Annual Report 2004

ORICA

Contents

Orica Limited
ABN 24 004 145 868

About Orica

Orica is one of the largest publicly-owned companies in Australia with over 10,000 skilled and enthusiastic people operating in over 35 countries around the world.

From a modest start in 1874 as a supplier of explosives to the Victorian gold fields, Orica has grown into a multi-billion dollar company that gained its independence from majority shareholder ICI Plc in 1997. Today Orica is one of the top 50 companies listed on the Australian Stock Exchange.

Orica turns science into the solutions that satisfy basic human needs. Our products and brands are well known and trusted. Our customers can rely on the services we provide.

Orica's operations are managed with concern for people and the environment. We are committed to meeting our environmental, social and community obligations in a sustainable manner, ensuring that the benefits to society today do not compromise the quality of life of future generations.

Our world class businesses

Our four business platforms – Orica Mining Services, Fertilisers (Incitec Pivot Limited), Orica Chemicals and Orica Consumer Products – are market leaders in their respective industries and enjoy world class reputations.

MINING SERVICES

Mining Services – Global leader in commercial blasting solutions: Orica's largest business offers a comprehensive range of blasting products, services and technology to the mining, quarrying and construction industries. Orica Mining Services is run globally with a presence in Australia, Asia, Europe, Africa, North America and Latin America. The innovative i-kon™ and UniTronic™ electronic detonating technology and advanced underground and surface emulsions are just some of the advanced blasting solutions offered by the business.

FERTILISERS

Fertilisers – Australia's leading fertiliser supplier: Orica owns 70% of Incitec Pivot, Australia's leading and largest manufacturer and distributor of essential plant nutrients serving agricultural markets across Eastern and Southern Australia. The company was created in June 2003 through the merger of the fertiliser businesses of Incitec Limited and Pivot Limited. The company has an extensive product range that includes Big N, SuPerfect and Granulock.

CHEMICALS

Chemicals – Adding value through innovative chemical solutions: Orica Chemicals manufactures, imports and sells a vast range of chemical products and services to markets that include food, beverage, water treatment, dairy, pharmaceutical, wood panel, plastics, refrigeration, mining, automotive, footwear, wire and cable and appliances. The business is based in Australia and has operations in New Zealand, China, Hong Kong, Fiji, Indonesia, Thailand, Malaysia, Singapore, United States and the United Kingdom. Orica Chemicals' commitment to innovation has produced results such as MIEX®DOC resin that provides new standards of water quality.

CONSUMER PRODUCTS

Consumer Products – Australia and New Zealand's leader in decorative paint, paint preparation and associated hardware products and services, and lawn and garden care products: Orica Consumer Products manufactures and markets icon brands including Dulux, Berger, British Paints, Levene, Cabot's, Feast Watson, Intergrain, Acratex, Selleys, Rota Cota, Poly, Turtle Wax, Yates, Thrive, Zero and Dynamic Lifter in Australia and New Zealand. An extensive range of powder coatings is manufactured and marketed in Australia, New Zealand and the Asia-Pacific region.

The way we do business

Orica has adopted a three-fold approach to the way we do business. This involves focusing on:

- **Efficiency** which includes short-term performance issues such as productivity improvements and capital management
- **Culture** which aligns everyone within the company to common goals and ethics, and
- **Strategy** which is about how to grow the business.

Our employees have been responsible for developing and driving the performance-based culture that is a key component of how we do business. The four principles that guide how we act and behave were determined by our people, and our performance is constantly measured against these principles to ensure that we deliver on our promises.

Safety, Health & Environment
No injuries to anyone, ever
Value people and the environment

Commercial Ownership
Run the business as if it's your own

Creative Customer Solutions
Think differently, delivery swiftly and capture the value

Working Together
Success as a team and success as an individual

We believe that the 'Efficiency, Culture, Strategy' approach we have adopted has enabled Orica to establish a strong foundation on which we can build for the future through sustainable productivity and growth.

Chairman's Report

I am pleased to report another year of substantial progress for your company.

During 2004, we have seen consolidation of the solid performance of our four business platforms and the increasing move to steady low-risk growth.

The year has confirmed the strategic direction established by the Board some three years ago to support and secure the performance of our four businesses and then to build upon this solid foundation through organic growth, merger and acquisition.

The strength of our businesses came through powerfully in this year's results – a profit before significant items for 2004 of $326 million, a 20% increase compared with the full year result for 2003.

Shareholders are also continuing to benefit from the increasing success of the company. A final dividend was declared of 45 cents per share franked at 21 cents. The final dividend brings to 68 cents per share the dividend for 2004 – a rise of 31% compared with the dividend for 2003.

We saw record profits for Mining Services, Chemicals and Consumer Products (OCP). Of special note was OCP's $100 million profit. Fertilisers performed strongly in a year when many parts of the nation remain in the grip of drought showing the benefit of the synergy savings from the merger of Incitec and Pivot last year.

Following the key principle for low-risk growth of building on our strengths and the need to achieve solid financial hurdles, we saw the successful acquisition and integration of businesses into Mining Services, OCP and Chemicals and the expansion of existing plants at Kooragang Island and Yarwun in 2004.

Successful growth avenues in 2004 included extension into new product lines and expansion into new geographies. Mining Services moved into the African continent for the first time while Chemicals and OCP have new ventures in Asia.

Meeting our performance and growth targets is an on-going challenge for our employees. I am confident that we have employees of the quality and commitment to meet the expectations of the Board, the management and the shareholders in Delivering the Promise.

A personal highlight of the year has been the opportunities to meet employees on Board visits to sites both in Australia and overseas. The Board members regard it as important that we maintain a close knowledge of the operations and the commitment by Board members to an extensive site visit program is a key element of directors' duties.

In 2004, we continued to resolve long-term legacy issues. The process for the sale of Qenos has now commenced in line with our strategy of improving Qenos' business fundamentals and then seeking a buyer.

Also, we have continued to address environmental legacy issues through remediation of contaminated sites and disposal of chemical waste. In dealing with our environmental legacies we look for commercial opportunities around environmental projects. We are proud that there are many sites in major cities where previously ICI factories existed that have been cleaned up for commercial and residential uses.

There are particular problems in New South Wales (NSW) where we are working with the local Botany community and the NSW Government to deal with the clean-up of contaminated groundwater and the safe disposal of HCB waste, matters which derive from activities of decades ago and are no longer in operation.

At the same time, we are giving increased focus to the environmental performance of our current operations to ensure our plants are 'good neighbours' to our communities and that we are not creating the legacy issues of tomorrow. This process is being overseen at the highest level through the introduction of an Environmental sub-committee of the Board.

We plan to ensure our standard of environmental management is at world's best practice which we regularly achieve in safety performance. Again, this year, we have achieved a record result in our safety measures in spite of the addition of a number of new businesses in some remote geographies. This is a considerable accomplishment and a tribute to the continued focus and commitment of our people.

A matter of concern in 2004 has been the advice late in the year from the Australian Tax Office of an amended assessment in respect of the sale of Orica's pharmaceutical business in 1998. Orica intends to contest this matter vigorously. It is expected that Orica will agree a payment of $105 million pending final resolution which may not occur for some years. As a general observation, it is a concern that matters of this nature are not dealt with more expeditiously by the Australian Tax Office.

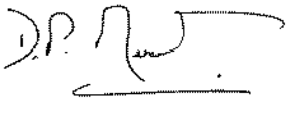
As the Company grows, the Board is ever mindful of the need to retain and attract employees of the highest quality. Orica's executive remuneration arrangements contribute to this objective.

We pay a fixed salary at the middle of the market with the opportunity, through meeting challenging targets, to achieve reward in the top quartile. There is a short-term incentive, which relates to specific individual targets, and a long-term incentive, which was outlined in detail last year, which seeks to align the interests of executives with those of shareholders through share ownership. We continue to prefer our loan-based share scheme to the use of options to achieve this result.

In this context, I am delighted to advise that we have reached agreement with the Managing Director and CEO, Malcolm Broomhead, to extend his contract for two years and continue with Orica until 2008. Malcolm has been an outstanding leader of a team which has generated substantial value for shareholders. His task, which needs extra time, is to now bed down the company's growth capability.

I am pleased to welcome Mr Garry Hounsell to the Board as a non-executive director. Garry brings extensive experience spanning corporate finance, business management, technical accounting and audit requirements in Australia and overseas.

These days, it can be dangerous to provide comment on the financial outlook for your company. Clearly, there are uncertainties around the outlook for the world economy and the potential impacts on Australia's export industries. However, we aim for year-on-year increases in profitability driven by our growth strategy, increased productivity and the skilled input of our employees.



Don Mercer
Chairman

Managing Director's Report

This has been an important year confirming the strength of Orica's recovery and paving the way for our future growth.

The progress achieved by the Orica team over the past three years – built around our approach of Efficiency, Culture, Strategy – has firmly established Orica in the ASX Top 50 and increased our recognition as a company that turns science into solutions for our customers.

Orica's vision is to be the best performing science-based solutions company in the world. This will be achieved by securing leadership positions in niche markets, which build on our strengths and create economic value for our shareholders.

In 2004, this approach produced excellent financial results plus a growth platform for the future.

Our underlying profit rose 20%, earnings per share increased by 22% and return on shareholders funds was increased to 23%.

All of our businesses had strong performances with record results from Mining Services, Chemicals and Consumer Products and improved profitability from Fertilisers.

Highlights were Consumer Products reaching $100 million profitability for the first time, and Chemicals' sixth consecutive year of profit improvements and topping $1 billion in revenue for the first time.

A feature was the successful development of the company which has seen us invest more than $850 million in plant expansions and acquisitions over the past 24 months. We have also continued growing our global presence. We have businesses in some 35 countries and in every major international economic region.

In the past year, Orica made a number of acquisitions including the Bronson and Jacobs food and speciality chemicals business, and the Marplex plastics business which have been integrated into Chemnet.

To Mining Services, we have added the Sasol electronic detonator technology business as well as Indian Explosives Limited and Initiating Explosives Systems India. Also, there was the successful integration of the Yates Consumer Lawn and Garden Care business into Consumer Products.

Organic growth is a key component of the development of Orica. In 2004, this included a 40% increase in ammonium nitrate capacity at Kooragang Island, New South Wales which was commissioned three months ahead of schedule.

Additionally, there was approval of a 10% capacity increase in ammonium nitrate production at Yarwun, Queensland, scheduled for completion in 2005. We are also looking at a further expansion of ammonium nitrate production capacity at Yarwun of approximately 300,000 tonnes per annum, during 2006. Also at Yarwun, there was the successful expansion of sodium cyanide production to 50,000 tonnes a year.

In growing the business, we recognise that we must be responsive to the concerns of our employees and the communities in which we operate. This means running our business safely, with sensitivity to the environment and with social responsibility.

In safety, we were saddened by the death of a contractor at a plant in Chile. Notwithstanding this tragedy, we made progress in our overall safety performance. We also made progress in our environmental performance, based on our key performance targets such as use of power and water plus emissions to air, water and land. Having successfully achieved the ambitious objectives of Challenge 2005, we are currently setting ourselves even tougher targets under the Challenge 2010.

Also, we are confronting the clean up of contaminated soil and groundwater plus stored contaminated waste. This is particularly so at Botany Industrial Park where we are working with local stakeholders.

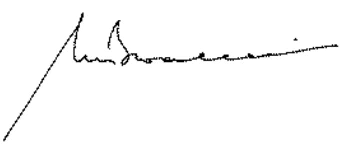
Also, the use of technology on environmental problems is providing environmental business opportunities. Examples are the potential for recycling water at Botany and also the launch this year of the Landguard™ technology, which cleans liquid for dipping farm animals.

The success of the company in 2004 has been achieved through the skill, enthusiasm and loyalty of our employees who have continued to Deliver The Promise.

The commitment of our employees to the Four Principles of Safety, Health and the Environment, Commercial Ownership, Creative Customer Solutions and Working Together – has been outstanding although there is always more to be done. In particular, greater attention is being concentrated on Creative Customer Solutions.

Looking forward, we will continue our emphasis on cost efficiency and productivity whilst increasingly turning our attention to revenue growth. We will continue to drive a low-risk growth strategy in order to provide our shareholders with above average market returns.

Orica's future prospects continue to be exciting and on behalf of the entire Orica team, I look forward to the opportunities which 2005 will present.



Malcolm Broomhead
Managing Director and CEO

Review of Operations

Orica continued to improve earnings with underlying net profit after tax[1] for the year ended 30 September 2004 up 20% to $326M.

NPAT, after significant items, of $328M was up 226% compared to the previous corresponding period (pcp).

Financial Highlights

- 20% increase in underlying NPAT[1] to $326M (pcp: $270M).
- Sales revenue up 16%.
- Earnings per share[2] up 22% to $1.19.
- Return on shareholders' funds[2] increased to 23% (pcp: 20%).
- Final dividend up 32% to 45 cents per share (cps) – franked at 21 cents.

Business Highlights

- Record results in Mining, Chemicals and Consumer Products reflecting robust market conditions, further efficiency gains and benefits from acquired businesses.
- Improved profitability from Fertilisers reflecting some drought recovery and a full year impact of Pivot earnings (pcp included 4 months) in addition to significant delivered synergies from the merger of Incitec Fertilizers and Pivot.

Mergers, Acquisitions, Development

- Completion of the acquisition of Indian Explosives Limited and Initiating Explosives Systems India.
- Successful early commissioning of 40% additional ammonium nitrate capacity at Kooragang Island (New South Wales).
- Purchase of SMI electronic detonator technology from Sasol in South Africa.
- Signing of a Mining Services Joint Venture agreement with the Znamja group in the Kuzbass region of Siberia.
- Completion of the acquisition of Yates Consumer Lawn and Garden Care business.
- Acquisition of Bronson and Jacobs food and speciality chemicals business.
- Acquisition of Marplex Group of companies.

Outlook – 2005

Continued strong earnings momentum (subject to normal caveats around extent and timing of rainfall and general economic conditions) driven by:

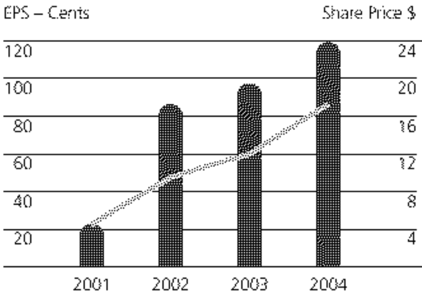
- ongoing improvements in our businesses;
- full year impact of recent acquisitions; and
- impact of recent ammonium nitrate plant expansions on the East Coast of Australia;
  partially offset by
- increased expenditure on growth projects and business development activities (of up to $30M, before tax).

[1] Net profit after tax (NPAT) and minorities before significant items

[2] Before significant items

Shareholder Scorecard

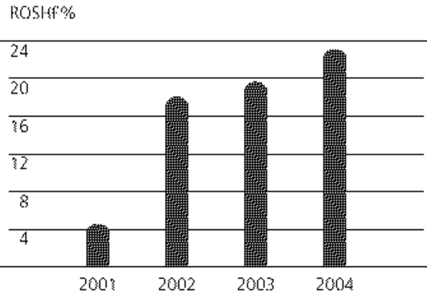
Earnings per Share* and Year End Share Price



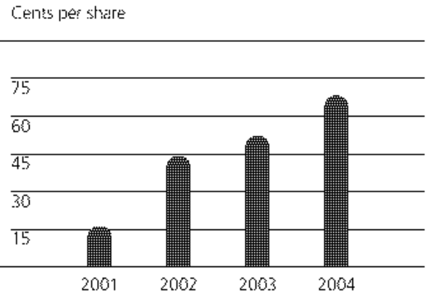
Key EPS Year End Share Price

* Before significant items

Return on Shareholders' Funds



Dividends per Share



Review of Financial Performance

Revenue

Sales revenue increased by $652M (+16%) to $4,611M. Major factors were:

- Acquisitions +$594M.
- Underlying volume improvement of +$255M driven by:
  - some recovery from the drought;
  - strong consumer confidence and manufacturing activity;
  - improved mining volumes in Australia and parts of Latin America and Europe; and
  - some improvement in North American coal volumes.
- Currency movements -$164M.

Divestments – Crop Care (reported in Other Operations -$33M).

Underlying Earnings Before Interest and Tax (EBIT)

Total underlying EBIT increased 25% to $553M (pcp: $442M) due to:

- ongoing cost efficiencies;
- improved product mix;
- the net impact of acquisitions and divestments; and
- reduced depreciation charges following asset life extensions at Kooragang Island and Gibson Island in line with extended gas contracts;

offsetting

- increased costs associated with growth projects and executive loan forgiveness;
- additional spending on MIEX® and other Advanced Watercare projects;
- increased marketing spend in Consumer Products; and
- increased environmental provisions in Fertilisers.

Interest

Net interest expense was $72M compared with $61M in the pcp. This increase is due to:

- higher average debt levels following acquisition activities;
- completion of 5% share buy-back; and
- higher average interest rates following the completion of a US$185M Private Placement in October 2003 (increasing the tenor of debt to an average of 9.2 years).
- Interest cover was 7.7 times (pcp: 7.3 times).

Tax

- Tax expense was $130M with an effective tax rate of 27% (pcp: 25%). The increase is largely attributable to the increased level of non-tax deductible goodwill following the buyout of the Incitec minorities, the merger of Incitec Fertilizers and Pivot and other recent acquisitions.
- A full year tax rate of around 27% is sustainable over the medium term.

Net Profit

- Net profit after tax and minority interests increased 20% to $326M (pcp: $270M).
- Net profit after tax and significant items was $328M (pcp: $101M).

Dividend

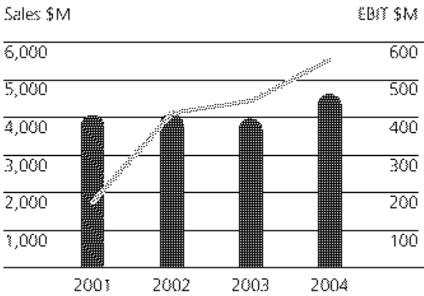
- Directors have increased the final dividend by 32% to 45 cps (pcp: 34 cps) franked at 21 cps.
- Full year dividend has increased by 16 cents to 68 cents (pcp: 52 cents), representing a dividend payout ratio of 57% (pcp: 54%).
- Franking capacity is forecast to improve to around 50% in 2005 due to the reduction in unutilised Australian tax losses.

Share Buy-Back

- During the year, Orica completed a 5% on-market share buy-back by purchasing the remaining 3.3% of share capital outstanding under the scheme at the beginning of the year.
- The total number of shares bought back was 13,954,402 for total consideration of $176.8M.
- On 3 November 2004, Directors announced a further on-market share buy-back of up to $250M.

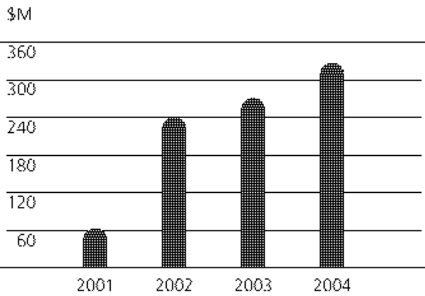
Financial Summary

Sales and EBIT

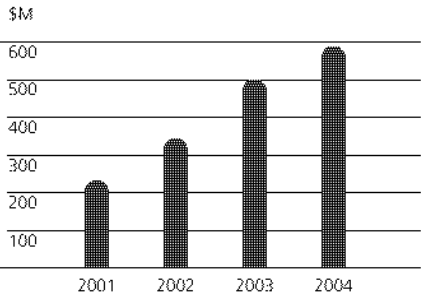


Key Sales EBIT
* Before significant items

Net Profit After Tax Before Significant Items



Cash Flow from Operating Activities



Review of Financial Performance continued

Significant Items

Significant items were a gain of $2M after tax (pcp loss of $170M). Major items in the current year were:

- Loss of $7M in relation to legacy issues consisting of:
  - $39M profit on surplus asset sales at Deer Park (Victoria, Australia) and Waitawa (New Zealand);

offset by

  - $46M increase in environmental provisions for groundwater remediation at Botany;
- Restructuring and rationalisation costs associated with the North America Mining Services business of $28M; and
- $37M net tax refund in relation to a sale and leaseback transaction previously disallowed by the Australian Taxation Office (ATO).

Statement of Financial Position

Orica's 'balance sheet' remains strong.

- Trade working capital has increased by $16M since March 2004 due to acquisitions (+$71M) offset by underlying improvements in existing businesses, especially Fertilisers following the winter cropping season. Compared to the pcp, trade working capital was $96M higher due to the impact of several acquisitions and higher sales volumes across all businesses during the year.
- Net property, plant and equipment is $68M higher than March 2004 and $81M higher than September 2003. The increases are due mainly to acquisitions and increased spending on sustenance and expansion capital partially offset by lower depreciation.
- Net other assets are $33M lower than March 2004 due primarily to the net increase in environmental clean-up provisions (+$70M) and higher tax liabilities offsetting the impact of goodwill recognised on recent acquisitions (Bronson and Jacobs and Marplex). Compared to the pcp, net other assets are $20M lower due to higher tax liabilities on higher profits and increased environmental provisions partially offset by the impact of goodwill recognised on acquisitions.

Cash Flow

Net operating cash inflows of $588M due to:

- EBITDA 17% higher to $724M;
- Lower net interest paid of $5M due to the interest received on the sale and leaseback tax settlement offset partially by higher interest paid on debt;
- Lower tax paid of $18M reflecting proceeds from the sale and leaseback settlement with the ATO offset partially by higher global tax paid;
- Increased investment in trade working capital of $15M (excluding the impact of acquisitions) due to the higher level of sales volumes across all businesses during the year.
- Net debt at $977M has decreased since March 2004, in line with seasonal factors, surplus asset sales and a tax refund, but is $100M higher than 2003 due to higher average debt levels following the buy-out of the Incitec minorities, share buy-back and the impact of several acquisitions.
- Minority interests have increased due to the higher profits from Incitec Pivot.
- Gearing (net debt/net debt + equity) at 37.4% is 2.7pts lower than March 2004 and well within the new targeted gearing range (35% to 45%).
- Non-trade working capital outflow of $18M primarily reflects restructuring payments (-$34M) made during the year (Incitec Pivot and North American Mining Services) partially offset by the amortisation of major shutdown costs (+$14M).

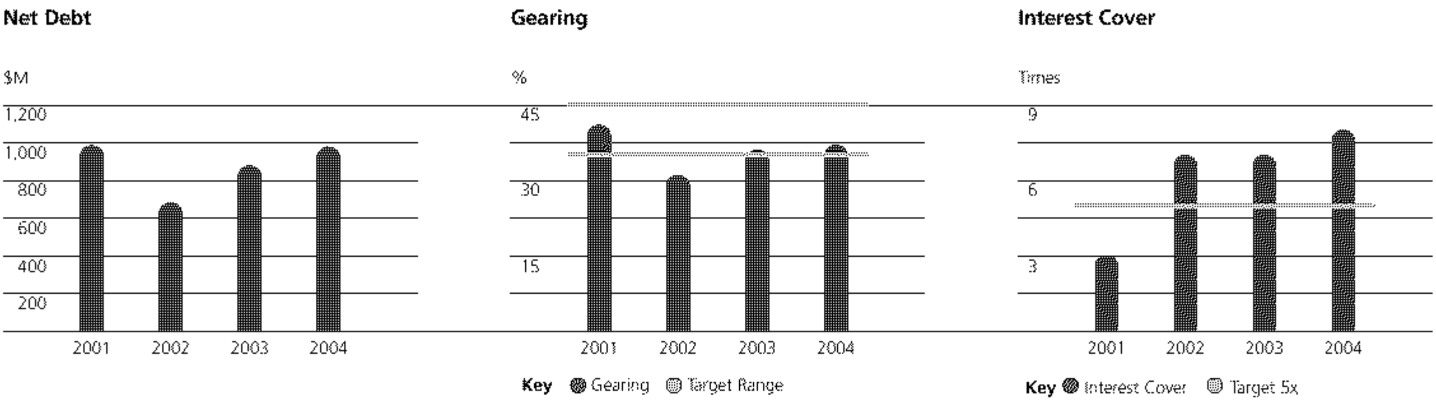
Net investing cash outflow of $381M due to:

- Sustenance capital spending at $146M was 74% higher than pcp due in part to spending by acquired businesses. A focus on increasing the productivity of existing assets continues;
- Growth capital spending of $53M largely related to the Kooragang Island ammonium nitrate expansion and de-bottlenecking the sodium cyanide plant at Yarwun;
- Proceeds from asset sales of $72M were primarily due to the sale of surplus assets; and
- Acquisitions of $254M included Yates Consumer Lawn and Garden Care business, Indian Explosives Limited and Initiating Explosives Systems India, Bronson and Jacobs and Marplex.

Net financing cash outflows of $144M included:

- An increase in borrowings of $142M to meet funding requirements in the first half;
- Dividend payments of $168M; and
- Other financing of $118M related to the on market share buy-back offset by the net receipts from exercise of share options.

Financial Leverage



Review of Business Segment Performance

Mining Services

Profitability increased by 9% to $270M. This is the best full year result on record for Mining Services.

Highlights

- Record profit in Australia/Asia.
- Volume growth across all regions.
- Successful completion of the acquisition of Indian Explosives Limited and Initiating Explosives Systems India and the electronic detonator technology from Sasol in South Africa.
- Successful commissioning in August 2004 of an additional 40% ammonium nitrate capacity at Kooragang Island.
- Doubling of i-kon™ electronic detonator sales over pcp.

Business Summaries

Australia/Asia

- Sales volumes up in Australia driven by demand in the Hunter Valley (NSW) and the Bowen Basin (Queensland). Sales revenue up 8% on a like for like basis.
- Improved product mix leading to improved margins.
- Ammonia input costs increased substantially over pcp.
- Profitability adversely impacted by the interruption of gas supply to Kooragang Island following the explosion at Santos' Moomba plant in the first half of the financial year.

North America

- Improved volumes driven by stronger demand for coal fired electricity generation in the second half of the financial year and a strong quarry and construction market. Sales revenue in AUD was down due to depreciation of the USD (excluding the impact of exchange sales revenue was up 14%).
- Increases in variable input costs ($62M), especially ammonia were largely, but not fully, recovered through increased selling prices. The inherent lag in rise and fall contracts, and aggressive competitor pricing in the marketplace resulted in a net adverse EBIT impact of $6M.
- Reduced fixed costs and capital following commencement of business restructuring and rationalisation program.
- Restructuring benefits of $4M delivered in 2004.

Latin America

- Growth in volumes in most regions, except Venezuela.
- Profitability adversely impacted by strength of local currencies offsetting benefits of increased i-kon™ sales in Argentina, Chile and Mexico.

Europe

- Improved volumes in Scandinavia, Spain and Germany offsetting lower sales in Turkey.
- Increased electronic detonator volumes.
- During the year, an insurance claim, following the explosion in 2002 at the Würgendorf plant, was settled which favourably impacted current year earnings.

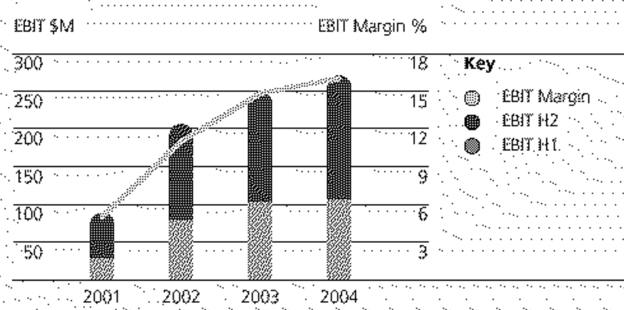
Outlook – 2005

- Benefit of additional ammonium nitrate capacity on East Coast of Australia.
- Further benefits realised from North America Mining Services restructuring program.
- Full year benefit of improvement in North America coal markets.
- Ammonia input costs and purchased ammonium nitrate costs expected to remain high.

Financial performance 2004

Profitability increased by 9% to $270M. This is the best full year result on record for Mining Services.

EBIT Trend



Financial Performance ($M)

	Year ended September		
	2004	2003	Change F/(U)*
Sales Revenue	**1,734**	1,663	4%
EBIT	**270.1**	247.4	9%
Net Assets	**1,086**	1,049	(4%)
Return on Net Assets	**25.3%**	24.2%	
EBIT			
Australia/Asia	**157.8**	136.8	15%
North America	**49.1**	47.1	4%
Latin America	**38.1**	41.1	(7%)
Europe	**25.1**	22.4	12%

* F – Favourable, (U) – Unfavourable

Fertilisers

Incitec Fertilizers merged with Pivot Limited on 1 June 2003 creating Australia's leading manufacturer and distributor of fertiliser, Incitec Pivot Limited.

Fertilisers delivered significantly improved earnings in the year ended 30 September 2004 compared to the pcp reflecting some recovery from the drought, full year earnings from Pivot and delivery of significant merger synergies.

FERTILISERS

Highlights

- Leading East Coast Australia market share retained despite strong competition.
- Efficiencies of $50M delivered.
- Some recovery from the drought (albeit patchy across regions).

Business Summary

Revenue growth of $376M (+49%) due to:

- Additional sales from the merged Pivot business of $302M, and
- Incitec Fertilizers sales improved by approximately 11% ($74M) reflecting higher global fertiliser prices and improved sales mix (bias towards manufactured products compared to traded product).
- Some improvement in volumes (+$11M).
- Overall prices were higher than 2003 due to:
  - Improved manufacturing margins (+$20M) from higher global urea prices (increased from US$135/t to US$161/t) and freight rates were partially offset by strong competition in a soft market, particularly in ammonium phosphates (-$8M); and
  - Higher sulphuric acid (up $6M).
- Delivered efficiency benefits of $50M (pcp: $6M).
- Increased depreciation and amortisation charges of $8M.
- Increased environmental cleanup provision for Parafield Gardens (South Australia) (+$12M).
- EBIT contribution from Pivot of $28M (pcp: $10M).

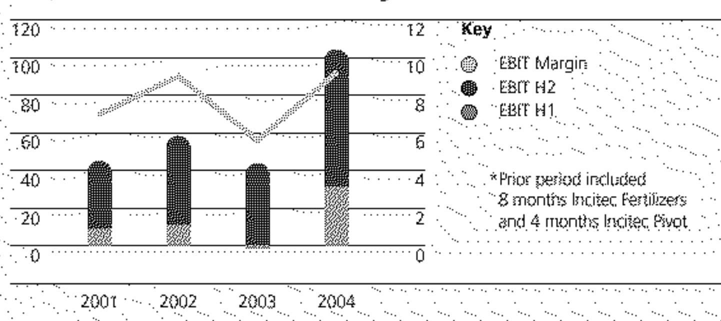
Outlook – 2005

- Continued dry conditions in East Coast of Australia, particularly New South Wales.
- Adverse hedging impact due to expiry of zero cost collared hedge positions and move to less favourable bought option position.
- Global urea prices currently above trend levels.

Financial performance 2004

Fertilisers delivered significantly improved earnings in the year ended 30 September 2004 compared to the pcp reflecting some recovery from the drought, full year earnings from Pivot and delivery of significant efficiencies including merger synergies. EBIT up 143% to $104M.*

EBIT Trend



Financial Performance ($M)

	Year ended September 2004	2003	Change F/(U)*
Sales Revenue	**1,136**	760	49%
EBIT	**104.0**	42.8	143%
Net Assets	**674**	686	2%
Return on Net Assets	**15.3%**	8.7%	

* F – Favourable, (U) – Unfavourable

Chemicals

Chemicals increased profitability by 6% to $114M over the record 2003 result.

CHEMICALS

Highlights

- Sales revenue in excess of $1B for the first time.
- Several acquisitions successfully integrated in the business and on track to meet Orica's investment criteria.
- Increased investment in MIEX® and other growth projects.
- Excellent manufacturing performance with all plants running well.
- Successful expansion of the sodium cyanide plant at Yarwun (Queensland, Australia) to 50 ktpa.

Business Summaries

Chemnet

- Underlying sales up with good demand in major market segments.
  - volume growth of 7% in Australia (mainly in building, refrigerants, industrial and surfactants segments); and
  - volume growth of 9% in NZ (record volumes in the dairy segment).
- Efficiencies and returns from acquisitions realised due to well executed integration.
- Adversely impacted by shortage of domestic sulphuric acid following a number of smelter closures.
- Strength of the AUD and NZD against the USD adversely impacting contracts based on fixed percentage margins.

ChlorAlkali

- Sales to water treatment markets slightly down on pcp following the mild 2003/04 summer.
- Net caustic soda prices down largely due to significant competitor pricing pressure offset partially by improved volumes.

Adhesives and Resins

- Volumes up 11% driven by improved wood panel markets (across Australia, New Zealand and Indonesia).
- Small decline in margins due to increased volumes in lower value resins sales.

Mining Chemicals

- Cyanide sales up 8% following strong demand from gold miners offshore.
- Input costs, particularly ammonia and freight, up $3M.
- Significant pressure on sodium cyanide pricing arising from competitor activity, particularly in the first half of the financial year.

MIEX®

- Progress on commercialisation continues to be made in the USA, Europe, Asia and South Africa.
- Commercialisation costs of $11M (pcp: $9M) reflecting increased activity in the USA, Europe and parts of Asia.

Outlook – 2005

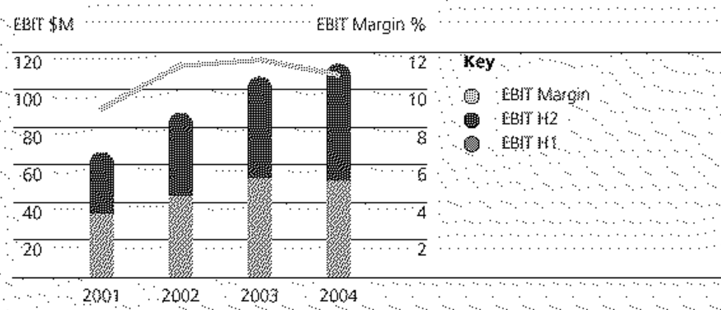
Continued earnings momentum driven by:

- Full year impact of earnings from acquired businesses;
- Organic growth in existing businesses; and
- Improved performance in Mining Chemicals due to recent plant expansion.

Financial performance 2004

Chemicals increased profitability by 6% to $114M over the record 2003 result.

EBIT Trend



Financial Performance ($M)

	Year ended September		
	2004	2003	Change F/(U)*
Sales Revenue	**1,063**	923	15%
EBIT	**113.5**	106.6	6%
Net Assets	**760**	568	(34)%
Return on Net Assets	**18%**	21%	
Business Sales			
Chemnet	**707.6**	576.0	23%
ChlorAlkali	**144.0**	143.5	0%
Mining Chemicals	**99.0**	97.1	2%
Adhesives & Resins	**128.3**	118.4	8%

* F – Favourable, (U) – Unfavourable

Review of Business Segment Performance continued

Consumer Products

Earnings significantly improved to a record EBIT of $100M (+12% on pcp) with a focus on improved product mix and reducing the cost base of the business.

Highlights

- Sales revenue growth of 17%, with eleven months contribution from Yates. Excluding Yates, revenue was up around 4%.
- Sales and margin improvement through favourable business and product mix changes underwritten by increased investment on marketing and product launches of $7M.
- Integration of Yates Consumer Lawn and Garden Care business progressing to plan.
- EBIT margin slightly reduced due to the inclusion of Yates.
- Trade working capital to sales of 11.8% at year end reflecting continued discipline around capital management.

Business Summaries

Paint and Woodcare

- Sales up over 3% with solid underlying demand in both trade and retail segments and prices remaining largely unchanged.
- Profitability improvement delivered through focus on product sales mix, increased marketing and contribution from new product innovations.
- Increases in raw material costs largely offset by the appreciation of the AUD.
- Increased marketing spend due to extensive new product development activity during the year.
- Continuation of favourable market conditions in New Zealand (both volume and market growth).
- Market share broadly in line with the previous year.
- Improved customer service levels and further improvement in working capital, particularly inventory and trade debtors.

Other

- Adverse impact of drought and legislation of water restrictions around Australia on both garden care and car care market segments.
- Product relaunches including Liquid Nails, No More Gaps and the Lush range of lawn care products.
- Selleys profitability significantly improved through strong top line growth and continued improvements in cost and operational efficiency.
- Parfix brand of sealants and adhesives added to the Selleys portfolio.
- Integration of Yates on track with ongoing focus on profit improvement through cost reduction, operational efficiency and sales development.
- Continued growth in the powder coatings segment.

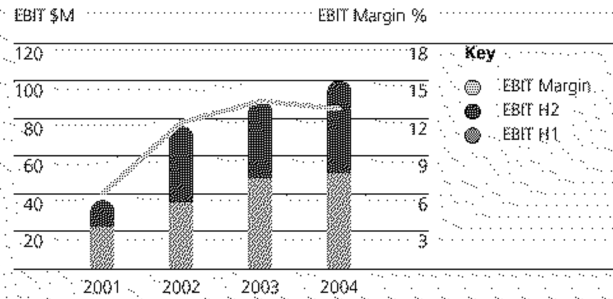
Outlook – 2005

- Demand in trade paints to remain steady whilst retail demand will be dependant on continuing consumer confidence in Australia and New Zealand.
- Full year impact of the Yates integration.
- Upward pressure on input costs due to oil and commodity pricing outlook.
- Further benefits of investment in brand equity and new products to flow through.

Financial performance 2004

Earnings significantly improved to a record EBIT of $100M (+12% on pcp) with a focus on improved product mix and reducing the cost base of the business.

EBIT Trend



Financial Performance ($M)

	Year ended September		
	2004	2003	Change F/(U)*
Sales Revenue	**772**	658	17%
EBIT	**99.8**	89.1	12%
Net Assets	**217.4**	183.8	(18%)
Return on Net Assets	**49.8%**	44.3%	
Business Sales			
Paints	**524.2**	505.2	4%
Other	**263.9**	163.7	61%

* F – Favourable, (U) – Unfavourable

Other Operations, Corporate and Support Services

Plastics and Divested Business

POLYMERS

Qenos Holdings Pty Ltd

Orica's investment in Qenos was written off to zero in March 2003 and equity accounting discontinued.
In September 2004, Qenos concluded an agreement to restructure its debt facilities and a formal sale process is now underway.

Corporate Centre and Other Support Costs

- Corporate centre costs of $26.8M were $3.6M above pcp due to higher costs associated with business development projects (+$2M), community sponsorship program (+$0.6M) and increased salary and incentive costs (+$1M) .
- Other support costs of $7.3M were $0.4M higher than pcp.
  - During the year provisions of $4M were recognised in relation to the Senior Executive Loan Plan forgiveness, following the achievement of share price hurdles.
  - Net insurance costs were approximately $4M lower than the pcp reflecting a lower number of claims in the current year.

Board Members

Donald P Mercer
BSc (Hons) MA (Econ)
Age 63

Chairman and Non-executive director since October 1997. Appointed Chairman in May 2001.

Chair of the Remuneration and Appointments Committee, Corporate Governance and Nominations Committee.

Mr Mercer has broad business experience obtained as a senior executive of major international organisations. He spent 19 years in various international roles with the Royal Dutch/Shell Group of Companies and 13 years with the ANZ Banking Group where he was Managing Director and Chief Executive Officer from 1992 to 1997.

Chairman of Australia Pacific Airports Corporation Ltd and The State Orchestra of Victoria. Chairman of the Australian Institute of Company Directors Ltd.

Malcolm W Broomhead
BE, MBA
Age 52

Managing Director and Chief Executive Officer since September 2001.

Member of the Corporate Governance and Nominations Committee.

Mr Broomhead was Managing Director of North Limited, a global diversified resources company. Prior to joining North Limited in 1990, Mr Broomhead held senior operations and financial positions with Industrial Equity Ltd, Peko Wallsend Ltd and MIM Holdings Ltd.

Michael E Beckett
BSc, FIMM, FRSA,
Age 68

Non-executive director since July 2002.

Member of the Remuneration and Appointments Committee, Corporate Governance Committee and the Environment Committee

Mr Beckett brings considerable international mining and industrial expertise to the Board. He began his career in the explosives industry in Canada and has extensive experience as an independent director in Europe, Africa, North America and Australia.

Chairman My Travel plc, Watts Blake Bearne & Co plc and London Clubs International plc (UK), director of Northam Platinum Limited and Mvelaphanda Resources Limited (South Africa) and Northern Orion Ltd (Canada).

Peter J B Duncan
BChE (Hons) GradDip (Bus)
Age 63

Non-executive director since June 2001.

Chairman of the Audit and Risk Management Committee and member of the Remuneration and Appointments Committee.

Mr Duncan has financial and international business expertise following an international career with the Royal Dutch/Shell Group of companies in senior finance, marketing and general management positions, finally as Chairman of the Shell companies in Australia and New Zealand.

Chairman of Scania Australia, a director of National Australia Bank Ltd, GasNet Australia Ltd and CSIRO and a member of Siemens Australia Advisory Board.

James W Hall
BComm, FCPA
Age 53

Executive Director Finance since January 2002.

Mr Hall has extensive Australian and international experience in the industrial and mining sectors and valuable experience in business performance improvement and balance sheet management. Prior to joining Orica Mr Hall was Vice President, Group Accounting and Controller at BHP Billiton Limited.

Director of Qenos Pty Ltd.

Garry Hounsell
BBus (Accounting), FCA, FAICD
Age 49

Appointed a non-executive director in September 2004. Member of the Board's Audit and Risk Management Committee and a member of the Remuneration and Appointments Committee.

Mr Hounsell has extensive experience in corporate finance, business management and technical accounting and audit requirements in Australia and overseas. Through his roles in Arthur Andersen, including Chief Executive Officer and Country Managing Partner, and Ernst & Young he has gained a broad knowledge of the manufacturing and mining sectors. Mr Hounsell retired as a partner of Ernst & Young in June 2004.

Director of Nufarm Limited.

Peter Kirby
BEc (Hons), MA (Econ) MBA
Age 57

Non-executive director since July 2003.

Member of the Remuneration and Appointments Committee, Corporate Governance Committee and the Environment Committee.

Mr Kirby brings industry knowledge and commercial experience from a career in diversified industrial companies. Mr Kirby was the Managing Director and CEO of CSR Ltd until April 2003. Prior to joining CSR Mr Kirby was with Imperial Chemicals Industries plc for 25 years in a variety of senior management positions around the world, including CEO of ICI Paints.

Director of Macquarie Bank Limited.

Graeme R Liebelt
BEc (Hons)
Age 50

Executive Director since July 1997.

Member of the Environment Committee.

Mr Liebelt has been an executive with the Orica Group (formerly ICI Australia Limited) for 15 years in roles including Managing Director of Dulux Australia, Chairman of Incitec Limited and General Manager Plastics and Advanced Sciences Groups. Mr Liebelt is currently Chief Executive Officer of Orica's Mining Services business with group functional responsibility for safety health and environment, and Government Relations.

Director of Incitec Pivot Limited.

Michael Tilley
GradDip, BA
Age 50

Non-executive director since November 2003.

Member of the Audit and Risk Management Committee and Remuneration and Appointments Committee.

Mr Tilley has experience in corporate strategy and business including 16 years as an investment banker with Centaurus Corporate Finance and Merrill Lynch. Mr Tilley was head of Mergers and Acquisitions Asia and Australia, and Executive Chairman of Merrill Lynch Australia.

Managing Director and Chief Executive Officer of Challenger Financial Services Group Ltd.

Catherine M Walter
AM, LLB (Hons) LLM MBA
Age 52

Non-executive director since October 1998.

Member of the Remuneration and Appointments Committee and the Environment Committee.

Mrs Walter has wide experience in regulatory and commercial matters through her involvement as a director of a number of major Australian companies, Chairman of the Federal Government's Business Regulation Advisory Group and as former Melbourne Managing Partner of Clayton Utz, a major Australian law firm and former Commissioner of the City of Melbourne.

Director of Australian Stock Exchange Ltd, Australian Foundation Investment Company Limited, The Walter & Eliza Hall Institute of Medical Research and Melbourne Business School Ltd.

Group Executive Team

Malcolm W Broomhead
BE, MBA
Age 52

Managing Director and Chief Executive Officer.

Malcolm joined Orica in September 2001. He has led a significant improvement in the performance of the Company and the change in culture, efficiency and strategic direction of the Orica group. Previously he was Managing Director and Chief Executive of North Limited from January 1999 until the company was acquired by Rio Tinto plc in October 2000.

Malcolm's career with North spanned 10 years. He held various senior roles prior to becoming Managing Director including Deputy Managing Director, Executive Director, Operations and Chief Financial Officer. Prior to joining North Malcolm held senior operations, engineering and financial positions with Industrial Equity Ltd, Peko Wallsend Ltd, and MIM Holdings Ltd and worked in the United Kingdom, Middle East and Papua New Guinea as well as in Australia.

Peter Bailey
Dip (Bus)
Age 48

General Manager Consumer Products.

Peter has been with the company for 27 years, joining in 1977 as a marketing graduate. Progressing through a succession of roles in our Consumer Products group, he has accumulated extensive experience across most business areas within OCP and in all facets of the OCP operation.

Peter has developed strong relationships with OCP customers and suppliers and was ideally suited to take on the role of OCP General Manager in April 2003 following three years as General Manager of Dulux, OCP's largest business.

Barbara Gibson
BSc, FTSE
Age 56

General Manager Chemicals Group.

Barbara's early career was primarily in the Health Care industry. She joined ICI Australia in 1985 as the Manager Pharmaceuticals and Diagnostics division, and has since performed a range of roles including General Manager, Research Group, Corporate Advisory Group and Plastics Advanced Sciences Group.

Barbara was appointed to her current role as General Manager of Chemicals Group in 1997.Barbara is also currently a Non-Executive Director of Incitec Pivot Limited and the Deputy Chairman of Biota Holdings Limited. Barbara is a member of the Australian Academy of Technological Sciences and Engineering. She was awarded an Australian Centenary Medal in 2003 for Services to Australian Society in Medical Technology.

James W Hall
BComm, FCPA
Age 53

Executive Director Finance.

Prior to joining Orica in January 2002 James was Vice President, Group Accounting and Controller at BHP Billiton Limited. In 32 years with BHP James held a range of senior financial management roles in a variety of locations including Assistant Treasurer and General Manager, BHP Steel International.

As well as his extensive Australian and international experience in the industrial and mining sectors, James has substantial financial skills and valuable experience in business performance improvement and balance sheet management.

Patrick J Largier
BSc (Hons)
Age 47

Group General Manager Strategy and Acquisitions.

Patrick joined the company in 1992 and has managed a number of businesses in the Plastics, Advanced Sciences and Chemicals Groups. Most recently he was General Manager of the ChlorAlkali Division which included development and commercialisation of Orica's MIEX® technology. He assumed his current role in July 2004 after completing Harvard's Advanced Management Program. Prior to joining Orica, Patrick worked for Shell for nearly ten years. During this period he was based in Cape Town and London, holding a variety of commercial, business development and planning roles in Shell South Africa and Shell International. His early career included positions with Impala Platinum and Process Plant Pty Ltd in South Africa.

Graeme R Liebelt
BEc (Hons)
Age 50

Executive Director and Chief Executive Officer – Orica Mining Services.

Graeme has held a variety of key positions within the Orica group since joining in 1989 including General Manager Plastics and Advanced Sciences Groups and Chief Executive of ICI Paints Pacific. He assumed his current role in August 2000.

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).

Jonathan Nightingale
BSc, PhD
Age 39

Chief Strategy Officer.

Jonathan joined Orica in August 2002 from Blue Circle Industries plc where he was a London-based Group Strategy Director. His responsibilities included corporate strategy, strategic planning and global business development. Prior to that he held the positions of Director of Group Strategy for international logistics and moving services group NFC plc (now Exel plc) and Business Development Manager for building products manufacturer Camas plc. Jonathan has been a management consultant for McKinsey and Company in London and a financial analyst with Morgan Stanley in London.

Shaun O'Sullivan
BCA, MBA, MCPA
Age 49

General Manager Business Development.

Shaun joined the company in September 2001 and became General Manager, Business Development in May 2002 where his role includes efficiency projects, continuous improvement, procurement and new business integration. He has worked in the Australian resources sector, initially for six years at MIM Holdings Ltd in various senior finance roles and then for 13 years at North Limited. At North he held a number of positions, including Group Treasurer and Manager Corporate Strategy, CFO of Energy Resources of Australia, CEO of North Forest Products and Executive General Manager, Business Development.

Greg Witcombe
BSc
Age 50

Managing Director, Incitec Pivot Limited.

Greg has been with the company for 27 years. He joined in 1977 as a research chemist with the Agricultural Products business before moving into a series of commercial roles that took him around Australia as well as on secondment to the United Kingdom. His senior management positions have included four years as General Manager Mining and Trading Division (ICI) and two years as General Manager Polyethylene Group.

Greg assumed his current role as Managing Director, Incitec Pivot Limited in June 2003 following almost five years as Managing Director, Incitec Limited.

Michaela Healey
Company Secretary
LLB, GradDip Resources Law, FCIS
Age 37

Michaela was appointed Company Secretary of Orica Limited and its Australian subsidiaries in January 2001 and is responsible for corporate governance, secretariat and corporate affairs. Before joining Orica Michaela was Company Secretary and Legal Counsel of North Limited. Michaela is a fellow of the Institute of Chartered Secretaries.

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 in all substantial respects with the ASX Corporate Governance Council Principles of Good Corporate Governance. The company's corporate governance policies can be viewed on the company's website.

Integrity of Reporting

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

Both the CEO and chief financial officer are required to state in writing to the Board that the company's financial reports represent a true and fair view, in all material respects, of the group's financial condition and operational results and are in accordance with relevant accounting standards.

Comprehensive practices have been adopted to ensure:

- Capital expenditure and revenue commitments above a certain size obtain prior Board approval.
- Financial exposures are controlled, including the use of derivatives.
- Safety, health and environment standards and management systems are monitored and reviewed to achieve high standards of performance and compliance.
- Business transactions are properly authorised and executed.

Internal audit has a mandate for reviewing and recommending improvement 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 risk officer and undertaken by an independent firm of auditors.

The company's financial accounts 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 Management Committee oversees this process on behalf of the Board.

Risk Identification and Management

The Board has in place integrated risk management programs aimed at ensuring the company conducts its operations in a manner that allows risks to be formally and systematically identified, assessed and appropriately managed. Businesses have the responsibility and accountability for implementing and managing the standards and processes required by the program.

The company has created a separate role of chief risk officer reporting to the CEO to manage the company's internal controls and risk management.

During 2004, the Board Audit and Risk Management Committee further enhanced the risk management culture within the business units. The risk management framework has been refreshed to reflect the current operating environment. Risk assessments and control reviews have been strengthened for major capital projects and proposals. Forensic auditing is now undertaken at all business units and the internal audit programs link with risk management has been tightened.

Details of the company's policies relating to interest rate management, forward exchange risk management and credit risk management are included in Notes 32 and 33 of the financial statements.

The Board

Role

The primary role of the Orica Limited Board is 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 chief executive officer 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 CEO, 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, CEO 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 chair and CEO. The Board currently comprises 10 directors: 7 independent non-executive directors, including the chairman, and 3 executive directors, including the CEO.

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 Board regularly assesses the independence of each director. For this purpose an independent director is a non-executive director whom the Board considers to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment.

The chairman and all non-executive directors are independent of executive management and are free from any business or other relationship that could compromise their ability to act in the best interests of the company.

Each director is obliged to immediately inform the company of any fact or circumstance which may affect the question of 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 to ensure that Board members 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. Non-executive directors are appointed for a maximum term of 10 years. All directors must obtain the chairman's prior approval before accepting appointment to the Board of a publicly listed company.

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 9 scheduled meetings per year, of which 7 are of 2 – 3 days duration. Directors attend such additional meetings as the business of the company may require. Directors receive comprehensive Board papers in advance.

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

As well as holding regular Board meetings, the Board sets aside additional time annually to comprehensively review business plans and company strategy.

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

To aid the effectiveness of Board meetings each scheduled Board meeting is subject to a critical review. At the conclusion of the meeting a nominated director provides a critique of the Board meeting evaluating the standard of the material received by the Board and the quality of the contribution made by directors to the consideration of issues on the agenda.

Directors receive ongoing education on 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.

Board Performance

Each year directors agree objectives for the Board for the forthcoming financial year. At the conclusion of the year the Board carries out a formal annual review of its performance against its responsibilities and objectives. The purpose of the review is to identify any areas of weakness or scope for improvement and to focus on specific performance objectives. Directors standing for re-election are subject to a performance review conducted by the chairman.

An independent review of Board performance, including the effectiveness of each Board Committee, is undertaken periodically.

The non-executive directors are responsible for regularly evaluating the performance of the chief executive officer. 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 chief executive.

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, 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 seven 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

Directors are required to hold a minimum of 1,000 shares. Their current shareholdings are shown in Note 35. Most directors hold significantly more than the minimum holding.

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 any company, including Orica, 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:

- 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, approximately 6 weeks after the company's Annual General Meeting.

Directors and employees must not engage in short-term dealing in Orica's shares or those of any related company.

Directors and Group Executive members must receive clearance from the chairman or company secretary for any proposed dealing in Orica shares.

Any transaction conducted by directors in shares of the company 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 share transaction within 5 business days.

Directors' Fees

Total remuneration for non-executive directors is determined by resolution of shareholders. Non-executive directors' fees are determined by the Board within the aggregate amount of $1.2 million approved by shareholders at the 2002 Annual General Meeting. Rule 48 of Orica's Constitution provides that the remuneration forming part of the aggregate freecap for non-executive directors approved by shareholders does not include retirement benefits or superannuation.

The total fees paid to non-executive directors for the 2004 financial year, excluding retirement benefits and superannuation was $768,300.

The details of remuneration paid to each non-executive director during the last financial year is set out on page 77.

In determining the level of fees the Board reviews data on fees paid by comparable companies and receives expert independent advice regarding the level of remuneration required to attract and compensate directors of the appropriate calibre and for the nature of the directors' work and responsibilities.

Non-executive directors do not participate in any incentive schemes.

The Company has discontinued retirement allowances for all non-executive directors. The directors appointed prior to 1 July 2002 preserved their retirement allowances as at 1 July 2004 with no indexation and the allowances will be paid to the eligible directors on retirement.

Executive Remuneration

The Board believes that executive remuneration should be fair and reasonable, structured effectively to motivate and retain valued executives and designed to produce value for shareholders.

The terms and conditions of executive share and option schemes and the incentives payable to the Group Executive and the CEO direct reports require the prior approval of the Remuneration and Appointments Committee which is comprised of all of the non-executive directors. The measures for short-term performance payments to senior executives are related to achievement of NPAT, safety and environment and specific strategic targets. Incentive awards can increase for performance meeting set stretch targets.

Details of the key executive's remuneration are shown in Note 36 of this report. Details of the existence and conditions of all share and option schemes currently in operation, including the details of performance hurdles are set out in Note 34.

Board Committees

The Board has established charters for the operation of its committees. The charters are reviewed annually and objectives are set for each committee. The minutes of these committees, other than the Remuneration and Appointments Committee, are circulated to the Board.

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three independent non-executive directors with relevant financial, commercial and risk management experience. The chairman of the Audit and Risk Management Committee is separate from the chairman of the Board. Mr Peter Duncan is the current chair of the Audit and Risk Management Committee and the other members are Mr Mike Tilley and Mr Garry Hounsell. The members of the committee contribute a range of financial and accounting skills and experiences. The committee is charged with assessing the adequacy of the company's financial and operating and environmental risk management controls, compliance with legal requirements and ethical guidelines affecting the company. The committee meets at least four times per year.

The committee assesses and reviews external and internal audits and any material issues arising from these audits. 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 independently of management influence.

The external and internal auditors attend committee meetings and meet privately with the committee at least twice per year.

The company's external audit firm was most recently appointed in 1997 and the partner managing the audit will rotate in October 2005.

The Audit and Risk Management Committee ensures that the level of any other services provided by the auditor is compatible with maintaining auditor independence. Restrictions are placed on other services performed by auditors and projects outside the scope of the approved audit program require the approval of the chairman of the Audit and Risk Management 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 auditors for audit and other services are set out in Note 29.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee, which comprises all the non-executive directors, is chaired by Mr Don Mercer and meets at least three times per year. It reviews the performance and remuneration of senior management including 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. It also has responsibility for overseeing the appointment and succession of the executive directors and the members of the Group Executive.

Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee comprises Mr Don Mercer, Mr Malcolm Broomhead, Mr Michael Beckett and Mr Peter Kirby.

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.

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.

Environment Committee

In August 2004, an Environment Committee was created to assist the Board in the effective discharge of its responsibilities in relation to environment matters arising out of activities within the company as they affect employees, contractors, visitors and the communities in which it operates.
The committee comprises Mr Peter Kirby (Chairman), Mrs Catherine Walter, Mr Graeme Liebelt and Mr Michael Beckett.

The committee reviews the company's compliance with the environment policy and legislation and reviews environmental objectives, targets and due diligence processes adopted by the company.

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 to ensure 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.

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 our annual and half year reports, ASX announcements, investor relations publications, briefings and presentations given by executives (including web-casts) 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 96 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 Ethics

Orica acknowledges the need for directors, executives and employees to observe the highest ethical standards of corporate behaviour. Orica has adopted a Code of Ethics to provide employees with guidance on what is acceptable behaviour. Specifically, the company requires that all directors, managers and employees maintain the highest standards of integrity and honesty.

The key elements of the code are:

- fairness, honesty and loyalty supporting all actions
- being aware of and obeying the law
- individually and collectively contributing to the well-being of shareholders, customers, the economy and the community
- avoiding behaviour which is likely to reflect badly on employees and the company
- 'openness' and 'public disclosure' as the test for all actions.

To assist employees in applying the code in practice, the company has developed policies and guidelines dealing with the following:

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

The Code of Ethics is regularly reviewed and approved by the Board and processes are in place to promote and communicate these policies. An 'Integrity Hotline' has been established to enable employees to report breaches of the Code of Ethics.

The Code of Ethics may be viewed on the Orica website.

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.

In 2004 a separate Board Environment Committee was created to increase the level of focus on environmental issues at Board level.

The separate Safety, Health & Environment Performance Report that accompanies this Annual Report outlines the company's practices and performance in these important areas. The Sustainability section of this Annual Report details the actions being undertaken by the company to improve its environmental performance.

Donations

As Orica has significantly improved its financial performance in recent years, the corporate donations program was reactivated in 2004 with the creation of the Orica Community Foundation. The equivalent of dividends payable on a shareholding of 0.15% of the company's issued capital has been allocated for donation in accordance with published criteria at the direction of the Corporate Governance and Nominations Committee. In 2004 approximately $215,000 was allocated to the company's corporate donations program (details of the donations program are available on the Orica website).

In addition to the corporate donations program, Orica's operations contribute to their local communities with donations, sponsorship and practical support and in 2004 an employee giving program was introduced across all Australian sites. The Orica Community Foundation has agreed to match the donations made by employees to selected charities through the Orica 'Dare to Share' program.

Orica does not make political donations.

Sustainability

Orica is committed to running all of its businesses in a sustainable way. This philosophy has been embodied into the Orica SH&E policy as follows:

'We will manage all our activities with concern for people and the environment and will conduct our business for the benefit of society and without compromising the quality of life for future generations.'

A key starting point for Orica in the drive to sustainability was the introduction of the five year programme Challenge 2000 which was focused on improvements to the Company's safety performance to be followed by Challenge 2005 which was expanded to include improving the efficiency of energy and water usage in addition to reducing waste generation. These programmes have been successful not only at raising the awareness of these issues within the company but also at generating real improvements in the use of resources. Performance against these targets, with the exception of losses of containment and distribution incidents, has been substantially achieved a year ahead of schedule and is reported in the annual Safety, Health and Environment Performance Report and on the company's web site. New targets have now been agreed for Challenge 2010 which will further the drive towards the sustainability of our business.

To help better understand the requirements of a sustainable organisation, Orica has recently undertaken a project to investigate sustainability issues within the organisation. This work was facilitated by The Natural Step and builds on the work that this organisation recently completed with Consumer Products. The Natural Step is an organisation, founded in Sweden in 1989, which provides a framework that is increasingly being used by companies around the globe to help them to deal with issues of sustainability.

Resource Conservation

There has been a continued focus on resource conservation in particular in relation to the efficiency of the use of water and energy and on the emissions of greenhouse gases. This will continue for Challenge 2010 and in addition targets will be set for waste generation. Water usage from the Company's activities declined by 15% over the year from 3.02 tonnes per tonne of production in 2003 to 2.57 tonnes in 2004 due largely to improved plant efficiencies. This equates to a 23% reduction from the 2000 baseline of 3.35 tonnes per tonne of production. In the case of energy, usage declined by 19% over the year from 6.51 gigajoules per tonne of production in 2003 to 5.30 gigajoules in 2004, again largely due to improved plant efficiencies.

Greenhouse Gas Emissions

Orica has been a participant the Greenhouse Challenge programme run by the Australian Greenhouse Office (AGO) since 1996 and as such was one of the first signatories. This is a voluntary programme aimed at reducing the emissions of greenhouse gases, which are measured in terms of carbon dioxide equivalent. These emissions are measured both as direct emissions from the operating plants and the upstream contribution from power generation. Direct emissions from the Company's activities declined by 14% from 490 kg per tonne of production in 2003 to 420 kg in 2004, largely due to improved plant efficiencies. This equates to a 26% reduction from the 2000 baseline of 570 kg per tonne of production.

These numbers exclude the contribution of nitrous oxide emissions from our nitric acid plants which will be counted in the Orica inventory from October 2004 and will be reported to the AGO as part of our Greenhouse Challenge agreement. Orica is continuing to improve its understanding of emissions from downstream sources, which include nitrous oxide from the use of nitrogenous fertilisers and methane from explosives, in addition to carbon dioxide from both sources. The performance of Orica against the commitments in its Greenhouse Challenge Agreement has been independently verified for the AGO by consultants from the Snowy Mountains Engineering Corporation. No material discrepancies were identified.

Future reductions in Orica's greenhouse gas emissions will arise from progressive incremental efficiency improvements and the use of new technology as old plants are eventually retired and new, more efficient, plants are constructed.

Legacy Sites

A key issue to be addressed in driving towards a sustainable future is to ensure that land and the environment are not degraded by the impact of our activities. Compliance with emission licence conditions remains at a very high level of 99.6% in 2004. In the future the focus will be on individual non-compliances and on the measures taken to prevent a recurrence. The operation of many sites over very long periods, and when environmental standards were very much lower than those applying today, has inevitably led to problems of soil and groundwater contamination. Orica deeply regrets the impact of this contamination on the environment and the communities in which we operate. Orica is committed to rectifying these problems and in keeping both the local and broader communities informed of our progress in meeting these objectives. As an example, a major programme of groundwater remediation is in progress at Botany, NSW where the groundwater has been contaminated with a range of chlorinated hydrocarbons as a result of past industrial practices.

Over the last ten years a number of redundant sites have been remediated and returned to beneficial uses at a standard acceptable for their intended use. Examples of these successes have included the remediation and subsequent sale of redundant chemicals and paint manufacturing sites at Cabarita and Rhodes (NSW), Port Adelaide (SA), Avondale and Panmure (NZ), Cheltenham and Deer Park (VIC).

Hexachlorobenzene Waste

The historical production of chlorinated solvents and ethylene dichloride (EDC) at Botany has resulted in the accumulation of about 10,000 tonnes of hexachlorobenzene (HCB) contaminated waste which comprises crude HCB in addition to tarry wastes, HCB contaminated soil, construction materials, clothing and other materials. The bulk of this material is currently stored in drums in a purpose built warehouse on the Botany site awaiting destruction in compliance with the site operating licence and an act of the NSW Parliament. The destruction process that has been chosen is the AMEC GeoMelt process. The approval and development consent for the use of this process has required the publication of an Environmental Impact Statement, Commission of Inquiry and a further review of the technology by an Independent Review Panel commissioned by the NSW Minister for Infrastructure & Planning.

The recently released report of the Independent Review Panel has endorsed GeoMelt as a suitable destruction technology but has recommended that destruction be undertaken at a remote location in NSW of lower environmental sensitivity rather than at Botany. The Company is now pursuing a search for such a location. While this is in progress, there will be a need to continue to store the material and improved storage techniques are being researched to meet this need. In addition, discussions are in progress with the NSW Department of Environment and Conservation with a view to amending the current site license, which requires the material be destroyed by 2006.

Responsible Care

Orica has been an active participant in the Plastic and Chemicals Industry Association (PACIA) Responsible Care Programme since 1989. The Responsible Care Programme is an initiative of the international chemicals industry aimed at improving its safety, health and environment performance and communicating openly with all sections of the community. The program was started by the Canadian Chemical Producers' Association in the mid 1980s. There are now chemical industry associations in 45 countries participating in the programme.

PACIA is mandated by the International Council of Chemical Associations to oversee the program in Australia. Participating companies are required to sign on to a set of Guiding Principles and to implement a series of Codes of Practice. In 2001 these Codes of Practice were revised in consultation with the industry, government regulators and interested sections of the community.

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 'group') for the year ended 30 September 2004 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
M W Broomhead, Managing Director
M E Beckett
A B Daniels (Retired 17 December 2003)
P J Duncan
J W Hall
B Healey (Retired 17 December 2003)
G A Hounsell (Appointed 21 September 2004)
P M Kirby
G R Liebelt
M Tilley (Appointed 10 November 2003)
C M Walter

The office of company secretary is held by M J Healey (LLB, Grad Dip Resources Law, FCIS). Janice Van Reyk (M Comm, LLB Hons, BA, Grad Dip Co Sec Prac, MAICD, FCIS) is also company secretary of Orica Limited. Each company secretary has experience in the secretarial role and is a legal advisor arising from time spent in such roles with Orica or other large listed companies. Particulars of directors' qualifications, experience and special responsibilities are detailed on page 12 of the annual report.

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		Audit and Risk Management Committee		Remuneration and Appointments Committee		Corporate Governance and Nominations Committee		Environment Committee	
	Held (1)	Attended (2)	Held (1)	Attended (2)	Held (1)	Attended (2)	Held (1)	Attended (2)	Held (1)	Attended (2)
D P Mercer	9	9	-	-	3	3	4	4	-	-
M W Broomhead	9	9	-	-	-	-	-	-	-	-
M E Beckett	9	7	-	-	3	3	4	4	1	1
A B Daniels (5)	2	1	-	-	1	-	-	-	-	-
P J Duncan	9	9	4	4	3	3	-	-	-	-
J W Hall	9	9	-	-	-	-	-	-	-	-
B Healey (5)	2	2	1	1	1	1	-	-	-	-
G A Hounsell (4)	1	1	1	1	1	1	-	-	-	-
P M Kirby	9	9	-	-	3	3	4	4	1	1
G R Liebelt	9	8	-	-	-	-	-	-	1	1
M Tilley (3)	9	9	3	2	2	2	-	-	-	-
C M Walter (6)	9	9	3	3	3	3	-	-	1	1

(1) This column shows the number of meetings held during the period the director was a member of the Board or Committee.
(2) This column shows the number of meetings attended.
(3) M Tilley was appointed on 10 November 2003.
(4) G A Hounsell was appointed on 21 September 2004.
(5) A B Daniels and B Healey retired on 17 December 2003.
(6) C M Walter retired from the Audit and Risk Management Committee on 18 August 2004.

In addition to the Board meetings referred to in the above table, directors attended 3 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 35.

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, fertilisers, consumer products and chemicals.

No significant changes have occurred in the nature of these activities during the financial year.

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 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.

Directors' Report

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 paid at the rate of 2.5 cents per share on 2,000,000 preference shares, franked to 19.1% (0.4775 cents) at the 30% corporate tax rate, paid 31 January 2004.	0.05
Interim dividend declared at the rate of 2.5 cents per share on 2,000,000 preference shares, franked to 30% (0.75 cents) at the 30% corporate tax rate, paid 30 July 2004.	0.05
Quarterly dividends declared at the rate of 5.36% per annum per share on 11,000 redeemable preference shares, unfranked at the 30% corporate tax rate (disclosed as borrowing costs in note 4 of the Financial Statements).	2.8
Final dividend at the rate of 34 cents per share on 277,631,390 ordinary shares, franked to 19.1% (6.50 cents) at the 30% corporate tax rate, paid 10 December 2003.	94.4
Interim dividend at the rate of 23 cents per share on 270,057,893 ordinary shares, franked to 30.4% (7.0 cents) at the 30% corporate tax rate, paid 15 July 2004.	62.1
Total dividends paid	159.4
The directors have declared a final dividend to be paid at the rate of 45 cents per share on 270,057,893 ordinary shares. This dividend will be franked to 46.7% (21 cents) at the 30% corporate tax rate.	121.5

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 2004 are as follows:

Acquisitions

- On 31 October 2003, Orica completed the purchase of the Consumer Lawn and Garden Business of Yates Limited.
- On 7 November 2003, Orica completed the purchase of the 51% share of Indian Explosives Limited that it did not already own.
- On 1 June 2004, Orica completed the purchase of Bronson & Jacobs Pty Ltd.
- On 1 July 2004, Orica completed the purchase of the detonator assets from SMI Technology Pty Limited.
- On 1 September 2004, Orica completed the purchase of Marplex Limited.

Executive directors and senior executive officers emoluments

Remuneration Policy

It is the broad policy of the Company that its remuneration structure will:

(a) support the Company's philosophy and values;

(b) reinforce both the short term and long term objectives of the Company;

(c) provide a common interest between management and shareholders; and

(d) be sufficiently competitive in the markets in which the Company operates to attract, motivate and retain high calibre employees.

The remuneration of executive directors and senior management is set to attract, retain and motivate appropriately qualified and experienced senior executives capable of discharging their respective responsibilities. Remuneration packages of senior executives (including executive directors) include a fixed component, a performance based short term incentive and equity related long term incentive. Up to 60% of total remuneration for these packages are performance based.

Fixed remuneration – The terms of employment for all executive management contain a fixed remuneration component. In general, this is expressed as a total amount of salary and other benefits that the executive may take in a form agreed with the Company.

Short Term Incentive Plan – This plan involves linking specific targets (predominantly financial) with the opportunity to earn cash incentives based on a percentage of fixed salary. In relation to the senior executive team, this comprises in general an amount equal to 30% of their fixed annual remuneration for target performance up to an amount equal to 60% of their fixed annual remuneration for stretch performance well in excess of target performance (refer note 36).

In general, the performance conditions are related to measures such as Net Profit After Tax, Economic Profit/Funds Employed, cash flow, revenue, environmental performance and safety. The Board considers these performance conditions to be appropriate because they support the Company's safety and environmental values and are directly linked to improving the financial performance of the Company, consistent with the Company's strategic plan.

In assessing the extent to which performance conditions were satisfied, the individual executive performance is reviewed against annual measures and target linked to a group performance contract approved by the Remuneration and Appointments Committee.

In general, the performance conditions attaching to the Short Term Incentive in the 2004 financial year were satisfied: 60-80% was paid, 20%-40% forfeited. Performance against these targets was determined as at balance date.

Long Term Incentive plans – Long Term Incentive plans are designed to encourage executives to focus on the key performance drivers which underpin sustainable growth in shareholder value.

Since 2001, the Company has used a Senior Executive Share Loan Plan as the long term incentive for the Group Executive and an Executive Share Option Plan for other senior executives. Details of these Plans are set out in note 34. The Company intends to introduce the Orica Long Term Equity Incentive Plan ("LTEIP") as its long term incentive component of remuneration.

Under the LTEIP, eligible executives will be provided with a 3 year, interest free, limited recourse loan from the Company for the sole purpose of acquiring shares in the Company. The loan is secured on the shares.

Part of the loan amount to the executives may be forgiven depending on total shareholder returns over the period of the loan.

Incitec Pivot Limited (Incitec Pivot)

Incitec Pivot Limited may grant awards to senior Incitec Pivot Limited employees under the Incitec Pivot Senior Executives Long Term Incentive Plan. This long term incentive plan approved by the Incitec Pivot Limited Board was introduced in June 2003. Executives are unable to participate in both the Orica Long Term Equity Incentive Plan and the Incitec Pivot Senior Executives Long Term Incentive Plan.

Details of the remuneration and interests in share capital and options of Non-Executive Directors, Executive Directors (Specified Directors) and Senior Executives (Specified Executives) are disclosed in note 36. Details of Non-Executive Directors, Specified Directors and Specified Executives transactions in shares and options are disclosed in note 35.

Events subsequent to balance date

- On 13 October 2004, Orica Limited received a notice of amended assessment from the Australian Taxation Office ("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 13 October 2004, Orica announced increased financial commitment to the Botany Groundwater Project, involving an additional environmental provision of $46 million (after tax) for the the remediation of groundwater contaminated by pollutants from historical operations discontinued several years ago and the construction of a Groundwater Recycling plant for $38 million. The additional environmental provision is treated as a significant item in the financial statements for the year ended 30 September 2004.
- On 29 October 2004, Orica announced the extension of the existing contract for the Company's Managing Director and Chief Executive Officer, Mr Malcolm Broomhead for an additional two years until September 2008. A condition of the Managing Director's contract extension is shareholder approval to allow early repayment and release of a portion of the shares held under his existing share loan. Shareholder approval will be sought at the Company's Annual General Meeting in December. This would enable Mr Broomhead to access 500,000 shares in December 2004 held under his existing share loan established in 2001 and to access a further 500,000 shares in September 2005.
- Since the end of the financial year, the directors declared a final dividend of 45 cents per share payable on 8 December 2004. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2004 and will be recognised in the 2005 financial statements.
- On 3 November 2004, the Company announced an on-market buy-back of up to $250 million of its share capital.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2004, 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 have always been a cornerstone of Orica culture and Orica has high standards. More specific details about Orica's safety, health and environment initiatives and performance can be found in the Safety, Health and Environment Report 2004 which is released together with this Annual Report.

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

In October 2003, Incitec (Orica IC Assets) received a $90,000 fine from the NSW Land Protection Court for breaches of the Kooragang Island site licence conditions. This related to an incident in July 2002 when a quantity of nitric acid was discharged from the site into the Hunter River. Further Kooragang Island breaches have occurred this year and the Company is awaiting possible regulatory action.

In December 2003, Orica New Zealand was convicted on one count of discharging six tonnes of nitric acid into the environment of Timaru harbour during ship to shore transfer at the Chemnet site in February 2002. A fine of $16,813 and costs of $3,474 were awarded against the Company. Orica is undertaking a number of actions to prevent a recurrence of these incidents, including a broad range of procedural and engineering changes.

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 while 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.

Directors' Report

On 28 February 2003, Orica entered into a separate Deed of Indemnity with J W Hall as a result of his position as a director of Qenos Holdings Limited. This Deed indemnifies J W Hall to the maximum extent permitted by law against any liability he may incur in respect of a claim.

No director or officer of the Company has received the benefit of 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.

Auditor Independence

No officer of the Company was a former partner or director of KPMG.

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 3rd day of November 2004.

Statements of Financial Performance

For the year ended 30 September 2004

	Notes	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Revenue from ordinary activities	(3)	**4,734.6**	4,143.5	**51.2**	125.1
Operating expenses					
Changes in inventories of finished goods and work in progress		**120.9**	(10.3)	**-**	-
Raw materials and consumables used and finished goods purchased for resale		**(2,579.0)**	(1,981.2)	**-**	-
Employee expenses		**(698.1)**	(610.2)	**-**	-
Depreciation and amortisation expense		**(170.9)**	(175.2)	**(0.4)**	(0.4)
Borrowing costs		**(79.9)**	(71.5)	**(36.3)**	(23.9)
Purchased services		**(312.9)**	(238.4)	**(2.0)**	(2.2)
Repairs and maintenance		**(116.3)**	(98.8)	**-**	-
Property, plant & equipment retired/disposed		**(17.2)**	(36.4)	**(1.9)**	(2.8)
Outgoing freight		**(203.3)**	(167.9)	**-**	-
Lease payments - operating leases		**(57.2)**	(49.9)	**-**	-
Net assets disposed from sales of businesses/controlled entities		**-**	(74.0)	**-**	-
Write-off of carrying value of Qenos		**-**	(123.2)	**-**	-
Other expenses from ordinary activities including significant items		**(198.1)**	(329.3)	**0.2**	-
Share of associates' net profit/(loss) equity accounted	(12)	**11.8**	(4.3)	**-**	-
		(4,300.2)	(3,970.6)	**(40.4)**	(29.3)
Profit from ordinary activities before income tax expense	(4)	**434.4**	172.9	**10.8**	95.8
Income tax expense attributable to profit from ordinary activities	(6)	**(80.9)**	(59.3)	**(1.9)**	(6.6)
Profit from ordinary activities after income tax expense		**353.5**	113.6	**8.9**	89.2
Outside equity interests in (profit) from ordinary activities after income tax		**(25.7)**	(12.9)	**-**	-
Profit from ordinary activities after income tax relating to members of Orica Limited		**327.8**	100.7	**8.9**	89.2
Non-owner transactions in equity					
Net increase in asset revaluation reserve	(23)	**-**	36.5	**-**	-
Net decrease in equity due to initial adoption of AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets* and AASB 1028 *Employee Benefits*	(23)	**-**	(4.0)	**-**	-
Net exchange differences on translation of financial reports of foreign controlled entities	(23)	**(9.1)**	(51.8)	**-**	-
Total revenues, expenses and valuation adjustments relating to members of the parent entity recognised directly in equity		**(9.1)**	(19.3)	**-**	-
Total changes in equity other than those resulting from transactions with owners as owners	(25)	**318.7**	81.4	**8.9**	89.2

		cents	cents
Earnings per share			
Basic earnings per share:			
Ordinary shares	(7)	**119.8**	36.2
Diluted earnings per share:			
Ordinary shares	(7)	**117.7**	35.7

The Statements of Financial Performance are to be read in conjunction with the notes to the financial statements set out on pages 28 to 89.

Statements of Financial Position

As at 30 September 2004

		Consolidated		Company	
		2004	2003	**2004**	2003
	Notes	**$m**	$m	**$m**	$m
Current assets					
Cash assets	(8)	**148.9**	87.6	**23.9**	22.4
Receivables	(9)	**754.4**	567.6	**419.8**	439.5
Inventories	(10)	**744.7**	583.1	**-**	-
Other assets	(11)	**61.6**	44.3	**-**	-
Total current assets		**1,709.6**	1,282.6	**443.7**	461.9
Non-current assets					
Receivables	(9)	**21.3**	37.5	**-**	1.3
Investments accounted for using the equity method	(12)	**65.7**	86.4	**-**	-
Other financial assets	(13)	**-**	-	**1,147.8**	1,147.8
Property, plant and equipment	(14)	**1,518.0**	1,436.8	**27.4**	28.6
Intangible assets	(15)	**581.8**	441.7	**-**	-
Deferred tax assets	(16)	**216.8**	223.6	**151.3**	2.0
Other assets	(11)	**40.1**	46.7	**-**	-
Total non-current assets		**2,443.7**	2,272.7	**1,326.5**	1,179.7
Total assets		**4,153.3**	3,555.3	**1,770.2**	1,641.6
Current liabilities					
Payables	(17)	**779.7**	516.3	**4.0**	3.0
Interest bearing liabilities	(18)	**385.7**	167.0	**673.1**	369.2
Current tax liabilities	(19)	**28.2**	17.7	**-**	6.5
Provisions	(20)	**193.2**	151.9	**0.1**	0.1
Total current liabilities		**1,386.8**	852.9	**677.2**	378.8
Non-current liabilities					
Payables	(17)	**14.8**	15.1	**-**	-
Interest bearing liabilities	(18)	**740.5**	797.6	**-**	-
Deferred tax liabilities	(21)	**151.7**	127.6	**96.3**	-
Provisions	(20)	**221.6**	181.6	**1.0**	1.0
Total non-current liabilities		**1,128.6**	1,121.9	**97.3**	1.0
Total liabilities		**2,515.4**	1,974.8	**774.5**	379.8
Net assets		**1,637.9**	1,580.5	**995.7**	1,261.8
Equity					
Parent entity interest					
Contributed equity	(22)	**369.3**	487.7	**369.3**	487.7
Reserves	(23)	**108.1**	117.2	**95.6**	95.6
Retained profits	(23)	**951.2**	780.0	**530.8**	678.5
Total parent entity interest		**1,428.6**	1,384.9	**995.7**	1,261.8
Outside equity interests in controlled entities	(24)	**209.3**	195.6	**-**	-
Total equity	(25)	**1,637.9**	1,580.5	**995.7**	1,261.8

The Statements of Financial Position are to be read in conjunction with the notes to the financial statements set out on pages 28 to 89.

Statements of Cash Flows

For the year ended 30 September 2004

		Consolidated		Company	
		2004	2003	**2004**	2003
	Notes	**$m**	$m	**$m**	$m
		Inflows/ (Outflows)	Inflows/ (Outflows)	**Inflows/ (Outflows)**	Inflows/ (Outflows)
Cash flows from operating activities					
Receipts from customers		**4,987.7**	4,471.6	**-**	0.9
Payments to suppliers and employees		**(4,348.7)**	(3,877.5)	**(1.3)**	-
Interest received		**20.2**	8.9	**25.2**	22.9
Borrowing costs		**(78.5)**	(72.1)	**(34.4)**	(23.4)
Dividends received		**12.0**	8.4	**8.4**	72.6
Royalties and other operating revenue received		**40.1**	23.7	**2.1**	0.1
Net income taxes paid		**(44.9)**	(62.6)	**(54.1)**	(4.5)
Net cash flows from/(used in) operating activities	(27)	**587.9**	500.4	**(54.1)**	68.6
Cash flows from investing activities					
Payments for property, plant and equipment		**(198.9)**	(119.7)	**(1.1)**	-
Payments for purchase of investments		**(0.3)**	(0.1)	**-**	-
Payments for purchase of businesses/controlled entities	(27)	**(253.9)**	(415.7)	**-**	-
Proceeds from sale of property, plant and equipment		**72.0**	76.1	**15.6**	38.1
Proceeds from sale of investments	(3)	**-**	1.0	**-**	-
Proceeds from sale of businesses/controlled entities	(3)	**-**	73.0	**-**	-
Net cash flows (used in)/from investing activities		**(381.1)**	(385.4)	**14.5**	38.1
Cash flows from financing activities					
Proceeds from long term borrowings		**279.5**	154.6	**-**	-
Repayment of long term borrowings		**(300.8)**	(4.2)	**-**	-
Net movement in short term financing		**163.7**	(120.1)	**316.1**	48.5
Principal repayments under finance leases		**-**	(0.2)	**-**	-
Proceeds from issue of shares	(22)	**9.1**	10.3	**9.1**	10.3
Payments for buy-back of shares	(22)	**(127.5)**	(49.2)	**(127.5)**	(49.2)
Proceeds from issue of shares to outside equity interests		**-**	1.9	**-**	-
Dividends paid - Orica shareholders		**(156.6)**	(115.1)	**(156.6)**	(115.1)
Dividends paid - outside equity interests		**(11.0)**	(44.4)	**-**	-
Net cash flows (used in)/from financing activities		**(143.6)**	(166.4)	**41.1**	(105.5)
Net increase/(decrease) in cash held		**63.2**	(51.4)	**1.5**	1.2
Cash at the beginning of the financial period		**85.1**	143.2	**22.4**	21.2
Effects of exchange rate changes on cash		**(1.0)**	(6.7)	**-**	-
Cash at the end of the financial period	(27)	**147.3**	85.1	**23.9**	22.4

The Statements of Cash Flows are to be read in conjunction with the notes to the financial statements set out on pages 28 to 89.

Notes to the Financial Statements

For the year ended 30 September 2004

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') are stated below to assist in a general understanding of this financial report. These policies have been consistently applied except as otherwise indicated.

(i) Basis of preparation

The financial report is a general purpose financial report prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, the Corporations Act 2001 and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or fair values of non-current assets.

(ii) Changes in accounting policies

Tax Consolidation

Orica implemented tax-consolidation on 28 August 2003. There is no material adjustment to tax balances carried on the Orica the statements of financial position as a result of entry into tax consolidation. Refer to (viii) Taxation.

AASB 1046A Amendments to Accounting Standard AASB 1046

The consolidated entity has early adopted AASB 1046A Amendments to Accounting Standard AASB 1046 issued in September 2004.

(iii) Consolidation

The controlled entities included in the consolidated financial statements are listed in note 38. All inter-entity transactions and balances have been eliminated. Where entities are not controlled throughout the entire financial year, the consolidated results include the results of those entities for that part of the year during which control existed.

(iv) Revenue recognition (see note 3)

External sales, royalty income and other income are recognised when the goods and services are provided. Interest income is recognised as it accrues. Proceeds 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 statements of financial performance 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. Profit recognition does not normally commence until a contract is at least 40% complete. Stage of completion is measured by reference to an assessment of total labour hours and other 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) Borrowing costs (see note 4)

Borrowing costs include interest, 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. Qualifying assets are assets which take more than twelve months to get ready for their intended use or sale. 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. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

(vi) Research and development costs (see note 4)

Research and development costs are expensed as incurred.

(vii) e-Commerce expenditure

The direct costs associated with the development of business e-Commerce applications are expensed as incurred unless they relate to the development of an asset with future economic benefit. Such capitalised expenditure is depreciated on a straight line basis over a period not exceeding four years.

(viii) Taxation (see note 6)

Income tax has been brought to account using the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statements of financial position as a future income tax benefit or a provision for deferred income tax. The future income tax benefits arising from tax losses have been recognised only where the realisation of such benefits in future years is considered virtually certain.

No provision is made for withholding tax on retained earnings of overseas controlled entities.

Capital gains tax is provided in the statements of financial performance in the year in which an asset is sold.

Tax Consolidation

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the Company. Orica Limited is the parent entity in the tax consolidated group comprising all wholly-owned Australian entities. The implementation date for the tax-consolidated group was 28 August 2003. All income tax expenses, revenues, assets and liabilities of the members of the tax-consolidated group are recognised in the financial statements of the parent entity.

Due to the existence of a tax sharing agreement between the entities in the tax consolidated group, the income tax expense/revenue of the parent entity includes the tax contribution amounts paid or payable between the parent entity and subsidiary entities made in accordance with the agreement. The current and deferred tax assets and liabilities of the parent entity are not reduced by any amounts owing from or to subsidiary entities in accordance with the tax sharing agreement as these amounts are recognised as inter-company receivables and payables.

(ix) Inventories (see note 10)

Inventories are valued at the lower of cost and net realisable value.

Cost is based on first-in, first-out or weighted average method. For manufactured goods, cost includes direct material and fixed overheads. For merchanted goods, cost is net cost into store.

Notes to the Financial Statements

For the year ended 30 September 2004

1. Accounting policies (continued)

(x) Construction work in progress

Construction 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) Maintenance, repairs and other costs (see note 11)

Expenditure for maintenance, repairs and replacements of a minor nature is expensed as incurred. Major cyclical expenditure is undertaken at the principal manufacturing plants in three to four year cycles. These plants operate continuous production processes twenty-four hours per day, seven days per week. Major cyclical expenditure, incorporating new capital expenditure, enables these plants to extend their estimated useful lives and improve their performance. This expenditure is amortised over the period to which future economic benefits relate, which is generally until the commencement of the next cycle.

The unamortised expenditure is added to the respective net book values of the major plant for the purposes of assessing recoverable values.

(xii) Investments accounted for using the equity method (see note 12)

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.

Where, in the opinion of the directors, there has been a permanent diminution in the carrying value of an investment, the investment is written down to its recoverable amount. The expected net cash flows included in determining recoverable amounts are discounted to their present values.

(xiii) Other financial assets (see note 13)

The consolidated entity's interests in financial assets other than controlled entities and associates are stated at market value. Investment income includes dividends which are recognised in the statements of financial performance when declared.

The Company's interests in controlled entities are stated at cost. Where, in the opinion of the directors, there has been a permanent diminution in the carrying value of an investment, the investment is written down to its recoverable amount. The expected net cash flows included in determining recoverable amounts are discounted to their present values.

(xiv) Property, plant and equipment and depreciation (see note 14)

Property, plant and equipment, other than freehold land, is depreciated on a straight line basis at rates calculated to allocate the cost less the estimated residual value over the estimated useful life of each asset to the consolidated entity.

Estimated remaining useful lives of assets are reviewed at least every three years or as required.

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

The carrying amounts of all non-current assets are reviewed half-yearly to determine whether they are in excess of their recoverable amounts. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is revalued downwards to its recoverable amount and the decrement is recognised as an expense in the statements of financial performance.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their net present values.

Profits and losses on disposal of property, plant and equipment are taken to the statements of financial performance.

(xv) Leased assets (see note 14)

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.

Finance leases 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 statements of financial performance as incurred.

(xvi) Goodwill (see note 15)

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired. Goodwill is amortised on a straight line basis over the period in which the benefits are expected to arise, not exceeding twenty years. The carrying value is reviewed half-yearly and written down to recoverable amount if considered necessary. The expected net cash flows included in determining recoverable amount of goodwill are discounted to their net present values.

(xvii) Brand names, patents, trademarks and rights (see note 15)

The cost of all patents and trademarks is amortised over their useful lives to the consolidated entity, being four to twelve years. Land rights purchased in China are amortised over the period of tenure (fifty years). The carrying values are reviewed half-yearly and are written down to their recoverable amounts where necessary.

The cost of acquired brand names is determined by reference to independent valuations performed on the acquisition of businesses.

The carrying value of the brand names is reviewed half-yearly to ensure that it is not in excess of recoverable amount.

The expected net cash flows included in determining recoverable amount of brand names, patents, trademarks and rights are discounted to their net present values

Expenditure incurred in developing, maintaining or enhancing brand names is written off against profit from ordinary activities in the year in which it is incurred.

The Directors believe that the life of the assets is of such duration and their residual value would be such that the amortisation charge, if any, would not be material.

(xviii) Provisions (see note 20)

A provision is recognised when there is a legal, equitable 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 discount is treated as part of the expense related to the particular provision.

1. Accounting policies (continued)

Environmental liabilities

The cost of monitoring operations and treating operating waste is taken to the statements of financial performance as an operating cost as incurred.

Estimated costs relating to the remediation of soil, groundwater and untreated waste that have arisen as a result of past events are usually taken to the statements of financial performance as soon as the need is identified 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 as it is incurred.

Employee entitlements

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

Contributions for superannuation are taken to the statements of financial performance in the year in which the payment is made (see note 37).

A liability is recognised for any superannuation deficits acquired on acquisition of businesses. The liability at the date of the acquisition is disclosed in the financial statements in provision for employee entitlements.

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.

Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

Restructuring and employee termination benefits

A provision for restructuring, including employee termination benefits, related to an acquired entity or operation is recognised at the date of acquisition where:

the main features of the restructuring were announced, implementation of the restructuring commenced, or contracts were entered by the date of acquisition, and

a detailed formal plan is developed by the earlier of three months after the date of the acquisition and the completion of this financial report.

The provision only relates to costs associated with the acquired entity, and is included in the determination of the fair value of the net assets acquired. The provision includes liabilities for termination benefits that will be paid to employees of the acquired entity as a result of the restructuring.

Other provisions for restructuring or termination benefits are only recognised when a detailed plan has been approved and the restructuring or termination benefits 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.

The liabilities for termination benefits that will be paid as a result of these restructurings have been included in the provision for employee benefits.

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.

(xix) Foreign currency translation (see note 23)

Overseas controlled entities are self-sustaining and their financial statements are translated using the current rate method. Assets and liabilities are translated into Australian currency at rates of exchange at balance date, while their revenues and expenses are translated at the weighted average rates ruling during the year. Any resulting unrealised exchange differences are taken to a foreign currency translation reserve. Exchange rate differences which relate to the hedging of investments in self-sustaining foreign operations are transferred, on consolidation, to the foreign currency translation reserve.

(xx) Cash flows (see note 27)

For the purposes of the statements of cash flows, 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, net of bank overdrafts.

(xxi) Derivative financial instruments (see note 33)

Derivative financial instruments are used to hedge interest rate and foreign currency exposures. Accordingly, hedge accounting principles are applied, under which gains and losses on derivatives are brought to account on the same basis as the gains and losses on the underlying physical exposures. Derivative financial instruments are not held for speculative purposes.

The effect of interest received, paid or accrued under interest rate swap and forward rate agreements is included in the calculation of net interest expense. The amount receivable or payable at balance date is included in assets or liabilities respectively.

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 are taken to the statements of financial performance.

Where hedge transactions are 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 statements of financial performance.

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 statements of financial performance 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. Refer to note 33.

1. Accounting policies (continued)

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 statements of financial performance.

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 statements of financial performance.

(xxii) Redeemable preference shares (see note 18)

Redeemable preference shares which provide for mandatory redemption are included in liabilities as they are, in substance, borrowings. Dividends payable on these shares are recognised in the statements of financial performance as borrowing costs on an accruals basis.

(xxiii) 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 statements of financial position.

Cash flows are included in the statements 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.

(xxiv) Comparative figures

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

2. Segment report

Reports for business

The consolidated entity's operations have been divided into six segments comprising Mining Services, Fertilisers, Consumer Products, Chemicals, Other Operations and Corporate and Support Services.

The consolidated entity's policy is to transfer products internally at negotiated commercial prices. Revenue includes royalties and proceeds on sale of property, plant and equipment.

Reports for business and geographical segments

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

Defined business areas	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.
Fertilisers	Manufacture, import and supply of a broad range of fertilisers including nitrogen, phosphate and other fertilisers for the agricultural industry.
Consumer Products	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 and supply of a broad range of industrial and specialty chemicals including chlorine, sodium hypochlorite, caustic soda, PVC resins, customised vinyl compounds, and chemicals for household, food and personal care products, and sodium cyanide to the gold mining industry.
Other Operations	Manufacture and supply of polyethylene and polypropylene, synthetic rubber and specialty plastics (provided through Qenos Holdings Pty Ltd), other minor activities and discontinued and divested businesses.
Corporate and Support Services	Non-operating assets, corporate costs, financial items (such as interest and foreign currency gain/losses on borrowings) and proceeds on sale of businesses.

2. Segment report (continued)

Primary reporting Business segments	Mining Services	Fertilisers	Consumer Products	Chemicals	Other Operations	Corporate & Support Services	Eliminations	Consolidated
2004	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue								
External sales	**1,704.0**	**1,107.1**	**772.3**	**1,027.1**	**-**	**-**	**-**	**4,610.5**
Inter-segment sales	**30.3**	**28.5**	**0.1**	**35.5**	**-**	**-**	**(94.4)**	**-**
Total sales revenue	**1,734.3**	**1,135.6**	**772.4**	**1,062.6**	**-**	**-**	**(94.4)**	**4,610.5**
Other revenue	**38.4**	**3.4**	**4.3**	**18.4**	**0.6**	**59.0**	**-**	**124.1**
Total revenue	**1,772.7**	**1,139.0**	**776.7**	**1,081.0**	**0.6**	**59.0**	**(94.4)**	**4,734.6**
Results								
Profit from ordinary activities before significant items and income tax expense	**270.1**	**104.0**	**99.8**	**113.5**	**-**	**(106.4)**	**-**	**481.0**
Individually significant items	**(30.1)**	**-**	**-**	**(65.0)**	**-**	**48.5**	**-**	**(46.6)**
Segment results post significant items	**240.0**	**104.0**	**99.8**	**48.5**	**-**	**(57.9)**	**-**	**434.4**
Income tax expense								**(80.9)**
Profit from ordinary activities after income tax expense								**353.5**
Outside equity interests in (profit)/loss from ordinary activities after income tax								**(25.7)**
Net profit from ordinary activities after income tax expense relating to members of Orica Limited								**327.8**
Segment assets	**1,585.3**	**943.5**	**397.2**	**989.1**	**52.9**	**185.3**	**-**	**4,153.3**
Segment liabilities	**551.3**	**315.6**	**160.4**	**337.5**	**4.6**	**1,146.0**	**-**	**2,515.4**
Investment in equity method associates included in segment assets	**60.4**	**-**	**0.6**	**3.0**	**-**	**1.7**	**-**	**65.7**
Capital expenditure	**124.7**	**30.8**	**11.6**	**30.6**	**-**	**5.7**	**-**	**203.4**
Depreciation and amortisation	**76.9**	**41.8**	**19.3**	**30.0**	**-**	**2.9**	**-**	**170.9**
Non-cash expenses other than depreciation and amortisation	**12.3**	**-**	**-**	**-**	**-**	**-**	**-**	**12.3**
Share of associates net profit equity accounted	**11.7**	**-**	**-**	**0.1**	**-**	**-**	**-**	**11.8**

2003	$m	$m	$m	$m	$m	$m	$m	$m
Revenue								
External sales	1,637.5	750.4	657.5	880.4	32.8	-	-	3,958.6
Inter-segment sales	25.1	9.9	0.1	42.6	0.2	-	(77.9)	-
Total sales revenue	1,662.6	760.3	657.6	923.0	33.0	-	(77.9)	3,958.6
Other revenue	33.7	7.7	6.5	13.0	72.7	51.3	-	184.9
Total revenue	1,696.3	768.0	664.1	936.0	105.7	51.3	(77.9)	4,143.5
Results								
Profit from ordinary activities before significant items and income tax expense	247.4	42.8	89.1	106.6	(13.5)	(90.8)	-	381.6
Individually significant items	(27.9)	(26.0)	-	(39.3)	(145.8)	30.3	-	(208.7)
Segment results post significant items	219.5	16.8	89.1	67.3	(159.3)	(60.5)	-	172.9
Income tax expense								(59.3)
Profit from ordinary activities after income tax expense								113.6
Outside equity interests in (profit)/loss from ordinary activities after income tax								(12.9)
Net profit from ordinary activities after income tax expense relating to members of Orica Limited								100.7
Segment assets	1,438.5	899.7	318.0	717.1	65.8	116.2	-	3,555.3
Segment liabilities	413.1	258.9	115.3	217.7	13.6	956.2	-	1,974.8
Investment in equity method associates included in segment assets	85.6	-	-	-	-	0.8	-	86.4
Capital expenditure	68.7	22.0	6.1	18.3	0.5	1.4	-	117.0
Depreciation and amortisation	92.8	33.9	17.1	27.9	0.7	2.8	-	175.2
Non-cash expenses other than depreciation and amortisation	-	7.2	-	-	123.2	-	-	130.4
Share of associates net (loss)/profit equity accounted	8.5	-	-	-	(12.8)	-	-	(4.3)

2. Segment report (continued)

Secondary reporting Geographical segments 2004	Australia	New Zealand	Americas	Other	Eliminations	Consolidated
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue						
External sales	**2,935.7**	**416.6**	**830.0**	**428.2**	**-**	**4,610.5**
Inter-segment sales	**67.0**	**15.2**	**13.6**	**35.9**	**(131.7)**	**-**
Total sales revenue	**3,002.7**	**431.8**	**843.6**	**464.1**	**(131.7)**	**4,610.5**
Other revenue	**79.0**	**15.1**	**23.9**	**6.1**	**-**	**124.1**
Total revenue	**3,081.7**	**446.9**	**867.5**	**470.2**	**(131.7)**	**4,734.6**
Results						
Profit from ordinary activities before significant items and income tax expense	**273.6**	**55.7**	**86.9**	**64.8**	**-**	**481.0**
Individually significant items	**(26.8)**	**10.3**	**(30.1)**	**-**	**-**	**(46.6)**
Segment results post significant items	**246.8**	**66.0**	**56.8**	**64.8**	**-**	**434.4**
Income tax expense						**(80.9)**
Profit from ordinary activities after income tax expense						**353.5**
Outside equity interests in (profit)/loss from ordinary activities after income tax						**(25.7)**
Net profit from ordinary activities after income tax expense relating to members of Orica Limited						**327.8**
Segment assets	**2,835.2**	**244.5**	**707.9**	**365.7**	**-**	**4,153.3**
Segment liabilities	**1,901.9**	**106.5**	**347.2**	**159.8**	**-**	**2,515.4**
Investment in equity method associates included in segment assets	**5.2**	**-**	**55.0**	**5.5**	**-**	**65.7**
Capital expenditure	**143.0**	**11.8**	**30.8**	**17.8**	**-**	**203.4**
Depreciation and amortisation	**122.0**	**7.6**	**25.8**	**15.5**	**-**	**170.9**
Non cash expenses other than depreciation and amortisation	**-**	**-**	**12.3**	**-**	**-**	**12.3**
Share of associates net profit equity accounted	**-**	**-**	**10.6**	**1.2**	**-**	**11.8**

2003	Australia	New Zealand	Americas	Other	Eliminations	Consolidated
	$m	$m	$m	$m	$m	$m
Revenue						
External sales	2,383.6	390.4	857.3	327.3	-	3,958.6
Inter-segment sales	62.6	13.1	7.4	18.5	(101.6)	-
Total sales revenue	2,446.2	403.5	864.7	345.8	(101.6)	3,958.6
Other revenue	149.1	4.7	27.5	3.6	-	184.9
Total revenue	2,595.3	408.2	892.2	349.4	(101.6)	4,143.5
Results						
Profit from ordinary activities before significant items and income tax expense	202.9	46.6	80.5	51.6	-	381.6
Individually significant items	(191.7)	-	(13.6)	(3.4)	-	(208.7)
Segment results post significant items	11.2	46.6	66.9	48.2	-	172.9
Income tax expense						(59.3)
Profit from ordinary activities after income tax expense						113.6
Outside equity interests in (profit)/loss from ordinary activities after income tax						(12.9)
Net profit from ordinary activities after income tax expense relating to members of Orica Limited						100.7
Segment assets	2,439.2	194.8	660.3	261.0	-	3,555.3
Segment liabilities	1,501.0	52.2	323.7	97.9	-	1,974.8
Investment in equity method associates included in segment assets	0.8	-	53.4	32.2	-	86.4
Capital expenditure	67.5	7.1	23.8	18.6	-	117.0
Depreciation and amortisation	117.2	7.9	34.9	15.2	-	175.2
Non-cash expenses other than depreciation and amortisation	130.4	-	-	-	-	130.4
Share of associates net (loss)/profit equity accounted	(12.8)	-	5.4	3.1	-	(4.3)

	Notes	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
3. Revenue from ordinary activities					
External sales		**4,610.5**	3,958.6	**-**	-
Other revenue from operating activities					
Royalty income		**0.3**	0.9	**-**	-
Dividend income:					
controlled entities		**-**	-	**8.4**	64.0
Interest income:					
controlled entities		**-**	-	**25.1**	22.7
associated companies		**2.4**	2.0	**-**	-
external parties – banks		**5.2**	8.8	**-**	0.2
external parties – taxation refund		**12.9**	-	**-**	-
Other income		**39.8**	23.1	**2.1**	0.1
Other revenue from outside operating activities					
Sale of businesses/controlled entities		**-**	73.0	**-**	-
Sale of property, plant and equipment		**63.5**	76.1	**15.6**	38.1
Proceeds from sale of investments		**-**	1.0	**-**	-
Total other revenue		**124.1**	184.9	**51.2**	125.1
Total revenue		**4,734.6**	4,143.5	**51.2**	125.1

	Notes	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
4. Profit/(loss) from ordinary activities before income tax expense					
Profit/(loss) from ordinary activities before income tax expense is arrived at after crediting:					
Profit on sale of property, plant and equipment		**9.5**	9.9	**4.0**	2.6
Profit on sale of property forming part of the Corporate surplus property program	(5)	**36.8**	30.3	**9.7**	32.7
Share of associates' net profit/(loss) equity accounted		**11.8**	(4.3)	**-**	-
Currency gains		**4.6**	1.6	**-**	-
Profit/(loss) from ordinary activities before income tax expense is arrived at after charging:					
Cost of goods sold		**2,513.5**	2,128.6	**-**	-
Borrowing costs paid/payable to:					
controlled entities		**-**	-	**36.3**	23.9
external parties		**79.9**	71.5	**-**	-
Depreciation on property, plant and equipment:					
buildings and improvements		**21.3**	11.0	**0.3**	0.4
machinery, plant and equipment		**116.4**	141.6	**0.1**	-
Amortisation:					
goodwill		**30.1**	20.1	**-**	-
patents, trademarks and rights		**3.1**	2.5	**-**	-
Amounts set aside to provide for:					
doubtful debts – trade		**-**	1.7	**-**	-
doubtful debts – sundry debtors		**2.3**	0.2	**-**	-
employee entitlements		**31.4**	31.4	**-**	-
environmental liabilities		**82.8**	47.9	**-**	-
inventory losses and obsolescence		**4.9**	2.3	**-**	-
restructuring and rationalisation provisions		**13.0**	18.7	**-**	-
other provisions		**15.2**	16.3	**0.4**	0.2
Bad debts written off in respect of trade debtors		**1.3**	7.7	**-**	-
Bad debts written off in respect of sundry debtors		**2.3**	11.2	**-**	-
Lease payments – operating leases		**57.2**	49.9	**-**	-
Loss on sale of businesses/controlled entities		**-**	1.0	**-**	-
Research and development		**30.8**	30.0	**-**	-
Amortisation of deferred maintenance expenditure		**10.3**	9.9	**-**	-
Superannuation contributions		**48.7**	34.2	**-**	-

	2004 Gross $m	2004 Tax $m	2004 Net $m	2003 Gross $m	2003 Tax $m	2003 Net $m

5. Individually significant items

Profit from ordinary activities includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

	2004 Gross $m	2004 Tax $m	2004 Net $m	2003 Gross $m	2003 Tax $m	2003 Net $m
Consolidated						
Environmental provision - Botany groundwater (1)	**(65.0)**	**19.5**	**(45.5)**	(39.3)	11.8	(27.5)
Tax and interest refund (2)	**11.7**	**25.0**	**36.7**	-	-	-
Write-off of carrying value of Qenos (3)	-	-	-	(123.2)	-	(123.2)
Insurance excess and short term funding relating to Qenos Botany plant failure (4)	-	-	-	(22.6)	6.3	(16.3)
Sale of property, plant and equipment (5)	**36.8**	**2.0**	**38.8**	30.3	1.5	31.8
Restructuring and rationalisation costs:						
North American Mining Services business (6)	**(17.8)**	**2.3**	**(15.5)**	-	-	-
Initiating Systems business (7)	-	-	-	(27.9)	9.4	(18.5)
Incitec and Pivot businesses (8)	-	-	-	(26.0)	8.2	(17.8)
Write down of carrying value of assets (9)	**(12.3)**	-	**(12.3)**	-	-	-
Individually significant items	**(46.6)**	**48.8**	**2.2**	(208.7)	37.2	(171.5)
Outside equity interests in individually significant items			-	(2.8)	0.9	(1.9)
Individually significant items attributable to members of Orica	**(46.6)**	**48.8**	**2.2**	(205.9)	36.3	(169.6)
Company						
Sale of property, plant and equipment (10)	**9.7**	**(2.6)**	**7.1**	32.7	(7.8)	24.9
	9.7	**(2.6)**	**7.1**	32.7	(7.8)	24.9

(1) Increase in environmental provision related to Botany groundwater clean up plan submitted to the NSW Environmental Protection Authority for approval on 31 October 2003. Amounts provided are based on the estimated capital and operating costs to implement the plan as submitted.

(2) Tax and interest refund received from the Australian Taxation Office in respect of a sale and leaseback transaction.

(3) Write down in the carrying value of investment in Qenos Holdings Pty Ltd.

(4) Orica Insurance excess and short term funding relating to Qenos Holdings Pty Ltd due to Qenos Botany plant failure following bushfires.

(5) Profit on the disposal of part of Deer Park site in Melbourne (Australia) and Waitawa site in Auckland (New Zealand) (2003: Ascot Vale and part of Deer Park sites in Melbourne, Australia) forming part of the Corporate surplus property program.

(6) Costs including provisions and expenses incurred relating to the restructuring of the North American Mining Services business.

(7) Costs including asset write downs, provisions and expenses incurred relating to the reorganisation of the Initiating Systems business worldwide following the acquisition of DNES in 2002 and the buyout of the minorities of IES in 2003.

(8) Costs including asset write downs, provisions and expenses incurred relating to the restructuring and reorganisation costs of Incitec and Pivot following the buyout of the minorities of Incitec and the merger of the Fertilisers business with Pivot.

(9) Asset write downs incurred relating to the restructuring of North America Mining Services.

(10) Profit on the disposal of part of Deer Park site in Melbourne (Australia) (2003: Ascot Vale and part of Deer Park sites in Melbourne, Australia) forming part of the Corporate surplus property program.

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
6. Income tax expense				
The amount of income tax attributable to the financial year differs from the amount prima facie payable on the operating profit. The differences are reconciled as follows:				
Income tax expense attributable to operating profit before significant items				
Prima facie income tax expense calculated at 30% on profit from ordinary activities before significant items	**144.3**	114.5	**0.3**	18.9
Tax effect of permanent differences which (reduce)/increase tax expense:				
rebateable and exempt dividends	**-**	-	**(2.5)**	(19.2)
variation in tax rates of foreign controlled entities	**1.8**	(0.3)	**-**	-
tax under/(over) provided in prior years	**1.0**	(2.4)	**1.1**	(1.0)
prior year tax losses recognised	**(11.1)**	(8.1)	**-**	-
non-allowable goodwill amortisation	**8.8**	4.7	**-**	-
non-taxable profit on sale of property, plant and equipment	**(3.1)**	(1.8)	**(1.8)**	(0.8)
other foreign deductions	**(18.7)**	(13.4)	**-**	-
sundry items	**6.7**	3.3	**2.2**	0.9
Income tax expense attributable to operating profit before significant items	**129.7**	96.5	**(0.7)**	(1.2)
Income tax expense attributable to significant items				
Prima facie income tax expense/(benefit) calculated at 30% on (loss)/profit from significant items	**(14.0)**	(62.6)	**2.9**	9.8
Tax effect of permanent differences which (reduce)/increase tax expense:				
individually significant items – non-allowable North America restructuring costs	**3.4**	-	**-**	-
individually significant items – non-allowable write down of Qenos	**-**	36.9	**-**	-
individually significant items – non-allowable write down of assets	**3.7**	-	**-**	-
individually significant items – non-taxable profit on disposal of property under the Corporate surplus property program	**(13.0)**	(10.5)	**-**	(2.0)
individually significant items – tax refund on sale and leaseback transaction	**(28.5)**	-	**-**	-
individually significant items – other	**-**	(1.5)	**-**	-
sundry items	**(0.4)**	0.5	**(0.3)**	-
Income tax (benefit)/expense attributable to operating (profit)/loss from significant items	**(48.8)**	(37.2)	**2.6**	7.8
Income tax expense attributable to operating profit	**80.9**	59.3	**1.9**	6.6
Income tax expense comprises:				
provision for income tax	**50.0**	16.1	**0.9**	7.0
deferred income tax	**24.1**	19.0	**-**	-
future income tax benefit	**6.8**	24.2	**1.0**	(0.4)
	80.9	59.3	**1.9**	6.6

Potential future tax benefits of controlled entities which have not been brought to account in relation to tax losses as realisation is not virtually certain and in relation to timing differences as realisation is not beyond reasonable doubt:

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Tax losses not booked	**27.5**	41.1	**-**	-
Capital losses not booked	**72.5**	61.7	**-**	-
Timing differences not booked	**27.5**	15.3	**-**	-

Geographic analysis of tax losses not booked 2004:	Tax losses $m	Capital losses $m	Expiry date
Australia	**1.1**	**70.7**	Indefinite
Americas	**19.3**	**-**	Between 2021 and 2022
Other	**7.1**	**1.8**	Between 2005 and 2018
	27.5	**72.5**	

6. Income tax expense (continued)

These benefits will only be obtained if:

(a) the controlled entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised; or

(b) the loss is transferred to an eligible entity in the consolidated entity; and

(c) the controlled entity continues to comply with the conditions for deductibility imposed by the law; and

(d) no changes in tax legislation adversely affect the controlled entity or the consolidated entity in realising the benefit from the deductions for the loss.

Future tax benefits attributable to tax losses carried forward by controlled entities amounting to $26.8m (2003 $52.7m) have been brought to account in the consolidated financial statements as at 30 September 2004 because the directors believe realisation of those benefits is virtually certain.

		Consolidated	
		2004	2003
		Cents	Cents
	Notes	per share	per share
7. Earnings per share (EPS)			
Basic earnings per share			
including significant items		**119.8**	36.2
excluding significant items		**119.0**	97.2
Diluted earnings per share			
including significant items		**117.7**	35.7
excluding significant items		**116.9**	95.9
		Number	Number
Weighted average number of shares used as the denominator:			
Number for basic earnings per share		**273,490,268**	277,909,496
Effect of Executive Share Options on issue		**4,742,347**	3,220,884
Effect of Award Rights on issue		**260,603**	521,667
Number for diluted earnings per share		**278,493,218**	281,652,047
The following Executive Share Options have not been included in the calculation for diluted EPS as they are not dilutive:			
- issue date 11 November 2002		-	115,421
- issue date 02 December 2002		-	20,000
- issue date 23 September 2004		**21,045**	-
Full details of these options are set out in note 22			
		$m	$m
Reconciliation of earnings used in the calculation of basic and diluted earnings per share:			
Including individually significant items			
Profit from ordinary activities after income tax expense		**353.5**	113.6
Less outside equity interests		**(25.7)**	(12.9)
Less preference share dividends appropriated		**(0.1)**	(0.1)
Earnings used in calculation of EPS including individually significant items		**327.7**	100.6
Reconciliation of earnings used in the calculation of basic and diluted earnings per share:			
Excluding individually significant items			
Profit from ordinary activities after income tax expense		**353.5**	113.6
Less outside equity interests		**(25.7)**	(12.9)
Less preference share dividends appropriated		**(0.1)**	(0.1)
Add individually significant items after income tax and outside equity interests	(5)	**(2.2)**	169.6
Earnings used in calculation of EPS excluding individually significant items		**325.5**	270.2

	Consolidated		Company	
	2004	2003	**2004**	2003
	$m	$m	**$m**	$m

8. Cash assets

Cash at bank and on hand	**101.0**	65.3	**0.1**	-
Deposits at call				
external	**47.9**	22.3	**-**	-
controlled entities	**-**	-	**23.8**	22.4
	148.9	87.6	**23.9**	22.4

9. Receivables

Current				
Trade debtors				
external	**651.5**	506.5	**-**	-
associated companies	**10.9**	11.7	**-**	-
Less provision for doubtful debts				
external	**(14.9)**	(17.7)	**-**	-
	647.5	500.5	**-**	-
Sundry debtors/loans				
external	**99.3**	55.4	**-**	-
controlled entities	**-**	-	**419.8**	439.5
associated companies	**53.1**	53.9	**-**	-
Less provision for doubtful debts				
external	**(1.3)**	-	**-**	-
associated companies	**(44.2)**	(42.2)	**-**	-
	106.9	67.1	**419.8**	439.5
	754.4	567.6	**419.8**	439.5
Non-current				
Sundry debtors/loans				
external	**3.8**	16.6	**-**	1.3
related parties	**17.5**	20.9	**-**	-
	21.3	37.5	**-**	1.3

(i) Significant terms and conditions

Trade debtors are carried at amounts due.

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

Sundry debtors 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.

(ii) Net fair values

The directors consider the carrying amount of receivables to approximate their net fair values.

(iii) Credit risk

Credit risk in debtors is managed in the following ways:

– payment terms are generally 30 days and payment compliance is high.

– a risk assessment process is used for all accounts, with a stop credit process for most long overdue accounts.

– credit insurance cover is obtained where appropriate.

9. Receivables (continued)

Concentrations of credit risk by business segment and geographic segment as a proportion of the total receivables are as follows :

	Consolidated	
	2004	2003
	%	%
Business segment		
Mining Services	**46.2**	40.6
Fertilisers	**13.3**	15.3
Consumer Products	**12.8**	11.6
Chemicals	**23.8**	15.5
Corporate and support services	**3.9**	17.0
	100.0	100.0
Geographic segment		
Australia	**50.6**	54.4
New Zealand	**12.1**	10.9
Americas	**23.4**	24.2
Other	**13.9**	10.5
	100.0	100.0

	Consolidated		Company	
	2004	2003	**2004**	2003
	$m	$m	**$m**	$m

10. Inventories

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Raw materials and stores				
At cost	**176.7**	135.4	-	-
Less provision for inventory losses and obsolescence	**(3.1)**	(2.5)	-	-
	173.6	132.9	-	-
Work in progress at cost	**13.9**	12.6	-	-
Finished goods				
At cost	**574.6**	450.1	-	-
Less provision for inventory losses and obsolescence	**(17.4)**	(13.4)	-	-
	557.2	436.7	-	-
At net realisable value	-	0.9	-	-
	557.2	437.6	-	-
	744.7	583.1	-	-

11. Other assets

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Current				
Deferred maintenance expenditure	**42.0**	42.1	-	-
Less accumulated amortisation	**(32.0)**	(31.5)	-	-
	10.0	10.6	-	-
Prepayments	**51.6**	33.7	-	-
	61.6	44.3	-	-
Non-current				
Deferred maintenance expenditure	**36.0**	44.4	-	-
Less accumulated amortisation	**(21.4)**	(16.5)	-	-
	14.6	27.9	-	-
Prepayments	**25.5**	18.8	-	-
	40.1	46.7	-	-

12. Investments accounted for using the equity method

Name	Principal activity	Balance date	Ownership Consolidated 2004 %	Ownership Consolidated 2003 %	Investments Consolidated 2004 $m	Investments Consolidated 2003 $m
Australian Plantations Pty Ltd	Tea tree oil production	30 Jun	**50.0**	-	**3.0**	-
Botany Industrial Park Pty Limited	Facility management service	30 Sep	**50.0**	50.0	**-**	-
Bronjac (Thailand) Company Ltd	Distributor of chemical products	30 Jun	**49.0**	-	**-**	-
Bronson & Jacobs International Co. Ltd	Distributor of chemical products	30 Jun	**49.0**	-	**-**	-
BXL Bulk Explosives Limited	Manufacture and sale of explosives	31 Oct	**50.0**	50.0	**17.3**	14.2
Emirates Explosives L.L.C.	Manufacture and sale of explosives	31 Dec	**49.0**	49.0	**2.4**	2.1
Exor Explosives Limited	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**1.3**	1.2
Geneva Nitrogen LLC	Manufacture and sale of explosives	30 Sep	**50.0**	50.0	**6.2**	6.3
Indian Explosives Limited [(1)]	Manufacture and sale of explosives	31 Mar	**-**	49.0	**-**	27.3
MSW-Chemie GmbH	Manufacture and sale of explosives	31 Dec	**31.5**	31.5	**0.6**	1.1
Nelson Brothers, LLC	Manufacture and sale of explosives	31 Dec	**50.0**	50.0	**28.1**	30.2
Nelson Brothers Mining Services LLC	Supply of explosives	31 Dec	**27.7**	27.7	**2.9**	2.6
Northwest Energetic Services, LLC	Manufacture and sale of explosives	31 Dec	**33.3**	33.3	**0.5**	0.1
Orica Camel Coatings Ltd	Manufacture and sale of powder coatings	31 Dec	**50.0**	-	**0.2**	-
Pinegro Products Pty Ltd	Manufacture and sale of garden products	30 Jun	**50.0**	-	**1.3**	-
Pigment Manufacturers of Australia Limited	Distributor of chemical products	31 Dec	**50.0**	50.0	**0.8**	0.8
PIIK Limited Partnership	Sale of explosives	30 Sep	**49.0**	49.0	**-**	-
Qenos Holdings Pty Ltd	Manufacture and sale of polyethylene	31 Dec	**50.0**	50.0	**-**	-
Sprewa Sprengmittel GmbH	Sale of explosives	31 Dec	**24.0**	24.0	**1.0**	0.5
Tasmannia Lanceolata Plantation	Pepper production	30 Jun	**50.0**	-	**-**	-
Troisdorf GmbH	Holder of operating permits	30 Sep	**50.0**	50.0	**-**	-
Wurgendorf GmbH	Holder of operating permits	30 Sep	**50.0**	50.0	**0.1**	-
					65.7	86.4

(1) On 7 November 2003, Orica acquired the remaining 51% of shares in Indian Explosives Limited.

	Consolidated 2004 $m	Consolidated 2003 $m
Results of associates		
Share of associates' profit/(loss) from ordinary activities before income tax	**11.9**	(3.3)
Share of associates' income tax expense relating to profit/(loss) from ordinary activities	**(0.1)**	(1.0)
Share of associates' net profit/(loss) equity accounted	**11.8**	(4.3)
Share of post-acquisition retained losses and reserves attributable to associates		
Accumulated Losses		
Share of associates' accumulated losses at the beginning of the financial year	**(33.5)**	(21.7)
Share of associates' net profit/(loss) equity accounted	**11.8**	(4.3)
Less dividends from associates	**(12.0)**	(7.5)
Share of associates' accumulated losses at the end of the financial year	**(33.7)**	(33.5)
Movements in carrying amounts of investments		
Carrying amount of investments in associates at the beginning of the financial year	**86.4**	234.2
Investments in associates acquired during the year	**4.7**	0.1
Investments in associates written off	**-**	(123.2)
Investments in associates now wholly owned	**(27.2)**	-
Investments in associates disposed	**-**	(0.7)
Share of associates' net profit/(loss) equity accounted	**11.8**	(4.3)
Less dividends from associates	**(12.0)**	(7.5)
Effects of exchange rate changes	**2.0**	(12.2)
Carrying amount of investments in associates at the end of the financial year	**65.7**	86.4
Summary of financial performance and financial position of associates on a 100% basis		
The aggregate net profit/(loss), assets and liabilities of associates are:		
Net profit/(loss) after tax	**26.0**	(5.4)
Assets	**865.0**	1,003.5
Liabilities	**554.8**	629.4

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m

13. Other financial assets

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Non-current				
Interest in unlisted controlled entities (see note 38)				
At cost	-	-	**1,147.8**	1,147.8
	-	-	**1,147.8**	1,147.8

14. Property, plant and equipment

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Land, buildings and improvements				
At cost	**651.7**	596.8	**42.2**	43.0
Accumulated depreciation	**(219.5)**	(206.0)	**(14.8)**	(14.5)
Total net book value	**432.2**	390.8	**27.4**	28.5
Machinery, plant and equipment				
Gross book value				
At cost	**2,399.3**	2,250.9	**0.3**	0.4
Under finance lease	**0.9**	0.4	-	-
	2,400.2	2,251.3	**0.3**	0.4
Accumulated depreciation/amortisation				
At cost	**(1,314.2)**	(1,205.1)	**(0.3)**	(0.3)
Under finance lease	**(0.2)**	(0.2)	-	-
	(1,314.4)	(1,205.3)	**(0.3)**	(0.3)
Net book value				
At cost	**1,085.1**	1,045.8	-	0.1
Under finance lease	**0.7**	0.2	-	-
Total net book value	**1,085.8**	1,046.0	-	0.1
Total net book value of property, plant and equipment	**1,518.0**	1,436.8	**27.4**	28.6
(i) Carrying value of freehold land				
(included with land, buildings and improvements)	**168.5**	155.8	**24.6**	25.4
(ii) Land held for resale				
At cost	**18.2**	18.1	-	-
Capitalised development and remediation costs	**10.5**	8.2	-	-
Total land held for resale				
(included in value of freehold land)	**28.7**	26.3	-	-
(iii) Current valuations				
The most recent valuations of freehold land, buildings and improvements, which are prepared every three years, are listed below. The 2004 valuation has not been incorporated in the financial statements. The 2003 valuations have been adopted as fair values on acquisition of businesses and controlled entities. At directors' valuation:				
2003	**169.9**	170.8	-	-
2004	**1,069.5**	-	-	-
	1,239.4	170.8	-	-

The valuations were independently determined on a market value for existing use basis except in relation to properties held as investments or for disposal in which case the valuations were determined on a market value for alternative use. Capital gains tax has not been taken into account in these valuations.

(iv) Capitalised borrowing costs

Interest amounting to $2.4m (2003 nil) was capitalised to assets under construction.

14. Property, plant and equipment (continued)

(v) Reconciliations
Reconciliations of the consolidated carrying amounts of property, plant and equipment at the beginning and end of the current financial year are set out below:

Consolidated	Land, buildings and improvements $m	Machinery, plant and equipment $m	Total $m
Carrying amount at the beginning of the financial year	**390.8**	**1,046.0**	**1,436.8**
Additions	**57.0**	**146.4**	**203.4**
Disposals	**(5.4)**	**(11.8)**	**(17.2)**
Additions through acquisition of entities (see note 27)	**14.5**	**36.1**	**50.6**
Depreciation expense (see note 4)	**(21.3)**	**(116.4)**	**(137.7)**
Write down of property, plant and equipment (see note 5)	**(12.3)**	**-**	**(12.3)**
Foreign currency exchange differences	**8.9**	**(14.5)**	**(5.6)**
Carrying amount at the end of the financial year	**432.2**	**1,085.8**	**1,518.0**
Company			
Carrying amount at the beginning of the financial year	**28.5**	**0.1**	**28.6**
Additions	**1.1**	**-**	**1.1**
Disposals	**(1.9)**	**-**	**(1.9)**
Depreciation/amortisation expense (see note 4)	**(0.3)**	**(0.1)**	**(0.4)**
Carrying amount at the end of the financial year	**27.4**	**-**	**27.4**

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
15. Intangible assets				
Patents, trademarks and rights, at cost	**54.3**	28.4	**-**	-
Less accumulated amortisation	**(14.6)**	(11.0)	**-**	-
	39.7	17.4	**-**	-
Patents, trademarks and rights, at recoverable amount	**13.8**	15.0	**-**	-
Less accumulated amortisation	**(10.7)**	(3.8)	**-**	-
	3.1	11.2	**-**	-
Total net book value of patents, trademarks and rights	**42.8**	28.6	**-**	-
Brand names at cost	**19.1**	-	**-**	-
Total net book value of brand names	**19.1**	-	**-**	-
Goodwill, at cost	**638.6**	501.3	**-**	-
Less accumulated amortisation	**(137.9)**	(107.5)	**-**	-
	500.7	393.8	**-**	-
Goodwill, at recoverable amount	**20.9**	20.1	**-**	-
Less accumulated amortisation	**(1.7)**	(0.8)	**-**	-
	19.2	19.3	**-**	-
Total net book value of goodwill	**519.9**	413.1	**-**	-
Total net book value of intangibles	**581.8**	441.7	**-**	-
16. Deferred tax assets				
Future income tax benefit	**216.8**	223.6	**151.3**	2.0

17. Payables

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Current				
Trade creditors				
external	**620.6**	408.9	**-**	0.2
associated companies	**4.2**	3.8	**-**	-
Sundry creditors and accrued charges				
external	**154.9**	103.6	**0.2**	0.8
controlled entities	**-**	-	**3.8**	2.0
	779.7	516.3	**4.0**	3.0
Non-current				
Sundry creditors and accrued charges				
external	**14.8**	15.1	**-**	-
	14.8	15.1	**-**	-

(i) Significant terms and conditions

Trade creditors, 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 32 days from invoice date or within the agreed payment terms with the supplier.

(ii) Net fair values

The directors consider that the carrying amount of trade creditors and other payables approximate their net fair values.

18. Interest bearing liabilities

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Current				
Secured				
bank loans	**3.7**	-	**-**	-
investment deposit scheme [1]	**8.1**	39.1	**-**	-
Unsecured				
bank overdrafts	**1.6**	2.5	**-**	-
bank loans	**22.9**	24.7	**-**	-
commercial paper [4]	**267.0**	-	**-**	-
other short term borrowings	**24.8**	98.1	**-**	-
other loans				
controlled entities	**-**	-	**673.1**	369.2
associated companies	**2.4**	2.5	**-**	-
redeemable preference shares [3]	**55.0**	-	**-**	-
Lease liabilities (see note 28)	**0.2**	0.1	**-**	-
	385.7	167.0	**673.1**	369.2
Non-current				
Unsecured				
bank loans	**-**	280.2	**-**	-
fixed term notes [5]	**75.0**	75.0	**-**	-
other loans				
private placement [2]	**665.2**	387.3	**-**	-
redeemable preference shares [3]	**-**	55.0	**-**	-
Lease liabilities (see note 28)	**0.3**	0.1	**-**	-
	740.5	797.6	**-**	-

[1] **Investment deposit scheme**
Customers may invest funds with Incitec Pivot Ltd by way of unsecured notes in the Investment Deposit Scheme issued under the prospectus dated 19 December 2003, as lodged with ASIC. This scheme replaced the secured investment deposit debentures.

[2] **Private placement**
The Private Placement Notes were issued during October 2000 and October 2003. The terms of these loans are: October 2007, October 2010, October 2012, October 2015 and October 2018.

[3] **Redeemable preference shares**
A subsidiary of the consolidated entity issued 11,000 redeemable preference shares at $5,000 per share on 27 May 2003, redeemable on 27 November 2004 at face value. Holders receive interest at 5.36% per annum.

[4] **Commercial paper**
Commercial paper is recognised when issued at the amount of the net proceeds received. Interest expense is recognised progressively over the life of the loan. Refer to note 33 for additional financial instruments disclosures.

[5] **Fixed Term Notes**
These notes mature in June 2009, with interest reset quarterly.

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m

19. Current tax liabilities

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Provision for income tax	**28.2**	17.7	**-**	6.5

20. Provisions

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Current				
Dividends – Orica shareholders	**0.1**	0.1	**0.1**	0.1
– Outside equity interests	**1.6**	0.6	**-**	-
Employee entitlements	**55.4**	51.3	**-**	-
Restructuring and rationalisation	**31.1**	37.9	**-**	-
Environmental	**88.7**	48.7	**-**	-
Other	**16.3**	13.3	**-**	-
	193.2	151.9	**0.1**	0.1
Non-current				
Employee entitlements	**73.5**	67.8	**-**	-
Restructuring and rationalisation	**-**	0.8	**-**	-
Environmental	**130.2**	101.6	**-**	-
Other	**17.9**	11.4	**1.0**	1.0
	221.6	181.6	**1.0**	1.0
Aggregate employee entitlements				
Current	**55.4**	51.3	**-**	-
Non-current	**73.5**	67.8	**-**	-
	128.9	119.1	**-**	-

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following assumptions:

	2004	2003
Assumed rate of increase in wage and salary rates	**4.0%**	4.0%
Average discount rate	**5.4%**	5.2%
Settlement term	**10 years**	10 years

	Consolidated 2004	Consolidated 2003	Company 2004	Company 2003
Employees at year end	**Number**	Number	**Number**	Number
Full time	**10,111**	7,801	**-**	-

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 - Dividends – Orica shareholders	Consolidated $m	Company $m
Carrying amount at the beginning of the financial year	**0.1**	**0.1**
Provisions made during the year:		
Final Dividend 2003	**94.4**	**94.4**
Interim Dividend 2004	**62.1**	**62.1**
Preference Dividend 2004	**0.1**	**0.1**
Payments made during the year	**(156.6)**	**(156.6)**
Carrying amount at the end of the financial year	**0.1**	**0.1**

Current Provision - Dividends – Outside Equity Interests	Consolidated $m	Company $m
Carrying amount at the beginning of the financial year	**0.6**	**-**
Provisions made during the year	**12.0**	**-**
Payments made during the year	**(11.0)**	**-**
Carrying amount at the end of the financial year	**1.6**	**-**

Current Provision - Restructuring and rationalisation	Consolidated $m	Company $m
Carrying amount at the beginning of the financial year	**37.9**	**-**
Additions through acquisition of entities (see note 27)	**8.9**	**-**
Provisions made during the year	**13.0**	**-**
Payments made during the year	**(31.4)**	**-**
Provisions transferred from non-current	**0.8**	**-**
Foreign currency exchange differences	**1.9**	**-**
Carrying amount at the end of the financial year	**31.1**	**-**

20. Provisions (continued)

Current Provision - Environmental	Consolidated $m	Company $m
Carrying amount at the beginning of the financial year	**48.7**	-
Additions through acquisition of entities (see note 27)	**3.7**	-
Provisions made during the year	**52.5**	-
Payments made during the year	**(19.5)**	-
Provisions transferred from non-current	**2.2**	-
Foreign currency exchange differences	**1.1**	-
Carrying amount at the end of the financial year	**88.7**	-

Current Provision - Other	Consolidated $m	Company $m
Carrying amount at the beginning of the financial year	**13.3**	-
Additions through acquisition of entities (see note 27)	**0.8**	-
Provisions made during the year	**8.2**	-
Payments made during the year	**(4.2)**	-
Foreign currency exchange differences	**(1.8)**	-
Carrying amount at the end of the financial year	**16.3**	-

Non-Current Provision - Restructuring and rationalisation	Consolidated $m	Company $m
Carrying amount at the beginning of the financial year	**0.8**	-
Provision transferred to current	**(0.8)**	-
Carrying amount at the end of the financial year	-	-

Non-Current Provision - Environmental	Consolidated $m	Company $m
Carrying amount at the beginning of the financial year	**101.6**	-
Provisions made during the year	**30.3**	-
Provision transferred to current	**(2.2)**	-
Foreign currency exchange differences	**0.5**	-
Carrying amount at the end of the financial year	**130.2**	-

Non-Current Provision - Other	Consolidated $m	Company $m
Carrying amount at the beginning of the financial year	**11.4**	**1.0**
Provisions made during the year	**7.0**	**0.4**
Payments made during the period	**(0.4)**	**(0.4)**
Foreign currency exchange differences	**(0.1)**	-
Carrying amount at the end of the financial year	**17.9**	**1.0**

	Consolidated		Company	
	2004	2003	**2004**	2003
	$m	$m	**$m**	$m

21. Deferred tax liabilities

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Deferred income tax	**151.7**	127.6	**96.3**	-

22. Contributed equity

	Company 2004 $m	Company 2003 $m
Issued and fully paid:		
Cumulative non-redeemable 5% preference shares - 2,000,000 (2003 2,000,000)	**2.0**	2.0
Ordinary shares - 270,057,893 (2003 277,612,490)	**367.3**	485.7
	369.3	487.7

Notes to the Financial Statements

For the year ended 30 September 2004

22. Contributed equity (continued)

Movements in issued and fully paid ordinary shares of the company during the past two years were as follows:

Details	Date	Number of shares	Issue price $	$m
Opening balance of shares issued	1 Oct 02	279,088,039		505.2
Shares issued under the executive incentive scheme (note 34) [1]	20 Dec 02	360,000	10.09	3.6
Shares issued under the dividend reinvestment plan	16 Dec 02	1,535,408	10.32	15.8
Shares issued under the share acquisition plan (note 34) [2]	6 &14 Feb 03	244,924	0.00	0.0
Shares issued under the Orica executive option plan (note 34) [2]		821,100	8.31	6.8
Shares issued under the Orica executive option plan (note 34) [2]		409,200	8.57	3.5
Share buy-back [3]		(4,846,181)	10.16	(49.2)
Balance	30 Sep 03	277,612,490		485.7
Shares issued under the share acquisition plan (note 34) [4]	12 Feb 04	**226,784**	**0.00**	**0.0**
Shares issued under the Orica executive option plan (note 34) [4]		**743,300**	**5.72**	**4.2**
Shares issued under the Orica executive option plan (note 34) [4]		**377,640**	**8.31**	**3.1**
Shares issued under the Orica executive option plan (note 34) [4]		**205,900**	**8.57**	**1.8**
Share buy-back [5]		**(9,108,221)**	**14.00**	**(127.5)**
Balance	**30 Sep 04**	**270,057,893**		**367.3**

[1] In addition, 91,100 shares were purchased on market under the executive incentive scheme.

[2] The options and award rights have been exercised at various times during the year. The weighted average of the fair value of shares issued was $9.93.

[3] Shares bought back and cancelled over a period from Dec 2002 to Jan 2003.

[4] The options and award rights have been exercised at various times during the year. The weighted average of the fair value of shares issued was $13.73.

[5] Shares bought back and cancelled over a period from Nov 2003 to May 2004.

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

	Company	
	2004	2003
	$m	$m
Issued ordinary share capital	**9.1**	10.3

Options over unissued shares (refer note 34):

Exercisable between		Balance 30 Sep 02	Issued/ Reinstated During Year	Exercised During Year	Lapsed During Year	Balance 30 Sep 03	**Issued/ Reinstated During Year**	**Exercised During Year**	**Lapsed During Year**	**Balance 30 Sep 04**
01 Jan 02	31 Dec 08	795,000	25,000	(409,200)	-	410,800	**-**	**(205,900)**	**(204,900)**	**-**
01 Jan 03	31 Dec 09	1,315,000	8,500	(821,100)	-	502,400	**-**	**(377,640)**	**(62,880)**	**61,880**
01 Jan 04	31 Dec 10	959,000	-	-	(6,800)	952,200	**140,800**	**(743,300)**	**(134,000)**	**215,700**
31 Dec 04	31 Dec 06	1,175,000	-	-	-	1,175,000	**-**	**-**	**(59,000)**	**1,116,000**
31 Oct 05	31 Oct 07 [1]	8,807,526	-	-	(388,943)	8,418,583	**-**	**-**	**(926,516)**	**7,492,067**
31 Oct 05	31 Oct 07 [1]	59,013	-	-	(18,837)	40,176	**-**	**-**	**-**	**40,176**
31 Oct 05	31 Oct 07 [1]	32,509	-	-	-	32,509	**-**	**-**	**-**	**32,509**
31 Oct 05	31 Oct 07 [1]	-	115,421	-	-	115,421	**-**	**-**	**-**	**115,421**
31 Oct 05	31 Oct 07 [1]	-	20,000	-	-	20,000	**-**	**-**	**-**	**20,000**
31 Oct 05	31 Oct 07 [1]	-	84,576	-	-	84,576	**-**	**-**	**-**	**84,576**
10 Nov 05	31 Oct 07 [1]	-	-	-	-	-	**27,507**	**-**	**-**	**27,507**
10 Nov 06	31 Oct 07 [1]	-	-	-	-	-	**21,045**	**-**	**-**	**21,045**
Total		13,143,048	253,497	(1,230,300)	(414,580)	11,751,665	**189,352**	**(1,326,840)**	**(1,387,296)**	**9,226,881**

Award Rights over unissued shares (refer note 34):

31 Dec 01	31 Dec 03	167,000	3,000	(105,400)	(23,180)	41,420	**-**	**(23,760)**	**(17,660)**	**-**
31 Dec 02	31 Dec 04	168,200	4,100	(139,524)	(6,376)	26,400	**-**	**(26,224)**	**(176)**	**-**
31 Dec 03	31 Dec 05	168,600	-	-	(5,600)	163,000	**18,600**	**(176,800)**	**(4,800)**	**-**
31 Dec 04	31 Dec 06	210,000	-	-	(21,200)	188,800	**-**	**-**	**(16,600)**	**172,200**
Total		713,800	7,100	(244,924)	(56,356)	419,620	**18,600**	**(226,784)**	**(39,236)**	**172,200**

[1] Exercisable one third on 31 October 2005, one third on 31 October 2006 and one third on 31 October 2007.

	Notes	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m

23. Reserves and retained profits

	Notes	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
(a) Reserves					
Realisation and revaluation of assets		**75.6**	75.6	**5.6**	5.6
General and other		**157.0**	157.0	**90.0**	90.0
Foreign currency translation		**(124.5)**	(115.4)	**-**	-
		108.1	117.2	**95.6**	95.6
Movement in reserves during the financial year					
Realisation and revaluation of assets					
Balance at beginning of year		**75.6**	39.1	**5.6**	5.6
Increase in revaluation reserve [(1)]		**-**	36.5	**-**	-
Balance at end of year		**75.6**	75.6	**5.6**	5.6
General and other					
Balance at beginning of year		**157.0**	157.0	**90.0**	90.0
Balance at end of year		**157.0**	157.0	**90.0**	90.0
Foreign currency translation					
Balance at beginning of year		**(115.4)**	(63.6)	**-**	-
Translation of overseas controlled entities at the end of the financial year		**(9.1)**	(51.8)	**-**	-
Balance at end of year		**(124.5)**	(115.4)	**-**	-

[(1)] Arising from the purchase of minorities in Incitec Limited and Initiating Explosives Systems Pty Ltd.

	Notes	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
(b) Retained profits					
Retained profits at the beginning of the financial year		**780.0**	733.3	**678.5**	639.3
Net increase in equity due to initial adoption of AASB 1028 Employee Benefits and AASB 1044 Provisions, Contingent Liabilities and Contingent Assets [(2)]		**-**	76.9	**-**	80.9
Operating profit after income tax attributable to members of Orica		**327.8**	100.7	**8.9**	89.2
Dividends:	(26)				
Preference – declared/paid		**(0.1)**	(0.1)	**(0.1)**	(0.1)
Ordinary – interim paid		**(62.1)**	(49.9)	**(62.1)**	(49.9)
Ordinary – final declared/paid		**(94.4)**	(80.9)	**(94.4)**	(80.9)
Retained profits at the end of the financial year		**951.2**	780.0	**530.8**	678.5

Nature and purpose of reserves

Realisation and revaluation reserve
The realisation and revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB 1041. An amount of $39.1m (Company $5.6m) is not available for future asset write-downs as a result of using the deemed cost election for property, plant and equipment when adopting AASB 1041.

Foreign currency translation reserve
The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining 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 self-sustaining operation.

General and other reserve
The amount standing to the credit of the general reserve resulted from prior period allocations of retained profits for non-specific purposes.

[(2)] ***Net increase in equity due to initial adoption of AASB 1028 Employee Benefits and AASB 1044 Provisions, Contingent Liabilities and Contingent Assets:***

	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Employee entitlements	-	(1.0)	-	-
Onerous contracts	-	(3.0)	-	-
As per statements of financial performance	-	(4.0)	-	-
Provision for final dividends	-	80.9	-	80.9
	-	76.9	-	80.9

	Consolidated		Consolidated	
	2004	2003	**2004**	2003
	%	%	**$m**	$m

24. Outside equity interests in controlled entities

	Consolidated 2004 %	Consolidated 2003 %	Consolidated 2004 $m	Consolidated 2003 $m
Ordinary share capital of controlled entities held by outside equity interests in:				
Altona Properties Pty Ltd	**37.4**	37.4	**-**	-
Incitec Pivot Limited	**30.0**	30.0	**159.7**	159.7
Teradorn Pty Ltd	**33.0**	-	**-**	-
Orica-CCM Energy Systems Sdn Bhd	**45.0**	45.0	**0.6**	0.6
Orica Coatings (Fiji) Limited	**11.7**	11.7	**-**	-
Orica Eesti OU	**35.0**	35.0	**4.7**	4.7
Orica Explosives Philippines Inc	**10.5**	10.5	**0.2**	0.2
Orica-GM Holdings Ltd	**49.0**	49.0	**-**	-
Orica Kazakhstan Closed Joint Stock Company	**23.0**	23.0	**1.8**	1.8
Orica Kimit Explosives AB	**49.0**	49.0	**1.4**	1.4
Orica Nitro Patlayici Maddeler Ticaret ve Sanayi A.S.	**49.0**	49.0	**1.5**	1.5
Orica (Weihai) Explosives Co Ltd	**20.0**	20.0	**6.2**	6.2
PT Kaltim Nitrate Indonesia	**10.0**	10.0	**1.1**	1.1
Sprengmittelvertrieb in Bayern GmbH	**49.0**	49.0	**0.1**	0.1
Welvic Australia Pty Ltd	**37.4**	37.4	**-**	-
			177.3	177.3
Outside equity interest in shareholders' equity at balance date is as follows:				
Share capital			**177.3**	177.3
Reserves			**8.6**	8.7
Retained profits			**23.4**	9.6
			209.3	195.6

25. Total equity reconciliation

	Notes	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Total equity at the beginning of the financial year		**1,580.5**	1,494.1	**1,261.8**	1,242.1
Total changes recognised in the statements of financial performance		**318.7**	81.4	**8.9**	89.2
Transactions with owners as owners					
Dividends provided for or paid	(26)	**(156.6)**	(50.0)	**(156.6)**	(50.0)
Contributions of equity	(22)	**(118.4)**	(19.5)	**(118.4)**	(19.5)
Total changes in outside equity interests	(24)	**13.7**	74.5	**-**	-
Total equity at the end of the financial year		**1,637.9**	1,580.5	**995.7**	1,261.8

	Company 2004 $m	Company 2003 $m
26. Dividends		
Dividends paid or declared in respect of the year ended 30 September were:		
Ordinary		
interim dividend of 18 cents per share, 25% franked at 30%, paid 17 Jul 2003		49.9
interim dividend of 23 cents per share, 30.4% franked at 30%, paid 15 Jul 2004	**62.1**	
final dividend of 34 cents per share, 19.1% franked at 30%, paid 10 Dec 2003	**94.4**	
Preference		
interim dividend of 2.5 cents per share, 25% franked at 30%, paid 31 Jul 2003		0.05
interim dividend of 2.5 cents per share, 30.4% franked at 30%, paid 30 Jul 2004	**0.05**	
final dividend of 2.5 cents per share, 19.1% franked at 30%, paid 31 Jan 2004		0.05
final dividend of 2.5 cents per share, 46.7% franked at 30%	**0.05**	
Redeemable Preference [1]		
quarterly dividend at 5.36% per annum, per share, unfranked, paid 27 November 2003	**0.7**	
quarterly dividend at 5.36% per annum, per share, unfranked, paid 27 February 2004	**0.7**	
quarterly dividend at 5.36% per annum, per share, unfranked, paid 27 May 2004	**0.7**	
quarterly dividend at 5.36% per annum, per share, unfranked, paid 27 August 2004	**0.7**	
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the year were as follows:		
paid in cash	**124.3**	105.1
satisfied by issue of shares	**-**	15.8
Dividends satisfied by the purchase of shares on market for dividend reinvestment plan	**32.3**	10.0
Subsequent events		
Since the end of the financial year, the directors declared the following dividends:		
Ordinary		
final dividend of 45 cents per share, 46.7% franked at 30%, payable 8 Dec 2004	**121.5**	

The financial effect of the final ordinary dividend has not been brought to account in the financial statements for the year ended 30 September 2004 and will be recognised in subsequent financial reports.

[1] Dividends on these shares have been charged to the Statements of Financial Performance as borrowing costs because the shares are classified as liabilities.

[2] During the year, the Company bought 2,329,741 (2003 917,337) shares on market to satisfy shareholders' Dividend Reinvestment Plan (DRP) requirements and the transaction costs have been charged directly against contributed equity.

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 2004 is nil (2003 nil).

27. Notes to the statements of cash flows

	Notes	Consolidated 2004 $m	Consolidated 2003 $m	Company 2004 $m	Company 2003 $m
Reconciliation of cash					
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:					
Cash	(8)	**148.9**	87.6	**23.9**	22.4
Bank overdraft	(18)	**(1.6)**	(2.5)	**-**	-
		147.3	85.1	**23.9**	22.4
Reconciliation of profit from ordinary activities after income tax to net cash flows from/(used in) operating activities					
Profit from ordinary activities after income tax expense		**353.5**	113.6	**8.9**	89.2
Depreciation and amortisation		**170.9**	175.2	**0.4**	0.4
Share of associates' net (profit)/loss		**(11.8)**	4.3	**-**	-
Increase/(decrease) in net interest payable		**3.7**	(0.7)	**1.8**	0.5
Decrease/(increase) in dividend income receivable		**-**	-	**-**	8.6
Write down of property, plant and equipment and inventory		**12.3**	7.2	**-**	-
Write down of investments		**-**	123.2	**-**	-
Net loss on sale of businesses and controlled entities		**-**	1.0	**-**	-
Net profit on sale of property, plant and equipment		**(46.3)**	(40.2)	**(13.7)**	(35.3)
Changes in assets and liabilities excluding the effects of acquisitions and disposals of businesses/controlled entities					
(increase)/decrease in trade and other receivables		**(90.7)**	71.8	**1.4**	4.7
(increase)/decrease in inventories		**(86.6)**	89.7	**-**	-
increase/(decrease) in deferred taxes payable		**28.1**	42.0	**1.0**	(0.4)
increase/(decrease) in payables and provisions		**235.1**	(90.7)	**(0.6)**	(1.4)
increase/(decrease) in income taxes payable		**19.7**	4.0	**(53.3)**	2.3
Net cash flows from/(used in) operating activities		**587.9**	500.4	**(54.1)**	68.6
Disposal of businesses/controlled entities					
Consideration					
cash received		**-**	83.7		
cash disposed		**-**	(8.6)		
disposal costs		**-**	(2.1)		
		-	73.0		
Carrying value of net assets of businesses/controlled entities disposed					
receivables		**-**	12.2		
inventories		**-**	59.0		
property, plant and equipment		**-**	20.8		
intangibles		**-**	0.6		
other assets		**-**	0.3		
payables and interest bearing liabilities		**-**	(17.2)		
provision for employee entitlements		**-**	(2.0)		
provision for income tax payable		**-**	2.3		
provision for deferred income tax		**-**	(1.1)		
provisions for other		**-**	(0.9)		
		-	74.0		
(Loss) on sale of business/controlled entities		**-**	(1.0)		

27. Notes to the statements of cash flows (continued)

	Consolidated 2004 $m	2003 $m
Acquisition of businesses/controlled entities		
Consideration		
cash paid	**269.0**	423.7
net cash acquired	**(15.1)**	(8.0)
	253.9	415.7
Fair value of net assets of businesses/controlled entities acquired		
receivables	**98.4**	117.2
inventories	**75.2**	183.6
property, plant and equipment	**50.6**	174.7
intangibles including purchased goodwill	**51.7**	-
other assets	**6.9**	21.2
payables and interest bearing liabilities	**(108.4)**	(218.2)
provision for dividends	**-**	(24.6)
provision for employee entitlements	**(7.3)**	(18.0)
provision for restructuring and rationalisation	**(8.9)**	(24.6)
provision for environmental	**(3.7)**	(7.4)
provision for taxation	**(8.4)**	-
other provisions	**(0.8)**	(0.7)
	145.3	203.2
Less outside equity interests at date of acquisition	**(15.6)**	(118.3)
	129.7	84.9
Goodwill on acquisition	**124.2**	330.8

Disposal/acquisition of controlled entities
The following controlled entities were acquired or disposed of during the financial year.

Acquisition of entities
The purchase accounting on a number of acquisitions has not yet been finalised. A best estimate of the final values has been accrued. During the financial year, the consolidated entity acquired the following:

(1) On 31 October 2003, Orica completed the purchase of the Consumer Lawn and Garden Business from Yates Limited. A restructuring provision was established for restructuring the operations of that entity. The balance of that provision at 30 September 2004 was $1.5m.

(2) On 7 November 2003, Orica completed the purchase of the 51% share of Indian Explosives Limited that it did not already own. A restructuring provision was established for restructuring the operations of that entity. The balance of that provision at 30 September 2004 was $0.8m.

(3) On 1 June 2004, Orica completed the purchase of Bronson & Jacobs Limited. A restructuring provision was established for restructuring the operations of that entity. The balance of that provision at 30 September 2004 was $2.1m.

(4) On 1 July 2004, Orica completed the purchase of the detonator assets from SMI Technology Pty Limited.

(5) On 1 September 2004, Orica completed the purchase of Marplex Limited. A restructuring provision was established for restructuring the operations of that entity. The balance of that provision at 30 September 2004 was $2.5m.

Disposal of entities
During the financial year, no entities were disposed.

	Consolidated		Company	
	2004	2003	**2004**	2003
	$m	$m	**$m**	$m

28. Commitments

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	**28.3**	83.0	-	-
	28.3	83.0	-	-
Lease commitments				
Lease expenditure contracted for at balance date but not recognised in the financial statements and payable:				
no later than one year	**55.5**	44.2	-	-
later than one, no later than five years	**103.4**	89.0	-	-
later than five years	**36.3**	31.0	-	-
	195.2	164.2	-	-
Representing:				
cancellable operating leases	**110.1**	83.5	-	-
non-cancellable operating leases	**85.1**	80.7	-	-
	195.2	164.2	-	-
Non-cancellable operating lease commitments payable:				
no later than one year	**20.8**	21.9	-	-
later than one, no later than five years	**38.8**	38.8	-	-
later than five years	**25.5**	20.0	-	-
	85.1	80.7	-	-
Finance lease commitments payable:				
no later than one year	**0.2**	0.1	-	-
later than one, no later than five years	**0.3**	0.1	-	-
	0.5	0.2	-	-
Less future finance charges	-	-	-	-
Present value of minimum lease payments provided for as a liability	**0.5**	0.2	-	-
Representing lease liabilities: (see note 18)				
current	**0.2**	0.1	-	-
non-current	**0.3**	0.1	-	-
	0.5	0.2	-	-

	Consolidated		Company	
	2004	2003	**2004**	2003
	$000	$000	**$000**	$000

29. Auditors' remuneration

Total remuneration received, or due and receivable, by the auditors for:				
Audit services				
Auditors of the Company – KPMG				
– Audit and review of financial reports	**2,016**	1,886	**40**	100
Other regulatory audit services [(1)]				
Auditors of the Company – KPMG				
– Audit and review of financial reports	**404**	299	**-**	-
	2,420	2,185	**40**	100
Other services [(2)]				
Auditors of the Company – KPMG				
– other assurance services	**10**	89	**-**	-
– secondee relocation services [(3)]	**304**	235	**-**	-
– taxation services [(4)]	**242**	218	**-**	-
– other services	**14**	33	**-**	-
	570	575	**-**	-
	2,990	2,760	**40**	100

The auditors of the Company are KPMG. From time to time, KPMG provides other services to the Company, 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 local statutory audit fees for local lodgement purposes and other compliance requirements.

(2) The Board Audit and Risk Management Committee must approve any other services provided by KPMG above a value of $20,000 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) The agreement with KPMG for the provision of secondee relocation services has expired and a new service provider has been appointed following a formal tender process from which KPMG was excluded.

(4) These services primarily related to tax compliance services.

30. Contingent liabilities and contingent assets

Contingent Liabilities

Discounted bills of exchange

A discounted bill of exchange facility is in place with a bank and is utilised by a number of customers for the purpose of trade finance. The majority of these discounted bills of exchange are issued for periods less than 120 days.

Total discounted bills of exchange outstanding at year end amounted to $38.9m (2003 $27.2m).

Guarantees, indemnities and warranties

- 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 38. A consolidated statement of financial position and statement of financial performance for this closed group is shown in note 39.
- The Company has guaranteed the payment of dividends and principal of Redeemable Preference Shares of $55m (2003 $55m) issued by Incitec Fertilizers Limited which are to be redeemed on 27 November 2004.
- 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 in all cases 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. On forming Qenos Holdings Pty Ltd in 1999, the Company gave specific guarantees with respect to the performance of certain assets of Qenos under various contractual arrangements to a maximum amount of $41m (2003 $60m). These guarantees expire in September 2006.
- A controlled entity (Incitec Pivot Limited) has guaranteed seasonal borrowings of certain customers, up to 4% of the total amount borrowed. The guarantee is in place with Suncorp Metway Bank. At 30 September 2004, the total contingent liability in respect of this guarantee is $2.8m (2003 $1.7m).

Notes to the Financial Statements

For the year ended 30 September 2004

30. Contingent liabilities and contingent assets (continued)

Environmental

General

A number of sites within the Orica Group have been identified as requiring clean up and review. Appropriate implementation of clean up requirements for these sites is ongoing. For sites where the requirements can be assessed, estimated regulatory and remediation costs have been capitalised, expensed as incurred or provided for in accordance with the Group's accounting policy included in Note 1 (xviii).

Environmental Matters Subject to Regulatory Requirements

Botany Groundwater (New South Wales, Australia)

Orica has increased its commitment to the remediation of groundwater at Botany, which is contaminated with pollutants from historical operations. To complement the primary objective of remediation, Orica will enhance the treatment of the contaminated groundwater by constructing a Groundwater Treatment plant to recycle the treated water for industrial users.

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

Orica is implementing the recommendations of the New South Wales (NSW) government Panel of Inquiry. Orica will work with the NSW government to identify a remote NSW location for the destruction of this material or in the event that a suitable remote site cannot be located, the NSW government will consider the approval for the destruction activities to be carried out at the Botany site. In the meantime, Orica will improve the continued storage of the HCB waste and the encapsulation of hexachlorobutadiene at the Botany site and will undertake research into alternative technologies including biological destruction.

Environmental Matters Subject to Voluntary Requirements

A number of sites have entered into voluntary arrangements with the relevant regulatory authorities to investigate possible land and groundwater contamination and where appropriate, undertake voluntary remediation activities on these sites. These sites are located in Australia; Parafield Gardens (South Australia), Kooragang Island (New South Wales), Chester Hill (New South Wales), Villawood (New South Wales), Yarraville (Victoria); and in the USA; Seneca (Illinois) and Geneva (Utah).

The directors believe that the costs of addressing existing environmental obligations have been accounted for in accordance with the Group's accounting policy included in Note 1 (xviii). Contingent liabilities may exist to the extent that new information or changes in regulatory requirements, enforcement practices or the identification of new remedial obligations may require additional future expenditure.

Superannuation – The Flexible Benefits Super Fund

The consolidated entity has covenanted to ensure the solvency of the Flexible Benefits Super Fund. In accordance with the Fund's Trust Deed, the consolidated entity must fund any payment obligations unable to be met by the Fund, as and when they fall due. As at the Balance Date, the Flexible Benefit Superannuation Fund is able to meet all payment obligations as and when they fall due.

Taxation

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 and tax authorities in other jurisdictions in which Orica operates.

Brazilian Tax Action

The Brazilian Taxation authority is claiming unpaid taxes relating to the 1997 financial year of approximately $25m. Orica's external legal counsel considers the exposure remote. ICI, the vendor, 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.

Tax Audit – 1998 Sale of Pharmaceuticals Business

On 13 October 2004, Orica Limited received a notice of amended assessment from the Australian Taxation Office ("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. Orica intends to lodge an objection against the amended assessment. The directors are of the opinion, based on Queen's Counsel advice, that no liability should be recognised.

In accordance with the ATO administrative practice, Orica expects to agree with the ATO to pay 50% of the amended assessment, which would then be recognised as a non-current receivable.

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 issue until the outcome of the dispute with Orica Limited is known. Orica would also contest this matter.

Notes to the Financial Statements

For the year ended 30 September 2004

31. Standby arrangements and credit facilities

	Consolidated		Company	
	2004	2003	**2004**	2003
	$m	$m	**$m**	$m
Unsecured bank overdraft facilities available	**48.3**	51.5	**-**	-
Amount of facilities unused	**46.7**	49.0	**-**	-
Committed standby and loan facilities available	**1,000.7**	1,047.2	**-**	-
Amount of facilities unused	**977.8**	742.3	**-**	-

The unsecured bank overdraft facilities are provided by banks. 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 February 2005 to February 2006.

32. Amounts receivable and payable denominated in foreign currencies

The consolidated entity enters into a range of financial instruments to hedge its foreign currency receivables and payables. At year end, the consolidated entity was exposed to currency movements on net foreign currency amounts receivable of $44.2m (2003 payable of $43.7m). This exposure was predominantly against the US dollar.

33. Additional financial instruments disclosures

The consolidated entity uses several techniques to reduce the exposure to loss from financial risks. The major types of risks are foreign exchange risk, interest rate risk, liquidity risk and credit risk.

Foreign exchange risk management

Foreign exchange transaction risk management

The consolidated entity is exposed to foreign exchange movements on sales and purchases denominated, either directly or indirectly, in foreign currencies. Where these exposures are significant and cannot be eliminated by varying contract terms or other business arrangements, formal hedging strategies are implemented, within policy guidelines established for each of the consolidated entity's business segments. The formal hedging strategies involve collating and consolidating exposures centrally, and hedging certain transactions specifically, after taking into account offsetting exposures, by entering into derivative contracts with external parties in the financial markets. The derivative instruments used for hedging purchase and sales exposures are option contracts and forward contracts.

For contracts which specifically hedge anticipated sales and purchases, any unrealised gains and losses on the contracts, together with the costs of the contracts, are carried forward in the Statements of Financial Position and will be recognised in the Statements of Financial Performance at the time the underlying transaction occurs.

The table below outlines the foreign exchange contracts used to hedge committed and anticipated purchases and sales denominated in foreign currencies. All transactions are forward foreign exchange contracts unless otherwise noted.

Term	Weighted average rate		**millions**	millions
	2004	2003	**2004**	2003
Buy US dollars/sell Australian dollars				
Not later than one year	**0.7004**	0.6498	**USD118.4**	USD43.6
Buy US dollars/sell New Zealand dollars				
Not later than one year	**0.6449**	0.5836	**USD21.5**	USD11.9
Buy Australian Dollars/sell New Zealand dollars				
Not later than one year	**1.0766**	1.1314	**NZD9.8**	NZD18.7
Buy Australian Dollars/sell New Zealand dollars (1)				
Not later than one year	**1.1398**	1.1330	**NZD30.0**	NZD10.3
Later than one year but not later than two years	**1.0966**	-	**NZD26.0**	-
Buy Indian Rupee/sell Australian dollars (2)				
Not later than one year	**-**	31.1156	**-**	INR853.5
Buy Great British Pounds/sell Australian dollars				
Not later than one year	**0.3853**	0.4066	**GBP0.3**	GBP0.2
Buy Euro/sell Australian dollars				
Not later than one year	**0.5892**	0.5907	**EUR3.0**	EUR4.5

Note: A small amount of forward foreign exchange contracts are held in other currencies.

(1) Bought AUD call/NZD put vanilla European options.

(2) The purchase of Indian Rupee was to fund the move to 100% ownership (up from 49%) of Indian Explosives Co Ltd (IEL) and the purchase by IEL of the 30% minority interest in its subsidiary company Initiating Explosives Systems India from The Ensign Bickford Company.

33. Additional financial instruments disclosures (continued)

The profitability of the principal nitrogen manufacturing facility located at Gibson Island is impacted by foreign exchange movements due to the manufactured inputs (gas, electricity, labour) being Australian dollar linked whilst the manufactured outputs (urea and ammonia) are sold on a United States dollar import parity basis. A series of AUD call/US dollar put vanilla European options has been put in place to hedge the 2005, 2006 and 2007 output. These contracts are timed to mature in quarterly intervals to match anticipated sales of product manufactured at this facility, subject to limits approved by the Board of Directors. The amount of anticipated future sales is forecast in light of plant capacity, current conditions in domestic agricultural and industrial markets, commitments from customers and historical seasonal impacts. All sales from the start of each quarter are designated as being hedged until all hedge contracts are fully utilised. The contracts covering the 2005, 2006 and 2007 years allow full participation in favourable outcomes resulting from decreases in the AUD/USD exchange rate but limit the unfavourable outcomes resulting from AUD/USD exchange rate increases.

The table below summarises option contracts used to hedge the output of the Gibson Island plant:

Term	Weighted average AUD/USD strike rate				Contract amounts	
	2004		2003		**2004**	2003
	Bought AUD call options	**Sold AUD put options**	Bought AUD call options	Sold AUD put options	**USDm**	USDm
Not later than one year	**0.6827**	-	0.5800	0.4329	**50.0**	55.0
Later than one year but not later than two years	**0.6823**	-	0.6781	-	**30.0**	20.0
Later than two years but not later than three years	**0.6789**	-	0.6781	-	**15.0**	10.0
Later than three years but not later than four years	-	-	0.6781	-	-	10.0
Total					**95.0**	95.0

The consolidated entity has a negative exposure to an increasing AUD/USD exchange rate resulting from the sale of product by its North American, Latin American and certain Asian businesses. In particular, there exists a significant level of USD sales that are not effectively offset by USD costs, hence creating an AUD translation exposure in the accounts of the consolidated entity. To manage this exposure the consolidated entity has bought a series of AUD call/USD put vanilla European options. The forecast exposure has been determined using budget and forecast data in respect of individual business units and is based on expected future economic conditions, commitments from customers and experience. The amount of exposure hedged progressively reduces in future periods in line with policies determined by the Board of Directors. All sales from the first of each month are designated as being hedged until all hedge contracts maturing in that month are fully utilised.

The premiums paid along with any unrealised gains are carried forward in the Statements of Financial Position and will be recognised in the Statements of Financial Performance at the time the underlying transaction occurs. All costs associated with these contracts have been incurred. Favourable outcomes will occur when the exchange rate at maturity is higher than the strike rate established at the inception of the hedge. These contracts allow full participation in favourable outcomes resulting from decreases in the AUD/USD exchange rate but limit the unfavourable outcomes resulting from AUD/USD exchange rate increases.

The table below summarises option contracts taken out to hedge sales in the consolidated entity's North American, Latin American and certain Asian businesses:

Term	Weighted average AUD/USD strike rate		Contract amounts AUDm	
	2004	2003	**2004**	2003
Not later than one year	**0.6174**	0.5790	**96.4**	84.3
Later than one year but not later than two years	**0.6666**	0.5666	**54.0**	58.0
Later than two years but not later than three years	**0.6751**	0.6105	**34.8**	19.7
Later than three years but not later than four years	**0.6314**	-	**15.8**	-
Total			**201.0**	162.0

The net deferred costs and unrealised gains and losses on all foreign currency hedges of anticipated purchases and sales and the timing of their anticipated recognition as part of sales or purchases are:

Term	Net deferred gains/(losses) $m	
	2004	2003
Not later than one year	**4.7**	19.2
Later than one year but not later than two years	**1.3**	4.5
Later than two years but not later than three years	**1.1**	0.5
Later than three years but not later than four years	**1.1**	(0.1)
Total	**8.2**	24.1

33. Additional financial instruments disclosures (continued)

Foreign exchange translation risk management

The consolidated entity is exposed to translation risk resulting from foreign exchange rate movements impacting on the AUD equivalent value of self-sustaining foreign operations. Movements in the value of self-sustaining foreign operations resulting from changes in exchange rates are recognised in the foreign currency translation reserve within the equity section of the Statements of Financial Position.

Foreign currency translation risk is managed within policies determined by the Board of Directors. Hedging of exposures is undertaken centrally by the consolidated entity's treasury operations 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 significant, through forward foreign exchange derivative instruments. Gains and losses resulting from these hedging activities are recorded in the foreign currency translation reserve and offset against the foreign exchange impact resulting from the translation of self-sustaining foreign operations.

The table below outlines the gross value to be paid under forward foreign exchange contracts designed to hedge the AUD equivalent value of the net investment, the weighted average contracted exchange rates, the current market values and the settlement periods of outstanding contracts.

	Weighted average strike rate		Contract amounts		Current market value	
	2004	2003	**2004**	2003	**2004**	2003
Term			**$m**	$m	**$m**	$m
Buy Australian dollars/sell Canadian dollars						
Later than one year but not later than two years	**0.9470**	0.8340	**CAD50.0**	CAD50.0	**(3.1)**	5.2
Buy Australian dollars/sell US dollars (1)						
Not later than one year	-	0.5448	-	USD100.0	-	35.1
Buy US dollars/sell Australian dollars (2)						
Not later than one year	-	0.5252	-	USD100.0	-	(42.4)

Note: Following the write-down of North American explosives assets in late 2001, the net USD exposure of the Consolidated Entity was reduced and it was necessary to reduce the level of translation hedging by effectively closing out US$100m of hedging contracts. This was achieved by entering into contracts that offset the original hedging contract and eliminated the possibility of further gains or losses arising from movements in the AUD/USD exchange rate. Both the original hedge contract (identified as (1) above) and the close-out contracts (identified as (2) above) matured in December 2003.

Interest rate risk management

The consolidated entity is exposed to interest rate risk on outstanding interest bearing liabilities and investments. The mix of floating and fixed rate debt is managed within policies determined by the Board of Directors via the use of interest rate swaps and cross currency interest rate swaps. The effective interest rate on average gross debt for the twelve months ended 30 September 2004 was 5.9% (2003 5.8%).

Interest rate swaps

Interest rate swaps provide the consolidated entity with the facility to raise long term borrowings at floating or fixed interest rates and effectively swap the interest obligation into fixed or floating interest rates respectively. 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.

The notional principal amounts and periods of expiry of these interest rate swap contracts are as follows:

	2004	2003
	$m	$m
Less than one year	**11.2**	88.8
One to five years	**87.7**	(13.1)
More than five years	**305.0**	10.0
Notional principal	**403.9**	85.7
Fixed interest rate range p.a.	**5.2% to 8.3%**	5.2% to 7.3%
Floating interest rate range p.a.	**1.9% to 6.5%**	1.2% to 5.5%

Notes to the Financial Statements

For the year ended 30 September 2004

33. Additional financial instruments disclosures (continued)

Cross currency interest rate swaps

Cross currency interest rate swaps have been used to allow the consolidated entity to raise long term borrowings in United States dollars at fixed interest rates and effectively swap the borrowings into Canadian dollar, Euro, New Zealand dollar and Australian dollar floating rate debt. Each contract involves the physical exchange of principal amounts, at a fixed exchange rate, at the beginning and the end of the transaction period and the payment and receipt of interest quarterly or semi-annually throughout the life of the contract. Primary US dollar debt was raised due to the cost efficiency and available tenor of the US debt market compared to the markets for the other currencies. The swap to Canadian dollar, Euro and New Zealand dollar debt was primarily undertaken to provide the consolidated entity with a hedge of self-sustaining operations in those jurisdictions.

The principal amounts and periods of expiry of these cross currency interest rate swap contracts are as follows:

	2004		2003	
	Receive Principal millions	**Pay Principal millions**	Receive Principal millions	Pay Principal millions
Receive US dollar fixed interest/pay Canadian dollar floating interest				
One to five years	**USD12.0**	**CAD17.8**	USD12.0	CAD17.8
More than five years	**USD45.0**	**CAD66.7**	USD45.0	CAD66.7
Receive US dollar fixed interest/pay Australian dollar floating interest				
More than five years	**USD65.0**	**AUD98.9**	USD65.0	AUD98.9
Receive US dollar fixed interest/pay Euro floating interest				
More than five years	**USD47.0**	**EUR42.3**	USD47.0	EUR42.3
Receive US dollar fixed interest/pay New Zealand dollar floating interest				
More than five years	**USD73.0**	**NZD124.5**	USD73.0	NZD124.5
Fixed interest rate range p.a.		**5.8% to 8.3%**		5.8% to 8.3%
Floating interest rate range p.a.		**2.8% to 7.2%**		4.2% to 4.4%

Note: The Euro, New Zealand dollar and Australian dollar swaps relate to US dollar fixed interest debt raised via the US Private Placement market during August and September 2003 and settled in October 2003. These swap deals were transacted in August 2003 (to coincide with the pricing of the debt placement) with an initial start date of October 2003 (coinciding with the drawdown of the debt).

Interest rate risk

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:

			Fixed interest rates					
	Notes	Floating interest rate $m	1 year or less $m	1 to 5 years $m	5 years or more $m	Non-interest bearing $m	Total $m	Weighted average effective interest rate % p.a.
30 September 2004								
Cash assets	(8)	**148.9**	**-**	**-**	**-**	**-**	**148.9**	**3.3**
Trade debtors	(9)	**-**	**-**	**-**	**-**	**647.5**	**647.5**	**-**
Total financial assets		**148.9**	**-**	**-**	**-**	**647.5**	**796.4**	
Trade creditors	(17)	**-**	**-**	**-**	**-**	**624.8**	**624.8**	**-**
Bank overdrafts [(1)]	(18)	**1.6**	**-**	**-**	**-**	**-**	**1.6**	**14.0**
Short term borrowings	(18)	**61.9**	**-**	**-**	**-**	**-**	**61.9**	**5.3**
Commercial paper	(18)	**267.0**	**-**	**-**	**-**	**-**	**267.0**	**5.3**
Lease liabilities	(18)	**0.5**	**-**	**-**	**-**	**-**	**0.5**	**13.7**
Long term borrowings	(18)	**75.0**	**55.0**	**86.3**	**578.9**	**-**	**795.2**	**7.2**
Employee entitlements	(20)	**-**	**-**	**73.5**	**-**	**55.4**	**128.9**	**5.4**
Interest rate swaps [(2)]		**(403.9)**	**11.2**	**87.7**	**305.0**	**-**	**-**	**(1.1)**
Cross currency interest rate swaps [(2)]		**338.1**	**-**	**(16.8)**	**(321.3)**	**-**	**-**	**(1.4)**
Total financial liabilities		**340.2**	**66.2**	**230.7**	**562.6**	**680.2**	**1,879.9**	
Net financial liabilities/(assets)		**191.3**	**66.2**	**230.7**	**562.6**	**32.7**	**1,083.5**	

(1) Weighted average effective interest rate includes offshore funding at local rates.

(2) Interest rate swaps and cross-currency interest rate swaps are off-balance sheet transactions.

33. Additional financial instruments disclosures (continued)

	Notes	Floating interest rate $m	Fixed interest rates: 1 year or less $m	1 to 5 years $m	5 years or more $m	Non-interest bearing $m	Total $m	Weighted average effective interest rate % p.a.
30 September 2003								
Cash assets	(8)	87.6	-	-	-	-	87.6	4.6
Trade debtors	(9)	-	-	-	-	500.5	500.5	-
Total financial assets		87.6	-	-	-	500.5	588.1	
Trade creditors	(17)	-	-	-	-	410.2	410.2	-
Bank overdrafts [1]	(18)	2.5	-	-	-	-	2.5	14.0
Short term borrowings	(18)	164.4	-	-	-	-	164.4	4.6
Lease liabilities	(18)	0.2	-	-	-	-	0.2	13.7
Long term borrowings	(18)	355.2	-	55.0	387.3	-	797.5	6.8
Employee entitlements	(20)	-	-	67.8	-	51.3	119.1	5.2
Interest rate swaps [2]		(85.7)	88.8	(13.1)	10.0	-	-	(4.4)
Cross currency interest rate swaps [2]		92.1	-	-	(83.9)	-	8.2	(4.3)
Total financial liabilities		528.7	88.8	109.7	313.4	461.5	1,502.1	
Net financial liabilities/(assets)		441.1	88.8	109.7	313.4	(39.0)	914.0	

[1] Weighted average effective interest rate includes offshore funding at local rates.

[2] Interest rate swaps and cross-currency interest rate swaps are off-balance sheet transactions.

Liquidity risk management

Liquidity risk arises from the possibility that there will be insufficient funds available to make payments as and when required. To counter this risk, the consolidated entity:

- maintains a target level of undrawn committed facilities in various currencies that can be called upon at short notice.
- generally uses instruments that are readily tradeable in the financial markets.
- maintains a target duration for long term debt.
- spreads the maturity dates of long term debt facilities.

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 major exposure to credit risk arises from trade receivables, which have been recognised in the statement of financial position net of any provision for doubtful debts (see note 9), and from derivative financial instruments.

The credit risk exposure arising from derivative financial instruments is the sum of all contracts with a positive replacement cost. As at 30 September 2004, the sum of all contracts with a positive replacement cost was $73.8m (2003 $80.9m). The consolidated entity restricts dealings to highly rated counterparties approved within its credit limit policy. The level of exposure to individual counterparties is based upon credit ratings provided by international credit rating agencies.

Net fair values of financial assets and liabilities

On-balance financial instruments

The directors consider that the carrying amount of recognised financial assets and liabilities approximates their net fair values. Fair values of monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers, reduced for expected credit losses, or amounts due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows.

The net fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets of the respective corporations.

Derivative sheet financial instruments

The net fair values of the consolidated entity's derivative financial assets and liabilities at balance date are:

	Net fair value 2004 $m	2003 $m
Interest rate swaps	**5.0**	7.9
Forward foreign exchange contracts	**(7.0)**	(1.4)
Cross currency swaps	**22.6**	7.0
Foreign exchange option contracts	**29.2**	25.6

Net fair values of derivative financial instruments are determined according to the estimated amounts which the consolidated entity would be expected to pay or receive to terminate the contracts. These values are determined using standard valuation techniques.

34. Employee share plans

a) (i) Senior Executive Share Loan Plan - Orica

As part of the remuneration changes introduced during 2002 (and consistent with the share loan provided to the Managing Director on his appointment in 2001), Orica Australia Pty Ltd, a controlled entity of Orica, has provided share loans under the senior Executive Share Loan Plan (SESLP) to Specified Directors and Specified Executives. These loans form the long term component of Specified Directors and Specified Executives remuneration.

The terms of each of these interest free loans to fund the share acquisition of individual Specified Directors and Specified Executives limit recourse to the value of the shares. Details are set out in the table below. The individuals are unable to deal with the shares until the earlier of 3 September 2006 (being the fifth anniversary of the Managing Director's employment date) or the termination date of his or her employment at which time he or she will be required to repay the outstanding loan to the Company or sell the shares to discharge the obligations of the loan. The post-tax dividends on the shares are applied to the repayment of the loan. The loan is repayable upon the earlier of the 3 September 2006 or cessation of employment and is subject to reduction, upon achievement of satisfactory price hurdles, on each of 3 September 2004, 3 September 2005 and 3 September 2006. The price hurdle is reached when the average closing price of Orica shares on the ASX for five consecutive trading days between 3 March and 2 September in 2004, 2005 and 2006 is at or greater than the price hurdle in the table below. The first loan waiver hurdle was reached during the year. There is currently no Australian Accounting requirement to record an expense for the fair value of the options, shares and award rights issued in 2004 or 2003. However AASB1046: "Director and Executive Disclosures by Disclosing Entities" require Orica to derive a value for these items and include the value in the director and executive remuneration disclosures. Because the combination of shares, and the loan provided to fund those shares constitutes an option under AASB1046, an option pricing model was adopted to derive a value. Loan forgiveness is incorporated into the option valuations. Loan balances as at 30 September 2004 are detailed in note 35 Related party disclosures.

As at 30 September 2004

Grant date	Number of shares held	Number of participants	First price hurdle	Second price hurdle	Third price hurdle	Total loan at issue date	Maximum loan waiver opportunity over full loan period	Loan repayments through dividends 2004	Value of Options [3]
			$	$	$	$	$	$	$
3 Sep 01	1,500,000	1	8.00	10.00	12.00	6,750,000	1,950,000	**485,000**	1,950,000
17 Jan 02	450,000	1	8.00	10.00	12.00	3,335,700	711,000	**145,500**	1,030,500
6 May 02	500,000	2	8.82	10.00	12.00	4,410,000	1,190,700	**161,666**	1,505,000
5 Aug 02	255,000	1	9.03	10.00	12.00	2,302,650	621,717	**82,545**	767,550
21 Dec 02	360,000	1	10.09	10.09	12.00	3,632,400	1,230,849	**122,204**	1,299,600
6 May 03	91,100	1	9.61	10.00	12.00	875,562	283,683	**29,455**	294,253
Total	3,156,100	7				21,306,312	5,987,949	**1,026,370**	6,846,903

As at 30 September 2003

Grant date	Number of shares held	Number of participants	First price hurdle	Second price hurdle	Third price hurdle	Total loan at issue date	Maximum loan waiver opportunity over full loan period	Loan repayments through dividends 2003	Value of Options [3]
			$	$	$	$	$	$	$
3 Sep 01	1,500,000	1	8.00	10.00	12.00	6,750,000	1,950,000	402,803	1,950,000
17 Jan 02	450,000	1	8.00	10.00	12.00	3,335,700	711,000	120,841	1,030,500
6 May 02[1]	775,000	3	8.82	10.00	12.00	6,835,500	1,852,200	179,891	2,332,750
1 Jul 02[2]	263,435	1	9.49	10.00	12.00	2,499,998	690,000	43,705	874,604
5 Aug 02	255,000	1	9.03	10.00	12.00	2,302,650	621,717	68,476	767,550
21 Dec 02	360,000	1	10.09	10.09	12.00	3,632,400	1,230,849	148,716	1,299,600
6 May 03	91,100	1	9.61	10.00	12.00	875,562	283,683	9,350	294,253
Total	3,694,535	9				26,231,810	7,339,449	973,782	8,549,257

[1] Repayments of $2,354,081 due to G J Witcombe becoming Managing Director of Incitec Pivot Limited during 2003.

[2] Repayments of $2,456,293 due to J Joannou leaving Orica during 2003.

34. Employee share plans (continued)

(3) 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 $
3 Sep 01	4.50	30%	4.5%	5.11%	1.30
17 Jan 02	7.41	30%	4.5%	5.07%	2.29
6 May 02	8.82	30%	4.5%	5.50%	3.01
1 Jul 02	9.49	30%	4.5%	5.55%	3.32
5 Aug 02	9.03	30%	4.5%	5.03%	3.01
21 Dec 02	10.09	30%	4.5%	4.57%	3.61
6 May 03	9.61	30%	4.5%	4.60%	3.23

The option valuation prepared by PricewaterhouseCoopers 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 2004 and 30 September 2003. 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 amounts recognised in the financial statements of the consolidated entity and the Company in relation to shares issued via senior executive share loans pursuant to the executive incentive scheme were:

		The Company	
	Note	**2004**	2003
		$m	$m
Issued ordinary share capital	22	-	3.6

a) (ii) Senior executive share loan plan - Incitec Pivot Senior Executives Long Term Incentive Plan

Incitec Pivot Limited

Under the long term incentive plans the Company may grant awards to senior executives subject to the achievement or satisfaction of conditions as to duration of employment or conditions as to performance.

Retention Plan

In respect of the period from 1 June 2003 to 30 September 2005, a one off award has been granted to senior participating employees, satisfied by the provision of an interest free, limited recourse, unsecured loan by the Company, to be applied to purchase, in aggregate 107,925 shares in the Company. The shares may be forfeited by a participating employee if that employee ceases to be employed by Incitec Pivot prior to 30 September 2005. The loan is repayable on the earlier of the employee ceasing to be employed by Incitec Pivot, the employee selling his/her shares or three years after the loan is made. Upon satisfaction of the retention criteria, the amount of repayment due in settlement of the loan will be 48.5% of the outstanding balance. Any dividends will be applied on an after tax basis to reduce the loan balance. The employee cannot deal in these shares until 30 September 2005.

Performance Plan

Senior participating employees may be eligible to receive an award under the Long Term Performance Incentive Plan, dependent on the achievement of certain performance measures over a rolling three year period.

For the period from 1 October 2003 to 30 September 2006, senior participating employees were each advanced a limited recourse, unsecured loan by the Company, to be applied towards the purchase of shares in the Company. The loan is immediately repayable by an employee ceasing to be employed by Incitec Pivot via the sale of shares purchased under the plan terms. The loan is considered to be repaid in full upon the transfer to the Company of the total share sale proceeds. The shares may be forfeited by a participating employee if that employee ceases to be employed by Incitec Pivot prior to 30 September 2006. The amount of repayment due in satisfaction of the debt is dependent on the achievement of certain performance measures over the three year period ending 30 September 2006. Interest is charged on this loan at the FBT benchmark rate (currently 6.55%). Net cash dividends after personal income tax obligations will be applied to reduce the loan balance. The employee cannot deal in these shares until 1 October 2006. Shares may be sold after the loan on those shares has been fully repaid. Shares will be offered under the terms and conditions of the performance plan each year. The ultimate benefit received by employees is dependent upon performance over the rolling three year period.

34. Employee share plans (continued)

There is currently no Australian Accounting requirement to record an expense for the fair value of the options, shares and award rights issued in 2004 or 2003. However AASB1046: "Director and Executive Disclosures by Disclosing Entities" require Orica to derive a value for these items and include the value in the director and executive remuneration disclosures. Because the combination of shares, and the loan provides to fund those shares constitutes an option under AASB1046, an option pricing model was adopted to derive a value. Loan forgiveness is incorporated into the option valuations. Loan balances as at 30 September 2004 are detailed in note 35 Related party disclosures. The terms and conditions of each award affecting remuneration in this or future reporting periods are as follows:

Plan	Grant date	Expiry date	Exercise price	Value per share at grate date[1]	Date exercisable
Retention plan	1 June 2003	30 September 2005			From 1 October 2005
Performance plan 2004		30 September 2006			From 1 October 2006

[1] External valuation advice from PricewaterhouseCoopers has been used to determine the value of executive share rights at vested date. The fair value of the options/instruments was estimated using a Monte Carlo simulation model, which generates possible future prices for the underlying shares based on assumptions similar to those underpinning the Black-Scholes option pricing model. Multiple simulations were performed to determine the mean value. The valuation of the Performance Shares under the Monte Carlo approach required inputs for: the expected future volatility, the expected dividend yield and the price at the grant date of the Performance Shares of the underlying Incitec Pivot Limited shares; the exercise price and the expected life of the Performance Shares; the risk-free rate for the expected life of the Performance Shares; and an assumption for the value of the loans at grant date of the Performance Shares. Shares held under the long term incentive plans hold full voting and dividend rights.

b) Employee share plan

The Orica employee share plan (ESP) was established on 10 June 1987 following shareholder approval and is administered by Computershare Plan Managers Pty Limited.

Under the terms of ESP, the Plan Manager (a sub-committee of the Orica Board of directors) invites eligible employees to purchase shares in Orica funded by the provision of an interest free loan repayable over ten years.

However, following a review early in 2002, the Board decided to stop making offers under the ESP. To meet employee contractual obligations, a final invitation to eligible employees was made in June 2002. The balance of loans receivable from employees participating in the ESP at balance date was $0.8m (2003 $0.8m).

Grant date	Date shares become unrestricted	**Number of participants 2004**	Number of participants 2003	Average issue price $	**Shares held at 30 September 2004**	Shares held at 30 September 2003
Pre 1 Oct 2001	-	**417**	1,142	-	**147,000**	266,190
Shares released	-	**-**	(546)	-	**-**	(53,500)
31 Dec 01	31 Dec 11	**6**	7	7.32	**2,600**	3,000
05 Jul 02	05 Jul 12	**93**	110	9.48	**41,400**	48,400
30 September		**516**	713		**191,000**	264,090

c) Executive share option plan

The executive share option plan (ESOP) was introduced on 24 April 2002 following agreement by the Orica Board of directors on 28 March 2002. This plan formed an integral part of the new executive remuneration arrangements introduced during 2002. 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 remuneration policy.

A sub-committee of the Orica Board determined which executives were eligible to receive invitations to participate in ESOP.

Eligible executives who agreed to participate in the new remuneration arrangements were invited to apply for options in three tranches to acquire shares in Orica at an exercise price subject to the achievement of a performance hurdle based on Orica's share price. Subject to the satisfactory achievement of the performance hurdles, 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.

The plan performance periods and hurdles reflect those put in place for the Specified Directors and Specified Executives. The first tranche is exercisable when the average closing price of Orica shares on ASX for five consecutive trading days between 3 March and 2 September in 2004 is at or greater than the price hurdles in the table below. The first loan waiver hurdle was reached during the year.

Notes to the Financial Statements

For the year ended 30 September 2004

34. Employee share plans (continued)

The table below discloses options over ordinary shares of the Company under the ESOP:

As at 30 September 2004

Grant date	Options issued	**Options held at 30 Sep 2004**	**Number of participants at 30 Sep 2004**	Exercise price $	First Tranche Exercise date [1]	Price Hurdle $	Second Tranche Exercise date [1]	Price Hurdle $	Third Tranche Exercise date [1]	Price Hurdle $	Value of options [2] $
24 Apr 02	9,061,385	**7,492,067**	**195**	7.91	2004	8.00	2005	10.00	2006	12.00	13,935,245
5 Jun 02	59,013	**40,176**	**2**	9.24	2004	9.24	2005	10.00	2006	12.00	68,701
10 Aug 02	32,509	**32,509**	**2**	9.02	2004	9.02	2005	10.00	2006	12.00	57,541
11 Nov 02	115,421	**115,421**	**7**	10.35	2004	10.35	2005	10.00	2006	12.00	216,991
2 Dec 02	20,000	**20,000**	**1**	10.36			2005	10.36	2006	12.00	43,400
21 May 03	84,576	**84,576**	**8**	10.18			2005	10.18	2006	12.00	158,157
8 Dec 03	27,507	**27,507**	**3**	13.38			2005	13.38	2006	12.00	69,867
23 Sep 04	21,045	**21,045**	**3**	17.35					2006	12.00	64,608
Total	9,421,456	**7,833,301**	**221**								14,614,510

[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.

As at 30 September 2003

Grant date	Options issued	Options held at 30 Sep 2003	Number of participants at 30 Sep 2003	Exercise price $	First Tranche Exercise date [1]	Price Hurdle $	Second Tranche Exercise date [1]	Price Hurdle $	Third Tranche Exercise date [1]	Price Hurdle $	Value of options [2] $
24 Apr 02	9,061,385	8,418,583	226	7.91	2004	8.00	2005	10.00	2006	12.00	15,658,564
5 Jun 02	59,013	40,176	2	9.24	2004	9.24	2005	10.00	2006	12.00	68,701
10 Aug 02	32,509	32,509	2	9.02	2004	9.02	2005	10.00	2006	12.00	57,541
11 Nov 02	115,421	115,421	7	10.35	2004	10.35	2005	10.00	2006	12.00	216,991
2 Dec 02	20,000	20,000	1	10.36			2005	10.36	2006	12.00	43,400
21 May 03	84,576	84,576	8	10.18			2005	10.18	2006	12.00	158,157
Total	9,372,904	8,711,265	246								16,203,354

[2] 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 $
24 Apr 02	8.72	30%	5.4%	5.89%	1.86
5 Jun 02	9.10	30%	5.2%	6.03%	1.71
10 Aug 02	9.25	30%	5.1%	5.18%	1.77
11 Nov 02	10.24	30%	4.5%	4.74%	1.88
2 Dec 02	10.50	30%	4.4%	5.11%	2.17
21 May 03	10.20	30%	4.5%	4.50%	1.87
8 Dec 03	13.43	30%	4.5%	5.45%	2.54
23 Sep 04	17.32	30%	4.5%	4.99%	3.07

The option valuation prepared by PricewaterhouseCoopers 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 2004 and 30 September 2003. 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.

34. Employee share plans (continued)

d) General employee exempt share plan

Australia

The general employee exempt share plan (GEESP) was established on 13 March 1998. It is administered by the Plan Manager, Computershare Plan Managers Pty Limited.

A sub-committee of the Orica Board of directors determines which employees are eligible to receive invitations to participate in the GEESP. Invitations are made to eligible employees 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.
- 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.
- 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 2004**	Number of participants at 30 September 2003	**Shares held at 30 September 2004**	Shares held at 30 September 2003
1 Jul 01	30 Jun 04	**812**	972	**193,768**	232,308
21 Aug 02	20 Aug 05	**945**	1,011	**102,060**	109,188
1 Sept 03	31 Aug 06	**892**	935	**76,712**	80,410
12 Jul 04	11 Jul 07	**1,025**	-	**67,650**	-
Total		**3,674**	2,918	**440,190**	421,906

New Zealand

The general employee exempt share plan (GEESP) was established in August 1999. It is administered internally.

A sub-committee of the Orica Board of directors determines which employees are eligible to receive invitations to participate in the GEESP. Invitations are made to eligible employees 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$760 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.
- 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 2004**	Number of participants at 30 September 2003	**Shares held at 30 September 2004**	Shares held at 30 September 2003
1 Oct 99	30 Sept 02	**13**	**22**	**1,001**	**1,694**
1 Oct 00	30 Sept 03	**30**	**69**	**3,060**	**7,038**
1 Oct 01	30 Sept 04	**46**	**48**	**6,946**	**7,248**
1 Oct 02	30 Sept 05	**71**	**74**	**4,899**	**5,106**
1 Oct 03	30 Sept 06	**95**	**-**	**5,320**	**-**
Total		**255**	**213**	**21,226**	**21,086**

Employee Share Ownership Plan

On 28 October 2003 the Incitec Pivot Limited Board established the Incitec Pivot Employee Share Ownership Plan (IPESOP). The IPESOP is administered by the Plan Manager, Watson Wyatt Australia Pty Ltd.

A sub-committee of the Incitec Pivot Limited Board of Directors will determine which employees are eligible to receive invitations to participate in the IPESOP.

34. Employee share plans (continued)

Invitations are made to eligible employees 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 to a maximum of $1,000.
- employees salary sacrifice the value of the shares by equal deductions through to 30 June the following year.
- 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.
- employees who leave the consolidated entity must salary sacrifice any remaining amount prior to departure.

Grant date	**Date shares become unrestricted**	**Number of participants 30 September 2004**	Number of participants 30 September 2003	**Shares held at 30 September 2004**	Shares held at 30 September 2003
19 March 2004	**19 March 2007**	**350**	-	**9,111**	-
7 June 2004	**7 June 2007**	**350**	-	**9,210**	-
				18,321	

e) Share option plan

The share option plan (SOP) was established on 1 January 1999 following approval by shareholders at the 1998 Annual General Meeting. SOP is administered by the Plan Manager, Computershare Plan Managers Pty Limited.

A sub-committee of the Orica Board of Directors determined which executives were eligible to receive invitations to participate in SOP. Following the review of executive remuneration held in 2002, the Board of Directors determined to terminate this plan.

During the period of the plan operation, eligible executives who achieved an agreed performance rating were invited to apply for options to acquire shares in Orica at an exercise price subject to the achievement of a performance hurdle based on Orica's Total Shareholder Return (TSR) when compared with the TSR of the other companies in the ASX 100 index at grant date after 3, 4 and 5 years. The proportion of exercisable options is determined by comparing Orica's TSR with the other companies. No options may be exercisable where Orica's TSR score is below 50% of the companies. Where the score is equal to or greater than 75% of companies, all options granted may be exercised.

Subject to the satisfactory achievement of the performance hurdles, options may be exercised for a period up to 10 years from the grant date.

As at 30 September 2004

Grant date	Options issued over plan life	**Number of participants at 30 September 2004**	**Options held at 30 September 2004**	Exercise price $	TSR period end date 1	TSR period end date 2	TSR period end date 3	Value of options [(1)]
1 Jan 99	860,000	**-**	**-**	8.57	Expired	Expired	Expired	-
1 Jan 00	1,505,000	**11**	**61,880**	8.31	Expired	Expired	31 Dec 04	122,522
1 Jan 01	1,969,800	**11**	**215,700**	5.72	Expired	31 Dec 04	31 Dec 05	235,113
1 Jan 02	1,202,000	**55**	**1,116,000**	5.67	31 Dec 04	31 Dec 05	31 Dec 06	2,198,520
Total	5,536,800	**77**	**1,393,580**					2,556,155

As at 30 September 2003

Grant date	Options issued over plan life	Number of participants at 30 September 2003	Options held at 30 September 2003	Exercise price $	TSR period end date 1	TSR period end date 2	TSR period end date 3	Value of options [(1)] $
1 Jan 99	860,000	9	410,800	8.57	Expired	Expired	31 Dec 03	624,416
1 Jan 00	1,505,000	55	502,400	8.31	Expired	31 Dec 03	31 Dec 04	994,752
1 Jan 01	1,969,800	46	952,200	5.72	31 Dec 03	31 Dec 04	31 Dec 05	1,037,898
1 Jan 02	1,202,000	62	1,117,500	5.67	31 Dec 04	31 Dec 05	31 Dec 06	2,201,475
Total	5,536,800	172	2,982,900					4,858,541

34. Employee share plans (continued)

(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 99	8.46	30%	6.60%	4.88%	1.52
1 Jan 00	8.20	30%	5.00%	6.88%	1.98
1 Jan 01	5.76	30%	6.60%	5.42%	1.09
1 Jan 02	7.19	30%	5.40%	5.68%	1.97

The option valuation prepared by PricewaterhouseCoopers 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 2004 and 30 September 2003. 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.

f) Share acquisition plan

The share acquisition plan (SAP) was established on 1 January 1999 following approval by shareholders at the 1998 Annual General Meeting. SAP is administered by the Plan Manager, Computershare Plan Managers Pty Limited.

A sub-committee of the Orica Board of directors determined which executives were eligible to receive invitations to participate in SAP and eligible executives who achieved an agreed performance rating were invited to apply for Award Rights. Following their review of executive remuneration held in 2002, the Board of directors determined to terminate this plan. Prior to this decision, an invitation was made to eligible executives to participate in an offer in January 2002.

An Award Right is a right to acquire a Trust Share under the plan at no cost to the executive. This is subject to the achievement of a performance hurdle based on Orica's Total Shareholder Return (TSR) when compared with the TSR of the other companies in the ASX 100 index at grant date after 3, 4, and 5 years. The proportion of exercisable Award Rights is determined by comparing Orica's TSR with the other companies. No Award Rights may be exercisable where Orica's TSR performance is below 50% of the companies. Where the performance is equal to or greater than 75% of companies, all Award Rights granted may be exercised.

If the performance tests have not been successfully achieved after year 5, the Award Rights lapse.

Upon exercise, the share is held by the Trustee for a 10 year period from exercise date or until the executive leaves employment, whichever is earlier.

As at 30 September 2004

Grant date	Number of Award Rights issued	Number of participants	**Award Rights held at 30 September 2004**	Exercise price $	TSR period end date 1	TSR period end date 2	TSR period end date 3	Value of Award Rights (1) $
1 Jan 02	221,400	111	**172,200**	N/A	31 Dec 04	31 Dec 05	31 Dec 06	710,480

As at 30 September 2003

Grant date	Number of Award Rights issued	Number of participants	Award Rights held at 30 September 2003	Exercise price $	TSR period end date 1	TSR period end date 2	TSR period end date 3	Value of Award Rights (1) $
1 Jan 99	210,000	77	41,420	N/A	Expired	Expired	31 Dec 03	191,360
1 Jan 00	275,600	88	26,400	N/A	Expired	31 Dec 03	31 Dec 04	127,248
1 Jan 01	297,400	78	163,000	N/A	31 Dec 03	31 Dec 04	31 Dec 05	511,820
1 Jan 02	221,400	125	188,800	N/A	31 Dec 04	31 Dec 05	31 Dec 06	783,520
Total	1,004,400	368	419,620					1,613,948

(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 99	8.46	30%	6.60%	4.72%	4.62
1 Jan 00	8.20	30%	5.00%	6.66%	4.82
1 Jan 01	5.76	30%	6.60%	5.29%	3.14
1 Jan 02	7.19	30%	5.40%	5.36%	4.15

The option valuation prepared by PricewaterhouseCoopers 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 2004 and 30 September 2003. 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.

Notes to the Financial Statements

For the year ended 30 September 2004

35. Related party disclosures

Executive and Non-Executive Directors

The Executive and Non-Executive Directors of the Company during the year were:

M W Broomhead	J W Hall	P J Duncan	P M Kirby	D P Mercer
M E Beckett	G A Hounsell [3]	C M Walter	G R Liebelt	M Tilley [2]
A B Daniels [1]	B Healey [1]			

[1] A B Daniels and B Healey retired at the end of the Annual General Meeting on 17 December 2003.
[2] M Tilley was appointed on 10 November 2003.
[3] G A Hounsell was appointed on 21 September 2004.

Loans to Specified Directors and Specified Executives – Orica

Individual share loan agreements under the Senior Executive Share Loan Plan (SESLP) refer note 34 (a) (i) Employee share plans - Senior Executive Share Loan Plan. Details of individuals with loans above $100,000 in the reporting period are as follows:

As at 30 September 2004

Specified Director or Specified Executive	Loan balance 30 September 2003	**Loan balance 30 September 2004**	**Highest balance in the period 2004**	Loan Forgiveness during year	Interest not Charged [3]
	$	**$**	**$**	$	$
M W Broomhead	6,118,206	**4,983,206**	**6,118,206**	650,000	308,064
J W Hall	3,172,647	**2,790,147**	**3,172,647**	237,000	165,467
G R Liebelt	3,483,684	**2,951,197**	**3,483,684**	410,283	178,567
S G O'Sullivan	2,114,415	**1,835,132**	**2,114,415**	198,450	109,599
B J Gibson	2,114,415	**1,835,132**	**2,114,415**	198,450	109,599
J R Nightingale	2,234,174	**1,944,390**	**2,234,174**	207,239	115,955
P G Bailey	866,212	**742,196**	**866,212**	94,561	44,633
Total	20,103,753	**17,081,400**	**20,103,753**	1,995,983	1,031,884

As at 30 September 2003

Specified Director or Specified Executive	Loan balance 30 September 2002	Loan balance 30 September 2003	Highest balance in the period 2003	Loan Forgiveness during year	Interest not Charged [3]
	$	$	$	$	$
M W Broomhead	6,521,009	6,118,206	6,521,009	-	366,537
J W Hall	3,293,488	3,172,647	3,293,488	-	187,518
G R Liebelt	-	3,483,684	3,632,400	-	101,027
G J Witcombe [1]	2,399,704	-	2,399,704	-	125,159
S G O'Sullivan	2,181,549	2,114,415	2,181,549	-	124,583
B J Gibson	2,181,549	2,114,415	2,181,549	-	124,583
J Joannou [2]	2,499,998	-	2,499,998	-	96,667
J R Nightingale	2,302,650	2,234,174	2,302,650	-	131,568
P G Bailey	-	866,212	875,562	-	20,933
Total	21,379,947	20,103,753	25,887,909	-	1,278,575

[1] Repayments due to G J Witcombe becoming Managing Director of Incitec Pivot Limited during 2003.
[2] Repayments due to J Joannou leaving Orica during 2003.
[3] No interest was charged during the year on any loans under the SESLP.

35. Related party disclosures (continued)

Loans to Specified Directors and Specified Executives – Incitec Pivot

Individual share loan agreements under the Incitec Pivot Senior Executive Long Term Incentive Plan (refer note 34 (a) (ii) Employee share plans - Senior Executive Share Loan Plan) issued by Incitec Pivot LTI Plan Company are:

Specified Director or Specified Executive	Number of shares issued or acquired on market	Date of loan	Value of Loan 30 September 2003 $	Loan Balance 30 September 2004 $	Loan repayments 2004 $	Highest balance during year ended 30 September 2004 $
Specified Directors						
Directors – Current						
G J Witcombe	32,269	22 Oct 03	-	491,271	6,885	498,156
Specified Executives						
Executives – Current						
W Elmer	5,091	22 Oct 03	-	77,507	1,086	78,593
J Fazzino	5,101	22 Oct 03	-	77,659	1,088	78,747
R Hoggard	5,101	22 Oct 03	-	77,659	1,088	78,747
J Lloyd	5,667	22 Oct 03	-	86,276	1,209	87,485
J Warnock	4,534	22 Oct 03	-	69,027	967	69,994
Executives - Former						
A Sharma	4,723	22 Oct 03	-	-	72,912	72,912
Total	62,486	-	-	879,399	85,235	964,634

There were no loans to the Specified Director or Specified Executives in 2003.

Other loans to directors

Employee loans were made during the year to employees who were directors of the Company or of controlled entities of the Company, amounting to $2,600 (2003 nil).

The following executives made loan repayments amounting to $326,100 (2003 $84,600) during the year:

M D Rowland	S Beckwith
G R Liebelt	L Subhash Babu

Total employee loans receivable from the directors of controlled entities at balance date were $76,900 (2003 $352,800).

Interest of between 0.0% to 7.5% p.a. is charged on the employee loans. Interest charged and paid during the year amounted to $5,000 (2003 $13,500). There were no other loans made, payments received or amounts receivable from the Specified Directors and Directors of controlled entities.

Non–Executive Directors, Specified Directors and Specified Executives transactions in shares and options

The relevant interests of Non - Executive Directors, Specified Directors and Specified Executives in the share capital of the Company as at the date of this report are:

Non - Executive Director	Balance 1 October 2003	Acquired	Net change other	Fully paid ordinary shares held at 30 September 2004	Options for fully paid ordinary shares held at 30 September 2004
D P Mercer	16,000	4,000	-	20,000	-
M E Beckett	9,900	7,520	-	17,420	-
P J Duncan	12,591	-	-	12,591	-
G A Hounsell [1]	-	-	6,900	6,900	-
P M Kirby	21,537	-	-	21,537	-
M Tilley	5,000	-	-	5,000	-
C M Walter	10,000	-	-	10,000	-
	75,028	11,520	6,900	93,448	-

[1] G A Hounsell was appointed on 21 September 2004.

35. Related party disclosures (continued)

Specified Directors and Specified Executives	Balance 1 October 2003 [7]	Granted as remuneration/Acquired [5]	Net change other [6]	Fully paid ordinary shares held at year end [7]	Options for fully paid ordinary shares held at year end [8]
M W Broomhead	1,500,000	-	-	1,500,000 [2]	200,000
J W Hall	450,000	-	-	450,000 [2]	-
G R Liebelt	452,350	2,428	-	454,778 [3][4]	292,000
G J Witcombe	101,235	2,139	-	103,374 [9]	-
B J Gibson	250,000	-	-	250,000 [9]	50,000
J R Nightingale	255,000	-	-	255,000 [9]	-
S G O'Sullivan	250,000	-	-	250,000 [9]	-
P G Bailey	94,327	7,266	-	101,593 [9]	110,701
	3,352,912	11,833	-	3,364,745	652,701

[2] These interests include shares acquired under a loan agreement on joining the Company and prior to M W Broomhead's and J W Hall's appointments as Executive Directors. The loan details are shown in note 35 Related party disclosures. A general description of these agreements (known as SESLP) is provided in note 34 Employee share plans. Under AASB 1046 Director and Executive Disclosures by Disclosing Entities the SESLP plan is deemed an option plan for remuneration purposes. The SESLP plan is deemed to vest at grant date.

[3] These interests include shares acquired under a loan agreement approved by shareholders on 20 December 2002. The loan details are shown in note 35 Related party disclosures. A general description of these agreements (known as SESLP) is provided in note 34 Employee share plans. Under AASB 1046 Director and Executive Disclosures by Disclosing Entities the SESLP plan is deemed an option plan for remuneration purposes. The SESLP plan is deemed to vest at grant date.

[4] These interests include award rights acquired under the share acquisition plan. A general description of this plan (known as SAP) is provided in note 34 Employee share plans. Under AASB 1046 Director and Executive Disclosures by Disclosing Entities the award rights are deemed to be an option plan for remuneration purposes and the options are valued at fair value at grant date. The SAP plan is deemed to vest at grant date.

[5] Includes shares granted as remuneration, acquired through the Dividend Reinvestment Plan (DRP) and purchases during the year by Specified Directors and Specified Executives.

[6] Net change other incorporates changes resulting from sales during the year by Specified Directors and Specified Executives.

[7] Includes trust shares for Specified Directors and Specified Executives.

[8] Issued under the Orica Share Option Plan approved by shareholders on 16 December 1998. All options have been issued in accordance with this plan subsequent to approval by shareholders at an Annual General Meeting.

[9] These interests include shares acquired under a loan agreement. The loan details are shown in note 35 Related party disclosures. A general description of these agreements (known as SESLP) is provided in note 34 Employee share plans. Under AASB 1046 Director and Executive Disclosures by Disclosing Entities the SESLP plan is deemed an option plan for remuneration purposes. The SESLP plan is deemed to vest at grant date.

Other directors' transactions

The non-executive directors are or were directors of companies outside the consolidated entity during the year. Products and services purchased from or sold to those companies are on standard terms and conditions available to all companies.

E C Armijo, a director of Orica Chile S.A. is a partner of a legal firm which provided legal advice to Orica Chile S.A.. Fees of $39,905 (2003 $67,324) were paid to the legal firm for legal services.

A Fuentes Angarita, a director of Orica Venezuela C A, is a director of Grupo Merand C A which provides administrative services to Orica Venezuela C A. Fees of $57,004 (2003 $50,000) were paid to the company for administrative services.

S Tosun, a director of Orica Nitro Patlayici Maddeler Ticaret ve Sanayi Anonim Sirketi S.A., is a director and shareholder of Berk Tosun Sigorta Aracilik Hizmetleri Ltd. Sti. which provides insurance and administrative services to Orica Nitro Patlayici Maddeler Ticaret ve Sanayi Anonim Sirketi, S.A. Fees of $114,008 (2003 $182,262) were paid to the company for insurance services.

S Tosun, a director of Orica Nitro Patlayici Maddeler Ticaret ve Sanayi Anonim Sirketi S.A, is a director of Nitrokimya Kimya San. Uretim which provides services to Orica Nitro Patlayici Maddeler Ticaret ve Sanayi Anonim Sirketi S.A. Fees of $377,654 (2003 nil) were paid to the company for services.

S Tosun, a director of Orica Nitro Patlayici Maddeler Ticaret ve Sanayi Anonim Sirketi S.A, is a director of Geonitro Limited which purchased goods to the value of $442,104 (2003 nil).

S Tosun, a director of Orica Nitro Patlayici Maddeler Ticaret ve Sanayi Anonim Sirketi S.A received building lease payments of $0.1m (2003 nil).

L Delahunty a director of Incitec Pivot Limited had funds invested in the Incitec Pivot Limited Investment Deposit Scheme. Interest of $87.66 was received by L Delahunty on funds invested.

A McCallum as a director of Incitec Pivot Limited purchased fertiliser to the value of $26,779 (2003 $7,693).

D Trebeck, a director of Incitec Pivot Limited, is a director of a company which provides consulting services to Incitec Pivot Limited. Fees of $13,333 (2003 $15,940) were paid to the company for consulting services.

M L S Ying, a director of Bronson and Jacobs Hong Kong Limited, is a director of Rich Taks Limited which provides tenancy services to the Hong Kong office. Tenancy fees of $65,787 were paid to the company for tenancy services.

M L S Ying, a director of Bronson and Jacobs Hong Kong Limited, is a director of Belman Limited which provides tenancy services to the Shanghai office. Tenancy fees of $40,385 were paid to the company for tenancy services.

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

35. Related party disclosures (continued)

Other transactions entered into during the year with directors of the company and controlled entities were on terms and conditions no more favourable than those available to other customers, suppliers and employees and were of a trivial nature. These included the reimbursement of relocation expenses, housing assistance for relocation, minor purchases of product, eligible health benefits, the purchase and/or sale of shares, minor assets and the receipt of dividends.

Remuneration of Non-Executive and Specified Directors and Specified Executives is disclosed in note 36.

Transactions with wholly owned controlled entities

Transactions between Orica and entities in the wholly owned 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.

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

Transactions with non wholly owned controlled entities

During the year the following transactions occurred between Orica's wholly owned subsidiaries and Incitec Pivot Limited and its subsidiaries:

- Purchase of products and services from Incitec Pivot Limited and its controlled entities to the value of $63.9m (2003 $13.7m).
- Sale of products and services to Incitec Pivot Limited and its controlled entities to the value of $29.1m (2003 $9.9m).
- Interest revenue for money deposited with Orica Finance Limited of $1.5m (2003 $1.1m) and a net amount of $0.1m ($2003 nil) from the settlement of a swap.
- Under a Service Level Agreement, Incitec Pivot Limited paid fees of $11.1m (2003 $4.7m) to Orica Australia Pty Ltd in relation to accounting, information technology, engineering and administrative services.

All transactions have been made on normal commercial terms and conditions and in the ordinary course of business.

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 associated companies were:

- Orica Australia Pty Ltd sold goods to Qenos Holdings Pty Ltd amounting to $44.0m (2003 $20.6m) and paid for site utility costs of nil (2003 $0.3m).
- Orica Australia Pty Ltd purchased site utility services from Botany Industrial Park Pty Ltd amounting to $0.1m (2003 $0.4m).
- Orica Australia Pty Ltd provided services to Botany Industrial Park Pty Ltd amounting to $0.9m (2003 $1.0m).
- Orica Australia Pty Ltd provided services to Pigment Manufacturers of Australia Limited amounting to $0.04m (2003 $0.1m).
- Orica Australia Pty Ltd provided services to Emirates Explosives LLC of $0.02m (2003 nil).
- Orica Australia Pty Ltd made sales to Orica Camel Coatings Ltd amounting to $0.6m.
- Orica Australia Pty Ltd provided services to Geneva Nitrogen LLC of nil (2003 $0.1m).
- Orica Engineering Pty Ltd provided services to Pigment Manufacturers of Australia Pty Ltd of $0.2m (2003 nil).
- Orica Engineering Pty Ltd provided site utility services from Botany Industrial Park Pty Ltd amounting to $0.06m.
- Orica Investments Pty Ltd made a loan to Orica Camel Coatings Ltd. The funds are repayable upon expiration of the term of the loan being 31 December 2013 or when the lender and its related body corporation cease to be a shareholder of the borrower. The loan is interest free and at 30 September 2004 the amount on loan to Orica Camel Coatings Ltd was $1.8m.
- Indian Explosives Ltd made sales to Emirates Explosives LLC amounting to $0.5m.
- Bronson and Jacobs (H.K.) Ltd received a loan from Bronson and Jacobs International Company Ltd. The funds are non-interest bearing and at no fixed term of repayment. The amount on loan at 30 September 2004 was $0.03m.
- Orica Finance Limited received funds on deposit from Pigment Manufacturers of Australia Limited. The funds are repayable on demand, interest is set at a margin on the Australian Bank Bill Swap Reference Rates (BBSW) 30 day average rate and is renegotiated monthly. The amount on deposit at 30 September 2004 was $2.4m (2003 $2.5m) and the interest paid for the year was $0.1m (2003 $0.1m).
- Orica Finance Limited made a loan to Qenos Holdings Pty Ltd. The funds are repayable on demand, interest is set at a margin on the BBSW last day of month rate and is renegotiated monthly. The amount on loan at 30 September 2004 was $40.6m (2003 $38.5m) and the interest received for the year was $2.2m (2003 $1.8m).
- Orica Insurance Pty Ltd sold insurance premiums to Emirates Explosives L.L.C., and Botany Industrial Park Pty Ltd of $0.02 (2003 $nil) and $0.03m (2003 $0.3m) respectively.

Notes to the Financial Statements

For the year ended 30 September 2004

35. Related party disclosures (continued)

- Orica USA Inc. sold goods to Northwest Energetic Services, LLC, amounting to $9.1m (2003 $6.6m).
- Orica USA Inc. sold goods to Nelson Brothers, LLC and Nelson Brothers Mining Services, LLC, amounting to $69.0m and $50.6m respectively (2003 $71.4m and $51.3m).
- Orica USA Inc. sold goods to Geneva Nitrogen LLC, amounting to $0.2m (2003 nil).
- Orica USA Inc. purchased goods from Nelson Brothers, LLC and Nelson Brothers Mining Services, LLC, amounting to $21.8m and $2.6m respectively (2003 $22.8m and $3.5m).
- Orica USA Inc. purchased goods from Geneva Nitrogen LLC, amounting to $13.2m (2003 $12.2m).
- Orica Nelson Quarry Services Inc purchased goods from Nelson Brothers, LLC, amounting to $3.2m (2003 $2.9m).
- Orica Canada Inc. sold explosives to BXL Bulk Explosives Limited, amounting to $7.5m (2003 $9.1m).
- Orica Canada Inc. received royalty and technology/management fees of $4.0m (2003 $3.2m) from BXL Bulk Explosives Limited.
- Orica Canada Inc. made a loan to BXL Bulk Explosives Limited. The funds are on normal commercial terms and conditions and are repayable on demand. The loan amount at 30 September 2004 was $2.8m (2003 $nil) and the interest received for the year was 0.2m (2003 $nil).
- Orica Nelson Quarry Services Inc. paid royalties of $1.0m (2003 $1.0m) to Nelson Brothers, LLC.
- Orica Nelson Quarry Services Inc. sold goods of nil (2003 $0.1m) to Nelson Brothers, LLC.
- Orica UK Limited sold goods and seconded staff to Emirates Explosives L.L.C., amounting to $0.06m (2003 $0.2m).
- Orica UK Limited sold goods to Exor Explosives Limited amounting to nil (2003 $0.4m). Orica UK Limited purchased goods from an associate company Exor Explosives Limited amounting to nil (2003 $2.6m).
- Orica New Zealand Ltd purchased goods from Qenos Holdings Pty Ltd amounting to $11.0m (2003 $8.8m).
- Dulux Holdings Pty Ltd sold goods to Orica Camel Coatings Ltd, amounting to $0.7m.
- Yates Australia purchased goods from Pinegro Products Pty Ltd, amounting to $2.0m.
- Yates Australia received dividend and management fees of $0.3m from Pinegro Products Pty Ltd.
- Bronson and Jacobs (S.E. Asia) Pte Ltd sold goods to Bronson & Jacobs International Co Ltd amounting to $0.02m.

Additional related party disclosures

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

Dividend income	note 3
Interest income and borrowing cost	note 3, 4
Receivables	note 9
Investments	note 12, 38
Payables	note 17
Interest bearing liabilities	note 18
Options	note 22
Remuneration of directors and executives	note 36

36. Non-Executive Directors, Specified Directors and Specified Executives emoluments

Non-executive directors' emoluments

Non-executive directors' fees, including committee fees, are set by the Board within the aggregate amount of $1,200,000 approved by shareholders at the 2002 Annual General Meeting. The fees paid to directors are set at levels which reflect the time commitments and responsibilities of non-executive directors. The Board takes into account external professional advice, survey data on fees paid by comparable companies, as well as the level of remuneration required to attract and retain directors of the appropriate calibre. Rule 48 of Orica's constitution provides that the remuneration forming part of the aggregate fee cap for non-executive directors approved by shareholders does not include retirement benefits.

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.

Specified directors' and Specified executives' emoluments

Remuneration Policy

It is the broad policy of the Company that its remuneration structure will:

(a) support the Company's philosophy and values;

(b) reinforce both the short term and long term objectives of the Company;

(c) provide a common interest between management and shareholders; and

(d) be sufficiently competitive in the markets in which the Company operates to attract, motivate and retain high calibre employees.

The remuneration of executive directors and senior management is set to attract, retain and motivate appropriately qualified and experienced senior executives capable of discharging their respective responsibilities. Remuneration packages of senior executives (including executive directors) include a fixed component, a performance based short term incentive and equity related long term incentive. Up to 60% of total remuneration for these packages are performance based.

Fixed remuneration – The terms of employment for all executive management contain a fixed remuneration component. In general, this is expressed as a total amount of salary and other benefits that the executive may take in a form agreed with the Company.

Short Term Incentive Plan – This plan involves linking specific targets (predominantly financial) with the opportunity to earn cash incentives based on a percentage of fixed salary. In relation to the senior executive team, this comprises in general an amount equal to 30% of their fixed annual remuneration for target performance up to an amount equal to 60% of their fixed annual remuneration for stretch performance well in excess of target performance.

In general, the performance conditions are related to measures such as Net Profit After Tax, Economic Profit/Funds Employed, cash flow, revenue, environmental performance and safety. The Board considers these performance conditions to be appropriate because they support the Company's safety and environmental values and are directly linked to improving the financial performance of the Company, consistent with the Company's strategic plan.

In assessing the extent to which performance conditions were satisfied, the individual executive performance is reviewed against annual measures and target linked to a group performance contract approved by the Remuneration and Appointment Committee.

In general, the performance conditions attaching to the Short Term Incentive in the 2004 financial year were satisfied: 60-80% was paid, 20%-40% forfeited. Performance against these targets was determined as at balance date.

Long Term Incentive plans – Long Term Incentive plans are designed to encourage executives to focus on the key performance drivers which underpin sustainable growth in shareholder value.

Since 2001, the Company has used a Senior Executive Share Loan Plan as the long term incentive for the Group Executive and an Executive Share Option Plan for other senior executives. Details of these Plans are set out in note 34. The Company intends to introduce the Orica Long Term Equity Incentive Plan ("LTEIP") as its long term incentive component of remuneration.

Under the LTEIP, eligible executives will be provided with a 3 year, interest free, limited recourse loan from the Company for the sole purpose of acquiring shares in the Company. The loan is secured on the shares.

Part of the loan amount to the executives may be forgiven depending on total shareholder returns over the period of the loan.

Incitec Pivot Limited (Incitec Pivot)

Incitec Pivot Limited may grant awards to senior Incitec Pivot Limited employees under the Incitec Pivot Senior Executives Long Term Incentive Plan. This long term incentive plan approved by the Incitec Pivot Limited Board was introduced in June 2003. Executives are unable to participate in both the Orica Long Term Equity Incentive Plan and the Incitec Pivot Senior Executives Long Term Incentive Plan.

Notes to the Financial Statements

For the year ended 30 September 2004

36. Non-Executive Directors, Specified Directors and Specified Executives emoluments (continued)

Particulars of Specified Directors and Specified Executives qualifications, experience and special responsibilities are detailed on pages 12 and 13 of the annual report. Details of the nature and amount of each element of emoluments of Specified Directors and Specified Executives are included in the following table:

For the year to 30 September 2004	Primary			Post Employment		Equity Compensation		Other Benefits [2]	
	Fixed Salary	Incentive Payments [3]	Non Monetary Benefits [7]	Superannuation Benefits	Retirement Benefits	Value of Equity compensation [1]	Orica Long Term Incentive Plan		Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Specified Directors - Executive									
M W Broomhead [6] Managing Director and Chief Executive Officer	1,490.0	608.0	19.2	-	-	-	-	158.8	2,276.0
J W Hall Executive Director Finance	700.0	284.1	-	-	-	-	-	-	984.1
G R Liebelt [4] [5] Executive Director and Chief Executive Officer – Mining Services	816.4	583.9	-	807.1	-	-	-	146.7	2,354.1
Total Specified Directors - Executive	3,006.4	1,476.0	19.2	807.1	-	-	-	305.5	5,614.2
Specified Executives – Current									
G J Witcombe Managing Director Incitec Pivot Limited	624.4	228.7	70.6	11.1	-	-	-	259.0	1,193.8
B J Gibson General Manager Chemicals Group	560.9	259.0	21.4	11.1	-	-	-	4.7	857.1
P G Bailey General Manager Consumer Products	476.6	317.9	15.5	11.1	-	-	-	9.3	830.4
S G O'Sullivan General Manager Business Development	509.5	262.0	6.1	-	-	-	-	2.3	779.9
J R Nightingale [4] Chief Strategy Officer	402.0	214.2	-	-	-	-	-	128.4	744.6
Total Specified Executives	2,573.4	1,281.8	113.6	33.3	-	-	-	403.7	4,405.8

(1) Refer to note 34 Employee share plans for details of the share option plan (SOP), share acquisition plan (SAP) and executive share option plan (ESOP).

(2) Other benefits covers allowances for relocation, motor vehicle benefits, company medical, rent and mortgage interest subsidies and includes the value of personal use of products and services related to employment.

(3) 2004 Incentive payments include payments relating to 2004 performance accrued but not paid.

(4) For the overseas based executive, other benefits include relocation and travel allowances, reimbursement of accommodation and living away from home expenses, family travel and taxation expenses.

(5) G R Liebelt received a superannuation top up payment of $796,000 paid at age 50 per his employment contract.

(6) M W Broomhead received an equity compensation payment under a special contractual arrangement.

(7) Non monetary benefit relates to Fringe Benefits Tax related to employment.

(8) 2003 Incentive payments include payments relating to 2003 performance accrued but not paid.

(9) 2003 Incentive payments include an amount of $268,900 paid under a long term incentive plan and $98,600 paid under a short term incentive plan with Incitec Limited.

36. Non-Executive Directors, Specified Directors and Specified Executives emoluments (continued)

For the year to 30 September 2003	Primary			Post Employment		Equity Compensation		Other Benefits [2]	
	Fixed Salary	Incentive Payments [7]	Non Monetary Benefits [7]	Superannuation Benefits	Retirement Benefits	Value of Equity compensation [1]	Orica Long Term Incentive Plan		Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Specified Directors - Executive									
M W Broomhead Managing Director and Chief Executive Officer	1,400.0	476.0	5.8	-	-	-	-	14.9	1,896.7
J W Hall Executive Director Finance	652.5	211.7	4.0	-	-	-	-	4.2	872.4
G R Liebelt [4] Executive Director and Chief Executive Officer – Mining Services	1,082.5	557.4	-	15.5	-	1,299.6	-	208.7	3,163.7
Total Specified Directors - Executive	3,135.0	1,245.1	9.8	15.5	-	1,299.6	-	227.8	5,932.8
Specified Executives – Current									
G J Witcombe [8] Managing Director Incitec Pivot Limited	497.9	475.9	-	84.6	-	-	-	41.9	1,100.3
B J Gibson General Manager Chemicals Group	497.5	226.0	20.6	25.5	-	-	-	4.3	773.9
J R Nightingale Chief Strategy Officer	542.0	175.1	4.0	-	-	-	-	4.3	725.4
S G O'Sullivan General Manager Business Development	511.3	186.4	-	-	-	-	-	-	697.7
P G Bailey General Manager Consumer Products	405.4	183.2	8.8	14.6	-	294.2	-	2.4	908.6
Total Specified Executives	2,454.1	1,246.6	33.4	124.7	-	294.2	-	52.9	4,205.9
Specified Executive Officers – Former									
J Joannou General Manager Consumer Products	447.5	63.0	2.0	12.0	630.0	-	-	-	1,154.5

(1) Refer to note 34 Employee share plans for details of the share option plan (SOP), share acquisition plan (SAP) and executive share option plan (ESOP).

(2) Other benefits covers allowances for relocation, motor vehicle benefits, company medical, rent and mortgage interest subsidies and includes the value of personal use of products and services related to employment.

(3) 2004 Incentive payments include payments relating to 2004 performance accrued but not paid.

(4) For the overseas based executive, other benefits include relocation and travel allowances, reimbursement of accommodation and living away from home expenses, family travel and taxation expenses.

(5) G R Liebelt received a superannuation top up payment of $796,000 paid at age 50 per his employment contract.

(6) M W Broomhead received an equity compensation payment under a special contractual arrangement.

(7) Non monetary benefit relates to Fringe Benefits Tax related to employment.

(8) 2003 Incentive payments include payments relating to 2003 performance accrued but not paid.

(9) 2003 Incentive payments include an amount of $268,900 paid under a long term incentive plan and $98,600 paid under a short term incentive plan with Incitec Limited.

Executive Service agreements

Remuneration and other terms of employment for the Managing Director and Chief Executive Officer, and the specified Directors and Specified Executives are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits, and participation, where eligible, in the executive share loan plan. Other major provisions of the agreements relating to remuneration are set out below.

36. Non-Executive Directors, Specified Directors and Specified Executives emoluments (continued)

M W Broomhead, Managing Director and Chief Executive Officer

- Term of agreement – 30 September 2006.
- Fixed salary, inclusive of superannuation, for the year ended 30 September 2004 of $1,490,000, to be reviewed annually by the Remuneration and Appointments Committee.
- If Orica terminated the Chief Executive Officer's employment prior to the expiration of his employment contract in September 2006 for reasons other than misconduct he is entitled to an amount equal to two times his fixed annual remuneration plus an additional 60% of fixed salary in recognition of foregone incentives. The Chief Executive Officer may terminate his service agreement by giving 6 months notice.

J W Hall - Executive Director Finance

- Fixed salary, inclusive of superannuation, for the year ended 30 September 2004 of $700,000, to be reviewed annually by the Remuneration and Appointments Committee.
- Term of agreement – open. If Orica terminated the Executive Director Finance's employment for reasons other than misconduct he is entitled to an amount equal to his fixed annual remuneration plus pro rata of fixed annual salary over the expired portion of the bonus period in recognition of foregone incentives. The Executive Director Finance may terminate his employment by giving 3 months notice.

G R Liebelt - Executive Director and Chief Executive Officer – Mining Services

- Fixed salary, inclusive of superannuation, for the year ended 30 September 2004 of $827,500, to be reviewed annually by the Remuneration and Appointments Committee.
- Term of agreement – open. If Orica terminated the Chief Executive Officer's – Mining Services employment for reasons other than misconduct he is entitled to an amount equal to 1.19 times his fixed annual remuneration. The Chief Executive Officer – Mining Services may terminate his employment by giving 3 months notice.

G J Witcombe – Managing Director Incitec Pivot Limited

- Fixed salary, inclusive of superannuation, for the year ended 30 September 2004 of $581,300, to be reviewed annually by the Incitec Pivot Remuneration and Appointments Committee.
- Term of agreement – open. If Incitec Pivot terminated the Managing Director's employment for reasons other than misconduct he is entitled to an amount equal to 1.68 times his fixed annual remuneration. The Managing Director may terminate his employment by giving 3 months notice.

B J Gibson – General Manager Chemicals Group

- Fixed salary, inclusive of superannuation, for the year ended 30 September 2004 of $572,000, to be reviewed annually by the Remuneration and Appointments Committee.
- Term of agreement – open. If Orica terminated the General Manager Chemicals Group's employment for reasons other than misconduct she is entitled to an amount equal to 1.4 times her fixed annual remuneration. The General Manager Chemicals Group may terminate her employment by giving 3 months notice.

J R Nightingale – Chief Strategy Officer

- Fixed salary, inclusive of superannuation, for the year ended 30 September 2004 of $402,000, to be reviewed annually by the Remuneration and Appointments Committee.
- Term of agreement – 4 August 2006. Certain amounts must be paid to the Chief Strategy Officer on termination, including, if the Chief Strategy Officer terminates his employment or if Orica terminates his employment other than in accordance with his current service agreement, a payment of his fixed annual remuneration at the time of termination. The Chief Strategy Officer may terminate his employment by giving 3 months notice.

S G O'Sullivan – General Manager Business Development

- Fixed salary, inclusive of superannuation, for the year ended 30 September 2004 of $509,500, to be reviewed annually by the Remuneration and Appointments Committee.
- Term of agreement – open. If Orica terminated the General Manager Business Development's employment for reasons other than misconduct he is entitled to an amount equal to his fixed annual remuneration. The General Manager Business Development may terminate his employment by giving 3 months notice.

P G Bailey – General Manager Consumer Products

- Fixed salary, inclusive of superannuation, for the year ended 30 September 2004 of $487,700, to be reviewed annually by the Remuneration and Appointments Committee.
- Term of agreement – open. If Orica terminated the General Manager Consumer Products' employment for reasons other than misconduct he is entitled to an amount equal to 1.77 times his fixed annual remuneration. The General Manager Consumer Products may terminate his employment by giving 3 months notice.

The Company makes provision for employee entitlements in accordance with applicable Accounting Standards.

36. Non-Executive Directors, Specified Directors and Specified Executives emoluments (continued)

Non-executive directors' emoluments

The Company has discontinued retirement allowances for all non-executive directors. The directors appointed prior to 1 July 2002 preserved their existing entitlement to retirement allowances as at 1 July 2004 with no indexation and the allowances will be paid to the eligible directors upon retirement.

Details of the nature and amount of each element of emoluments of Non-Executive Directors are included in the following table:

	Primary	Post employment		
For the year to 30 September 2004	Fees	Superannuation Benefits	Retirement Benefits	Total
	$000	$000	$000	$000
Specified Directors – Non-Executive				
D P Mercer, Chairman	243.8	21.9	-	265.7
M E Beckett	100.0	9.0	-	109.0
A B Daniels	18.8	1.7	198.8	219.3
P J Duncan	97.5	8.8	-	106.3
B Healey	20.6	1.9	221.2	243.7
G A Hounsell [(1)]	-	-	-	-
P M Kirby	100.0	9.0	-	109.0
M Tilley	98.2	12.2	-	110.4
C M Walter	89.4	8.0	-	97.4
Total Specified Directors – Non-Executive	768.3	72.5	420.0	1,260.8

[(1)] G A Hounsell was appointed on 21 September 2004 and has not received any remuneration in the period.

	Primary	Post employment	
For the year to 30 September 2003	Fees	Superannuation Benefits	Total
	$000	$000	$000
Specified Directors – Non-Executive			
D P Mercer, Chairman	225.0	20.3	245.3
M E Beckett	100.0	10.2	110.2
A B Daniels	75.0	6.8	81.8
P J Duncan	90.0	8.1	98.1
B Healey [(1)]	100.8	9.5	110.3
P M Kirby	19.6	1.8	21.4
C M Walter	82.5	7.4	89.9
Total Specified Directors – Non-Executive	692.9	64.1	757.0

[(1)] Includes directors fees of $18,334 and superannuation contributions of $2,063 paid as a Director of Incitec Pivot Limited.

Employees' options entitlement

The names of persons who currently hold options in the share option plans and the Orica executive share option plan 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. Particulars of options granted to and exercised by the executive directors and five highest remunerated senior executive officers under SOP, ESOP and SAP to the date of this report are shown in the following table. The exercise price of options issued under SOP and ESOP is 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. Details of performance hurdles are outlined in note 34 Employee share plans.

Share option plan (SOP)

During the year, the Company reinstated options over 134,000 ordinary shares and issued options over 6,800 ordinary shares to 2 executives under the share option plan. Each option relates to one fully paid ordinary share and the said options are exercisable at $5.67 per share following a vesting period and subject to prescribed performance hurdles. A general description of the SOP is provided in note 34 Employee share plans.

Notes to the Financial Statements

For the year ended 30 September 2004

36. Non-Executive Directors, Specified Directors and Specified Executives emoluments (continued)

Orica executive share option plan (ESOP)

During the year, the Company issued options over 48,552 ordinary shares to executives under the Orica executive share option plan (ESOP). Each option relates to one fully paid ordinary share and the said options are exercisable at $13.38 and $17.35 per share following a vesting period and subject to prescribed performance hurdles. A general description of the ESOP is provided in note 34 Employee share plans.

Share acquisition plan (SAP) (Award Rights)

During the year, the Company adjusted the Award Rights issued over 18,600 ordinary shares to 9 executives under the share acquisition plan. Each Award Right relates to one fully paid ordinary share and the said Award Rights are exercisable at no cost to the executive subject to the achievement of prescribed performance hurdles. A general description of the share acquisition plan is provided in note 34 Employee share plans.

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. 1,326,840 ordinary shares were issued during the financial year as a consequence of the exercise of options issued in prior years and 226,784 ordinary shares were issued during the financial year as a consequence of the exercise of Award Rights issued in prior years. As at the date of this report, there are 9,226,881 unissued ordinary shares under option and 172,200 unissued ordinary shares under Award Rights. The price of issue and expiration dates of those unissued shares are set out in note 22 Contributed equity.

There is currently no Australian Accounting requirement to record an expense for the fair value of the options, shares and award rights issued in 2004 or 2003. However AASB1046: "Director and Executive Disclosures by Disclosing Entities" require Orica to derive a value for these items and include the value in the director and executive remuneration disclosures. An option pricing model was adopted to derive a value. The number of equity instruments held by specified directors and specified executives are shown in the following table:

For the year to 30 September 2004	Grant Date	Date exercisable	Granted during the year	Lapsed during the year	Exercised and vested during the year [6]	Outstanding at year end	Exercise price $	Value of options at grant date $	Value of options included in remuneration for year $ [1]
Specified Directors - Executive									
M W Broomhead	1 Jan 2002	1 Jan 2005	-	-	-	200,000	5.67	394,000	- [2]
	3 Sep 2001	3 Sep 2006	-	-	-	1,500,000	N/A	1,950,000	- [5]
J W Hall	17 Jan 2002	3 Sep 2006	-	-	-	450,000	N/A	1,030,500	- [5]
G R Liebelt	1 Jan 2002	1 Jan 2005	-	-	-	150,000	5.67	295,500	- [2]
	1 Jan 2001	1 Jan 2004	-	-	-	142,000	5.72	154,780	- [2]
	1 Jan 2000 1 Jan 1999	1 Jan 2003 1 Jan 2002	-	-	115,000	-	8.31	227,700	- [2]
	21 Dec 2002	3 Sep 2006	-	17,600	92,400	-	8.57	167,200	- [2]
			-	-	-	360,000	N/A	1,299,600	- [5]
Senior Executive Officers - Current									
G J Witcombe	-	-	-	-	-	-	-		
B J Gibson	1 Jan 2002	1 Jan 2005	-	-	-	50,000	5.67	98,500	- [2]
	1 Jan 2001	1 Jan 2004	-	-	67,000	-	5.72	73,030	- [2]
	1 Jan 2000 1 Jan 1999	1 Jan 2003 1 Jan 2002	-	-	8,480	-	8.31	16,790	- [2]
	6 May 2002	3 Sep 2006	-	8,000	11,000	-	8.57	28,880	- [2]
			-	-	-	250,000	N/A	752,500	- [5]
S G O'Sullivan	6 May 2002	3 Sep 2006	-	-	-	250,000	N/A	752,500	- [5]
P G Bailey	1 Jan 2002	1 Jan 2005	-	-	-	2,800	N/A	11,620	- [3]
	1 Jan 2001	1 Jan 2004	-	-	6,800	-	N/A	21,352	- [3]
	1 Jan 2000	1 Jan 2003	-	-	176	-	N/A	848	- [3]
	1 Jan 1999	1 Jan 2002	-	160	220	-	N/A	1,756	- [3]
	24 Apr 2002	10 Nov 2006	-	-	-	35,967	7.91	66,899	- [4]
	24 Apr 2002	10 Nov 2005	-	-	-	35,967	7.91	66,899	- [4]
	24 Apr 2002	10 Nov 2004	-	-	-	35,967	7.91	66,899	- [4]
	6 May 2003	3 Sep 2006	-	-	-	91,100	N/A	294,253	- [5]
J R Nightingale	6 Aug 2002	3 Sep 2006	-	-	-	255,000	N/A	767,550	- [5]

36. Executive directors and senior executive officers emoluments (continued)

For the year to 30 September 2003	Grant Date	Date exercisable	Granted during the year	Lapsed during the year	Exercised and vested during the year [6]	Outstanding at year end	Exercise price $	Value of options at grant date $	Value of options included in remuneration for year $ [1]	
Specified Directors - Executive										
M W Broomhead	1 Jan 2002	1 Jan 2005	-	-	-	200,000	5.67	394,000	-	[2]
	3 Sep 2001	3 Sep 2006	-	-	-	1,500,000	N/A	1,950,000	-	[5]
J W Hall	17 Jan 2002	3 Sep 2006	-	-	-	450,000	N/A	1,030,500	-	[5]
G R Liebelt	1 Jan 2002	1 Jan 2005	-	-	-	150,000	5.67	295,500	-	[2]
	1 Jan 2001	1 Jan 2004	-	-	-	142,000	5.72	154,780	-	[2]
	1 Jan 2000	1 Jan 2003	-	-	-	115,000	8.31	227,700	-	[2]
	1 Jan 1999	1 Jan 2002	-	-	-	110,000	8.57	167,200	-	[2]
	21 Dec 2002	3 Sep 2006	360,000	-	-	360,000	N/A	1,299,600	1,299,600	[5]
Senior Executive Officers - Current										
G J Witcombe	6 May 2002	3 Sep 2006	-	-	275,000	-	N/A	827,750	-	[5]
B J Gibson	1 Jan 2002	1 Jan 2005	-	-	-	50,000	5.67	98,500	-	[2]
	1 Jan 2001	1 Jan 2004	-	-	-	67,000	5.72	73,030	-	[2]
	1 Jan 2000	1 Jan 2003	-	-	44,520	8,480	8.31	16,790	-	[2]
	1 Jan 1999	1 Jan 2002	-	-	31,000	19,000	8.57	28,880	-	[2]
	6 May 2002	3 Sep 2006	-	-	-	250,000	N/A	752,500	-	[5]
S G O'Sullivan	6 May 2002	3 Sep 2006	-	-	-	250,000	N/A	752,500	-	[5]
P G Bailey	1 Jan 2002	1 Jan 2005	-	-	-	2,800	N/A	11,620	-	[3]
	1 Jan 2001	1 Jan 2004	-	-	-	6,800	N/A	21,352	-	[3]
	1 Jan 2000	1 Jan 2003	-	-	924	176	N/A	848	-	[3]
	1 Jan 1999	1 Jan 2002	-	-	620	380	N/A	1,756	-	[3]
	24 Apr 2002	2006 [7]	-	-	-	35,967	7.91	66,899	-	[4]
	24 Apr 2002	2005 [7]	-	-	-	35,967	7.91	66,899	-	[4]
	24 Apr 2002	2004 [7]	-	-	-	35,967	7.91	66,899	-	[4]
	6 May 2003	3 Sep 2006	91,100	-	-	91,100	N/A	294,253	294,253	[5]
J R Nightingale	6 Aug 2002	3 Sep 2006	-	-	-	255,000	N/A	767,550	-	[5]

[1] The option valuation prepared by PricewaterhouseCoopers 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 2004. The value of options included in remuneration for the year have been calculated by allocating the value of the option at grant date equally over the period from grant date to vesting date (the vesting period). For the purposes of measuring the remuneration of an individual for disclosure in this directors' report, it is assumed that the individual directors and specified executive will continue to provide service until the vesting date, unless it is probable that the particular individual will cease employment at an earlier date. See note 34 Employee share plans.

[2] Related to options under the share option plan (SOP). See note 34 Employee share plans. The options expire on 31 Dec 2014, 31 Dec 2015 and 31 Dec 2016 depending on performance hurdles being met.

[3] Related to Award Rights under the share acquisition plan (SAP). See note 34 Employee share plans. The Award rights have no expiry date and can be exercised at any time after the date exercisable.

[4] Related to options under the executive share option plan (ESOP). See note 34 Employee share plans. The options expire on 31 Oct 2005, 31 Oct 2006 and 31 Oct 2007 depending on performance hurdles being met.

[5] Related to options under the senior executive share loan plan (SESLP). See note 34 Employee share plans. The options have no expiry date and can be exercised at any time after the date exercisable. The combination of shares, and the loan provided to fund those shares constitutes an option under AASB1046

[6] There were no amounts outstanding on the shares issued as a result of the exercise of the options.

[7] 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.

37. Superannuation commitments

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 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 companies 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.
- Generally, the contributions made by the employer companies to defined contribution Plans are in accordance with the requirements of the governing rules of such Plans or are required to avoid a liability 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 companies 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 entity has a legally enforceable obligation to contribute a regular amount for each employee member of these Plans.
- The employer entity has no other legal liability to contribute to the Plans.

During the year the consolidated entity made employer contributions of $33.5m (2003 $25.7m) to Defined Benefit Plans. Employer contributions by the company to Defined Benefit Plans during the year were nil (2003 nil).

The Accrued Benefits, based on the most recent actuarial assessments or estimates, the Plan Assets at most recent estimates of net market values and the Vested Benefits as 30 September are:

		2004					2003				
Country		**Accrued Benefits**	**Plan Assets**	**Net difference Accrued Benefits to Plan Assets**	**Vested benefits**	**Net surplus / (deficit) Vested Benefits to Plan Assets**	Accrued Benefits	Plan Assets	Net difference Accrued Benefits to Plan Assets	Vested Benefits	Net surplus /(deficit) Vested Benefits to Plan Assets
	Notes	**$m**	**$m**	**$m**	**$m**	**$m**	$m	$m	$m	$m	$m
Australia	a	**562.1**	**559.1**	**(3.0)**	**561.6**	**(2.5)**	513.1	505.6	(7.5)	513.1	(7.5)
New Zealand	b	**33.3**	**31.6**	**(1.7)**	**31.6**	**-**	34.3	28.5	(5.8)	33.7	(5.2)
Canada	c	**48.3**	**40.1**	**(8.2)**	**36.2**	**3.9**	49.0	37.2	(11.8)	33.5	3.7
USA	d	**21.4**	**16.7**	**(4.7)**	**20.4**	**(3.7)**	20.9	14.1	(6.8)	18.7	(4.6)
UK	e	**25.5**	**22.8**	**(2.7)**	**24.1**	**(1.3)**	25.8	17.2	(8.6)	18.7	(1.5)
India	f	**4.8**	**2.7**	**(2.1)**	**5.7**	**(3.0)**	-	-	-	-	-
Brazil	g	**7.9**	**7.7**	**(0.2)**	**7.9**	**(0.2)**	7.2	7.0	(0.2)	7.2	(0.2)
Philippines	h	**0.9**	**0.5**	**(0.4)**	**0.7**	**(0.2)**	0.9	0.4	(0.5)	0.7	(0.3)
		704.2	**681.2**	**(23.0)**	**688.2**	**(7.0)**	651.2	610.0	(41.2)	625.6	(15.6)

Deficits of Accrued Benefits to Plan Assets depend on many diverse factors and can vary significantly over time, having regard for movements in investment markets, future salary increases and changes in employee patterns. The consolidated entity's current intention is to make contributions to Defined Benefit Plans at a rate recommended by the actuary. It is expected that the contribution rates will be determined after taking into account sound actuarial principles and would be designed to enable all retirement expectations and relevant regulatory requirements to be met as and when they fall due.

The consolidated entity does not have an obligation to fund any reported deficiency and has met in full its obligations to all Plans as at their balance dates. The consolidated entity expects future contributions will meet any reported deficiency from time to time.

37. Superannuation commitments (continued)

Notes

a) Australia

The amounts shown for Australia are in respect of The Flexible Benefits Super Fund superannuation arrangement. The Flexible Benefits Super Fund has a defined benefit member category and defined contribution member category. The balance date of the Fund is 30 June. A full actuarial review of the Plan at 30 June 2003 was performed by G E Miller FIAA.

2004

Asset values are estimated as at 30 September 2004, based on audited values as at 30 June 2004, adjusted to reflect estimated investment performance and cash flows between 1 July 2004 and 30 September 2004. The estimate for Accrued Benefits and Vested Benefits have been calculated using membership data as at 30 June 2004, adjusted to reflect estimated investment performance, expected cash flows and benefits accrued between 1 July 2004 and 30 September 2004.

2003

Asset values are estimated at 30 September 2003, based on audited values as at 30 June 2003, adjusted to reflect estimated investment performance between 1 July 2003 and 30 September 2003. The estimate for Accrued Benefits and Vested Benefits have been calculated using membership data as at 30 June 2003, adjusted to reflect estimated investment performance between 1 July 2003 and 30 September 2003.

b) New Zealand

The amounts for New Zealand are in respect of The Orica New Zealand Superannuation Scheme. The Orica New Zealand Superannuation Scheme has a defined benefit member category (known as Orica New Zealand Limited Retirement Plan) and a defined contribution member category. The amounts shown are in respect of the defined benefit member category only. The balance date of the Plan is 31 March. A full actuarial review of the Plan as at 1 April 2003 was performed by I Midgley MA, FIA, FNZSA.

2004

The asset values are estimated as at 30 September 2004, based on audited values as at 31 March 2004, adjusted to reflect estimated investment performance and cash flows between 1 April 2004 and 30 September 2004. The Accrued Benefits and Vested Benefits have been calculated using membership data as at 31 March 2004, adjusted to reflect estimated investment performance, expected cash flows and benefits accrued between 1 April 2004 and 30 September 2004.

2003

Asset values are as at 31 March 2003. Accrued Benefits and Vested Benefits are based on a full actuarial review performed as at 1 April 2003.

c) Canada

The amounts shown for Canada are in respect of the following superannuation arrangements: the Pension Plan for Employees of Orica Canada Inc, the Orica International Pension Plan, the High Income Earners Arrangement and the Excess Plan. The Pension Plan for Employees of Orica Canada Inc. has a non-contributory defined benefit component and an optional contributory defined contribution component. The amounts shown for the Pension Plan for Employees of Orica Canada Inc. are in respect of the defined benefit component only. The balance date of the Plan is 31 December. A full actuarial review of the Plan at 31 December 2003 was performed by B Gosselin FSA, FCIA. B Gosselin has provided actuarial estimates as at 30 September 2004.

The Orica International Pension Plan, High Income Earners Arrangement, and Excess Plan are all unfunded defined benefit superannuation arrangements.

2004

A detailed valuation was conducted as of 31 December 2003, based on membership data as of the same date. Accrued Benefits and Vested Benefits were estimated as at 30 September 2004 by projecting, on an aggregate basis and assuming no gains or losses, the obligations obtained from the detailed valuation to 30 September 2004. The asset values were estimated as at 30 September 2004 by projecting the pension Plan Assets as at 31 August 2004, provided by the custodian, to 30 September 2004, based on estimated cash flows for September 2004 and the annual expected return on assets rate of 7.75%.

The International Pension Plan (IPP), Excess Plan and High-Income Earners (HIE) arrangements obligations were valued as at 30 September 2004, based on membership data as at that same date.

2003

The net deficit as estimated by the Fund actuary for the Pension Plan for Employees of Orica Canada Inc has been calculated using membership data as at 1 January 2003 projected forward to September 2003 using standard actuarial methods. The downsizing of the Brownsburg Plant has been recognised in the actuarial assumptions. Asset values as at June 2003 have been projected forward to September 2003. Vested benefits are as at 31 December 2001 translated at the September 2003 exchange rate. Net assets as disclosed in the most recent Plan accounts (31 December 2001) were $39.7m.

37. Superannuation commitments (continued)

d) USA

The amounts shown for the USA are in respect of the Orica USA Inc. Retirement Income Plan and the Orica International Pension Plan. The Orica USA Inc. Retirement Income Plan is a defined benefit superannuation Plan. The Plan balance date is 31 December. A full actuarial review of the Plan as at 1 January 2003 was performed by L Gold ASA, EA. L Gold has provided actuarial estimates as at 30 September 2004. The full actuarial review as at 1 January 2004 is currently in progress.

The Orica International Pension Plan is an unfunded defined benefit superannuation arrangement.

2004

Asset values provided reflect total unaudited assets as of 30 September 2004. The Accrued Benefits and Vested Benefits have been estimated as at 30 September 2004 using membership data as at 1 January 2004 projected forward to 30 September 2004 using standard actuarial methods.

2003

The Accrued Benefits and Vested Benefits estimate has been calculated using membership data as at 1 January 2003 projected forward to September 2003 using standard actuarial methods. Asset values as at July 2003 have been projected forward to September 2003.

e) UK

The amounts shown for the UK are in respect of the Orica UK Pension Scheme. The Orica UK Pension Scheme is a defined benefit superannuation scheme. The Scheme balance date is 30 September. A full actuarial valuation as at 30 September 2003 was performed by A Sweeney, FIA. A Carey, FIA has provided actuarial estimates as at 30 September 2004.

2004

The asset values are estimated as at 30 September 2004 based on the asset value as at 30 June 2004, adjusted to reflect market conditions as at 30 September 2004 and allowing for actual asset returns and actual cash flows between 1 July 2004 and 30 September 2004. The Accrued Benefits and Vested Benefits have been determined as at 30 September 2004 by updating the 30 September 2003 actuarial valuation results through projecting the experience, and allowing for expected cash flows and the cost of accrual over the period.

2003

The estimate of Accrued Benefits has been calculated using membership data as at 30 September 2000. Asset values are estimated at August 2002. Vested Benefits are as at 30 September 2000. Asset values as disclosed in the most recent Plan accounts (30 September 2002) were $14.7m.

f) India

The amounts shown for India are in respect of the following defined benefit superannuation arrangements: the Indian Explosives Limited Management Staff Pension Fund, the Indian Explosives Limited Employees Superannuation Fund, the Indian Explosives Limited Employees Management Staff Superannuation Fund and the Indian Explosives Limited Gratuity Fund. The Funds balance dates are 31 March. A full actuarial review of each of the Funds is currently in progress. The actuarial reviews will be completed by M Chakravarti, FIA, FASI. S Roy has provided actuarial estimates as at 30 September 2004.

2004

The defined benefit superannuation arrangements were taken on as part of the 6 November 2003 acquisition of the remaining 51% share of the Indian Explosives business. The asset values as at 30 September 2004 represent an estimate of the expected amount receivable from ICI India Limited. A final agreement has been made to transfer amounts from ICI India Limited in respect of part of the deficit for the defined benefit superannuation arrangements. A provision has been made on acquisition for the remaining deficit. The Accrued Benefits and Vested Benefits have been determined as at 30 September 2004 based on values calculated as at 31 March 2004 allowing for expected cash flows and benefits accrued over the period 1 April 2004 to 30 September 2004.

g) Brazil

The amounts shown for Brazil are in respect of Orica Brasil Ltda. Orica Brasil Ltda is a defined benefit superannuation plan. The Plan balance date is 31 December. A full actuarial review at 31 December 2003 was performed by G Galvão. G Galvão has provided actuarial estimates as at 30 September 2004.

2004

The asset values have been estimated as at 30 September 2004, based on audited values as at 31 December 2003, adjusted to reflect estimated investment performance and cashflows between 31 December 2003 and 30 September 2004. The Accrued Benefits and Vested Benefits have been estimated using membership data as at 31 December 2003, adjusted to reflect estimated investment performance, expected cashflows and benefits accrued between 1 January 2004 and 30 September 2004.

2003

The asset values and accrued benefits are estimated as at 30 September 2003 updated from the full actuarial review at 31 December 2002 performed by G Galvão. The value of Vested Benefits has been taken to be equal to the Accrued Benefits.

37. Superannuation commitments (continued)

h) Philippines

The amounts shown for the Philippines are in respect of the following defined benefit superannuation arrangements: the Philippine Explosives Corporation Monthly-Paid Employees Retirement Plan and the Philippine Explosives Corporation Factory Workers Retirement Plan. The Plans are both defined benefit schemes. The Plans balance dates are 30 September. A full actuarial review at 31 May 2003 was performed for each Plan by M Cabading FASP, FLIMI. M Cabading has provided actuarial estimates as at 30 September 2004.

2004

The asset values are estimated as at 30 September 2004, based on values as at 30 June 2004, adjusted to reflect estimated investment performance and cash flows between 1 July 2004 and 30 September 2004. The Accrued Benefits and Vested Benefits have been estimated using membership data as at 31 May 2003, adjusted to reflect estimated investment performance, expected cash flows and benefit accrual between 1 June 2003 and 30 September 2004.

2003

A full actuarial review at 31 May 2003 was performed for each Plan by M C G Cabading FASP, FLMI.

Notes to the Financial Statements

For the year ended 30 September 2004

38. Investments in controlled entities

Name of Entity	Place of incorporation if other than Australia	Name of Entity	Place of incorporation if other than Australia
Company			
Orica Limited			
Controlled Entities			
ACF and Shirleys Pty Ltd (e)		Marplex Australia (Holdings) Pty Ltd (b)	
(formerly ACF and Shirleys Ltd)		Marplex Australia Pty Ltd (b)	
Advanced Sciences Pty Ltd (e)		Myspace Limited	
Altona Properties Pty Ltd (e)		Nitroamonia de Mexico S.A de C.V.	Mexico
Australian Fertilizers Pty Ltd (e)		Nobeltax S.A.	Spain
(formerly Australian Fertilizers Limited)		Norspreng AS	Norway
Berger Paints Limited	NZ	North Western Flour Mills Pty. Ltd. (d)	
Brasex Participacoes Ltda	Brazil	Nu-bake Bakery Pty. Ltd. (d)	
British Paints New Zealand Limited	NZ	Nu-bake Properties Pty. Ltd. (d)	
Bronson & Jacobs Pty Ltd (b)		Oregon Paint Company Limited	NZ
Bronson & Jacobs (NZ) Limited (b)	NZ	Orica (Weihai) Explosives Co Ltd	China
Bronson & Jacobs (S.E. Asia) Pte Ltd (b)	Singapore	Orica Advanced Water Technologies Pty Ltd (e)	
Bronson & Jacobs (Malaysia) Sdn Bhd (b)	Malaysia	Orica Alberta Inc	Canada
Bronson and Jacobs (H.K.) Limited (b)	Hong Kong	Orica Argentina S.A.I.C.	Argentina
Bronson and Jacobs (Shanghai) International Trading Co. Ltd (b)	China	Orica Australia Pty Ltd (a)	
Bronson & Jacobs (GZFTZ) Trading Ltd (b)	China	Orica Brasil Ltda	Brazil
CHEM Advisory Services Pty Ltd (e)		Orica Canada Inc	Canada
CHEM Exports Pty Ltd (e)		Orica Chile S.A.	Chile
CHEM Instruments Pty Ltd (e)		Orica Coatings (Fiji) Limited	Fiji
CHEM International Pty Ltd (e)		Orica Dominicana S.A.	Dominican Republic
CHEM Powder Coatings Pty Limited (e)		Orica Eesti OU	Estonia
Chemical Cleaning Limited	NZ	Orica Engineering Pty Ltd (e)	
Chemnet Limited	NZ	Orica Europe Pty Ltd & Co KG	Germany
Chemnet Pty Ltd (e)		(formerly Orica Europe GmbH & Co KG)	
Chemsafe New Zealand Limited	NZ	Orica Europe Investments Pty Ltd (e)	
Compania Aragonesa de Explosivos, S.A.	Spain	Orica Europe Management GmbH	Germany
Cripps Bakery Pty Ltd (d)		Orica European Investments Limited (d)	UK
Curasalus Insurance Limited	NZ	Orica Explosives (Thailand) Co Ltd	Thailand
Dulux Holdings Pty Ltd (e)		Orica Explosives Holdings Pty Ltd	
Dulux New Zealand Limited	NZ	Orica Explosives Research Pty Ltd (e)	
Eastern Nitrogen Pty Ltd (e)		Orica Explosives Technology Pty Ltd	
(formerly Eastern Nitrogen Limited)		Orica Explosivos Industriales, S.A.	Spain
ECH Investments Pty. Limited (d)		Orica Export Inc.	USA
Electrical & Engineering Supplies Proprietary Limited (d)		Orica Fiji Ltd	Fiji
Engineering Polymers Pty Ltd (b)		Orica Finance Limited	
Essential Oils of Tasmania Pty Ltd (b)		Orica GEESP Pty Ltd (e)	
Eurodyn Sprengmittel GmbH	Germany	Orica Germany GmbH	Germany
Explosivos Mexicanos S.A. de C.V.	Mexico	Orica Guyana Inc.	Guyana
H.M.A. Ltd. (d)		Orica Holdings Pty Ltd (e)	
Holyman Brothers Proprietary Limited (d)		Orica Hong Kong Limited	Hong Kong
Incitec Fertilizers Limited		Orica IC Assets Ltd (a)	
Incitec Pivot Limited		Orica IC Investments Pty Ltd (e)	
Incitec Pivot LTI Plan Company Pty Limited		(formerly Orica IC Investments Ltd)	
Indian Explosives Limited (b)	India	Orica Insurance Pty Limited (e)	
Initiating Explosives Systems India Limited (b)	India	Orica International GP Pty Ltd (e)	
Initiating Explosives Systems Pty Ltd (a)		(formerly Industrial Chemicals Limited)	
Joplin Manufacturing Inc.	USA	Orica International IP Holdings Inc.	USA
Karochem International Limited (b)	UK	Orica International Management Inc.	USA
KC Chemical Industries Pty Limited (e)		Orica Investments (Indonesia) Pty Limited (e)	
LLC Orica Logistics (c)	Russia	Orica Investments (NZ) Limited	NZ
L.P.I. Finance Proprietary Limited (d)		Orica Investments (Thailand) Pty Limited (e)	
Levene Paint Manufacturing Limited	NZ	Orica Investments Pty Ltd (a)	
M & A '95 Pty Ltd (d)		Orica Ireland Limited	Ireland

38. Investments in controlled entities (continued)

Name of Entity	Place of incorporation if other than Australia
Orica Kazakhstan Closed Joint Stock Company	Kazakhstan
Orica Kimit Explosives AB	Sweden
Orica Kimit Norge AS	Norway
Orica Malaysia Sdn Bhd	Malaysia
Orica Nelson Quarry Services Inc.	USA
Orica New Zealand Finance Limited	NZ
Orica New Zealand LP	
Orica New Zealand Ltd	NZ
Orica Nitro Patlayici Maddeler Ticaret ve Sanayi A.S.	Turkey
Orica Nitrogen LLC	USA
Orica Nominees Pty Ltd (e)	
Orica Papua New Guinea Limited	PNG
Orica Peru S.A.	Peru
Orica Philippines Inc (formerly Orica Explosives Philippines Inc)	Philippines
Orica Puerto Rico Inc. (d)	Puerto Rico
Orica Securities (UK) Limited	UK
Orica Share Plan Pty Limited (e)	
Orica Singapore Pte Ltd	Singapore
Orica South Africa (Proprietary) Limited (b)	South Africa
Orica U.S. Services Inc.	USA
Orica UK Limited	UK
Orica United Kingdom LP (e)	
Orica USA Inc.	USA
Orica Venezuela C.A.	Venezuela
Orica Watercare Inc.	USA
Orica-CCM Energy Systems Sdn Bhd	Malaysia
Orica-GM Holdings Ltd	UK
Oricorp Comercial S.A. de C.V.	Mexico
Oricorp Mexico S.A. de C.V.	Mexico
Penlon Pty Limited (e)	
Phoschem Proprietary Limited (d)	
Pivot Agricultural Laboratory Services Pty. Ltd. (d)	
Pivot Employee Share Plan Administration Company Pty Limited (d)	
Pivot Fertilisers Proprietary Limited (d)	
Pivot Motors Pty. Ltd. (d)	
Pivot Nominees Pty. Ltd. (d)	
Pivot Nutrition Pty. Ltd. (d)	
Pivot Supplementary Feeds Limited (d)	
Pivot Transport Proprietary Limited (d)	
PT Baktijala Kencana Citra (b)	Indonesia
PT Kaltim Nitrate Indonesia	Indonesia
PT Orica Mining Services	Indonesia
PT Orica Resindo Mahakam	Indonesia
Retec Pty Ltd (e) (formerly Retec Ltd)	
Saftrans Pty. Ltd. (d)	
Sarkem Pty Ltd (e)	
Selleys Chemical Co NZ Limited	NZ
Selleys Pty Limited (a)	
SHE Pacific Pty Ltd (e)	
Sprengmittelvertrieb in Bayern GmbH	Germany
Sprengstoff-Verwertungs GmbH	Germany
Stock Feed Distributors Pty. Ltd. (d)	
Teradoran Pty Ltd (b)	
The Orica Community Foundation Pty Ltd (c)	
TOP Australia Ltd. (e)	
Welvic Australia Pty Ltd (e)	

Notes:

All entities are owned 100% except as set out in note 24.

(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 2004.

(c) Incorporated in 2004.

(d) In liquidation.

(e) Small proprietary company - no separate statutory accounts are prepared.

39. 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 38. A consolidated statement of financial position and statement of financial performance for this closed group is shown below.

Statement of financial position

	Closed Group 2004 $m	Closed Group 2003 $m
Current assets		
Cash assets	**1,363.1**	1,358.4
Receivables	**302.4**	228.7
Inventories	**252.8**	192.0
Other	**28.5**	18.8
Total current assets	**1,946.8**	1,797.9
Non-current assets		
Receivables	**17.6**	25.1
Investments accounted for using the equity method	**2.3**	28.1
Other financial assets	**1,559.3**	1,667.1
Property, plant and equipment	**743.3**	598.2
Intangible assets	**372.0**	29.5
Deferred tax assets	**115.7**	94.0
Other	**44.0**	5.3
Total non-current assets	**2,854.2**	2,447.3
Total assets	**4,801.0**	4,245.2
Current liabilities		
Payables	**338.3**	244.1
Interest bearing liabilities	**2,096.0**	1,575.1
Provisions	**116.6**	75.8
Total current liabilities	**2,550.9**	1,895.0
Non-current liabilities		
Payables	**4.6**	0.4
Interest bearing liabilities	**326.9**	641.8
Deferred tax liabilities	**76.2**	64.1
Provisions	**104.4**	127.8
Total non-current liabilities	**512.1**	834.1
Total liabilities	**3,063.0**	2,729.1
Net assets	**1,738.0**	1,516.1
Equity		
Contributed equity	**369.3**	487.7
Reserves	**418.4**	147.9
Retained profits	**950.3**	880.5
Total equity	**1,738.0**	1,516.1

Statement of financial performance

	2004 $m	2003 $m
Profit/(loss) from ordinary activities before income tax expense	**139.8**	305.7
Income tax benefit/(expense) attributable to profit from ordinary activities	**4.2**	(24.9)
Profit/(loss) from ordinary activities after income tax expense	**144.0**	280.8
Retained profits at the beginning of the financial year	**880.5**	708.8
Retained profits/(losses) of companies joining and leaving the Deed	**82.4**	(58.5)
Net decrease in equity due to initial adoption of AASB 1044 - Provisions, Contingent Liabilities and Contingent Assets and AASB 1028 - *Employee Benefits*	**-**	80.3
Ordinary - final dividend declared/paid	**(94.4)**	(80.9)
Ordinary - interim and preference dividends declared/paid	**(62.2)**	(50.0)
Retained profits at the end of the financial year	**950.3**	880.5

40. Events subsequent to balance date

- On 13 October 2004, Orica Limited received a notice of amended assessment from the Australian Taxation Office ("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 13 October 2004, Orica announced increased financial commitment to the Botany Groundwater Project, involving an additional environmental provision of $46 million (after tax) for the the remediation of groundwater contaminated by pollutants from historical operations discontinued several years ago and the construction of a Groundwater Recycling plant for $38 million. The additional environmental provision is treated as a significant item in the financial statements for the year ended 30 September 2004.
- On 29 October 2004, Orica announced the extension of the existing contract for the Company's Managing Director and Chief Executive Officer, Mr Malcolm Broomhead for an additional two years until September 2008. A condition of the Managing Director's contract extension is shareholder approval to allow early repayment and release of a portion of the shares held under his existing share loan. Shareholder approval will be sought at the Company's Annual General Meeting in December. This would enable Mr Broomhead to access 500,000 shares in December 2004 held under his existing share loan established in 2001 and to access a further 500,000 shares in September 2005.
- Since the end of the financial year, the directors declared a final dividend of 45 cents per share payable on 8 December 2004. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2004 and will be recognised in the 2005 financial statements.
- On 3 November 2004, the Company announced an on-market buy-back of up to $250 million of its share capital.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2004, 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.

41. Impact of adopting AASB equivalents to IASB standards

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). Orica has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (AIFRPs). The company has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to AIFRPs. As a result of these procedures, Orica has graded impact areas as either high, medium or low and has established a project team to address each of the areas. The project team reports to each meeting of the Board Audit and Risk Management Committee.

At the date of this report, the project team has analysed most of the AIFRPs and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under AASB 1 - First-time Adoption of Australian International Financial Reporting Pronouncements. Some of these choices are still being analysed to determine the most appropriate accounting policy for the Group. Accordingly, there can be no assurances that the consolidated statements of financial performance and statements of financial position as disclosed in the 2004 financial report would not be significantly different if determined in accordance with AIFRPs.

The differences between Australian GAAP and AIFRPs identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and AIFRPs. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

Major changes identified to date that will be required to the Group's existing accounting policies include the following:

Employee Benefits

Under AASB 119 - Employee Benefits, employer sponsors are required to recognise the net surplus or deficit in their employer sponsored defined benefit funds as an asset or liability respectively. This will result in a change in the Group's current accounting policy which does not currently recognise the net assets/liabilities of the defined benefit fund unless there is a present obligation. Under the new policy, Orica will be required to recognise an asset/liability of the defined benefit fund for the net surplus/deficit based on an actuarial calculation of the position of the fund. The initial adjustment on transition will be through retained earnings and subsequent adjustments will be to net profit or loss for the period. Reliable estimation of the future financial effects of this change in accounting policy on transition is impracticable because the actuarial calculations on an AIFRPs basis have not yet been completed as at the date of this report.

Goodwill

Under AASB 3 - Business Combinations, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing of the cash flows of the related cash generating unit. This will result in a change in the Group's current accounting policy which amortises goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known. The impact on Orica (subject to impairment testing) will be to increase net profit and to increase net assets.

Provisions

Under AASB 3 - Business Combinations, provisions for restructuring on acquisition of businesses may only be created when the acquiree has, at the acquisition date, an existing liability for restructuring recognised in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. The impact on Orica will be to decrease net profit where acquisitions are restructured subsequent to acquisition.

Share based payments

Under AASB 2 - Share based payments, Orica will be required to determine the fair value of share based payments issued to employees as remuneration and recognise an expense in the statements of financial performance. This applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy on transition is impracticable as the details of future equity based remuneration plans are unknown. The impact on Orica will be to decrease net profit and increase contributed equity.

Classification of Financial Instruments

Under AASB 139 - Financial Instruments: Recognition and Measurement, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are:

- loans and receivables - measured at amortised cost;
- held to maturity - measured at amortised cost;
- held for trading - measured at fair value with fair value changes charged to net profit or loss;
- available for sale - measured at fair value with fair value changes taken to equity; and
- non-trading liabilities - measured at amortised cost.

This will result in a change in the existing accounting policy which does not classify financial instruments. Current measurement is at amortised cost, with certain derivative financial instruments not recognised on balance sheet. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Hedge Accounting

Under AASB 139 - Financial Instruments: Recognition and Measurement, in order to achieve a qualifying hedge, the entity is required to meet the following criteria:

- Identify the type of hedge - fair value or cash flow;
- Identify the hedged item or transaction;
- Identify the nature of the risk being hedged;
- Identify the hedging instrument;
- Demonstrate that the hedge has and will continue to be highly effective; and
- Document the hedging relationship, including the risk management objectives and strategy for undertaking the hedge and how effectiveness will be tested.

This may result in a change in the entity's existing accounting policy if hedge transactions are designated as a hedge of (i) the anticipated purchase or sale of goods or services, (ii) purchase of qualifying assets, or (iii) an anticipated interest transaction and 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. Under the new policy hedge accounting may no longer be able to be applied to such contracts and gains and losses on the contracts may be recognised in the statements of financial performance. Reliable estimation of the future financial effect of this change in accounting policy has not yet been measured.

Intangible Assets

Under AASB 138 - Intangible Assets, internally generated intangible assets (except development phase expenditure in certain circumstances) will not be recognised and intangible assets can only be revalued if there is an active market. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future internally generated intangible assets are unknown.

Impairment of Assets

Under AASB 136 - Impairment of Assets, the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Group's existing accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Income taxes

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 statements of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

41. Impact of adopting AASB equivalents to IASB standards (continued)

This will result in a change to the existing accounting policy, under which deferred tax balances aredetermined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity. Reliable estimation of the future financial effect of this change in accounting policy has not yet been measured.

Changes in accounting policies

Under AIFRPs, changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments, with note disclosure of prior year effects as is the existing practice under Australian GAAP.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to AIFRPs, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to AIFRPs on the Group's statements of financial position and reported results.

Directors' Declaration on the Financial Report set out on pages 25 to 89

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,

1. (a) the financial statements and notes, set out on pages 25 to 89, 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 2004 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

    (ii) complying with Accounting Standards in Australia 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.

2. There are reasonable grounds to believe that the Company and the subsidiaries identified in note 38 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418 (as amended).

D P Mercer
Chairman

Dated at Melbourne this 3rd day of November 2004.

Audit Report

For the year ended 30 September 2004

Independent audit report to the members of Orica Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Orica Limited (the 'Company') and Orica Limited Group (the 'consolidated entity'), for the year ended 30 September 2004. The consolidated entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Orica Limited is in accordance with:

a. the Corporations Act 2001, including:

i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 September 2004 and of their performance for the financial year ended on that date; and

ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

P M Shannon

P M Shannon
Partner

Dated at Melbourne this 3rd day of November 2004.

Shareholders' Statistics

As at 8 October 2004

Distribution of Ordinary Shareholders and Shareholdings

Size of holding			Number of holders		Number of shares	
1	–	1,000	28,450	63.61%	12,735,548	4.72%
1,001	–	5,000	14,249	31.86%	29,798,388	11.03%
5,001	–	10,000	1,354	3.03%	9,563,202	3.54%
10,001	–	100,000	594	1.33%	12,922,476	4.79%
100,001 and over			78	0.17%	205,038,279	75.92%
Total			44,725	100.00%	270,057,893	100.00%

Included in the above total are 1,891 shareholders holding less than a marketable parcel of 30 shares.
The holdings of the 20 largest holders of fully paid ordinary shares represent 70.86% of that class of shares.

Twenty largest ordinary fully paid shareholders

	Shares	% of total
J P Morgan Nominees Australia Limited	42,143,672	15.61
National Nominees Limited	34,800,745	12.89
Westpac Custodian Nominees Limited	30,055,380	11.13
RBC Global Services Australia Nominees Pty Ltd	23,186,654	8.59
ANZ Nominees Limited	11,795,793	4.37
Cogent Nominees Pty Limited	11,006,851	4.08
Citicorp Nominees Pty Limited	8,613,528	3.19
AMP Life Limited	4,985,419	1.85
Queensland Investment Corporation	4,654,644	1.72
IAG Nominees Pty Limited	3,500,825	1.30
Australian Foundation Investment Company Limited	2,230,286	0.83
Bond Street Custodians Limited	2,104,875	0.78
Government Superannuation Office	1,774,874	0.66
HSBC Custody Nominees Australia Limited	1,609,873	0.60
Tasman Asset Management Ltd	1,562,018	0.58
Mr Malcolm Broomhead	1,500,000	0.56
IOOF Investment Management Limited	1,478,023	0.55
Argo Investments Limited	1,469,029	0.54
Suncorp Custodian Services Pty Limited	1,392,567	0.52
Victorian Workcover Authority	1,387,226	0.51
Total	191,252,282	70.86

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:

23 September 2004	AMP Limited	13,926,226	5.16%
17 August 2004	Perpetual Trustees Australia Limited	29,592,689	10.96%
18 December 2003	Barclays Group	16,893,343	6.09%

On-market buy-back

On 11 May 2004, the Company completed the 5% Orica Share buyback program. In total, 13,954,402 shares were purchased at an average price of $12.67.

On 3 November 2004, the Company announced an on-market buy-back of up to $250 million of its share capital.

Distribution of Preference Shareholders and Shareholdings

Size of holding			Number of holders		Number of shares	
1	–	1,000	238	74.84%	73,266	3.66%
1,001	–	5,000	40	12.58%	110,419	5.52%
5,001	–	10,000	16	5.03%	125,583	6.28%
10,001	–	100,000	22	6.92%	588,095	29.40%
100,001 and over			2	0.63%	1,102,637	55.14%
Total			318	100.00%	2,000,000	100.00%

Included in the above total are 179 shareholders holding less than a marketable parcel of 447 shares.
The holdings of the 20 largest holders of 5% cumulative preference shares represent 82.36% of that class of shares.

Twenty largest 5% cumulative preference shareholders

	Shares	% of total
IAG Nominees Pty Limited	938,722	46.94
Mr Ian Edward Morton	163,915	8.20
Winpar Holdings Limited	65,777	3.29
Mr John Frederick Bligh	58,153	2.91
J S Millner Holdings Pty Ltd	55,300	2.77
Oceanridge Limited	41,150	2.06
Patmic Pty Limited	40,300	2.02
Mr Ian Morton	35,174	1.76
Ms Nina Tschernykow	34,500	1.73
Gowing Bros Ltd	33,400	1.67
Great Northern Laundry Pty Ltd	26,000	1.30
Mr Allistair Hazard	22,200	1.11
Grampian Hills Pty Limited	21,400	1.07
Super John Pty Limited	18,694	0.93
RFC Investment Holdings P/L	16,936	0.85
Mr Eric Raymond Arnold Elsey	16,607	0.83
Robert John Charles Catto	16,348	0.82
Mr Douglas Robert Graham Neild	15,500	0.78
Mrs Deborah Lee Morton	14,136	0.71
Batoka Pty Limited	12,120	0.61
Total	1,646,332	82.36

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;
(b) on a poll, one vote for every fully paid ordinary share held.
No voting rights attach to the 5% cumulative preference shares except as defined in the Constitution.

Distribution of Redeemable Preference Shareholders and Shareholdings (shares issued by Incitec Fertilizers Limited)

Size of holding			Number of holders		Number of shares	
1	–	1,000	28	96.55%	3,400	30.91%
1,001	–	5,000	0	0.00%	0	0.00%
5,001	–	10,000	1	3.45%	7,600	69.09%
10,001	–	100,000	0	0.00%	0	0.00%
100,001 and over			0	0.00%	0	0.00%
Total			29	100.00%	11,000	100.00%

Included in the above total are nil shareholders holding less than a marketable parcel of shares.
The holdings of the 20 largest holders of redeemable preference shares represent 92% of that class of shares.

Ten Year Financial Statistics

Orica consolidated		2004 $m
Sales		**4,610.5**
Earnings before depreciation, amortisation, net borrowing costs and tax		724.2
Depreciation and amortisation (excluding goodwill)		(137.7)
Goodwill amortisation		(33.2)
Earnings before net borrowing costs and tax (EBIT)		**553.3**
Net borrowing costs		(72.3)
Individually significant items before tax		(46.6)
Taxation expense		(80.9)
Outside equity interests		(25.7)
Operating profit after tax and individually significant items		**327.8**
Individually significant items after tax attributable to members of Orica		**2.2**
Operating profit after tax before individually significant items (net of tax)		**325.6**
Dividends		156.6
Current assets		1,709.6
Property, plant and equipment		1,518.0
Investments		65.7
Intangibles		581.8
Other non-current assets		278.2
Total assets		**4,153.3**
Current borrowings and payables		1,165.4
Current provisions		221.4
Non current borrowings and payables		755.3
Non current provisions		373.3
Total liabilities		**2,515.4**
Net assets		**1,637.9**
Shareholders' equity		1,428.6
Equity attributable to minority interests		209.3
Total shareholders' equity		**1,637.9**
Number of ordinary shares on issue at year end	millions	270.1
Weighted average number of ordinary shares on issue	millions	273.5
Earnings per share		
before individually significant items	**cents**	**119.0**
including individually significant items	**cents**	**119.8**
Dividends per share	**cents**	**68.0**
Dividend franking	**%**	**41.2**
Dividend yield (based on year end share price)	%	3.9
Share price range – High		**$17.55**
Low		**$11.92**
Year end		**$17.30**
Stockmarket capitalisation at year end	$m	4,672.7
Net tangible assets per share	**$**	**3.14**
Profit margin (earnings before net borrowing costs and tax/sales)	%	**12.0**
Net debt		**977.3**
Gearing (net debt/net debt plus equity)	%	**37.4**
Interest cover (earnings before net borrowing costs and tax/net borrowing costs)	**times**	**7.7**
Net capital expenditure on plant and equipment (Cash Flow)		**(126.9)**
Net capital expenditure on acquisitions/(disposals) (Cash Flow)		**(253.9)**
Return on average shareholders funds		
before individually significant items	%	**23.1**
including individually significant items	%	**23.3**

Note: Due to acquisition and disposal of businesses, the financial statistics from 1997 to 2002 are not directly comparable to prior years.

2003 $m	2002 $m	2001 $m	2000 $m	1999 $m	1998 $m	1997 $m	1996 $m	1995 $m
3,958.6	**4,085.2**	**4,041.9**	**3,672.7**	**3,959.8**	**3,935.2**	**3,602.1**	**3,457.6**	**3,365.3**
617.5	581.8	349.7	442.5	479.7	560.5	597.5	506.7	560.8
(155.1)	(161.3)	(161.2)	(145.5)	(160.2)	(147.8)	(153.0)	(125.7)	(133.0)
(20.1)	(10.5)	(14.1)	(15.9)	(15.9)	(23.6)	(5.9)	(4.7)	(4.3)
442.3	**410.0**	**174.4**	**281.1**	**303.6**	**389.1**	**438.6**	**376.3**	**423.5**
(60.7)	(59.5)	(64.0)	(46.0)	(45.2)	(62.7)	(37.0)	(26.2)	(15.4)
(208.7)	(48.1)	(280.4)	(46.7)	(33.7)	126.3	(152.9)	(35.9)	-
(59.3)	(72.5)	(36.6)	(65.1)	(26.7)	(1.8)	(97.9)	(95.9)	(124.2)
(12.9)	(16.3)	13.9	(9.6)	(11.8)	(16.0)	(18.6)	(21.2)	(15.1)
100.7	**213.6**	**(192.7)**	**113.7**	**186.2**	**434.9**	**132.2**	**197.1**	**268.8**
(169.6)	**(25.5)**	**(255.0)**	**(33.3)**	**29.8**	**230.3**	**(110.0)**	**(23.0)**	**-**
270.3	**239.1**	**62.3**	**147.0**	**156.4**	**204.6**	**242.2**	**220.1**	**268.8**
50.0	122.9	44.3	96.4	100.8	134.1	134.0	130.5	154.2
1,282.6	1,270.3	1,433.9	1,364.7	1,377.8	1,387.5	1,184.2	1,130.0	1,126.4
1,436.8	1,414.1	1,621.4	1,484.0	1,444.3	1,736.2	1,591.7	1,568.6	1,351.6
86.4	234.2	244.2	264.6	239.4	17.3	1.5	1.1	1.6
441.7	135.5	155.0	249.6	258.4	297.0	65.6	44.6	49.0
307.8	311.1	276.0	216.4	209.7	209.4	118.6	99.1	127.1
3,555.3	**3,365.2**	**3,730.5**	**3,579.3**	**3,529.6**	**3,647.4**	**2,961.6**	**2,843.4**	**2,655.7**
683.3	640.0	887.4	845.0	811.4	870.7	1,065.4	623.1	570.5
169.6	248.2	303.8	266.3	312.3	340.4	294.0	262.1	340.4
812.7	727.8	869.2	552.3	534.0	579.7	162.8	238.7	77.6
309.2	255.1	267.4	271.9	274.7	343.2	259.7	203.8	221.3
1,974.8	**1,871.1**	**2,327.8**	**1,935.5**	**1,932.4**	**2,134.0**	**1,781.9**	**1,327.7**	**1,209.8**
1,580.5	**1,494.1**	**1,402.7**	**1,643.8**	**1,597.2**	**1,513.4**	**1,179.7**	**1,515.7**	**1,445.9**
1,384.9	1,373.0	1,283.2	1,511.4	1,476.7	1,390.0	1,072.0	1,440.5	1,377.6
195.6	121.1	119.5	132.4	120.5	123.4	107.7	75.2	68.3
1,580.5	**1,494.1**	**1,402.7**	**1,643.8**	**1,597.2**	**1,513.4**	**1,179.7**	**1,515.7**	**1,445.9**
277.6	279.1	277.3	275.8	273.2	268.8	266.5	296.4	296.3
277.9	278.0	275.9	274.6	270.6	267.1	290.7	296.4	296.3
97.2	**86.0**	**22.5**	**53.5**	**57.8**	**76.6**	**83.3**	**74.2**	**90.7**
36.2	**76.8**	**(70.0)**	**41.4**	**68.8**	**162.8**	**45.4**	**66.5**	**90.7**
52.0	**44.0**	**16.0**	**35.0**	**37.0**	**50.0**	**48.0**	**44.0**	**52.0**
21.1	**34.0**	**100.0**	**32.0**	**37.9**	**42.0**	**100.0**	**65.7**	**100.0**
4.3	4.6	3.7	6.1	4.5	6.1	3.7	3.6	5.2
$12.47	**$9.85**	**$6.08**	**$8.66**	**$9.60**	**$13.12**	**$13.85**	**$12.25**	**$11.60**
$8.15	**$4.22**	**$4.04**	**$5.58**	**$7.97**	**$7.80**	**$10.80**	**$8.93**	**$8.70**
$12.00	**$9.52**	**$4.34**	**$5.73**	**$8.25**	**$8.20**	**$13.14**	**$12.25**	**$10.00**
3,331.2	2,656.9	1,203.3	1,580.1	2,253.5	2,204.5	3,501.7	3,631.1	2,963.2
3.40	**4.43**	**4.07**	**4.58**	**4.46**	**4.07**	**3.78**	**4.71**	**4.48**
11.2	**10.0**	**4.3**	**7.7**	**7.7**	**9.9**	**12.2**	**10.9**	**12.6**
877.0	**679.7**	**984.1**	**777.4**	**709.8**	**801.1**	**658.6**	**304.0**	**85.0**
35.7	**31.3**	**41.2**	**32.1**	**30.8**	**34.6**	**35.8**	**16.7**	**5.6**
7.3	**6.9**	**2.7**	**6.1**	**6.7**	**6.2**	**11.9**	**14.4**	**27.5**
(43.6)	**(15.3)**	**(213.8)**	**(241.5)**	**(221.5)**	**(223.1)**	**(203.2)**	**(332.8)**	**(274.0)**
(342.7)	**(1.3)**	**(131.7)**	**144.9**	**12.5**	**(3.9)**	**(2.9)**	**10.3**	**(18.4)**
19.6	**18.0**	**4.5**	**9.8**	**10.9**	**16.6**	**19.3**	**15.6**	**20.4**
7.3	**16.1**	**(13.8)**	**7.6**	**13.0**	**35.3**	**10.5**	**14.0**	**20.4**

Shareholder Information

Annual General Meeting

10.30am Wednesday 15 December 2004. The Auditorium, Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Victoria.

Stock Exchange Listing

Orica's shares are listed on the Australian Stock Exchange (ASX) and are traded under the code ORI.

Orica Share Registry

ASX Perpetual Registrars Limited
Level 4, 333 Collins Street,
Melbourne Victoria 3000
Australia

GPO Box 1736P
Melbourne Victoria 3001

Telephone: 1300 301 253
(for callers within Australia)
International: +613 9615 9742
Facsimile: +613 9615 9900
E-mail:
registrars@asxperpetual.com.au
Website:
www.asxperpetual.com.au/orica

Tax and Dividend Payments

For Australian registered shareholders who have not quoted their Tax File Number (TFN) Exemption 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 the Share Registrar's website at:
www.asxperpetual.com.au/orica

Dividend Payments

Your dividends will be paid in Australian dollars by cheque, mailed to the address recorded on the share register.

Better still, 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.

Not only can we do your banking for you, but dividends paid by direct credit hit 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 the Share Registrar's website at www.asxperpetual.com.au/orica

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 SRNs 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 number), or change the details online at Share Registrar's website at www.asxperpetual.com.au

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, ASX Perpetual Registrars 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 security holder reference number (SRN) or holder identification number (HIN) handy.

You can do so much more online via the internet

Visit ASX Perpetual's website: www.asxperpetual.com.au/orica and 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 Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

Orica Communications

Orica's internet site: www.orica.com offers shareholder publications, news releases, announcements to the ASX, and the text of the Chairman's and Managing Director's addresses at the AGM. The website provides essential information about the company and offers insights into Orica's businesses.

Orica's printed communications for shareholders includes the Annual Report, Business Overview and the Safety, Health & Environment Performance Report which provide a review of the company's performance in the twelve months to 30 September.

Shareholders may elect to receive the annual report, no 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 receive the annual report. If you wish to change your annual report election please contact the Share Registrar or visit the Share Registrar's website.

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 Limited Share Registry website www.asxperpetual.com.au/orica to register their preference.

Copies of publications are available on request.

Telephone: (03) 9665 7111
International: +61 3 9665 7111
Facsimile: (03) 9665 7937
International: +61 3 9665 7937
Email: companyinfo@orica.com

Auditors

KPMG

Orica Limited

ABN 24 004 145 868

Registered address and head office:
Level 9
1 Nicholson Street
East Melbourne Victoria 3002
Australia

Postal address:
GPO Box 4311
Melbourne Victoria 3001

Telephone:
(03) 9665 7111
International:
+61 3 9665 7111

Facsimile:
(03) 9665 7937
International:
+61 3 9665 7937

Email:
companyinfo@orica.com

Website: www.orica.com

Investor Relations

Telephone: +613 9665 7111

Email:
companyinfo@orica.com

Shareholder Timetable*

30 September 2004	**Orica Year End**
17 November 2004	Books close for 2004 final ordinary dividend
8 December 2004	Final ordinary dividend paid
15 December 2004	Annual General Meeting
14 January 2005	Books close for 2004 final preference dividend
31 January 2005	Final preference dividend paid
31 March 2005	**Orica Half Year End**
2 May 2005	Half year profit and interim dividend announced
24 June 2005	Books close for 2005 interim ordinary dividend
12 July 2005	Books close for 2005 interim preference dividend
15 July 2005	Interim ordinary dividend paid
29 July 2005	Interim preference dividend paid
30 September 2005	**Orica Year End**
2 November 2005	Full year profit and final dividend announced
17 November 2005	Books close for 2005 final ordinary dividend
8 December 2005	Final ordinary dividend paid
13 January 2006	Books close for 2005 final preference dividend
31 January 2006	Final preference dividend paid

** Timing of events is subject to change*

Online information

We are committed to keeping all our shareholders well informed and regularly update our website – www.orica.com

ORICA SHARE PRICE
Updated every 15 minutes.

ASX RELEASES
Updated on announcement to Australian Stock Exchange.

POWERPOINT PRESENTATION
Updated from investor and analyst roadshows.

EXCEL SPREADSHEET
Updated yearly for past nine years.

WEBCAST
Updated half-yearly and annually with results webcasts.

ANNUAL REPORTS
Updated annually with annual reports for past five years.

Orica Limited
ABN 24 004 145 868

Registered address and head office:
Level 9
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**

meORICA 8210-02