Appendix 4E
Preliminary final report

Name of entity:	**ORICA LIMITED**

ABN or equivalent company reference:	**24 004 145 868**

	Financial year ended ('current period')	Financial year ended ('previous corresponding period')
1.0	**30 September 2005**	30 September 2004

2.0 Results for announcement to the market

					$A'M
2.1	Revenues from ordinary activities	up	11.1%	to	5,261.6
2.2 a	Profit (loss) from ordinary activities after tax attributable to members	down	(27.9)%	to	236.3
2.2 b	Net profit (loss) for the period attributable to members before individually significant items	up	2.9%	to	334.9
2.3	Net profit (loss) for the period attributable to members	down	(27.9)%	to	236.3

2.4	**Dividends (distributions)**			Amount per security	Franked amount per security at 30% tax
	Final dividend	- Ordinary	Cents	46.00	15.00
		- Preference	Cents	2.50	0.82
	Interim dividend	- Ordinary	Cents	25.00	8.00
		- Preference	Cents	2.50	0.80
	Previous corresponding period				
	Final dividend	- Ordinary	Cents	45.00	21.00
		- Preference	Cents	2.50	1.17
	Interim dividend	- Ordinary	Cents	23.00	7.00
		- Preference	Cents	2.50	0.76

2.5	Record date for determining entitlements to the dividend:	Ordinary Preference	29-Nov-05 13-Jan-06
2.6	Payment dates of dividends:	Ordinary Preference	16-Dec-05 31-Jan-06

2.7 Brief explanation of any of the figures reported above:

Please refer to the accompanying Orica Limited Profit Report.

3.0 Statement of Financial Performance

For the year ended 30 September:

	Notes	2005 $m	2004 $m
Revenue from ordinary activities	(3.1)	**5,261.6**	**4,734.6**
Operating expenses			
Changes in inventories of finished goods and work in progress		51.9	120.9
Raw materials and consumables used and finished goods purchased for resale		(2,880.8)	(2,579.0)
Employee expenses		(769.8)	(698.1)
Depreciation and amortisation expense		(175.9)	(170.9)
Borrowing costs		(109.5)	(79.9)
Purchased services		(351.6)	(312.9)
Repairs and maintenance		(144.0)	(116.3)
Property, plant & equipment retired/disposed		(64.2)	(17.2)
Property, plant & equipment written down		(14.8)	(12.3)
Outgoing freight		(221.2)	(203.3)
Lease payments - operating leases		(68.2)	(57.2)
Other expenses from ordinary activities including significant items		(184.8)	(185.8)
Share of associates' net profit equity accounted		5.3	11.8
		(4,927.6)	(4,300.2)
Profit from ordinary activities before income tax expense		**334.0**	**434.4**
Income tax expense attributable to profit from ordinary activities	Attachment 1	(87.2)	(80.9)
Profit from ordinary activities after income tax expense		**246.8**	**353.5**
Outside equity interests in (profit) from ordinary activities after income tax		(10.5)	(25.7)
Profit from ordinary activities after income tax relating to members of Orica Limited		**236.3**	**327.8**
Non-owner transactions in equity			
Net exchange differences on translation of financial reports of foreign controlled entities	(9.0)	(25.9)	(9.1)
Total revenues, expenses and valuation adjustments relating to members of the parent entity recognised directly in equity		(25.9)	(9.1)
Total changes in equity other than those resulting from transactions with owners as owners		**210.4**	**318.7**

		cents	cents
Earnings per share			
Basic earnings per share:			
Ordinary shares	(14.1)	86.6	119.8
Diluted earnings per share:			
Ordinary shares	(14.1)	85.3	117.7

Notes to the Statement of Financial Performance

		2005 $m	2004 $m
3.1	**Revenue from ordinary activities**		
	External sales	5,126.7	4,610.5
	Other revenue from operating activities		
	Royalty income	1.0	0.3
	Interest income:		
	associated companies	2.8	2.4
	external parties – banks	3.6	5.2
	external parties – taxation refund	-	12.9
	Other income	30.3	39.8
	Other revenue from outside operating activities		
	Sale of property, plant and equipment	97.2	63.5
	Total other revenue	**134.9**	**124.1**
	Total revenue	**5,261.6**	**4,734.6**

		2005 Gross $m	2005 Tax $m	2005 Net $m	2004 Gross $m	2004 Tax $m	2004 Net $m
3.2	**Individually significant items**						
	Profit from ordinary activities includes the following individually significant items of revenues and expenses:						
	Consolidated						
	Environmental provision - Botany groundwater [1]	**(26.4)**	**7.9**	**(18.5)**	(65.0)	19.5	(45.5)
	Qenos Divestment [2]	**(35.2)**	**1.2**	**(34.0)**	-	-	-
	Restructuring and rationalisation costs:						
	Incitec Pivot business [3]	**(56.7)**	**15.8**	**(40.9)**	-	-	-
	Corporate and Chemical Services businesses [4]	**(21.8)**	**6.6**	**(15.2)**	-	-	-
	North American Mining Services business [5]	**-**	**-**	**-**	(17.8)	2.3	(15.5)
	Tax and interest refund [6]	**-**	**-**	**-**	11.7	25.0	36.7
	Sale of property, plant and equipment [7]	**-**	**-**	**-**	36.8	2.0	38.8
	Write down of carrying value of assets [8]	**-**	**-**	**-**	(12.3)	-	(12.3)
	Individually significant items	**(140.1)**	**31.5**	**(108.6)**	(46.6)	48.8	2.2
	Outside equity interests in individually significant items	**(14.1)**	**4.1**	**(10.0)**	-	-	-
	Individually significant items attributable to members of Orica	**(126.0)**	**27.4**	**(98.6)**	(46.6)	48.8	2.2

[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] Cost including provisions and expenses related to divestment of Qenos Holdings Pty Ltd.

[3] Cost including asset write downs, provisions and expenses incurred relating to the reorganisation of the Incitec Pivot business.

[4] Costs including, provisions and expenses incurred relating to the reorganisation of the Orica Corporate and Chemicals Services businesses.

[5] Costs including provisions and expenses incurred relating to the restructuring of the North American Mining Services business.

[6] Tax and interest refund received from the Australian Taxation Office in respect of a sale and leaseback transaction.

[7] Profit on the disposal of part of Deer Park site in Melbourne (Australia) and Waitawa site in Auckland (New Zealand).

[8] Asset write downs incurred relating to the restructuring of North America Mining Services.

4.0 Statement of Financial Position

As at:

	30 September 2005 $m	31 March 2005 $m	30 September 2004 $m
Current assets			
Cash assets	214.7	172.6	148.9
Receivables	673.6	763.4	754.4
Other financial assets	12.3	2.9	-
Inventories	826.3	955.6	744.7
Other assets	65.6	89.5	61.6
Total current assets	**1,792.5**	**1,984.0**	**1,709.6**
Non-current assets			
Receivables	144.0	160.2	21.3
Investments accounted for using the equity method	64.1	61.2	65.7
Property, plant and equipment	1,651.3	1,567.2	1,518.0
Intangible assets	576.5	598.0	581.8
Deferred tax assets	208.6	185.4	216.8
Other assets	33.1	37.2	40.1
Total non-current assets	**2,677.6**	**2,609.2**	**2,443.7**
Total assets	**4,470.1**	**4,593.2**	**4,153.3**
Current liabilities			
Payables	909.4	792.2	779.7
Interest bearing liabilities	49.5	847.9	385.7
Current tax liabilities	16.5	22.7	28.2
Provisions	197.3	146.3	193.2
Total current liabilities	**1,172.7**	**1,809.1**	**1,386.8**
Non-current liabilities			
Payables	9.1	12.7	14.8
Interest bearing liabilities	1,277.3	766.0	740.5
Deferred tax liabilities	160.6	148.3	151.7
Provisions	197.3	225.2	221.6
Total non-current liabilities	**1,644.3**	**1,152.2**	**1,128.6**
Total liabilities	**2,817.0**	**2,961.3**	**2,515.4**
Net assets	**1,653.1**	**1,631.9**	**1,637.9**
Equity			
Parent entity interest			
Contributed equity	381.2	397.4	369.3
Reserves	82.2	77.6	108.1
Retained profits	996.9	959.4	951.2
Total parent entity interest	**1,460.3**	**1,434.4**	**1,428.6**
Outside equity interests in controlled entities	192.8	197.5	209.3
Total equity	**1,653.1**	**1,631.9**	**1,637.9**

5.0. Statement of Cash Flows

For the year ended 30 September:

	2005 $m Inflows/ (Outflows)	2004 $m Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers	5,680.5	4,987.7
Payments to suppliers and employees	(5,049.1)	(4,348.7)
Interest received	5.7	20.2
Borrowing costs	(87.7)	(78.5)
Dividends received	8.0	12.0
Royalties and other operating revenue received	27.8	40.1
Net income taxes paid	(209.4)	(44.9)
Net cash flows from operating activities	**375.8**	**587.9**
Cash flows from investing activities		
Payments for property, plant and equipment	(353.9)	(198.9)
Payments for purchase of investments	(6.7)	(0.3)
Payments for purchase of businesses/controlled entities	(59.2)	(253.9)
Proceeds from sale of property, plant and equipment	119.0	72.0
Net cash flows (used in) investing activities	**(300.8)**	**(381.1)**
Cash flows from financing activities		
Proceeds from long term borrowings	557.2	279.5
Repayment of long term borrowings	-	(300.8)
Net movement in short term financing	(336.2)	163.7
Proceeds from finance leases	(0.1)	-
Proceeds from issue of shares	27.5	9.1
Payments for buy-back of shares	(53.7)	(127.5)
Dividends paid - Orica shareholders	(178.2)	(156.6)
Dividends paid - outside equity interests	(24.1)	(11.0)
Net cash flows (used in) financing activities	**(7.6)**	**(143.6)**
Net increase in cash held	67.4	63.2
Cash at the beginning of the financial period	147.3	85.1
Effects of exchange rate changes on cash	(2.8)	(1.0)
Cash at the end of the financial period	**211.9**	**147.3**

Reconciliation of cash

Cash at the end of the period as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

Cash	**214.7**	148.9
Bank overdraft	**(2.8)**	(1.6)
	211.9	147.3

6.0 The results of segments that are significant to an understanding of the business as a whole.

Reports for business

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

Following changes to the operation of the consolidated entity during the year, the former Chemicals operation has been split into two operations, Chemnet and Chemical Services. Prior year comparatives have been restated accordingly.

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.
Chemnet	Distribution and trading of a broad range of industrial and specialty chemicals, raw materials, ingredients and associated services to a wide range of manufacturers in Australia, New Zealand, Asia and South America.
Chemical Services	Manufacture and supply of a broad range of industrial and specialty chemicals including chlorine, MIEX® DOC resin, sodium hypochlorite, caustic soda, adhesives and resins and related chemicals for watercare, food, timber and general industrial purposes, and sodium cyanide to the gold mining industry.
Other Operations, and Corporate & Support Services	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. Non-operating assets, corporate costs, financial items (such as interest and foreign currency gain/losses on borrowings) and proceeds on sale of businesses.

Segment report (continued)

Primary reporting Business segments	Mining Services	Fertilisers	Consumer Products	Chemnet	Chemical Services	Other Operations and Corporate & Support	Eliminations	Consolidated
2005								
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue								
External sales	**1,965.7**	**1,035.5**	**768.3**	**976.0**	**381.2**	**-**	**-**	**5,126.7**
Inter-segment sales	**21.3**	**38.4**	**0.2**	**53.5**	**30.7**	**-**	**(144.1)**	**-**
Total sales revenue	**1,987.0**	**1,073.9**	**768.5**	**1,029.5**	**411.9**	**-**	**(144.1)**	**5,126.7**
Other revenue	**83.8**	**8.4**	**3.9**	**21.7**	**8.0**	**9.1**	**-**	**134.9**
Total revenue	**2,070.8**	**1,082.3**	**772.4**	**1,051.2**	**419.9**	**9.1**	**(144.1)**	**5,261.6**
Results								
Profit from ordinary activities before significant items and income tax expense	**333.7**	**72.0**	**97.4**	**68.6**	**60.9**	**(158.5)**	**-**	**474.1**
Individually significant items	**-**	**(56.7)**	**-**	**-**	**(6.6)**	**(76.8)**	**-**	**(140.1)**
Segment results post significant items	**333.7**	**15.3**	**97.4**	**68.6**	**54.3**	**(235.3)**	**-**	**334.0**
Income tax expense								**(87.2)**
Profit from ordinary activities after income tax expense								**246.8**
Outside equity interests in (profit)/loss from ordinary activities after income tax								**(10.5)**
Net profit from ordinary activities after income tax expense relating to members of Orica Limited								**236.3**
Segment assets	**1,759.7**	**917.7**	**397.9**	**576.4**	**482.8**	**335.6**	**-**	**4,470.1**
Segment liabilities	**577.2**	**269.2**	**158.8**	**149.0**	**67.4**	**1,595.4**	**-**	**2,817.0**
Investment in equity method associates included in segment assets	**58.3**	**-**	**0.6**	**3.5**	**-**	**1.7**	**-**	**64.1**
Capital expenditure	**209.0**	**26.2**	**20.1**	**8.1**	**26.9**	**56.6**	**-**	**346.9**
Depreciation and amortisation	**80.6**	**36.7**	**17.4**	**18.6**	**18.9**	**3.7**	**-**	**175.9**
Non-cash expenses other than depreciation and amortisation	**-**	**14.8**	**-**	**-**	**-**	**-**	**-**	**14.8**
Share of associates net profit equity accounted	**4.6**	**-**	**0.2**	**0.5**	**-**	**-**	**-**	**5.3**
2004								
	$m	$m	$m	$m	$m	$m	$m	$m
Revenue								
External sales	1,704.0	1,107.1	772.3	680.9	346.2	-	-	4,610.5
Inter-segment sales	30.3	28.5	0.1	26.7	20.3	-	(105.9)	-
Total sales revenue	1,734.3	1,135.6	772.4	707.6	366.5	-	(105.9)	4,610.5
Other revenue	38.4	3.4	4.3	16.8	1.6	59.6	-	124.1
Total revenue	1,772.7	1,139.0	776.7	724.4	368.1	59.6	(105.9)	4,734.6
Results								
Profit from ordinary activities before significant items and income tax expense	270.1	104.0	99.8	62.6	50.9	(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	62.6	(14.1)	(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	549.3	439.8	238.2	-	4,153.3
Segment liabilities	551.3	315.6	160.4	138.3	19.6	1,330.2	-	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	8.0	22.6	5.7	-	203.4
Depreciation and amortisation	76.9	41.8	19.3	12.7	17.3	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

Segment report (continued)

Secondary reporting
Geographical segments

2005	Australia	New Zealand	Americas	Other	Eliminations	Consolidated
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue						
External sales	**3,143.3**	**489.4**	**936.8**	**557.2**	**-**	**5,126.7**
Inter-segment sales	**113.1**	**12.4**	**12.0**	**51.2**	**(188.7)**	**-**
Total sales revenue	**3,256.4**	**501.8**	**948.8**	**608.4**	**(188.7)**	**5,126.7**
Other revenue	**84.0**	**5.3**	**41.1**	**4.5**	**-**	**134.9**
Total revenue	**3,340.4**	**507.1**	**989.9**	**612.9**	**(188.7)**	**5,261.6**
Results						
Profit from ordinary activities before significant items and income tax expense	**221.2**	**62.1**	**108.0**	**82.8**	**-**	**474.1**
Individually significant items	**(134.0)**	**(0.7)**	**(8.1)**	**2.7**	**-**	**(140.1)**
Segment results post significant items	**87.2**	**61.4**	**99.9**	**85.5**	**-**	**334.0**
Income tax expense						**(87.2)**
Profit from ordinary activities after income tax expense						**246.8**
Outside equity interests in (profit)/loss from ordinary activities after income tax						**(10.5)**
Net profit from ordinary activities after income tax expense relating to members of Orica Limited						**236.3**
Segment assets	**3,109.7**	**254.1**	**739.9**	**366.4**	**-**	**4,470.1**
Segment liabilities	**2,141.4**	**133.5**	**386.9**	**155.2**	**-**	**2,817.0**
Investment in equity method associates included in segment assets	**3.7**	**-**	**49.4**	**11.0**	**-**	**64.1**
Capital expenditure	**281.5**	**10.2**	**31.3**	**23.9**	**-**	**346.9**
Depreciation and amortisation	**126.5**	**7.3**	**25.7**	**16.4**	**-**	**175.9**
Non cash expenses other than depreciation and amortisation	**14.8**	**-**	**-**	**-**	**-**	**14.8**
Share of associates net profit equity accounted	**0.7**	**-**	**3.1**	**1.5**	**-**	**5.3**

2004						
	$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

7.0 Details of individual and total dividends.

	2005 $m	2004 $m
Dividends		
Dividends paid or declared in respect of the year to 30 September were:		
Ordinary		
interim dividend of 23 cents per share, 30.4% franked at 30%, paid 15 Jul 2004	-	62.1
interim dividend of 25 cents per share, 32% franked at 30%, paid 15 Jul 2005	68.1	-
final dividend of 34 cents per share, 19.1% franked at 30%, paid 10 Dec 2003	-	94.4
final dividend of 45 cents per share, 46.7% franked at 30%, paid 8 Dec 2004	122.4	-
Preference		
interim dividend of 2.5 cents per share, 30.4% franked at 30%, paid 30 Jul 2004	-	0.05
interim dividend of 2.5 cents per share, 32% franked at 30%, paid 29 Jul 2005	0.05	-
final dividend of 2.5 cents per share, 46.7% franked at 30%, paid 31 Jan 2005	-	0.05
final dividend of 2.5 cents per share, 32.6% 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
quarterly dividend at 5.36% per annum, per share, unfranked, paid 27 November 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	145.7	124.3
satisfied by issue of shares	12.3	-
Dividends satisfied by the purchase of shares on market for dividend reinvestment plan (2)	32.6	32.3

Subsequent events
Since the end of the financial year, the directors declared the following dividend:
Ordinary
final dividend of 46 cents per share, 32.6% franked at 30%, payable 16 December 2005

The financial effect of the final ordinary dividend has not been brought to account in the financial statements for the period ended 30 September 2005 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 697,854 (2004 2,329,741) shares on market to satisfy shareholders' Dividend Reinvestment Plan (DRP) requirements and the transaction costs have been charged directly against contributed equity.

Amount per security of foreign source dividend:

Final dividend:	Cents	Interim dividend:	Cents
Current year - Ordinary	9.8	Current year - Ordinary	Nil
Current year - Preference	0.5	Current year - Preference	Nil
Previous year - Ordinary	18	Previous year - Ordinary	Nil
Previous year - Preference	1	Previous year - Preference	Nil

8.0 Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

The dividend or distribution plans shown below are in operation.

A dividend reinvestment plan for ordinary securities and a share acquisition scheme have operated since 30 April 1998. No discount will be applied for shares acquired under both plans for the time being.

The last date(s) for receipt of election notices for the dividend or distribution plans		
	Ordinary	29-Nov-05
	Preference	13-Jan-06

9.0 A statement of reserves and retained earnings showing movements.

	2005 $m	2004 $m
Reserves and retained profits		
(a) Reserves		
Realisation and revaluation of assets	75.6	75.6
General and other	157.0	157.0
Foreign currency translation	(150.4)	(124.5)
	82.2	**108.1**
Movement in reserves during the period		
Realisation and revaluation of assets		
Balance at beginning of period	75.6	75.6
Balance at end of period	**75.6**	**75.6**
General and other		
Balance at beginning of period	157.0	157.0
Balance at end of period	**157.0**	**157.0**
Foreign currency translation		
Balance at beginning of period	(124.5)	(115.4)
Translation of overseas controlled entities at the end of the period	(25.9)	(9.1)
Balance at end of period	**(150.4)**	**(124.5)**
(b) Retained profits		
Retained profits at the beginning of the period	951.2	780.0
Operating profit after income tax attributable to members of Orica	236.3	327.8
Dividends:		
Preference – declared/paid	(0.1)	(0.1)
Ordinary – interim paid	(68.1)	(62.1)
Ordinary – final prior year declared/paid	(122.4)	(94.4)
Retained profits at the end of the period	**996.9**	**951.2**

10.0 Net tangible assets per security with the comparative figure for the previous corresponding period.

	Current period	Previous corresponding period
	Cents	Cents
Net tangible asset backing per ordinary security	323	313

11.1 Details of entities over which control has been gained during the period having material effect.

Name of entity (or group of entities)	N/A
The date of the gain of control	-
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was acquired	-
Profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	-

11.2 Loss of control of entities having material effect.

Name of entity (or group of entities)	N/A
The date of the loss of control	-
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) since the date in the current period to the date of loss of control	-
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) while controlled during for the whole of the previous corresponding period	-

12.0 Details of associates and joint ventures.

The economic entity has an interest in the following entities:

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period $A'M	Previous corresponding period $A'M
Qenos Holdings Pty Limited	50%	50%	-	-
Nelson Brothers, LLC	50%	50%		
Nelson Brothers Mining Services, LLC	27.7%	27.7%	5.6	10.1
Emirates Explosives LLC	49%	49%		
Pigment Manufacturers of Australia Limited	50%	50%	Individually	Individually
BXL Bulk Explosives Limited	50%	50%	not material	not material
Northwest Energetic Services, LLC	33.3%	33.3%	In aggregate	In aggregate
Botany Industrial Park Pty Limited	50%	50%		
Geneva Nitrogen LLC	50%	50%		
Geodynamics B.V. (Acquired 15 July 2005)	29%	-		
Sprewa Sprengmittel GmbH	24%	24%		
MSW-Chemie GmbH	31.5%	31.5%	(0.3)	1.7
Troisdorf GmbH	50%	50%		
Wurgendorf GmbH	50%	50%		
Pinegro Products Pty Ltd (Acquired 31 October 2003)	50%	50%		
Orica Camel Coatings Ltd (Acquired 31 October 2003)	50%	50%		
Australian Plantations Pty Ltd (Acquired 1 June 2004)	50%	50%		
Tasmannia Lanceolata Plantation (Acquired 1 June 2004)	50%	50%		
Exor Explosives Limited	50%	50%		
PIIK Limited Partnership	49%	49%		
Total			5.3	11.8
Other material interests	N/A	N/A	0.0	0.0
Total			5.3	11.8

13.0 Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

Please refer to notes 14.4,15,16,17 and the accompanying Orica Limited Profit Report.

14.0 A commentary on the results for the period.

Please refer to the accompanying Orica Limited Profit Report.

14.1 The earnings per security and the nature of any dilution aspects.

	2005	2004
	Cents per share	**Cents per share**
Earnings per share (EPS)		
Basic earnings per share		
including significant items	86.6	119.8
excluding significant items	122.7	119.0
Diluted earnings per share		
including significant items	85.3	117.7
excluding significant items	121.0	116.9
	Number	**Number**
Weighted average number of shares used as the denominator:		
Number for basic earnings per share	272,755,004	273,490,268
Effect of Executive Shares Options on issue	3,952,074	4,742,347
Effect of Award Rights on issue	56,703	260,603
Number for diluted earnings per share	276,763,781	278,493,218
The following Orica long term equity incentive plan options have not been included in the calculation for diluted EPS as they are not dilutive:		
- issue date 23 September 2004		21,045
- issue date 22 December 2004	1,096,702	

	$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	246.8	353.5
Less outside equity interests	(10.5)	(25.7)
Less preference share dividends appropriated	(0.1)	(0.1)
Earnings used in calculation of EPS including individually significant items	**236.2**	**327.7**
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	246.8	353.5
Less outside equity interests	(10.5)	(25.7)
Less preference share dividends appropriated	(0.1)	(0.1)
Add individually significant items after income tax and outside equity interests	98.6	(2.2)
Earnings used in calculation of EPS excluding individually significant items	**334.8**	**325.5**

14.2.1 Returns to shareholders including distributions and buy-backs.

	2005 $m	2004 $m
Contributed equity		
Issued and fully paid:		
Cumulative non-redeemable 5% preference shares - 2,000,000 (2004 2,000,000)	2.0	2.0
Ordinary shares - 273,104,280 (2004 270,057,893)	379.2	367.3
	381.2	**369.3**

Details	Date	Number of shares	Issue price $	$m
Opening balance of shares issued	1 Oct 03	277,612,490		485.7
Shares issued under the share acquisition plan (1)	12 Feb 04	226,784	0.00	0.0
Shares issued under the Orica executive option plan (1)		743,300	5.72	4.2
Shares issued under the Orica executive option plan (1)		377,640	8.31	3.1
Shares issued under the Orica executive option plan (1)		205,900	8.57	1.8
Share buy-back (2)		(9,108,221)	14.00	(127.5)
Balance	30 Sep 04	270,057,893		367.3
Shares issued under the Orica executive option plan (3)		174,200	0.00	0.0
Shares issued under the Orica executive option plan (3)		6,380	8.31	0.1
Shares issued under the Orica executive option plan (3)		159,400	5.72	0.9
Shares issued under the Orica executive option plan (3)		1,008,000	5.67	5.7
Shares issued under the Orica executive option plan (3)		2,584,495	7.91	20.4
Shares issued under the Orica executive option plan (3)		10,044	9.24	0.1
Shares issued under the Orica executive option plan (3)		8,127	9.02	0.1
Shares issued under the Orica executive option plan (3)		20,920	10.35	0.2
Shares issued under the Orica GEESP plan (4)		72,561	17.53	1.3
Shares issued under the Orica LTEIP plan (5)	22-Dec-04	1,096,702	20.16	22.1
Shares issued under the Orica SESLP plan (6)	6-Jun-05	151,122	16.05	2.4
Shares issued under the Orica dividends reinvestment plan	8-Jul-05	697,854	17.68	12.3
Share buy-back (7)		(2,943,418)	18.24	(53.7)
Balance	**30 September 05**	**273,104,280**		**379.2**

(1) 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.

(2) Shares bought back and cancelled over a period from November 2003 to May 2004.

(3) 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 $18.86.

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

(5) Shares issued under the Orica employees long term equity incentive plan.

(6) Shares issued under the Orica senior employee share loan plan.

(7) Shares bought back and cancelled over a period from January 2005 to June 2005.

14.2.1 Returns to shareholders including distributions and buy-backs (continued).

Options over unissued shares:

Exercisable between		Balance 30 Sep 03	Issued/ Reinstated During Year	Exercised During Year	Lapsed During Year	Balance 30 Sep 04	**Issued/ Reinstated During Year**	**Exercised During Year**	**Lapsed During Year**	**Balance 30 Sep 05**
01 Jan 02	31 Dec 08	410,800	-	(205,900)	(204,900)	-	**-**	**-**	**-**	**-**
01 Jan 03	31 Dec 09	502,400	-	(377,640)	(62,880)	61,880	**-**	**(6,380)**	**(11,000)**	**44,500**
01 Jan 04	31 Dec 10	952,200	140,800	(743,300)	(134,000)	215,700	**-**	**(159,400)**	**-**	**56,300**
31 Dec 04	31 Dec 06	1,175,000	-	-	(59,000)	1,116,000	**10,000**	**(1,008,000)**	**-**	**118,000**
31 Oct 05	31 Oct 07 [1]	8,418,583	-	-	(926,516)	7,492,067	**42,397**	**(2,584,495)**	**(72,307)**	**4,877,662**
31 Oct 05	31 Oct 07 [1]	40,176	-	-	-	40,176	**-**	**(10,044)**	**-**	**30,132**
31 Oct 05	31 Oct 07 [1]	32,509	-	-	-	32,509	**-**	**(8,127)**	**-**	**24,382**
31 Oct 05	31 Oct 07 [1]	115,421	-	-	-	115,421	**-**	**(20,920)**	**(13,882)**	**80,619**
31 Oct 05	32 Oct 07 [1]	20,000	-	-	-	20,000	**-**	**-**	**-**	**20,000**
31 Oct 05	33 Oct 07 [1]	84,576	-	-	-	84,576	**-**	**-**	**(9,167)**	**75,409**
10 Nov 05	34 Oct 07 [1]	-	27,507	-	-	27,507	**-**	**-**	**-**	**27,507**
10 Nov 06	35 Oct 07 [1]	-	21,045	-	-	21,045	**-**	**-**	**-**	**21,045**
Total		11,751,665	189,352	(1,326,840)	(1,387,296)	9,226,881	**52,397**	**(3,797,366)**	**(106,356)**	**5,375,556**

[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.

Award Rights over unissued shares:

Exercisable between		Balance 30 Sep 03	Issued/ Reinstated During Year	Exercised During Year	Lapsed During Year	Balance 30 Sep 04	**Issued/ Reinstated During Year**	**Exercised During Year**	**Lapsed During Year**	**Balance 30 Sep 05**
31 Dec 01	31 Dec 03	41,420	-	(23,760)	(17,660)	-	-	-	-	-
31 Dec 02	31 Dec 04	26,400	-	(26,224)	(176)	-	-	-	-	-
31 Dec 03	31 Dec 05	163,000	18,600	(176,800)	(4,800)	-	-	-	-	-
31 Dec 04	31 Dec 06	188,800	-	-	(16,600)	172,200	2,000	(174,200)	-	-
Total		419,620	18,600	(226,784)	(39,236)	172,200	**2,000**	**(174,200)**	**-**	**-**

14.2.2 Total equity reconciliation.

	2005 $m	**2004 $m**
Total equity reconciliation		
Total equity at the beginning of the period	1,637.9	1,580.5
Total changes recognised in the statements of financial performance	210.4	318.7
Transactions with owners as owners		
Dividends provided for or paid	(190.6)	(156.6)
Contribution of equity	11.9	(118.4)
Total changes in outside equity interests	(16.5)	13.7
Total equity at the end of the period	**1,653.1**	**1,637.9**

14.3 Significant features and discussion of trends of operating performance.

Please refer to the accompanying Orica Limited Profit Report.

14.4 Events subsequent to balance date

Since the end of the financial year, the directors declared a final dividend of 46 cents per share payable on 16 December 2005. The financial effect of this dividend is not included in the financial statements for the year ended 30 September 2005 and will be recognised in the 2006 financial statements.

On 31 October 2005, Orica announced that a binding Heads of Agreement has been signed to sell Qenos Holdings Pty Ltd to China National Chemical Corporation. The sale is subject to Australian Foreign Investment Review Board and People's Republic of China (PRC) regulatory approvals. Following receipt of these approvals it is anticipated that the transaction will complete early 2006.

For reporting periods beginning on or after 1 October 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed below.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2005, 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.

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

It is anticipated that dividends will be partly franked at a rate not greater than 50%.

16.0 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 (AGAAP). Orica has commenced transitioning its accounting policies and financial reporting from current AGAAP to Australian equivalents of International Financial Reporting Standards (AIFRS). 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 AIFRS. 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 Committee.

At the date of this report, the project team has analysed all the AIFRS 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 Equivalents to International Financial Reporting Standards. It is expected that the consolidated entity will be fully prepared for the transition.

The impact of transition to AIFRS, including the transitional adjustments disclosed below are based on AIFRS that management expects to be in place, or where applicable, early adopted, when preparing the first complete AIFRS financial report being the half-year ending 31 March 2006. Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the Group's and the Company's financial position, results of operations and cash flows in accordance with AIFRS. Therefore, this note provides only a preliminary summary - further disclosure and explanations will be required in the first complete AIFRS financial report for a true and fair view to be presented under AIFRS.

Revisions to the selection and application of the AIFRS accounting policies may be required as a result of changes in financial reporting requirements arising from new or revised accounting standards or interpretations issued by the Australian Accounting Standards Board, additional guidance on the application of AIFRS in a particular industry or to a particular transaction and changes to the Group's and Company's operations.

There is a significant amount of judgement involved in the preparation of the reconciliations from current AGAAP to AIFRS - therefore the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the preliminary reconciliations provided in this Note.

The rules for first time adoption of AIFRS are set out in AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards. In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet as at transition date, being 1 October 2004. AASB 1 allows a number of exemptions and exceptions to this general principle to assist in the transition to reporting under AIFRS.

Balance Sheets under AIFRS

The following table sets out the expected adjustments to the statements of financial position of the Group at transition to AIFRS on 1 October 2004:

		Consolidated		
		AGAAP	Adj	AIFRS
		2004		2004
	Notes	$m	$m	$m
Current assets				
Cash and cash equivalents		148.9	-	148.9
Receivables		754.4	-	754.4
Other financial assets		-	-	-
Inventories		744.7	-	744.7
Other assets	(a)	61.6	(10.0)	51.6
Total current assets		1,709.6	(10.0)	1,699.6
Non-current assets				
Receivables	(g)	21.3	(20.1)	1.2
Investments accounted for using the equity method	(e)	65.7	(17.3)	48.4
Other financial assets		-	-	-
Property, plant and equipment	(a)(c)(e)	1,518.0	(3.6)	1,514.4
Intangible assets	(c)(d)(f)	581.8	6.5	588.3
Deferred tax assets	(b)(e)(j)	216.8	54.4	271.2
Other assets	(a)	40.1	12.1	52.2
Total non-current assets		2,443.7	32.0	2,475.7
Total assets		4,153.3	22.0	4,175.3
Current liabilities				
Payables		779.7	-	779.7
Interest bearing liabilities		385.7	-	385.7
Current tax liabilities	(f)	28.2	3.0	31.2
Provisions	(f)	193.2	(9.3)	183.9
Total current liabilities		1,386.8	(6.3)	1,380.5
Non-current liabilities				
Payables		14.8	-	14.8
Interest bearing liabilities		740.5	-	740.5
Deferred tax liabilities	(j)	151.7	10.7	162.4
Retirement benefit obligations	(b)	-	86.2	86.2
Provisions	(k)	221.6	24.4	246.0
Total non-current liabilities		1,128.6	121.3	1,249.9
Total liabilities		2,515.4	115.0	2,630.4
Net assets		1,637.9	(93.0)	1,544.9
Equity				
Parent entity interest				
Contributed equity		369.3	-	369.3
Reserves	(a)(g)	108.1	(132.0)	(23.9)
Retained profits	(a)	951.2	38.1	989.3
Total parent entity interest		1,428.6	(93.9)	1,334.7
Minority interests		209.3	0.9	210.2
Total equity		1,637.9	(93.0)	1,544.9

Balance Sheets under AIFRS

The following table sets out the expected adjustments to the statements of financial position of the Group as at 30 September 2005.

		Consolidated		
		AGAAP	Adj	AIFRS
		2005		**2005**
	Notes	**$m**	**$m**	**$m**
Current assets				
Cash and cash equivalents		214.7	-	214.7
Receivables		673.6	-	673.6
Other financial assets		12.3	-	12.3
Inventories		826.3	-	826.3
Other assets	(a)	65.6	(7.9)	57.7
Total current assets		1,792.5	(7.9)	1,784.6
Non-current assets				
Receivables	(g)	144.0	(45.1)	98.9
Investments accounted for using the equity method	(e)	64.1	(17.3)	46.8
Other financial assets		-	-	-
Property, plant and equipment	(a)(c)(e)	1,651.3	(47.5)	1,603.8
Intangible assets	(c)(d)(f)	576.5	44.3	620.8
Deferred tax assets	(b)(e)(j)	208.6	41.5	250.1
Other assets	(a)	33.1	25.3	58.4
Total non-current assets		2,677.6	1.2	2,678.8
Total assets		4,470.1	(6.7)	4,463.4
Current liabilities				
Payables		909.4	-	909.4
Interest bearing liabilities		49.5	-	49.5
Current tax liabilities	(f)	16.5	-	16.5
Provisions	(f)	197.3	0.5	197.8
Total current liabilities		1,172.7	0.5	1,173.2
Non-current liabilities				
Payables		9.1	-	9.1
Interest bearing liabilities		1,277.3	-	1,277.3
Deferred tax liabilities	(j)	160.6	16.3	176.9
Retirement Benefit Obligations	(b)	-	73.6	73.6
Provisions	(k)	197.3	24.4	221.7
Total non-current liabilities		1,644.3	114.3	1,758.6
Total liabilities		2,817.0	114.8	2,931.8
Net assets		1,653.1	(121.5)	1,531.6
Equity				
Parent entity interest				
Contributed equity		381.2	-	381.2
Reserves	(a)(g)	82.2	(149.6)	(67.4)
Retained profits	(a)	996.9	26.4	1,023.3
Total parent entity interest		1,460.3	(123.2)	1,337.1
Minority interests		192.8	1.7	194.5
Total equity		1,653.1	(121.5)	1,531.6

Income Statement under AIFRS

The following table sets out the expected adjustments to the statements of financial performance of the Group for the year ended 30 September 2005

		Consolidated		
		2005		2005
		AGAAP	Adj	AIFRS
	Notes	$m	$m	$m
Revenue from ordinary activities	(c)	5,261.6	(64.2)	5,197.4
Operating expenses				
Changes in inventories of finished goods and work in progress		51.9	-	51.9
Raw materials and consumables used and		-		
finished goods purchased for resale		(2,880.8)	-	(2,880.8)
Employee expenses	(g)	(769.8)	(11.6)	(781.4)
Depreciation and amortisation expense	(d)	(175.9)	35.5	(140.4)
Borrowing costs		(109.5)	-	(109.5)
Purchased services		(351.6)	-	(351.6)
Repairs and maintenance		(144.0)	-	(144.0)
Property, plant & equipment retired/disposed	(c)	(64.2)	64.2	-
Property, plant & equipment/Investments written down	(e)	(14.8)	(37.8)	(52.6)
Outgoing freight		(221.2)	-	(221.2)
Lease payments - operating leases		(68.2)	-	(68.2)
Other expenses from ordinary activities including significant items		(184.8)	(9.8)	(194.6)
Share of associates' net profit/(loss) equity accounted	(d)	5.3	0.7	6.0
		(4,927.6)	41.2	(4,886.4)
Profit from ordinary activities before income tax expense		334.0	(23.0)	311.0
Income tax expense attributable to profit from ordinary activities	(j)	(87.2)	(0.5)	(87.7)
Profit from ordinary activities after income tax expense		246.8	(23.5)	223.3
Outside equity interests in (profit) from ordinary activities after income tax		(10.5)	(0.8)	(11.3)
Profit from ordinary activities after income tax relating to members of Orica Limited		236.3	(24.3)	212.0

	cents	cents	cents
Earnings per share			
Basic earnings per share:			
Ordinary shares	86.6	(8.9)	77.7
Diluted earnings per share:			
Ordinary shares	85.3	(8.7)	76.6

Impact of AIFRS on Retained Earnings

The impact of the transition to AIFRS on retained earnings at 1 October 2004 is summarised below:

	Notes	Consolidated $m
Retained earnings at 1 October 2004 under AGAAP		951.2
AIFRS Reconciliation		
- Transfer from realisation and revaluation of assets reserve	(c)	75.6
- Transfer from general and other reserve	(a)	157.0
- Transfer from foreign currency translation reserve	(a)	(124.5)
- Impairment losses	(e)	(28.0)
- Impact of decommissioning and restoration provisions	(k)	(23.7)
- Impact of taxation	(j)	39.0
- Defined benefit Superannuation Plans Surpluses/Deficits	(b)	(60.2)
- Expensing of share based payments	(g)	3.8
- Minority effect of reconciliation items		(0.9)
Retained earnings at 1 October 2004 under AIFRS		989.3

The impact of the transition to AIFRS on retained earnings at 30 September 2005 is summarised bel

	Notes	Consolidated $m
Retained earnings at 1 October 2004 under AGAAP		951.2
Movements under AGAAP 2004/05		45.7
Retained earnings at 30 September 2005 under AGAAP		**996.9**
1 October 2004 AIFRS adjustments		
- Transfer from realisation and revaluation of assets reserve	(c)	75.6
- Transfer from general and other reserve	(a)	157.0
- Transfer from foreign currency translation reserve	(a)	(124.5)
- Impairment losses	(e)	(28.0)
- Impact of decommissioning and restoration provisions	(k)	(23.7)
- Impact of taxation	(j)	39.0
- Defined benefit Superannuation Plans Surpluses/Deficits	(b)	(60.2)
- Expensing of share based payments	(g)	3.8
- Minority effect of reconciliation items		(0.9)
Sub total		1,035.0
30 September 2005 AIFRS adjustments		
- Impairment losses	(e)	(25.3)
- Impact of decommissioning and restoration provisions	(k)	-
- Impact of taxation	(j)	(16.0)
- Defined benefit Superannuation Plans Surpluses/Deficits	(b)	9.3
- Expensing of share based payments	(g)	(8.3)
- Writeback of goodwill amortisation	(d)	35.5
- Restructuring provisions on acquisition	(f)	(6.8)
- Writeback of imputed goodwill amortisation		0.7
- Minority effect of reconciliation items		(0.8)
Retained earnings at 30 September 2005 under AIFRS		**1,023.3**

-

Impact of transition to AIFRS

The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations and the elections expected to be made under AASB 1 are set out below.

a) Reclassifications

On the initial application of AIFRS, Orica will elect to apply the exemption in AASB 1 relating to the balance of the foreign currency translation reserve. The cumulative translation differences for all foreign operations represented in the foreign currency translation reserve will be deemed to be zero at the date of transition to AIFRS. As a result of this exemption, the balance of the foreign currency translation reserve of the group at 30 September 2004 will be reset to zero with retained earnings decreasing by $124.5 million.

On the initial application of AIFRS, Orica will transfer the balance of general and other reserves to retained earnings. The balance of general and other reserves will be decreased by $157.0 million and retained earnings will increase by the same amount.

On the initial application of AIFRS, Orica will reclassify expenditure on major cyclical maintenance from other assets to property, plant and equipment. It will then be depreciated over the life of those assets capitalised. As a result of this, current other assets of the group will decrease by $10.0 million, non current other assets of the Group will decrease by $14.6 million and property, plant and equipment of the Group will increase by $24.6 million.

In 2005, Orica will reclassify expenditure on major cyclical maintenance from other assets to property, plant and equipment. It will then be depreciated over the life of those assets capitalised. As a result of this the incremental increase to current other assets of the group at 30 September 2005 will be $2.1 million, non current other assets of the group will increase by $4.0 million and property, plant and equipment of the Group will decrease by $6.1 million

b) 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 requires defined benefit plans to be accounted for on a cash basis, with no defined benefit obligations or plan assets recognised on balance sheet. Under the new policy, Orica will be required to recognise an asset/liability of the defined benefit funds for the net surplus/deficit based on an actuarial calculation of the position of the funds. On transition, the net deficit of the defined benefit funds will be a decrease to retained earnings. Subsequent to transition, Orica will elect to recognise actuarial gains and losses directly to retained earnings.

On transition, superannuation liabilities of the Group will increase by $86.9 million, deferred tax assets will increase by $26.7 million and retained earnings will decrease by $60.2 million.

For the financial year ended 30 September 2005, the incremental adjustment for the Group to recognise the decrease in superannuation liability is $12.6 million, deferred tax assets will decrease by $3.3 million and retained earnings will increase by $9.3 million.

c) Property, Plant and Equipment

Property, plant and equipment will be measured at cost under AIFRS. However, as permitted by the election available under AASB1, at transition date certain items of property, plant and equipment will be recognised at deemed cost, being a revalued amount prior to transition date that approximates the fair value as at the date of transition.

The realisation and revaluation of assets reserve at 30 September 2004 will be decreased by $75.6 million. Retained earnings will increase by the same amount.

Under AIFRS, the profit or loss on disposal of property, plant and equipment will be recognised on a net basis in the income statement rather than separately recognising the consideration as revenue. There is no profit and loss effect of this change. However revenue of the group for 2005 will decrease by $64.2 million.

Computer software assets included in property, plant and equipment under AGAAP will be reclassified under AIFRS to intangible assets on transition to AIFRS. This will result in a decrease in the net book value of property, plant and equipment of $13.3 million at transition date and a reduction of $11.7 million at 30 September 2005.

d) Business Combinations

An election is available in AASB 1 which provides Orica with the ability to choose whether the acquisition accounting of business combinations prior to transition date is restated under AIFRS. Entities can choose to restate all prior business combinations; only those after a certain date; or none at all. The Group has elected not to restate business combinations prior to transition date.

Under AASB 3 - Business Combinations, amortisation of goodwill (including imputed goodwill on acquisition of investments accounted for using the equity method) is prohibited, and is replaced by annual impairment. 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. As a result of not amortising goodwill, the goodwill amortisation expense of the Group will decrease by $35.5 million in 2005 and the share of associates' net profit/(loss) equity accounted will increase by $0.7 million.

e) 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. Under AIFRS, the carrying amount of the Groups non-current assets excluding defined benefit fund assets, deferred tax assets, goodwill and indefinite life intangible assets will be reviewed at each reporting date to determine whether there is any evidence of impairment. If such indication exists, the asset will be tested for impairment by comparing its recoverable amount to its carrying amount. Goodwill and indefinite life intangible assets will be tested for impairment annually.

The recoverable amount will be estimated for each individual asset or where it is not possible to estimate for individual assets, it will be estimated for the cash generating unit to which the asset belongs. A cash generating unit is the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or group of assets with each cash generating unit being no larger than a segment. In calculating recoverable amount, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects the current market assessments of the risks specific to the asset or cash generating unit. Cash flows are estimated for the asset in its present condition and therefore do not include cash inflows or outflows that improve or enhance the assets performance or that may arise from future restructuring.

At the date of transition, due to changes in requirements, a writedown of assets of $28.0 million will be expensed to retained earnings with property, plant and equipment being written down by $14.9 million, Investments in associates by $17.3 million and deferred tax assets will increase by $4.2 million.

For the financial year ended 30 September 2005, the incremental adjustment for the Group will be a further writedown of assets of $25.3 million with property, plant and equipment being written down by $37.8 million and deferred tax assets will increase by $12.5 million.

f) 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 restructuring provisions recognised as part of acquisition accounting under AGAAP and outstanding at 30 September 2004 are not allowable under AIFRS. These provisions have been written back against goodwill at 30 September 2004 ($6.8 million after tax benefit of $3.0 million). The spending on these provisions in 2005 of $9.8 million will be expensed during the year.

g) Share Based Payments

Under current AGAAP, no expense is recognised for share based payments to employees. 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 with a corresponding increase in equity. This applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. The impact on Orica will be to decrease retained earnings at date of transition by $3.8 million and increase shareholders equity. For the financial year ended 30 September 2005, the expense relating to share based payments is $11.6 million with a corresponding increase in shareholders equity.

AASB 2 also requires that shares issued under employee incentive share plans in conjunction with non-recourse loans are to be accounted for as options. As a result, the amounts receivable from employees in relation to these loans will be deducted from shareholders equity on transition to AIFRS amounting to $20.1 million.

At September 2005, the incremental amounts receivable from employees in relation to these loans will be deducted from shareholders equity amounting to $25.0 million.

In addition, as the dividends on these shares are returned to the Company to reduce the loans, the dividends on these shares are treated as if they were not paid and reversed to retained earnings. The effect of this in 2005 was to increase retained earnings by $3.3 million.

h) 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. There are no adjustments required regarding internally generated intangible assets.

i) Earnings Per Share

Under AIFRS, earnings per share are calculated using the profit or loss from continuing operation attributable to ordinary shareholders. The basic and diluted earnings per share for the discontinued operations are calculated and disclosed separately. Orica did not have any discontinued operations in 2005.

The restated earnings per share for the year to 30 September 2005 due to the restatement to AIFRS results are:

Basic EPS from continuing operations: 77.7 cents

Diluted EPS from continuing operations: 76.6 Cents

j) 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.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences will not be provided for: goodwill for which amortisation is not tax deductible, the initial recognition of assets and liabilities that affect neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

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

As a result there will be a change to the existing accounting policy, under which deferred tax balances are determined 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 are recognised only if realisation of the benefit can be regarded as being assured beyond any reasonable doubt.

Apart from tax changes arising form other AIFRS changes in this note, the expected impact of the change in basis and the transition adjustments on the deferred tax balances and the previously reported tax expense at 1 October 2004 is an increase in deferred tax assets of $50.2 million, an increase in provision for income tax payable of $0.5 million, an increase in deferred tax liabilities of $10.7 million and an increase in retained earnings of $39.0 million.

For the financial year to 30 September 2005, the incremental adjustment for the Group will be a decrease in deferred tax assets of $11.3 million, an increase in deferred tax liabilities of $5.6 million, a decrease in foreign currency translation reserve of $0.9 million and an increase in tax expense of $16.0 million

k) Decommissioning and Restoration Costs of Long Lived Assets

Current AGAAP does not require the recognition of provisions associated with the retirement or disposal of long-lived assets. However, AASB 137 Provisions, Contingent Liabilities and Contingent Assets requires that a provision be recognised when:

- an entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- and a reliable estimate can be made of the amount of the obligation.

Where the Group is required to recognise the provision, the decommissioning, restoration or similar liability to be added to the cost of the asset to which it relates and the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life.

This change will result in an increase in provisions at 1 October 2004 of $23.7 million and with no incremental change in 2005.

l) Borrowing Costs

Current AGAAP requires borrowing costs relating to qualifying assets to be capitalised as part of the cost of that asset. Under AIFRS, there is an option to either expense borrowing costs in the period in which they are incurred or to capitalise them as part of the cost of the asset.

Orica will elect to continue its current policy and capitalise borrowing costs as part of the cost of assets. Therefore there is no change to the current treatment.

m) Classification of Financial Instruments and Hedge Accounting

Orica will take advantage of the election available in AASB 1 to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement only from 1 October 2005. This allows the Group to apply previous AGAAP to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the September 2006 Financial Report.

Classification

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.

Recognition of assets and liabilities

Under AASB 139, certain trade finance facilities organised for Orica customers are expected to be brought back onto balance sheet as Orica has guaranteed a portion of those facilities. The guaranteed portion is disclosed in note 30 Contingent liabilities and contingent assets. This is expected to result in an increase in receivables and an increase in borrowings for the Group of $191.6 million at 1 October 2005.

Hedge Accounting

Under AASB 139, 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:

- 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.

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.

n) Changes in accounting policies

Under AIFRS, 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 AGAAP.

17.0 Contingent Liabilities

Environmental

(i) General

A number of sites within the Orica Group have been identified as requiring clean-up and review. Appropriate implementation of clean-up actions to meet Orica's obligations for these sites is continuing.

(ii) For sites where the requirements have been assessed and are capable of reliable measurement, estimated regulatory and remediation costs have been capitalised, expensed as incurred or provided for in accordance with the Group's accounting policy.

Environmental Matters Subject to Regulatory Requirements

Botany Groundwater (New South Wales, Australia)

Orica is continuing to conduct extensive remediation activities, including the construction and operation of a Groundwater Treatment plant, to treat the groundwater at Botany, which is contaminated with pollutants from historical operations. The continuing operation of the Groundwater Treatment plant will also enable the recycling of treated water for industrial uses.

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

Orica is implementing the recommendations of the New South Wales (NSW) government Panel of Inquiry. In collaboration with the NSW government, Orica is in the process of identifying a remote NSW host location for the destruction of this material. In the event that a suitable remote host site cannot be located, the NSW government will consider the merits of other options for destruction.. In the meantime, Orica will continue to ensure the safe storage of the HCB waste at Botany. In addition, soil and ash contaminated with low levels chlorinated materials (including hexachlorobutadiene and HCB) is stored in an approved encapsulation on the Botany site. Orica is seeking suitable technologies to treat this material and is evaluating conventional destruction methods such as thermal desorption in addition to funding research into novel technologies including in-situ bioremediation.

Environmental Matters Subject to Voluntary Requirements

Orica has entered into voluntary arrangements with the relevant regulatory authorities for a number of sites to investigate possible land and groundwater contamination and where appropriate, undertake voluntary remediation activities on these sites. These sites are located in Australia at: Kooragang Island (New South Wales), Chester Hill (New South Wales), Parafield Gardens (South Australia), Wallaroo (South Australia) and in the USA; Seneca (Illinois) and Geneva (Utah). The voluntary environmental investigation underway at Yarraville (Victoria, Australia) has been formalised in a statutory audit under the direction of the Environmental Protection Authority (EPA) of Victoria and the remediation activities at the Villawood (NSW, Australia) site is expected to be in the process of being formalised into the subject of a Remediation Order from the NSW Department of Environment and Conservation.

(iii) For sites where there are uncertainties with respect to what Orica's remediation obligations might be or what remediation techniques might be approved, no reliable estimate can presently be made of regulatory and remediation costs. In accordance with the Group's accounting policy included in Note 1 (xviii), no amounts have been capitalised, expensed or provided for.

The Incitec Pivot Limited (IPL) site at Cockle Creek (NSW, Australia) has been gazetted a "remediation site" under the Contaminated Land Management Act, 1997. The contamination arose from the use of fill material mainly sourced from the adjacent smelter on the Pasminco site. IPL is in discussion with both the regulatory authority and Pasminco Cockle Creek Smelter Pty. Ltd. (in administration) in respect of the potential remediation activities for the site.

Contingent liabilities exist in relation to all these sites, and potentially other sites which may be identified in the future, to the extent that new information, identification of new remedial obligations, or changes in regulatory requirements, enforcement practices or approved remediation techniques 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 $25 million. 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.

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

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 has paid 50% of the amended assessment, which has been 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.

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 $168.8 million (2004 $38.9 million).

Guarantees, indemnities and warranties

- The consolidated entity has entered into various long term supply contracts. For some contracts, minimum charges are payable regardless of the level of operations, but 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.
- Letters of credit totalling USD760 million have been issued in connection with the proposed Dyno Nobel acquisition.
- 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.

- Incitec Fertilizers Limited, a wholly owned subsidiary of Incitec Pivot Limited, terminated its supply agreement with Elders effective 16 December 2004. This termination and the payment of rebates up to $7.4 million are in dispute, the trial for which was held in the Supreme Court of South Australia in April 2005. Judgment is awaited.

  There are a number of other legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as 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. In the opinion of the directors any further information about these matters would be prejudicial to the interests of the Company.
- There are guarantees relating to certain leases of property, plant and equipment and other agreements arising in the ordinary course of business.
- 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 2005, the total contingent liability in respect of this guarantee is $2.8 million (2004 $2.8 million).

Compliance statement

This report has been subject to audit.
The entity has a formally constituted audit committee.

Sign here: .... Date: 21 November 2005
(~~Director~~/Company Secretary)

Print name: JANICE VAN REYK

Attachment 1

	2005 $m	2004 $m
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	142.2	144.3
Tax effect of permanent differences which (reduce)/increase tax expense:		
variation in tax rates of foreign controlled entities	2.9	1.8
tax (over)/under provided in prior years	(3.7)	1.0
prior year tax losses recognised	(13.2)	(11.1)
non-allowable goodwill amortisation	10.5	8.8
non-taxable profit on sale of property, plant and equipment	(4.3)	(3.1)
other foreign deductions	(20.9)	(18.7)
sundry items	5.2	6.7
Income tax expense attributable to operating profit before significant items	**118.7**	129.7
Income tax expense attributable to significant items		
Prima facie income tax expense/(benefit) calculated at 30% on (loss)/profit from significant items	(42.0)	(14.0)
Tax effect of permanent differences related to indivdually significant items		
non-allowable North America restructuring costs	-	3.4
non-allowable IPL restructuring costs	1.3	-
non-allowable provisions & expenses re Qenos	9.4	-
non-allowable write down of assets	-	3.7
non-taxable profit on disposal of property under the Corporate surplus property program	-	(13.0)
tax refund on sale and leaseback transaction	-	(28.5)
sundry items	(0.2)	(0.4)
Income tax (benefit)/expense attributable to operating loss/(profit) from significant items	**(31.5)**	(48.8)
Income tax expense/(benefit) attributable to operating profit	**87.2**	80.9
Income tax expense/(benefit) comprises:		
provision for income tax	70.1	50.0
deferred income tax	8.9	24.1
future income tax benefit	8.2	6.8
	87.2	80.9