

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 2022
Previous Corresponding Period	Half year ended	31 March 2021

2. Results for announcement to the market

Consolidated:		Change			\$m
		\$m			
2.1 Consolidated revenue from operations	up	653.9	24.9%	to	3,277.1
2.2 Net (loss)/profit attributable to shareholders of Orica Limited	down	(163.6)	(207.1)%	to	(84.6)
2.3 Net profit attributable to shareholders of Orica Limited before individually significant items	up	53.5	70.7%	to	129.2
From continuing operations:					
2.4 Revenue from continuing operations	up	641.8	26.7%	to	3,046.0
2.5 Net profit from continuing operations attributable to shareholders of Orica Limited	down	(72.9)	(98.9)%	to	0.8
2.6 Net profit for the period from continuing operations attributable to shareholders of Orica Limited before individually significant items	up	50.5	71.7%	to	120.9

Dividends		Amount per security	Franked amount per security at 30% tax
<i>Current period</i>			
2.7 Interim dividend - Ordinary	Cents	13.0	0.0
<i>Previous corresponding period</i>			
2.7 Interim dividend - Ordinary	Cents	7.5	0.0
2.8 Record date for determining entitlements to the dividend:		1-Jun-22	
Ordinary Shares			
Payment date of dividend:		8-Jul-22	
Ordinary Shares			
		31 March 2022	30 September 2021
		Cents	Cents
Net tangible asset backing per ordinary security		364.0	382.4
			31 March 2021
			Cents
			358.4

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.

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Income Statement

For the period ended 31 March

	Notes	Consolidated	
		2022 \$m	Restated ⁽¹⁾⁽²⁾ 2021 \$m
Continuing operations			
Sales revenue	(2b)	3,046.0	2,404.2
Other income	(2d)	9.9	20.5
Raw materials and inventories		(1,611.5)	(1,116.2)
Employee benefits expense		(586.5)	(551.6)
Purchased services and other expenses ⁽¹⁾		(250.6)	(216.1)
Depreciation and amortisation expense ⁽¹⁾	(2b)	(178.8)	(182.1)
Outgoing freight		(145.3)	(152.4)
Repairs and maintenance		(73.7)	(75.2)
Impairment expense	(2e)	(156.1)	-
Gain on sale of Nitro Consult AB	(2e)	19.5	-
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)	20.7	16.8
Total		(2,962.3)	(2,297.5)
Profit from operations		93.6	127.2
Net financing costs			
Financial income		0.5	0.6
Financial expenses		(43.8)	(41.9)
Net financing costs		(43.3)	(41.3)
Profit before income tax expense from continuing operations		50.3	85.9
Income tax expense ⁽¹⁾	(9)	(61.6)	(10.7)
(Loss)/profit after tax from continuing operations		(11.3)	75.2
Discontinued operations			
Net loss on sale of Minova after tax	(2e)	(93.7)	-
Profit after tax from discontinued operations	(8)	9.1	5.3
(Loss)/profit after tax from discontinued operations		(84.6)	5.3
Net (loss)/profit for the period		(95.9)	80.5
Net (loss)/profit for the period attributable to:			
Shareholders of Orica Limited ⁽¹⁾		(84.6)	79.0
Non-controlling interests		(11.3)	1.5
Net (loss)/profit for the period⁽¹⁾		(95.9)	80.5
		cents	cents
Earnings per share attributable to ordinary shareholders of Orica Limited:			
From continuing operations:			
Basic earnings per share	(3)	0.2	18.1
Diluted earnings per share	(3)	0.2	18.1
Total attributable to ordinary shareholders of Orica Limited			
Basic earnings per share	(3)	(20.7)	19.4
Diluted earnings per share	(3)	(20.7)	19.4

⁽¹⁾ Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision. Refer to note 15.

⁽²⁾ Restated to disclose Minova as a discontinued operation. Refer to note 8 for further details.

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

Statement of Comprehensive Income

For the period ended 31 March

	Consolidated	
	2022	Restated ⁽¹⁾
	\$m	2021 \$m
Net (loss)/profit for the period⁽¹⁾	(95.9)	80.5
Other comprehensive income		
Items that may be/have been reclassified subsequently to income statement:		
<i>Exchange differences on translation of foreign operations</i>		
Exchange loss on translation of foreign operations, net of tax	(146.0)	(117.0)
Net gain on hedge of net investments in foreign subsidiaries, net of tax	31.7	37.1
Currency translation on companies disposed of, transferred to the income statement	94.7	-
Net exchange differences on translation of foreign operations	(19.6)	(79.9)
<i>Sundry items:</i>		
Net gain/(loss) on cash flow hedges, net of tax	11.5	(1.9)
Items that will not be reclassified subsequently to income statement:		
Net actuarial gain on defined benefit obligations, net of tax	28.0	38.7
Other comprehensive income/(loss) for the period	19.9	(43.1)
Total comprehensive (loss)/income for the period	(76.0)	37.4
Attributable to:		
Shareholders of Orica Limited	(54.0)	31.3
Non-controlling interests	(22.0)	6.1
Total comprehensive (loss)/income for the period	(76.0)	37.4

⁽¹⁾ Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision. Refer to note 15.

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

Balance Sheet

As at

	Notes	Consolidated	
		31 March 2022 \$m	30 September 2021 \$m
Current assets			
Cash and cash equivalents	(10)	494.1	551.0
Trade receivables		705.9	678.2
Other receivables		146.9	112.1
Inventories		808.6	635.8
Assets held for sale		-	298.2
Other assets		161.7	116.3
Total current assets		2,317.2	2,391.6
Non-current assets			
Other receivables		54.9	33.8
Equity accounted investees	(6)	286.5	290.4
Property, plant and equipment		2,897.2	3,040.2
Intangible assets		1,127.0	1,150.4
Deferred tax assets		391.6	400.2
Other assets		16.7	59.1
Total non-current assets		4,773.9	4,974.1
Total assets		7,091.1	7,365.7
Current liabilities			
Trade payables		938.5	876.5
Other payables		255.1	287.5
Interest bearing liabilities	(10)	159.0	61.4
Provisions		215.0	223.1
Liabilities held for sale		-	137.8
Other liabilities		71.1	82.5
Total current liabilities		1,638.7	1,668.8
Non-current liabilities			
Other payables		23.3	8.8
Interest bearing liabilities	(10)	2,211.3	2,261.8
Provisions		428.0	533.7
Deferred tax liabilities		45.6	39.6
Other liabilities		92.9	60.6
Total non-current liabilities		2,801.1	2,904.5
Total liabilities		4,439.8	4,573.3
Net assets		2,651.3	2,792.4
Equity			
Ordinary shares	(5)	2,697.2	2,686.1
Reserves		(645.8)	(647.2)
Retained earnings		563.6	687.4
Total equity attributable to ordinary shareholders of Orica Limited		2,615.0	2,726.3
Non-controlling interests		36.3	66.1
Total equity		2,651.3	2,792.4

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
2021								
Balance at 1 October 2020 ⁽¹⁾	2,659.1	903.8	(527.7)	(22.0)	(120.6)	2,892.6	47.8	2,940.4
Net profit for the period ⁽¹⁾	-	79.0	-	-	-	79.0	1.5	80.5
Other comprehensive income/(loss)	-	38.7	(84.5)	(1.9)	-	(47.7)	4.6	(43.1)
Total comprehensive income/(loss) for the period⁽¹⁾	-	117.7	(84.5)	(1.9)	-	31.3	6.1	37.4
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	-	-	-	-	-	-	(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⁽¹⁾	2,677.7	954.6	(612.2)	(23.9)	(116.4)	2,879.8	45.6	2,925.4
2022								
Balance at 1 October 2021	2,686.1	687.4	(519.3)	(16.6)	(111.3)	2,726.3	66.1	2,792.4
Net loss for the period	-	(84.6)	-	-	-	(84.6)	(11.3)	(95.9)
Other comprehensive income/(loss)	-	28.0	(8.9)	11.5	-	30.6	(10.7)	19.9
Total comprehensive (loss)/income for the period	-	(56.6)	(8.9)	11.5)	-	(54.0)	(22.0)	(76.0)
Transactions with owners, recorded directly in equity								
Total changes in contributed equity	11.1	-	-	-	(3.3)	7.8	(3.4)	4.4
Share-based payments expense	-	-	-	-	2.8	2.8	-	2.8
Share-based payments settlement	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Dividends/distributions (note 4)	-	(67.2)	-	-	-	(67.2)	-	(67.2)
Dividends declared/paid to non-controlling interests	-	-	-	-	-	-	(4.4)	(4.4)
Balance at the end of the period	2,697.2	563.6	(528.2)	(5.1)	(112.5)	2,615.0	36.3	2,651.3

⁽¹⁾ Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision. Refer to note 15.

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

	Notes	Consolidated	
		2022 \$m Inflows/ (Outflows)	Restated ⁽¹⁾ 2021 \$m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		3,543.6	3,077.6
Payments to suppliers and employees ⁽¹⁾		(3,611.7)	(2,819.8)
Interest received		0.5	1.0
Borrowing costs		(49.9)	(57.5)
Dividends received		12.2	6.6
Other operating income received		8.8	11.9
Net income taxes paid		(60.2)	(80.4)
Net cash flows (used in)/from operating activities		(156.7)	139.4
Cash flows from investing activities			
Payments for property, plant and equipment ⁽¹⁾		(135.0)	(127.6)
Payments for intangibles ⁽¹⁾		(16.5)	(5.3)
Proceeds from sale of property, plant and equipment		8.5	16.4
Payments for purchase of businesses/controlled entities	(7)	(12.5)	(2.6)
Proceeds from sale of businesses, net of cash disposed and disposal costs		123.6	-
Proceeds from sale of business to non-controlling interests		0.5	-
Net cash flows used in investing activities		(31.4)	(119.1)
Cash flows from financing activities			
Proceeds from borrowings		939.5	757.8
Repayment of borrowings		(739.0)	(599.1)
Dividends paid - Orica ordinary shares	(4)	(48.2)	(50.2)
Dividends paid - non-controlling interests		(4.4)	(5.7)
Principal portion of lease payments		(29.3)	(30.8)
(Payment for purchase)/proceeds from issue of ordinary shares, net of costs	(5)	(7.8)	0.7
Net cash flows from financing activities		110.8	72.7
Net (decrease)/increase in cash held		(77.3)	93.0
Cash at the beginning of the period		593.7	920.5
Effects of exchange rate changes on cash		(22.3)	(24.7)
Cash at the end of the period	(10)	494.1	988.8

⁽¹⁾ Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision. Refer to note 15.

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 2022 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 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.

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 2021.

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 2021 except for new and amended standards and interpretations effective from 1 October 2021.

New and amended accounting standards and interpretations adopted

Effective from 1 October 2021 the Group adopted the following new accounting standard.

AASB 2020-8 Amendments – Interest Rate Benchmark Reform (Phase 2)

AASB 2020-8 became effective for the Group from 1 October 2021. The standard provides relief from potential effects on the valuation of financial instruments and hedge accounting requirements caused when an existing interest rate benchmark is replaced with an alternative benchmark rate (the reform).

The adoption of this standard did not have a material impact on the Group. All relevant bank facility agreements will transition to alternative reference rates prior to the cessation of LIBOR. A portion Orica's issued USD fixed rate debt is hedged using USD fixed to USD LIBOR interest rate swaps. None of these swaps reference US LIBOR post the cessation date of June 2023.

IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (SaaS)

In the prior year, Orica adopted IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement which resulted in an amendment to the comparative period. Refer to note 15 for the detailed impact.

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

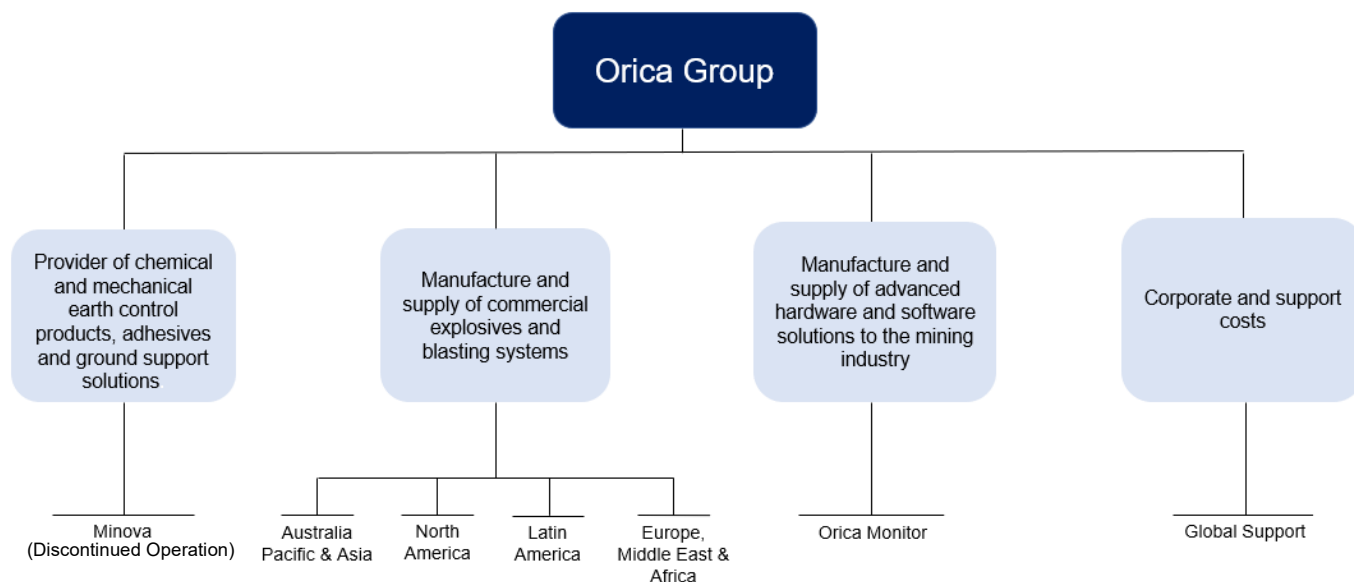
There are no new standards or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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).

The Minova business was sold on 28 February 2022 and it is considered a discontinued operation.



Condensed notes to the consolidated Half Year Financial Report

2. Segment report (continued)

(b) Reportable segments 2022 \$m	Australia Pacific & Asia	North America	Latin America	Europe, Middle East & Africa	Orica Monitor	Global Support	Eliminations	Total Continuing Operations	Discontinued Operations	Eliminations	Consolidated
Revenue											
External sales	1,194.2	707.0	667.4	420.2	57.2	-	-	3,046.0	231.1	-	3,277.1
Inter-segment sales	68.1	51.2	15.8	13.2	0.4	-	(148.7)	-	-	-	-
Total sales revenue	1,262.3	758.2	683.2	433.4	57.6	-	(148.7)	3,046.0	231.1	-	3,277.1
Other income (refer to note 2d) ⁽¹⁾	3.8	1.9	1.9	(4.3)	(0.7)	7.3	-	9.9	(0.8)	-	9.1
Total revenue and other income	1,266.1	760.1	685.1	429.1	56.9	7.3	(148.7)	3,055.9	230.3	-	3,286.2
Results before individually significant items											
Profit/(loss) before financing costs and income tax	155.0	55.3	24.9	10.6	14.5	(30.1)	-	230.2	14.7	-	244.9
Financial income											0.6
Financial expenses											(43.9)
Profit before income tax expense											201.6
Income tax expense											(65.4)
Profit after income tax expense											136.2
Less: Profit attributable to non-controlling interests											(7.0)
Profit after income tax expense before individually significant items attributable to shareholders of Orica Limited											129.2
Individually significant items (refer to note 2e)											
Gross individually significant items	-	-	-	(136.6)	-	-	-	(136.6)	(85.0)	-	(221.6)
Tax on individually significant items	-	-	-	(1.8)	-	-	-	(1.8)	(8.7)	-	(10.5)
Net individually significant items attributable to non-controlling interests	-	-	-	18.3	-	-	-	18.3	-	-	18.3
Individually significant items attributable to shareholders of Orica Limited	-	-	-	(120.1)	-	-	-	(120.1)	(93.7)	-	(213.8)
Loss for the period attributable to shareholders of Orica Limited											(84.6)
Segment assets	3,334.3	1,272.4	1,219.2	578.8	258.0	428.4	-	7,091.1	-	-	7,091.1
Segment liabilities	1,025.9	288.4	358.4	212.4	29.0	2,525.7	-	4,439.8	-	-	4,439.8
Equity accounted investees	87.1	197.5	-	0.5	-	1.4	-	286.5	-	-	286.5
Acquisitions of PPE and intangibles (excluding right of use assets)	57.0	38.4	9.5	12.8	2.9	22.7	-	143.3	8.2	-	151.5
Depreciation and amortisation	89.0	28.4	22.4	15.3	8.0	15.7	-	178.8	-	-	178.8
Share of net profit of equity accounted investees	3.1	17.2	-	0.4	-	-	-	20.7	-	-	20.7

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

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	Orica Monitor	Global Support	Eliminations	Total Continuing Operations	Discontinued Operations	Eliminations	Consolidated
Revenue											
External sales	942.7	576.2	430.8	402.3	52.2	-	-	2,404.2	219.0	-	2,623.2
Inter-segment sales	64.8	50.8	16.2	11.9	1.1	-	(144.8)	-	0.1	(0.1)	-
Total sales revenue	1,007.5	627.0	447.0	414.2	53.3	-	(144.8)	2,404.2	219.1	(0.1)	2,623.2
Other income (refer to note 2d) ⁽¹⁾	3.0	7.2	5.1	1.5	0.6	3.1	-	20.5	(0.2)	-	20.3
Total revenue and other income	1,010.5	634.2	452.1	415.7	53.9	3.1	(144.8)	2,424.7	218.9	(0.1)	2,643.5
Results before individually significant items											
Profit/(loss) before financing costs and income tax ⁽²⁾	110.1	47.6	13.4	4.7	13.0	(40.9)	-	147.9	7.2	-	155.1
Financial income											0.7
Financial expenses											(42.3)
Profit before income tax expense											113.5
Income tax expense											(36.3)
Profit after income tax expense											77.2
Less: Profit attributable to non-controlling interests											(1.5)
Profit after income tax expense before individually significant items attributable to shareholders of Orica Limited											75.7
Individually significant items (refer to note 2e)											
Gross individually significant items ⁽²⁾	(6.5)	(2.6)	(4.1)	(2.1)	(0.1)	(5.3)	-	(20.7)	-	-	(20.7)
Tax on individually significant items ⁽²⁾	1.9	0.8	1.0	0.6	-	19.7	-	24.0	-	-	24.0
Net individually significant items attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Individually significant items attributable to shareholders of Orica Limited	(4.6)	(1.8)	(3.1)	(1.5)	(0.1)	14.4	-	3.3	-	-	3.3
Net profit for the period attributable to shareholders of Orica											79.0
Segment assets ⁽²⁾	3,533.8	1,249.1	930.8	901.4	268.6	730.5	-	7,614.2	194.7	-	7,808.9
Segment liabilities ⁽²⁾	879.2	318.0	370.9	224.6	53.3	2,949.0	-	4,795.0	88.6	-	4,883.6
Equity accounted investees	80.9	190.3	14.1	2.8	-	1.4	-	289.5	-	-	289.5
Acquisitions of PPE and intangibles (excluding right of use assets) ⁽²⁾	73.4	24.0	8.6	11.9	3.7	5.2	-	126.8	6.1	-	132.9
Depreciation and amortisation ⁽²⁾	84.4	32.2	22.6	16.2	6.3	20.4	-	182.1	5.6	-	187.7
Share of net profit of equity accounted investees (note 6)	3.3	11.5	1.4	0.6	-	-	-	16.8	-	-	16.8

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

⁽²⁾ Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision. Refer to note 15.

Condensed notes to the consolidated Half Year Financial Report

2. Segment report (continued)

	Consolidated	
	2022 \$m	2021 \$m
(c) Disaggregation of revenue (by commodity/industry)		
Copper	700.7	464.2
Gold	653.4	513.1
Thermal Coal	478.9	378.3
Quarry and Construction	419.6	342.5
Iron Ore	262.8	197.0
Coking Coal	174.5	154.3
Orica Monitor	57.2	52.2
Other	298.9	302.6
Minova (Discontinued operations)	231.1	219.0
Total disaggregated revenue	3,277.1	2,623.2

	Consolidated					
	2022			2021		
	Continuing \$m	Dis-continued \$m	Con-solidated \$m	Continuing \$m	Dis-continued \$m	Con-solidated \$m
(d) Other income						
Other income	8.6	0.2	8.8	13.9	-	13.9
Net foreign currency losses	(6.4)	(1.1)	(7.5)	(0.2)	(0.9)	(1.1)
Net gain on sale of property, plant and equipment	7.7	0.1	7.8	6.8	0.7	7.5
Total other income	9.9	(0.8)	9.1	20.5	(0.2)	20.3

	Consolidated					
	2022			2021		
	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:						
Individually significant items from continuing operations						
Impairment expense ⁽¹⁾	(156.1)	(1.8)	(157.9)	-	-	-
Gain on sale of Nitro Consult AB ⁽²⁾	19.5	-	19.5	-	-	-
Environmental provision expense	-	-	-	(39.3)	11.8	(27.5)
Operating model restructuring expense	-	-	-	(22.2)	6.5	(15.7)
Gain on sale of Villawood site	-	-	-	40.8	5.7	46.5
Individually significant items from continuing operations	(136.6)	(1.8)	(138.4)	(20.7)	24.0	3.3
Non-controlling interests in individually significant items	18.3	-	18.3	-	-	-
Individually significant items attributable to shareholders of Orica from continuing operations	(118.3)	(1.8)	(120.1)	(20.7)	24.0	3.3
Individually significant items from discontinued operations						
Loss on sale of Minova ⁽²⁾	(85.0)	(8.7)	(93.7)	-	-	-
Individually significant items from discontinued operations	(85.0)	(8.7)	(93.7)	-	-	-
Individually significant items attributable to shareholders of Orica	(203.3)	(10.5)	(213.8)	(20.7)	24.0	3.3

⁽¹⁾ The Group has recognised an impairment charge against the assets of the Turkey and Russia operations, as well as goodwill in the EMEA segment. Refer to note 11.

⁽²⁾ Refer to note 8.

Condensed notes to the consolidated Half Year Financial Report

(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.

	Consolidated			
	External revenue		Non-current assets ⁽¹⁾	
	31 March	31 March	31 March	30 September
	2022	2021	2022	2021
	\$m	\$m	\$m	\$m
Australia	889.5	732.6	2,520.2	2,604.1
Peru	369.3	252.7	271.1	285.1
Canada	320.8	264.8	344.6	331.6
United States of America	307.9	327.1	366.7	377.6
Other ⁽²⁾	1,389.6	1,046.0	874.5	1,011.0
Consolidated	3,277.1	2,623.2	4,377.1	4,609.4

⁽¹⁾ Excludes financial derivatives (included within other assets and other liabilities), deferred tax assets and post-employment benefit assets.

⁽²⁾ Sales to other countries are individually less than 10% of the Group's total revenues.

3. Earnings per share (EPS)

	Consolidated	
	2022	Restated ⁽¹⁾ 2021
	\$m	\$m
(i) As reported in the income statement		
Earnings used in the calculation of basic EPS attributable to ordinary shareholders of Orica Limited		
Net (loss)/profit from continuing operations	(11.3)	75.2
Net (loss)/profit from discontinued operations	(84.6)	5.3
Less: Net (loss)/profit for the year attributable to non-controlling interests from continuing operations	(12.1)	1.5
Less: Net profit for the year attributable to non-controlling interests from discontinued operations	0.8	-
Total	(84.6)	79.0
Number of shares		
Weighted average number of shares used in the calculation:		
Number for basic earnings per share	408,237,214	406,314,806
Effect of dilutive share options and rights	2,599,457	1,346,446
Number for diluted earnings per share	410,836,671	407,661,252
The weighted average number of options and rights that have not been included in the calculation of diluted earnings per share	1,528,951	2,940,531
Earnings per share attributable to ordinary shareholders of Orica Limited:		
From continuing operations		
Basic earnings per share	0.2	18.1
Diluted earnings per share	0.2	18.1
Total attributable to ordinary shareholders of Orica Limited		
Basic earnings per share	(20.7)	19.4
Diluted earnings per share	(20.7)	19.4

⁽¹⁾ Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision. Refer to note 15.

Condensed notes to the consolidated Half Year Financial Report

3. Earnings per share (EPS) (continued)

	Consolidated	
	2022	Restated ⁽¹⁾ 2021
	\$m	\$m
(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 (loss)/profit from continuing operations	(11.3)	75.2
Net (loss)/profit from discontinued operations operations	(84.6)	5.3
Less: Net (loss)/profit for the year attributable to non-controlling interests from continuing operations	(12.1)	1.5
Less: Net profit for the year attributable to non-controlling interests from discontinued operations	0.8	-
Adjusted for individually significant items from continuing operations(refer to note 2e)	138.4	(3.3)
Adjusted for individually significant items from discontinued operations(refer to note 2e)	93.7	-
Total adjusted	147.5	75.7

	Cents per share	Cents per share
Earnings per share attributable to ordinary shareholders of Orica Limited:		
From continuing operations		
Basic earnings per share	34.1	17.3
Diluted earnings per share	33.9	17.3
Total attributable to ordinary shareholders of Orica Limited before individually significant items		
Basic earnings per share ⁽²⁾	36.1	18.6
Diluted earnings per share ⁽²⁾	35.9	18.6

⁽¹⁾ Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision. Refer to note 15.

⁽²⁾ 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.

4. Dividends and distributions

	Consolidated	
	2022	2021
	\$m	\$m
Dividends paid or declared in respect of the half year ended 31 March were:		
Ordinary shares		
final dividend of 16.5 cents per share, unfranked, paid 15 January 2021		66.9
final dividend of 16.5 cents per share, unfranked, paid 22 December 2021	67.2	
Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan (DRP) during the half year were as follow s:		
paid in cash	48.3	50.2
DRP - satisfied by issue of shares	18.9	16.7

Subsequent events

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

Interim dividend on ordinary shares of 13.0 cents per share, unfranked, payable 8 July 2022.

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 6 to 15 June 2022 inclusive. The last date for receipt of election notices for participation in the interim dividend under the DRP is Thursday 2 June 2022. Shares issued pursuant to the DRP will rank equal to all other ordinary shares. No discount applies to the DRP.

Conduit foreign income (CFI) component:

Interim dividend:

Current period - Ordinary 13.0 cents

Interim dividend:

Previous period - Ordinary 7.5 cents

Condensed notes to the consolidated Half Year Financial Report

5. Contributed equity

Movements in issued and fully paid shares of Orica since 1 October 2020 were as follows:

Details	Date	Number of shares	Issue price \$	\$m
Ordinary shares				
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
Balance at the beginning of the period	1-Oct-21	407,513,063		2,686.1
On market share repurchase	31-Oct-21			(8.4)
Shares issued under the Orica dividend reinvestment plan	22-Dec-21	1,317,955	14.40	18.9
Shares issued under the Orica GEESP plan ⁽¹⁾				0.6
Balance at the end of the period	31-Mar-22	408,831,018		2,697.2

⁽¹⁾ General Employee Exempt Share Plan (GEESP)

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	1,738,230	-	-	(166,180)	1,572,050
30 Nov 20	1,418,466	-	(390,929)	(1,027,537)	-
Various	91,867	45,679	(62,259)	-	75,287
Total	4,610,196	2,048,505	(453,188)	(1,341,156)	4,864,357

Rights over unissued shares:

Vesting date	Balance 30 Sep 21	Issued during the period	Exercised during the period	Lapsed during the period	Balance 31 Mar 22
30 Nov 24	-	1,781,426	-	(2,676)	1,778,750
30 Nov 23	1,543,222	-	-	(160,663)	1,382,559
30 Nov 22	1,021,872	-	-	(58,070)	963,802
30 Nov 21	1,318,942	-	(402,357)	(916,585)	-
Various	85,887	38,217	(73,110)	-	50,994
Total	3,969,923	1,819,643	(475,467)	(1,137,994)	4,176,105

Condensed notes to the consolidated Half Year Financial Report

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	
			2022 Mar %	2021 Sep %	2022 Mar \$m	2021 Mar \$m	2022 Mar \$m	2021 Sep \$m
Nelson Brothers, LLC ⁽¹⁾	Manufacture and sale of explosives	30-Sep	50.0	50.0	4.6	2.3	38.5	40.7
Nelson Brothers Mining Services LLC ⁽¹⁾	Sale of explosives	30-Sep	50.0	50.0	5.3	3.3	32.6	34.3
Poly Orica Management Co., Ltd ⁽²⁾	Manufacture and sale of explosives	31-Dec	49.0	49.0	1.6	2.6	76.2	74.5
Southwest Energy LLC ⁽¹⁾	Sale of explosives	30-Sep	50.0	50.0	7.3	5.9	125.9	126.8
Individually immaterial	Various				1.9	2.7	13.3	14.1
					20.7	16.8	286.5	290.4

⁽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.

7. Businesses acquired

Consolidated - 2022

On 29 October 2021, the Group entered a contract to acquire 100% of the shares of RIG Technologies International Pty Ltd and Resources Innovation Group Pty Ltd, based in Western Australia, which design and build downhole measurement technology. The purchase price comprises \$12.5 million paid on completion and potential earn out payments based on the achievement of revenue targets over the next five years.

	RIG Group \$m
Consideration	
cash paid	12.5
deferred settlement	21.5
Total consideration	34.0
Fair value of net assets of businesses acquired	
intangibles	6.7
other	1.8
Total fair value of net assets of businesses/controlled entities acquired	8.5
Goodwill on acquisition	25.5

Goodwill on the purchase is attributable mainly to the skills and technical talent of the acquired business' work forces and the synergies expected to be achieved from integrating this business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Consolidated - 2021

The Group did not acquire any businesses or entities in the period to 31 March 2021.

Condensed notes to the consolidated Half Year Financial Report

8. Businesses disposed and discontinued operations

Businesses disposed – 2022

The Group disposed of the Minova business on 28 February 2022 and Nitro Consult AB on 7 March 2022.

	Minova	Nitro Consult AB
	2022	2022
	\$m	\$m
Summary		
Cash received	149.4	25.6
Cash disposed	(26.6)	(11.1)
Net cash received	122.8	14.5
Deferred cash consideration	28.2	-
Less disposal costs	(12.0)	(1.7)
Net consideration	139.0	12.8
Carrying value of net assets of businesses disposed		
Trade and other receivables	76.7	2.4
Inventories	68.7	1.6
Other assets	5.3	7.6
Property, plant and equipment	68.2	2.5
Right of use assets	-	0.6
Intangibles	16.1	0.5
Deferred tax asset	23.3	1.6
Trade and other payables	(76.9)	(1.2)
Interest-bearing liabilities	(10.4)	(0.7)
Provisions	(34.9)	(20.6)
	136.1	(5.7)
Less: Non-controlling interests at date of disposal	(7.8)	-
Profit on sale of businesses before release of foreign currency translation reserve (FCTR)	10.7	18.5
Release of FCTR	(95.7)	1.0
(Loss)/profit on sale of businesses before tax	(85.0)	19.5
Income tax expense	(8.7)	-
Net (loss)/profit on sale of businesses	(93.7)	19.5

Businesses disposed – 2021

No business was disposed in the period to 31 March 2021.

Condensed notes to the consolidated Half Year Financial Report

8. Businesses disposed and discontinued operations (continued)

Discontinued operations

The Minova business is considered a discontinued operation. The results of the business up until completion date of the sale are presented below.

	Continuing 2022 \$m	Dis- continued 2022 \$m	Consol- idated 2022 \$m	Continuing 2021 \$m	Dis- continued 2021 \$m	Consol- idated 2021 \$m
Sales revenue	3,046.0	231.1	3,277.1	2,404.2	219.0	2,623.2
Other income⁽¹⁾	9.9	(0.8)	9.1	20.5	(0.2)	20.3
Raw materials and inventories	(1,611.5)	(150.4)	(1,761.9)	(1,116.2)	(135.2)	(1,251.4)
Employee benefits expense	(586.5)	(41.3)	(627.8)	(551.6)	(47.1)	(598.7)
Purchased services and other expenses ⁽²⁾	(250.6)	(14.9)	(265.5)	(216.1)	(13.4)	(229.5)
Depreciation and amortisation expense ⁽²⁾	(178.8)	-	(178.8)	(182.1)	(5.6)	(187.7)
Outgoing freight	(145.3)	(5.6)	(150.9)	(152.4)	(7.0)	(159.4)
Repairs and maintenance	(73.7)	(3.4)	(77.1)	(75.2)	(3.3)	(78.5)
Impairment expense	(156.1)	-	(156.1)	-	-	-
Gain on sale of Nitro Consult AB	19.5	-	19.5	-	-	-
Loss on sale of Minova	-	(85.0)	(85.0)	-	-	-
Environmental provision expense	-	-	-	(39.3)	-	(39.3)
Operating model restructuring expense	-	-	-	(22.2)	-	(22.2)
Gain on sale of Villawood site	-	-	-	40.8	-	40.8
Share of net profit of equity accounted investees	20.7	-	20.7	16.8	-	16.8
Total	(2,962.3)	(300.6)	(3,262.9)	(2,297.5)	(211.6)	(2,509.1)
Profit/(loss) from operations	93.6	(70.3)	23.3	127.2	7.2	134.4
Net financing costs						
Financial income	0.5	0.1	0.6	0.6	0.1	0.7
Financial expenses	(43.8)	(0.1)	(43.9)	(41.9)	(0.4)	(42.3)
Net financing costs	(43.3)	-	(43.3)	(41.3)	(0.3)	(41.6)
Profit/(loss) before income tax expense	50.3	(70.3)	(20.0)	85.9	6.9	92.8
Income tax expense ⁽²⁾	(61.6)	(14.3)	(75.9)	(10.7)	(1.6)	(12.3)
(Loss)/profit after tax	(11.3)	(84.6)	(95.9)	75.2	5.3	80.5
Net profit/(loss) for the period attributable to:						
Shareholders of Orica Limited	0.8	(85.4)	(84.6)	73.7	5.3	79.0
Non-controlling interests	(12.1)	0.8	(11.3)	1.5	-	1.5
Net (loss)/profit for the period	(11.3)	(84.6)	(95.9)	75.2	5.3	80.5
	Continuing 2022 cents	Dis- continued 2022 cents	Consol- idated 2022 cents	Continuing 2021 cents	Dis- continued 2021 cents	Consol- idated 2021 cents
Earnings per share attributable to ordinary shareholders of Orica Limited:						
Basic earnings per share	0.2	(20.9)	(20.7)	18.1	1.3	19.4
Diluted earnings per share	0.2	(20.9)	(20.7)	18.1	1.3	19.4

⁽¹⁾ Discontinued operations other income includes foreign exchange loss of \$1.1 million (2021 \$0.9 million loss).

⁽²⁾ Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision. Refer to note 15.

Condensed notes to the consolidated Half Year Financial Report

8. Businesses disposed and discontinued operations (continued)

Reconciliation of net profit for the period

	Continuing 2022 \$m	Dis- continued 2022 \$m	Consol- idated 2022 \$m	Continuing 2021 \$m	Dis- continued 2021 \$m	Consol- idated 2021 \$m
Before individually significant items						
Profit from operations	230.2	14.7	244.9	147.9	7.2	155.1
Net financing costs	(43.3)	-	(43.3)	(41.3)	(0.3)	(41.6)
Profit before income tax expense	186.9	14.7	201.6	106.6	6.9	113.5
Income tax expense	(59.8)	(5.6)	(65.4)	(34.7)	(1.6)	(36.3)
Profit after tax before non-controlling interests	127.1	9.1	136.2	71.9	5.3	77.2
Non-controlling interests	(6.2)	(0.8)	(7.0)	(1.5)	-	(1.5)
Profit after tax before individually significant items	120.9	8.3	129.2	70.4	5.3	75.7
Individually significant items						
Loss before income tax expense	(136.6)	(85.0)	(221.6)	(20.7)	-	(20.7)
Income tax (expense)/benefit	(1.8)	(8.7)	(10.5)	24.0	-	24.0
(Loss)/profit after tax before non-controlling interests	(138.4)	(93.7)	(232.1)	3.3	-	3.3
Non-controlling interests	18.3	-	18.3	-	-	-
(Loss)/profit after tax from individually significant items	(120.1)	(93.7)	(213.8)	3.3	-	3.3
Net profit/(loss) after tax						
Net profit/(loss) before income tax expense	50.3	(70.3)	(20.0)	85.9	6.9	92.8
Income tax expense	(61.6)	(14.3)	(75.9)	(10.7)	(1.6)	(12.3)
(Loss)/profit after tax before non-controlling interests	(11.3)	(84.6)	(95.9)	75.2	5.3	80.5
Non-controlling interests	12.1	(0.8)	11.3	(1.5)	-	(1.5)
Net profit/(loss) after tax	0.8	(85.4)	(84.6)	73.7	5.3	79.0
Net profit/(loss) for the period attributable to:						
Shareholders of Orica Limited	0.8	(85.4)	(84.6)	73.7	5.3	79.0
Non-controlling interests	(12.1)	0.8	(11.3)	1.5	-	1.5
Net (loss)/profit for the period:	(11.3)	(84.6)	(95.9)	75.2	5.3	80.5

	Minova	
	2022 \$m	2021 \$m
Cash flows from/(used in) discontinued operations		
Net cash used in operating activities	(4.7)	(5.8)
Net cash used in investing activities	(8.2)	(5.1)
Net cash used in financing activities	(3.2)	(1.3)
Net cash outflows for the period	(16.1)	(12.2)

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9. Taxation

(a) Income tax expense recognised in the income statement

	2022			2021		
	Continuing \$m	Dis- continued \$m	Con- solidated \$m	Continuing \$m	Dis- continued \$m	Con- solidated \$m
Current tax expense						
Current year ⁽¹⁾	72.8	7.4	80.2	18.9	5.7	24.6
Deferred tax	(6.0)	6.9	0.9	(11.3)	(3.9)	(15.2)
(Over)/under provided in prior years	(5.2)	-	(5.2)	3.1	(0.2)	2.9
Total income tax expense in income statement	61.6	14.3	75.9	10.7	1.6	12.3

(b) Reconciliation of income tax expense to prima facie tax payable

Income tax expense/(benefit) attributable to profit before individually significant items

Profit from operations before individually significant items ⁽¹⁾	186.9	14.7	201.6	106.6	6.9	113.5
Prima facie income tax expense calculated at 30% on profit ⁽¹⁾	56.1	4.4	60.5	32.0	2.1	34.1
Tax effect of items which increase/(decrease) tax expense:						
variations in tax rates of foreign controlled entities	1.7	-	1.7	(6.1)	0.2	(5.9)
tax (over)/underprovided in prior years	(5.2)	-	(5.2)	3.1	(0.2)	2.9
non allow able share based payments	0.6	-	0.6	1.1	0.2	1.3
non allow able interest deductions	4.2	-	4.2	6.6	1.0	7.6
non creditable w ithholding taxes	4.2	-	4.2	1.4	-	1.4
recognition of previously unbooked temporary differences	-	-	-	(7.3)	-	(7.3)
sundry items	(1.8)	1.2	(0.6)	3.9	(1.7)	2.2
Income tax expense attributable to profit before individually significant items	59.8	5.6	65.4	34.7	1.6	36.3
Income tax (benefit)/expense attributable to individually significant items						
Loss from individually significant items	(136.6)	(85.0)	(221.6)	(20.7)	-	(20.7)
Prima facie income tax expense calculated at 30% on individually significant items	(41.0)	(25.5)	(66.5)	(6.2)	-	(6.2)
Tax effect of items which (decrease)/increase tax expense:						
impairment expense	48.7	-	48.7	-	-	-
loss on sale of Minova	-	34.2	34.2	-	-	-
non taxable gain on sale of Nitro Consult AB	(5.9)	-	(5.9)	-	-	-
utilisation of capital losses for gain on sale of land	-	-	-	(17.8)	-	(17.8)
Income tax expense/(benefit) attributable to loss on individually significant items	1.8	8.7	10.5	(24.0)	-	(24.0)
Income tax expense reported in the income statement	61.6	14.3	75.9	10.7	1.6	12.3

⁽¹⁾ Restated for the retrospective application of a change in Orica's accounting policy on AASB 138 *Intangible Assets* and AASB 116 *Property, Plant and Equipment*, following an International Financial Reporting Interpretations Committee ('IFRIC') agenda decision. Refer to note 15.

Condensed notes to the consolidated Half Year Financial Report

10. Financial instruments

(a) Standby arrangements and credit facilities

Reconciliation of net debt:

	Consolidated	
	Mar 2022	Sep 2021
	\$m	\$m
Current borrowings	107.4	3.4
Current lease liability	51.6	58.0
Non-current borrowings	2,032.1	2,069.0
Non-current lease liability	179.2	192.8
Less cash and cash equivalents	(494.1)	(551.0)
Net debt ⁽¹⁾	1,876.2	1,772.2
Less lease liabilities	(230.8)	(250.8)
Net debt – excluding lease liabilities ⁽¹⁾	1,645.4	1,521.4

⁽¹⁾ Not included in the table above is net cash of \$32.8 million and net cash excluding leases of \$42.4 million which was classified as held for sale as at 30 September 2021.

Credit facilities:

Unsecured bank overdraft facilities available	55.4	58.4
Amount of facilities undrawn	54.2	56.3
Committed standby and loan facilities available	3,308.1	3,561.1
Amount of facilities unused	1,166.9	1,486.3

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 27 May 2022 to 25 October 2030 (2021 02 May 2022 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 (2022 \$87.8 million net liability, 2021 \$8.8 million net liability) 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.

Interest bearing liabilities excluding lease liabilities have a carrying amount of \$2,139.5 million (2021 \$2,072.4 million excluding discontinued operations). The carrying amount of bank and other loans which are primarily short-term in nature approximates fair value.

10. Financial instruments (continued)

Private Placement debt which is primarily long-term in nature has a carrying amount of \$1,937.5 million (2021 \$2,068.8 million) and a fair value of \$1,921.5 million (2021 \$2,122.2 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.

11. 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 2021.

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.

Turkey

The significant decline in the local economy and the devaluation of the Lira has resulted in the impairment of our investments in Orica Nitro Patlayici Maddeler Sanayi ve Ticaret Anonim Sirketi and GeoNitro Limited. The total impairment charge is \$32.7 million of which \$18.3 million is attributable to non-controlling interests.

Russia

As a result of the impact of the Russia-Ukraine conflict, the Group is unable to fund or extract cash from Russian subsidiaries whilst international sanctions are in place. A decision has been made to exit these businesses. Based on these factors, the Group has recognised an impairment charge of \$79.9 million in relation to the assets of the Russian businesses. \$1.8 million was booked against tax expense.

EMEA

Due to the issues outlined above impairment testing was performed on the EMEA region. The key assumptions underlying the value in use calculations are as follows:

- No future cashflows for the Turkey or Russian businesses.
- Growth in EBIT for the region of \$17.9 million within five years.
- A weighted average terminal growth in line with local country economic forecasts of 6.3%.
- A weighted average post-tax discount rate of 16.9%.

The present value of cashflows in EMEA no longer support the carrying value of assets and therefore the remaining \$45.3 million of goodwill has been impaired.

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 a further impairment of other assets.

COVID-19

The Group continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. Significant judgement is required in determining the following key assumptions used to calculate the value in use, which has been updated to reflect uncertainty and the current risk environment:

- Revenue growth
- Foreign exchange rates
- Discount rates
- Future cash flows

The potential impact of COVID-19 has been considered in formulating these assumptions.

Ultimately due to the ongoing uncertainty as to the extent and duration of COVID-19 restrictions and the overall impact on economic activity, actual results may materially differ from the Group's internal assumptions. This may result in reassessment of indicators of impairment for the Group's assets in future reporting periods.

12. Individually significant items

(a) Sale of Minova business

On 28 February 2022 Orica completed the sale of the Minova business to Aurelius Group. Cash of \$149.4 million was received at completion. A further \$28.2 million for debt and working capital true ups is expected to be received in the second half of the financial year. Orica recorded a loss on sale before tax of \$85.0 million which included a loss of \$95.7 million relating to the release of the foreign currency translation reserve as required by Australian Accounting Standards. Refer to note 8 for a detailed breakdown of the loss on sale.

(b) Sale of Nitro Consult business

On 7 March 2022 Orica completed the sale of Nitro Consult AB, recording a net profit of \$19.5 million. Refer to note 8 for a detailed breakdown of the profit on sale.

(c) Impairment expense

As outlined in note 11, an impairment expense of \$157.9 million after tax has been booked for the following items:

\$m	Gross	Tax	Net
Impairment of Russia assets	(78.1)	(1.8)	(79.9)
Impairment of Turkey assets	(32.7)	-	(32.7)
Impairment of EMEA Goodwill	(45.3)	-	(45.3)
Total	(156.1)	(1.8)	(157.9)

13. 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 2021.

14. Events subsequent to balance date

On 11 May 2022, the directors declared an interim dividend of 13.0 cents per ordinary share payable on 8 July 2022. The financial effect of this dividend is not included in the financial statements for the period ended 31 March 2022 and will be recognised in the 30 September 2022 financial statements.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2022, 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.

15. New accounting policy and accounting standard

IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (SaaS)

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision relating to the application of IAS 38 *Intangible Assets* to Configuration or customisation costs in a cloud computing arrangement. Based on the IFRIC decision, Orica considers costs incurred in relation to the configuration and customisation of Software as a Service (SaaS) platforms do not meet the criteria for recognition as an intangible asset, as the supplier of the software and not Orica, controls the software. As a result, these costs should be expensed as incurred.

Under Orica's previous accounting policy, costs relating to cloud computing arrangements (including the 4S Project costs) were capitalised as intangible assets and amortised on a straight-line basis over the length of time the benefits were expected to be received. Orica has updated its accounting policy to comply with the IFRIC agenda decision, and applied AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to reflect this change in its financial statements.

The impact of this change on the financial statements for the period to 31 March 2021 is presented in the following tables.

<i>Income Statement</i>	Consolidated		
	Pre-adjustment \$m	Increase / (decrease) \$m	Post- adjustment \$m
Extract			
Expenses			
Purchased services and other expenses	(197.4)	(18.7)	(216.1)
Depreciation and amortisation expense	(204.1)	22.0	(182.1)
Total expenses	(2,300.8)	3.3	(2,297.5)
Profit from operations	123.9	3.3	127.2
Profit before income tax expense from continuing operations	82.6	3.3	85.9
Income tax expense	(9.7)	(1.0)	(10.7)
Profit after tax from continuing operations	72.9	2.3	75.2
Net profit for the period from continuing operations attributable to:			
Shareholders of Orica Limited	71.4	2.3	73.7
Non-controlling interests	1.5	-	1.5
Net profit for the period from continuing operations	72.9	2.3	75.2
Earnings per share attributable to ordinary shareholders of Orica Limited from continuing operations (in cents):			
Basic earnings per share	17.6	0.5	18.1
Diluted earnings per share	17.5	0.6	18.1

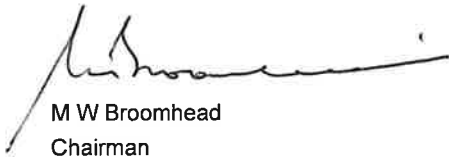
<i>Statement of Comprehensive Income</i>	Consolidated		
	Pre-adjustment \$m	Increase \$m	Post- adjustment \$m
Extract			
Net profit for the period	78.2	2.3	80.5
Total comprehensive income for the period	35.1	2.3	37.4

**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 24, 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 2022 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 11th day of May 2022.

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 2022 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

S Gandhi, Managing Director and Chief Executive Officer

M N Brenner

Boon S F

D W Gibson

K A Moses

G T Tilbrook

J R Beevers

G Naylor (appointed on 1st April 2022)

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 14) that has arisen since 31 March 2022, 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.

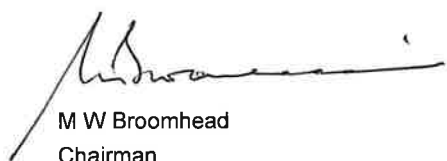
Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 27.

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 11th day of May 2022.



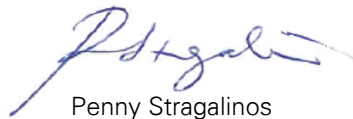
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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 2022 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


Penny Stragalinos

Partner

Melbourne

11 May 2022



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 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 2022 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 2022;
- 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 15 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 2022 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*.

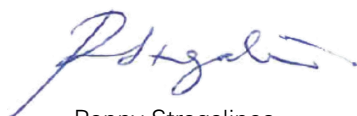
A review of a Half Year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* 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



KPMG



Penny Stragalinos
Partner

Melbourne
11 May 2022



Chris Sargent
Partner

Melbourne
11 May 2022