Appendix 4E
Preliminary Final Report
For the financial year ended 30 September 2010

Name of entity:	**DULUXGROUP LIMITED**
ABN:	**42 133 404 065**

Results for announcement to the market

Consolidated revenue from operations ($'000)		Up 2,075% to 775,654	
Net profit for the financial year attributable to shareholders ($'000)		Up 211,441% to 61,289	
Dividends[(1)]		Amount per security	Franked amount per security at 30% tax
Final dividend - Ordinary	Cents	3.0	3.0
Interim dividend – Ordinary	Cents	NIL	NIL
Previous corresponding financial year			
Final dividend – Ordinary	Cents	NIL	NIL
Interim dividend – Ordinary	Cents	NIL	NIL

(1) On 17 June 2010, whilst a wholly owned subsidiary of Orica Group (comprising Orica Limited and its controlled entities), the Directors of DuluxGroup Limited declared a dividend to Orica Nominees Pty Ltd, a related entity, of $40,000,000 which was settled on 30 June 2010.

Record date for determining entitlements to the dividend:	Ordinary shares	19 November 2010
Payment date of dividend:	Ordinary shares	10 December 2010

	Current period (Cents)	Previous corresponding financial year (Cents)
Net tangible asset backing per ordinary security	(1.10)	(7.17)[(2)]

(2) Assumes that the 366,992,120 shares on issue as at 30 September 2010 were on issue as at 30 September 2009. If the actual number of shares on issue were used (six ordinary shares), the net tangible asset backing per ordinary security is (438,516,667) cents per share.

The Company's Dividend Reinvestment Plan (DRP) will operate with respect to the final dividend. The last date for receipt of election notices for participation in the final dividend under the DRP:	Ordinary shares	19 November 2010

Audit statement
This report is based on financial statements which are in the process of being audited.

Previous corresponding financial year
DuluxGroup Limited was incorporated on 24 September 2008 and as such the previous corresponding financial year presented in the Preliminary Final Report is from this date until 30 September 2009.

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited

Commentary on results

Effective 9 July 2010, DuluxGroup Limited (the Company) ceased to be a subsidiary of Orica Limited and became a separately listed entity on the Australian Securities Exchange on 12 July 2010. As required for statutory reporting purposes, the consolidated financial report for DuluxGroup Limited and its controlled entities (collectively 'the consolidated entity' or 'the Group' or 'DuluxGroup') has been presented for the financial year ended 30 September 2010 and the comparative period from the date of incorporation on 24 September 2008 to 30 September 2009.

The consolidated financial results presented for DuluxGroup for the financial year ended 30 September 2010 do not reflect the full 12 month results for several operations that comprise DuluxGroup currently and at the time of the separation from Orica Limited. Upon incorporation, DuluxGroup Limited contained no material assets until the acquisition of Sopel, a decorative coatings business in China, in November 2008. The results as presented for the 2009 comparative year, therefore, include only this business from the date of acquisition. During the current 2010 financial year, as part of the preparation for the demerger, significant operating assets and liabilities owned by other entities within the Orica Group were legally acquired by DuluxGroup Limited. These include the assets and liabilities of Paints Australia, Paints New Zealand and Selleys Yates on 1 December 2009, the Malaysian operation on 1 March 2010, the Hong Kong operation on 1 April 2010 and the Papua New Guinea operation on 30 June 2010. The results of these operations have only been included in this consolidated financial report from the date of acquisition by the Company, as required by applicable Australian Accounting Standards.

In addition, the consolidated results of DuluxGroup Limited presented in the financial report include the impact of the various financial transactions between Orica Limited and DuluxGroup Limited to effect the demerger itself.

Shareholders wanting comparative financial information on the entire DuluxGroup which separated from Orica Limited are encouraged to refer to the profit report dated 8 November 2010 accompanying this Preliminary Final Report.

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Table of Contents

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Consolidated Income Statement

For the financial year ended 30 September 2010

	2010 $'000	2009 $'000
Revenue from sale of goods	**775,654**	35,658
Other income	**1,253**	-
Expenses		
Changes in inventories of finished goods and work in progress	**(3,778)**	3,651
Raw materials and consumables used and finished goods purchased for resale	**296,099**	17,990
Employee benefits expense	**163,472**	3,958
Depreciation and amortisation expense	**16,367**	850
Purchased services	**102,556**	602
Repairs and maintenance	**6,257**	-
Lease payments - operating leases	**20,670**	566
Outgoing freight	**32,647**	726
Other expenses	**44,100**	6,383
Share of net profit of joint venture accounted for using the equity method	**(624)**	-
	677,766	34,726
Profit from operations	**99,141**	932
Finance income	**169**	11
Finance expenses	**(13,596)**	(1,066)
Net finance costs	**(13,427)**	(1,055)
Profit / (loss) before income tax expense	**85,714**	(123)
Income tax expense / (benefit)	**24,425**	(94)
Profit / (loss) for the financial year	**61,289**	(29)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2010

	2010 $'000	2009 $'000
Profit / (loss) for the financial year	**61,289**	(29)
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	**(231)**	-
Foreign currency translation losses on foreign operations	**(7,262)**	(7,826)
Actuarial gain on defined benefit plan	**569**	-
Income tax on other comprehensive income	**(101)**	-
Other comprehensive income for the year, net of income tax	**(7,025)**	(7,826)
Total comprehensive income for the year	**54,264**	(7,855)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Consolidated Balance Sheet

As at 30 September 2010

	2010 $'000	2009 $'000
Current assets		
Cash and cash equivalents	**44,681**	2,532
Trade and other receivables	**140,881**	8,385
Inventories	**113,428**	3,866
Derivative financial assets	**58**	-
Other assets	**3,061**	108
Total current assets	**302,109**	14,891
Non-current assets		
Trade and other receivables	**88**	-
Derivative financial assets	**1,278**	-
Investments accounted for using the equity method	**2,080**	-
Property, plant and equipment	**153,890**	3,921
Intangible assets	**89,004**	18,456
Deferred tax assets	**25,432**	401
Other assets	**490**	14
Total non-current assets	**272,262**	22,792
Total assets	**574,371**	37,683
Current liabilities		
Trade and other payables	**178,859**	16,292
Interest-bearing liabilities	**12,289**	21,925
Derivative financial liabilities	**305**	-
Current tax liabilities	**6,419**	310
Provisions	**21,073**	-
Total current liabilities	**218,945**	38,527
Non-current liabilities		
Trade and other payables	**133**	5,376
Interest-bearing liabilities	**237,279**	-
Deferred tax liabilities	**745**	-
Provisions	**19,045**	1,635
Defined benefit liability	**13,269**	-
Total non-current liabilities	**270,471**	7,011
Total liabilities	**489,416**	45,538
Net assets	**84,955**	(7,855)
Equity		
Contributed equity	**174,323**	-
Reserves	**(111,027)**	(7,826)
Retained earnings	**21,659**	(29)
Total equity	**84,955**	(7,855)

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Consolidated Statement of Changes in Equity

For the financial year ended 30 September 2010

	Contributed equity $'000	Share-based payments reserve $'000	Cash flow hedging reserve $'000	Foreign currency translation reserve $'000	Common control reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 October 2009	-	-	-	(7,826)	-	(29)	(7,855)
Profit for the financial year	-	-	-	-	-	61,289	61,289
Other comprehensive income	-	-	(162)	(7,262)	-	399	(7,025)
Total comprehensive income for the financial year	**-**	**-**	**(162)**	**(7,262)**	**-**	**61,688**	**54,264**
Transactions with owners, recorded directly in equity							
Total changes in contributed equity	174,323	-	-	-	-	-	174,323
Share-based payments expense	-	1,925	-	-	-	-	1,925
Policy difference within Group for common control transactions(1)	-	-	-	-	(97,702)	-	(97,702)
Dividends paid(2)	-	-	-	-	-	(40,000)	(40,000)
Balance at 30 September 2010	**174,323**	**1,925**	**(162)**	**(15,088)**	**(97,702)**	**21,659**	**84,955**
Balance at 24 September 2008	-	-	-	-	-	-	-
Loss for the financial year	-	-	-	-	-	(29)	(29)
Other comprehensive income	-	-	-	(7,826)	-	-	(7,826)
Total comprehensive income for the financial year	**-**	**-**	**-**	**(7,826)**	**-**	**(29)**	**(7,855)**
Balance at 30 September 2009	**-**	**-**	**-**	**(7,826)**	**-**	**(29)**	**(7,855)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

(1) DuluxGroup Limited elected to account for business combinations under common control at carrying value. As permitted by accounting standards, certain of its subsidiaries, primarily DuluxGroup (New Zealand) Pty Ltd has elected to apply purchase accounting in its own accounting books and records. On consolidation, the effect of this policy difference in relation to the valuation of the business assets and liabilities in New Zealand is the recognition of a Common Control Reserve to the extent that the fair value of the business assets and liabilities exceeded their carrying value at the date of acquisition.

(2) On 17 June 2010, whilst a wholly owned subsidiary of Orica Group, the Directors of DuluxGroup Limited declared a dividend to Orica Nominees Pty Ltd, a related entity, of $40,000,000 which was settled on 30 June 2010.

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Consolidated Statement of Cash Flows

For the financial year ended 30 September 2010

	2010 $'000	2009 $'000
Cash flows from operating activities		
Receipts from customers	**693,388**	34,459
Payments to suppliers and employees	**(648,604)**	(29,674)
Interest received	**169**	11
Interest paid	**(9,172)**	(1,066)
Income taxes paid	**(25,081)**	3
Net cash inflow from operating activities	**10,700**	3,733
Cash flows from investing activities		
Payments for property, plant and equipment	**(29,817)**	(1,295)
Payments for intangibles	**(737)**	(75)
Payments for purchase of businesses and controlled entities	**(310,701)**	(21,637)
Proceeds from joint venture distributions	**500**	-
Proceeds from sale of property, plant and equipment	**670**	47
Net cash outflow from investing activities	**(340,085)**	(22,960)
Cash flows from financing activities		
Net movement in short term financing	**1,872**	-
Proceeds from long term borrowings	**235,743**	21,925
Proceeds from issue of ordinary shares	**174,323**	-
Dividends paid	**(40,000)**	-
Net cash inflow from financing activities	**371,938**	21,925
Net increase in cash held	**42,553**	2,698
Cash at the beginning of the period	**2,532**	-
Effects of exchange rate changes on cash	**(404)**	(166)
Cash at the end of the financial year	**44,681**	2,532

Reconciliation of cash

Cash and cash equivalents at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2010	2009
Cash at bank	**41,871**	3
Cash at bank - restricted (1)	**2,810**	-
Funding - Orica Limited (2)	**-**	2,529
	44,681	2,532

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

(1) DuluxGroup operates a customer loyalty programme, which is managed on behalf of DuluxGroup by a third party. Under the terms of this arrangement, DuluxGroup is required to maintain sufficient funds in a programme specific bank account to honour in full the potential redemption value of rewards by customers. The ability to use this cash is contractually restricted and has therefore been presented separately.

(2) DuluxGroup was part of Orica Limited until demerger at close of business on 9 July 2010. Prior to this date, transactional banking facilities for the operations of DuluxGroup were largely provided through a centralised treasury function within the Orica Group and as such receipts and payments were recorded through intra-group loans. Such transactions, which took place prior to demerger have been treated as cash flows as the transactions would have resulted in actual cash flows if DuluxGroup had maintained its own banking facilities.

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Notes to the Preliminary Final Report

For the financial year ended 30 September 2010

1 Accounting policies

The significant accounting policies adopted in preparing the Preliminary Final Report ('the financial report') of DuluxGroup Limited ('the Company') and of its controlled entities (collectively 'the consolidated entity' or 'the Group' or 'DuluxGroup') are stated below to assist in a general understanding of this financial report. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

This financial report has been prepared on a historical cost basis, except for derivative financial instruments and investments in financial assets (other than controlled entities and joint ventures) which have been measured at fair value. This financial report is presented in Australian dollars, which is DuluxGroup Limited's functional and presentation currency. In addition, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Except as described below, the accounting policies applied by the DuluxGroup in this financial report are the same as those applied by DuluxGroup Limited in its financial statements for the year ended 30 September 2009. The standards relevant to the Group that have been adopted during the year are:

- AASB 8 *Operating Segments*.
- AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*. These amendments arise from the issuance of AASB 8 *Operating Segments*.
- AASB 101 *Presentation of Financial Statements*.
- AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*.
- AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*.
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*.
- AASB 3 *Business Combinations and AASB 127 Consolidated and Separate Financial Statements*.
- AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners*.
- AASB Interpretation 17 *Distribution of Non-cash Assets to Owners*.
- AASB 2009-2 *Amendments to Australian Accounting Standards Improving Disclosures about Financial Instruments*.
- AASB 2009-6 *Amendments to Australian Accounting Standards*.
- AASB Interpretation 18 *Transfer of Assets from Customers*.

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

- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions*.
- Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards arising from AASB 124*.
- AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement*.

These standards have had no significant impact on the financial report.

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

- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* - applicable for annual reporting periods beginning on or after 1 July 2010.
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* - applicable for annual reporting periods beginning on or after 1 January 2011.
- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* - applicable for annual reporting periods beginning on or after 1 January 2013.
- AASB 9 *Financial Instruments* - applicable for annual reporting periods beginning on or after 1 January 2013.

DuluxGroup expects to adopt these standards and interpretations in the financial year ending 30 September 2011 and subsequent financial years - however they are not expected to have a significant impact on the financial results of DuluxGroup.

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

b. Comparatives

DuluxGroup Limited was incorporated on 24 September 2008 and as such the previous corresponding financial year presented in this financial report is from this date until 30 September 2009 (referred to as the financial year ended 30 September 2009).

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

c. Consolidation

The DuluxGroup financial report is prepared by combining the financial statements of all the entities that comprise the Group, being the Company (the parent entity) and its subsidiaries as defined in AASB 127 *Consolidated and Separate Financial Statements*.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial report. On acquisition, the assets, liabilities and provision for contingent liabilities of a subsidiary, other than acquisitions under common control, are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the excess is credited to the Income Statement in the period of acquisition.

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

For acquisitions occurring while under the common control of Orica Group and for consolidation purposes, the assets and liabilities continue to reflect the carrying values in the accounting records of the consolidated group prior to the business combination occurring.

d. Revenue recognition

Sales revenue

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

Customer loyalty programme

DuluxGroup operates a loyalty programme under which customers accumulate points for purchases made which they are entitled to redeem for items from a catalogue. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale, such that the award points are recognised at their fair value. Revenue from the award points is deferred and recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed. Award points expire three to seven years after the initial sale.

Other income

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

Dividends are recognised in the Income Statement when declared.

Royalty income is recognised on sale of licensed product to the final customer.

e. Finance income and expenses

Finance income

Finance income includes interest income on funds invested, which is recognised in the Income Statement as accrued. Interest income is recognised using the effective interest method.

Notes to the Preliminary Final Report (continued)
For the financial year ended 30 September 2010

Finance expenses

Finance expenses include interest, unwinding of the effect of discounting on provisions, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Finance expenses are expensed as incurred unless they relate to qualifying assets.

Where funds are borrowed specifically for the production of a qualifying asset, the interest on those funds is capitalised, net of any interest earned on those borrowings. Where funds are borrowed generally, finance expenses are capitalised using a weighted average interest rate.

f. Leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in the Income Statement on a straight-line basis over the lease term.

g. Research and development costs

Research costs are expensed as incurred.

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

h. Taxation

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

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

Deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the balance sheets and their associated tax bases. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The amount of deferred tax provided is 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 is 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 are reduced to the extent it is no longer probable that the related tax benefit will be realised.

i. Inventories

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

j. Trade and other receivables

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

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

The impairment expense is reported in the Income Statement within Other Expenses.

A number of customers use bank facilities that are guaranteed or partially guaranteed by DuluxGroup. As the risks and rewards relating to these facilities have not transferred to the financial institution, a receivable and the equivalent interest-bearing liability have been recognised in the Balance Sheet.

Notes to the Preliminary Final Report (continued)
For the financial year ended 30 September 2010

k. Investments accounted for using the equity method

Investments in joint ventures are accounted for in the financial report using the equity method of accounting. Under the equity method, the share of the profits and losses of the joint venture is recognised in the profit or loss, and the share of post-acquisition movements in reserves is recognised in Other Comprehensive Income.

l. Other financial assets

DuluxGroup's interests in financial assets other than controlled entities and joint ventures are stated at market value.

m. Property, plant and equipment and depreciation

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

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

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

Buildings and improvements	25 to 40 years
Machinery, plant and equipment	3 to 10 years

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

Assets under construction are not depreciated until ready for use.

n. Intangible assets

Identifiable intangibles

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

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

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

Unidentifiable intangibles

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

Subsequent expenditure

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

o. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid.

Dividends

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

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

p. Interest-bearing liabilities

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

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

q. Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation and the amount has been reliably estimated. 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 pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the effect of discounting on provisions is recognised as a financial expense.

r. Employee entitlements

Annual leave

Liabilities for annual leave are accrued based on statutory and contractual requirements, including related on-costs. They are measured using the rates expected to be paid when the obligations are settled.

Long service leave

Liabilities for long service leave are accrued at the present value of expected future payments to be made resulting from services provided by employees up to balance date. Liabilities for long service leave entitlements, which are not expected to be paid or settled within 12 months, are discounted using the rates attaching to Government fixed coupon bond rates with similar maturity terms.

Management judgment is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future on-cost rates; and
- experience of employee departures and period of service.

Bonuses

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

Superannuation

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

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

All actuarial gains and losses are recognised directly in equity.

DuluxGroup's net obligation in respect of the defined benefit fund is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the market yield on Government bonds that have maturity dates approximating the terms of the consolidated entity's obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

Share-based payments

Shares issued under the Long Term Equity Incentive Plan ('LTEIP') in conjunction with non-recourse loans are accounted for as options.

The options are externally measured at fair value at the date of grant using an option valuation model. This valuation model generates possible future share prices based on similar assumptions that underpin relevant option pricing models and reflects the value (as at grant date) of options granted. The assumptions underlying the options valuations are: (a) the exercise price of the option, (b) the life of the option, (c) the current price of the underlying securities, (d) the expected volatility of the share price, (e) the dividends expected on the shares and (f) the risk-free interest rate for the life of the option. The fair value determined at the grant date of the award is expensed in the Income Statement on a straight-line basis over the relevant vesting period. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

The amounts receivable from employees in relation to the non-recourse loans and any share capital issued under LTEIP are not recognised and any shares purchased on-market are recognised as a share buy-back and deducted from shareholders equity.

Where the company issues shares under the employee share investment plan at a discount, an expense for the fair value of the discount on the granted shares is recognised.

Restructuring and employee termination benefits

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

s. Foreign currency

Functional currency

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

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency of the entity at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement.

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

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

Financial statements of foreign operations

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

The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised directly in Other Comprehensive Income.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

t. Financial instruments

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

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

Where financial instruments qualify for hedge accounting, recognition of any resulting gain or loss on remeasurement to fair value depends on the nature of the item being hedged.

Cash flow hedges

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

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

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

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

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

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

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

Hedge of monetary assets and liabilities

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

Anticipated transactions

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

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

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

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

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

u. Cash and cash equivalents

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

v. Share capital

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

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

The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

Shares held by DuluxGroup Employee Share Trust are disclosed as treasury shares and deducted from contributed equity.

w. Impairment of assets

The carrying amount of the Group's non-current assets excluding defined benefit fund assets, deferred tax assets, goodwill and indefinite life intangible assets is reviewed at each reporting date to determine whether there are any indicators of impairment. If such indicators exist, the asset is tested for impairment by comparing its recoverable amount to its carrying amount. Goodwill and indefinite life intangible assets are tested for impairment at least annually.

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

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

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

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

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

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

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

Reversals of impairment

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill is not reversed. An impairment loss in other circumstances is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

x. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the net profit attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued upon the conversion of all dilutive potential ordinary shares into ordinary shares.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

y. Segment reporting

Operating segments are reported in a manner which is materially consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Managing Director and Chief Executive Officer.

z. Goods and services tax

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

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

aa. Rounding

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

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

2 DuluxGroup demerger

Effective 9 July 2010, DuluxGroup Limited (the Company) ceased to be a subsidiary of Orica Limited and became a separately listed entity on the Australian Securities Exchange on 12 July 2010. As required for statutory reporting purposes, the financial report for the Company has been presented for the financial year ended 30 September 2010 and the comparative period from the date of incorporation on 24 September 2008 to 30 September 2009.

The consolidated financial results presented for DuluxGroup for the financial year ended 30 September 2010 do not reflect the full 12 month results for several operations that comprise DuluxGroup currently and at the time of the separation from Orica Limited. Upon incorporation, DuluxGroup Limited contained no material assets until the acquisition of Sopel, a decorative coatings business in China, in November 2008. The results as presented for the 2009 comparative year, therefore, include only this business from the date of acquisition. During the current 2010 financial year, as part of the preparation for the demerger, significant operating assets and liabilities owned by other entities within the Orica Group were legally acquired by DuluxGroup Limited. These include the assets and liabilities of Paints Australia, Paints New Zealand and Selleys Yates on 1 December 2009, the Malaysian operation on 1 March 2010, the Hong Kong operation on 1 April 2010 and the Papua New Guinea operation on 30 June 2010. The results of these operations have only been included in this consolidated financial report from the date of acquisition by the Company, as required by applicable Australian Accounting Standards.

In addition, the consolidated results of DuluxGroup Limited presented in the financial report include the impact of the various financial transactions between Orica Limited and DuluxGroup Limited to effect the demerger itself. Where necessary, these transactions have been highlighted in this report.

For further details of the demerger history and associated restructuring activities, refer Note 3.

3 Businesses acquired

2010

Demerger of DuluxGroup Limited and its controlled entities from Orica Limited

On 21 July 2008, Orica Limited announced its intention to demerge the DuluxGroup business (formerly known as the Consumer Products business). In preparation for the demerger, DuluxGroup Limited was incorporated on 24 September 2008 to be the holding company for the demerged DuluxGroup business. While this plan was deferred indefinitely by Orica Limited on 7 November 2008 in light of extreme volatility in equity and financial markets, during the 2009 and 2010 financial year Orica Limited continued to prepare its business in anticipation of a demerger. On 3 May 2010, Orica Limited again announced its intention to demerge its DuluxGroup business, with the demerger approved by the courts on 9 July 2010 and effective at the close of business on the same day for accounting purposes.

As part of the activities undertaken by Orica Limited during the financial year to prepare the DuluxGroup business for demerger, DuluxGroup acquired the following legal entities (100% unless otherwise stated):

- DuluxGroup (Australia) Pty Ltd on 1 December 2009;
- Dulux Holdings Pty Ltd on 1 December 2009;
- DGL International (Malaysia) Sdn Bhd on 1 March 2010;
- DGL International (Hong Kong) Limited on 1 April 2010;
- Orica Coatings (Shenzhen) Co., Ltd on 1 April 2010; and
- Dulux Holdings (PNG) Pte Ltd (formerly Orica Papua New Guinea Limited) on 30 June 2010.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

3 Businesses acquired (continued)

Also as part of the activities undertaken by Orica Limited to prepare the DuluxGroup business for demerger, DuluxGroup acquired the following business assets and liabilities:

- DuluxGroup business in New Zealand on 1 December 2009;
- DuluxGroup businesses in Australia not trading through DuluxGroup (Australia) Pty Ltd on 1 December 2009;
- DuluxGroup businesses in Singapore not already trading through DGL International (Singapore) Pte Ltd on 25 January 2010; and
- Dulux Holdings (PNG) Pte Ltd business assets and liabilities, excluding land and buildings, on 30 June 2010, being prior to the acquisition of the Dulux Holdings (PNG) Pte Ltd legal entity on the same date.

These transactions occurred while under the common control of Orica Limited and for consolidation purposes have been accounted for as business combinations under common control at carrying value by DuluxGroup Limited. Consequently no acquisition accounting in the form of a purchase price allocation has been undertaken and therefore the assets and liabilities have not been remeasured to fair value nor has any goodwill arisen. Accordingly in the books of DuluxGroup all assets and liabilities continue to reflect their carrying values in the Orica Limited consolidated accounting records immediately prior to transfer to DuluxGroup using Orica Limited's accounting policies prior to the business combinations occurring.

DuluxGroup Limited elected to account for business combinations under common control at carrying value. As permitted by accounting standards, certain of its subsidiaries, primarily DuluxGroup (New Zealand) Pty Ltd has elected to apply purchase accounting in its own accounting books and records. On consolidation, the effect of this policy difference in relation to the valuation of the business assets and liabilities in New Zealand is the recognition of a Common Control Reserve (reported in Shareholders' Equity) to the extent that the fair value of the business assets and liabilities exceeded their carrying value at the date of acquisition.

In addition, DuluxGroup purchased the Yates Intellectual Property from Orica International IP Holdings Inc., USA at fair value whist under the common control of Orica Limited. Consistent with the accounting policy for transactions under common control, an adjustment was recorded to the common control reserve on consolidation to restate the intangible to the book value as recorded in the books of Orica International IP Holdings Inc. immediately prior to the transaction occurring.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

3 Businesses acquired (continued)

The assets and liabilities recognised as a result of the acquisitions by the consolidated entity are as follows:

2010	**$'000**
Consideration	
Cash paid and settled via loans with related entities	**315,451**
Net cash acquired	**(4,750)**
Total consideration	**310,701**
Book value of net assets of businesses/controlled entities acquired	
Trade and other receivables	**89,850**
Inventories	**107,201**
Investments	**1,956**
Property, plant and equipment	**134,696**
Intangibles including purchased goodwill	**73,365**
Deferred tax assets	**25,150**
Other assets	**19,795**
Trade and other payables	**(168,747)**
Interest-bearing liabilities	**(16,082)**
Provision for employee entitlements	**(24,899)**
Defined benefit liability	**(13,627)**
Provision for restructuring and rationalisation	**(1,920)**
Current tax liabilities	**(6,244)**
Deferred tax liabilities	**(563)**
Other provisions	**(6,932)**
	212,999
Common control reserve	**97,702**

Results contributed by businesses or entities acquired through business combinations under common control since acquisition date:	**$'000**
Revenue	741,369
Profit before income tax expense	96,453

If the acquisitions had occured on 1 October 2009, the results contributed by businesses or entities acquired through business combinations under common control would have been:	**$'000**
Revenue	**928,799**
Profit before income tax expense	**125,963**

The information on revenue and profit before income tax expense above was compiled by DuluxGroup management based on historical DuluxGroup management information.

Amendments to prior year acquisitions

All fair value adjustments associated with the acquisition of DGL International (Singapore) Pte Ltd were finalised during the financial year ended 30 September 2010. The result of this is a reduction of $813,000 has been recognised in goodwill during the financial year ended 30 September 2010 with a corresponding decrease to creditors of $1,120,000 and an increase to the deferred tax liability of $307,000. These adjustments reflect a reduction in the deferred consideration arising from an earn-out arrangement and recognition of future tax consequences attaching to the acquired brand names.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

3 Businesses acquired (continued)

2009

Acquisition of businesses and controlled entities

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

On 7 November 2008, whilst part of Orica Limited, DuluxGroup acquired DGL International (Singapore) Pte Ltd (formerly OPEL Chemical (Singapore) Pte Ltd) which owns a decorative coatings business, trading through DGL International Coatings (Shanghai) Co Ltd (formerly Orica Coatings (Shanghai) Co Ltd) and formerly Sopel Chemical (Shanghai) Co Ltd), in China.

2009	Book Values $'000	Fair Value Adjustment $'000	Total $'000
Consideration			
Cash paid	21,297	-	21,297
Contingent consideration	5,377	-	5,377
Net overdraft acquired	340	-	340
Total consideration	27,014	-	27,014
Fair value of net assets of businesses/controlled entities acquired			
Trade and other receivables	7,305	-	7,305
Inventories	5,862	-	5,862
Property, plant and equipment	4,428	-	4,428
Intangibles	49	2,477	2,526
Other assets	55	-	55
Payables and interest-bearing liabilities	(13,015)	-	(13,015)
Provisions	(177)	-	(177)
Contingent liabilities	-	(2,255)	(2,255)
	4,507	222	4,729
Goodwill on acquisition			22,285

Results contributed by acquired entities since acquisition date:	$'000
Revenue	35,658
Profit before income tax expense	2,200

If the acquisition had occured on 24 September 2008, the results contributed by entities acquired would have been:	$'000
Revenue	42,258
Profit before income tax expense	1,600

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

Notes to the Preliminary Final Report (continued)
For the financial year ended 30 September 2010

4 Earnings per share (EPS)

As reported in Consolidated Income Statement	**2010 Cents per share**	2009 Cents per share
Total attributable to ordinary shareholders of DuluxGroup		
Basic earnings per share	**16.9**	-
Diluted earnings per share	**16.9**	-
	Number	Number
Weighted average number of shares used as the denominator:		
Number for basic earnings per share[(1)]	**362,100,430**	362,100,430
Effect of the potential issue of shares as part of the Long Term Equity Incentive Plan and the Employee Share Investment Plan[(2)]	**928,611**	-
Number for diluted earnings per share	**363,029,041**	362,100,430

(1) The weighted average number of shares has been restated to reflect the change in the company's capital structure as a result of DuluxGroup's demerger from the Orica Group as if the change had occurred at the beginning of the comparative period.

(2) The calculation of the weighted average number of shares has been adjusted for the effect of these potential shares from the date of issue.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

5 Segment report

Segment information is presented in respect of the consolidated entity's reportable segments. The Chief Operating Decision Maker (CODM) for the Group has been assessed as the Group's CEO and Managing Director. The consolidated entity's operations have been divided into four reportable segments comprising: Paints Australia, Paints New Zealand, Selleys Yates, and Offshore and Other.

The consolidated entity's policy is to transfer products internally at negotiated commercial prices. Other income includes royalties, profit on sale of property, plant and equipment, and net foreign exchange gains.

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

Defined reportable segments	**Products/services**
Paints Australia	Manufacture and supply of paints and other surface coatings to the decorative market in Australia for both consumer and professional markets.
Paints New Zealand	Manufacture and supply of paints and other surface coatings to the decorative market in New Zealand for both consumer and professional markets.
Selleys Yates	Manufacture and distribution of home improvement and garden care products in Australia and New Zealand for both consumer and professional markets.
Offshore and Other	China and South East Asia coatings and home improvement businesses, Papua New Guinea coatings business and the powders and industrial coatings business in Australia and New Zealand.

In the prior year, DuluxGroup was only organised into one reportable operating segment consisting of the newly acquired decorative coating business in China. Accordingly it is not possible to present segment information in the prior year on a comparable basis.

Notes to the Preliminary Final Report (continued)
For the financial year ended 30 September 2010

5 Segment report (continued)

Reportable segments 2010 $'000	Paints Australia	Paints New Zealand	Selleys Yates	Offshore and Other	Unallocated[3]	Consolidated
Revenue						
External sales	**446,969**	**59,269**	**180,483**	**88,933**	**-**	**775,654**
Inter-segment sales	**7,608**	**7,219**	**9,423**	**556**	**(24,806)**	**-**
Total revenue from sale of goods	**454,577**	**66,488**	**189,906**	**89,489**	**(24,806)**	**775,654**
Other income[1]	**(336)**	**46**	**529**	**427**	**587**	**1,253**
Total revenue and other income	**454,241**	**66,534**	**190,435**	**89,916**	**(24,219)**	**776,907**
Results						
Profit / (loss) before demerger costs, net financing costs and income tax expense	**75,741**	**8,378**	**22,395**	**3,321**	**(6,694)**	**103,141**
Demerger costs[2]	**-**	**-**	**-**	**-**	**(4,000)**	**(4,000)**
Profit / (loss) from operations	**75,741**	**8,378**	**22,395**	**3,321**	**(10,694)**	**99,141**
Finance income						**169**
Finance expense						**(13,596)**
Profit before income tax expense						**85,714**
Income tax expense						**24,425**
Profit for the financial year						**61,289**
Segment assets	**238,989**	**37,377**	**129,634**	**80,807**	**87,564**	**574,371**
Segment liabilities	**121,846**	**16,655**	**45,346**	**24,047**	**281,522**	**489,416**
Investments accounted for using the equity method	**-**	**-**	**2,080**	**-**	**-**	**2,080**
Acquisitions of property, plant and equipment and intangibles	**16,140**	**10,727**	**5,148**	**660**	**-**	**32,675**
Impairment/(reversal of impairment) of inventories	**571**	**(10)**	**-**	**266**	**-**	**827**
Impairment of trade receivables	**1,032**	**101**	**-**	**281**	**-**	**1,414**
Depreciation expense	**7,121**	**1,590**	**2,567**	**3,133**	**284**	**14,695**
Amortisation expense	**829**	**74**	**559**	**210**	**-**	**1,672**
Non-cash expenses other than depreciation and amortisation: Share-based payments	**1,668**	**63**	**193**	**1**	**-**	**1,925**
Share of net profit of joint venture accounted for using the equity method	**-**	**-**	**624**	**-**	**-**	**624**

(1) Includes foreign exchange gains/(losses) in various reportable segments.
(2) DuluxGroup has incurred $4,000,000 (pre-tax) of transaction costs ($2,800,000 after tax) related to rebranding and separation activities resulting from the demerger.
(3) Unallocated largely comprises centrally managed income, costs, assets and liabilities relating to properties, tax, treasury and DuluxGroup's defined benefit pension plan.

Revenue from one of DuluxGroup's customers was approximately 30% of the total DuluxGroup revenue from sale of goods during the financial year ended 30 September 2010. This customer operated within the Paints Australia, Paints New Zealand and Selleys Yates segments.

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

5 Segment report (continued)

Geographical information

Revenue from external customers is attributed to geographic location based on the location of customers. The revenue from external customers by geographical location is as follows:

	2010 $'000
Australia	**628,455**
New Zealand	**92,432**
Other countries	**54,767**
	775,654

The location of non-current assets other than financial instruments and deferred tax assets at balance date is as follows:

	2010 $'000
Australia	**197,581**
New Zealand	**24,288**
Other countries	**21,515**
	243,384

6 Dividends

Dividends paid or declared in respect of the year ended 30 September 2010 were:

a) Ordinary shares

On 17 June 2010, whilst part of Orica Group, the Directors of DuluxGroup Limited declared a dividend to Orica Nominees Pty Ltd, a related entity, of $40,000,000 ($6,666,667 per ordinary share) which was settled on 30 June 2010.

The declaration of dividends is subject to the Company satisfying the “solvency test” requirements of the *Corporations Act 2001*, which took effect from 28 June 2010 (previously paid out of retained profits).

b) Subsequent events

On 8 November 2010, the Directors declared a final dividend of 3.0 cents per ordinary share, fully franked and payable on 10 December 2010.

The financial effect of the final dividend has not been brought to account in the financial statements for the financial year ended 30 September 2010 and will be recognised in the financial report for the financial year ending 30 September 2011.

The Company’s Dividend Reinvestment Plan (DRP) will operate with respect to the final dividend. The DRP pricing period will be the five trading days from 23 November 2010 to 29 November 2010 inclusive. No discount will be applied to the DRP price. Ordinary shares issued under the DRP will rank equally with all other ordinary shares.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

7 Contributed equity

	2010 $'000	2009 $'000
Issued and fully paid:		
Ordinary shares	**174,323**	-

Movements in fully paid ordinary shares on issue since 24 September 2008 were as follows:

Details	**Number of shares**	**Issue price $**	**$'000**
Ordinary shares			
Balance at 24 September 2008	6	1.00	-
Balance at 30 September 2009	**6**		-
Shares issued under the Orica Demerger Scheme[1]	362,100,424	0.48	174,323
Shares issued under the DuluxGroup ESIP plan[2]	489,840	-	**-**
Share movements under the DuluxGroup LTEIP plan[3]	4,401,850	-	**-**
Balance at 30 September 2010	**366,992,120**		174,323

(1) Under the Orica Demerger Scheme one DuluxGroup Limited ordinary share was issued for each Orica Limited ordinary share held at the Record Date for the demerger being 16 July 2010.

(2) Under the 2010 Employee Share Investment Plan (ESIP), eligible employees of the Group (with the exception of New Zealand employees) were invited to acquire DuluxGroup ordinary shares to the value of $500 (through a salary sacrifice). Eligible employees in New Zealand were offered to acquire ordinary shares to the value of NZ$390. DuluxGroup 'matched' this participation, providing shares up to the value of $500 (or NZ$390) to participating employees at no cost to the participant. In accordance with AASB 2 *Share-based Payment*, the accounting expense to the company for the matching was expensed in full during the financial year ended 30 September 2010.

The number of DuluxGroup shares allocated was based on the market price at the time of allocation under the ESIP with 489,840 new shares issued. The offer was only open to full time and permanent part time employees who had been continuously employed within the DuluxGroup business for a period of three months prior to the date of the 2010 ESIP offer and specifically excluded members of the senior management team.

A participating employee is entitled to receive all cash dividends paid on their DuluxGroup shares and to exercise the voting rights attaching to those shares from the date of allocation. Employees who leave DuluxGroup must salary sacrifice any remaining amount prior to becoming entitled. A share allocated to a participating employee under the ESIP has trade restrictions attached until the earlier of the end of three years after the date of allocation and the time when the participant ceases to be employed by DuluxGroup Limited or any of its controlled entities. At the end of the restriction period, the employee will be able to sell or otherwise deal with their DuluxGroup shares. A total of 1,311 employees participated in the plan.

Details of shares issued under this plan in the current year and the associated expense is as follows:

2010	**Issue Date**	**Issue Price**	**Total Expense ($)**
Shares issued	9 August 2010	$2.56	567,590
Shares issued	28 September 2010	$2.69	62,421
			630,011

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

7 Contributed equity (continued)

(3) Following the demerger of DuluxGroup Limited from the Orica Group on 9 July 2010, trading of DuluxGroup Limited shares commenced on the Australian Securities Exchange (ASX) on 12 July 2010. The DuluxGroup Long Term Equity Incentive Plan (LTEIP) has been established to incentivise executives to generate shareholder wealth.

Under the LTEIP, eligible executives are provided with an interest free, non-recourse loan from DuluxGroup for the sole purpose of acquiring shares in the Company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. Executives are entitled to exercise the voting rights attaching to their DuluxGroup shares from the date of allocation of those DuluxGroup shares. The shares in DuluxGroup issued to the executives can be newly issued shares, purchased on market or reissued unvested shares. Shares issued under this plan in conjunction with non-recourse loans are accounted for as options. As a result, the amounts receivable from employees in relation to these loans are not recognised in the financial statements. Shares issued under this plan are recognised as treasury shares (refer below) with a share-based payments expense recognised in the income statement over the vesting period based on the fair value of the options. Shares purchased on-market under the plans are recognised as a share buy-back. Repayments of share loans are recognised as share capital. Under the July 2010 and subsequent LTEIP executive allocations, the shares are returned to DuluxGroup, subject to discretion retained by the Directors, if the executives leave DuluxGroup within the vesting period. Typically, the vesting period is three years, with performance tested following the announcement of annual results in the third year after a grant is made. For the grant made under the 2010 DuluxGroup LTEIP, a period of approximately three and a half years will apply, with testing expected to occur in November 2013.

Details of shares issued under this plan in the current year and the associated expense is as follows: :

2010	**Issue Date**	**Issue Price**	**Total Expense* ($)**
Shares issued	19 July 2010	$2.57	252,636
Shares issued	5 August 2010	$2.57	29,774
			282,410

* Includes the value calculated under AASB 2. The share-based payment expense represents the expense incurred during the year in respect of current incentive allocations to Executives. These amounts are therefore not amounts actually received by Executives during the year. Whether an Executive receives any value from the allocation of long term incentives in the future will depend on the performance of the Company's shares.

Orica Group Long Term Equity Incentive Plan

Prior to demerger from the Orica Group at the close of business on 9 July 2010, eligible DuluxGroup executives participated in the Orica Group long term equity incentive plans. During the financial year, a total of $1,012,979 was recorded as share-based payments expense under this plan.

Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may be able to elect to have all or part of their dividend entitlements satisfied by the issue of new fully paid ordinary shares.

Treasury shares

As part of the Long Term Equity Incentive Plan and the Employee Share Investment Plan, a total of 4,891,690 shares have been issued to DuluxGroup (Employee Share Plans) Pty Ltd as trustee of the plans. These have been accounted for as treasury shares and therefore not reported as part of contributed equity.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

8 Investments accounted for using the equity method

	Percentage of ownership interest held at end of the financial year		Contribution to net profit	
	2010	2009	**2010**	2009
Name of entity:	**%**	%	**$'000**	$'000
Orica Camel Coatings Ltd[1]	**50.0**	-	**-**	-
Pinegro Products Pty Ltd[2]	**50.0**	-	**624**	-
			624	-

[1] Acquired in 2010 and incorporated on 31 October 2003.
[2] Acquired in 2010 and incorporated on 10 April 1979.

9 Income tax expense

	2010 $'000	2009 $'000
a) Income tax expense / (benefit) recognised in the Consolidated Income Statement		
Current tax expense	**24,876**	307
Deferred tax expense	**(451)**	(401)
Total income tax expense / (benefit) in the Consolidated Income Statement	**24,425**	(94)
Deferred income tax expense / (benefit) included in income tax expense comprises:		
Increase in deferred tax asset	**(419)**	(401)
Decrease in deferred tax liabilities	**(32)**	-
	(451)	(401)

Significantly, we draw your attention to Note 2 which describes the impact on the reported results of DuluxGroup arising from the transactions and restructuring activities undertaken as part of the demerger from Orica Limited.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

9 Income tax expense (continued)

	2010 $'000	2009 $'000
b) Reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) before income tax expense	**85,714**	(123)
Prima facie income tax expense / (benefit) calculated at 30% of profit / (loss) before income tax expense	**25,714**	(37)
Tax effect of items which (decrease) / increase tax expense:		
Variation in tax rates of foreign controlled entities	**311**	(67)
Entertainment	**267**	-
Non allowable share-based payments	**578**	-
Research and development	**(378)**	-
Share of net profit of joint venture accounted for using the equity method	**(187)**	-
Non-assessable income	**(2,481)**	-
Deferred tax restatements for New Zealand tax legislation change	**391**	-
Tax losses not recognised	**736**	-
Other foreign deductions	**(489)**	8
Sundry items	**(37)**	2
Income tax expense / (benefit) reported in the Consolidated Income Statement	**24,425**	(94)

Impact of demerger on tax balances

On forming the Australian tax consolidated group effective from 19 July 2010, management undertook an exercise to calculate the impact of tax consolidation on the recognised values of deferred tax balances in Australia. The impact of tax consolidation has been reflected in this financial report and has been based on management's best estimates, taking into account the time frame available to prepare the exit calculations since the demerger date. Management is continuing to refine the tax exit calculations and will reflect any changes in the following year's financial report.

10 Debt facilities

Prior to demerger, DuluxGroup was largely funded from a combination of facilities provided through an internal centralised Orica Group treasury function, off-shore debt facilities and trade card arrangements. The internal centralised Orica Group treasury finance has been replaced by a new syndicated bank facility totalling $400 million with a syndicate of domestic and international banks. The facility is an unsecured $US, $AUD, $NZ revolving cash facility, with $300 million maturing on 30 April 2013 and a further $100 million maturing on 30 April 2015. The facility is guaranteed by DuluxGroup Limited, DuluxGroup (Finance) Pty Ltd, DuluxGroup (Investments) Pty Ltd, DuluxGroup (New Zealand) Pty Ltd, DuluxGroup (Australia) Pty Ltd and Dulux Holdings Pty Ltd.

For all currencies the amount drawn down attracts an applicable rate of interest plus a margin, which has been agreed at current commercial rates. The applicable interest rate attaching to a drawn down amount denominated in: $AUD is the BBSY rate, $US is the LIBOR01 rate, $NZ is the BKBM rate.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

11 Critical accounting judgements and estimates

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

Current asset provisions

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

Property, plant and equipment and definite life intangible assets

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

Impairment of assets

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

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

Notes to the Preliminary Final Report (continued)
For the financial year ended 30 September 2010

11 Critical accounting judgements and estimates (continued)

Defined benefit superannuation fund obligations

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

Legal proceedings

The nature of DuluxGroup's consumer products business means that the company receives product-specific and general claims from various parties as part of the ordinary course of its business. These claims are evaluated on a case-by-case basis considering the information and evidence available as well as specialist advice as required to assess the appropriate outcome.

However, the outcome of currently pending and future litigation cannot be predicted with certainty. Accordingly, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and that could materially affect the financial position, results of operations or cash flows of the Group. Litigation and other judicial proceedings raise difficult and complex legal issues and are subject to many complexities. Upon resolution of a legal matter, the Group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. Where it is considered probable that a future obligation will result in a material outflow of resources, then this is accounted for accordingly by the Group.

12 Contingent liabilities and contingent assets

DuluxGroup had contingent liabilities at 30 September 2010 in respect of:

Orica Separation Deed

The Separation Deed between Orica Limited and DuluxGroup Limited deals with certain commercial, transitional and legal issues arising in connection with the legal and economic separation of DuluxGroup from Orica Group. A key part of the Separation Deed is the agreement between the parties in relation to the "Demerger Principle". This fundamental underlying principle of the demerger is that, on and from the effective date of the demerger, DuluxGroup has the entire economic benefit, commercial risk and liabilities of all businesses to be conducted by DuluxGroup after the effective date and all former DuluxGroup businesses, as though DuluxGroup had always owned and operated those businesses. The principle also states that Orica Group will have the entire economic benefit, commercial risk and liabilities of all businesses to be conducted by Orica Group after the effective date, and any company, business or asset which is not a business to be conducted by DuluxGroup after the effective date or a former DuluxGroup business, as though Orica Group had always owned and operated those businesses. To support this principle, DuluxGroup and Orica Group indemnify each other against all claims, and liabilities relating to any claim brought by the other, relating to liabilities which are liabilities of their businesses or former businesses following the application of the Demerger principle. The Separation Deed also contains specific indemnities with respect to certain matters. Further details can be found in section 3.9.3 of the Demerger Scheme Booklet released to the ASX by Orica Limited on 31 May 2010.

Notes to the Preliminary Final Report (continued)

For the financial year ended 30 September 2010

12 Contingent liabilities and contingent assets (continued)

Deed of cross guarantee

All of DuluxGroup Limited's Australian subsidiaries are party to a Deed of Cross Guarantee pursuant to ASIC Class Order 98/1418. The terms of this Deed of Cross Guarantee include a provision that each party guarantees the debts of each other party on insolvency. DuluxGroup (Australia) Pty Ltd ACN 000 049 427 was also a party to Orica Limited's Deed of Cross Guarantee and remained a party to that Deed from the effective date of the demerger of DuluxGroup Limited from Orica Limited until November 2010.

13 Events subsequent to balance date

On 8 November 2010, the directors declared a final dividend of 3.0 cents per ordinary share, fully franked, payable on 10 December 2010. The financial effect of this dividend is not included in this financial report for the year ended 30 September 2010 and will be recognised in the financial report for the year ended 30 September 2011.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2010 that has affected or may affect the operations, results or state of affairs of DuluxGroup in subsequent years, which has not been covered in this report.