

ALS Limited

ABN 92 009 657 489

**Condensed Interim Financial Report
for the Half Year Ended 30 September 2020
(including additional ASX Appendix 4D disclosures)**

ALS Limited and its subsidiaries

Condensed Interim Financial Report for the Half Year Ended 30 September 2020

Contents

- Results for announcement to the market (including required Appendix 4D information)
- Directors' half year report
- Consolidated interim financial report for the half year ended 30 September 2020

The attached Condensed Interim Financial Report for the half year ended 30 September 2020 forms part of this document. This half yearly report is to be read in conjunction with the ALS Limited 2020 Annual Financial Report and the notes contained therein.

ALS Limited and its subsidiaries

Results for announcement to the market

For the half year ended 30 September 2020

Appendix 4D

(Previous corresponding period: half year ended 30 September 2019)

\$M				
Revenue from ordinary activities [^]	Down	8.9%	to	838.8
Underlying net profit after tax from continuing operations * attributable to members	Down	17.9%	to	80.6
Profit from ordinary activities after tax attributable to members	Down	48.1%	to	70.3
Net profit for the period attributable to members	Down	48.1%	to	70.3

Dividends

	Amount per ordinary share	Franked amount per ordinary share
Interim dividend	8.5 cents	8.5 cents
Previous corresponding period	11.5 cents	3.5 cents

Record date for determining entitlements to the interim dividend: 27 November 2020

In light of the Company's plans to continue the on-market share buyback program the dividend reinvestment plan will remain suspended.

Additional dividend information:

Details of dividends declared or paid during or subsequent to the half year ended 30 September 2020 are as follows:

Record date	Payment date	Type	Amount per ordinary share	Total dividend	Franked amount per ordinary share	Conduit foreign income per ordinary share
9 June 2020	6 July 2020	Final 2020	6.1 cents	\$29.4m	4.3 cents	1.8 cents
27 Nov 2020	16 Dec 2020	Interim 2021	8.5 cents	\$41.0m	8.5 cents	Nil

Other financial information:

	Current period	Previous corresponding period
Basic underlying * earnings per ordinary share	16.7 cents	20.3 cents
Basic earnings per ordinary share	14.6 cents	28.1 cents
Net tangible assets per ordinary share #	(8.9) cents	4.2 cents

Net tangible assets (NTA) are calculated including the Group's right-of-use assets (ROU asset) if the characteristics of the underlying asset is tangible. The NTA calculation did include all of the leasing liabilities. Comparatives have been amended to conform with the current year calculation.

[^] Includes revenues from both continuing and discontinued operations

* Refer to page 5 of the attached Interim Financial Report for a reconciliation of Underlying net profit after tax from continuing operations to Statutory net profit after tax.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 September 2020 Interim Financial Report. The unqualified review report of the company's auditor, EY, is attached to this document and highlights no areas of dispute.

Sign here:

Company Secretary
Michael Pearson

Date: 17/11/2020



ALS Limited

ABN 92 009 657 489

**Condensed Interim Financial Report
for the Half Year Ended 30 September 2020**

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2020

The directors present their report together with the condensed consolidated interim financial report for the half year ended 30 September 2020 and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the half year are:

BRUCE PHILLIPS B Sc (Hons) (Geology)

Chairman and Independent Non-Executive Director

Appointed a director 2015 and appointed Chairman 2016.

RAJ NARAN B Sc (Chemistry), B A (Mathematics)

Managing Director and Chief Executive Officer

Appointed Managing Director and Chief Executive Officer 2017.

JOHN MULCAHY PhD, B E (Civil Eng) (Hons), FIE Aust

Independent Non-Executive Director

Appointed 2012.

CHARLIE SARTAIN B Eng (Hons) (Mining), FAusIMM, FTSE

Independent Non-Executive Director

Appointed 2015.

TONIANNE DWYER B Juris (Hons), LLB (Hons), GAICD

Independent Non-Executive Director

Appointed 2016.

SIDDHARTHA KADIA PhD, MS (Biomedical Engineering), BE (Electronics)

Independent Non-Executive Director

Appointed 2019.

LESLIE DESJARDINS B Industrial Admin, Finance (Kettering), MS Management (MIT)

Independent Non-Executive Director

Appointed 2019.

GRANT MURDOCH M Com (Hons), FAICD, FCA

Independent Non-Executive Director

Retired 29 July 2020.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2020

Review and results of operations

Financial performance

The Group delivered a half-year statutory NPAT of \$70.3 million, compared to the \$135.6 million recorded in the first half of financial year 2020 (H1 FY20). This decrease is predominantly associated with the net gain generated by the disposal of the Group's Environmental and Analytical testing business in China in April 2019 and by the pervasive impact of the COVID-19 pandemic in the Group's businesses in the first half of the financial year 2021 (H1 FY21).

The Group recorded underlying NPAT¹ from continuing operations of \$80.6 million for H1 FY21, down 17.9% over the previous corresponding period of \$98.2 million. Refer to page 5 for a reconciliation between statutory and underlying NPAT.

The revenue from continuing operations of \$838.8 million was down 8.7% compared to the \$919.1 million recorded in the previous corresponding period. Despite the overall decline in H1 FY21, the improvement in the organic revenue trends for all businesses in the second quarter was noticeable as the Group experienced an organic drop of 6.2% in revenue, compared to a decline of 13.0% in the first quarter of the year.

Despite the challenging environment and the decline in revenues, the Group generated an underlying EBIT² margin of 16.1%, a reduction of 114 bps compared to the previous corresponding period. During such unprecedented times, the Group's performance demonstrated the strength of ALS' operational model, which enabled the Group to quickly align its cost base to client demands whilst maintaining client service levels and capitalising on new opportunities.

The Life Sciences division was the least impacted by the pandemic, with an organic revenue decline of 7.4% in H1 FY21 and considerable improvement shown in the second quarter. Despite the headwinds at the revenue level, the division delivered an underlying EBIT margin of 16.4%, up 10 bps over the previous corresponding period. The good performance of the acquisitions completed last year (Aquimisa and ARJ), both accretive to the Life Sciences margin, was an important factor for the improvement.

The Industrial division's revenue declined 16.2% organically, as the Asset Care business stream faced challenges related to clients' deferral of maintenance work and the exposure to the North American Oil and Gas market. The division's underlying EBIT margin of 11.4% declined 111 bps over the previous corresponding period.

The Commodities division's organic revenue was down 9.6% over the previous corresponding period, but the division saw improved revenue trends in the second quarter when organic revenue declined 5.1%, compared to 14.7% in the first quarter. The division delivered an underlying EBIT margin of 24.7%, a drop of 107 bps over the previous corresponding period.

The Group delivered very strong cash flows from operations, representing an adjusted EBITDA³ to cash conversion ratio of 98.8%, compared to the 72.6% delivered in H1 FY20.

¹ Underlying NPAT = Net profit after tax attributable to equity holders of the Company, excluding discontinued operations, restructuring and other items, divestments and impairment losses and amortization of acquired intangibles.

² EBIT = Earnings before interest and tax. The term EBIT is a non-IFRS disclosure and is unaudited.

³ Adjusted EBITDA = EBIT plus depreciation and amortisation, impairments, restructuring and other items, less divestment gains/(losses), COVID-19 subsidies and grants (net of direct costs), calculated on a pre-IFRS16 basis. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. The calculations thereof are based on non-IFRS information and are unaudited.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2020

Review and results of operations (continued)

In response to the impact of the COVID-19 pandemic the Group has incurred site closure and relocation costs of \$2.4 million, redundancy costs of \$4.7 million, and additional onerous lease impairment charges totalling \$10.3 million, to more effectively align its operating locations with demand for its services in key geographies. Separately, the Group has received gross Government grants and subsidies income totalling \$14.4 million in qualifying jurisdictions, which includes \$3.5 million in Australia under the JobKeeper scheme, and \$8.4 million under the CEWS programme in Canada. These gross subsidies have been offset by direct scheme participation costs, advisory fees in relation thereto, and increased expenditures related to providing employee personal protective equipment, altogether totalling \$2.0 million. These net government grants and subsidies have not been included in the calculation of underlying profit.

As a response to the pandemic's challenges, the Group also adjusted its capital allocation levels to balance short-term liquidity with a commitment to investing in growth opportunities. This directive resulted in a reduction of total capex by 30% from the previous corresponding period, bringing down the capex ratio to revenue from 5.6% in H1 FY20 to 4.3% in H1 FY21.

The significant adjustment of the Group's cost base coupled with the consistent implementation of cash management and capital allocation directives, led to a reduction of the Group's leverage ratio to 1.9x adjusted EBITDA¹, from 2.1x adjusted EBITDA in March 2020 (Sep 2019: 1.9x adjusted EBITDA). The current leverage ratio and the strong liquidity (over \$600 million) support the execution of the Group's acquisition strategy focused on accretive targets primarily in the food and pharmaceutical markets, and enables the Group to continue to take advantage of organic growth, technological enhancements, and operational improvement opportunities across all business sectors.

As a reflection of the principles defined by the capital allocation strategy, Directors have declared an FY21 interim dividend of 8.5 cents per share, fully franked to 100%, payable on all ordinary shares (H1 FY20: 11.5 cents, partly franked to 30%), representing 51% of the underlying NPAT² (H1 FY20: 57%; H2 FY20: 33%). The dividends will be paid on 16 December 2020 on all shares registered in the Company's register at the close of business on 27 November 2020. Considering the Company's plans to continue the on-market share buy-back program, the dividend reinvestment plan will remain suspended.

¹ Adjusted EBITDA = EBIT plus depreciation and amortisation, impairments, restructuring and other items, less divestment gains/(losses), COVID-19 subsidies and grants (net of direct costs), calculated on a pre-IFRS16 basis. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. The calculations thereof are based on non-IFRS information and are unaudited.

² Underlying NPAT = Net profit after tax attributable to equity holders of the Company, excluding discontinued operations, restructuring and other items, divestments and impairment losses and amortization of acquired intangibles.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2020

Review and results of operations (continued)

The Group's financial performance for the half year to 30 September 2020 is summarised as follows:

2020 \$m	Underlying results ¹ Continuing operations	Restructuring & other items ¹	COVID-19 Subsidies & Grants net of Direct Costs ²	Amortisation of intangibles	Statutory result
Revenue	838.8	-	-	-	838.8
EBITDA ³	197.9	(20.6)	12.4	-	189.7
Depreciation & amortisation	(62.7)	-	-	(3.7)	(66.4)
EBIT ³	135.2	(20.6)	12.4	(3.7)	123.3
Net interest expense	(21.2)	-	-	-	(21.2)
Tax expense	(32.5)	5.3	(3.7)	-	(30.9)
Non-controlling interests	81.5 (0.9)	(15.3) -	8.7 -	(3.7) -	71.2 (0.9)
Net profit/(loss) after tax (NPAT)	80.6	(15.3)	8.7	(3.7)	70.3
Basic EPS (cents)	16.7				14.6
Diluted EPS (cents)	16.6				14.5

2019 \$m	Underlying results ¹ Continuing operations	Discontinued operations ⁴	Restructuring & other items ¹	Divestments & other Business Closures	Amortisation of intangibles	Statutory result
Revenue	919.1	1.9	-	-	-	921.0
EBITDA ³	218.2	(0.6)	(11.7)	51.7	-	257.6
Depreciation & amortisation	(59.7)	(0.5)	-	-	(2.6)	(62.8)
EBIT ³	158.5	(1.1)	(11.7)	51.7	(2.6)	194.8
Net interest expense	(20.2)	(0.7)	-	-	-	(20.9)
Tax expense	(39.3)	0.3	1.5	-	-	(37.5)
Non-controlling interests	99.0 (0.8)	(1.5) -	(10.2) -	51.7 -	(2.6) -	136.4 (0.8)
Net profit/(loss) after tax (NPAT)	98.2	(1.5)	(10.2)	51.7	(2.6)	135.6
Basic EPS (cents)	20.3					28.1
Diluted EPS (cents)	20.2					27.9

¹ The terms 'Underlying Result' and 'Restructuring & Other Items' are non-IFRS disclosures. They have been presented to assist in the assessment of the relative performance of the Group from period to period. The calculations thereof are based on non-IFRS information and are unaudited. Restructuring and other items includes greenfield start-up costs of \$1.4m (2019: \$3.6m), acquisition costs of \$1.1m (2019: \$1.6m), impairment of onerous leases \$10.3m (2019: nil), and other restructuring costs \$7.8m (2019: \$6.5m), which includes other site closure, employee redundancy costs, and realised FX amounts on the restructuring of intra group loan balances.

² Includes gross subsidies received under COVID-19 economic support programmes in various jurisdictions in which the Group operates. Includes \$3.5m from the Job Keeper programme in Australia and \$8.4m from the CEWS programme in Canada. Direct costs include scheme participation costs, advisory fees in relation thereto, and increased expenditures related to providing employee personal protective equipment.

³ EBITDA = EBIT plus depreciation, amortisation, divestment gains/(losses), and impairments. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

⁴ Refer to note 10.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2020

Review and results of operations (continued)

The Group has three reportable operating segments as at 30 September 2020: Commodities, Life Sciences and Industrial.

Contributions from business segments are set out below.

Commodities	2020 \$M	2019 \$M	Variance
Revenue	278.4	319.9	(13.0%)
Segment EBIT ³	70.4	81.9	
Restructuring and other items ¹	(1.6)	0.5	
Underlying segment EBIT ²	68.8	82.4	(16.5%)
Margin (underlying segment EBIT to revenue)	24.7%	25.8%	
Underlying segment EBITDA ³	87.6	100.3	(12.7%)
Margin (underlying segment EBITDA to revenue)	31.5%	31.4%	

The pandemic impacted the entire commodities business in H1 FY21, with a higher magnitude of impact in the first quarter. The business's revenue in H1 FY21 declined organically by 9.6% (first quarter down 14.7% and second quarter down 5.1%). The commodity prices remained supportive for most of the first half, but the latest sample flow update illustrates further improved volumes from the majors in September. The underlying EBIT margin of 24.7% in H1 FY21, a reduction of 107 bps compared to the previous corresponding period, demonstrates the business's resilience due to its hub and spoke operational model and management's prompt actions to adjust costs while maintaining quality services to clients.

Geochemistry experienced a challenging first quarter. The global sample flows decreased by 23% from the previous corresponding period, followed by improved levels in the second quarter, driven by increased general mining activity and junior equity raising. The total sample flow in the second quarter was 4.0% lower than the previous corresponding period, with September being the strongest month in H1 FY21, with sample flows 10% higher than the previous corresponding period. The overall volume reduction was the main factor for the organic revenue decrease of 10.8% in H1 FY21 (first quarter down 16.1% and second quarter down 6.1%). Despite this revenue reduction in H1 FY21, management's swift action to reduce costs while focusing on the continued improvement of service delivery, productivity, and the sample turn-around time was vital in the delivery of a 26.4% underlying margin, with a limited reduction of 151 bps over the previous corresponding period. The Group remains optimistic about the recovery of the Geochemistry business and the likely demand for services. The Group is continuing to invest in the workforce and technology (method development) to keep delivering superior services to clients.

The Metallurgy business stream also had a material decline in the first quarter where revenue decreased organically by 20.1% compared to the previous corresponding period. This performance was followed by improved trading conditions in the second quarter, when revenue declined 11.4% compared to the previous corresponding period, with considerable improvement in September when the business grew 6.9% organically. H1 FY21 closed with an organic revenue decline of 15.7%. Despite these headwinds the business performed well in H1 FY21 and delivered an underlying EBIT margin of 22.2%.

¹ The term 'Restructuring and Other Items' is a non-IFRS disclosure. It has been presented to assist in the assessment of the relative performance of the Group from period to period. The calculation thereof is based on non-IFRS information and is unaudited.

² The term 'Underlying segment EBIT' is a non-IFRS disclosure. It has been presented to assist in the assessment of the relative performance of the Group from period to period. The calculation thereof is based on non-IFRS information and is unaudited.

³ EBITDA = EBIT plus depreciation, amortisation, divestment gains/(losses), and impairments. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2020

Review and results of operations (continued)

Commodities (continued)

ALS Coal continues to perform well, delivering 3.0% organic revenue growth, and 18.6% underlying EBIT margin, an increase of 187 bps compared to the previous corresponding period. The business continues to successfully implement its strategy of service diversification and operational improvement, having achieved very positive development in H1 FY21 in the exploration and production-related services.

The Inspection business revenue declined organically by 8.7% compared to the previous corresponding period, a relatively good performance considering the market conditions in the first part of the year. The prompt alignment of costs to revenue levels, the continued good performance of the MARSS acquisition, and the acceleration of greenfield investments executed in FY20 yielded a solid underlying EBIT margin of 27.7%, an improvement of 179 bps compared to the previous corresponding period.

Life Sciences	2020 \$M	2019 \$M	Variance
Revenue	452.1	468.6	(3.5%)
Segment EBIT ³	74.5	72.3	
Restructuring and other items ¹	(0.5)	3.9	
Underlying segment EBIT ²	74.0	76.2	(2.9%)
Margin (underlying segment EBIT to revenue)	16.4%	16.3%	
Underlying segment EBITDA ³	110.8	111.0	(0.2%)
Margin (underlying segment EBITDA to revenue)	24.5%	23.7%	

The Life Sciences division was the least impacted by the COVID-19 pandemic, as it operates as part of key supply chains in which most laboratories were considered essential businesses and operated throughout the economic shutdowns.

The Division's total revenue declined by 3.5% in H1 FY21 (organic decline of 7.4% and scope growth of 5.5%). The second quarter's improvement in revenue trend was noticeable, as the business materialised an organic decline of 4.4% in revenue, compared to 10.7% in the first quarter. This recovery trend in the second quarter was present in all regions and is supported by the incremental revenue from COVID-19 related services, and by the management team's commitment to continuously provide elevated service levels to clients, even amid such unusual circumstances.

The underlying EBIT margin of 16.4% delivered in H1 FY21 represents an improvement of 10 bps compared to the previous corresponding period. This solid performance was driven by swift actions to align the cost base to revenue levels and the good performance of the latest acquisitions (Aquimisa and ARJ), which continued to deliver accretive margins to the Division in the half-year.

¹ The term 'Restructuring and Other Items' is a non-IFRS disclosure. It has been presented to assist in the assessment of the relative performance of the Group from period to period. The calculation thereof is based on non-IFRS information and is unaudited.

² The term 'Underlying segment EBIT' is a non-IFRS disclosure. It has been presented to assist in the assessment of the relative performance of the Group from period to period. The calculation thereof is based on non-IFRS information and is unaudited.

³ EBITDA = EBIT plus depreciation, amortisation, divestment gains/(losses), and impairments. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

ALS Limited and its subsidiaries

Directors' Report

For the half year ended 30 September 2020

Review and results of operations (continued)

Life Sciences (continued)

Life Sciences has a strong pipeline of acquisition opportunities in food and pharmaceutical testing and will continue to look for companies to complement its services portfolio.

Despite the current global economic environment, the structural growth drivers in the life sciences business are still strong and amplified by the pandemic's health and safety concerns. The Division's priority remains very clear: delivery of immediate performance while developing capabilities to capture more growth opportunities.

Industrial	2020 \$M	2019 \$M	Variance
Revenue	108.3	130.7	(17.1%)
Segment EBIT ³	4.9	15.7	
Restructuring and other items ¹	7.4	0.6	
Underlying segment EBIT ²	12.3	16.3	(24.5%)
Margin (underlying segment EBIT to revenue)	11.4%	12.5%	
Underlying segment EBITDA ³	18.9	22.6	(16.4%)
Margin (underlying segment EBITDA to revenue)	17.5%	17.3%	

The Industrial division revenue declined organically by 16.2% in H1 FY21 (first quarter down 17.0% and second quarter down 15.5%). The business delivered an underlying margin of 11.4% in the half-year, a limited reduction of 111 bps compared to previous corresponding period.

The Asset Care business stream revenue was materially impacted throughout the first half, as clients deferred non-essential maintenance-related inspection work, and the volume in the Oil and Gas sector in the USA dropped significantly. Revenue declined organically by 20.3% in H1 FY21 (similar levels in the first and second quarters). The business stream materialised an underlying EBIT margin of 7.1% in H1 FY21, with significant improvement in the second quarter (first quarter 3.0% and second quarter 10.8%). This margin improvement delivered in the second quarter was driven by the alignment of the cost base to existing revenue levels and the shutdown of underperforming businesses where recovery was unlikely to materialise in the medium term given current market conditions.

The Tribology business stream revenue declined organically by 4.7% during H1 FY21 (first quarter down 8.1% and second quarter down 1.9%). Despite the decline in revenue, the business delivered a strong underlying EBIT margin of 21.7%, with a noticeable improvement in the second quarter when it delivered a 25.9% margin.

¹ The term 'Restructuring and Other Items' is a non-IFRS disclosure. It has been presented to assist in the assessment of the relative performance of the Group from period to period. The calculation thereof is based on non-IFRS information and is unaudited.

² The term 'Underlying segment EBIT' is a non-IFRS disclosure. It has been presented to assist in the assessment of the relative performance of the Group from period to period. The calculation thereof is based on non-IFRS information and is unaudited.

³ EBITDA = EBIT plus depreciation, amortisation, divestment gains/(losses), and impairments. EBIT = Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures. They have been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculations thereof are based on non-IFRS information and are unaudited.

ALS Limited and its subsidiaries Directors' Report

For the half year ended 30 September 2020

Events subsequent to balance date

Capital management

In November 2020 directors announced an extension to the existing on-market share buyback program for a further twelve months until December 2021 and maintained the program quantum of up to \$250 million. As at 30 September 2020 a total of 21.8 million shares (representing 4.3% of the original base) have been bought back on-market for an overall consideration of \$153.4 million, at an average price of \$7.04 per share.

Other than the matter discussed above, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

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

The lead auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the half year ended 30 September 2020.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial report and directors' report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



Bruce Phillips
Chairman

Brisbane
17 November 2020



Raj Naran
Managing Director

Houston
17 November 2020

ALS Limited and its subsidiaries
Consolidated interim statement of profit and loss and Other Comprehensive Income
For the half year ended 30 September 2020

In millions of AUD	Note	30 September 2020	30 September 2019
Continuing operations			
Revenue	6	838.8	919.1
Expenses		(665.1)	(712.3)
Other income		14.4	-
Share of profit of equity-accounted investees, net of tax		1.6	1.7
Profit before financing cost, depreciation and amortisation		189.7	208.5
Amortisation on right-of-use assets		(22.7)	(20.6)
Amortisation and depreciation		(43.7)	(41.7)
Profit before net financing costs (EBIT)		123.3	146.2
Finance income		1.4	1.2
Finance cost on loans and borrowings		(18.9)	(17.8)
Finance cost on lease liabilities		(3.7)	(3.6)
Net financing costs		(21.2)	(20.2)
Profit before tax		102.1	126.0
Income tax expense		(30.9)	(37.8)
Profit from continuing operations		71.2	88.2
Discontinued operations			
Profit of discontinued operations, net of tax	10	-	48.2
Profit for the period		71.2	136.4
Profit attributable to:			
Equity holders of the Company		70.3	135.6
Non-controlling interest		0.9	0.8
Profit for the period		71.2	136.4
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to the profit and loss (net of tax)</i>			
Foreign exchange translation		(107.7)	10.3
Gain on hedge of net investments in foreign subsidiaries		11.3	(1.8)
(Loss)/Gain on cash flow hedges taken to equity, net of tax		(1.7)	0.4
Other comprehensive (loss)/ income for the period, net of tax		(98.1)	8.9
Total comprehensive (loss)/ income for the period		(26.9)	145.3
Total comprehensive (loss)/income attributable to:			
Equity holders of the company		(27.8)	144.5
Non-controlling interest		0.9	0.8
Total comprehensive (loss)/income for the period		(26.9)	145.3
Basic earnings per share attributable to equity holders		14.57c	28.05c
Diluted earnings per share attributable to equity holders		14.51c	27.92c
Basic earnings per share attributable to equity holders from continuing operations		14.57c	18.08c
Diluted earnings per share attributable to equity holders from continuing operations		14.51c	17.99c

The interim profit and loss statement is to be read in conjunction with the notes to the interim financial report set out on pages 14 to 21.

ALS Limited and its subsidiaries

Consolidated interim balance sheet

As at 30 September 2020

In millions of AUD	Note	30 September 2020	31 March 2020
Current Assets			
Cash and cash equivalents		146.7	424.4
Trade and other receivables		338.3	365.2
Inventories		67.8	78.9
Other assets		39.3	43.3
Assets held for sale		-	24.9
Total current assets		592.1	936.7
Non-current assets			
Investment property		9.9	10.0
Investments accounted for using the equity method		20.5	20.1
Deferred tax assets		33.7	32.6
Property, plant and equipment		465.3	507.3
Right of use assets		191.6	219.9
Intangible assets		1,083.2	1,160.6
Other assets		37.1	43.6
Total non-current assets		1,841.3	1,994.1
Total assets		2,433.4	2,930.8
Current Liabilities			
Bank overdraft		0.1	0.5
Trade and other payables		232.5	219.7
Loans and borrowings	8	250.8	282.7
Employee benefits		58.3	59.0
Other liabilities		12.2	11.1
Liabilities directly associated with the assets held for sale		-	14.1
Total current liabilities		553.9	587.1
Non-current liabilities			
Loans and borrowings	8	770.4	1,164.2
Deferred tax liabilities		4.7	10.7
Employee benefits		9.0	8.5
Other		42.6	49.7
Total non-current liabilities		826.7	1,233.1
Total liabilities		1,380.6	1,820.2
Net assets		1,052.8	1,110.6
Equity			
Share capital		1,304.6	1,303.9
Reserves		(98.6)	1.1
Retained earnings		(164.2)	(204.9)
Total equity attributable to equity holders of the company		1,041.8	1,100.1
Non-controlling interest		11.0	10.5
Total equity		1,052.8	1,110.6

The interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 21.

ALS Limited and its subsidiaries

Consolidated interim statement of changes in equity

For the half year ended 30 September 2020

In millions of AUD	Share Capital	Foreign Currency Translation	Other reserves	Employee share-based awards	Retained earnings	Total	Non-controlling Interest	Total Equity
Balance 31 March 2020	1,303.9	(14.0)	6.6	8.5	(204.9)	1,100.1	10.5	1,110.6
Profit for the period	-	-	-	-	70.3	70.3	0.9	71.2
Other comprehensive loss	-	(96.4)	(1.7)	-	-	(98.1)	-	(98.1)
Total comprehensive (loss)/ income for the period	-	(96.4)	(1.7)	-	70.3	(27.8)	0.9	(26.9)

Transactions with owners in their capacity as owners:

Dividends provided for or paid	-	-	-	-	(29.4)	(29.4)	(0.4)	(29.8)
Equity-settled performance rights awarded and vested	0.7	-	-	(1.5)	(0.2)	(1.0)	-	(1.0)
Total transactions with owners	0.7	-	-	(1.5)	(29.6)	(30.4)	(0.4)	(30.8)
Balance at 30 September 2020	1,304.6	(110.5)	4.9	7.0	(164.2)	1,041.8	11.0	1,052.8

Balance 1 April 2019	1,325.9	(42.9)	4.4	5.8	(218.8)	1,074.4	9.8	1,084.2
Profit for the period	-	-	-	-	135.6	135.6	0.8	136.4
Other comprehensive income	-	8.5	0.4	-	-	8.9	-	8.9
Total comprehensive income for the period	-	8.5	0.4	-	135.6	144.5	0.8	145.3

Transactions with owners in their capacity as owners:

Dividends provided for or paid	-	-	-	-	(55.4)	(55.4)	(0.5)	(55.9)
Buy back of ordinary shares	(22.0)	-	-	-	-	(22.0)	-	(22.0)
Equity-settled performance rights awarded and vested	-	-	-	0.2	(1.9)	(1.7)	-	(1.7)
Total transactions with owners	(22.0)	-	-	0.2	(57.3)	(79.1)	(0.5)	(79.6)
Balance at 30 September 2019	1,303.9	(34.4)	4.8	6.0	(140.5)	1,139.8	10.1	1,149.9

The interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 21.

ALS Limited and its subsidiaries
Consolidated interim statement of cash flows
For the half year ended 30 September 2020

In millions of AUD	30 September 2020	30 September 2019
Cash flows from operating activities		
Cash receipts from customers	935.5	993.1
Cash paid to suppliers and employees	(790.5)	(842.8)
Cash generated from operations	145.0	150.3
Interest paid	(22.6)	(20.9)
Interest received	1.4	1.2
Income taxes paid	(35.5)	(40.2)
Net cash from operating activities	88.3	90.4
Cash flows from investing activities		
Payments for property, plant and equipment	(36.1)	(51.7)
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)	-	(55.7)
Deferred payments for acquisitions of controlled entities	(1.9)	(2.5)
Acquisition of minority interest equity	-	(0.6)
Net proceeds from the sale of the China Life Sciences business	-	66.9
Loan repayments/(advances) from/(to) associates	0.3	(0.3)
Dividend from associate	1.1	0.7
Proceeds from sale of other non-current assets	1.0	0.5
Net cash used in investing activities	(35.6)	(42.7)
Cash flows from financing activities		
Proceeds from borrowings	81.9	414.4
Repayment of borrowings	(339.8)	(376.7)
Right-of-use asset lease payments	(25.3)	(19.9)
Issued capital bought back on-market	-	(22.0)
Dividends paid	(29.8)	(55.9)
Net cash from (used in)/from financing activities	(313.0)	(60.1)
Net movement in cash and cash equivalents	(260.3)	(12.4)
Cash and cash equivalents at 1 April	423.9	148.2
Effect of exchange rate fluctuations on cash held	(17.0)	2.8
Cash and cash equivalents at 30 September	146.6	138.6

The interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 14 to 21.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2020

1. Reporting entity

ALS Limited (the "Company") is a company domiciled in Australia. The interim financial report of the Company as at and for the six months ended 30 September 2020 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 31 March 2020 is available upon request from the Company's registered office at 32 Shand Street, Stafford, QLD, 4053 or at www.alsglobal.com.

2. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 March 2020. This condensed consolidated interim financial report was approved by the Board of Directors on 17 November 2020.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statement as at and for the year ended 31 March 2020, with the exception of AASB120 *Accounting for Government Grants and Disclosure of Government Assistance* below.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense, it can be recognised as other income or net of the related expense for which it is intended to compensate. The Group has recognised its government grants on a gross basis as part of other income. There are no unfilled conditions or other contingencies attached to the grants.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, 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 report as at and for the year ended 31 March 2020.

In determining the appropriateness of its judgements and estimates the Group has also specifically considered the impact of the COVID-19 pandemic as at 30 September 2020 and on its operations in future periods.

5. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 31 March 2020.

Fair values of financial instruments

The Group's financial assets and liabilities are included in the balance sheet at amounts that approximate fair values. The fair value at 30 September 2020 of derivative assets held for risk management purposes, which are the Group's only financial instruments carried at fair value, was an asset of \$6.8m (March 2020: \$9.3m) measured using Level 2 valuation techniques as defined in the fair value hierarchy. The Group does not have any financial instruments that are categorised as Level 1 or Level 3 in the fair value hierarchy.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2020

Fair value hierarchy

In valuing financial instruments, the Group uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

6. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements (see also Note 10 for operations that were discontinued during the reporting period). The Group's revenue is derived from contracts with customers.

Disaggregation of revenue

Revenue is disaggregated by geographical location of customers.

In millions of AUD

	30 September 2020	30 September 2019
Continuing operations		
Africa	15.4	26.3
Asia/Pacific	335.6	336.5
EMENA (Europe, Middle East, North Africa)	218.4	202.2
Americas	269.4	354.1
	838.8	919.1
Discontinuing operations		
EMENA (Europe, Middle East, North Africa)	-	1.3
Americas	-	0.6
	-	1.9
Total operations	838.8	921.0

7. Segment reporting

The Group has three reportable segments, as described below, representing three distinct strategic divisions each of which is managed separately and offers different products and services. For each of the strategic business units, the CEO reviews internal management reports on at least a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

- **Commodities** - provides assaying and analytical testing services and metallurgical services for mining and mineral exploration companies and provides specialist services to the coal industry such as coal sampling, analysis and certification, formation evaluation services, and related analytical testing.
- **Life Sciences** - provides analytical testing data to assist consulting and engineering firms, industry, and governments around the world in making informed decisions about environmental, food and pharmaceutical, electronics, and animal health testing matters.
- **Industrial** - provides the energy, resources and infrastructure sectors with asset care and tribology testing services.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2020

7. Segment reporting (continued)

2020

In millions of AUD

	Commodities	Life Sciences	Industrial	Other ¹	Consolidated
Revenue	278.4	452.1	108.3	-	838.8
Africa	15.4	-	-	-	15.4
Asia/Pacific	116.6	139.6	79.4	-	335.6
EMENA (Europe, Middle East, North Africa)	60.1	157.8	0.5	-	218.4
Americas	86.3	154.7	28.4	-	269.4
Underlying EBITDA ²	87.6	110.8	18.9	(19.4)	197.9
Amortisation on right-of-use assets	(7.3)	(12.7)	(2.7)	-	(22.7)
Depreciation and amortisation	(11.5)	(24.1)	(3.8)	(0.5)	(40.0)
Underlying EBIT ²	68.8	74.0	12.3	(19.9)	135.2
Restructuring & other items	1.6	0.5	(7.4)	(2.9)	(8.2)
Amortisation of intangibles	-	-	-	(3.7)	(3.7)
Segment EBIT ²	70.4	74.5	4.9	(26.5)	123.3
Net interest	(1.0)	(2.3)	(0.4)	(17.5)	(21.2)
Segment profit before income tax	69.4	72.2	4.5	(44.0)	102.1
Underlying EBIT ² margin	24.7%	16.4%	11.4%		16.1%
Underlying EBITDA ² margin	31.5%	24.5%	17.5%		23.6%
Segment assets	775.2	1,214.9	209.1	53.8	2,253.0
Cash and cash equivalents					146.7
Tax Assets					33.7
Total assets per the balance sheet					2,433.4
Segment liabilities	(150.5)	(307.9)	(74.0)	(9.9)	(542.3)
Loans, borrowings & bank overdraft					(821.4)
Tax liabilities					(16.9)
Total liabilities per the balance sheet					(1,380.6)

¹ Represents unallocated corporate costs. Net expenses of \$19.9 million in 2020 comprise net foreign exchange loss of \$2.4 million and other corporate costs of \$17.5 million.

² Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures and are unaudited.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2020

7. Segment reporting (continued)

2019 In millions of AUD	Commodities	Life Sciences	Industrial	Other ¹	Total Continuing Operations	Discontinued Operations	Consolidated
Revenue	319.9	468.6	130.7	-	919.1	1.9	921.0
Africa	26.3	-	-	-	26.3	-	26.3
Asia/Pacific	115.3	134.0	87.2	-	336.5	-	336.5
EMENA (Europe, Middle East, North Africa)	55.1	146.7	0.5	-	202.2	1.3	203.5
Americas	123.2	187.9	43.0	-	354.1	0.6	354.7
Underlying EBITDA ²	100.3	111.0	22.6	(15.7)	218.2	(0.6)	217.6
Amortisation on right-of-use assets	(6.6)	(11.3)	(2.7)	-	(20.6)	(0.4)	(21.0)
Depreciation and amortisation	(11.3)	(23.5)	(3.6)	(0.7)	(39.0)	(0.1)	(39.2)
Underlying EBIT ²	82.4	76.2	16.3	(16.4)	158.6	(1.1)	157.5
Restructuring & other items	(0.5)	(3.9)	(0.6)	(4.7)	(9.7)	49.7	40.0
Amortisation of intangibles	-	-	-	(2.6)	(2.6)	-	(2.6)
Segment EBIT ²	81.9	72.3	15.7	(23.7)	146.3	48.6	194.9
Net interest	(1.0)	(2.3)	(0.3)	(16.6)	(20.2)	(0.7)	(20.9)
Segment profit before income tax	80.9	70.0	15.4	(40.3)	126.0	47.9	173.9
<i>Underlying EBIT margin ²</i>	<i>25.8%</i>	<i>16.3%</i>	<i>12.5%</i>		<i>17.3%</i>		<i>17.1%</i>
<i>Underlying EBITDA margin ²</i>	<i>31.4%</i>	<i>23.7%</i>	<i>17.3%</i>		<i>23.7%</i>		<i>23.6%</i>
Segment assets	831.9	1,210.4	296.1	42.5	2,380.9	30.7	2,411.6
Cash and cash equivalents							138.9
Tax Assets							21.1
Total assets per the balance sheet							2,571.6
Segment liabilities	(150.0)	(274.5)	(84.9)	(14.0)	(523.4)	(17.0)	(540.3)
Loans, borrowings & bank overdraft							(847.8)
Tax liabilities							(33.6)
Total liabilities per the balance sheet							(1,421.7)

¹ Represents unallocated corporate costs. Net expenses of \$16.4 million in 2019 comprise net foreign exchange gain of \$3.3 million and other corporate costs of \$19.7 million.

² Underlying EBITDA = Underlying EBIT plus depreciation and amortisation. Underlying EBIT = Underlying Earnings before interest and tax. The terms EBITDA and EBIT are non-IFRS disclosures and are unaudited.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2020

8. Loans and borrowings

In millions of AUD

	30 September 2020	31 March 2020
Current Liabilities		
Long term notes	212.8	242.8
Lease liabilities	38.0	39.9
	<u>250.8</u>	<u>282.7</u>
Non-current liabilities		
Long term notes	519.9	579.8
Bank loans	88.7	404.4
Lease liabilities	161.8	180.0
	<u>770.4</u>	<u>1,164.2</u>

Bank loans

In May 2020 the Group completed the agreements to increase its available bank facilities by executing a series of new committed, multi-currency, bilateral, revolving credit facilities totalling USD\$125million (AUD\$175.0 million) with its existing bank lender group. Funding available to the Group from undrawn facilities at 30 September 2020 amounted to \$509.5 million (March 2020: \$91.9 million). The Group maintains bi-lateral, multi-currency debt facility agreements with five Australian and international banks with the quantum of total available facilities being up to USD425 million (AUD\$595.2 million). These bank facilities are due to mature in October 2021.

Long term notes

In August 2020 the Company's controlled entities Australian Laboratory Services Pty Ltd and ALS Canada Ltd executed agreements to issue new 10-year long term notes in three tranches denominated in AUD\$110 million, CAD\$100 million and EUR40 million. These new 10 year long term notes will be issued to investors within the US Private Placement market in late November 2020. The Group intends to use these funds to meet the maturation of an existing USPP debt tranche, due in early December 2020, and to further reduce drawn bank debt.

The Company's controlled entities have previously issued long term, fixed rate notes to investors in the US Private Placement market which remain unpaid at balance date. All loan notes on issue have total fixed interest coupons ranging between 1.94% - 4.79% and bullet maturity dates repayable at various intervals between December 2020 and July 2034.

The Company's undrawn bank debt facilities will provide the Group with funding flexibility and additional liquidity to fund growth opportunities including acquisitions and will also be used for general corporate purposes.

The weighted average interest rate (incorporating the effect of interest rate contracts) for all bank loans and long term notes at balance date is 3.3% (March 2020: 3.4%).

9. Dividends

The following dividend was declared and paid by the Company during the half year:

In millions of AUD

	2020	2019
Final 2020 dividend paid 6 July 2020 (1 July 2019)	29.4	55.4

Since 30 September 2020, directors have declared an interim dividend of 8.5 cents per share (fully franked to 100% or 8.5 cents) amounting to \$41.0 million payable on 16 December 2020. The dividend is payable on all ordinary shares registered in the Company's register at the close of business on 27 November 2020. The financial effect of this dividend has not been brought to account in the financial report for the period ended 30 September 2020.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2020

10. Discontinued operations

During the 2019 financial year the group sold its Life Sciences operations in China and shut down its operation in France. Previously the Group's Oil & Gas Laboratory services business was held for sale pending divestment. This business is reclassified as part of continuing operations since 1 April 2020.

Information attributable to discontinued operations is as follows:

<i>In millions of AUD</i>	30 September 2020	30 September 2019
Discontinued operations		
Revenue	-	1.9
Amortisation and depreciation	-	(0.5)
Other expenses	-	(4.5)
Results from operating activities	-	(3.1)
Gain on divestment	-	51.7
Interest	-	(0.7)
Profit of discontinued operations	-	47.9
Income tax expense	-	0.3
Profit of discontinued operations, net of income tax	-	48.2
Basic earnings per share from discontinued operations	-	10.0c
Diluted earnings per share from discontinued operations	-	9.9c

The net cash flows generated/(incurred) by the discontinued operations are as follows:

<i>In millions of AUD</i>	30 September 2020	30 September 2019
Operating	-	1.1
Investing (includes an inflow of \$86.3m from China disposal)	-	66.0
Financing	-	(0.4)
Net cash inflow/(outflow)	-	66.7

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2020

11. Share-based payments

Performance-hurdle rights granted

During the period the Group granted performance-hurdle rights under its Long Term Incentive (LTI) plan which is designed as a reward and retention tool for high performing personnel. Under the plan key employees may be granted conditional rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases to receive cash-settled awards).

The terms and conditions of LTI rights granted during the current and prior periods are set out below:

	Half year ended 30 Sept 2020	Half year ended 30 Sept 2019
Equity-settled		
Date of grant	29 July 2020	31 July 2019
Number of performance-hurdle rights	770,904	690,678
Weighted average fair value at date of grant of performance-hurdle rights	\$7.38	\$5.88
Testing date for performance hurdles	31 March 2023	31 March 2022
Vesting date and testing date for service condition	1 July 2023	1 July 2022
Cash-settled		
Date of grant	29 July 2020	31 July 2019
Number of performance-hurdle rights	49,452	39,148
Weighted average fair value at date of grant of performance-hurdle rights	\$7.38	\$5.88
Testing date for performance hurdles	31 March 2023	31 March 2022
Vesting date and testing date for service condition	1 July 2023	1 July 2022

The fair value of services received in return for performance rights issued in the current period is based on the fair value of the rights granted measured using Binomial Tree (EPS, EBITDA and RoCE hurdles) and Monte-Carlo Simulation (TSR hurdle) valuation methodologies.

Vesting conditions in relation to performance-hurdle rights issued in current period:

Employees must remain employed by the Group until vesting date. The rights vest only if underlying Earnings Per Share ("EPS"), relative underlying EBITDA margin, underlying Return on Capital Employed ("RoCE") or relative Total Shareholder Return ("TSR") hurdles are achieved by the Company over the specified performance period. Each employee's rights are subject to EPS, EBITDA, RoCE and TSR hurdles in equal measure.

Service based rights granted (deferred STI compensation)

During the period the Group granted service based rights under its Short Term Incentive (STI) plan being deferred STI compensation. Employees achieving "outperformance" stretch targets during the year ended March 2020 were granted rights to ALS shares in July 2020 as deferred compensation for the "outperformance" component of their incentives. A total of 52,060 service based rights were granted during the half year (2019: 159,925). An estimated accrual for the fair value of services received in return for these rights has been made at 30 September 2020.

ALS Limited and its subsidiaries

Condensed notes to the consolidated interim financial report

For the half year ended 30 September 2020

11. Share-based payments (continued)

Service based rights granted (share rights equity plan)

Certain non-KMP employees whom represent key organisational talent were previously granted rights to ALS shares in July 2019 as deferred compensation which will vest at the end of a minimum 2-year vesting period. A total of 258,553 service based rights issued under this program remain on issue at the half year. An estimated accrual for the fair value of services received in return for these rights has been made at 30 September 2020.

As at 30 September 2020 there was a total of 464,839 service rights on issue to employees of the Company.

Vesting conditions in relation to service based rights issued in current period:

Employees must remain employed by the Group until a vesting date (minimum 2 years from grant date). There are no other vesting conditions attached to the rights.

12. Events subsequent to balance date

Capital management

In November 2020 directors announced an extension to the existing on-market share buyback program for a further twelve months until December 2021 and maintained the program quantum of up to \$250 million. As at 30 September 2020 a total of 21.8 million shares (representing 4.3% of the original base) have been bought back on-market for an overall consideration of \$153.4 million, at an average price of \$7.04 per share.

Other than the matter discussed above, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

ALS Limited and its subsidiaries

Directors' declaration

In the opinion of the directors of ALS Limited ("the Company"):

1. The financial statements and notes set out on pages 10 to 21, are in accordance with the *Corporations Act 2001* including:
 - a) giving a true and fair view of the Group's financial position as at 30 September 2020 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date: and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Bruce Phillips
Chairman

Brisbane
17 November 2020



Raj Naran
Managing Director

Houston
17 November 2020

Independent Auditor's Review Report to the Members of ALS Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of ALS Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 September 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 September 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility 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 for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

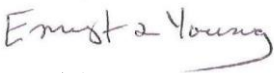
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 September 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.


Ernst & Young



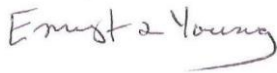
Brad Tozer
Partner
Brisbane
17 November 2020

Auditor's Independence Declaration to the Directors of ALS Limited

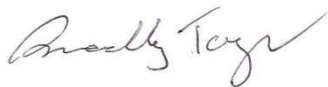
As the lead auditor for the review of the financial report of ALS Limited for the half-year ended 30 September 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ALS Limited and the entities it controlled during the financial period.



Ernst & Young



Brad Tozer
Partner
17 November 2020