the global financial crisis and the resultant impact on the Australian economy, Executive KMP will receive no increase to their fixed remuneration as part of the fiscal 2010 remuneration review process except where they have been promoted into a new position or have had a significant increase in the scope of their responsibilities.

D.3 At-risk remuneration – Short Term Incentive Plan (STI)

Summary of STI for 2009	
What is the STI?	An annual cash incentive plan linked to specific annual targets (which are predominantly financial).
Who participates in the STI?	All Executive KMP.
Why does the Board consider the STI an appropriate incentive?	The STI is designed to put a large proportion of executive remuneration at-risk against meeting targets linked to Orica's annual business objectives.
Are STIs awarded where performance falls below a minimum threshold performance level?	No STI is awarded if minimum performance across Orica does not meet the required threshold. In recent years, this has been linked to a minimum level of net profit after tax before individually material items that must be achieved before any STI is awarded.
Who assesses the performance of Executive KMP?	The Managing Director, in consultation with the Orica Board, assesses the performance of Executive KMP at the end of each financial year.
Who assesses the performance of the Managing Director?	Orica's non-executive directors approve the targets for the Managing Director and Executive Director Finance at the beginning of each year and assess performance against those targets at the end of the financial year.
What are the performance conditions?	The performance conditions comprise financial targets relating to: - Net profit after tax (before individually material items); - Business EBIT; and - Cash flow, as well as other targets, including safety, health and environmental performance and talent management. These performance conditions are set at both an Orica level and an individual business level. Achievement of performance conditions may therefore vary between businesses.
Why were these conditions chosen?	The targets are set to reinforce and align with the Group's annual budget and four year plan and are intended to improve financial performance which results in greater shareholder wealth.
Are both target and stretch performance conditions imposed?	Yes. The STI and the performance conditions set under the STI have been designed to motivate and reward high performance. If performance exceeds the already challenging targets, the STI will deliver higher rewards to Executive KMP.
Can STI be greater than 100%?	Yes. Executive KMP may achieve greater than 100% of maximum STI where there is an uncapped STI for selected significant critical performance items such as EBIT performance.
How well were the performance conditions met in the 2009 financial year?	The performance conditions were generally satisfied, although some Board discretion was applied in individual circumstances.
How would a change of control impact on STI entitlements?	Where there is an actual change of control, the Board would generally be expected to exercise its discretion to pay a proportion of the STI available for that financial year.

Table 6

D.4 At-risk remuneration – Long Term Incentives

D.4.1 Long Term Equity Incentive Plan - (LTEIP)

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

Summary of LTEIP for 2009	
What is the LTEIP?	The Orica Long Term Equity Incentive Plan is the long term incentive component of remuneration for executives who are able to influence the generation of shareholder wealth by having a direct impact on the Group's performance. The LTEIP is designed to encourage executives to focus on the key performance drivers which underpin sustainable growth in shareholder value.
Why does the Board consider the structure of the LTEIP appropriate?	The LTEIP facilitates immediate share ownership by the executives and links a significant proportion of their potential remuneration to Orica's ongoing share price and returns to shareholders over a three year period. The Board believes the LTEIP promotes behaviour that will achieve superior performance over the long term.
What are the key features of the LTEIP?	Under the LTEIP, eligible executives are provided with an interest free, non-recourse loan from Orica for the sole purpose of acquiring shares in the Company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. In order to reward good performance, part of the loan may be forgiven at the end of the performance period upon the achievement of specified performance conditions. The loan must be repaid following testing of the performance condition and after the three year vesting period. Under the November 2006 and subsequent offers, if the executive resigns from the Group or is terminated for cause during the loan period, the shares are returned to the Group (in full repayment of the loan) and the executive has no further interest in the shares.
When is the performance measurement tested?	Performance is tested over the five days immediately following the announcement of annual results in the third year after a grant is made.
How are shares provided to executive directors under the LTEIP?	Whilst the Company has the flexibility under the LTEIP Rules to either acquire shares on-market, issue new shares, or reissue unvested shares to participants in the Plan, shares allocated to the executive directors under the LTEIP are acquired on-market. As the grants to the executive directors do not dilute the holdings of other shareholders, they do not require shareholder approval.
Why continue with a loan based plan?	The Board approved the design of the LTEIP (as a loan based plan) after consideration of its relative merits against other performance share based equity plans in the market. The Board considers the LTEIP to be a cost effective plan aligned to the creation of shareholder value.
Is the loan interest free?	Whilst the loan is interest free, any loan forgiveness will incur an interest charge as part of the calculation of the forgiveness amount. Orica's effective interest rate in 2009 is 6.5% (as per note 34).
Why is a non-recourse loan provided?	If the loan exceeds the value of the shares, the Board believes the loss of any remuneration value from the LTEIP is a sufficient penalty to the executives. The performance condition necessary for partial forgiveness of their loan would not be satisfied and executives would derive no value from the shares.
As the loans are non-recourse do executives have to repay their loans?	Yes, the executives must repay their loans either at the earlier of the end of the performance period or following the cessation of their employment with the Group. Where an executive does not discharge their loan within the prescribed period, the Company will sell or otherwise realise the value of their shares and apply the proceeds in satisfaction of the loan.
What happens if the value of the shares is less than the outstanding loan balance?	If the value of the shares is less than the outstanding loan balance at the end of the performance period, the executive returns the shares to Orica in full settlement of the loan balance and no benefit accrues to the executive.
Is the benefit to executives of participation in the LTEIP affected by changes in the share price?	Yes, executives who participate in the LTEIP will be affected in the same way as all other shareholders by changes in Orica's share price. The remuneration value executives receive through participation in the LTEIP will be reduced if the share price falls during the loan period, and will increase if the share price rises over this period.
Is the performance hurdle re-tested?	No, the performance condition is only tested once at the end of the performance period.
Do participants get access to entitlements in the case of redundancy?	The Board has absolute discretion over entitlements to participants.
What is TSR?	Broadly, TSR is the percentage increase in the Company's share price over the performance period, plus the value of dividends paid being treated as if they were reinvested.
Why did the Board select an absolute TSR performance hurdle rather than a relative TSR hurdle?	Orica's diversified business mix means there is no logical comparator group for the Company. The Board sets a TSR growth target for executives against which they can regularly monitor performance by comparing changes in the Company's share price over the performance period. This was felt to be superior to using a relative hurdle that would only be calculated and made available periodically.

What is the forgiveness amount?	Part of the loan (the forgiveness amount) may be forgiven upon the achievement of specified conditions at the end of the performance period. The amount of the loan which may be forgiven is calculated by reference to a percentage of the executives' fixed annual remuneration. No forgiveness amount is earned if the executive resigns or is terminated for cause before the end of the loan period.
What are the performance hurdles?	The performance hurdle is based on Orica's Total Shareholder Return (TSR). For the performance condition to be satisfied at target, compound growth in Orica's TSR must be 20% per annum over the three year period. In order to ensure that the performance condition is not "all or nothing", there is a range for loan forgiveness linked to Company TSR performance.
What is the TSR performance condition vesting schedule?	This vesting condition has been widened for the 2009 financial year offer as a result of recommendations stemming from the 2008 Remuneration Strategy review. TSR rates must hit a minimum target for loan forgiveness to apply. (see table below) The percentage of loan forgiveness increases on a straight line basis between the minimum and maximum TSR growth targets. (1) Part of the loan (the forgiveness amount) may be forgiven upon the achievement of specified conditions at the end of the performance period. The amount of the potential loan forgiveness is a percentage of the executives' fixed annual remuneration and will vary depending on the country of residence of the executive.
Does the Board consider the satisfaction in full of the TSR hurdle a sufficient "stretch" for management?	Yes. After reviewing the Company's rate of cumulative growth in TSR over the past few years, the Board believes that 20% per annum is a clear, certain and absolute target for management. The Board believes it is an aggressive target to maintain TSR growth at 20% per annum over the performance period. When selecting this target, the Board also had reference to the general performance of the market and noted that a TSR of 20% per annum generally reflects top quartile performance within the ASX 100.
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, with the outstanding loan balance reduced by the 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.

Previous LTEIP Offers		**2009 Financial Year Offers**	
TSR growth	Loan forgiveness [1] %	TSR growth	Loan forgiveness [1] %
Less than 15%	0%	Less than 10%	0 %
15%	90%	10%	50%
20%	100%	20%	100%
25% +	110%	30% +	150%

Table 7

D.4.2 Illustrative example of how LTEIP works

The following example is based on an executive located in Australia with a fixed annual remuneration of $700,000 and assumes that:

- Initial share price is $20 and 50,000 shares are allocated
- Retained dividends assume gross dividends of $140,000, less 48.5%* to cover participant's individual tax obligations.
- Case A -Target TSR performance of 20% (inclusive of dividends) is reached at the end of 3 year vesting period i.e. share price increases to $31.
- Case B -Target TSR performance of 20% (inclusive of dividends) is not reached at the end of 3 year vesting period i.e. share price falls to $15.

	Case A $	Case B $
Initial Loan	1,000,000	1,000,000
Less loan repayments via retained dividends	(72,000)	(72,000)
Loan balance at end of Year 3 (date of vesting)	928,000	928,000
Less Loan Forgiveness (net of interest charge) [1] [2] [3]	(220,000)	-
Outstanding Loan Balance	708,000	928,000
Value of Shares at Vesting	1,550,000	750,000
Less Outstanding Loan Balance	(708,000)	(928,000)
Value of LTEIP to Executive	842,000	0**

* This global rate is set to take into account tax rates applying across all jurisdictions covered by the Plan.

** Non recourse loan condition applies and the shares are returned to Orica in full satisfaction of the loan balance.

(1) Calculated by reference to a percentage of the executives' fixed annual remuneration and will vary depending on the country of residence of the executive.

(2) Interest charge based on Orica's effective interest rate.

(3) In addition, the Company incurs fringe benefits tax on loan forgiveness.

D.4.3 Legacy plans

In the period 2001 to 2004, Orica used a number of long term incentive plans for executives. Further details regarding the legacy share plans that are still active at 30 September 2009 are contained in note 36 to the financial statements.

D.5 Retention arrangements for the Executive KMP – expired 31 March 2009

The Board entered into agreements with the Executive KMP during 2007 to participate in the Key Executive Retention Programme (KERP). The KERP expired on 31 March 2009 and payments were made to eligible Executive KMP in April 2009. The Managing Director did not participate in the KERP.

In return for participating in the KERP, participants agreed to changes to the terms of their service agreements. The relevant changes comprised an extension of the notice the Executive KMP must give to Orica upon termination to six months, as well as an undertaking not to compete with Orica for a period of six months following termination.

The KERP had the following key elements:

- participants were eligible to receive a lump sum retention payment equal to 50% of their Fixed Annual Remuneration plus their maximum STI (determined by reference to their remuneration as at 1 January 2007). The amount of the payment was not linked to, or dependent upon, Group performance; and
- participants needed to be employed with Orica on 31 March 2009 to receive the retention payment, although in exceptional circumstances (e.g. if the employee had been made redundant prior to 31 March 2009) the Board could have elected to make retention payments prior to that date.

Amounts paid to Executive KMP KERP participants in 2009 were N A Meehan $1,170,000, A J P Larke $1,155,000, P G Etienne $1,235,000, J R Beevers $780,000, G J Witcombe $936,000, C B Elkington $600,000 and P W Houlihan $585,000.

E. Details of remuneration

E.1 Executive KMP Remuneration

Particulars of Executive KMP qualifications, experience and special responsibilities are detailed on page 13 of the annual report. Details of the nature and amount of each element of remuneration of Executive KMP for the current reporting period and also for the previous reporting period are included in the tables below:

For the year ended 30 September 2009	Short term employee benefits			Post Employment Benefits					
	Fixed Salary $000	STI Payment [1] $000	Other Benefits [2] $000	Superannuation Benefits $000	Termination Benefits [3] $000	Other Long Term Benefits [4] $000	Total excluding SBP * Expense $000	Share Based Payments Expense [5] $000	Total $000
Current Executive Directors									
G R Liebelt	2,248.6	1,537.3	19.6	13.9	-	87.1	3,906.5	1,425.2	5,331.7
N A Meehan	991.1	541.8	44.8	13.9	-	286.4	1,878.0	309.1	2,187.1
Total Current Executive Directors	3,239.7	2,079.1	64.4	27.8	-	373.5	5,784.5	1,734.3	7,518.8
Current Executive KMP									
J R Beevers	899.9	590.5	275.0	13.9	-	307.1	2,086.4	240.9	2,327.3
G J Witcombe	779.8	624.7	51.5	13.9	-	244.8	1,714.7	259.0	1,973.7
A J P Larke	779.8	486.4	48.1	13.9	-	274.9	1,603.1	297.4	1,900.5
C B Elkington	543.1	345.8	255.1	13.9	-	154.9	1,312.8	216.0	1,528.8
P W Houlihan	615.3	463.2	1.8	13.9	-	160.0	1,254.2	157.6	1,411.8
M Reich	675.0	250.0	133.3	-	-	12.8	1,071.1	166.9	1,238.0
P McEwan [6]	188.6	85.1	27.5	4.8	-	3.2	309.2	33.0	342.2
Total Current Executive KMP	4,481.5	2,845.7	792.3	74.3	-	1,157.7	9,351.5	1,370.8	10,722.3
Former Executive KMP									
P G Etienne	876.8	150.0	23.8	11.5	1,421.8	320.9	2,804.8	327.7	3,132.5
Total Executive KMP	5,358.3	2,995.7	816.1	85.8	1,421.8	1,478.6	12,156.3	1,698.5	13,854.8
Total Executive Key Management Personnel	8,598.0	5,074.8	880.5	113.6	1,421.8	1,852.1	17,940.8	3,432.8	21,373.6

Table 8

* Share Based Payments (SBP).

(1) STI Payment includes payments relating to 2009 performance accrued but not paid.

(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).

(3) Represents contractual payments upon termination and payment of statutory leave to the Executive KMP on cessation of his employment.

(4) This benefit includes the movement in long service leave accrual and the 2009 accrual for the KERP (refer section D.5).

(5) Includes the value calculated under AASB 2 *Share Based Payments* to Executive KMP under the November 2006, May 2007, December 2007, December 2008 and June 2009 LTEIP which vest over three years. Value only accrues to the KMP when performance conditions have been met.

(6) Commenced 1 June 2009.

The amounts that appear under the heading Share Based Payments Expense are the amounts required under Accounting Standards to be expensed by Orica in respect of the allocation of long term incentives to Executive KMP. Each year, the Board may decide to allocate long term incentives to Executive KMP. Currently, these long term incentives are expensed over the three year vesting period. The Share Based Payments expense in Table 8 represents the expense incurred during the year in respect of current and past incentive allocations to Executive KMP. These amounts are therefore not amounts actually received by Executive KMP during the year. Whether Executive KMP receive any value from the allocation of long term incentives in the future will depend on the performance of Orica shares. The mechanism which determines whether or not long term incentives vest in the future is described in Section D.4.1.

Executive KMP remuneration (continued)

For the year ended 30 September 2008	Short term employee benefits			Post Employment Benefits					
	Fixed Salary $000	STI Payment (1) $000	Other Benefits (2) $000	Super-annuation Benefits $000	Termination Benefits (3) $000	Other Long Term Benefits (4) $000	Total excluding SBP * Expense $000	Share Based Payments Expense (5) $000	Total $000
Current Executive Directors									
G R Liebelt (7)	2,099.2	2,095.0	(16.7)	13.3	-	372.1	4,562.9	858.5	5,421.4
N A Meehan	931.7	646.7	25.5	13.3	-	571.5	2,188.7	190.7	2,379.4
Total Current Executive Directors	3,030.9	2,741.7	8.8	26.6	-	943.6	6,751.6	1,049.2	7,800.8
Current Executive KMP									
A J P Larke	694.2	1,312.3	115.1	13.3	-	613.0	2,747.9	201.8	2,949.7
P G Etienne (7)	981.7	800.7	(6.8)	13.3	-	644.7	2,433.6	203.0	2,636.6
J R Beevers	624.2	655.2	109.2	13.3	-	426.4	1,828.3	135.3	1,963.6
G J Witcombe	736.7	370.3	25.2	13.3	-	635.5	1,781.0	165.0	1,946.0
C B Elkington (8)	511.5	375.7	223.5	13.3	-	334.1	1,458.1	149.0	1,607.1
P W Houlihan	563.0	453.4	9.4	13.3	-	300.9	1,340.0	85.4	1,425.4
M Reich (8)	489.2	306.7	201.4	-	-	6.6	1,003.9	88.7	1,092.6
Total Current Executive KMP	4,600.5	4,274.3	677.0	79.8	-	2,961.2	12,592.8	1,028.2	13,621.0
Former Executive KMP									
B K Karcz (6)	467.8	262.1	6.2	11.0	729.5	538.1	2,014.7	123.5	2,138.2
A R Coleman	510.0	441.9	16.9	13.3	464.7	22.8	1,469.6	83.6	1,553.2
Total Former Executive KMP	977.8	704.0	23.1	24.3	1,194.2	560.9	3,484.3	207.1	3,691.4
Total Executive KMP	5,578.3	4,978.3	700.1	104.1	1,194.2	3,522.1	16,077.1	1,235.3	17,312.4
Total Executive Key Management Personnel	8,609.2	7,720.0	708.9	130.7	1,194.2	4,465.7	22,828.7	2,284.5	25,113.2

Table 9

* Share Based Payments (SBP).

(1) STI Payment includes payments relating to 2008 performance accrued but not paid.

(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).

(3) Represents contractual payments upon termination and payment of statutory leave to the Executive KMP on cessation of their employment.

(4) This benefit includes the movement in long service leave accrual, fringe benefits tax on LTEIP loan forgiveness and the 2008 accrual for the KERP (refer section D.5).

(5) Includes the value calculated under AASB 2 *Share Based Payments* to Executive KMP under the November 2006, May 2007 and December 2007 LTEIP which vest over three years. Value only accrues to the Executive KMP when performance conditions have been met.

(6) B K Karcz remained eligible for payment under the KERP in return for an extended restraint provided at the time of cessation of employment.

(7) G R Liebelt's and P G Etienne's annual leave accruals reduced during the year.

(8) Includes remuneration for the period during the year before joining the Group Executive.

The amounts that appear under the heading Share Based Payments Expense are the amounts required under Accounting Standards to be expensed by Orica in respect of the allocation of long term incentives to Executive KMP. Each year, the Board may decide to allocate long term incentives to Executive KMP. Currently, these long term incentives are expensed over the three year vesting period. The Share Based Payments expense in Table 8 represents the expense incurred during the year in respect of current and past incentive allocations to Executive KMP. These amounts are therefore not amounts actually received by Executive KMP during the year. Whether Executive KMP receive any value from the allocation of long term incentives in the future will depend on the performance of Orica shares. The mechanism which determines whether or not long term incentives vest in the future is described in Section D.4.1.

E.2 Executive KMP STI's

Specific information relating to the percentage of the STI which is payable and the percentage that was forfeited for the Executive KMP of the Company and the Group is set out in the table below:

For the year ended 30 September 2009	Maximum STI $000 (3)	Actual STI payment $000 (1) (2)	Actual STI payment as % of maximum STI (3)	% of maximum STI payment forfeited
Current Executive KMP				
G R Liebelt	2,760.0	1,537.3	55.7	44.3
N A Meehan	816.0	541.8	66.4	33.6
J R Beevers	760.0	590.5	77.7	22.3
G J Witcombe	644.0	624.7	97.0	3.0
A J P Larke	1,288.0	486.4	37.8	62.2
C B Elkington	464.8	345.8	74.4	25.6
P W Houlihan	515.2	463.2	89.9	10.1
M Reich	560.0	250.0	44.6	55.4
P McEwan	154.7	85.1	55.0	45.0
Former Executive KMP				
P G Etienne	726.7	150.0	20.6	79.4

Table 10

(1) STI constitutes a cash incentive earned during 2009, which is expected to be paid in December 2009 to current Executive KMP and was paid during the year to former Executive KMP.

(2) A minimum level of net profit after tax must be achieved before any STI is paid. Therefore the minimum potential value of the STI for the financial year was nil.

(3) Executive KMP may achieve greater than 100% of maximum STI where there is an uncapped STI for selected significant critical performance items such as EBIT performance.

E.3 Equity instruments granted to and exercised by Executive KMP

The Company has a plan (LTEIP) under which it allocates shares to executives; while these are shares for legal and taxation purposes, Australian Accounting Standards require they be 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 2009	Options Granted Number	Options Granted (1) (2) (3) ($)	Options Exercised (4) Number	Options Exercised (4) ($)
Current Executive Directors				
G R Liebelt	409,872	1,586,205	-	-
N A Meehan	85,406	330,521	-	-
Total Current Executive Directors	495,278	1,916,726	-	-
Current Executive KMP				
J R Beevers	84,516	327,077	-	-
G J Witcombe	67,613	261,662	-	-
A J P Larke	67,613	261,662	-	-
C B Elkington	47,418	183,508	-	-
P W Houlihan	52,044	201,410	-	-
M Reich	53,378	206,573	-	-
P McEwan	40,580	330,321	-	-
Total Current Executive KMP	413,162	1,772,213	-	-
Former Executive KMP				
P G Etienne	89,854	347,735	-	-
Total Executive KMP	503,016	2,119,948	-	-

Table 11

(1) Under the LTEIP, eligible Executive KMP are provided with a non-recourse loan from the Group for the sole purpose of acquiring shares in Orica. Executive KMP must apply net cash dividends to the repayment of the loan balance and may not deal with the shares while the loan remains outstanding. Australian 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. Further details are set out in sections D.4.1, E.4, G and H of this report.

(2) The options have been valued by PWC at $8.14 per option for P McEwan and $3.87 per option for all other Executive KMP. The benefit of the options granted under the November 2006 and subsequent LTEIP offers will lapse during future years if the Executive KMP cease employment with the Group before the end of the three year performance period.

(3) The grants made to Executive KMP under the LTEIP during the year constituted 100% of the grants available for the year. The minimum potential value of grants made during the year under LTEIP is nil.

(4) No options were exercised or forfeited during the year. Options related to the December 2005 and June 2006 LTEIP issues lapsed during the year. The value of each option exercised is the market value of Orica shares on the date of exercise, less the exercise price paid.

E.4 Loans to Executive KMP under Group long term incentive plans

For the year ended 30 September 2009	Opening balance $	Advances during the year (1) $	Other repayments during the year (2) $	Cash repayments during the year (3) $	Closing balance $	Interest free value $	Highest indebtedness $
Current Executive Directors							
G R Liebelt	12,136,772	6,611,235	1,857,334	295,310	16,595,363	1,051,417	18,614,330
N A Meehan	3,246,460	1,377,599	955,191	72,912	3,595,956	237,540	4,586,070
Total Current Executive Directors	15,383,232	7,988,834	2,812,525	368,222	20,191,319	1,288,957	23,200,400
Current Executive KMP							
J R Beevers	2,220,509	1,363,243	596,982	55,767	2,931,003	188,047	3,557,819
G J Witcombe	2,888,407	1,090,598	905,621	63,440	3,009,944	208,289	3,944,688
A J P Larke	2,724,162	1,090,598	310,817	63,690	3,440,253	219,801	3,784,011
C B Elkington	2,058,248	764,852	276,687	47,424	2,498,989	160,803	2,799,574
P W Houlihan	1,129,033	839,470	106,593	29,522	1,832,388	113,265	1,956,953
M Reich	986,227	860,987	-	26,295	1,820,919	160,806	1,838,356
P McEwan	-	832,296	-	-	832,296	13,587	832,296
Total Current Executive KMP	12,006,586	6,842,044	2,196,700	286,138	16,365,792	1,064,598	18,713,697
Former Executive KMP							
P G Etienne	3,467,701	1,449,345	1,028,151	77,640	3,811,255	248,625	4,876,396
Total Executive KMP	30,857,519	16,280,223	6,037,376	732,000	40,368,366	2,602,180	46,790,493

Table 12

(1) 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. 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. Australian 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) Shares handed back to Orica in settlement of the non-recourse loan in accordance with the terms of the LTEIP (refer section D.4.1).

(3) Constitutes repayments including after tax dividends paid on the shares applied against the loan. No loans were forgiven during the year.

F. Executive KMP service agreements

Remuneration and other terms of employment for the Executive KMP are formalised in service agreements. Specific information relating to the terms of the service agreements of the current Executive KMP are set out in the table below:

F.1 Summary of specific terms

Name	Term of Agreement	Fixed Annual Remuneration (1)	Notice Period by Executive	Termination Payment (2)
Current Executive Directors				
G R Liebelt	30 Sep 2012	2,300,000	6 months	1.5 times fixed annual remuneration (3)
N A Meehan	Open	1,020,000	6 months	1.0 times fixed annual remuneration
Current Executive KMP				
J R Beevers	Open	950,000	6 months	1.28 times fixed annual remuneration (4)
G J Witcombe	Open	805,000	6 months	1.68 times fixed annual remuneration (4)
A J P Larke	Open	805,000	6 months	1.0 times fixed annual remuneration
C B Elkington	Open	581,000	6 months	1.0 times fixed annual remuneration
P W Houlihan	Open	644,000	6 months	1.0 times fixed annual remuneration
M Reich	Open	700,000	6 months	1.0 times fixed annual remuneration
P McEwan	Open	580,000	6 months	1.0 times fixed annual remuneration

Table 13

(1) Fixed salary, inclusive of superannuation, is reviewed annually by Orica's non-executive directors following the end of each financial year. Accordingly, the amounts set out in the table above are the Executive KMPs' fixed annual remuneration as at 30 September 2009. As part of the normal annual review of remuneration, fixed annual remuneration for all Executive KMP will be reviewed and, where appropriate, adjusted during the 2010 financial year. Against the background of the global financial crisis and the resultant impact on the Australian economy, Executive KMP will receive no increase to their fixed remuneration as part of the fiscal 2010 remuneration review process except where they have been promoted into a new position or have had a significant increase in the scope of their responsibilities.

(2) Termination payment if Orica terminates the Executive KMP employment other than for cause.

(3) The termination benefits in respect of G R Liebelt were confirmed following external professional remuneration advice in 2007 at a level reflective of the termination benefits of the Company's peers and which were considered to be reasonable in the context of G R Liebelt and his previous contractual entitlement and in the context of the Orica Group.

(4) The termination benefits in respect of these Executive KMP reflect grandfathering of entitlements, under previous service agreements and employment terms, recognising their past service in the Group, as part of new remuneration arrangements.

Orica makes provision for employee entitlements in accordance with applicable Australian Accounting Standards. In addition, Orica has policies in relation to relocation, consistent with its expectation that all Executive KMP are mobile, as required by the needs of the business.

F.2 Non-compete

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

As a term of their participation in the KERP, the Executive Director Finance and other Executive KMP consented to their service agreements being amended to incorporate a six month non-compete period. In addition, the service agreements for each of the Executive KMP provide for a twelve month non-solicitation period following termination of their employment.

F.3 Sign-on payments

No payment was made to the executive directors or any of the named Executive KMP before they took office as part consideration for them agreeing to hold office.

G. Equity instruments held by Executive KMP

The number of equity instruments held by Executive KMP is shown in the following table:

For the year ended 30 September 2009	Grant date	Granted during the year	Exercised during the year (1) (5)	Other (2)	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									
G R Liebelt	23 Dec 05	-	-	97,194	-	N/A	600,659	-	(1)
	20 Nov 06	-	-	-	181,110	N/A	1,043,194	347,731	(4)
	18 Dec 07	-	-	-	193,639	N/A	2,042,891	680,964	(4)
	19 Dec 08	409,872	-	-	409,872	N/A	1,586,205	396,551	(4)
N A Meehan	23 Dec 05	-	-	49,985	-	N/A	308,907	-	(1)
	20 Nov 06	-	-	-	43,466	N/A	250,364	83,455	(4)
	18 Dec 07	-	-	-	40,664	N/A	429,005	143,002	(4)
	19 Dec 08	85,406	-	-	85,406	N/A	330,521	82,630	(4)
Current Executive KMP									
J R Beevers	23 Dec 05	-	-	31,240	-	N/A	193,063	-	(1)
	20 Nov 06	-	-	-	33,203	N/A	191,249	63,750	(4)
	18 Dec 07	-	-	-	27,109	N/A	286,000	95,333	(4)
	19 Dec 08	84,516	-	-	84,516	N/A	327,077	81,769	(4)
G J Witcombe	23 Dec 05	-	-	47,391	-	N/A	292,876	-	(1)
	20 Nov 06	-	-	-	41,232	N/A	237,496	79,165	(4)
	18 Dec 07	-	-	-	32,531	N/A	343,202	114,401	(4)
	19 Dec 08	67,613	-	-	67,613	N/A	261,662	65,416	(4)
A J P Larke	23 Dec 05	-	-	16,265	-	N/A	100,518	-	(1)
	20 Nov 06	-	-	-	57,955	N/A	333,821	111,274	(4)
	18 Dec 07	-	-	-	34,338	N/A	362,266	120,755	(4)
	19 Dec 08	67,613	-	-	67,613	N/A	261,662	65,416	(4)
C B Elkington	23 Dec 05	-	-	14,479	-	N/A	89,480	-	(1)
	20 Nov 06	-	-	-	44,501	N/A	256,326	85,442	(4)
	18 Dec 07	-	-	-	24,082	N/A	254,065	84,688	(4)
	19 Dec 08	47,418	-	-	47,418	N/A	183,508	45,877	(4)
P W Houlihan	23 Dec 05	-	-	5,578	-	N/A	36,201	-	(1)
	20 Nov 06	-	-	-	10,349	N/A	59,610	19,870	(4)
	18 Dec 07	-	-	-	24,850	N/A	262,168	87,389	(4)
	19 Dec 08	52,044	-	-	52,044	N/A	201,410	50,353	(4)
M Reich	11 May 07	-	-	-	4,162	N/A	51,526	19,946	(4)
	18 Dec 07	-	-	-	27,109	N/A	286,000	95,333	(4)
	19 Dec 08	53,378	-	-	53,378	N/A	206,573	51,643	(4)
P McEwan	26 Jun 09	40,580	-	-	40,580	N/A	330,321	33,032	(4)
Former Executive KMP									
P G Etienne	23 Dec 05	-	-	53,803	-	N/A	332,503	-	(1)
	20 Nov 06	-	-	-	46,786	N/A	269,487	89,829	(4)
	18 Dec 07	-	-	-	42,923	N/A	452,838	150,946	(4)
	19 Dec 08	89,854	-	-	89,854	N/A	347,735	86,934	(4)

Table 14

(1) Related to the LTEIP grants in the 2006 financial year. The combination of shares, and the loan provided to fund those shares constitutes an option under AASB 2. These options vest immediately. Under the terms of the LTEIP, the loan must be repaid before the Executive KMP 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 31 January of the following year. The options expire if the loan is not repaid within the repayment window.

(2) Options lapsed during the year.

(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 2009.

(4) Related to the LTEIP grants in the 2007, 2008 and 2009 financial years. The combination of shares, and the loan provided to fund those shares constitutes an option under AASB 2. These options vest over three years. Under the terms of the LTEIP, the loan must be repaid before the Executive KMP 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 31 January of the following year. The options expire if the loan is not repaid within the repayment window.

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

H. Equity instruments held by executives

The number of option (LTEIP) issues, values and related executive loan information in relation to Orica executives is shown in the following table:

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 $	Maximum loan waiver opportunity over full loan period $	Loan repayments through dividends during year $	Value of options at grant date [(1)] $
As at 30 September 2009								
26 Jun 09	40,580	**40,580**	**1**	**832,296**	832,296	186,040	**-**	330,321
19 Dec 08	2,937,558	**2,843,331**	**315**	**47,382,811**	45,278,225	12,943,288	**592,852**	11,368,349
18 Dec 07	1,464,237	**1,206,357**	**266**	**46,504,167**	37,482,872	11,816,286	**632,802**	15,447,700
11 May 07	64,405	**33,464**	**17**	**2,064,824**	1,034,415	821,822	**37,323**	797,334
20 Nov 06	1,633,960	**1,274,699**	**210**	**38,839,229**	28,522,495	10,511,599	**670,371**	9,411,610
	6,140,740	**5,398,431**		**135,623,327**	**113,150,303**	**36,279,035**	**1,933,348**	**37,355,314**

Table 15

[(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	Risk free interest rate	Average value per option $
26 Jun 09	$21.05	37%	Nil	4.66%	8.14
19 Dec 08	$13.85	37%	Nil	3.17%	3.87
18 Dec 07	$31.76	28%	Nil	6.79%	10.55
11 May 07	$33.50	28%	Nil	6.29%	12.38
20 Nov 06	$22.39	24%	Nil	5.93%	5.76
13 Jun 06	$22.08	22%	4.0%	5.24%	8.65
23 Dec 05	$20.67	22%	4.0%	5.24%	6.49

Table 16

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

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 2009. 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 share based payments expense recognised in the Income Statement for LTEIP in 2009 was $8.1 million (2008 $6.5 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. LTEIP is administered by Link Market Services Limited.

Rounding

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

Signed on behalf of the Board in accordance with a resolution of the directors of Orica Limited.

D P Mercer
Chairman

Dated at Melbourne this 9th day of November 2009.

Lead Auditor's Independence Declaration

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 2009 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

Alison Kitchen
Partner
Melbourne, 9th November 2009

Income Statements

For the year ended 30 September

	Notes	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $m
Sales revenue	(3)	**7,411.0**	6,544.1	**-**	-
Other income	(3)	**44.5**	53.8	**289.1**	524.1
Expenses					
Changes in inventories of finished goods and work in progress		**(100.2)**	101.6	**-**	-
Raw materials and consumables used and finished goods purchased for resale		**(3,723.2)**	(3,448.5)	**-**	-
Share based payments		**(8.1)**	(6.5)	**-**	-
Other employee benefits expense		**(1,190.3)**	(1,106.6)	**-**	-
Depreciation expense	(4c)	**(202.7)**	(177.6)	**(0.1)**	(0.2)
Amortisation expense	(4c)	**(45.0)**	(41.1)	**-**	-
Purchased services		**(405.4)**	(404.3)	**(2.5)**	(1.8)
Repairs and maintenance		**(136.0)**	(133.3)	**-**	-
Impairment of property, plant & equipment		**(69.7)**	-	**-**	-
Impairment of intangibles		**(9.2)**	-	**-**	-
Outgoing freight		**(310.3)**	(270.6)	**-**	-
Lease payments - operating leases		**(92.5)**	(83.3)	**-**	-
Cost of cancellation of cumulative non-redeemable preference shares		**-**	(7.5)	**-**	(7.5)
Other expenses from ordinary activities including individually material items		**(281.1)**	(119.8)	**(1.1)**	(0.1)
Share of net profits of associates accounted for using the equity method	(11)	**61.1**	28.1	**-**	-
		(6,512.6)	(5,669.4)	**(3.7)**	(9.6)
Profit from operations		**942.9**	928.5	**285.4**	514.5
Net financing (costs)/income					
Financial income	(4a)	**50.8**	68.1	**45.3**	53.9
Financial expenses	(4b)	**(184.3)**	(225.8)	**(3.6)**	(73.6)
Net financing (costs)/income		**(133.5)**	(157.7)	**41.7**	(19.7)
Profit before income tax expense		**809.4**	770.8	**327.1**	494.8
Income tax (expense)/benefit	(5)	**(228.0)**	(203.5)	**(15.3)**	2.9
Profit for the year		**581.4**	567.3	**311.8**	497.7
Net profit for the year attributable to:					
Shareholders of Orica Limited		**541.8**	539.6	**311.8**	497.7
Minority interest		**39.6**	27.7	**-**	-
Net profit for the year		**581.4**	567.3	**311.8**	497.7

		cents	cents
Earnings per share			
Earnings per share attributable to ordinary shareholders of Orica Limited:			
Basic	(6)	**145.2**	159.8
Diluted	(6)	**140.8**	158.0

The Income Statements are to be read in conjunction with the notes to the financial statements set out on pages 45 to 120.

Statements of Recognised Income and Expense

For the year ended 30 September

		Consolidated		Company	
		2009	2008	**2009**	2008
	Notes	**$m**	$m	**$m**	$m
Net loss on hedge of net investments in foreign subsidiaries		**(99.3)**	(35.9)	**-**	-
Cash flow hedges					
- Effective portion of changes in fair value		**(20.6)**	(6.3)	**-**	-
- Transferred to carrying value of non current assets		**(8.0)**	18.7	**-**	-
- Transferred to Income Statement		**20.7**	1.4	**-**	-
Exchange differences on translation of foreign operations		**(353.3)**	301.3	**-**	-
Actuarial (loss)/benefit on defined benefit plans	(38)	**(27.9)**	(45.3)	**-**	-
Income tax on income and expense recognised directly through equity	(5)	**30.8**	7.5	**-**	-
Net income and expense recognised directly in equity		**(457.6)**	241.4	**-**	-
Profit for the year		**581.4**	567.3	**311.8**	497.7
Total recognised income and expense for the year		**123.8**	808.7	**311.8**	497.7
Attributable to:					
Shareholders of Orica Limited		**84.2**	781.0	**311.8**	497.7
Minority interest		**39.6**	27.7	**-**	-
Total recognised income and expense for the year		**123.8**	808.7	**311.8**	497.7

The Statements of Recognised Income and Expense are to be read in conjunction with the notes to the financial statements set out on pages 45 to 120.

Balance Sheets

As at 30 September

		Consolidated		Company	
		2009	2008	**2009**	2008
	Notes	**$m**	$m	**$m**	$m
Current assets					
Cash and cash equivalents	(7)	**308.5**	321.3	**-**	-
Trade and other receivables	(8)	**964.9**	1,147.4	**958.4**	971.6
Other financial assets - derivative assets	(12)	**45.3**	96.3	**-**	-
Inventories	(9)	**619.8**	824.3	**-**	-
Other assets	(10)	**55.9**	68.9	**0.1**	0.1
Total current assets		**1,994.4**	2,458.2	**958.5**	971.7
Non-current assets					
Trade and other receivables	(8)	**103.4**	111.0	**100.0**	100.0
Investments accounted for using the equity method	(11)	**167.4**	208.3	**-**	-
Other financial assets	(12)	**0.9**	1.0	**1,914.0**	1,915.1
Property, plant and equipment	(13)	**2,075.0**	2,052.3	**25.9**	26.0
Intangible assets	(14)	**2,756.5**	3,012.6	**-**	-
Deferred tax assets	(15)	**253.2**	164.1	**4.0**	5.5
Other assets	(10)	**3.4**	0.3	**-**	-
Total non-current assets		**5,359.8**	5,549.6	**2,043.9**	2,046.6
Total assets		**7,354.2**	8,007.8	**3,002.4**	3,018.3
Current liabilities					
Trade and other payables	(16)	**1,057.9**	1,372.7	**-**	-
Other financial liabilities - derivative liabilities	(16)	**98.8**	138.7	**-**	-
Interest bearing liabilities	(17)	**160.2**	266.4	**100.7**	72.6
Current tax liabilities	(18)	**78.7**	28.3	**66.0**	37.3
Provisions	(19)	**220.1**	273.5	**-**	-
Total current liabilities		**1,615.7**	2,079.6	**166.7**	109.9
Non-current liabilities					
Trade and other payables	(16)	**37.0**	31.8	**-**	-
Interest bearing liabilities	(17)	**1,242.8**	1,075.4	**-**	-
Deferred tax liabilities	(20)	**76.2**	83.8	**-**	-
Provisions	(19)	**409.7**	418.8	**0.9**	1.1
Total non-current liabilities		**1,765.7**	1,609.8	**0.9**	1.1
Total liabilities		**3,381.4**	3,689.4	**167.6**	111.0
Net assets		**3,972.8**	4,318.4	**2,834.8**	2,907.3
Equity					
Ordinary shares	(21)	**1,865.6**	1,881.3	**1,865.6**	1,881.3
Reserves	(22)	**(408.0)**	91.3	**-**	-
Retained earnings	(22)	**1,913.1**	1,758.9	**479.2**	536.0
Total equity attributable to ordinary shareholders of Orica		**3,370.7**	3,731.5	**2,344.8**	2,417.3
Equity attributable to Step-Up Preference Securities' holders	(21)	**490.0**	490.0	**490.0**	490.0
Minority interest in controlled entities	(23)	**112.1**	96.9	**-**	-
Total equity	(24)	**3,972.8**	4,318.4	**2,834.8**	2,907.3

The Balance Sheets are to be read in conjunction with the notes to the financial statements set out on pages 45 to 120.

Statements of Cash Flows

For the year ended 30 September

	Notes	Consolidated 2009 $m Inflows/ (Outflows)	Consolidated 2008 $m Inflows/ (Outflows)	Company 2009 $m Inflows/ (Outflows)	Company 2008 $m Inflows/ (Outflows)
Cash flows from operating activities					
Receipts from customers		**8,026.2**	6,946.8	**-**	-
Payments to suppliers and employees		**(6,890.5)**	(5,929.8)	**(2.8)**	(1.8)
Interest received		**51.2**	69.3	**45.8**	52.9
Borrowing costs		**(187.7)**	(217.8)	**(3.6)**	(82.0)
Dividends received		**66.7**	20.4	**289.1**	524.1
Other operating revenue received		**24.4**	38.0	**-**	-
Net income taxes (paid)/refund		**(235.4)**	(190.0)	**(1.1)**	5.6
Net cash flows from operating activities	(26)	**854.9**	736.9	**327.4**	498.8
Cash flows from investing activities					
Payments for property, plant and equipment		**(357.5)**	(414.4)	**-**	-
Payments for intangibles		**(13.4)**	(11.9)	**-**	-
Payments for purchase of investments		**(34.0)**	-	**-**	(0.1)
Payments for minorities' share of controlled entities	(27)	**(80.4)**	(3.0)	**-**	-
Payments for purchase of businesses/controlled entities	(27)	**(26.9)**	(866.2)	**-**	-
Payments of deferred consideration from prior acquisitions		**(25.7)**	-	**-**	-
Proceeds from sale of property, plant and equipment		**11.9**	19.6	**-**	-
Proceeds from sale of investments		**9.7**	-	**-**	-
Proceeds from sale of businesses/controlled entities	(28)	**-**	5.9	**-**	-
Net cash flows used in investing activities		**(516.3)**	(1,270.0)	**-**	(0.1)
Cash flows from financing activities					
Proceeds from long term borrowings		**3,242.3**	-	**-**	-
Repayment of long term borrowings		**(3,052.7)**	-	**-**	-
Cancellation of cumulative non-redeemable preference shares		**-**	(9.5)	**-**	(9.5)
Net movement in short term financing		**(107.9)**	(376.9)	**66.3**	(1,342.1)
Payments for finance leases		**(4.2)**	(3.1)	**-**	-
Proceeds from issue of ordinary shares		**-**	900.6	**-**	900.6
Proceeds from issue of ordinary shares - underwritten Dividend Reinvestment Plan (DRP)		**-**	156.5	**-**	156.5
Payments for buy-back of ordinary shares - LTEIP		**(31.3)**	(7.5)	**(31.3)**	(7.5)
Proceeds from issue of shares to minority interests		**3.4**	12.2	**-**	-
Dividends paid - Orica ordinary shares		**(294.7)**	(155.2)	**(294.7)**	(155.2)
Dividends satisfied by on market buy-back - DRP		**(30.2)**	-	**(30.2)**	-
Distributions paid - Step-Up Preference Securities		**(37.5)**	(41.5)	**(37.5)**	(41.5)
Dividends paid - minority interests		**(18.3)**	(10.4)	**-**	-
Net cash flows (used in)/from financing activities		**(331.1)**	465.2	**(327.4)**	(498.7)
Net increase/(decrease) in cash held		**7.5**	(67.9)	**-**	-
Cash at the beginning of the period		**312.3**	367.7	**-**	-
Effects of exchange rate changes on cash		**(23.2)**	12.5	**-**	-
Cash at the end of the year	(26)	**296.6**	312.3	**-**	-

The Statements of Cash Flows are to be read in conjunction with the notes to the financial statements set out on pages 45 to 120.

Notes to the Financial Statements

For the year ended 30 September 2009

1. Accounting policies

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

(i) Basis of preparation

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

(ii) Statement of compliance

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

The financial statements were approved by the Board of Directors on 9 November 2009. The financial report is presented in Australian dollars which is Orica's functional and presentation currency.

This financial report has been prepared on the basis of Australian Accounting Standards and Interpretations on issue that are effective, or early adopted by Orica as at 30 September 2009.

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 2008.The standards relevant to Orica that have been adopted during the year are:

- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
- AASB 2008-12 Amendments to Australian Accounting Standards - reclassification of financial assets - effective date and transition [AASB 7, AASB 139 & AASB 2008 - 10].
- AASB 2009-3 – Amendments to Australian Accounting Standards – Embedded Derivatives - applicable for annual reporting periods ending on or after 30 June 2009.

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

- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items.
- AASB 2009-4 – Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16].
- AASB 2009-5 – Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139].
- AASB 2009-7 – Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17].

These standards have had no significant impact on the financial statements or impacts disclosure only.

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

- AASB 8 Operating Segments – applicable from annual reporting periods beginning on or after 1 January 2009.
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB6 Exploration for and Evaluation of Mineral Resources, AASB 102 Inventories, AASB 107 Cash Flow Statements, AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment of Assets, AASB 1023 General Insurance Contracts, and AASB 1038 Life Insurance Contracts] – applicable from annual reporting periods beginning on or after 1 January 2009. These amendments arise from the issuance of AASB 8 Operating Segments.
- AASB 101 Presentation of Financial Statements – applicable from annual reporting periods beginning on or after 1 January 2009.
- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 – applicable from annual reporting periods beginning on or after 1 January 2009.
- AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101 – applicable from annual reporting periods beginning on or after 1 January 2009.
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 – applicable from annual reporting periods beginning on or after 1 July 2009.
- AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements – applicable from annual reporting periods beginning on or after 1 July 2009.
- AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners - applicable for annual reporting periods beginning on or after 1 July 2009.
- AASB 2009-2 – Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB4, AASB7, AASB1023 & AASB1038] - applicable for annual reporting periods beginning on or after 1 January 2009.
- AASB 2009-6 – Amendments to Australian Accounting Standards - applicable for annual reporting periods beginning on or after 1 January 2009 that end on or after 30 June 2009.

1. Accounting policies (continued)

- AASB Interpretation 17 – Distributions of non-cash assets to owners - applicable for annual reporting periods beginning on or after 1 July 2009.
- AASB 2009-8 – Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] - applicable for annual reporting periods beginning on or after 1 January 2010.

The consolidated entity expects to adopt these standards and interpretations in the 2010 and subsequent financial reports - however they are not expected to have a significant impact on the financial results of the Company or the consolidated entity.

(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 127 Consolidated and Separate Financial Statements.

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

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

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities and contingent liabilities recognised.

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 Statements 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 total costs incurred to date as a percentage of estimated total costs for each contract. Revenue is recognised to the extent of costs incurred. 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 market conditions not being met.

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.

1. Accounting policies (continued)

(viii) Taxation

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

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 sheets 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.

(ix) 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.

(x) 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.

(xi) 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.

Derecognition

A number of customers use bank facilities that are guaranteed or partially guaranteed by Orica. Where the entire risks and rewards relating to these facilities have been transferred to the financial institution, the receivable is derecognised. Where this has not occurred, the receivable and the equivalent interest bearing liability have been recognised in the Balance Sheet.

(xii) Investments accounted for using the equity method

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

(xiii) 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 Company’s financial statements at their cost of acquisition.

(xiv) 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.

(xv) 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

1. Accounting policies (continued)

straight-line basis at rates calculated to allocate the cost less the estimated residual value over the estimated useful life of each asset to the consolidated entity.

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

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

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

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

(xvi) 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.

(xvii) Intangible assets

Identifiable intangibles

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

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

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

Unidentifiable intangibles

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

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.

(xviii) 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 Statements 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.

(xix) Provisions

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

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

Environmental

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

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

For sites where there are uncertainties with respect to what Orica's remediation obligations might be or what remediation techniques might be approved and no reliable estimate can presently be made of regulatory and remediation costs, no amounts have been capitalised, expensed or provided for.

Decommissioning

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

Self insurance

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

Employee entitlements

Provisions are made for liabilities to employees for annual leave, sick leave and other current employee entitlements that represent the amount for which the consolidated entity has a present obligation. These have been calculated at nominal amounts based on the wage and salary rates that the consolidated entity expects to pay as at each reporting date and include related on-costs.

1. Accounting policies (continued)

Liabilities for employee entitlements which are not expected to be settled within twelve months of balance date, such as long service leave, are accrued at the present value of future amounts expected to be paid. The present value is determined using interest rates applicable to government guaranteed securities with maturities approximating the terms of the consolidated entity's obligations.

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

Contingent liabilities on acquisition of controlled entities

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

Superannuation

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

For each defined benefit scheme, the cost of providing pensions is charged to the Income Statement so as to recognise current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments or settlements, net of expected returns on plan assets.

All actuarial gains and losses are recognised directly in equity.

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.

(xx) Trade and other payables

Dividends

A liability for dividends payable (including distributions on the Step-Up Preference Securities) is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash. A liability for dividends payable on cumulative non-redeemable preference shares was recognised on an accruals basis and included in trade and other payables.

(xxi) Foreign currency

Functional currency

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

Foreign currency transactions

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

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

Financial statements of foreign operations

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

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

Net investment in foreign operations

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

(xxii) 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.

1. Accounting policies (continued)

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 directly in equity.

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 equity 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 equity is recognised in the Income Statement.

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

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

Hedge of net investment in foreign operations

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

Anticipated transactions

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

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

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

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

1. Accounting policies (continued)

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.

(xxiii) 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.

(xxiv) 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.

Cumulative non-redeemable preference shares

Cumulative non-redeemable preference shares were included in liabilities in 2007 as they were, in substance, borrowings. Dividends payable on these shares were recognised in the Income Statements as borrowing costs on an accruals basis.

Step-Up Preference Securities

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

(xxv) Impairment of assets

The carrying amount of Orica's and the Group's non-current assets excluding defined benefit fund assets, deferred tax assets, goodwill and indefinite life intangible 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. Goodwill and indefinite life intangible assets are tested for impairment annually.

The recoverable amount of an asset is determined as the higher of fair value less costs to sell and value in use.

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

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

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

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

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

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

Reversals of impairment

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill is not reversed. 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.

(xxvi) 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.

(xxvii) 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.

(xxviii) Comparatives

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

2. Segment report

Segment information is presented in respect of the consolidated entity's business and geographical segments. The primary format is business segments. The consolidated entity's operations have been divided into five business segments comprising Mining Services, Minova, DuluxGroup, 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 and profit from the sale of businesses and controlled entities.

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

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

Defined business segments	Products/services
Mining Services	Manufacture and supply of explosives and mining services, initiating systems and blasting technology to the mining, quarrying, construction and exploration industries.
Minova	Manufacture and supply of specialty bolts, accessories and chemicals for stabilisation and ventilation systems in underground mining and civil tunnelling works.
DuluxGroup *	Manufacture and supply of paints and other surface coatings to the decorative and technical markets and a range of home handyman, car care and garden care products.
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.

* Previously referred to as Consumer Products.

2. Segment report (continued)

Primary reporting
Business segments
2009
$m

	Mining Services	Minova	DuluxGroup	Chemicals	Other	Eliminations	Consolidated
Revenue							
External sales	4,042.7	940.9	940.1	1,486.5	0.8	-	7,411.0
Inter-segment sales	15.1	-	0.1	61.8	0.2	(77.2)	-
Total sales revenue	4,057.8	940.9	940.2	1,548.3	1.0	(77.2)	7,411.0
Other income [1]	34.1	(1.9)	0.9	(1.3)	12.7	-	44.5
Total revenue and other income	4,091.9	939.0	941.1	1,547.0	13.7	(77.2)	7,455.5
Results							
Profit/(loss) before individually material items, net financing costs and income tax expense	736.5	145.1	128.9	170.4	(98.4)	-	1,082.5
Individually material items	(48.4)	(12.8)	-	(16.5)	(61.9)	-	(139.6)
Profit/(loss) from operations	688.1	132.3	128.9	153.9	(160.3)	-	942.9
Net financing costs							(133.5)
Profit before income tax expense							809.4
Income tax expense							(228.0)
Profit after income tax expense							581.4
Minority interests in profit after income tax							(39.6)
Net profit for the period relating to shareholders of Orica Limited							541.8
Segment assets	3,238.1	1,799.0	503.2	976.7	837.2	-	7,354.2
Segment liabilities	815.6	139.5	233.8	225.4	1,967.1	-	3,381.4
Investments accounted for using the equity method	165.5	-	1.7	0.2	-	-	167.4
Acquisitions of PPE and intangibles	273.3	14.6	19.0	53.7	26.3	-	386.9
Impairment of PPE	0.9	-	-	7.7	61.1	-	69.7
Impairment of intangibles	1.0	-	-	8.2	-	-	9.2
Impairment of inventories	4.4	2.4	1.6	7.2	-	-	15.6
Impairment of trade receivables	5.2	0.8	1.4	0.9	0.9	-	9.2
Impairment of investments	-	-	-	-	1.4	-	1.4
Depreciation	137.9	9.8	15.3	33.2	6.5	-	202.7
Amortisation	14.2	26.1	1.7	0.6	2.4	-	45.0
Non-cash expenses other than depreciation and amortisation: - share based payments	3.3	0.9	0.8	0.9	2.2	-	8.1
Share of associates net profit equity accounted	60.1	-	0.9	0.1	-	-	61.1

[1] Includes foreign exchange gains/losses in various business segments.

2. Segment report (continued)

Primary reporting
Business segments
2008
$m

	Mining Services	Minova	DuluxGroup	Chemicals	Other	Eliminations	Consolidated
Revenue							
External sales	3,540.0	794.2	875.2	1,334.2	0.5	-	6,544.1
Inter-segment sales	12.1	-	0.2	71.9	-	(84.2)	-
Total sales revenue	3,552.1	794.2	875.4	1,406.1	0.5	(84.2)	6,544.1
Other income	38.2	0.4	1.0	2.3	11.9	-	53.8
Total revenue and other income	3,590.3	794.6	876.4	1,408.4	12.4	(84.2)	6,597.9
Results							
Profit/(loss) before individually material items, net financing costs and income tax expense	635.6	150.1	122.6	146.1	(84.3)	-	970.1
Individually material items	(9.6)	(12.0)	-	(20.0)	-	-	(41.6)
Profit/(loss) from operations	626.0	138.1	122.6	126.1	(84.3)	-	928.5
Net financing costs							(157.7)
Profit before income tax expense							770.8
Income tax expense							(203.5)
Profit after income tax expense							567.3
Minority interests in profit after income tax							(27.7)
Net profit for the period relating to shareholders of Orica Limited							539.6
Segment assets	3,599.3	2,037.0	465.9	1,049.6	856.0	-	8,007.8
Segment liabilities	1,121.5	197.3	202.0	288.5	1,880.1	-	3,689.4
Investments accounted for using the equity method	206.6	-	1.6	0.1	-	-	208.3
Acquisitions of PPE and intangibles	299.7	13.3	37.3	75.1	22.9	-	448.3
Impairment of inventories	3.3	0.6	2.1	1.2	-	-	7.2
Impairment of trade receivables	4.8	0.7	1.1	1.1	-	-	7.7
Depreciation	118.3	7.9	11.3	31.6	8.5	-	177.6
Amortisation	14.0	21.9	2.4	0.5	2.3	-	41.1
Non-cash expenses other than depreciation and amortisation: - share based payments	2.7	0.6	0.5	0.6	2.1	-	6.5
Share of associates net profit equity accounted	27.8	-	0.2	0.1	-	-	28.1

2. Segment report (continued)

Secondary reporting
Geographical segments
2009
$m

$m	Australia	New Zealand	Asia	North America	Latin America	Europe	Other	Eliminations	Consolidated
Revenue									
External sales	2,891.4	392.8	786.0	1,326.6	1,057.3	874.3	82.6	-	7,411.0
Inter-segment sales	277.8	12.4	14.1	96.8	16.9	23.9	5.6	(447.5)	-
Total sales revenue	3,169.2	405.2	800.1	1,423.4	1,074.2	898.2	88.2	(447.5)	7,411.0
Other income (1)	5.1	2.2	(1.0)	3.3	25.7	9.2	-	-	44.5
Total revenue and other income	3,174.3	407.4	799.1	1,426.7	1,099.9	907.4	88.2	(447.5)	7,455.5
Results									
Profit before individually material items, net financing costs and income tax expense	467.3	46.7	99.3	186.2	126.9	143.7	12.4	-	1,082.5
Individually material items	(86.0)	-	(0.6)	(18.1)	(10.6)	(24.1)	(0.2)	-	(139.6)
Profit from operations	381.3	46.7	98.7	168.1	116.3	119.6	12.2	-	942.9
Net financing costs									(133.5)
Profit before income tax expense									809.4
Income tax expense									(228.0)
Profit after income tax expense									581.4
Minority interests in profit after income tax									(39.6)
Net profit for the period relating to shareholders of Orica Limited									541.8
Segment assets	3,067.9	162.8	589.3	1,496.4	499.8	1,490.4	47.6	-	7,354.2
Segment liabilities	1,872.0	573.8	279.8	242.7	130.0	275.6	7.5	-	3,381.4
Investments accounted for using the equity method	1.9	-	35.2	116.8	2.8	10.7	-	-	167.4
Acquisitions of PPE and intangibles	157.1	12.9	107.4	33.8	33.1	40.2	2.4	-	386.9
Impairment of PPE	68.8	-	-	-	-	0.9	-	-	69.7
Impairment of intangibles	9.2	-	-	-	-	-	-	-	9.2
Impairment of inventories	9.3	0.8	1.2	2.6	0.6	1.0	0.1	-	15.6
Impairment of trade receivables	3.6	-	1.4	0.1	0.8	3.1	0.2	-	9.2
Impairment of investments	1.4	-	-	-	-	-	-	-	1.4
Depreciation	109.2	5.4	12.1	34.5	15.5	24.9	1.1	-	202.7
Amortisation	12.9	0.1	0.8	17.5	2.0	11.7	-	-	45.0
Non-cash expenses other than depreciation and amortisation: - share based payments	5.9	0.1	0.1	1.0	0.3	0.6	0.1	-	8.1
Share of associates net profit equity accounted	1.0	-	5.9	42.7	1.3	10.2	-	-	61.1

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

2. Segment report (continued)

Secondary reporting
Geographical segments
2008
$m

	Australia	New Zealand	Asia	North America	Latin America	Europe	Other	Eliminations	Consolidated
Revenue									
External sales	2,703.4	376.2	527.2	1,219.5	809.0	847.8	61.0	-	6,544.1
Inter-segment sales	241.3	12.9	17.7	58.2	22.5	65.5	5.9	(424.0)	-
Total sales revenue	2,944.7	389.1	544.9	1,277.7	831.5	913.3	66.9	(424.0)	6,544.1
Other income	15.0	1.0	1.6	9.5	15.0	11.7	-	-	53.8
Total revenue and other income	2,959.7	390.1	546.5	1,287.2	846.5	925.0	66.9	(424.0)	6,597.9
Results									
Profit before individually material items, net financing costs and income tax expense	434.7	44.0	70.9	172.5	91.8	148.4	7.8	-	970.1
Individually material items	(24.2)	-	(1.0)	(9.0)	(5.6)	(1.0)	(0.8)	-	(41.6)
Profit from operations	410.5	44.0	69.9	163.5	86.2	147.4	7.0	-	928.5
Net financing costs									(157.7)
Profit before income tax expense									770.8
Income tax expense									(203.5)
Profit after income tax expense									567.3
Minority interests in profit after income tax									(27.7)
Net profit for the period relating to shareholders of Orica Limited									539.6
Segment assets	3,030.3	259.9	570.2	1,800.5	592.7	1,707.0	47.2	-	8,007.8
Segment liabilities	2,031.5	538.1	142.5	405.1	192.4	368.5	11.3	-	3,689.4
Investments accounted for using the equity method	1.7	-	62.2	127.5	2.8	14.1	-	-	208.3
Acquisitions of PPE and intangibles	189.3	14.7	85.2	72.6	31.8	51.4	3.3	-	448.3
Impairment of inventories	4.4	0.6	1.2	0.3	0.3	0.4	-	-	7.2
Impairment of trade receivables	1.6	0.1	0.7	2.3	0.4	2.5	0.1	-	7.7
Depreciation	101.7	5.0	8.9	24.6	14.1	22.4	0.9	-	177.6
Amortisation	13.2	0.4	0.6	13.1	2.1	11.7	-	-	41.1
Non-cash expenses other than depreciation and amortisation: - share based payments	4.6	0.1	0.1	0.7	0.4	0.6	-	-	6.5
Share of associates net profit equity accounted	0.8	-	5.9	19.2	1.0	1.2	-	-	28.1

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m

3. Sales revenue and other income

	2009 $m	2008 $m	**2009 $m**	2008 $m
Sales revenue	**7,411.0**	6,544.1	**-**	-
Other income				
Royalty income	**1.4**	1.9	**-**	-
Dividend income:				
controlled entities	**-**	-	**289.1**	524.1
external parties	**0.1**	-	**-**	-
Other income	**23.9**	34.6	**-**	-
Currency gains [1]	**3.8**	11.9	**-**	-
Profit from sale of businesses/controlled entities/investments	**13.5**	-	**-**	-
Profit on sale of property, plant and equipment	**1.8**	5.4	**-**	-
Total other income	**44.5**	53.8	**289.1**	524.1

[1] Includes $20 million relating to a gain on derivative instruments used to economically hedge the purchase of minority interests during the period.

4. Specific profit and loss income and expenses

	2009 $m	2008 $m	**2009 $m**	2008 $m
a) Financial income:				
Interest income received/receivable from:				
controlled entities	**-**	-	**45.3**	53.4
income on Excel net investment hedge (refer note 34)	**-**	24.2	**-**	-
associated companies	**-**	0.6	**-**	-
external parties – banks	**50.8**	43.3	**-**	0.5
Total financial income	**50.8**	68.1	**45.3**	53.9
b) Financial expenses:				
Borrowing costs paid/payable to:				
controlled entities	**-**	-	**3.6**	73.6
external parties - banks	**175.5**	216.2	**-**	-
unwinding of discount on provisions	**7.0**	8.1	**-**	-
finance charges – finance leases	**1.8**	1.5	**-**	-
Total financial expenses	**184.3**	225.8	**3.6**	73.6
Net financing costs/(income)	**133.5**	157.7	**(41.7)**	19.7
c) Profit before income tax expense is arrived at after charging/(crediting):				
Depreciation on property, plant and equipment:				
buildings and improvements	**12.8**	15.6	**-**	0.2
machinery, plant and equipment	**189.9**	162.0	**0.1**	-
Total depreciation on property, plant and equipment	**202.7**	177.6	**0.1**	0.2
Amortisation of intangibles	**45.0**	41.1	**-**	-
Amounts provided for:				
trade receivables impairment	**9.2**	7.7	**-**	-
doubtful debts – other receivables	**3.2**	0.2	**-**	-
employee entitlements	**39.2**	40.5	**-**	-
environmental liabilities	**16.6**	5.2	**-**	-
inventory impairment	**15.6**	7.2	**-**	-
restructuring and rationalisation provisions	**24.3**	21.1	**-**	-
decommissioning	**0.2**	-	**-**	-
onerous contracts	**4.0**	-	**-**	-
other provisions	**14.6**	1.8	**-**	-
Bad debts written off to impairment allowance	**3.6**	4.1	**-**	-
Lease payments – operating leases	**92.5**	83.3	**-**	-
Loss on disposal of businesses/controlled entities	**-**	1.7	**1.1**	-
Research and development	**42.4**	37.0	**-**	-

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

	2009			2008		
	Gross $m	**Tax $m**	**Net $m**	Gross $m	Tax $m	Net $m
d) Profit after income tax includes the following individually material items of (expense)/income: Consolidated						
Restructuring and rationalisation costs: [1]						
Mining Services	**(32.1)**	**7.4**	**(24.7)**	-	-	-
Chemicals business	**-**	**-**	**-**	(20.0)	5.3	(14.7)
DuluxGroup demerger costs [2]	**(20.8)**	**5.5**	**(15.3)**	-	-	-
Asset impairment writedowns:						
Marplex	**(16.5)**	**2.5**	**(14.0)**	-	-	-
Botany Groundwater Treatment Plant [3]	**(61.1)**	**18.3**	**(42.8)**	-	-	-
Integration costs [4]						
Dyno Nobel	**(16.3)**	**3.7**	**(12.6)**	(9.6)	0.1	(9.5)
Minova/Excel	**(12.8)**	**3.6**	**(9.2)**	(12.0)	3.0	(9.0)
Net gain on derivatives [5]	**20.0**	**(6.0)**	**14.0**	-	-	-
Individually material items	**(139.6)**	**35.0**	**(104.6)**	(41.6)	8.4	(33.2)
Minority interests in individually material items	**(0.3)**	**-**	**(0.3)**	(0.5)	-	(0.5)
Individually material items attributable to shareholders of Orica	**(139.3)**	**35.0**	**(104.3)**	(41.1)	8.4	(32.7)

[1] Costs including asset write downs and provisions relating to restructuring of the Mining Services business in 2009 and restructuring and merging of the Chemicals business in 2008.

[2] Costs associated with the proposed DuluxGroup demerger which has been indefinately deferred.

[3] During the year due to a deterioration of the business performance, Orica reviewed the recoverability of the Botany Groundwater Treatment Plant assets resulting in the assets being written down from $61.1 million to nil.

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

[5] Gain on derivative instruments used to economically hedge the purchase of minority interests during the period. Such transactions do not qualify for hedge accounting and accordingly the gain on the derivative instruments has been recognised in the income statement.

	Consolidated 2009 $m	2008 $m
5. Income tax expense		
a) Income tax expense recognised in the income statement		
Current tax expense		
Current year	**292.9**	172.9
Deferred tax	**(66.0)**	36.9
Under/(over) provided in prior years	**1.1**	(6.3)
Total income tax expense in income statement	**228.0**	203.5
b) Reconciliation of income tax expense to prima facie tax payable		
Income tax expense attributable to profit before individually material items		
Prima facie income tax expense calculated at 30% on profit before individually material items	**284.7**	243.7
Tax effect of items which (decrease)/increase tax expense:		
variation in tax rates of foreign controlled entities	**(1.1)**	(1.6)
tax under/(over) provided in prior years	**1.1**	(6.3)
non allowable share based payment	**2.4**	1.9
non taxable profit on sale of investments	**(3.6)**	-
other foreign deductions	**(27.4)**	(32.6)
sundry items	**6.9**	6.8
Income tax expense attributable to profit before individually material items	**263.0**	211.9
Income tax (benefit)/expense attributable to individually material items		
Prima facie income tax (benefit)/expense calculated at 30% on (loss)/profit from individually material items	**(41.9)**	(12.5)
Tax effect of items which (decrease)/increase tax expense:		
variation in tax rates of foreign controlled entities	**(1.3)**	(0.2)
individually material items:		
non allowable Mining Services integration costs	**2.8**	-
non allowable Marplex impairment writedown	**2.4**	-
non allowable Dyno Nobel integration costs	**1.3**	2.8
non allowable Minova integration costs	**0.9**	0.8
non allowable DuluxGroup demerger costs	**0.8**	-
non allowable Chemicals restructuring costs	**-**	0.7
Income tax benefit attributable to loss from individually material items	**(35.0)**	(8.4)
Income tax expense reported in the income statement	**228.0**	203.5

5. Income tax expense (continued)

	Company	
	2009	2008
c) Income tax expense/(benefit) recognised in the income statement	**$m**	$m
Current tax benefit		
Current year	**14.0**	(3.2)
Deferred tax	**1.5**	1.5
Over provided in prior years	**(0.2)**	(1.2)
Total income tax expense/(benefit) in income statement	**15.3**	(2.9)
d) Reconciliation of income tax expense/(benefit) to prima facie tax payable		
Income tax expense/(benefit) attributable to profit before individually material items		
Prima facie income tax expense calculated at 30% on profit before individually material items	**98.1**	148.4
Tax effect of items which (decrease)/increase tax expense:		
rebateable and exempt dividends	**(86.7)**	(157.2)
tax over provided in prior years	**(0.2)**	(1.2)
sundry items	**4.1**	7.1
Income tax expense/(benefit) reported in the income statement	**15.3**	(2.9)

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
e) Deferred income tax related to items charged or credited to equity:				
Net loss on hedge of net investments in foreign subsidiary	**19.5**	(2.8)	**-**	-
Cash flow hedges - effective portion of changes in fair value	**2.4**	(4.1)	**-**	-
Actuarial losses/(benefits) on defined benefit plans	**8.9**	14.4	**-**	-
Deferred income tax related to items charged or credited to statements of recognised income and expense	**30.8**	7.5	**-**	-
Deductible share issue costs	**-**	2.1	**-**	-
Deferred income tax related to items charged or credited to equity	**30.8**	9.6	**-**	-

5. Income tax expense (continued)

f) Recognised deferred tax assets and liabilities

		Balance Sheet		Income Statement	
		2009	2008	**2009**	2008
Consolidated	Notes	**$m**	$m	**$m**	$m
Deferred tax assets					
Trade and other receivables		**4.9**	4.3	**(0.6)**	0.7
Inventories		**12.4**	11.6	**(0.8)**	(2.5)
Property, plant and equipment		**41.7**	21.0	**(20.7)**	5.4
Intangible assets		**15.1**	18.5	**3.4**	0.3
Trade and other payables		**25.0**	59.4	**34.3**	(17.2)
Interest bearing liabilities		**36.5**	0.2	**(14.4)**	23.5
Provision for employee entitlements		**31.7**	30.2	**(1.5)**	(2.8)
Provision for retirement benefit obligations		**40.1**	38.4	**7.2**	6.1
Provisions for restructuring and rationalisation		**3.9**	4.2	**0.3**	0.8
Provisions for environmental		**63.4**	67.4	**4.0**	7.4
Provisions for decommissioning		**3.8**	4.4	**0.6**	0.8
Tax losses		**82.8**	67.6	**(15.2)**	(42.0)
Other items		**10.8**	7.4	**(3.4)**	(1.6)
Deferred tax assets		**372.1**	334.6		
Less set-off against deferred tax liabilities		**(118.9)**	(170.5)		
Net deferred tax assets	(15)	**253.2**	164.1		
Deferred tax liabilities					
Inventories		**4.9**	5.4	**(0.5)**	-
Property, plant and equipment		**81.6**	99.5	**(17.9)**	5.4
Intangible assets		**79.6**	81.7	**(2.1)**	11.7
Interest bearing liabilities		**1.3**	40.4	**(39.1)**	34.2
Undistributed profits of foreign subsidiaries		**9.8**	11.1	**(1.3)**	2.0
Other items		**17.9**	16.2	**1.7**	4.7
Deferred tax liabilities		**195.1**	254.3		
Less set-off against deferred tax assets		**(118.9)**	(170.5)		
Net deferred tax liabilities	(20)	**76.2**	83.8		
Deferred tax (benefit)/expense				**(66.0)**	36.9

Company					
Deferred tax assets					
Property, plant and equipment		**0.6**	0.6	**-**	0.1
Provisions for other		**0.2**	0.3	**0.1**	-
Other items		**3.2**	4.6	**1.4**	1.4
Deferred tax assets	(15)	**4.0**	5.5		
Deferred tax expense				**1.5**	1.5

5. Income tax expense (continued)

g) Unrecognised deferred tax assets and liabilities

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
Tax losses not booked	**12.6**	11.6	**-**	-
Capital losses not booked	**27.5**	27.5	**-**	-
Temporary differences not booked	**0.9**	0.9	**-**	-

Geographical analysis of tax losses not booked at 30 September 2009:	Tax losses	Capital losses	Expiry date
	$m	**$m**	
Australia	**0.6**	**24.8**	Indefinite
Other	**12.0**	**2.7**	Between 2010 and 2020
	12.6	**27.5**	

h) Unrecognised temporary differences

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised	**954.8**	973.9	**11.9**	19.2
Unrecognised deferred tax liabilities relating to the above temporary differences	**124.8**	130.8	**2.0**	3.3

	Consolidated 2009 $m	Consolidated 2008 $m

6. Earnings per share (EPS)

(i) As reported in the income statement

	2009 $m	2008 $m
Reconciliation of earnings used in the calculation of EPS attributable to ordinary shareholders of Orica		
Net profit for the year from operations	**581.4**	567.3
Net profit for the year from operations attributable to minority interests	**(39.6)**	(27.7)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)	**(28.1)**	(28.1)
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica	**513.7**	511.5
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)	**28.1**	28.1
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica	**541.8**	539.6

	Number	Number
Weighted average number of shares used as the denominator:		
Number for basic earnings per share	**353,879,570**	320,040,216
Effect of executive share options	**2,311,094**	3,520,965
Effect of Orica Step-Up Preference Securities	**28,583,380**	18,041,197
Number for diluted earnings per share	**384,774,044**	341,602,378
The following Orica Long Term Equity Incentive Plans have not been included in the calculation for diluted EPS as they are not dilutive:		
- issue date 20 Nov 2006	**1,274,699**	-
- issue date 11 May 2007	**33,464**	61,393
- issue date 18 Dec 2007	**1,206,357**	1,348,983
- issue date 26 Jun 2009	**40,580**	-

	Cents per share	Cents per share
Total attributable to ordinary shareholders of Orica		
Basic earnings per share	**145.2**	159.8
Diluted earnings per share	**140.8**	158.0

(ii) Adjusted for individually material items

	$m	$m
Reconciliation of earnings used in the calculation of EPS adjusted for individually material items attributable to ordinary shareholders of Orica		
Net profit for the year from operations	**581.4**	567.3
Net profit for the year from operations attributable to minority interests	**(39.6)**	(27.7)
Distribution on Orica Step-Up Preference Securities (net of tax benefit)	**(28.1)**	(28.1)
Adjusted for individually material items from operations	**104.3**	32.7
Earnings used in calculation of basic EPS attributable to ordinary shareholders of Orica	**618.0**	544.2
Add back distribution on Orica Step-Up Preference Securities (net of tax benefit)	**28.1**	28.1
Earnings used in calculation of diluted EPS attributable to ordinary shareholders of Orica	**646.1**	572.3

	Cents per share	Cents per share
Total attributable to ordinary shareholders of Orica before individually material items		
Basic earnings per share	**174.6**	170.0
Diluted earnings per share	**167.9**	167.5

7. Cash and cash equivalents

	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $m
Cash at bank and on hand	**249.4**	243.5	**-**	-
Deposits at call				
external	**59.1**	77.8	**-**	-
	308.5	321.3	**-**	-

(i) Fair values

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

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m

8. Trade and other receivables

	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $m
Current				
Trade receivables (i)				
external [(1)]	**882.0**	1,025.7	**-**	-
associated companies	**6.6**	20.3	**-**	-
Less allowance for impairment (i) (ii)				
external	**(23.4)**	(22.4)	**-**	-
	865.2	1,023.6	**-**	-
Other receivables (iii)				
external	**103.2**	124.2	**-**	-
controlled entities	**-**	-	**958.4**	971.6
Less allowance for impairment (iii) (iv)				
external	**(3.5)**	(0.4)	**-**	-
	99.7	123.8	**958.4**	971.6
	964.9	1,147.4	**958.4**	971.6
Non-current				
Other receivables (vii)				
external [(2)]	**103.1**	108.1	**100.0**	100.0
retirement benefit surplus	**0.3**	2.9	**-**	-
	103.4	111.0	**100.0**	100.0

[(1)] Trade receivables includes $12.7 million (2008 $13.4 million) of receivables that have effectively been transferred from Orica but do not qualify for derecognition under AASB 139 due to the consolidated entity's exposure to the relevant debtors via guarantees provided to financial institutions should they not pay. A corresponding liability is recognised in note 17.

[(2)] This includes $100.0 million (2008 $100.0 million) that was paid during the financial year ended 30 September 2005 to the Australian Tax Office in relation to the sale of the pharmaceuticals business to Zeneca in September 1998. Orica has lodged an appeal with the Federal Court and the directors are of the opinion that the amount paid and recognised as a non-current receivable is recoverable (refer note 33).

(i) Trade receivables and allowance for impairment

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

	Consolidated		Consolidated	
	2009	**2009**	2008	2008
	Gross	**Allowance**	Gross	Allowance
	$m	**$m**	$m	$m
Not past due	**735.9**	**(0.1)**	860.7	(0.2)
Past due 0 - 30 days	**76.0**	**(0.5)**	90.5	(0.4)
Past due 31 - 60 days	**26.4**	**(0.3)**	32.6	(3.3)
Past due 61 - 90 days	**12.5**	**(0.5)**	10.2	(0.6)
Past due 91 - 120 days	**10.2**	**(2.1)**	10.5	(0.8)
Past 120 days	**27.6**	**(19.9)**	41.5	(17.1)
	888.6	**(23.4)**	1,046.0	(22.4)

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

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

The following basis has been used to assess the allowance for doubtful trade receivables:

- a statistical approach to determine the historical allowance rate for various tranches of receivables;
- an individual account by account assessment based on past credit history; and
- prior knowledge of debtor insolvency or other credit risk.

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

8. Trade and other receivables (continued)

(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		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
Opening balance	**(22.4)**	(19.5)	**-**	-
Allowances made during the year	**(9.2)**	(7.7)	**-**	-
Additions through acquisition of entities	**(1.3)**	(2.3)	**-**	-
Allowances utilised during the year	**3.5**	4.1	**-**	-
Allowances written back during the year	**3.3**	4.5	**-**	-
Foreign currency exchange differences	**2.7**	(1.5)	-	-
Closing balance	**(23.4)**	(22.4)	**-**	-

(iii) Current other receivables and allowance for impairment

	Consolidated		Consolidated	
	2009	**2009**	2008	2008
	Gross	**Allowance**	Gross	Allowance
	$m	**$m**	$m	$m
Not past due	**76.8**	**-**	68.6	-
Past due 0 - 30 days	**2.1**	**-**	19.4	-
Past due 31 - 60 days	**0.8**	**-**	1.1	-
Past due 61 - 90 days	**1.5**	**-**	4.2	-
Past due 91 - 120 days	**1.2**	**-**	1.5	-
Past 120 days	**20.8**	**(3.5)**	29.4	(0.4)
	103.2	**(3.5)**	124.2	(0.4)

	Company		Company	
	2009	**2009**	2008	2008
	Gross	**Allowance**	Gross	Allowance
	$m	**$m**	$m	$m
Not past due	**958.4**	**-**	971.6	**-**

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

The collectability of other receivables is assessed at balance date and specific allowances are made for any doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off to the Income Statements 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.

8. Trade and other receivables (continued)

(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		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
Opening balance	**(0.4)**	(1.9)	**-**	-
Allowances made during the year	**(3.2)**	(0.2)	**-**	-
Allowances utilised during the year	**0.1**	-	**-**	-
Allowances written back during the year	**-**	1.8	**-**	-
Foreign currency exchange differences	**-**	(0.1)	**-**	-
Closing balance	**(3.5)**	(0.4)	**-**	-

(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.

(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:

	2009	2008
	%	%
Mining Services	**48.4**	53.6
Minova	**14.7**	13.7
DuluxGroup	**16.0**	12.2
Chemicals	**19.5**	18.1
Corporate	**1.4**	2.4
	100.0	100.0

	2009	2008
	%	%
Australia	**38.1**	34.8
New Zealand	**4.8**	4.7
Asia	**14.5**	13.1
North America	**9.1**	13.7
Latin America	**13.0**	15.5
Europe	**19.1**	16.7
Other	**1.4**	1.5
	100.0	100.0

The Company is exposed to credit risk through the financial assets it holds. This is concentrated with related parties.

(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		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
9. Inventories				
Raw materials and stores	**228.2**	332.5	**-**	-
Work in progress	**16.6**	35.7	**-**	-
Finished goods	**375.0**	456.1	**-**	-
	619.8	824.3	**-**	-
10. Other assets				
Current				
Prepayments and other assets	**55.9**	68.9	**0.1**	0.1
	55.9	68.9	**0.1**	0.1
Non-current				
Prepayments and other assets	**3.4**	0.3	**-**	-
	3.4	0.3	**-**	-

11. Investments accounted for using the equity method

Name	Principal activity	Balance date	Ownership 2009 %	Ownership 2008 %	Carrying amount 2009 $m	Carrying amount 2008 $m
Australian Plantations Pty Ltd	Tea tree oil production	30 Jun	**50.0**	50.0	**0.2**	0.1
Botany Industrial Park Pty Limited	Facility management service	30 Sep	**33.4**	33.4	**-**	-
BXL Bulk Explosives Limited (1)	Manufacture and sale of explosives	31 Oct	**50.0**	50.0	**1.0**	0.7
Controladora DNS de RL de CV (2)	Manufacture and sale of explosives	30 Sep	**49.0**	49.0	**0.1**	0.1
Dyno Nobel UMMC LLC (3)	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**1.6**	-
Exor Explosives Limited (4)	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**0.9**	1.4
Geneva Nitrogen LLC (5)	Manufacture and sale of explosives	30 Sep	**50.0**	50.0	**7.5**	7.9
Geodynamics B.V. (6)	Manufacture and sale of explosives	31 Dec	**27.3**	27.3	**5.8**	5.4
Irish Mining Emulsion Systems Ltd (7)	Manufacture and sale of explosives	30 Sep	**50.0**	50.0	**0.1**	-
MicroCoal Inc.(5)	Development and commercialisation of coal dewatering process	31 Dec	**50.0**	50.0	**-**	3.7
MSW-Chemie GmbH (8)	Manufacture and sale of explosives	31 Dec	**31.5**	31.5	**0.6**	0.7
Nelson Brothers, LLC (5)	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**26.0**	28.4
Nelson Brothers Mining Services LLC (5)	Supply of explosives	31 Dec	**50.0**	50.0	**19.8**	20.8
Norabel Ignition Systems AB (9)	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**0.7**	0.5
Northwest Energetic Services, LLC (5) *	Manufacture and sale of explosives	31 Dec	**-**	-	**-**	-
Orica Camel Coatings Ltd (10)	Manufacture and sale of powder coatings	31 Dec	**50.0**	50.0	**-**	-
OY Forcit (11) **	Manufacture and sale of explosives	31 Dec	**-**	20.0	**-**	5.1
Pigment Manufacturers of Australia Limited	Non-operating company	31 Dec	**50.0**	50.0	**-**	-
Pinegro Products Pty Ltd	Manufacture and sale of garden products	30 Jun	**50.0**	50.0	**1.7**	1.6
PIIK Limited Partnership (1)	Sale of explosives	30 Sep	**49.0**	49.0	**-**	-
Servicios Petroleros Oricorp Mexico, SA de CV (2)	Manufacture and sale of explosives	31 Dec	**47.0**	47.0	**0.1**	-
Southwest Energy LLC (5)	Sale of explosives	30 Sep	**50.0**	50.0	**62.5**	66.0
Sprewa Sprengmittel GmbH (8)	Sale of explosives	31 Dec	**24.0**	24.0	**0.8**	0.8
SVG&FNS Philippines Holdings Inc (12)	Investment company	31 Dec	**40.0**	40.0	**-**	-
Thai Nitrate Company Ltd (13)	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**35.2**	62.2
Troisdorf GmbH (8)	Holder of operating permits	30 Sep	**50.0**	50.0	**-**	-
Ulaex SA (14)	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**2.7**	2.8
Wurgendorf GmbH (8)	Holder of operating permits	30 Sep	**50.0**	50.0	**0.1**	0.1
					167.4	208.3

Consolidated.

Entities are incorporated in Australia except: (1) Canada, (2) Mexico, (3) Russia, (4) UK, (5) USA, (6) Holland, (7) Ireland, (8) Germany, (9) Sweden, (10) Hong Kong, (11) Finland, (12) Philippines, (13) Thailand, (14) Cuba.

* Consolidated as a subsidiary: Northwest Energetic Services, LLC from 1 December 2007.

* * Disposed of in 2009.

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

	Consolidated 2009 $m	Consolidated 2008 $m
Results of associates		
Share of associates' profit from ordinary activities before income tax	**64.3**	30.4
Share of associates' income tax expense relating to profit from ordinary activities	**(3.2)**	(2.3)
Share of associates' net profit equity accounted	**61.1**	28.1
Share of post-acquisition accumulated losses and reserves attributable to associates		
Share of associates' accumulated losses at the beginning of the year	**(22.9)**	(30.7)
Share of associates' net profit equity accounted	**61.1**	28.1
Less dividends from associates	**(66.6)**	(20.3)
Share of associates' accumulated losses at the end of the year	**(28.4)**	(22.9)
Movements in carrying amounts of investments		
Carrying amount of investments in associates at the beginning of the year	**208.3**	124.5
Investments in associates acquired during the year	**0.9**	66.5
Investments in associates disposed of during the year	**(10.9)**	(1.2)
Adjustment to deferred consideration	**(2.0)**	-
Impairment of investments	**(1.4)**	-
Share of associates' net profit equity accounted	**61.1**	28.1
Less dividends from associates	**(66.6)**	(20.3)
Effects of exchange rate changes	**(22.0)**	10.7
Carrying amount of investments in associates at the end of the year	**167.4**	208.3
Summary of profit and loss and balance sheets of associates on a 100% basis		
The aggregate net profit, assets and liabilities of associates are:		
Revenue	**790.3**	555.1
Net profit after tax	**92.8**	48.2
Assets	**505.6**	434.9
Liabilities	**132.3**	189.0

The Company does not have any associates.

12. Other financial assets

	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $m
Current				
Derivative assets (i)				
forward foreign exchange contracts	**33.9**	82.8	**-**	-
interest rate swaps	**6.8**	13.1	**-**	-
foreign exchange options	**4.6**	0.4	**-**	-
	45.3	96.3	**-**	-
Non-current				
Interest in unlisted entities				
at fair value	**0.9**	1.0	**-**	-
Interest in unlisted controlled entities				
at cost	**-**	-	**1,914.0**	1,915.1
	0.9	1.0	**1,914.0**	1,915.1

(i) Derivative assets

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

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m

13. Property, plant and equipment

	2009 $m	2008 $m	**2009 $m**	2008 $m
Land, buildings and improvements				
at cost	**588.6**	586.8	**39.1**	39.1
accumulated depreciation	**(215.3)**	(199.4)	**(13.2)**	(13.2)
Total carrying value	**373.3**	387.4	**25.9**	25.9
Machinery, plant and equipment				
Gross book value				
at cost	**2,988.1**	2,919.0	**3.2**	3.2
under finance lease	**26.8**	26.1	**-**	-
	3,014.9	2,945.1	**3.2**	3.2
Accumulated depreciation				
at cost	**(1,310.3)**	(1,279.2)	**(3.2)**	(3.1)
under finance lease	**(2.9)**	(1.0)	**-**	-
	(1,313.2)	(1,280.2)	**(3.2)**	(3.1)
Net carrying value				
at cost	**1,677.8**	1,639.8	**-**	0.1
under finance lease	**23.9**	25.1	**-**	-
Total carrying value	**1,701.7**	1,664.9	**-**	0.1
Total net carrying value of property, plant and equipment	**2,075.0**	2,052.3	**25.9**	26.0

Capitalised borrowing costs

Interest amounting to $5.0 million (2008 $2.0 million) was capitalised to property, plant and equipment, calculated at the rate of 5.1% (2008 7.4%).

Significant assets under construction

Included in Property, Plant and Equipment is an amount of $148.1 million (2008 $76.1 million) of assets under construction relating to the Bontang, Indonesia Ammonium Nitrate plant.

13. Property, plant and equipment (continued)

(ii) 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
2008				
Carrying amount at the beginning of the year	01-Oct-2007	368.8	1,374.1	1,742.9
Additions		42.6	393.8	436.4
Disposals		-	(14.5)	(14.5)
Additions through acquisition of entities (see note 27)		3.9	31.0	34.9
Disposals through disposal of entities (see note 28)		-	(0.5)	(0.5)
Depreciation expense (see note 4)		(15.6)	(162.0)	(177.6)
Foreign currency exchange differences		(12.3)	43.0	30.7
Carrying amount at the end of the year	30-Sep-2008	**387.4**	**1,664.9**	**2,052.3**
2009				
Additions		**39.2**	**326.5**	**365.7**
Disposals		**(3.5)**	**(6.4)**	**(9.9)**
Additions through acquisition of entities (see note 27)		**-**	**4.8**	**4.8**
Depreciation expense (see note 4)		**(12.8)**	**(189.9)**	**(202.7)**
Impairment of property, plant and equipment		**(1.5)**	**(68.2)**	**(69.7)**
Foreign currency exchange differences		**(35.5)**	**(30.0)**	**(65.5)**
Carrying amount at the end of the year	30-Sep-2009	**373.3**	**1,701.7**	**2,075.0**

Company				
2008				
Carrying amount at the beginning of the year	01-Oct-2007	26.1	0.1	26.2
Depreciation expense (see note 4)		(0.2)	-	(0.2)
Carrying amount at the end of the year	30-Sep-2008	**25.9**	**0.1**	**26.0**
2009				
Depreciation expense (see note 4)		**-**	(0.1)	**(0.1)**
Carrying amount at the end of the year	30-Sep-2009	**25.9**	**-**	**25.9**

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m

14. Intangible assets

	2009 $m	2008 $m	**2009 $m**	2008 $m
Goodwill	**2,398.4**	2,599.0	**-**	-
Less impairment losses	**(34.2)**	(26.0)	**-**	-
Total net book value of goodwill	**2,364.2**	2,573.0	**-**	-
Patents, trademarks and rights	**130.3**	137.2	**-**	-
Less accumulated amortisation	**(43.6)**	(53.4)	**-**	-
Total net book value of patents, trademarks and rights	**86.7**	83.8	**-**	-
Brand names	**61.6**	65.0	**-**	-
Less accumulated amortisation	**(6.7)**	(5.2)	**-**	-
Total net book value of brand names	**54.9**	59.8	**-**	-
Software	**73.1**	63.0	**-**	-
Less accumulated amortisation	**(42.3)**	(36.4)	**-**	-
Total net book value of software	**30.8**	26.6	**-**	-
Customer contracts and relationships	**280.7**	308.7	**-**	-
Less accumulated amortisation	**(60.8)**	(39.3)	**-**	-
Total net book value of customer contracts and relationships	**219.9**	269.4	**-**	-
Total net book value of intangibles	**2,756.5**	3,012.6	**-**	-

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

Consolidated	Goodwill $m	Patents trademarks and rights $m	Brand names $m	Software $m	Customer contracts $m	Total $m
2008						
Carrying amount at the beginning of the year	1,763.5	86.9	59.6	26.9	118.6	2,055.5
Additions	-	2.8	-	9.1	-	11.9
Additions through acquisition of entities (see note 27)	656.4	0.9	-	0.2	155.8	813.3
Additions through acquisition of minorities (see note 27)	3.0	-	-	-	-	3.0
Disposals through disposal of entities (see note 28)	(0.7)	-	-	-	-	(0.7)
Amortisation expense (see note 4)	-	(6.9)	(2.2)	(7.6)	(24.4)	(41.1)
Foreign currency exchange differences	150.8	0.1	2.4	(2.0)	19.4	170.7
Carrying amount at the end of the year	**2,573.0**	**83.8**	**59.8**	**26.6**	**269.4**	**3,012.6**
2009						
Additions	**-**	**7.9**	**-**	**13.3**	**-**	**21.2**
Disposals	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Additions through acquisition of entities (see note 27)	**36.7**	**-**	**2.0**	**-**	**0.4**	**39.1**
Additions through acquisition of minorities (see note 27)	**12.5**	**-**	**-**	**-**	**-**	**12.5**
Amortisation expense (see note 4)	**-**	**(4.8)**	**(2.8)**	**(7.2)**	**(30.2)**	**(45.0)**
Impairment expense (see note 29)	**(8.2)**	**-**	**-**	**(1.0)**	**-**	**(9.2)**
Foreign currency exchange differences	**(249.8)**	**(0.2)**	**(4.1)**	**(0.8)**	**(19.7)**	**(274.6)**
Carrying amount at the end of the year	**2,364.2**	**86.7**	**54.9**	**30.8**	**219.9**	**2,756.5**

There are no intangible assets held by the Company.

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
15. Deferred tax assets				
Deferred tax assets (see note 5)	**253.2**	164.1	**4.0**	5.5

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
16. Trade and other payables				
Current				
Trade payables				
external	**760.7**	1,004.0	**-**	-
associated companies	**2.4**	17.6	**-**	-
Other payables				
external	**294.8**	351.1	**-**	-
	1,057.9	1,372.7	**-**	-
Derivative financial instruments				
cross currency interest rate swaps	**53.7**	56.7	**-**	-
forward foreign exchange contracts	**39.1**	78.6	**-**	-
interest rate swaps	**4.5**	0.1	**-**	-
foreign exchange options	**1.5**	3.3	**-**	-
	98.8	138.7	**-**	-
Non-current				
Other payables				
external	**37.0**	31.8	**-**	-
	37.0	31.8	**-**	-

Significant terms and conditions

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

Fair values

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

Derivative financial instruments

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

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
17. Interest bearing liabilities				
Current				
Unsecured				
bank overdrafts	**11.9**	9.0	**-**	-
fixed term notes (1)	**-**	75.0	**-**	-
commercial paper	**114.1**	138.3	**-**	-
other short term borrowings	**16.8**	25.4	**-**	-
trade bills and trade cards (2)	**12.7**	13.4	**-**	-
other loans				
controlled entities	**-**	-	**100.7**	72.6
Lease liabilities (see note 30)	**4.7**	5.3	**-**	-
	160.2	266.4	**100.7**	72.6
Non-current				
Unsecured				
bank loans	**195.0**	-	**-**	-
other loans				
private placement (3)	**1,026.8**	1,052.9	**-**	-
other	**4.6**	10.0	**-**	-
Lease liabilities (see note 30)	**16.4**	12.5	**-**	-
	1,242.8	1,075.4	**-**	-

(1) **Fixed term notes**
These notes matured in June 2009.

(2) **Trade bills and trade cards**
Under AASB 139, trade bills and trade cards used by customers to finance trade debts which are partially guaranteed by Orica are included in both trade receivables and interest bearing liabilities.

(3) **Private placement**
Orica Limited guaranteed senior notes issued in the US private placement market in 2000, 2003 and 2005. The notes have maturities between 2010 and 2018 (2008: between 2010 and 2018).

Fair values
The carrying amounts of the consolidated entity's and the Company'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 2009 varying from 0.2% to 5.8% (2008 2.1% to 6.3%) 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		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
Finance leases				
Property, plant and equipment	**23.9**	25.1	**-**	-
	23.9	25.1	**-**	-

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 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $m

18. Current tax liabilities

	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $m
Provision for income tax	**78.7**	28.3	**66.0**	37.3

19. Provisions

	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $m
Current				
Employee entitlements	**80.3**	87.3	**-**	-
Restructuring and rationalisation	**17.6**	32.3	**-**	-
Environmental	**90.7**	113.0	**-**	-
Decommissioning	**4.0**	2.8	**-**	-
Contingent liabilities on acquisition of controlled entities	**2.6**	2.3	**-**	-
Onerous contracts	**0.8**	6.8	**-**	-
Other	**24.1**	29.0	**-**	-
	220.1	273.5	**-**	-
Non-current				
Employee entitlements	**45.6**	40.4	**-**	-
Retirement benefit obligations (see note 38)	**173.1**	181.4	**-**	-
Environmental	**142.7**	144.2	**-**	-
Decommissioning	**9.8**	12.4	**-**	-
Contingent liabilities on acquisition of controlled entities	**21.7**	21.5	**-**	-
Other	**16.8**	18.9	**0.9**	1.1
	409.7	418.8	**0.9**	1.1
Aggregate employee entitlements				
Current	**80.3**	87.3	**-**	-
Non-current	**218.7**	221.8	**-**	-
	299.0	309.1	**-**	-

Employees at year end

	Number	Number	**Number**	Number
Full-time equivalent	**15,140**	15,268	**-**	-

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 **$m**	Company **$m**
Carrying amount at the beginning of the year	**32.3**	**-**
Provisions made during the year	**24.3**	**-**
Provisions written back during the year	**(2.5)**	**-**
Payments made during the year	**(33.7)**	**-**
Foreign currency exchange differences	**(2.8)**	**-**
Carrying amount at the end of the year	**17.6**	**-**

19. Provisions (continued)

Current provision - environmental	Consolidated $m	Company $m
Carrying amount at the beginning of the year	113.0	-
Provisions made during the year	5.0	-
Provisions written back during the year	(3.3)	-
Payments made during the year	(36.3)	-
Provision transferred from non-current	13.6	-
Foreign currency exchange differences	(1.3)	-
Carrying amount at the end of the year	90.7	-

Current provision - decommissioning		
Carrying amount at the beginning of the year	2.8	-
Provisions made during the year	0.2	-
Payments made during the year	(1.4)	-
Provision transferred from non-current	2.5	-
Foreign currency exchange differences	(0.1)	-
Carrying amount at the end of the year	4.0	-

Current provision - contingent liabilities on acquisition of controlled entities (see note 27)		
Carrying amount at the beginning of the year	2.3	-
Additions through acquisition of entities	0.5	-
Foreign currency exchange differences	(0.2)	-
Carrying amount at the end of the year	2.6	-

Current provision - onerous contracts		
Carrying amount at the beginning of the year	6.8	-
Provisions made during the year	4.0	-
Payments made during the year	(10.0)	-
Carrying amount at the end of the year	0.8	-

Current provision - other		
Carrying amount at the beginning of the year	29.0	-
Provisions made during the year	9.9	-
Provisions written back during the year	(6.3)	-
Payments made during the year	(7.8)	-
Foreign currency exchange differences	(0.7)	-
Carrying amount at the end of the year	24.1	-

Non-current provision - environmental		
Carrying amount at the beginning of the year	144.2	-
Provisions made during the year	11.6	-
Provisions written back during the year	(0.4)	-
Unwinding of discount on provisions (see note 4)	7.0	-
Provision transferred to current	(13.6)	-
Foreign currency exchange differences	(6.1)	-
Carrying amount at the end of the year	142.7	-

19. Provisions (continued)

Non-current provision - decommissioning	Consolidated $m	Company $m
Carrying amount at the beginning of the year	**12.4**	**-**
Provision transferred to current	**(2.5)**	**-**
Foreign currency exchange differences	**(0.1)**	**-**
Carrying amount at the end of the year	**9.8**	**-**

Non-current provision - contingent liabilities on acquisition of controlled entities (see note 27)		
Carrying amount at the beginning of the year	**21.5**	**-**
Additions through acquisition of entities	**1.8**	**-**
Foreign currency exchange differences	**(1.6)**	**-**
Carrying amount at the end of the year	**21.7**	**-**

Non-current provision - other		
Carrying amount at the beginning of the year	**18.9**	**1.1**
Provisions made during the year	**4.7**	**-**
Provisions written back during the year	**(3.7)**	**-**
Payments made during the period	**(0.3)**	**(0.2)**
Foreign currency exchange differences	**(2.8)**	**-**
Carrying amount at the end of the year	**16.8**	**0.9**

Restructuring and rationalisation provision
Provisions made during the year related to restructure of the Mining Services business.

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 also to notes 32 and 33.

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
Total environmental provision comprises:				
Botany Groundwater remediation	**46.3**	44.8	**-**	-
Hexachlorobenzene (HCB) waste remediation	**95.2**	104.8	**-**	-
Dyno Nobel sites remediation	**26.6**	34.2	**-**	-
Seneca remediation	**17.1**	20.4	**-**	-
Villawood remediation	**26.2**	29.3	**-**	-
Minova sites remediation	**5.1**	9.3	**-**	-
Other environmental provisions	**16.9**	14.4	**-**	-
Total environmental provisions	**233.4**	257.2	**-**	-

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 also 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.

Onerous contracts provision
A provision is recognised for rental of land and buildings which are not able to be fully used or sublet by the consolidated entity and for non-cancellable loss-making sales contracts. The provision reflects only the onerous element of these commitments.

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.

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
20. Deferred tax liabilities				
Deferred income tax	**76.2**	83.8	**-**	-

	Company	
	2009	2008
	$m	$m
21. Contributed equity		
Issued and fully paid:		
Cumulative non-redeemable 5% preference shares - nil (2008 nil) (1)	**-**	-
Step-Up Preference Securities - 5,000,000 (2008 5,000,000) (2)	**490.0**	490.0
Ordinary shares - 359,955,579 (2008 359,196,325)	**1,865.6**	1,881.3

(1) On 14 January 2008, the 5% cumulative non-redeemable 5% preference shares were cancelled for a cash payment of $4.75 for each cancelled 5% preference share. The excess of $7.5 million over the face value was charged to the income statement. Under AASB 139, the 5% cumulative non-redeemable preference shares were treated as non-current interest bearing liabilities.

(2) The Group issued Step-Up Preference Securities (SPS) via a prospectus dated 17 February 2006. The SPS are stapled securities comprising a fully paid Preference Share and a fully paid unsecured note. The SPS have no fixed repayment date, but Orica has the right to repurchase them for cash or convert the SPS into a variable number of ordinary shares in Orica from November 2011 or earlier in certain circumstances. Holders rank ahead of ordinary shares but rank behind creditors (and behind cumulative non-redeemable preference shares in 2008). Distributions payable on the SPS are discretionary, payable semi-annually, non-cumulative, unfranked and payable based on the 180 day bill swap rate plus a margin of 1.35% per annum. Should the credit rating of the SPS fall below Standard and Poor's BBB- or equivalent, or no longer be rated, then an additional 1% will be added to the distribution rate. Distributions are payable in priority to distributions on Orica shares, but ranked behind pre-existing Orica preference shares (which were cancelled on 14 January 2008). Where a distribution on SPS is not paid, Orica may not declare or pay any dividends, pay any interest, or distribute any income or capital on any security that ranks behind the SPS until Orica has paid SPS distributions scheduled for the twelve months following the missed distribution or Orica has paid an amount equivalent to the unpaid distributions in the last twelve months or all SPS have been repurchased or converted, or a special resolution of the SPS holders has been passed approving such payment. Orica SPS holders do not have voting rights in shareholder meetings except in limited circumstances.
Under a Deed of Undertaking and Indemnity between Orica Limited and Australian Stock Exchange Limited (ASX), the ASX reserves the right (but without limiting its absolute discretion) to remove either or both of the Company and Orica New Zealand Securities Ltd (Orica NZ) from the official list if a) any of the SPS Preference Shares of the Company and Notes of Orica NZ cease to be stapled together, or b) if any SPS Preference Share or Notes are issued by either of the Company or Orica NZ which are not stapled to corresponding securities in the other entity.

21. Contributed equity (continued)

Movements in issued and fully paid shares of the Company since 1 October 2007 were as follows:

Details	Date	Number of shares	Issue price $	$m
Cumulative non-redeemable 5% preference shares				
Opening balance	1-Oct-07	2,000,000		
Shares cancelled	14-Jan-08	(2,000,000)		
Balance at end of the year	**30-Sep-08**	**-**		**-**
Balance at end of the year	**30-Sep-09**	**-**		**-**
Step-Up Preference Securities				
Opening balance - gross [1]	1-Oct-2007	5,000,000	100.00	500.0
Opening balance - costs [1]				(10.0)
Balance at end of the year	**30-Sep-08**	**5,000,000**		**490.0**
Balance at end of the year	**30-Sep-09**	**5,000,000**		**490.0**
Ordinary shares				
Opening balance of ordinary shares issued	1-Oct-07	307,912,707		702.4
Shares issued under the Orica executive option plans [5]		62,802		0.4
Shares issued under the Orica dividend reinvestment plan (note 25)	14-Dec-07	3,021,980	27.08	81.9
Shares issued under the Orica dividend reinvestment plan (note 25)	4-Jul-08	1,630,562	29.12	47.5
Shares issued under the Orica dividend reinvestment plan underwriting agreement	14-Dec-07	2,922,919	27.78	81.2
Shares issued under the Orica dividend reinvestment plan underwriting agreement	4-Jul-08	2,519,795	29.88	75.3
Share movements under the Orica LTEIP plan (Remuneration Report) [6]		1,192,412		5.5
Shares issued under the Orica Rights issue [3]	6-Aug-08	26,860,076		604.3
Shares issued under the Orica Rights issue [4]	28-Aug-08	13,073,072		294.0
Expenses related to the Orica Rights Issue [3] [4]		-		(13.1)
Shares issued under the Orica GEESP plan (note 36) [2]		-		1.9
Balance at end of the year	**30-Sep-08**	**359,196,325**		**1,881.3**
Shares issued under the Orica dividend reinvestment plan (note 25)		**759,254**	**20.58**	**15.6**
Share movements under the Orica LTEIP plan (Remuneration Report) [6]				**(31.3)**
Balance at end of the year	**30-Sep-09**	**359,955,579**		**1,865.6**

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

[2] Shares issued under the Orica general employee exempt share plan.

[3] Shares issued under the Orica Rights issue prospectus dated 28 July 2008 - Institutional Offer.

[4] Shares issued under the Orica Rights issue prospectus dated 28 July 2008 - Retail Offer.

21. Contributed equity (continued)

Details	Date	Number of shares	Issue price $	$m
[5] Shares issued under the Orica executive option plan (note 36(b))				
2007/2008		22,000	5.09	0.1
		19,802	7.33	0.2
		21,000	5.14	0.1
Movement for the year	**30-Sep-08**	**62,802**		**0.4**
2008/2009				
		-		**-**
Movement for the year	**30-Sep-09**	**-**		**-**

The options were exercised at various times during 2008. The weighted average of the fair value of shares issued in 2008 was $28.40.

Details	Date	Number of shares	Issue price $	$m
[6] Share movements under the Orica LTEIP plan (Remuneration Report section H)				
2007/2008				
Shares issued	29-Jan-08	1,192,412	31.76	-
Shares bought back	Various	-		(7.5)
Shares issued - loan repayment	Various	-		13.0
Movement for the year	**30-Sep-08**	**1,192,412**		**5.5**
2008/2009				
Shares bought back	Various	-		**(31.3)**
Movement for the year	**30-Sep-09**	**-**		**(31.3)**

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

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

	Company	
	2009	2008
	$m	$m
(Bought back)/issued ordinary share capital	**(31.3)**	5.9

Options over unissued shares (see note 36(b)):

Exercisable between		Balance 30 Sep 07	Issued/ reinstated during year	Exercised during year	Lapsed during year	Balance 30 Sep 08	**Exercised during year**	**Lapsed during year**	**Balance 30 Sep 09**
01 Jan 03	31 Dec 09	11,000	-	-	-	11,000	**-**	**-**	**11,000**
01 Jan 04	31 Dec 10	34,600	-	(21,000)	-	13,600	-	**-**	**13,600**
31 Dec 04	31 Dec 06	49,000	-	(22,000)	-	27,000	-	**-**	**27,000**
31 Oct 05	31 Oct 07 [1]	19,802	-	(19,802)	-	-	**-**	**-**	**-**
31 Oct 05	31 Oct 07 [1]	1	-	-	(1)	-	**-**	**-**	**-**
Total		114,403	-	(62,802)	(1)	51,600	**-**	**-**	**51,600**

[1] Options may be exercised from one day after the release of the annual results to 31 October of the following year during specific trading periods as outlined in the Corporate Governance practices disclosure. Refer to note 36(b) for specific terms and conditions.

22. Reserves and retained earnings

	Notes	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $m
(a) Reserves					
Share based payments		**36.2**	28.1	**-**	-
Cash flow hedging		**(0.3)**	5.2	**-**	-
Foreign currency translation		**(369.1)**	64.0	**-**	-
Equity - arising from purchase of minorities		**(74.8)**	(6.0)	**-**	-
Balance at end of the year		**(408.0)**	91.3	**-**	-
Movement in reserves during the year					
Share based payments					
Balance at beginning of year		**28.1**	21.6	**-**	-
Share based payments expense		**8.1**	6.5	**-**	-
Balance at end of the year		**36.2**	28.1	**-**	-
Cash flow hedging					
Balance at beginning of year		**5.2**	(4.5)	**-**	-
Movement for period		**(7.9)**	13.8	**-**	-
Tax effect of movement in cash flow hedge reserve		**2.4**	(4.1)		
Balance at end of the year		**(0.3)**	5.2	**-**	-
Foreign currency translation					
Balance at beginning of year		**64.0**	(198.6)	**-**	-
Translation of overseas controlled entities at the end of the financial year		**(452.6)**	270.0	**-**	-
Tax effect of translation of overseas controlled entities at the end of the financial year		**19.5**	(7.4)	**-**	-
Balance at end of the year		**(369.1)**	64.0	**-**	-
Equity - arising from purchase of minorities					
Balance at beginning of year		**(6.0)**	(7.0)	**-**	-
Purchase of minority interests (see note 27)		**(68.8)**	1.0	**-**	-
Balance at end of the year		**(74.8)**	(6.0)	**-**	-
(b) Retained earnings					
Retained earnings at the beginning of the year		**1,758.9**	1,562.8	**536.0**	350.9
Profit after income tax attributable to shareholders of Orica		**541.8**	539.6	**311.8**	497.7
Defined benefit fund superannuation movement (net of tax)	(38)	**(19.0)**	(30.9)	**-**	-
Dividends/distributions paid:	(25)				
Step-Up Preference Securities distributions		**(37.5)**	(41.5)	**(37.5)**	(41.5)
Less tax credit on Step-Up Preference Securities distributions		**9.4**	13.4	**9.4**	13.4
Ordinary dividends – interim		**(142.5)**	(122.1)	**(142.5)**	(122.1)
Ordinary dividends – final		**(198.0)**	(162.4)	**(198.0)**	(162.4)
Retained earnings at end of the year		**1,913.1**	1,758.9	**479.2**	536.0

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 the Company's 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 minorities
The equity reserve represents the excess of the cost of investment in purchasing minority interests in subsidiaries over the net assets acquired and minority share of goodwill at the date of original acquisition of the subsidiary. The movement for the year ending 30 September 2009 relates to purchase of minority interests in Orica Mining Services Peru S.A., Orica Kazakhstan Joint Stock Company and Minova Ksante Sp.z o.o..

23. Minority interests in controlled entities

	Consolidated 2009 %	Consolidated 2008 %	Consolidated 2009 $m	Consolidated 2008 $m
Ordinary share capital of controlled entities held by minority interests in:				
Altona Properties Pty Ltd	**37.4**	37.4	**-**	-
Ammonium Nitrate Development and Production Limited	**0.1**	0.1	**-**	-
Bamble Mekaniske Industri AS	**40.0**	40.0	**0.3**	0.3
Beijing Ruichy Minova Synthetic Material Company Limited	**45.0**	45.0	**1.5**	1.5
Bronson & Jacobs International Co. Ltd	**51.0**	51.0	**-**	-
CJSC (ZAO) Carbo-Zakk [(1)]	**6.3**	6.3	**0.1**	0.1
Deco-Pro China Limited [(3)]	**-**	-	**-**	-
Dyno NitroMed AD	**40.0**	40.0	**2.6**	2.6
Dyno Nobel VH Company LLC	**49.0**	49.0	**1.0**	0.8
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	**40.0**	40.0	**0.3**	0.3
Hunan Orica Nanling Civil Explosives Co., Ltd [(4)]	**49.0**	-	**9.0**	-
Minova Ksante Sp. z o.o. [(2)]	**-**	30.0	**-**	0.6
Minova MineTek Private Limited	**24.0**	24.0	**0.2**	0.2
Minova Ukraine OOO [(1) (3)]	**10.0**	10.0	**0.3**	0.3
Nitro Asia Company Inc.	**41.6**	41.6	**0.1**	0.1
Northwest Energetic Services LLC [(1)]	**48.7**	48.7	**1.8**	1.8
OOO Minova TPS [(1)]	**6.3**	6.3	**-**	-
Orica Blast & Quarry Surveys Ltd	**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 Colombia S.A.	**8.0**	8.0	**-**	-
Orica Eesti OU	**35.0**	35.0	**2.6**	2.6
Orica Kazakhstan Joint Stock Company [(2)]	**-**	23.0	**-**	2.2
Orica Mining Services Peru S.A. [(2)]	**0.9**	49.5	**-**	4.1
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 Philippines Inc	**9.9**	9.9	**0.2**	0.2
Orica (Weihai) Explosives Co Ltd	**20.0**	20.0	**6.1**	6.1
PT Kaltim Nitrate Indonesia	**10.0**	10.0	**2.9**	1.1
Sprengmittelvertrieb in Bayern GmbH	**49.0**	49.0	**0.1**	0.1
Teradoran Pty Ltd	**33.0**	33.0	**-**	-
TOO "Minova Kasachstan"	**40.0**	40.0	**0.5**	0.5
			47.4	43.3
Minority interests in shareholders' equity at balance date is as follows:				
Contributed equity			**47.4**	43.3
Reserves			**0.5**	15.5
Retained earnings			**64.2**	38.1
			112.1	96.9

(1) Minority interests purchased by Orica during the 2008 year.
(2) Minority interests purchased by Orica during the 2009 year.
(3) Minority interests acquired through new acquisitions by Orica during the 2008 year.
(4) Entity commenced in 2009.

24. Total equity reconciliation

		Consolidated		Company	
		2009	2008	**2009**	2008
	Notes	**$m**	$m	**$m**	$m
Total equity at the beginning of the year		**4,318.4**	2,627.6	**2,907.3**	1,543.3
Total changes recognised in statements of recognised income and expense		**84.2**	781.0	**311.8**	497.7
Transactions with owners as owners					
Dividends paid	(25)	**(340.5)**	(284.5)	**(340.5)**	(284.5)
Distributions paid	(25)	**(37.5)**	(41.5)	**(37.5)**	(41.5)
Less tax credit on Step-Up Preference Securities distributions		**9.4**	13.4	**9.4**	13.4
Share based payments reserve movements		**8.1**	6.5	**-**	-
Equity reserve arising from purchase of minorities		**(68.8)**	1.0	**-**	-
Total changes in contributed equity	(21)	**(15.7)**	1,178.9	**(15.7)**	1,178.9
Total changes in minority interest	(23)	**15.2**	36.0	**-**	-
Total equity at end of year		**3,972.8**	4,318.4	**2,834.8**	2,907.3

	Company 2009 $m	Company 2008 $m
25. Dividends and distributions		
Dividends paid or declared in respect of the year ended 30 September were:		
Ordinary shares		
interim dividend of 39 cents per share, 35.9% franked at 30%, paid 4 Jul 2008		122.1
interim dividend of 40 cents per share, 35% franked at 30%, paid 3 Jul 2009	**142.5**	
final dividend of 53 cents per share, 32.08% franked at 30%, paid 14 Dec 2007		162.4
final dividend of 55 cents per share, 36.36% franked at 30%, paid 5 Dec 2008	**198.0**	
Cumulative non-redeemable 5% preference shares (1)		
final dividend of 2.5 cents per share, 32.08% franked at 30%, paid 18 Jan 2008		0.05
Distributions paid in respect of the year ended 30 September were:		
Step-Up Preference Securities		
distribution at 7.8133% per annum, per security, unfranked, paid 30 Nov 2007 for the period from 31 May 2007 to 29 Nov 2007		19.6
distribution at 8.7317% per annum, per security, unfranked, paid 2 Jun 2008 for the period from 30 Nov 2007 to 31 May 2008		21.9
distribution at 9.38% per annum, per security, unfranked, paid 1 Dec 2008 for the period from 31 May 2008 to 29 Nov 2008	**23.5**	
distribution at 5.63% per annum, per security, unfranked, paid 1 Jun 2009 for the period from 30 Nov 2008 to 31 May 2009	**14.0**	
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the period were as follows:		
paid in cash	**294.7**	155.2
satisfied by issue of shares	**15.6**	129.4
Dividends satisfied by the purchase of shares on market for dividend reinvestment plan (2)	**30.2**	-
Distributions paid in cash	**37.5**	41.5
No distributions were satisfied by the issue/purchase of shares.		

(1) Dividends on these shares were charged to the Income Statement as borrowing costs as the shares were classified as liabilities. The shares were cancelled on 14 January 2008.

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

Subsequent events

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

Final dividend on ordinary shares of 57 cents per share, 35.09% franked at 30%, payable 4 December 2009.

The financial effect of the final dividend on ordinary shares has not been brought to account in the financial statements for the year ended 30 September 2009 and will be recognised in the 2010 annual financial statements.

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 2009 are $54.3 million (2008 $11.6 million).

26. Notes to the statements of cash flows

	Notes	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $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)	**308.5**	321.3	**-**	-
Bank overdraft	(17)	**(11.9)**	(9.0)	**-**	-
		296.6	312.3	**-**	-
Reconciliation of profit from ordinary activities after income tax to net cash flows from operating activities					
Profit from ordinary activities after income tax expense		**581.4**	567.3	**311.8**	497.7
Depreciation and amortisation		**247.7**	218.7	**0.1**	0.2
Share based payments expense		**8.1**	6.5	**-**	-
Cost of cancellation of cumulative non-redeemable preference shares		**-**	7.5	**-**	7.5
Share of associates' net (profit)/loss after adding back dividends received		**5.5**	(7.8)	**-**	-
(Decrease)/increase in net interest payable		**(5.5)**	(2.0)	**-**	(8.4)
Increase/(decrease) in net interest receivable		**0.4**	1.3	**0.5**	(1.0)
Net gain on derivatives [(1)]		**(20.0)**	-	**-**	-
Impairment of intangibles		**9.2**	-	**-**	-
Impairment of property, plant and equipment		**69.7**	-	**-**	-
Impairment of investments		**1.4**	-	**1.1**	-
Net loss on sale of businesses and controlled entities		**-**	1.7	**-**	-
Net profit on sale of investments		**(13.5)**	-	**-**	-
Net profit on sale of property, plant and equipment		**(1.8)**	(5.4)	**-**	-
Changes in working capital and provisions excluding the effects of acquisitions and disposals of businesses/controlled entities					
decrease/(increase) in trade and other receivables		**213.6**	(199.6)	**(0.1)**	(0.1)
decrease/(increase) in inventories		**209.4**	(185.2)	**-**	-
(decrease)/increase in deferred taxes payable		**(85.0)**	29.7	**1.6**	(0.3)
(decrease)/increase in payables and provisions		**(415.1)**	338.5	**(0.3)**	0.1
increase/(decrease) in income taxes payable		**49.4**	(34.3)	**12.7**	3.1
Net cash flows from operating activities		**854.9**	736.9	**327.4**	498.8

[(1)] Gain on derivative instruments used to economically hedge the purchase of minority interests during the period. Such transactions do not qualify for hedge accounting and accordingly the gain on the derivative instruments has been recognised in the income statement.

27. Businesses and minority interests acquired

Consolidated - 2009

Acquisition of businesses and controlled entities

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

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

Other entities

Minova Ksante Sp. z o.o.: Orica acquired an additional 30% shareholding on 6 November 2008.
Orica Mining Services Peru S.A.: Orica acquired an additional 48.6% shareholding on 28 November 2008.
Orica Kazakhstan Joint Stock Company: Orica acquired an additional 23% shareholding on 23 December 2008.

Businesses

Business assets of Hillmark Industries Pty Ltd, on 13 November 2008.
Business assets of Energy Enterprises, Inc., on 14 August 2009.

Accounting standards require the fair value of the net assets acquired to be recognised. These financial statements include the preliminary purchase price allocation of acquired net assets. Accounting standards permit up to 12 months for acquisition accounting to be finalised following the acquisition date.

2009	Book values $m	Fair value adjustments $m	Total $m
Consideration			
cash paid	**26.5**	**-**	**26.5**
net overdraft acquired	**0.4**	**-**	**0.4**
deferred settlement	**19.2**	**-**	**19.2**
Total consideration	**46.1**	**-**	**46.1**
Fair value of net assets of businesses/controlled entities acquired			
trade and other receivables	**12.5**	**-**	**12.5**
inventories	**5.2**	**-**	**5.2**
property, plant and equipment	**4.8**	**-**	**4.8**
intangibles including purchased goodwill	**13.2**	**-**	**13.2**
other assets	**0.1**	**-**	**0.1**
payables and interest bearing liabilities	**(13.1)**	**-**	**(13.1)**
provisions	**(0.2)**	**-**	**(0.2)**
contingent liabilities	**-**	**(2.3)**	**(2.3)**
	22.5	**(2.3)**	**20.2**
Goodwill on acquisition			**25.9**

Acquisition of minority interests:

2009	Total $m
Goodwill acquired	**12.5**
Decrease in minority interests	**19.1**
Net gain on derivatives	**(20.0)**
Equity reserve	**68.8**
Total consideration	**80.4**

Results contributed by acquired entities since acquisition date:	$m
Revenue for the period	**38.5**
Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period	**2.3**

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

	$m
Operating revenue	**45.1**
EBITDA	**1.7**

The unaudited information was compiled by Orica management based on financial information available to Orica during due diligence and assuming no material transactions between Orica and the acquired businesses. Goodwill on the purchase of these entities is attributable mainly to the skills and technical talent of the acquired businesses' work forces.

27. Businesses and minority interests acquired (continued)

Consolidated - 2008

Acquisition of businesses and controlled entities

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

Excel Mining

On 24 September 2007, Orica announced that it had signed an agreement to acquire all of Excel Mining Systems LLC. The acquisition was completed on 26 October 2007.

Other entities

Southern Blasting Services, Inc., on 1 October 2007; Deco-Pro China Limited, on 7 November 2007; Intermountain West Energy, Inc. on 1 December 2007; Northwest Energetic Service LLC shareholding increased to 51.3% (2007 33.3%), on 1 December 2007; Evolutia Chemicals SA, on 17 December 2007; BWZ - und Industrietechnik GmbH, on 1 January 2008; Explozia Slovakia s.r.o., on 1 April 2008; D.C Guelich Explosives Company, on 9 May 2008; Arnall Poland Sp z o.o., on 4 September 2008.

Businesses

Business assets of: CHC Resources, on 1 March 2008; Enviro Solutions Pty Ltd, on 17 March 2008; Strata Control Systems, on 23 May 2008; Cyantific Instruments Pty Ltd, on 1 May 2008; Iron Chemicals Australia, on 28 February 2008; Sindile Mining Supplies, on 15 July 2008.

Accounting standards require the fair value of the net assets acquired to be recognised. These financial statements include the preliminary purchase price allocation of acquired net assets. Accounting standards permit up to 12 months for acquisition accounting to be finalised following the acquisition date.

2008	Book values $m	Fair value adjustments $m	Total $m
Consideration			
cash paid	892.5	-	892.5
net cash acquired	(26.3)	-	(26.3)
deferred settlement	12.2	-	12.2
Total consideration	878.4	-	878.4
Fair value of net assets of businesses/controlled entities acquired			
trade and other receivables	46.1	-	46.1
inventories	35.3	0.9	36.2
property, plant and equipment	34.9	-	34.9
intangibles including purchased goodwill	308.5	-	308.5
other assets	4.2	0.2	4.4
payables and interest bearing liabilities	(47.6)	-	(47.6)
provision for employee entitlements	(2.3)	-	(2.3)
provision for environmental	(0.7)	(1.5)	(2.2)
provision for taxation	(0.8)	-	(0.8)
contingent liabilities	-	(2.1)	(2.1)
	377.6	(2.5)	375.1
Less minority interest at date of acquisition	(1.5)	-	(1.5)
	376.1	(2.5)	373.6
Goodwill on acquisition			504.8

Acquisition of minority interests:

2008	Total $m
Goodwill acquired	3.0
Decrease in minority interests	1.0
Equity reserve	(1.0)
Total consideration	3.0

Results contributed by acquired entities since acquisition date:	$m
Revenue for the period	345.9
EBITDA for the period	72.3

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the acquired businesses and entities for the 12 months to 30 September 2008 are as follows:

	$m
Operating revenue	452.4
EBITDA	83.0

The unaudited information was compiled by Orica management based on financial information available to Orica during due diligence and assuming no material transactions between Orica and the acquired businesses. Goodwill on the purchase of these entities is attributable mainly to the skills and technical talent of the acquired businesses' work forces and the synergies expected to be achieved from integrating these businesses.

28. Businesses disposed

Disposal of businesses/controlled entities

The following businesses and controlled entities were disposed of:

2009:

Nil

2008:

On 23 October 2007, Essential Oils of Tasmania business in Australia.

	Consolidated	
	2009	2008
	$m	$m
Consideration		
cash received	**-**	5.9
Inflow of cash	**-**	5.9
Net consideration	**-**	5.9
Carrying value of net assets of businesses/controlled entities disposed		
trade and other receivables	**-**	11.5
inventories	**-**	1.4
property, plant and equipment	**-**	0.5
intangibles	**-**	0.7
payables and interest bearing liabilities	**-**	(0.3)
provision for income tax	**-**	(0.1)
	-	13.7
Less minority interests at date of disposal	**-**	(6.1)
	-	7.6
Loss on sale of business/controlled entities	**-**	(1.7)

29. Impairment testing of goodwill and intangibles with indefinite lives

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

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

	Consolidated			
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
	Goodwill		Brand Names	
Mining Services	**895.0**	973.3	**-**	-
Minova	**1,273.9**	1,414.2	**-**	-
DuluxGroup	**47.4**	28.5	**40.5**	40.3
Chemicals	**147.9**	157.0	**-**	-
Total	**2,364.2**	2,573.0	**40.5**	40.3

The recoverable amount of both goodwill and brand names with indefinite lives is assessed based on value in use. The value in use calculations use cash flow projections based on actual operating results and the business four year plan approved by the Board of Directors. Cash flow projections beyond the four year period were calculated using the plan cash flow of the fourth year to the life of the asset with steady growth rates going forward which are not expected to exceed the long term average growth rates in the applicable markets.

The discount rates for each CGU were estimated using pre-tax rates based on an external assessment of the Group's post 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 25% (2008 6% - 20%). 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 Minova segment includes in their USA CGU an amount of goodwill and intangibles with indefinite lives of $725.2 million (2008 $796.9 million). There are no other individual CGU's that have significant goodwill and intangibles with indefinite lives.

The value in use calculations are sensitive to changes in interest rates, earnings and foreign exchange rates varying from the assumptions and forecast data used in the impairment testing. As such, sensitivity analysis was undertaken to examine the effect of a change in a variable on each CGU. For the Orica Group, a one percentage point change in discount rates would affect overall value in use by an estimated $700 million while a 10% change in earnings or foreign exchange rates would affect value in use by $1.3 billion and $700 million respectively.

Impairment charged during the year

Goodwill of the Marplex business (included in the Chemicals segment) was written down to nil during the year as a result of the deterioration in business performance driven by adverse market conditions.

	Consolidated	
	2009	2008
	$m	$m
Goodwill	**8.2**	-

30. Commitments

	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $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	**215.0**	140.9	**-**	-
later than one, no later than five years	**37.8**	-	**-**	-
	252.8	140.9	**-**	-
Lease commitments				
Lease expenditure contracted for at balance date but not recognised in the financial statements and payable:				
no later than one year	**82.3**	76.4	**-**	-
later than one, no later than five years	**138.6**	125.0	**-**	-
later than five years	**51.3**	38.9	**-**	-
	272.2	240.3	**-**	-
Representing:				
cancellable operating leases	**100.3**	101.4	**-**	-
non-cancellable operating leases	**171.9**	138.9	**-**	-
	272.2	240.3	**-**	-
Non-cancellable operating lease commitments payable:				
no later than one year	**40.7**	37.3	**-**	-
later than one, no later than five years	**86.7**	68.7	**-**	-
later than five years	**44.5**	32.9	**-**	-
	171.9	138.9	**-**	-
Finance lease commitments payable:				
no later than one year	**4.7**	5.3	**-**	-
later than one, no later than five years	**14.8**	17.0	**-**	-
later than five years	**6.6**	-	**-**	-
	26.1	22.3	**-**	-
Less future finance charges	**(5.0)**	(4.5)	**-**	-
Present value of minimum lease payments provided for as a liability	**21.1**	17.8	**-**	-
Representing lease liabilities: (see note 17)				
current	**4.7**	5.3	**-**	-
non-current	**16.4**	12.5	**-**	-
	21.1	17.8	**-**	-

31. Auditors' remuneration

	Consolidated 2009 $000	Consolidated 2008 $000	Company 2009 $000	Company 2008 $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	**4,836**	4,914	**59**	56
Other regulatory audit services [(1)]				
Auditors of the Company – overseas KPMG firms				
– Audit and review of financial reports	**1,826**	1,207	**-**	-
	6,662	6,121	**59**	56
Other services [(2)]				
Auditors of the Company – KPMG Australia				
– other assurance services [(3)]	**381**	477	**-**	-
Auditors of the Company – overseas firms				
– taxation services [(4)]	**-**	222	**-**	-
	381	699	**-**	-
	7,043	6,820	**59**	56

From time to time, KPMG the auditors of the Company 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)] Other regulatory audit services are fees paid or payable for overseas subsidiaries' local lodgement purposes and other regulatory compliance requirements.
[(2)] The Board Audit and Risk Committee must approve any other services provided by KPMG above a value of $20,000 per assignment and it also reviews and approves at year end other services provided by KPMG below a value of $20,000. The guidelines adopted by KPMG for the provision of other services ensure their statutory independence is not compromised.
[(3)] These services are related to the Due Diligence associated with the Rights Issue equity raising in 2008 and proposed demerger of the DuluxGroup.
[(4)] These services relate to tax compliance services.

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 our current or former sites. Where we believe that potential liabilities have a low probability of crystallising or it is not possible to quantify them reliably, we disclose them as contingent liabilities. These are not provided for in the financial statements but are disclosed in note 33. In view of the significance of environmental issues associated with Botany Groundwater (New South Wales, Australia), Botany Hexachlorobenzene (HCB) Waste and Botany Car Park Encapsulation they continue to be disclosed as contingent liabilities even though estimated costs have been recognised in the financial statements. Further details regarding contingent liabilities are set out in note 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 that may be incurred in complying with such laws and regulations are set aside if environmental inquiries or remediation measures are probable and the costs can be reliably estimated. For sites where there are uncertainties with respect to what Orica's remediation obligations might be or what remediation techniques might be approved and no reliable estimate can presently be made of regulatory and remediation costs, no amounts have been provided for. It is also assumed that the methods planned for environmental clean up will be able to treat the issues within the expected time frame.

32. Critical accounting judgements and estimates (continued)

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

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

In respect to the Botany Groundwater contamination, a provision was established in 2004 to cover the estimated costs associated with remediation until 2014. 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. The provision will continue to be re-evaluated based on future regulatory assessments and advancements in appropriate technologies. The discount rate used for environmental provisioning is Orica's weighted average cost of capital and this may vary from year to year.

With regard to the HCB Waste Clean Up, it is assumed that a licence to export waste for destruction overseas will be obtained. German authorities have rejected Orica's application to import the waste into Germany for treatment. Orica lodged objections against these rejections but has subsequently withdrawn these objections, preferring to pursue other alternatives for destruction of the waste overseas.

Legal proceedings

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

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

Defined benefit superannuation fund obligations

The expected costs of providing post-retirement benefits under defined benefit arrangements relating to employee service during the period are charged to the income statement. Any actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the consolidated statement of recognised income and expense. In all cases, the superannuation costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of significant judgement in relation to assumptions for future salary and superannuation increases, long term price inflation and investment returns. While management believes the assumptions used are appropriate, a change in the assumptions used may impact the earnings and equity of the Group (refer note 38).

Property, plant and equipment and definite life intangible assets

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

32. Critical accounting judgements and estimates (continued)

Financial instruments at fair value

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

Impairment of assets

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

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

Current asset provisions

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

Taxation

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

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

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

Carbon Pollution Reduction Scheme

The Australian Federal Government has proposed introducing a Carbon Pollution Reduction Scheme (CPRS) in July 2011. The introduction of the CPRS has the potential to significantly impact the assumptions used in determining the future cash flows generated from the Group's assets for the purpose of impairment testing. The Group has not yet incorporated the impact of the CPRS at 30 September 2009 as insufficient market information existed. The CPRS is not targeted to come into effect until July 2011 and the relevant legislation has yet to be passed. There are uncertainties around the future level of emissions the Group will emit as these are dependent on production output and abatement opportunities. In addition, the costs of implementing abatement opportunities, the prices of emission permits, the number of permits to be purchased, the impact of costs incurred by our suppliers and their ability to pass on these costs to Orica and the ability of Orica to pass on any costs incurred to its customers are currently unknown.

33. Contingent liabilities and contingent assets

Environmental

(i) General

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

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

33. Contingent liabilities and contingent assets (continued)

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

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

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

Botany Groundwater (New South Wales, Australia)

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

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

Orica has received preliminary results indicating elevated concentrations of mercury in soil and groundwater at the southern end of the Botany site and at adjacent offsite locations. An environmental consultant has been commissioned to assess and report on these concentrations of mercury. No provision has been established for remediation activities in respect of this matter as the extent of contamination is unknown.

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

In August 2006, Orica submitted its application for export approval of HCB waste to the Federal Government. In its application, Orica sought permission to export the HCB waste for final destruction at high temperature incinerators in Germany. In May 2007, the Federal Government issued a duly motivated statement of fact that Australia does not have the technical capability to treat Orica’s HCB waste. In June 2007, German authorities rejected Orica’s application to import the HCB waste into Germany. Orica lodged objections against these rejections but has subsequently withdrawn these objections, preferring to pursue other alternatives for destruction of the waste overseas. In the event that Orica does not obtain the necessary regulatory approvals to export the waste overseas for destruction, it will continue to ensure the safe storage of the HCB waste at Botany. Orica provided for the estimated costs associated with export and treatment of the waste in 2006 (refer note 19).

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

Soil and ash contaminated with low level chlorinated materials (including hexachlorobutadiene and HCB) are stored in an approved and licensed encapsulation on the Botany site, known as the Car Park Waste Encapsulation. Orica has investigated technologies that may be suitable to treat this material and has evaluated conventional destruction methods and has determined that direct thermal treatment of this waste is the preferred treatment technology. As required under the Botany site environmental licence conditions, Orica has submitted an application for planning approval of the proposed remediation. Orica has provided for estimated costs of treatment of the soil using thermal desorption technology (refer note 19).

Taxation

(i) Tax investigations and audits

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

(ii) Brazilian Tax Action

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

(iii) Tax Audit – 1998 Sale of Pharmaceuticals Business

On 13 October 2004, Orica Limited received a notice of amended assessment from the ATO for $210.3 million (primary tax of $95.3 million, penalties of $23.8 million and interest of $91.2 million). The amended assessment relates to the sale of the pharmaceuticals business to Zeneca in September 1998.

On 9 November 2004, Orica lodged an objection against the amended assessment. On 10 March 2005, the ATO disallowed the objection and, in March 2005, Orica applied to have the matter dealt with by the Federal Court.

On 28 March 2006, the ATO advised Orica of an error with the interest calculation in relation to the amended assessment, reducing the interest component by $10.2 million. On the basis of the 50% arrangement, Orica Limited received a refund of $5.1 million from the ATO.

After due consideration, the directors are of the opinion the ATO’s case has no merit and accordingly no liability is recognised.

In accordance with the ATO administrative practice, Orica has paid 50% of the amended assessment, which has been recognised as a non-current receivable.

33. Contingent liabilities and contingent assets (continued)

The ATO has indicated that if it is unsuccessful in defending the amended assessment against Orica, it may consider issuing an amended assessment for a similar amount to Orica Australia Pty Ltd in respect of the same transaction. The ATO considers that it is not in a position to decide if the second assessment should be issued until the outcome of the dispute with Orica Limited is known. Orica would also contest this matter.

The Federal Court heard the case from 5 to 6 October 2009 before Justice Sunberg. Judgment was reserved.

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.

The Company

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 39. A consolidated balance sheet and income statement for this closed group is shown in note 40.

34. Financial and capital management

Capital management

Orica's objectives when managing capital (net debt and total equity) are to safeguard the consolidated entity'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 consolidated entity 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. Consistent with the consolidated entity's policy, a Rights Issue was undertaken during 2008. Currently, Orica's dividend policy is to pay a progressive dividend and accordingly to increase its declared dividend per share each year.

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

The current target level for adjusted gearing is 35% to 45% and for interest cover is 5 times or greater. These, together with an appropriate FFO/total debt measure, are targeted to maintain a strong investment grade credit profile, which should facilitate access to borrowings from a diverse range of sources. Ratios may move outside of these target ranges for relatively short periods of time after major acquisitions or other significant transactions, such as the Rights Issue during 2008.

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		Company	
	2009	2008	**2009**	2008
	$m	$m	$m	$m
Interest bearing borrowings	**1,403.0**	1,341.8	**100.7**	72.6
Less cash and cash equivalents	**(308.5)**	(321.3)	**-**	-
Net debt	**1,094.5**	1,020.5	**100.7**	72.6
Notional adjustment for SPS	**250.0**	250.0	**250.0**	250.0
Adjusted net debt	**1,344.5**	1,270.5	**350.7**	322.6
Total equity	**3,973.8**	4,318.4	**2,834.8**	2,907.3
Notional adjustment for SPS	**(250.0)**	(250.0)	**(250.0)**	(250.0)
Adjusted equity	**3,723.8**	4,068.4	**2,584.8**	2,657.3
Adjusted net debt and adjusted equity	**5,068.3**	5,338.9	**2,935.5**	2,979.8
Gearing ratio (%)	**21.6%**	19.1%	**3.4%**	2.4%
Adjusted gearing ratio (%)	**26.5%**	23.8%	**11.9%**	10.8%

The interest cover ratio is calculated as follows:	**2009**	2008
	$m	$m
EBIT [(1)]	**1,082.5**	970.1
Net financing costs	**133.5**	157.7
Capitalised borrowing costs	**5.0**	2.0
	138.5	159.7
Interest cover ratio (times)	**7.8**	6.1

[(1)] Before individually material items

The consolidated entity self-insures for certain insurance risks under the *Australian General Insurance Reform Act 2001* and the *Singapore Insurance Act*. Under these Acts, authorised general insurers, including Curasalus Insurance Pty Ltd and Anbao Insurance Pte Ltd (the Orica self-insurance companies), are required to maintain a minimum amount of capital. For the financial year ended 30 September 2009, Curasalus Insurance Pty Ltd and Anbao Insurance Pte Ltd maintained capital in excess of the minimum requirements prescribed under these Acts, respectively.

Financial risk factors

The consolidated entity and the Company's principal financial risks are associated with foreign exchange, interest rate, liquidity and credit risk.

34. Financial and capital management (continued)

The consolidated entity and the Company's overall risk management program seeks to mitigate these risks and reduce volatility of Orica's financial performance. Financial risk management is carried out centrally by the 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 consolidated entity and the Company's principal financial instruments comprise cash and cash equivalents, receivables, payables, interest bearing liabilities and derivatives.

For measurement purposes the Company and the consolidated entity classify 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. Neither the Company nor the consolidated entity has 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 and those designated at fair value through profit and loss at inception. 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 consolidated entity 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 Australian 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). The fair value of those derivatives that meet the accounting criteria as cash flow hedges and are designated as such are transferred from the Income Statement 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 Company and the consolidated entity'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 consolidated entity is primarily exposed to interest rate risk on outstanding interest bearing liabilities. Non-derivative interest bearing assets are predominately short-term liquid assets. Interest bearing liabilities issued at fixed rates expose the consolidated entity to fair value interest 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, a maximum of between 50% and 90% of debt with a maturity of less than five years can be fixed and a maximum 50% of debt with a maturity of between five and ten years can be fixed. Debt issuance with fixed interest payments can exceed ten years but requires Board approval. The consolidated entity operated within this range during both the current year and the prior year. The effective interest rate on average gross debt for the year ended 30 September 2009 was 6.5% (2008 7.3%).

34. Financial and capital management (continued)

The consolidated entity's exposure to interest rate risk and the weighted average effective interest rates on financial assets and liabilities at balance date are:

Consolidated Entity	Note	2009 $m	2009 % p.a.	2008 $m	2008 % p.a.
Cash	(7)	308.5	0.3	321.3	3.5
Trade and other receivables	(8)	1,068.0	-	1,255.5	-
Other financial assets	(12)	46.2	-	97.3	-
Total financial assets		1,422.7		1,674.1	
Trade and other payables	(16)	1,193.7	-	1,543.2	-
Bank overdrafts	(17)	11.9	3.8	9.0	9.9
Short term borrowings	(17)	143.6	4.2	252.1	8.2
Lease liabilities	(17)	21.1	8.4	17.8	8.6
Long term borrowings	(17)	1,159.5	5.2	1,000.9	7.9
Interest rate swaps		-	2.0	-	(2.6)
Cross currency interest rate swaps	(17)	66.9	(2.0)	62.0	3.0
Total financial liabilities		2,596.7		2,885.0	
Net financial liabilities		(1,174.0)		(1,210.9)	

The Company's exposure to interest rate risk and the weighted average effective interest rate on financial asset and liabilities at balance date are:

Company	Note	2009 $m	2009 % p.a.	2008 $m	2008 % p.a.
Trade and other receivables	(8)	1,058.4	5.0	1,071.6	6.8
Total financial assets		1,058.4		1,071.6	
Short term borrowings	(17)	100.7	2.1	72.6	8.2
Total financial liabilities		100.7		72.6	
Net financial assets		957.7		999.0	

Interest Rate Sensitivity

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

	Consolidated 2009 $m	Consolidated 2008 $m	Company 2009 $m	Company 2008 $m
Effect on profit increase/(decrease)				
If interest rates were 10% higher, with all other variables held constant	(1.1)	(2.0)	4.2	(2.0)
If interest rates were 10% lower, with all other variables held constant	1.1	1.4	(4.2)	2.0
Effect on profit after tax increase/(decrease)				
If interest rates were 10% higher, with all other variables held constant	(0.8)	(1.4)	2.9	(1.4)
If interest rates were 10% lower, with all other variables held constant	0.7	1.0	(2.9)	1.4
Effect on shareholders' equity increase/(decrease)				
If interest rates were 10% higher, with all other variables held constant	8.6	9.4	2.9	(1.4)
If interest rates were 10% lower, with all other variables held constant	(8.9)	(10.3)	(2.9)	1.4

34. Financial and capital management (continued)

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 consolidated entity 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 consolidated entity's subsidiaries.

In regard to foreign currency risk relating to sales and purchases, the consolidated entity 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 with highly probable forecast accuracy are hedged. Transactions can be hedged for up to five years on a rolling monthly basis. The derivative instruments used for hedging purchase and sale exposures are bought vanilla option contracts and forward exchange contracts. Forward exchange contracts may be used only under Board policy for committed exposures and anticipated exposures expected to occur within 12 months. Bought vanilla option contracts may be used for all exposures. These contracts are designated as cash flow hedges and are recognised at their fair value. The currencies giving rise to this risk are primarily U.S. Dollar (USD), Euro (EUR), Canadian Dollar (CAD), New Zealand Dollar (NZD), Norwegian Kroner (NOK), Swedish Kronor (SEK) and Great Britain Pound (GBP).

Exchange rate sensitivity

The table below shows the effect on profit and equity of the consolidated entity 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 of exchange rates and the 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 extremely unlikely that all currencies would move in the same direction and by the same percentage. Major exposures are against the USD, CAD, NZD, NOK, SEK, EUR and GBP.

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

	2009						
	USD $m	**CAD $m**	**NZD $m**	**NOK $m**	**SEK $m**	**EUR $m**	**GBP $m**
Cash	**1,951.4**	**4.9**	**0.1**	**526.7**	**142.6**	**453.9**	**203.0**
Trade and other receivables	**196.6**	**-**	**0.9**	**0.2**	**0.4**	**44.4**	**2.1**
Trade and other payables	**(307.5)**	**(1.9)**	**(0.6)**	**(1.9)**	**(11.5)**	**(33.0)**	**(0.9)**
Interest bearing liabilities	**(1,985.4)**	**-**	**(691.6)**	**(0.2)**	**(58.4)**	**(111.9)**	**(32.6)**
Net derivatives	**245.6**	**0.4**	**(43.1)**	**0.2**	**(0.1)**	**(78.1)**	**0.1**
Net exposure	**100.7**	**3.4**	**(734.3)**	**525.0**	**73.0**	**275.3**	**171.7**

	2008						
	USD $m	CAD $m	NZD $m	NOK $m	SEK $m	EUR $m	GBP $m
Cash	1,946.4	42.2	-	701.6	134.8	477.4	241.5
Trade and other receivables	310.5	-	1.2	49.8	-	32.2	2.2
Trade and other payables	(382.8)	(3.1)	(10.4)	(2.5)	(15.8)	(34.8)	(0.7)
Interest bearing liabilities	(2,054.5)	(0.6)	(475.0)	(3.9)	(51.4)	(108.3)	(411.8)
Net derivatives	266.9	(0.1)	(44.2)	0.2	(0.1)	(77.8)	(2.5)
Net exposure	86.5	38.4	(528.4)	745.2	67.5	288.7	(171.3)

34. Financial and capital management (continued)

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

	2009			2008		
	10% lower	**As reported**	**10% higher**	10% lower	As reported	10% higher
U.S. Dollar	**0.7924**	**0.8804**	**0.9684**	0.7211	0.8012	0.8813
Canadian Dollar	**0.8565**	**0.9517**	**1.0469**	0.7579	0.8421	0.9263
New Zealand Dollar	**1.1012**	**1.2235**	**1.3459**	1.0778	1.1976	1.3174
Norwegian Kroner	**4.6105**	**5.1228**	**5.6351**	4.1805	4.6450	5.1095
Swedish Kronor	**5.5317**	**6.1463**	**6.7609**	4.8992	5.4436	5.9880
Euro	**0.5420**	**0.6022**	**0.6624**	0.5019	0.5577	0.6135
Great Britain Pound	**0.4945**	**0.5494**	**0.6043**	0.3945	0.4383	0.4821

The effect on profit from operations, net profit after tax and shareholders' equity of a movement in individual exchange rates with all other variables held constant is as follows (there is no impact on the Company):

	2009		2008	
	-10% $m	**10% $m**	-10% $m	10% $m
Effect on profit/(loss) from operations from a movement in:				
U.S. Dollar	**(6.6)**	**5.4**	(27.4)	16.4
Canadian Dollar	**(0.4)**	**0.3**	(4.8)	3.3
New Zealand Dollar	**(0.9)**	**0.7**	(2.9)	2.7
Norwegian Kroner	**(0.3)**	**0.3**	5.3	(4.3)
Swedish Kronor	**(1.3)**	**1.1**	(1.7)	1.4
Euro	**1.1**	**(1.0)**	0.5	(0.4)
Great Britain Pound	**(0.1)**	**0.1**	(8.9)	8.9
Effect on net profit after tax from a movement in:				
U.S. Dollar	**(4.6)**	**3.8**	(19.2)	11.5
Canadian Dollar	**(0.3)**	**0.2**	(3.3)	2.3
New Zealand Dollar	**(0.7)**	**0.5**	(2.0)	1.9
Norwegian Kroner	**(0.2)**	**0.2**	3.7	(3.0)
Swedish Kronor	**(0.9)**	**0.8**	(1.2)	1.0
Euro	**0.8**	**(0.7)**	0.3	(0.3)
Great Britain Pound	**(0.1)**	**0.1**	(6.2)	6.3
Increase/(decrease) on shareholders' equity from a movement in:				
U.S. Dollar	**34.8**	**(37.0)**	36.5	(43.7)
Canadian Dollar	**(0.9)**	**0.7**	(3.6)	3.2
New Zealand Dollar	**(59.3)**	**49.3**	(52.9)	48.0
Norwegian Kroner	**40.6**	**(33.2)**	58.0	(47.4)
Swedish Kronor	**6.0**	**(4.9)**	5.3	(4.3)
Euro	**25.1**	**(20.4)**	26.7	(21.8)
Great Britain Pound	**13.4**	**(11.0)**	(15.4)	12.6

34. Financial and capital management (continued)

Foreign currency risk - translational

Foreign currency earnings translation risk arises primarily as a result of earnings in USD, NZD, NOK, SEK, Chilean Peso (CLP), Mexican Peso (MXN) and CAD being translated into AUD and from the location of a number of other individually minor foreign currency earnings. Derivative contracts to hedge earnings exposures do not qualify for hedge accounting under Australian 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 2009, the fair value of these derivatives was a $0.9 million gain (2008 $0.2 million loss).

Foreign currency net investment translation risk is managed within policies determined by the Board of Directors. Hedging of exposures is undertaken centrally by the consolidated entity's Treasury department primarily through originating debt in the currency of the asset or by raising debt in a different currency and effectively swapping the debt to the currency of the asset (see below cross currency interest rate swaps under interest rate risk management). The remaining translation exposure is managed, where considered appropriate, through forward foreign exchange derivative instruments. Gains and losses resulting from these hedging activities are recorded in the foreign currency translation reserve within the equity section of the balance sheet and offset against the foreign exchange impact resulting from the translation of the net assets of foreign operations. Eight percent of the consolidated entity's investment in foreign operations was hedged in this manner as at 30 September 2009 (2008 10%). A foreign exchange gain of $4.7 million (2008 $2.7 million loss) was recognised in the foreign currency translation reserve during the period.

As at reporting date, the following derivative instruments hedging net investment exposures had a fair value of:

	2009	2008
	$m	$m
Forward foreign exchange contracts	**-**	(4.0)
Cross currency interest rate swaps	**(107.5)**	(113.6)

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 Company and the consolidated entity have 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 (refer note 7). As at 30 September 2009, the sum of all contracts with a positive fair value was $45.3 million (2008 $27.2 million).

To manage this risk, the consolidated entity restricts dealings to highly rated counterparties approved within its credit limit policy. The higher the credit rating of the counterparty, the higher the consolidated entity's allowable exposure is to that counterparty under the policy. The consolidated entity 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 consolidated entity manages this risk via:

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

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

	Consolidated		Company	
	2009	2008	**2009**	2008
	$m	$m	**$m**	$m
Unsecured bank overdraft facilities				
Unsecured bank overdraft facilities available	**117.9**	104.7	**-**	-
Amount of facilities undrawn	**106.0**	95.7	**-**	-
Committed standby and loan facilities				
Committed standby and loan facilities available	**3,089.4**	3,377.9	**-**	-
Amount of facilities unused	**1,867.6**	2,325.0	**-**	-

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 3 September 2010 to 24 October 2018 (2008 1 October 2009 to 24 October 2018).
The contractual maturity of the consolidated entities' 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 2009**				As at 30 September 2008			
	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
Non-derivative financial assets								
Cash	**308.5**	**-**	**-**	**-**	321.3	-	-	-
Trade and other receivables (1)	**964.9**	**103.1**	**-**	**-**	1,147.4	108.1	-	-
Derivative financial assets	**2,018.7**	**62.3**	**70.2**	**337.7**	850.9	1,709.2	137.2	386.5
Financial assets	**3,292.1**	**165.4**	**70.2**	**337.7**	2,319.6	1,817.3	137.2	386.5
Non-derivative financial liabilities								
Trade and other payables (1)	**1,057.9**	**37.0**	**-**	**-**	1,372.7	31.8	-	-
Bank overdrafts	**11.9**	**-**	**-**	**-**	9.0	-	-	-
Bank loans	**11.5**	**81.5**	**132.4**	**-**	-	-	-	-
Commercial paper	**115.0**	**-**	**-**	**-**	140.0	-	-	-
Other short term borrowings	**16.8**	**-**	**-**	**-**	25.4	-	-	-
Trade bills and trade cards	**12.7**	**-**	**-**	**-**	13.4	-	-	-
Private placement	**51.5**	**234.9**	**193.1**	**882.9**	81.8	78.8	445.7	980.6
Other long term borrowings	**0.3**	**3.8**	**0.1**	**0.3**	0.8	5.2	5.8	-
Fixed term notes	**-**	**-**	**-**	**-**	79.6	-	-	-
Lease liabilities	**5.8**	**6.5**	**7.3**	**6.6**	6.4	5.4	9.7	-
Derivative financial liabilities	**2,013.8**	**77.3**	**77.1**	**397.0**	841.7	1,707.3	162.7	443.4
Financial liabilities	**3,297.2**	**441.0**	**410.0**	**1,286.8**	2,570.8	1,828.5	623.9	1,424.0
Net outflow	**(5.1)**	**(275.6)**	**(339.8)**	**(949.1)**	(251.2)	(11.2)	(486.7)	(1,037.5)

(1) Excludes derivative financial instruments but includes the $100 million ATO receivable (refer note 8).

34. Financial and capital management (continued)

Company	As at 30 September 2009				As at 30 September 2008			
	Less than 1 year $m	**1 to 2 years[(1)] $m**	**2 to 5 years $m**	**Over 5 years $m**	Less than 1 year $m	1 to 2 years[(1)] $m	2 to 5 years $m	Over 5 years $m
Non-derivative financial assets								
Trade and other receivables	**958.4**	**100.0**	**-**	**-**	971.6	100.0	-	-
Other financial assets	**-**	**-**	**-**	**1,914.0**	-	-	-	1,915.1
Financial assets	**958.4**	**100.0**	**-**	**1,914.0**	971.6	100.0	-	1,915.1
Non-derivative financial liabilities								
Other loans - controlled entities	**100.7**	**-**	**-**	**-**	72.6	-	-	-
Financial liabilities	**100.7**	**-**	**-**	**-**	72.6	-	-	-
Net inflow/(outflow)	**857.7**	**100.0**	**-**	**1,914.0**	899.0	100.0	-	1,915.1

(1) Includes $100 million receivable from the ATO (refer note 8).

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 used as hedges of foreign exchange transactions at 30 September 2009 was a net $5.2 million loss (2008 $7.9 million gain), comprising assets of $33.9 million (2008 $13.8 million) and liabilities of $39.1 million (2008 $5.9 million). The fair value of currency options used as hedges of foreign exchange transactions at 30 September 2009 was $2.2 million gain (2008 $2.9 million loss), comprising assets of $3.7 million (2008 $1.6 million) and liabilities of $1.5 million (2008 $4.5 million).

The following table shows the maturities of the receipts/payments of derivative instruments designated as cash flow hedges:

Foreign Exchange Contracts	Weighted average rate **2009**	2008	**million 2009**	million 2008
Buy US dollars/sell Australian dollars				
Not later than one year	**0.8728**	0.8361	**USD 56.3**	USD 133.8
Buy US dollars/sell New Zealand dollars				
Not later than one year	**0.6685**	0.6696	**USD 14.3**	USD 27.5
Buy Australian dollars/sell New Zealand dollars				
Not later than one year	**1.2292**	1.2240	**NZD 2.3**	NZD 3.7
Buy Australian dollars/sell Canadian dollars				
Not later than one year	**0.9451**	0.8567	**CAD 13.1**	CAD 37.7
Buy Swedish Kronor/sell Norwegian Kroner				
Not later than one year	**1.1761**	1.1731	**NOK 20.2**	NOK 88.5
Buy Euro/sell Australian dollars				
Not later than one year	**0.5593**	0.5621	**EUR 29.3**	EUR 18.1
Later than one year but not later than two years	**-**	0.5698	**-**	EUR 11.7
Buy Colombian Pesos/sell US dollars				
Not later than one year	**-**	1,948.8	**-**	USD 7.0
Buy Great Britain Pounds/sell Australian dollars				
Not later than one year	**0.6046**	0.4784	**GBP 0.9**	GBP 7.6
Buy Canadian dollars/sell US dollars				
Not later than one year	**1.0851**	-	**CAD 14.0**	-

34. Financial and capital management (continued)

Vanilla European Option Contracts	Weighted average rate 2009	2008	million 2009	million 2008
Buy US dollars/sell Australian dollars				
Not later than one year	**-**	0.7962	**-**	USD 4.1
Later than one year but not later than two years	**-**	0.7877	**-**	USD 0.3
Buy Australian dollars/sell US dollars				
Not later than one year	**0.8127**	-	**USD 60.3**	-
Later than one year but not later than two years	**0.7776**	-	**USD 2.5**	-
Buy US dollars/sell New Zealand dollars				
Not later than one year	**0.7114**	0.7374	**USD 1.1**	USD 6.2
Later than one year but not later than two years	**-**	0.7333	**-**	USD 0.5
Buy US dollars/sell Canadian dollars				
Not later than one year	**-**	0.9850	**-**	CAD 6.0
Later than one year but not later than two years	**0.9885**	0.9850	**CAD 3.0**	CAD 5.0
Later than two years but not later than three years	**0.9885**	0.9850	**CAD 1.4**	CAD 3.0
Later than three years but not later than five years	**0.9885**	0.9850	**CAD 0.2**	CAD 1.6
Buy Canadian dollars/sell US dollars				
Not later than one year	**1.1007**	-	**USD 17.4**	-
Buy Australian dollars/sell Canadian dollars				
Not later than one year	**0.8463**	0.8643	**CAD 0.7**	CAD 8.6
Later than one year but not later than two years	**-**	0.8463	**-**	CAD 1.0
Buy Mexican Pesos/sell US dollars				
Not later than one year	**13.1280**	10.5545	**USD 9.8**	USD 34.2
Later than one year but not later than two years	**-**	10.5545	**-**	USD 2.9
Buy Chilean Pesos/sell US dollars				
Not later than one year	**513.198**	509.367	**USD 17.6**	USD 64.6
Later than one year but not later than two years	**-**	512.000	**-**	USD 4.8

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

Term	Net deferred (gains)/losses 2009 $m	2008 $m
Not later than one year	**(1.2)**	(0.6)
Later than one year but not later than two years	**(0.5)**	(0.5)
Later than two year but no later than five years	**(0.1)**	0.3
Total	**(1.8)**	(0.8)

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 asset or liability affects the Income Statement, the consolidated entity transfers the related amount deferred in equity into the Income Statement.

Due to the acquisition of Excel in October 2007 the consolidated entity entered into a forward foreign exchange contract to hedge the translational exposure arising from movements in the USD. In accordance with the revised policy, during August 2008 this contract was closed out resulting in a gain of $24.2 million within the Income Statement (financial income) reflecting the non designated portion (forward points) of the net investment hedge.

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 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 and as such are considered highly effective. There was a derivative liability of $3.0 million as at 30 September 2009 (2008 $6.2 million asset).

34. Financial and capital management (continued)

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:

	2009 $m	2008 $m
Floating to fixed swaps		
One to five years	**389.7**	391.8
More than five years	**100.0**	100.0
Fixed interest rate range p.a.	**5.2% to 8.3%**	5.2% to 8.3%

Fair value hedges

Cross currency interest rate and interest rate swap contracts

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

For the consolidated entity, re-measurement of the hedged items resulted in a gain before tax of $1.7 million (2008 $42.8 million loss) and the changes in the fair value of the hedging instruments resulted in a loss before tax of $0.8 million (2008 $45.3 million gain) resulting in a net gain before tax of $0.9 million (2008 $2.5 million gain) recorded in finance costs.

The fair value of these swaps at 30 September 2009 was $75.3 million (2008 $75.5 million), comprising assets of $100.5 million (2008 $106.6 million) and liabilities of $25.2 million (2008 $31.1 million).

From the cross currency interest rate swaps as at 30 September 2009 there was a derivative asset of $62.4 million (2008 $68.6 million).

Derivatives not designated in a hedging relationship

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

Interest rate swaps

The change in fair value of swaps executed as economic hedges for which hedge accounting was not applied was a $1.4 million loss for the financial year ending 30 September 2009 (2008 $0.1 million gain). This relates to two interest rate swaps with a notional principal amount of $29.7 million (2008 $31.8 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.

35. Events subsequent to balance date

On 9 November 2009, the directors declared a final dividend of 57 cents per ordinary share payable on 4 December 2009. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2009 and will be recognised in the 2010 financial statements.

The directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2009, 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

The names of persons who currently hold options in the share option plans are entered in the registers of options kept by the Company pursuant to Section 170 of the Corporations Act 2001. The registers may be inspected free of charge. Options granted to and exercised by executives under SOP to the date of this report are shown below. The exercise price of options issued under SOP was set at the market value of an Orica share at the time of issue of the option. Market value is defined as the average of the closing price at which Orica shares were traded on the ASX during the three calendar months preceding the date of issue. The ability to exercise these options is conditional on the Company achieving prescribed performance hurdles. All options refer to ordinary shares of Orica Limited and the options are provided at no cost to the recipient until their exercisable date. No person entitled to exercise an option in the Company has, by virtue of the option, a right to participate in a share issue of any other consolidated entity of the Group. No ordinary shares were issued during the financial year as a consequence of the exercise of options issued in prior years. As at balance date, there are 51,600 unissued ordinary shares under option.

(a) Executive Share Option Plan

The Executive Share Option Plan (ESOP) was introduced as part of new executive compensation arrangements introduced during 2002 and operated between 2002 and 2004. It was the Board's intention that the plan would be used only once to reflect the particular circumstances of the Company at the time to support the introduction of its new compensation policy. ESOP is administered by the Plan Manager, Link Market Services Limited.

Eligible executives, as determined by the Board, who agreed to participate in the new compensation arrangements were invited to apply for options in three tranches to acquire shares in Orica at a specified exercise price subject to the achievement of a performance hurdle based on Orica's share price. Options that vest upon achievement of the performance hurdles may be exercised from one day after the release of the annual results to 31 October of the following year subject to the Company's guidelines for dealing in securities. The second price hurdle was reached during 2005 and the third price hurdle was reached during 2006. Pursuant to the terms on which they were granted, the exercise price of outstanding ESOP options were adjusted in accordance with ASX listing rule 6.22.2 to reflect the impact of the rights issue in December 2005.

There are no options over ordinary shares of the Company under the ESOP as at 30 September 2008 and 30 September 2009.

(b) Share Option Plan

The Share Option Plan (SOP) operated between 1999 and 2002. SOP is administered by the Plan Manager, Link Market Services Limited. Eligible executives, as determined by the Board, who achieved an agreed performance rating were invited to apply for options to acquire shares in Orica at a specified exercise price subject to the achievement of a performance hurdle based on Orica's Total Shareholder Return (TSR) relative to the TSR of the other companies in the ASX 100 index after three, four and five years. The proportion of options that vest and become exercisable is determined by comparing Orica's TSR with the other companies. No options vest where Orica's TSR score is below 50% of the other companies. Where the score is equal to or greater than 75% of other companies, all options granted will vest. Options that vest may be exercised for a period up to 10 years from the grant date. Pursuant to the terms on which they were granted, the exercise price of outstanding SOP options were adjusted in accordance with ASX listing rule 6.22.2 to reflect the impact of the rights issue in December 2005.

All options have vested as at 30 September 2009 and 30 September 2008. Details are shown in the table below:

36. Employee share plans (continued)

The options were granted in three tranches, with an exercise price and exercise period as follows:

Grant date	Options issued over plan life	**Number of participants at 30 September**	**Options held at 30 September**	Exercise price $	TSR period end date 1	TSR period end date 2	TSR period end date 3	Value of options at grant date (1) $
As at 30 September 2009								
1 Jan 00	1,505,000	**2**	**11,000**	7.73	Expired	Expired	Expired	2,979,900
1 Jan 01	1,969,800	**2**	**13,600**	5.14	Expired	Expired	Expired	2,147,082
1 Jan 02	1,202,000	**3**	**27,000**	5.09	Expired	Expired	Expired	2,367,940
	4,676,800		**51,600**					**7,494,922**
As at 30 September 2008								
1 Jan 00	1,505,000	2	11,000	7.73	Expired	Expired	Expired	2,979,900
1 Jan 01	1,969,800	2	13,600	5.14	Expired	Expired	Expired	2,147,082
1 Jan 02	1,202,000	3	27,000	5.09	Expired	Expired	Expired	2,367,940
	4,676,800		51,600					7,494,922

(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	Risk free interest rate	Value per option $
1 Jan 00	8.20	30%	5.0%	6.88%	1.98
1 Jan 01	5.76	30%	6.6%	5.42%	1.09
1 Jan 02	7.19	30%	5.4%	5.68%	1.97

The option valuation prepared by PWC uses methodologies consistent with assumptions that apply under an adjusted form of the binomial option pricing model and reflects the value (as at grant date) of options held at 30 September 2009 and 30 September 2008. 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.

(c) Employee Share Plan

The Employee Share Plan (ESP) operated between 1987 and 2002. The ESP is administered by Link Market Services Limited.

Eligible employees, as determined by the Board, were invited to purchase shares in Orica funded by the provision of an interest free loan repayable over ten years. The balance of loans receivable from employees participating in the ESP at 30 September 2009 was $0.1 million (2008 $0.1 million).

Grant date	Date shares become unrestricted	**Number of participants 2009**	Number of participants 2008	Average issue price $	**Shares held at 30 September 2009**	Shares held at 30 September 2008
Pre 1 Oct 2001	-	**48**	83	-	**17,400**	29,800
31 Dec 01	31 Dec 11	**1**	1	7.32	**400**	400
05 Jul 02	05 Jul 12	**43**	45	9.48	**18,400**	18,900
					36,200	49,100

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

The General Employee Exempt Share Plan (GEESP) has operated since 1998. It is administered by the Plan Manager, 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 deductions between the date of acquisition and 30 June the following year;
- 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 2009**	Number of participants at 30 September 2008	**Shares held at 30 September 2009**	Shares held at 30 September 2008
3 Jul 06	30 Jun 09	**-**	1,325	**-**	56,975
2 Jul 07	2 Jul 10	**1,467**	1,588	**48,411**	52,404
1 Jul 08	1 Jul 11	**1,749**	1,888	**59,466**	64,192
				107,877	173,571

No invitations were made to employees in 2009.

36. Employee share plans (continued)

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

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

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

Grant date	Date shares become unrestricted	**Number of participants at 30 September 2009**	Number of participants at 30 September 2008	**Shares held at 30 September 2009**	Shares held at 30 September 2008
1 Oct 03	30 Sept 06	**14**	20	**784**	1,120
1 Oct 04	30 Sept 07	**27**	40	**1,107**	1,640
1 Oct 05	30 Sept 08	**52**	87	**1,820**	3,045
1 Oct 06	30 Sept 09	**80**	99	**2,480**	3,069
1 Oct 07	30 Sept 10	**99**	119	**2,277**	2,737
1 Oct 08	30 Sept 11	**143**	-	**4,004**	-
				12,472	11,611

37. Related party disclosures

(a) Key Management Personnel compensation summary

As deemed under AASB 124 *Related Parties Disclosures*, Key Management Personnel (KMP) include non-executive directors and members of the Group Executive Team (executive directors and the most highly remunerated executives) who have authority and responsibility for planning, directing and controlling the activities of Orica. In this report, “Executive KMP” refers to Executive Key Management Personnel. Non–executive directors have had no day to day involvement in the management of the business.

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

	Consolidated		Company	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Short term employee benefits	**16,289.6**	18,799.4	**-**	-
Other long term benefits	**1,852.1**	4,465.7	**-**	-
Post employment benefits	**269.9**	289.3	**-**	-
Share-based payments	**3,432.8**	2,284.5	**-**	-
Termination benefits	**1,421.8**	1,194.2	**-**	-
	23,266.2	27,033.1	**-**	-

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.

37. Related party disclosures (continued)

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

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

As at 30 September 2009	Balance 1 October 2008	Acquired (1)	Net change other (2)	Fully paid ordinary shares held at 30 September 2009 (3)
Non-Executive Directors				
D P Mercer	26,154	-	-	26,154
M E Beckett	68,755	3,935	-	72,690
R R Caplan	2,325	87	-	2,412
P J Duncan	15,936	-	-	15,936
G A Hounsell	14,936	829	(225)	15,540
P M Kirby	27,259	-	-	27,259
N L Scheinkestel	12,657	2,969	-	15,626
M Tilley	6,329	-	-	6,329
C M Walter *	13,035	437	-	13,472
	187,386	8,257	(225)	195,418

* Closing balance is at cessation of directorship.

As at 30 September 2009	Balance 1 October 2008	Acquired (1)	Net change other (2)	Fully paid ordinary shares held at 30 September 2009 (3)	Options for fully paid ordinary shares held at 30 September 2009 (4)
Executive KMP					
G R Liebelt **	615,058	-	-	615,058	784,621
N A Meehan	49,483	-	-	49,483	169,536
J Beevers	-	2,250	-	2,250	144,828
G J Witcombe	143,535	-	-	143,535	141,376
A J P Larke **	32,331	-	-	32,331	159,906
C B Elkington	-	-	-	-	116,001
P W Houlihan	5,098	-	-	5,098	87,243
M Reich **	-	-	-	-	84,649
P McEwan	-	-	-	-	40,580
P G Etienne	-	-	-	-	179,563
	845,505	2,250	-	847,755	1,908,303

** In addition, as at 30 September 2009 the following Executive KMP hold Orica Step-Up Preference securities: M Reich 6,400, A J P Larke 3,000, G R Liebelt 427.

As at 30 September 2008	Balance 1 October 2007	Acquired (1)	Net change other (2)	Fully paid ordinary shares held at 30 September 2008 (3)
Non-Executive Directors				
D P Mercer	22,500	3,654	-	26,154
M E Beckett	57,188	11,567	-	68,755
R R Caplan	-	2,325		2,325
P J Duncan	14,165	1,771	-	15,936
G A Hounsell	12,888	2,048	-	14,936
P M Kirby	24,230	3,029	-	27,259
N L Scheinkestel	9,538	3,119	-	12,657
M Tilley	5,625	704	-	6,329
C M Walter	11,250	1,785	-	13,035
	157,384	30,002	-	187,386

37. Related party disclosures (continued)

As at 30 September 2008	Balance 1 October 2007	Acquired (1)	Net change other (2)	Fully paid ordinary shares held at 30 September 2008 (3)	Options for fully paid ordinary shares held at 30 September 2008 (4)
Executive KMP					
G R Liebelt	413,900	201,158	-	615,058	471,943
N A Meehan	37,136	12,347	-	49,483	134,115
P G Etienne	-	13,874	(13,874)	-	143,512
M Reich	-	-	-	-	31,271
A J P Larke ***	-	32,331	-	32,331	108,558
G J Witcombe	94,462	78,523	(29,450)	143,535	121,154
J Beevers	-	12,292	(12,292)	-	91,552
C B Elkington	-	12,487	(12,487)	-	83,062
P W Houlihan	2,122	5,098	(2,122)	5,098	40,777
	547,620	368,110	(70,225)	845,505	1,225,944

*** In addition, A J P Larke held 2,000 Orica Step-Up Preference securities as at 30 September 2008.

(1) Includes shares acquired through the Dividend Reinvestment Plan (DRP) and purchases and exercise of options during the year by Non-Executive directors and Executive KMP.

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

(3) Includes trust shares for Executive KMP.

(4) These interests include shares acquired under a loan agreement. A general description of these agreements (LTEIP) is provided in the Remuneration Report. Under AASB 2 Share-based Payment, LTEIP plans are deemed to be option plans for compensation purposes and the amounts receivable from employees in relation to these loans and share capital issued under these schemes are not recognised. The LTEIP before November 2006 is deemed to vest at grant date whilst the LTEIP from November 2006 onwards vests after three years.

(c) Parent entity

The ultimate parent entity within the Group is Orica Limited, which is domiciled and incorporated in Australia.

(d) Controlled entities

Interests in subsidiaries are set out in note 39.

(e) Transactions with controlled entities

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

- Rental revenue received by Orica for the use of land and buildings;
- Management fees received and paid by Orica for accounting and administrative assistance;
- Interest revenue received and paid by Orica for money deposited with or borrowed from Orica Finance Limited;
- Dividend revenue received by Orica;
- Indemnity fees paid to Orica; and
- Purchases and sales of products and services.

All the above transactions with controlled entities are made on normal commercial terms and conditions and in the ordinary course of business. Transactions with the parent entity are disclosed in the Orica Limited parent entity financial statements.

(f) 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:

	Consolidated		Company	
	2009 $m	2008 $m	**2009 $m**	2008 $m
Sales of goods to associates	**247.9**	260.2	**-**	-
Purchases of goods from associates	**71.0**	71.3	**-**	-
Dividend income received from associates	**66.6**	20.3	**-**	-
Interest income received from associates	**-**	0.6	**-**	-

37. Related party disclosures (continued)

Additional related party disclosures

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

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

38. Superannuation commitments

(a) Superannuation plans

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

Company sponsored plans

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

Government plans

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

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 2009 was $31.8 million (2008 $28.8 million).

(c) Defined benefit pension plans

The consolidated entity participates in several local and overseas defined benefit post-employment plans that provide benefits to employees upon retirement. Plan funding is carried out in accordance with the requirements of trust deeds and the advice of actuaries. During the year, the consolidated entity made employer contributions of $38.5 million (2008 $31.0 million) to defined benefit plans. The Group's external actuaries have forecast total employer contributions to defined benefit plans of $35.0 million for 2010.

The Company has no employees and therefore does not support any defined benefit post-employment plans. Accordingly, the disclosures detailed below relate to the consolidated entity.

38. Superannuation commitments (continued)

(c) (i) Balance sheet amounts

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

	2009 $m	2008 $m
Present value of the funded defined benefit obligations	**638.9**	701.3
Fair value of defined benefit plan assets	**(545.8)**	(613.4)
Deficit in plan	**93.1**	87.9
Present value of unfunded defined benefit obligations	**76.8**	86.9
Deficit	**169.9**	174.8
Restriction on assets recognised	**2.9**	3.7
Net liability in the balance sheet	**172.8**	178.5
Amounts in balance sheet:		
Liabilities	**173.1**	181.4
Assets	**(0.3)**	(2.9)
Net liability recognised in balance sheet at end of year	**172.8**	178.5

(c) (ii) Categories of plan assets

The major categories of plan assets are as follows:

	2009 $m	2008 $m
Cash and net current assets	**66.7**	56.1
Equity instruments	**241.9**	299.5
Fixed interest securities	**142.9**	158.8
Property	**58.8**	60.4
Other assets	**35.5**	38.6
	545.8	613.4

(c) (iii) Reconciliations

	2009 $m	2008 $m
Reconciliation of present value of the defined benefit obligations:		
Balance at the beginning of the year	**788.2**	772.6
Current service cost	**21.2**	20.9
Interest cost	**42.3**	44.1
Actuarial (gains)/losses	**(32.8)**	(25.8)
Contributions by plan participants	**6.2**	7.3
Benefits paid	**(64.3)**	(41.3)
Distributions	**(5.3)**	(4.0)
Settlements/curtailments	**(0.6)**	(1.1)
Exchange differences on foreign funds	**(39.2)**	15.5
Balance at the end of the year	**715.7**	788.2
Reconciliation of the fair value of the plan assets:		
Balance at the beginning of the year	**613.4**	635.3
Expected return on plan assets	**42.1**	45.0
Actuarial (losses)/gains	**(61.4)**	(67.4)
Contributions by plan participants	**6.2**	7.3
Contributions by employer	**38.5**	31.0
Benefits paid	**(64.3)**	(41.3)
Distributions	**(5.3)**	(4.0)
Settlements/curtailments	**-**	(1.1)
Exchange differences on foreign funds	**(23.4)**	8.6
Balance at the end of the year	**545.8**	613.4

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.

38. Superannuation commitments (continued)

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

The amounts recognised in the income statement are as follows:

	2009 $m	2008 $m
Current service cost	**21.2**	20.9
Interest cost	**42.3**	44.1
Expected return on plan assets	**(42.1)**	(45.0)
Curtailment or settlement gains	**(0.6)**	-
Total included in employee benefits expense	**20.8**	20.0

(c) (v) Principal actuarial assumptions

The principal actuarial assumptions used were as follows:

	2009	2008
Discount rate	**4.20% - 10.77%**	4.10% - 11.29%
Expected return on plan assets	**0.00% - 11.60%**	0.00% - 11.60%
Future salary increases	**2.50% - 8.00%**	2.75% - 8.68%
Future inflation	**2.00% - 4.50%**	2.00% - 4.50%
Future pension increases	**1.70% - 4.50%**	2.00% - 5.00%
Healthcare cost trend rates (ultimate)	**4.80% - 5.00%**	4.80% - 5.00%
Pension increases in deferment	**1.70% - 4.50%**	2.00% - 5.00%

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

	One percentage point increase $m	One percentage point decrease $m
Effect on the aggregate of the service cost and interest cost	**0.3**	**(0.2)**
Effect on the defined benefit obligation	**2.1**	**(1.7)**

(c) (vi) Historic summary

Amounts for the current and previous periods are as follows:

	2009 $m	2008 $m	2007 $m	2006 $m	2005 $m
Defined benefit plan obligation	**715.7**	788.2	772.6	746.1	692.3
Plan assets	**(545.8)**	(613.4)	(635.3)	(589.7)	(584.0)
Restriction on assets recognised	**2.9**	3.7	-	-	-
Deficit	**172.8**	178.5	137.3	156.4	108.3
Experience adjustments arising on plan liabilities	**(7.5)**	(16.6)	26.7	(0.3)	(8.1)
Experience adjustments arising on plan assets	**(61.4)**	(67.4)	32.5	14.2	42.2
Actual return on plan assets	**(19.2)**	(22.4)	73.1	53.2	78.3

(c) (vii) Amounts included in the statement of recognised income and expense

	2009 $m	2008 $m
Net actuarial losses	**(28.6)**	(41.6)
Change in the effect of asset ceiling	**0.7**	(3.7)
Total losses recognised via the Statement of Recognised Income and Expense	**(27.9)**	(45.3)
Tax credit on total losses recognised via the Statement of Recognised Income and Expense	**8.9**	14.4
Total losses after tax recognised via the Statement of Recognised Income and Expense	**(19.0)**	(30.9)

The consolidated entity has elected under AASB 119 *Employee Benefits*, to recognise all actuarial gains/losses in the Statement of Recognised Income and Expense. The cumulative amount of net actuarial losses/gains (before tax) included in the Statement of Recognised Income and Expense as at 30 September 2009 is $34.2 million - loss (2008 $5.6 million - loss).

38. Superannuation commitments (continued)

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

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

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

30 September 2009 **Plan**	**Accrued Benefits**	**Fund Assets**	**Accrued (deficit)/ surplus**	**Current contribution recommendation**	**Discount rate**	**Expected return on plan assets**	**Future salary increases**
	$m	**$m**	**$m**		%	%	%
The Flexible Benefits Super Fund [2a]	388.5	351.3	(37.2)	13.0% of salaries	4.90	7.25	3.25
Pension Plan for Employees of Orica Canada Inc [2b]	67.3	62.3	(5.0)	Set in accordance with local annual funding requirements	7.25	7.00	3.25
Post Retirement Benefits (Canada) [2c]	11.9	-	(11.9)	Based on benefit payments	7.25	n/a	n/a
Orica Pension Scheme (UK) [2b]	32.6	23.3	(9.3)	20.8% of pensionable earnings	6.00	7.40	3.80
Dyno Nobel Sweden AB [2d]	36.0	-	(36.0)	Based on benefit payments	4.25	n/a	3.50
Nitro Consult AB (Sweden) [2d]	9.3	-	(9.3)	Based on benefit payments	4.25	n/a	3.50
Dyno DNE (Norway) [2e]	37.7	23.2	(14.5)	Insurance premiums	4.20	5.80	3.75
Dyno Defence (Norway) [2e]	6.5	5.1	(1.4)	Insurance premiums	4.20	5.80	3.75
Dynea HK (Norway) [2e]	10.8	5.3	(5.5)	Insurance premiums	4.20	5.80	3.75
Orica New Zealand Ltd Retirement Plan [2b]	31.1	24.2	(6.9)	15.5% of salaries	4.40	6.30	3.50
Orica USA Inc. Retirement Income Plan [2b]	22.4	14.8	(7.6)	Set in accordance with local annual funding requirements	6.25	8.00	n/a
Minova USA Retirement Plans [2b]	16.7	10.0	(6.7)	Set in accordance with local annual funding requirements	6.25	8.00	n/a
Orica's Benefit Plan (Brazil) [2b]	15.7	18.3	2.6	Set in accordance with local annual funding requirements	10.77	10.95	6.59
Other [1]	29.2	8.0	(21.2)	Various	Various	Various	Various
	715.7	545.8	(169.9)				
Restriction on assets recognised			(2.9)				
			(172.8)				

30 September 2008 Plan	Accrued Benefits	Fund Assets	Accrued (deficit)/ surplus	Current contribution recommendation	Discount rate	Expected return on plan assets	Future salary increases
	$m	$m	$m		%	%	%
The Flexible Benefits Super Fund [2a]	414.1	382.6	(31.5)	13.0% of salaries	4.85	7.50	4.50
Pension Plan for Employees of Orica Canada Inc [2b]	88.9	72.8	(16.1)	Set in accordance with local annual funding requirements	6.00	7.00	3.75
Post Retirement Benefits (Canada) [2c]	15.1	-	(15.1)	Based on benefit payments	6.00	n/a	n/a
Orica Pension Scheme (UK) [2b]	37.6	31.2	(6.4)	20.8% of pensionable earnings	6.40	7.39	4.00
Dyno Nobel Sweden AB [2d]	40.8	-	(40.8)	Based on benefit payments	4.25	n/a	3.50
Nitro Consult AB (Sweden) [2d]	9.4	-	(9.4)	Based on benefit payments	4.25	n/a	3.50
Dyno DNE (Norway) [2e]	40.9	26.5	(14.4)	Insurance premiums	5.00	5.75	4.50
Dyno Defence (Norway) [2e]	7.6	5.8	(1.8)	Insurance premiums	5.00	5.75	4.50
Dynea HK (Norway) [2e]	12.0	7.0	(5.0)	Insurance premiums	5.00	5.75	4.50
Orica New Zealand Ltd Retirement Plan [2b]	33.4	24.7	(8.7)	14.4% of salaries	4.10	6.40	3.50
Orica USA Inc. Retirement Income Plan [2b]	23.2	21.0	(2.2)	Set in accordance with local annual funding requirements	6.50	8.25	n/a
Minova USA Retirement Plans [2b]	19.5	14.8	(4.7)	Set in accordance with local annual funding requirements	6.50	8.25	3.50
Orica's Benefit Plan (Brazil) [2b]	13.3	18.2	4.9	Set in accordance with local annual funding requirements	11.29	11.6	8.68
Other [1]	32.4	8.8	(23.6)	Various	Various	Various	Various
	788.2	613.4	(174.8)				
Restriction on assets recognised			(3.7)				
			(178.5)				

38. Superannuation commitments (continued)

[1] Other international plans comprise the following:

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

[2] The major defined benefit plans of the consolidated entity are categorised as follows:

(a) Funded lump sum retirement benefits based on final average pensionable earnings;
(b) Funded pension retirement benefits based on final average pensionable earnings;
(c) Post retirement life, dental and medical coverage;
(d) Unfunded pension retirement benefits based on final average pensionable earnings; and
(e) Arrangements for each Norway entity are a combination of funded and unfunded pension benefits based on final average pensionable earnings.

Notes to the Financial Statements

For the year ended 30 September

39. Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities held during 2008 and 2009:

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			
Accesorios para Explosivos Problast Ltda (e)	Chile	Eurodyn Sprengmittel GmbH	Germany
ACF and Shirleys Pty Ltd (g)		Excel Mining Systems LLC (h)	USA
Active Chemicals Chile S.A.	Chile	(merged with Minova USA Inc)	
Altona Properties Pty Ltd (g)		Explosivos de Mexico S.A. de C.V.	Mexico
Ammonium Nitrate Development and	Thailand	Explosivos Mexicanos S.A. de C.V.	Mexico
Production Limited		FA Sig Pty Limited (g)	
Anbao Insurance Pte Ltd	Singapore	Fortune Properties (Alrode) (Pty) Limited	South Africa
Andean Mining & Chemicals Limited	Jersey	FS Resin (Pty) Limited	South Africa
Arboleda S.A	Panama	Geobolt s.r.o.	Czech Republic
ASA Organizacion Industrial S.A. de C.V.	Mexico	GeoNitro Limited	Georgia
Australian Fertilizers Pty Ltd (g)		Ground Consolidation Pty Limited (g)	
A.C.N. 009 556 218 Pty Ltd (e) (g)		Hallowell Manufacturing LLC	USA
A.C.N. 133 404 261 Pty Ltd (g)		Hebben & Fischbach Chemietechnik GmbH	Germany
Bamble Mekaniske Industri AS	Norway	Hunan Orica Nanling Civil Explosives Co., Ltd (c)	China
Barbara Limited	UK	Indian Explosives Limited	India
Beijing Ruichy Minova Synthetic	China	Initiating Explosives Systems Pty Ltd (a)	
Material Company Limited		Intermountain West Energy, Inc.	USA
Brasex Participacoes Ltda	Brazil	Inversiones Dyno Nobel Chile Ltda (d)	Chile
Bronson and Jacobs (H.K.) Limited	Hong Kong	Joplin Manufacturing Inc.	USA
Bronson and Jacobs (Shanghai) International	China	LLC Orica Logistics	Russia
Trading Co. Ltd		Marplex Australia (Holdings) Pty Ltd	
Bronson & Jacobs (GZFTZ) Ltd	China	Marplex Australia Pty Ltd	
Bronson & Jacobs International Co. Ltd	Thailand	Mining Concepts Pty Limited (g)	
Bronson & Jacobs (Malaysia) Sdn Bhd	Malaysia	Mining Systems Holding LLC (h)	USA
Bronson & Jacobs (NZ) Limited (e)	NZ	(merged with Minova USA Inc)	
Bronson & Jacobs Pty Ltd		Minova AG	Switzerland
Bronson & Jacobs (S.E. Asia) Pte Limited	Singapore	Minova Arnall Sp. z o.o.	Poland
BST Manufacturing, Inc.	USA	Minova Asia Pacific Ltd (c)	Taiwan
Carbo Tech Australia Pty Limited (g)		Minova Australia Pty Limited	
Carbo Tech Australia Cement		Minova Bohemia s.r.o.	Czech Republic
Investments Pty Limited (g)		Minova (Botswana) (Proprietary) Limited	Botswana
Carbo Tech Polonia Sp. z o.o.	Poland	Minova BWZ GmbH	Germany
Chemnet Pty Limited (g)		(formerly BWZ Berg - und Industrietechnik GmbH)	
CJSC Dyno Nobel Russia	Russia	Minova CarboTech GmbH	Germany
CJSC (ZAO) Carbo-Zakk	Russia	Minova Codiv S.L.	Spain
CJSC (ZAO) Carbo & Krep	Ukraine	Minova Ekochem S.A.	Poland
Curasalus Insurance Pty Limited		Minova GmbH (c)	Austria
Cyantific Instruments Pty Ltd (g)		Minova Holding GmbH	Germany
Deco-Pro China Limited	Hong Kong	Minova Holding Inc	USA
Dulux Holdings Pty Ltd (g)		Minova International Limited	UK
Dyno Consult AS	Norway	Minova Ksante Sp. z o.o.	Poland
Dyno NitroMed AD	Bulgaria	Minova MineTek Private Limited	India
Dyno Nobel AS	Norway	Minova Nordic AB	Sweden
Dyno Nobel Latin America S.A.	Peru	Minova Operations (QLD) Pty Limited (g)	
Dyno Nobel Nitrogen AB (d)	Sweden	Minova Romania S.R.L. (c)	Romania
Dyno Nobel Schweiz AG (e)	Switzerland	Minova UK Limited	UK
Dyno Nobel Slovakia a.s.	Slovakia	Minova Ukraine OOO	Ukraine
Dyno Nobel Sweden AB	Sweden	Minova USA Inc	USA
Dyno Nobel (Thailand) Limited	Thailand	Mintun Australia Pty Ltd	
Dyno Nobel VH Company LLC	USA	Mintun 1 Limited	UK
Dyno Nobel Zambia Limited	Zambia	Mintun 2 Limited	UK
D.C. Guelich Explosive Company	USA	Mintun 3 Limited	UK
Eastern Nitrogen Pty Ltd (g)		Mintun 4 Limited	UK
Emerald Holdings Company S.A.	Colombia	MMTT Limited	UK
Emirates Explosives LLC	United Arab Emirates	Nitedals Krudtvaerk AS	Norway
		Nitro Asia Company Inc.	Philippines
Engineering Polymers Pty Ltd (g)		Nitro Consult AB	Sweden

39. Investments in controlled entities (continued)

Name of Entity	Place of incorporation if other than Australia	Name of Entity	Place of incorporation if other than Australia
Nitroamonia de Mexico S.A de C.V.	Mexico	Orica Finance Limited	
Nobel Industrier AS	Norway	Orica Finance Trust	
Nordenfjeldske Spraengstof AS	Norway	Orica GEESP Pty Ltd (g)	
Northwest Energetic Services LLC	USA	Orica Germany GmbH	Germany
Nutnim 1 Limited	UK	Orica Ghana Limited	Ghana
Nutnim 2 Limited	UK	Orica Grace US Holdings Inc.	USA
OOO Minova	Russia	Orica Guyana Inc (e)	
OOO Minova TPS	Russia	Orica Holdings Pty Ltd (g)	
OPEL Chemical (Singapore) Private Limited (b)	Singapore	Orica Hong Kong Limited	Hong Kong
Orica-CCM Energy Systems Sdn Bhd	Malaysia	Orica IC Assets Holdings Limited Partnership	
Orica-GM Holdings Ltd	UK	Orica IC Assets Pty Ltd (i)	
Orica Advanced Water Technologies Pty Ltd (g)		Orica IC Investments Pty Ltd (g)	
Orica Argentina S.A.I.C.	Argentina	Orica International IP Holdings Inc.	USA
Orica Australia Pty Ltd (a)		Orica International Pte Ltd	Singapore
Orica Australia Securities Pty Limited (g)		Orica Investments (Indonesia) Pty Limited (g)	
Orica Blast & Quarry Surveys Ltd	UK	Orica Investments (NZ) Limited	NZ
Orica Bolivia S.A. (formerly Dyno Nobel Bolivia S.A.)	Bolivia	Orica Investments (Thailand) Pty Limited (g)	
		Orica Investments Pty Ltd (a)	
Orica Brasil Ltda	Brazil	Orica Japan Co. Ltd	Japan
Orica Brasil Produtos Quimicos Ltda	Brazil	Orica Kazakhstan Joint Stock Company	Kazakhstan
Orica Caledonie SAS	New Caledonia	Orica Malaysia Sdn Bhd	Malaysia
Orica Canada Inc	Canada	Orica Mining Services (Hong Kong) Ltd	Hong Kong
Orica Centroamerica S.A.	Costa Rica	Orica Mining Services Peru S.A. (formerly Dyno Nobel Samex S.A.)	Peru
Orica Chemicals Argentina S.A.	Argentina		
Orica Chemicals Chile S.A.	Chile	Orica Mining Services (PNG) Limited (b)	Papua New Guinea
Orica Chemicals Colombia S.A.	Columbia	Orica Mongolia LLC	Mongolia
Orica Chemicals Peru S.A.C.	Peru	Orica Nelson Quarry Services Inc.	USA
Orica Chile Distribution S.A. (formerly Dyno Nobel Chile S.A.)	Chile	Orica Netherlands Finance B.V.	Holland
		Orica New Zealand Finance Limited	NZ
Orica Chile S.A.	Chile	Orica New Zealand Ltd	NZ
Orica Clarendon NZ Limited	New Zealand	Orica New Zealand Securities Limited	NZ
Orica Clarendon Pty Ltd (g)		Orica New Zealand Superfunds Securities Ltd	NZ
Orica Coatings (Shanghai) Co., Ltd (b)	China	Orica Nitrates Philippines Inc	Philippines
Orica Coatings (Shenzhen) Co., Ltd	China	Orica Nitratos Peru S.A. (c)	Peru
Orica Colombia S.A.	Colombia	Orica Nitro Patlayici Maddeler Sanayi ve Ticaret Anonim Sirketi	Turkey
Orica Consumer Products Singapore Pte Ltd (c)	Singapore		
Orica CP Australia Pty Ltd (g)		Orica Nitrogen LLC	USA
Orica CP Investments Pty Ltd (g)		Orica Nominees Pty Ltd (g)	
Orica CP Finance Pty Ltd (g)		Orica Norway Holdings AS	Norway
Orica CP Holdings Pty Ltd (g)		Orica Panama, S.A.	Panama
Orica CP Limited		Orica Papua New Guinea Limited	PNG
Orica Czech Republic s.r.o.	Czech Republic	Orica Peru S.A.	Peru
Orica Denmark A/S	Denmark	Orica Philippines Inc	Philippines
Orica Dominicana S.A.	Dominican Republic	Orica Poland Sp. z.o.o.	Poland
		Orica Securities (UK) Limited	UK
Orica Eesti OU	Estonia	Orica Servicos de Mineracao Ltda (formerly Dyno Nobel Brasil Ltda)	Brazil
Orica Engineering Pty Ltd (e)			
Orica Europe FT Pty Ltd (g)		Orica Share Plan Pty Limited (g)	
Orica Europe Investments Pty Ltd (g)		Orica Singapore Pte Ltd	Singapore
Orica Europe Management GmbH	Germany	Orica Slovakia s.r.o.	Slovakia
Orica Europe Pty Ltd & Co KG	Germany	Orica South Africa (Proprietary) Limited	South Africa
Orica Explosives Holdings Pty Ltd		Orica St. Petersburg LLC	Russia
Orica Explosives Holdings No 2 Pty Ltd		Orica Sweden Holdings AB	Sweden
Orica Explosives Holdings No 3 Pty Ltd (g)		Orica Tanzania Limited	Tanzania
Orica Explosives Research Pty Ltd (g)		Orica UK Limited	UK
Orica Explosives Technology Pty Ltd		Orica US Holdings General Partnership	USA
Orica Explosives (Thailand) Co Ltd	Thailand	Orica USA Inc.	USA
Orica Explosivos Industriales, S.A.	Spain	Orica U.S. Services Inc.	USA
Orica Export Inc.	USA	Orica Venezuela C.A.	Venezuela
Orica Fiji Ltd	Fiji	Orica Watercare Inc.	USA

39. Investments in controlled entities (continued)

Name of Entity	Place of incorporation if other than Australia	Name of Entity	Place of incorporation if other than Australia
Orica (Weihai) Explosives Co Ltd	China	Southern Blasting Services, Inc.	USA
Oricorp Comercial S.A. de C.V.	Mexico	Sprengmittelvertrieb in Bayern GmbH	Germany
Oricorp Mexico S.A. de C.V.	Mexico	Sprengstoff-Verwertungs GmbH	Germany
Oricorp Servicios S.A. de C.V.	Mexico	Stratabolt Products (Pty) Limited	South Africa
Penlon Pty Limited (g)		Stratabolt (Pty) Ltd	South Africa
Project Grace Holdings (formerly Project Grace Holdings Limited)	UK	Taian Ruichy Minova Ground Control Technology Co., Ltd (c)	China
Project Grace Incorporated	USA	Tec Harseim Do Brazil Ltda	Brazil
Project Grace (formerly Project Grace Limited)	UK	Tecrete Industries Pty Limited (g)	
		Teradoran Pty Ltd (g)	
PT Baktijala Kencana Citra	Indonesia	TOO "Minova Kasachstan"	Kazakhstan
PT Kalimantan Mining Services	Indonesia	UPEX S.A. (e)	Peru
PT Kaltim Nitrate Indonesia	Indonesia	Ventmine Pty Limited	
PT Orica Mining Services	Indonesia	White Lightning Holding Co Inc	Philippines
Retec Pty Ltd (g)		Willich Fosroc Technika Gornicza i Budowlana Sp. z o.o.	Poland
Sarkem Pty Ltd (g)			
Selleys Pty Limited (a)			

Notes:

All entities are owned 100% except as set out in note 23.

(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) Acquired in 2009.

(c) Incorporated in 2009.

(d) In liquidation.

(e) Liquidated in 2009.

(f) Dissolved in 2009.

(g) Small proprietary company - no separate statutory accounts are prepared.

(h) Merged with another entity in 2009.

(i) Left Deed of Cross Guarantee in 2009.

40. Deed of cross guarantee

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

Summarised balance sheet

	Closed Group 2009 $m	Closed Group 2008 $m
Current assets		
Cash and cash equivalents	**2,463.5**	1,321.0
Trade and other receivables	**455.5**	457.5
Inventories	**226.3**	313.0
Other assets	**10.8**	12.7
Total current assets	**3,156.1**	2,104.2
Non-current assets		
Trade and other receivables	**101.6**	103.1
Investments accounted for using the equity method	**1.7**	1.6
Other financial assets	**3,369.0**	3,068.3
Property, plant and equipment	**1,042.2**	1,261.9
Intangible assets	**169.5**	435.5
Deferred tax assets	**161.6**	141.8
Other assets	**0.4**	-
Total non-current assets	**4,846.0**	5,012.2
Total assets	**8,002.1**	7,116.4
Current liabilities		
Trade and other payables	**531.9**	647.6
Interest bearing liabilities	**1,257.8**	2,489.6
Current tax liabilities	**24.4**	45.4
Provisions	**164.0**	130.1
Total current liabilities	**1,978.1**	3,312.7
Non-current liabilities		
Trade and other payables	**64.2**	58.7
Interest bearing liabilities	**2,530.2**	11.7
Deferred tax liabilities	**89.2**	86.4
Provisions	**168.4**	97.3
Total non-current liabilities	**2,852.0**	254.1
Total liabilities	**4,830.1**	3,566.8
Net assets	**3,172.0**	3,549.6
Equity		
Ordinary shares	**1,865.6**	1,881.3
Reserves	**332.0**	443.4
Retained profits	**484.4**	734.9
Total equity attributable to ordinary shareholders of Orica	**2,682.0**	3,059.6
Equity attributable to Step-Up Preference Securities holders	**490.0**	490.0
Total equity	**3,172.0**	3,549.6

Summarised income statement and retained profits

	2009 $m	2008 $m
Profit before income tax expense	**384.5**	306.7
Income tax expense	**(46.3)**	(69.2)
Profit from continuing operations	**338.2**	237.5
Retained profits at the beginning of the year	**734.9**	827.1
Retained profits of companies leaving the Deed	**(213.5)**	-
Actuarial losses recognised directly in equity	**(6.6)**	(17.1)
Dividends/distributions paid:		
Step-Up Preference Securities distributions	**(37.5)**	(41.5)
Less tax credit on Step-Up Preference Securities distributions	**9.4**	13.4
Ordinary dividends – interim	**(142.5)**	(122.1)
Ordinary dividends – final	**(198.0)**	(162.4)
Retained profits at the end of the year	**484.4**	734.9

Directors' Declaration on the Financial Report set out on pages 41 to 120

I, Donald Penn Mercer, being a director of Orica Limited, do hereby state in accordance with a resolution of the directors that in the opinion of the directors,

(a) the financial statements and notes, set out on pages 41 to 120, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company and the consolidated entity as at 30 September 2009 and of their 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 2009.

D P Mercer
Chairman

Dated at Melbourne this 9th day of November 2009.

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 balance sheets as at 30 September 2009, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 40 and the directors' declaration set out on pages 41 to 121 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

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

Independence

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

Auditor's Report

For the year ended 30 September 2009

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 September 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 pages 24 to 39 of the directors' report for the year ended 30 September 2009. 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 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Alison Kitchen

Alison Kitchen
Partner

Dated at Melbourne this 9th day of November 2009.

Shareholders' Statistics

As at 14 October 2009

Distribution of ordinary shareholders and shareholdings

Size of holding			Number of holders		Number of shares	
1	–	1,000	40,988	63.07%	17,402,410	4.83%
1,001	–	5,000	21,042	32.38%	42,796,783	11.89%
5,001	–	10,000	1,916	2.95%	12,992,104	3.61%
10,001	–	100,000	950	1.46%	19,106,539	5.31%
100,001 and over			88	0.14%	267,657,743	74.36%
Total			64,984	100.00%	359,955,579	100.00%

Included in the above total are 2,085 shareholders holding less than a marketable parcel of 21 shares.
The holdings of the 20 largest holders of fully paid ordinary shares represent 66.96% of that class of shares.

Twenty largest ordinary fully paid shareholders

	Shares	% of total
HSBC Custody Nominees (Australia) Limited	63,951,483	17.77%
J P Morgan Nominees Australia Limited	51,808,407	14.39%
National Nominees Limited	45,806,124	12.73%
RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	15,966,808	4.44%
Citicorp Nominees Pty Limited	14,524,962	4.04%
Cogent Nominees Pty Limited	9,102,211	2.53%
ANZ Nominees Limited <CASH INCOME A/C>	7,926,812	2.20%
Pacific Custodians Pty Limited ORICA EMPLOYEE SHARE FPO	5,542,173	1.54%
AMP Life Limited	2,865,364	0.80%
Queensland Investment Corporation	2,819,241	0.78%
Australian Foundation Investment Company Limited	2,509,072	0.70%
Warnford Nominees Pty Limited <NO 1 ACCOUNT>	2,300,000	0.64%
UBS Wealth Management Australia Nominees Pty Ltd	2,091,883	0.58%
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 4 A/C>	2,083,576	0.58%
ARGO Investments Limited	2,064,698	0.57%
UBS Nominees Pty Ltd	2,000,079	0.56%
CS Third Nominees Pty Ltd <37 T A/C>	1,994,391	0.55%
Perpetual Trustee Company Limited	1,976,136	0.55%
RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/C>	1,864,388	0.52%
Citicorp Nominees Pty Limited <CFS WSLE IMPUTATION FND A/C>	1,757,163	0.49%
Total	240,954,971	66.96%

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:

18 August 2009	Perpetual Limited and Subsidiaries	35,169,105	9.77%
26 June 2009	Barclays Group	18,140,963	5.05%

Shareholders' Statistics

As at 14 October 2009

Distribution of Orica Step-Up Preference Securities shareholders and shareholdings

Size of holding			Number of holders		Number of shares	
1	–	1,000	3,068	90.41%	829,917	16.60%
1,001	–	5,000	269	7.93%	553,591	11.07%
5,001	–	10,000	24	0.71%	189,336	3.79%
10,001	–	100,000	23	0.68%	806,035	16.12%
100,001 and over			9	0.27%	2,621,121	52.42%
Total			3,393	100.00%	5,000,000	100.00%

Included in the above total is nil shareholder holding less than a marketable parcel of 5 shares.
The holdings of the 20 largest holders of the Orica Step-Up Preference Securities represent 65.08% of that class of shares.

Twenty largest Orica Step-Up Preference securities shareholders

	Shares	% of total
J P Morgan Nominees Australia Limited	1,285,837	25.71%
National Nominees Limited	243,569	4.87%
HSBC Custody Nominees (Australia) Limited	224,060	4.48%
Cogent Nominees Pty Limited <SMP ACCOUNTS>	197,364	3.95%
Citicorp Nominees Pty Limited	179,327	3.59%
ANZ Nominees Limited <CASH INCOME A/C>	155,663	3.11%
UBS Nominees Pty Ltd	130,037	2.60%
UBS Wealth Management Australia Nominees Pty Ltd	105,013	2.10%
Goldman Sachs JBWere Capital Markets Ltd <CREDIT 3 A/C>	100,251	2.01%
Queensland Investment Corporation	94,460	1.89%
M F Custodians Ltd	87,447	1.75%
RBC Dexia Investor Services Australia Nominees Pty Limited MLCI	82,798	1.66%
RBC Dexia Investor Services Australia Nominees Pty Limited <GSENIP A/C>	78,571	1.57%
Avanteos Investments Limited <ENCIRCLE IMA A/C>	66,376	1.33%
Buttonwood Nominees Pty Ltd	60,762	1.22%
UCA Cash Management Fund Ltd	50,000	1.00%
Brispot Nominees Pty Ltd <HOUSE HEAD NOMINEE NO 1 A/C>	32,700	0.65%
Flight Centre Limited	32,150	0.64%
Australian Executor Trustees Limited <NO 1 ACCOUNT>	24,701	0.49%
Equity Trustees Limited	22,950	0.46%
Total	3,254,036	65.08%

Voting rights

Voting rights as governed by the Constitution of the Company provide that each ordinary shareholder present in person or by proxy at a meeting shall have:
(a) on a show of hands, one vote only; and
(b) on a poll, one vote for every fully paid ordinary share held.
No voting rights attach to the Orica Step-Up Preference Securities except as defined in the Constitution.

Ten Year Financial Statistics

Orica consolidated		2009 $m	2008 $m
Sales		**7,411.0**	**6,544.1**
Earnings before depreciation, amortisation, net borrowing costs and tax		1,330.2	1,188.8
Depreciation and amortisation (excluding goodwill)		(247.7)	(218.7)
Goodwill amortisation		-	-
Earnings before net borrowing costs and tax (EBIT)		**1,082.5**	**970.1**
Net borrowing costs		(133.5)	(157.7)
Individually material items before tax		(139.6)	(41.6)
Taxation expense		(228.0)	(203.5)
Minority interests		(39.6)	(27.7)
Profit/(loss) after tax and individually material items		**541.8**	**539.6**
Individually material items after tax attributable to members of Orica		**(104.3)**	**(32.7)**
Profit after tax before individually material items (net of tax)		**646.1**	**572.3**
Dividends/distributions		378.0	326.0
Current assets		1,994.4	2,458.2
Property, plant and equipment		2,075.0	2,052.3
Investments		168.3	209.3
Intangibles		2,756.5	3,012.6
Other non-current assets		360.0	275.4
Total assets		**7,354.2**	**8,007.8**
Current borrowings and payables		1,316.9	1,777.8
Current provisions		298.8	301.8
Non current borrowings and payables		1,279.8	1,107.2
Non current provisions		485.9	502.6
Total liabilities		**3,381.4**	**3,689.4**
Net assets		**3,972.8**	**4,318.4**
Equity attributable to ordinary shareholders of Orica		3,370.7	3,731.5
Equity attributable to Step-Up Preference Securities holders		490.0	490.0
Equity attributable to minority interests		112.1	96.9
Total shareholders' equity		**3,972.8**	**4,318.4**
Number of ordinary shares on issue at year end	millions	360.0	359.2
Weighted average number of ordinary shares on issue	millions	353.9	320.0
Basic earnings per ordinary share			
before individually material items	**cents**	**174.6**	**170.0**
including individually material items	**cents**	**145.2**	**159.8**
Dividends per ordinary share	**cents**	**97.0**	**94.0**
Dividend franking	**%**	**35.1**	**36.2**
Dividend yield (based on year end share price)	**%**	4.1	4.5
Closing share price range – High		**$24.15**	**$32.18**
Low		**$11.30**	**$20.95**
Year end		**$23.50**	**$20.95**
Stockmarket capitalisation at year end	$m	8,459.0	7,525.2
Net tangible assets per share	**$**	**1.71**	**2.00**
Profit margin (earnings before net borrowing costs and tax/sales)	**%**	**14.6**	**14.8**
Net debt		**1,094.5**	**1,020.5**
Gearing (net debt/net debt plus equity)	**%**	**21.6**	**19.1**
Interest cover (earnings before net borrowing costs and tax/net borrowing costs)	**times**	**8.1**	**6.1**
Net capital expenditure on plant and equipment (Cash Flow)		**(345.6)**	**(394.8)**
Capital expenditure on acquisitions (Cash Flow)		**(107.3)**	**(866.2)**
Return on average shareholders' funds			
before individually material items	**%**	**16.0**	**16.9**
including individually material items	**%**	**13.4**	**15.9**

Note: Income statements prior to 2005 and balance sheets prior to 2004 are stated under accounting standards used prior to the adoption of International Financial Reporting Standards.

Ten Year Financial Statistics

2007 $m	2006 $m	2005 $m	2004 $m	2003 $m	2002 $m	2001 $m	2000 $m
5,527.2	**5,359.2**	**5,126.7**	**4,610.5**	**3,958.6**	**4,085.2**	**4,041.9**	**3,672.7**
995.9	814.6	741.3	724.2	617.5	581.8	349.7	442.5
(183.2)	(156.9)	(140.4)	(137.7)	(155.1)	(161.3)	(161.2)	(145.5)
-	-	-	(33.2)	(20.1)	(10.5)	(14.1)	(15.9)
812.7	**657.7**	**600.9**	**553.3**	**442.3**	**410.0**	**174.4**	**281.1**
(122.6)	(92.2)	(102.5)	(72.3)	(60.7)	(59.5)	(64.0)	(46.0)
(22.3)	70.8	(187.7)	(46.6)	(208.7)	(48.1)	(280.4)	(46.7)
(154.4)	(74.9)	(88.8)	(80.9)	(59.3)	(72.5)	(36.6)	(65.1)
(25.7)	(22.3)	(13.6)	(25.7)	(12.9)	(16.3)	13.9	(9.6)
487.7	**539.1**	**208.3**	**327.8**	**100.7**	**213.6**	**(192.7)**	**113.7**
(10.1)	**158.8**	**(131.6)**	**2.2**	**(169.6)**	**(25.5)**	**(255.0)**	**(33.3)**
497.8	**380.3**	**339.9**	**325.6**	**270.3**	**239.1**	**62.3**	**147.0**
303.7	207.1	190.6	156.6	50.0	122.9	44.3	96.4
1,955.2	2,479.7	1,781.6	1,699.6	1,282.6	1,270.3	1,433.9	1,364.7
1,742.9	1,603.1	1,593.7	1,514.4	1,436.8	1,414.1	1,621.4	1,484.0
125.6	125.9	49.1	48.4	86.4	234.2	244.2	264.6
2,055.5	1,141.3	634.3	588.3	441.7	135.5	155.0	249.6
335.2	362.8	252.5	335.2	307.8	311.1	276.0	216.4
6,214.4	**5,712.8**	**4,311.2**	**4,185.9**	**3,555.3**	**3,365.2**	**3,730.5**	**3,579.3**
1,625.4	981.0	958.9	1,165.4	683.3	640.0	887.4	845.0
332.3	319.1	218.7	215.1	169.6	248.2	303.8	266.3
1,098.6	1,272.5	1,287.2	755.7	812.7	727.8	869.2	552.3
530.5	472.0	326.9	510.3	309.2	255.1	267.4	271.9
3,586.8	**3,044.6**	**2,791.7**	**2,646.5**	**1,974.8**	**1,871.1**	**2,327.8**	**1,935.5**
2,627.6	**2,668.2**	**1,519.5**	**1,539.4**	**1,580.5**	**1,494.1**	**1,402.7**	**1,643.8**
2,076.7	2,126.6	1,327.9	1,334.5	1,384.9	1,373.0	1,283.2	1,511.4
490.0	490.0	-	-	-	-	-	-
60.9	51.6	191.6	204.9	195.6	121.1	119.5	132.4
2,627.6	**2,668.2**	**1,519.5**	**1,539.4**	**1,580.5**	**1,494.1**	**1,402.7**	**1,643.8**
307.9	309.2	273.1	270.1	277.6	279.1	277.3	275.8
306.3	300.8	272.8	273.5	277.9	278.0	275.9	274.6
149.5	**126.4**	**124.6**	**119.0**	**97.2**	**86.0**	**22.5**	**53.5**
146.3	**179.2**	**76.3**	**119.8**	**36.2**	**76.8**	**(70.0)**	**41.4**
89.0	**74.0**	**71.0**	**68.0**	**52.0**	**44.0**	**16.0**	**35.0**
34.8	**40.5**	**32.4**	**41.2**	**21.1**	**34.0**	**100.0**	**32.0**
3.0	3.3	3.4	3.9	4.3	4.6	3.7	6.1
$33.90	**$26.45**	**$21.55**	**$17.55**	**$12.47**	**$9.85**	**$6.08**	**$8.66**
$21.78	**$17.78**	**$14.32**	**$11.92**	**$8.15**	**$4.22**	**$4.04**	**$5.58**
$30.10	**$22.47**	**$21.00**	**$17.30**	**$12.00**	**$9.52**	**$4.34**	**$5.73**
9,268.2	6,948.1	5,735.2	4,672.0	3,331.2	2,656.9	1,203.3	1,580.1
0.07	**3.19**	**2.53**	**2.76**	**3.40**	**4.43**	**4.07**	**4.58**
14.7	**12.3**	**11.7**	**12.0**	**11.2**	**10.0**	**4.3**	**7.7**
1,305.7	**302.1**	**1,112.1**	**977.3**	**877.0**	**679.7**	**984.1**	**777.4**
33.2	**10.2**	**42.3**	**38.8**	**35.7**	**31.3**	**41.2**	**32.1**
6.6	**7.1**	**5.9**	**7.7**	**7.3**	**6.9**	**2.7**	**6.1**
(280.9)	**(329.2)**	**(234.9)**	**(126.9)**	**(43.6)**	**(15.3)**	**(213.8)**	**(241.5)**
(917.7)	**(875.6)**	**(59.2)**	**(253.9)**	**(415.7)**	**(1.3)**	**(131.7)**	**144.9**
19.2	**19.3**	**25.5**	**23.9**	**19.6**	**18.0**	**4.5**	**9.8**
18.8	**27.3**	**15.6**	**24.1**	**7.3**	**16.1**	**(13.8)**	**7.6**

Shareholder Information

Annual General Meeting

10.30am Wednesday, 16 December 2009

Touring Hall, Melbourne Museum, 11 Nicholson Street, Carlton

Stock Exchange Listing

Orica's shares are listed on the Australian Stock Exchange (ASX) and are traded under the code ORI and ORIPB.

Orica Share Registry

Link Market Services Limited
Level 12, 680 George Street,
Sydney NSW 2000
Locked Bag A14
Sydney South, NSW, 1235

Telephone: 1300 301 253
(for callers within Australia)
International: +612 8280 7111

Facsimile: +612 9287 0303

Email: registrars@linkmarketservices.com.au

Website: www.linkmarketservices.com.au/orica

Tax and Dividend Payments

For Australian registered shareholders who have not quoted their Tax File Number (TFN) or Australian Business Number (ABN), the company is obliged to deduct tax at the top marginal rate plus Medicare levy from unfranked and/or partially franked dividends. If you have not already quoted your TFN/ABN, you may do so by contacting the Share Registrar or by registering your TFN/ABN at Orica's website at: www.orica.com/registry to access the shareholder information page.

Dividend Payments

Your dividends will be paid in Australian dollars by cheque, mailed to the address recorded on the share register.

Why not have us bank your dividend payments for you?

How would you like to have immediate access to your dividend payment? Your dividend payments can be credited directly into any nominated bank, building society or credit union account in Australia.

Dividends paid by direct credit appear in your account as cleared funds, thus allowing you to access them on payment date. You may elect to receive your dividends by way of direct credit by completing an application form available by contacting the Share Registrar or enter the details at Orica's website at www.orica.com/registry.

Shareholders should be aware that any cheques that remain uncashed after approximately two years from a dividend payment are required to be handed over to State Trustees under the Unclaimed Monies Act. Shareholders are encouraged to cash cheques promptly or to have their dividends directly deposited into their bank accounts.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) enables Orica's fully paid ordinary shareholders having a registered address or being resident in Australia or New Zealand to reinvest all or part of their dividends in additional Orica fully paid ordinary shares. Applications are available from the Share Registrar.

Consolidation of Multiple Holdings

If you have multiple issuer sponsored holdings that you wish to consolidate into a single account, please notify the Share Registrar in writing, quoting your full registered names and Securityholder Reference Number (SRN) for these accounts and nominating the account to which the holdings are to be consolidated.

Change of Name and/or Address

For issuer-sponsored holdings: please notify the Share Registrar in writing if you change your name and/or address (please supply details of your new/previous name, your new/previous address and your SRN), or change the details online at Orica's website at www.orica.com/registry. For CHESS/broker sponsored holdings: please notify your broker in writing if you change your name and/or address.

Share Enquiries

Shareholders seeking information about their shareholding or dividends should contact Orica's Share Registrar, Link Market Services Limited. Contact details are above. Callers within Australia can obtain information on their investments with Orica by calling the InvestorLine on 1300 301 253. This is a 24 hour, seven days a week service. Before you call, make sure you have your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) handy.

You can do so much more online via the internet
Visit Orica's website: www.orica.com/registry.

Access a wide variety of holding information, make some changes online or download forms.

You can:

- Check your current and previous holding balances.
- Choose your preferred annual report options.
- Update your address details.
- Update your bank details.
- Confirm whether you have lodged your Tax File Number (TFN) or Australian Business Number (ABN) exemption.
- Register your TFN/ABN.
- Check transaction and dividend history.
- Enter your email address.
- Check the share prices and graphs.
- Download a variety of instruction forms.
- Subscribe to email announcements.

You can access this information via a security login using your SRN or HIN as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

Orica Communications

Orica's website www.orica.com offers shareholders details of the latest share price, announcements to the ASX, investor and analyst presentations, webcasts and the Chairman's and Managing Director's AGM addresses. The website also provides further information about the company and offers insights into Orica's businesses.

Orica's printed communications include the Annual Report and the Business Overview report.

We can now provide electronic dividend statements, notices of meeting and proxy forms. Electronic transmission enhances shareholder communication, results in significant cost savings for the Company and is more environmentally friendly. Shareholders wishing to receive all communications electronically should visit the Orica website www.orica.com/registry to register their preference.

Shareholders may elect to receive a copy of the Annual Report or notification by email when the Annual Report is available online at www.orica.com. If you do not make an Annual Report election you will not receive a copy of the Annual Report. If you wish to change your Annual Report election, please contact the Share Registrar or visit Orica's website www.orica.com/registry.

Copies of reports are available on request.

Telephone: +613 9665 7111
Facsimile: +613 9665 7937
Email: companyinfo@orica.com

The Sustainability Report is now available online on the Orica website www.orica.com/sustainability, it provides a review of the company's performance in the twelve months to 30 September.

Auditors

KPMG

Orica Limited

ABN 24 004 145 868

Registered address and head office:

Level 3, 1 Nicholson Street
East Melbourne, Victoria, 3002
Australia

Postal address:
GPO Box 4311
Melbourne, Victoria, 3001
Telephone: +613 9665 7111
Facsimile: +613 9665 7937

Email: companyinfo@orica.com
Website: www.orica.com

Investor Relations

Telephone: +613 9665 7111
Email: companyinfo@orica.com

Shareholder Timetable*

31 March 2010	**Orica Half Year End**
3 May 2010	Half year profit and interim dividend announced
14 May 2010	Books close for Step-Up Preference distribution
31 May 2010	Step-Up Preference distribution paid
1 June 2010	Books close for 2010 interim ordinary dividend
2 July 2010	Interim ordinary dividend paid
30 September 2010	**Orica Year End**
8 November 2010	Full year profit and final dividend announced
15 November 2010	Books close for Step-Up Preference distribution
16 November 2010	Books close for 2010 final ordinary dividend
30 November 2010	Step-Up Preference distribution paid
10 December 2010	Final ordinary dividend paid
16 December 2010	**Annual General Meeting 2010**

* Timing of events is subject to change

Orica Limited
ABN 24 004 145 868

Registered address and head-office:
Level 3, 1 Nicholson Street
East Melbourne Victoria 3002
Australia

Postal address:
GPO Box 4311
Melbourne Victoria 3001

Telephone: +613 9665 7111
Facsimile: +613 9665 7937

Email: companyinfo@orica.com
Website: www.orica.com

Shareholder updates

We are committed to keeping all our shareholders well-informed and regularly update our website at orica.com with:

- Orica Share Price – updated every 15 minutes
- ASX Releases
- Investor presentations
- Financial performance
- Half-yearly and annual results webcasts
- Annual Reports
- Sustainability and SHE