

Appendix 4D
Half Year Report
ORICA LIMITED
ABN 24 004 145 868

1. Details of the reporting period and the previous corresponding period

Reporting Period	Half year ended	31 March 2021
Previous Corresponding Period	Half year ended	31 March 2020

2. Results for announcement to the market

Consolidated:		Change			\$m
		\$m			
2.1 Consolidated revenue from operations	dow n	(257.1)	(8.9)%	to	2,623.2
2.2 Net profit attributable to shareholders of Orica Limited	dow n	(88.5)	(53.6)%	to	76.7
2.3 Net profit attributable to shareholders of Orica Limited before individually significant items	dow n	(91.8)	(55.6)%	to	73.4

Dividends		Amount per security	Franked amount per security at 30% tax
<i>Current period</i>			
2.4	Interim dividend - Ordinary Cents	7.5	0.0
<i>Previous corresponding period</i>			
2.4	Interim dividend - Ordinary Cents	16.5	0.0
2.5 Record date for determining entitlements to the dividend: Ordinary Shares		1-Jun-21	
Payment date of dividend: Ordinary Shares		9-Jul-21	
		31 March 2021	30 September 2020
		Cents	Cents
Net tangible asset backing per ordinary security ⁽¹⁾		335.8	335.3
			31 March 2020
		Cents	Cents
		466.5	

⁽¹⁾ Restated 30 September 2020 for purchase price allocation adjustments for the Exxa S.A business acquisition. Refer to note 7 for further details.

For the profit commentary and any other significant information needed on Orica's results please refer to the accompanying Orica Limited Half Year Results Analyst Presentation.

Contents:

Income Statement	3
Statement of Comprehensive Income	4
Balance Sheet	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Condensed notes to the consolidated Half Year Financial Report:	
1. Accounting policies	8
2. Segment report	9
3. Earnings per share (EPS)	13
4. Dividends and distributions	14
5. Contributed equity	14
6. Equity accounted investees	15
7. Businesses acquired	16
8. Taxation	16
9. Financial instruments	17
10. Critical accounting judgements and estimates	18
11. Individually significant items	19
12. Contingent liabilities	19
13. Events subsequent to balance date	19
Directors' Declaration	20
Directors' Report	21
Lead Auditor's Independence Declaration	22
Independent Auditor's Review Report	23

Income Statement

For the period ended 31 March

	Notes	Consolidated	
		2021 \$m	2020 \$m
Sales revenue	(2b)	2,623.2	2,880.3
Other income	(2d)	20.3	11.3
Raw materials and inventories		(1,251.4)	(1,317.7)
Employee benefits expense		(598.7)	(648.0)
Depreciation and amortisation expense	(2b)	(209.7)	(171.1)
Purchased services and other expenses		(210.8)	(203.7)
Outgoing freight		(159.4)	(146.0)
Repairs and maintenance		(78.5)	(115.0)
Environmental provision expense	(2e)	(39.3)	-
Operating model restructuring	(2e)	(22.2)	-
Gain on sale of Villawood site	(2e)	40.8	-
Share of net profit of equity accounted investees	(6)	16.8	18.5
Total		(2,512.4)	(2,583.0)
Profit from operations		131.1	308.6
Financial income		20.3	22.8
Financial expenses		(61.9)	(85.8)
Net financing costs		(41.6)	(63.0)
Profit before income tax expense		89.5	245.6
Income tax expense	(8)	(11.3)	(78.5)
Net profit for the period		78.2	167.1
Net profit for the period attributable to:			
Shareholders of Orica Limited		76.7	165.2
Non-controlling interests		1.5	1.9
Net profit for the period		78.2	167.1
		cents	cents
Earnings per share attributable to ordinary shareholders of Orica Limited:			
Basic earnings per share	(3)	18.9	42.9
Diluted earnings per share	(3)	18.8	42.7

The Income Statement is to be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

For the period ended 31 March

	Consolidated	
	2021	2020
	\$m	\$m
Net profit for the period	78.2	167.1
Other comprehensive income		
Items that may be reclassified subsequently to income statement:		
<i>Exchange differences on translation of foreign operations</i>		
Exchange (loss)/gain on translation of foreign operations, net of tax	(117.0)	233.7
Net gain/(loss) on hedge of net investments in foreign subsidiaries, net of tax	37.1	(63.0)
Net exchange differences on translation of foreign operations	(79.9)	170.7
<i>Sundry items:</i>		
Net (loss)/gain on cash flow hedges, net of tax	(1.9)	13.4
Items that will not be reclassified subsequently to income statement:		
Net actuarial gain/(loss) on defined benefit obligations, net of tax	38.7	(14.4)
Other comprehensive (loss)/income for the period	(43.1)	169.7
Total comprehensive income for the period	35.1	336.8
Attributable to:		
Shareholders of Orica Limited	29.0	331.6
Non-controlling interests	6.1	5.2
Total comprehensive income for the period	35.1	336.8

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

Balance Sheet

As at

	Notes	Consolidated	
		31 March 2021 \$m	Restated ⁽¹⁾ 30 September 2020 \$m
Current assets			
Cash and cash equivalents	(9)	988.8	920.5
Trade receivables		685.7	837.7
Other receivables		167.4	139.1
Inventories		625.0	610.0
Other assets		100.2	156.7
Total current assets		2,567.1	2,664.0
Non-current assets			
Other receivables		29.7	46.3
Equity accounted investees	(6)	289.5	301.6
Property, plant and equipment ⁽¹⁾		3,175.4	3,280.1
Intangible assets ⁽¹⁾		1,755.8	1,776.1
Deferred tax assets		302.9	309.0
Other assets		34.3	74.9
Total non-current assets		5,587.6	5,788.0
Total assets		8,154.7	8,452.0
Current liabilities			
Trade payables		742.2	739.7
Other payables		236.1	426.3
Interest bearing liabilities	(9)	217.4	682.4
Provisions		225.1	225.2
Other liabilities		63.2	95.8
Total current liabilities		1,484.0	2,169.4
Non-current liabilities			
Other payables		9.0	11.6
Interest bearing liabilities	(9)	2,774.1	2,357.3
Provisions		584.6	639.4
Deferred tax liabilities ⁽¹⁾		24.3	45.9
Other liabilities		111.0	43.4
Total non-current liabilities		3,503.0	3,097.6
Total liabilities		4,987.0	5,267.0
Net assets		3,167.7	3,185.0
Equity			
Ordinary shares	(5)	2,677.7	2,659.1
Reserves		(752.5)	(670.3)
Retained earnings		1,196.9	1,148.4
Total equity attributable to ordinary shareholders of Orica Limited		3,122.1	3,137.2
Non-controlling interests ⁽¹⁾		45.6	47.8
Total equity		3,167.7	3,185.0

⁽¹⁾ Restated for purchase price allocation adjustments for the Exsa S.A business acquisition. Refer to note 7 for further details.

The Balance Sheet is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period ended 31 March

	Ordinary shares \$m	Retained earnings \$m	Foreign currency translation reserve \$m	Cash flow hedge reserve \$m	Other reserves \$m	Total \$m	Non- controlling interests \$m	Total equity \$m
2020								
Balance at 1 October 2019	2,138.0	1,193.7	(225.3)	(16.0)	(122.2)	2,968.2	57.2	3,025.4
AASB 16 transitional adjustment	-	(2.6)	-	-	-	(2.6)	-	(2.6)
IFRIC 23 transitional adjustment	-	(10.2)	-	-	-	(10.2)	-	(10.2)
Adjusted balance at 1 October 2019	2,138.0	1,180.9	(225.3)	(16.0)	(122.2)	2,955.4	57.2	3,012.6
Net profit for the period	-	165.2	-	-	-	165.2	1.9	167.1
Other comprehensive (loss)/income	-	(14.4)	167.4	13.4	-	166.4	3.3	169.7
Total comprehensive income for the period	-	150.8	167.4	13.4	-	331.6	5.2	336.8
Transactions with owners, recorded directly in equity								
Total changes in contributed equity (note 5)	518.4	-	-	-	-	518.4	-	518.4
Share-based payments expense	-	-	-	-	8.9	8.9	-	8.9
Share-based payments settlement	-	-	-	-	(3.7)	(3.7)	-	(3.7)
Dividends/distributions (note 4)	-	(125.6)	-	-	-	(125.6)	-	(125.6)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	(6.4)	(6.4)
Balance at the end of the period	2,656.4	1,206.1	(57.9)	(2.6)	(117.0)	3,685.0	56.0	3,741.0
2021								
Balance at 1 October 2020 ⁽¹⁾	2,659.1	1,148.4	(527.7)	(22.0)	(120.6)	3,137.2	47.8	3,185.0
Net profit for the period	-	76.7	-	-	-	76.7	1.5	78.2
Other comprehensive income/(loss)	-	38.7	(84.5)	(1.9)	-	(47.7)	4.6	(43.1)
Total comprehensive income/(loss) for the period	-	115.4	(84.5)	(1.9)	-	29.0	6.1	35.1
Transactions with owners, recorded directly in equity								
Total changes in contributed equity (note 5)	18.6	-	-	-	-	18.6	-	18.6
Share-based payments expense	-	-	-	-	4.8	4.8	-	4.8
Share-based payments settlement	-	-	-	-	(0.6)	(0.6)	-	(0.6)
Acquisition of subsidiaries with non-controlling interests (note 7)	-	-	-	-	-	-	(2.6)	(2.6)
Dividends/distributions (note 4)	-	(66.9)	-	-	-	(66.9)	-	(66.9)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	(5.7)	(5.7)
Balance at the end of the period	2,677.7	1,196.9	(612.2)	(23.9)	(116.4)	3,122.1	45.6	3,167.7

⁽¹⁾ Restated non-controlling interest for purchase price allocation adjustments for the Exsa S.A business acquisition. Refer to note 7 for further details.

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the period ended 31 March

		Consolidated 2021 \$m Inflows/ (Outflows)	2020 \$m Inflow s/ (Outflow s)
	Notes		
Cash flows from operating activities			
Receipts from customers		3,077.6	3,126.1
Payments to suppliers and employees		(2,801.1)	(2,910.6)
Interest received		20.3	22.9
Borrowing costs		(76.8)	(80.6)
Dividends received		6.6	14.5
Other operating income received		11.9	8.8
Net income taxes paid		(80.4)	(73.4)
Net cash flows from operating activities		158.1	107.7
Cash flows from investing activities			
Payments for property, plant and equipment		(127.6)	(199.8)
Payments for intangibles		(24.0)	(78.1)
Proceeds from sale of property, plant and equipment		16.4	6.3
Payments for purchase of businesses/controlled entities	(7)	(2.6)	-
Proceeds from sale of investments		-	9.2
Net cash flows used in investing activities		(137.8)	(262.4)
Cash flows from financing activities			
Proceeds from borrowings		757.8	1,807.5
Repayment of borrowings		(599.1)	(1,267.8)
Dividends paid - Orica ordinary shares	(4)	(50.2)	(116.7)
Dividends paid - non-controlling interests		(5.7)	(6.7)
Principal portion of lease payments		(30.8)	(30.7)
Proceeds from issue of ordinary shares, net of costs	(5)	0.7	507.0
Net cash flows from financing activities		72.7	892.6
Net increase in cash held		93.0	737.9
Cash at the beginning of the period	(9)	920.5	412.6
Effects of exchange rate changes on cash		(24.7)	14.0
Cash at the end of the period	(9)	988.8	1,164.5

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. Accounting policies

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

(i) Basis of preparation

This general purpose financial report for the half year reporting period ended 31 March 2021 has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001* and other mandatory professional reporting requirements. It has been prepared on a historical cost basis, except for derivative financial instruments, superannuation commitments, business combinations and investments in financial assets which have been measured at fair value as per the applicable standards. It is presented in Australian dollars which is the Group's presentation currency. Where appropriate comparative information has been reclassified to conform to changes in presentation and to enhance comparability.

It is recommended that the Half Year Financial Report is read in conjunction with the Annual Financial Report of Orica Limited as at 30 September 2020.

The amounts shown have been rounded off, except where otherwise stated, to the nearest tenth of a million dollars, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016.

(ii) Changes in accounting policies

The accounting policies applied by the Group in the Half Year Financial Report are the same as those applied by the Group in its consolidated financial report for the year ended 30 September 2020 except for new and amended standards and interpretations effective from 1 October 2020.

New and amended accounting standards and interpretations adopted

Effective from 1 October 2020 the Group adopted the following new accounting standards.

AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

The interest rate benchmark reform results in the replacement of Interbank Offered Rates (IBORs) with Alternative Reference Rates (ARRs), which is expected to occur from 1 January 2022.

The amendments in AASB 2019-3 modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty caused by the interest rate benchmark reform.

The amendments are relevant to the Group given that it applies hedge accounting to interest rate hedges, however the Group's hedge profile and approach to the transition minimises any material uncertainty caused by the reform.

Several other new standards are effective and have been adopted from 1 October 2020, but they do not have a material impact on the Group's Half Year Financial Report.

New and amended accounting standards and interpretations effective but not yet adopted

IFRIC Interpretation Configuration or Customisation Costs in a Cloud Computing Arrangement

Late in April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, Configuration or customisation costs in a cloud computing arrangement. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise costs related to cloud computing arrangements as intangible assets in the Balance Sheet. The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the Balance Sheet and/or an expense in the Income Statement, impacting both the current and/or prior periods presented.

The Group has not adopted this IFRIC agenda decision in the interim financial report. The Group has commenced its assessment of the impact of the IFRIC agenda decision with reference to the recently completed cloud based SAP project. The impact of the change is not reasonably estimable as at the date of this report. The Group expects to adopt this IFRIC agenda decision in its annual financial statements for the year ending on 30 September 2021.

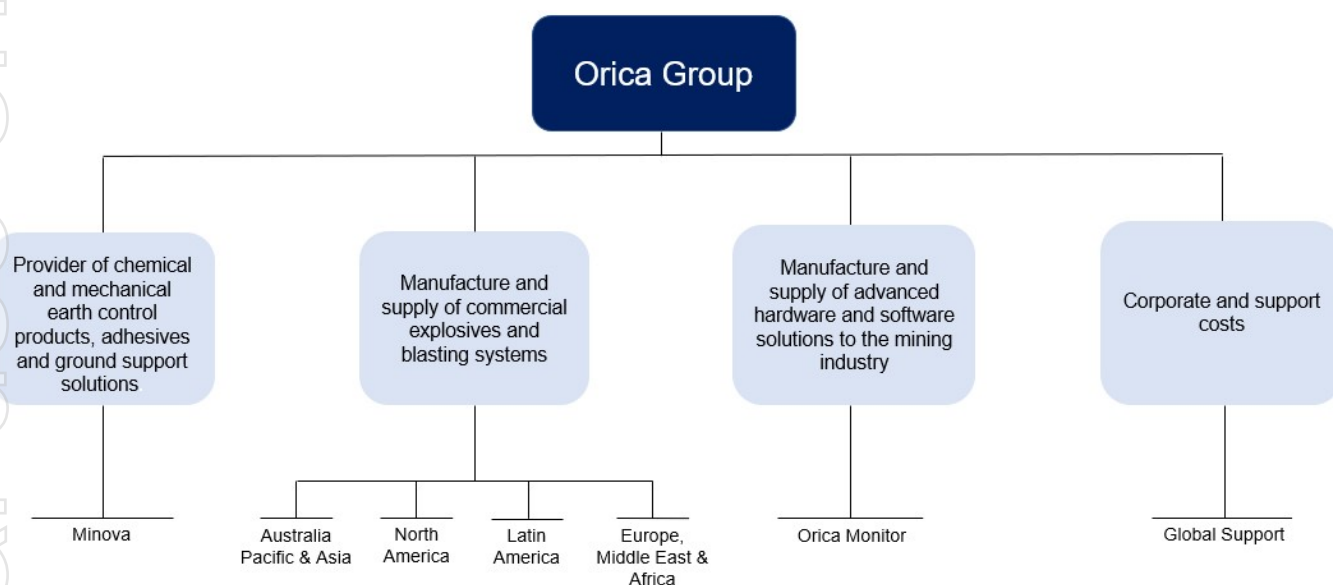
New and amended accounting standards and interpretations issued but not yet effective

There are no new standards or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. Segment report

(a) Identification and description of segments

Orica's reportable segments are based on the internal management structure as reported to the Group's Chief Operating Decision Maker (the Group's Managing Director and Chief Executive Officer).



Condensed notes to the consolidated Half Year Financial Report

2. Segment report (continued)

(b) Reportable segments 2021 \$m	Australia Pacific & Asia	North America	Latin America	Europe, Middle East & Africa	Minova	Orica Monitor	Global Support	Eliminations	Consolidated
Revenue									
External sales	942.7	576.2	430.8	402.3	219.0	52.2	-	-	2,623.2
Inter-segment sales	64.8	50.8	16.2	11.9	0.1	1.1	-	(144.9)	-
Total sales revenue	1,007.5	627.0	447.0	414.2	219.1	53.3	-	(144.9)	2,623.2
Other income (refer to note 2d) ⁽¹⁾	3.0	7.2	5.1	1.5	(0.2)	0.6	3.1	-	20.3
Total revenue and other income	1,010.5	634.2	452.1	415.7	218.9	53.9	3.1	(144.9)	2,643.5
Results before individually significant items									
Profit/(loss) before financing costs and income tax	108.7	47.0	12.7	4.1	7.2	13.0	(40.9)	-	151.8
Financial income									20.3
Financial expenses									(61.9)
Profit before income tax expense									110.2
Income tax expense									(35.3)
Profit after income tax expense									74.9
Less: Profit attributable to non-controlling interests									(1.5)
Net profit attributable to shareholders of Orica Limited before individually significant items									73.4
Individually significant items (refer to note 2e)									
Gross individually significant items	(6.5)	(2.6)	(4.1)	(2.1)	-	(0.1)	(5.3)	-	(20.7)
Tax on individually significant items	1.9	0.8	1.0	0.6	-	-	19.7	-	24.0
Net individually significant items attributable to non-controlling interests	-	-	-	-	-	-	-	-	-
Individually significant items attributable to shareholders of Orica Limited									3.3
Net profit attributable to shareholders of Orica Limited									76.7
Segment assets	3,235.5	1,034.9	766.2	685.0	204.0	238.6	1,990.5	-	8,154.7
Segment liabilities	802.0	289.9	333.8	220.6	66.9	49.9	3,223.9	-	4,987.0
Equity accounted investees (note 6)	80.9	190.3	14.1	2.8	-	-	1.4	-	289.5
Acquisitions of PPE and intangibles (excluding right of use assets)	73.4	24.0	8.6	11.9	6.1	3.7	23.9	-	151.6
Depreciation and amortisation	84.4	32.2	22.6	16.2	5.6	6.3	42.4	-	209.7
Share of net profit of equity accounted investees (note 6)	3.3	11.5	1.4	0.6	-	-	-	-	16.8

⁽¹⁾ Includes foreign currency gains/(losses) in various reportable segments.

2. Segment report (continued)

	Australia Pacific & Asia	North America	Latin America	Europe, Middle East & Africa	Minova	Orica Monitor	Global Support	Eliminations	Consolidated
(b) Reportable segments									
2020									
\$m									
Revenue									
External sales	985.1	679.1	432.4	471.2	260.6	51.9	-	-	2,880.3
Inter-segment sales	72.5	121.9	23.4	18.8	2.4	-	474.0	(713.0)	-
Total sales revenue	1,057.6	801.0	455.8	490.0	263.0	51.9	474.0	(713.0)	2,880.3
Other income (refer to note 2d) ⁽¹⁾	4.6	4.9	4.6	(1.8)	(0.2)	(1.1)	0.3	-	11.3
Total revenue and other income	1,062.2	805.9	460.4	488.2	262.8	50.8	474.3	(713.0)	2,891.6
Results before individually significant items									
Profit/(loss) before financing costs and income tax	169.5	95.2	21.6	32.4	11.1	9.4	(30.6)	-	308.6
Financial income									22.8
Financial expenses									(85.8)
Profit before income tax expense									245.6
Income tax expense									(78.5)
Profit after income tax expense									167.1
Less: Profit attributable to non-controlling interests									(1.9)
Net profit attributable to shareholders of Orica Limited before individually significant items									165.2
Individually significant items (refer to note 2e)									
Gross individually significant items	-	-	-	-	-	-	-	-	-
Tax on individually significant items	-	-	-	-	-	-	-	-	-
Net individually significant items attributable to non-controlling interests	-	-	-	-	-	-	-	-	-
Individually significant items attributable to shareholders of Orica Limited									-
Net profit attributable to shareholders of Orica Limited									165.2
Segment assets	3,382.7	1,158.4	539.3	809.8	225.3	252.2	2,560.9	-	8,928.6
Segment liabilities	723.1	326.2	166.5	290.4	78.5	51.6	3,551.3	-	5,187.6
Equity accounted investees	74.6	220.6	13.8	2.4	-	-	14.8	-	326.2
Acquisitions of PPE and intangibles (excluding right of use assets)	121.1	24.5	10.1	15.3	5.8	7.2	90.7	-	274.7
Depreciation and amortisation	73.9	35.1	12.9	17.0	5.8	6.2	20.2	-	171.1
Share of net profit/(loss) of equity accounted investees (note 6)	1.2	16.2	1.1	0.6	-	-	(0.6)	-	18.5

⁽¹⁾ Includes foreign currency gains/(losses) in various reportable segments.

2. Segment report (continued)

	Consolidated	
	2021 \$m	2020 \$m
(c) Disaggregation of revenue (by commodity/industry)		
Gold	513.1	557.6
Copper	464.2	450.5
Thermal Coal	378.3	474.5
Quarry and Construction	342.5	343.9
Minova	219.0	260.6
Iron Ore	197.0	216.4
Coking Coal	154.3	148.2
Orica Monitor	52.2	51.9
Other	302.6	376.7
Total disaggregated revenue	2,623.2	2,880.3

	Consolidated	
	2021 \$m	2020 \$m
(d) Other income		
Other income	13.9	8.9
Net foreign currency losses	(1.1)	(2.6)
Net profit from sale of businesses	-	4.2
Net gain on sale of property, plant and equipment	7.5	0.8
Total other income	20.3	11.3

	2021			2020		
	Gross \$m	Tax \$m	Net \$m	Gross \$m	Tax \$m	Net \$m
(e) Individually significant items						
Profit after income tax includes the following individually significant items of expense:						
Environmental provision expense ⁽¹⁾	(39.3)	11.8	(27.5)	-	-	-
Operating model restructuring expense ⁽¹⁾	(22.2)	6.5	(15.7)	-	-	-
Gain on sale of Villawood site ⁽¹⁾	40.8	5.7	46.5	-	-	-
Individually significant items	(20.7)	24.0	3.3	-	-	-
Individually significant items attributable to shareholders of Orica	(20.7)	24.0	3.3	-	-	-

⁽¹⁾ Refer to note 11.**(f) Geographical segments**

The presentation of geographical revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	Revenue		Non-current assets ⁽¹⁾	
	31 March 2021 \$m	31 March 2020 \$m	31 March 2021 \$m	30 September 2020 \$m
Australia	732.6	784.0	3,025.2	3,037.7
United States of America	327.1	402.6	361.0	390.7
Canada	264.8	288.1	290.4	282.2
Other ⁽²⁾⁽³⁾	1,298.7	1,405.6	1,579.8	1,690.5
Consolidated	2,623.2	2,880.3	5,256.4	5,401.1

⁽¹⁾ Excludes financial derivatives (included within other assets) and deferred tax assets.⁽²⁾ Restated for purchase price allocation adjustments for the Exsa S.A business acquisition. Refer to note 7 for further details.⁽³⁾ Other than Australia, the United States of America and Canada, sales to other countries are individually less than 10% of the Group's total revenues.

Condensed notes to the consolidated Half Year Financial Report

3. Earnings per share (EPS)

	Consolidated	
	2021 \$m	2020 \$m
(i) As reported in the income statement		
Earnings used in the calculation of basic EPS attributable to ordinary shareholders of Orica Limited		
Net profit for the period from continuing operations	78.2	167.1
Less: Net profit for the period attributable to non-controlling interests	1.5	1.9
Total	76.7	165.2
Number of shares		
Weighted average number of shares used in the calculation:		
Number for basic earnings per share	406,314,806	385,492,428
Effect of dilutive share options and rights	1,346,446	1,843,431
Number for diluted earnings per share	407,661,252	387,335,859
Cents per share		
Total attributable to ordinary shareholders of Orica Limited		
Basic earnings per share	18.9	42.9
Diluted earnings per share	18.8	42.7
(ii) Adjusted for individually significant items		
Earnings used in the calculation of basic EPS adjusted for individually significant items attributable to ordinary shareholders of Orica Limited		
Net profit for the period	78.2	167.1
Less: Net profit for the period attributable to non-controlling interests	1.5	1.9
Adjusted for individually significant items (refer to note 2e)	(3.3)	-
Total adjusted	73.4	165.2
Cents per share		
Total attributable to ordinary shareholders of Orica Limited before individually significant items		
Basic earnings per share ⁽¹⁾	18.1	42.9
Diluted earnings per share ⁽¹⁾	18.0	42.7

⁽¹⁾ Earnings per share before individually significant items is a non-IFRS measure. Management excludes individually significant items from the calculation in order to enhance the comparability from period-to-period and provide investors with further clarity in order to assess the underlying performance of operations.

Condensed notes to the consolidated Half Year Financial Report

4. Dividends and distributions

	Consolidated	
	2021 \$m	2020 \$m
Dividends paid or declared in respect of the half year ended 31 March were:		
Ordinary shares		
final dividend of 33.0 cents per share, 15.2% franked at 30%, paid 13 December 2019		125.6
final dividend of 16.5 cents per share, unfranked, paid 15 January 2021	66.9	
Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan (DRP) during the half year were as follows:		
paid in cash	50.2	116.7
DRP - satisfied by issue of shares	16.7	8.9

Subsequent events

Since the end of the half year, the directors declared the following dividend:
Interim dividend on ordinary shares of 7.5 cents per share, unfranked, payable 9 July 2021.

The DRP continues to be available to eligible shareholders. For the interim dividend, shares will be allocated based on the arithmetic average of the daily volume weighted average market price of all shares sold through a normal trade on the ASX for a period of 7 days from 4 to 15 June 2021 inclusive. The last date for receipt of election notices for participation in the interim dividend under the DRP is Wednesday 2 June 2021. Shares issued pursuant to the DRP will rank equal to all other ordinary shares. No discount applies to the DRP.

5. Contributed equity

Movements in issued and fully paid shares of Orica since 1 October 2019 were as follows:

Details	Date	Number of shares	Issue price \$	\$m
Ordinary shares				
Opening balance of shares issued	1-Oct-19	380,576,621		2,138.0
Shares issued under the Orica dividend reinvestment plan	13-Dec-19	376,806	23.62	8.9
Shares issued under the Institutional Share Placement, net of costs	25-Feb-20	23,596,036	21.19	489.0
Shares issued under Share Purchase Plan	24-Mar-20	1,085,837	15.93	17.3
Deferred shares issued to settle Short-Term Incentive				2.5
Shares issued under the Orica GEESP plan ⁽¹⁾				0.7
Balance at the end of the period	31-Mar-20	405,635,300		2,656.4
Opening balance of shares issued	1-Oct-20	405,878,815		2,659.1
Shares issued under the Orica dividend reinvestment plan	15-Jan-21	1,044,048	15.99	16.7
Deferred shares issued to settle Short-Term Incentive				1.2
Shares issued under the Orica GEESP plan ⁽¹⁾				0.7
Balance at the end of the period	31-Mar-21	406,922,863		2,677.7

⁽¹⁾ General Employee Exempt Share Plan (GEESP)

5. Contributed equity (continued)**Rights over unissued shares:**

Vesting date	Balance 30 Sep 19	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 20
30 Nov 22	-	1,447,406	-	(40,637)	1,406,769
30 Nov 21	122,489	-	-	-	122,489
30 Nov 21	1,802,745	-	-	(133,408)	1,669,337
30 Nov 20	113,434	-	-	(13,515)	99,919
30 Nov 20	1,493,535	-	-	(140,022)	1,353,513
30 Nov 19	76,920	-	(65,770)	(11,150)	-
30 Nov 19	1,459,541	-	(1,063,647)	(395,894)	-
Various	152,090	-	(25,549)	-	126,541
Total	5,220,754	1,447,406	(1,154,966)	(734,626)	4,778,568

Rights over unissued shares:

Vesting date	Balance 30 Sep 20	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 21
30 Nov 23	-	2,002,826	-	(58,691)	1,944,135
30 Nov 22	1,361,633	-	-	(88,748)	1,272,885
30 Nov 21	106,241	-	-	(3,839)	102,402
30 Nov 21	1,631,989	-	-	(162,341)	1,469,648
30 Nov 20	86,906	-	(47,283)	(39,623)	-
30 Nov 20	1,331,560	-	(343,646)	(987,914)	-
Various	91,867	45,679	(62,259)	-	75,287
Total	4,610,196	2,048,505	(453,188)	(1,341,156)	4,864,357

6. Equity accounted investees

The table below shows material investments (based on carrying values). All other investments are included in "Individually immaterial".

Name	Principal activity	Balance date	Ownership		Profit for the period		Consolidated Carrying value	
			2021	2020	2021	2020	2021	2020
			Mar	Sep	Mar	Mar	Mar	Sep
			%	%	\$m	\$m	\$m	\$m
Nelson Brothers, LLC ⁽¹⁾	Manufacture and sale of explosives	30-Sep	50.0	50.0	2.3	1.9	39.1	38.7
Nelson Brothers Mining Services LLC ⁽¹⁾	Sale of explosives	30-Sep	50.0	50.0	3.3	5.6	31.8	32.8
Poly Orica Management Co., Ltd ⁽²⁾	Manufacture and sale of explosives	31-Dec	49.0	49.0	2.6	1.1	72.8	70.2
Southwest Energy LLC ⁽¹⁾	Sale of explosives	30-Sep	50.0	50.0	5.9	8.5	118.9	121.6
Individually immaterial	Various				2.7	1.4	26.9	38.3
					16.8	18.5	289.5	301.6

⁽¹⁾ Entities are incorporated in the USA

⁽²⁾ Entity is incorporated in China

All equity accounted investees disclosed in the table above are classified as joint ventures.

Condensed notes to the consolidated Half Year Financial Report

7. Businesses acquired

Consolidated - 2021

The Group has not acquired any new businesses or entities in the period to 31 March 2021.

Accounting standards permit a measurement period of up to one year during which acquisition accounting can be finalised following the acquisition date. The Group have finalised acquisition accounting on the Exsa S.A. ("Exsa") acquisition which occurred on 30 April 2020, resulting in an adjustment to the fair values below and a corresponding increase in goodwill.

	Exsa S.A. \$m
Goodwill as at 1 October 2020	6.3
Adjustments to fair value of net assets	
property, plant and equipment	36.2
provision for deferred tax	(3.3)
non-controlling interest	(1.0)
Goodwill as at 31 March 2021	38.2

Since 1 October 2020, the Group has acquired an additional 1.8% of Exsa, for consideration of \$2.6 million. Total ownership as at 31 March 2021 is 98.6%.

Consolidated - 2020

The Group did not acquire any businesses or entities in the period to 31 March 2020.

8. Taxation

	Consolidated	
	2021 \$m	2020 \$m
(a) Income tax expense recognised in the income statement		
Current tax expense		
Current period	23.6	48.4
Deferred tax	(15.2)	22.5
Under provided in prior years	2.9	7.6
Total income tax expense in income statement	11.3	78.5
(b) Reconciliation of income tax expense to prima facie tax payable		
Income tax expense attributable to profit before individually significant items		
Profit from operations before individually significant items	110.2	245.6
Prima facie income tax expense calculated at 30% on profit	33.1	73.7
Tax effect of items which (decrease)/increase tax expense:		
variation in tax rates of foreign controlled entities	(5.9)	(7.6)
tax under provided in prior years	2.9	7.6
recognition of previously unbooked temporary differences	(7.3)	(12.2)
non creditable withholding taxes	1.4	1.4
non allow able interest deductions	7.6	8.7
non allow able share based payments	1.3	2.6
sundry items	2.2	4.3
Income tax expense attributable to profit before individually significant items	35.3	78.5
Income tax expense attributable to individually significant items		
Loss from individually significant items	(20.7)	-
Prima facie income tax expense calculated at 30% on individually significant items	(6.2)	-
Tax effect of items which decrease tax expense:		
utilisation of capital losses for gain on sale of Villawood site	(17.8)	-
Income tax expense attributable to loss on individually significant items	(24.0)	-
Income tax expense reported in the income statement	11.3	78.5

9. Financial instruments**(a) Standby arrangements and credit facilities**

Reconciliation of net debt:

	Consolidated	
	Mar 2021 \$m	Sep 2020 \$m
Current borrowings	159.5	617.4
Current lease liability	57.9	65.0
Non-current borrowings	2,563.5	2,123.6
Non-current lease liability	210.6	233.7
Less cash and cash equivalents	(988.8)	(920.5)
Net debt	2,002.7	2,119.2
Less lease liabilities	(268.5)	(298.7)
Net debt – excluding lease liabilities	1,734.2	1,820.5
Credit facilities:		
Unsecured bank overdraft facilities available	64.6	67.7
Amount of facilities undrawn	62.4	65.3
Committed standby and loan facilities available	3,595.3	4,256.0
Amount of facilities unused	868.8	1,510.0

The bank overdrafts are payable on demand and are subject to an annual review. The maturity dates of the committed standby and loan facilities range from 23 April 2021 to 25 October 2030 (2020: 25 October 2020 to 25 October 2030).

(b) Fair value measurement

The balance sheet includes financial assets and financial liabilities that are measured at fair value. These fair values are categorised into hierarchy levels that are representative of the inputs used in measuring the fair values.

Valuation method	Level 1 - uses quoted prices for identical instruments in active markets.
	Level 2 - uses inputs for the asset or liability other than quoted prices that are observable either directly or indirectly.
	Level 3 - uses valuation techniques where one or more significant inputs are based on unobservable market data.

At reporting date, other assets and other liabilities on the balance sheet included derivatives (2021: \$82.3 million net liability, 2020: \$105.1 million net asset) carried at fair value and categorised as Level 2 as the inputs are observable. There has been no movement between levels since prior year.

Valuation techniques include, where applicable, reference to prices quoted in active markets, discounted cash flow analysis, fair value of recent arm's length transactions involving the same instruments or other instruments that are substantially the same, and option pricing models. Changes in default probabilities are included in the valuation of derivatives using credit and debit valuation adjustments.

The fair values of forward foreign exchange contracts are calculated by reference to forward exchange market rates for contracts with similar maturity profiles at the time of valuation.

The fair values of cross currency interest rate swaps and interest rate swaps are determined using valuation techniques which utilise data from observable markets. Assumptions are based on market conditions existing at each balance date. The fair value is calculated as the present value of the estimated future cash flows using an appropriate market-based yield curve, which is independently derived and representative of Orica's cost of borrowings.

(c) Financial assets and liabilities carried at amortised cost

The fair value of cash, cash equivalents, trade and other receivables and trade and other payables approximates their carrying amount due to their short maturity.

9. Financial instruments (continued)

Interest bearing liabilities excluding lease liabilities have a carrying amount of \$2,723.0 million (2020: \$2,741.0 million). The carrying amount of bank and other loans which are primarily short-term in nature approximates fair value. Private Placement debt which is primarily long-term in nature has a carrying amount of \$1,956.8 million (2020: \$2,587.9 million) and a fair value of \$2,004.5 million (2020: \$2,696.3 million). Fair value of Private Placement debt is determined as the present value of future contracted cash flows discounted using standard valuation techniques at applicable market yields having regard to timing of cash flows.

10. Critical accounting judgements and estimates

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at the year ended 30 September 2020.

(a) Impairment testing of assets

Formal impairment tests are carried out annually for goodwill. In addition, formal impairment tests for all assets are performed when there is an indication of impairment. The Group conducts an internal review of asset values at each reporting period, which is used as a source of information to assess for any indications of impairment. External factors, such as changes in expected future prices, costs and other market factors, are also monitored to assess for indications of impairment. If any such indication exists, an estimate of the asset's recoverable amount is calculated.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to the income statement to reduce the carrying amount in the balance sheet to its recoverable amount. The recoverable amount is determined using the higher of value in use or fair value less costs to dispose. Value in use is the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Group's continued use and does not consider future development. The value in use calculations use cash flow projections which do not exceed 5 years based on actual operating results and the operating budgets approved by the Board of Directors. Fair value less costs to dispose is the value that would be received in exchange for an asset in an orderly transaction.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups and referred to as cash-generating units (CGU). Cash-generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets with each CGU being no larger than a segment. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The test of goodwill and its impairment is undertaken at the segment level.

Based on the latest projected cash flows of the Group, the carrying value of both the Latin America ("LATAM") (excluding the newly acquired Exsa business) and Europe, Middle East and Africa ("EMEA") segments are approximately equal to their value in use. The value in use calculations are sensitive to earnings forecasts, changes in discount rates and terminal growth rates.

Any variation in the key assumptions of the cash flows would result in a change in the assessed value in use. If the impact of the change had a negative impact, it could, in the absence of other factors require an impairment to goodwill. The carrying value of goodwill for LATAM, excluding Exsa, is \$125 million and \$203 million for EMEA.

The key assumptions underlying the value in use calculations are as follows:

LATAM excluding Exsa

- Growth in EBIT to \$47 million within five years. This is reliant on achieving future growth in earnings including securing new or expanded contracts and delivery of value added services.
- A weighted average terminal growth in line with local country economic forecasts of 3.3%.
- A weighted average post-tax discount rate of 9.8%.

EMEA

- Growth in EBIT to \$71 million within five years. This is based on the assumption that the business returns to pre COVID-19 performance within 5 years.
- A weighted average terminal growth in line with local country economic forecasts of 3.8%.
- A weighted average post-tax discount rate of 10.7%.

10. Critical accounting judgements and estimates (continued)

(b) COVID-19

The COVID-19 outbreak presents strategic, operational and commercial uncertainties for the Group. There remains uncertainties around the duration, scale and impact of the outbreak on the economy, mining industry and Orica. Orica continues to take various measures to mitigate the impact of COVID-19 on its operations, considering implications for employees, suppliers, partners and customers.

COVID-19 has had an adverse impact on the profitability of the Group for the period ended 31 March 2021, due to economic impacts in key regions and restrictions on the movement of people and product.

11. Individually significant items

(a) Environmental provision expense

Orica regularly reviews the facts and circumstances of each site to determine whether changes to the provisions are required based on new information which has been made available during the period. The review included an increase in the following provisions:

Botany Groundwater treatment plant

The findings from the 2018 review of costs and operational duration of the Groundwater Treatment Plant (GTP) indicated that the cessation of groundwater extraction using the GTP is possible within an 18-year timeframe. This resulted in an increase to the environmental provision which was reflected in the 2018 half year financial report.

The review considered existing remediation technologies which would augment the existing 'pump and treat' methodology, with the expectation that the operating costs of the GTP would reduce. This assumption had been included as a future cost saving within the provision calculation.

One of these remediation technologies has been piloted, however the performance of the trials to date has been limited by lower biological activity than expected. It is considered unlikely that results will improve, therefore the assumption of the future cost saving has been removed from the provision calculation. This has resulted in an increase to the environmental provision which has been reflected in the Half Year Financial Report with the expense included as a significant item.

Botany (HCB) waste

Due to capacity constraints at the incinerator in Europe, an additional shipment is required to transport the waste for destruction, resulting in an increase to the provision.

(b) Operating model restructuring

As part of the global restructuring project, further redundancy costs were recognised across the Group of \$22.2 million for the period.

(c) Gain on sale of Villawood site

During the period Orica sold a legacy site in Villawood for total consideration of \$65 million, recording a net gain of \$40.8 million. A deposit of 10% (\$6.5 million) was received on signing of the contract, with the balance to be received in the second half of the 2021 financial year. As the risks and rewards of ownership have transferred prior to the half year end, the transaction was recognised in the period.

12. Contingent liabilities

There have been no significant developments with respect to the contingent liabilities, primarily relating to environmental and taxation matters, disclosed in the Annual Report for the year ended 30 September 2020.

13. Events subsequent to balance date

Subsequent to 31 March 2021 the directors approved a plan to run a sales process for the Minova business.

On 12 May 2021, the directors declared an interim dividend of 7.5 cents per ordinary share payable on 9 July 2021. The financial effect of this dividend is not included in the financial statements for the period ended 31 March 2021 and will be recognised in the 30 September 2021 financial statements.

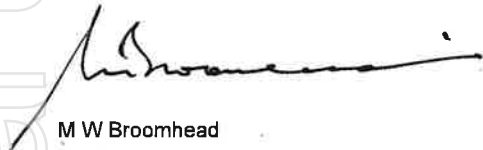
The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2021, that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

Orica Limited and its Controlled Entities
Directors' Declaration on the Financial Report

In accordance with a resolution of the Directors of Orica Limited, we state that:

In the Directors' opinion:

- (a) the financial statements and notes, set out on pages 3 to 19, are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the financial position of the Group as at 31 March 2021 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.



M W Broomhead
Chairman



S Gandhi
Managing Director and Chief Executive Officer

Dated at Melbourne this 12th day of May 2021.

Orica Limited and its Controlled Entities

Directors' Report

The directors of Orica Limited (Orica) present the consolidated financial report in the form of Appendix 4D of the Australian Stock Exchange (ASX) Listing Rules, for the period ended 31 March 2021 and the auditor's review report thereon.

Directors

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

M W Broomhead, Chairman

A Calderon, Managing Director and Chief Executive Officer (resigned 1 April 2021)

S Gandhi, Managing Director and Chief Executive Officer (appointed 1 April 2021)

M N Brenner

Boon S F

D W Gibson

K A Moses

G T Tilbrook

J R Beevers

E O'Connor and K Anderson Llewellyn are each Company Secretary of Orica Limited.

Review and results of operations

A review of the operations of the Group during the period and of the results of those operations is contained in the accompanying Orica Limited Half Year Results Analyst Presentation.

Events subsequent to balance date

The directors have not become aware of any significant matter or circumstance (other than as referred to in note 13) that has arisen since 31 March 2021, that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

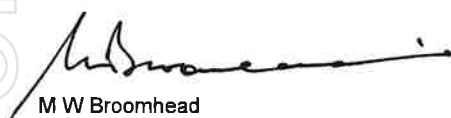
Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 22.

Rounding

The amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest tenth of a million dollars, the Company being in a class specified in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016.

Signed on behalf of the board in accordance with a resolution of the Directors of Orica Limited.



M W Broomhead
Chairman



S Gandhi
Managing Director and Chief Executive Officer

Dated at Melbourne this 12th day of May 2021.



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

To the Directors of Orica Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Orica Limited for the half year ended 31 March 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'P. Stragalinos', with a stylized flourish at the end.

Penny Stragalinos
Partner

Melbourne
12 May 2021

Independent Auditor's Review Report

To the shareholders of Orica Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying **Half Year Financial Report** of Orica Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half Year Financial Report of Orica Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 March 2021 and of its performance for the half year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half Year Financial Report** comprises:

- Consolidated balance sheet as at 31 March 2021;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half year ended on that date;
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Orica Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Half Year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half Year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half Year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half Year Financial Report

Our responsibility is to express a conclusion on the Half Year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half Year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2021 and its performance for the half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half Year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Penny Stragalinos

Partner

Melbourne

12 May 2021