Appendix 4D
Half-Year Report

Incitec Pivot Limited

ABN 42 004 080 264

Financial half-year ended (current period)	**Previous financial half-year ended** (previous corresponding period)
31 March 2020	31 March 2019

Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the financial half-year ended 31 March 2020				**$A mill**
Revenues from ordinary activities	up	$Amill 105.6 (6.1%)	to	1,847.9
Net profit for the period attributable to members of Incitec Pivot Limited	up	$Amill 22.7 (54.2%)	to	64.6

Dividends	**Amount per security cents**	**Franked amount per security cents**
Current period		
Interim dividend	nil	nil
Previous corresponding period		
Interim dividend	1.30	nil
Year end dividend – 2019		
Final dividend	3.40	1.02

IPL has determined not to pay a dividend in respect of the half-year ended 31 March 2020.

	Current period	**Previous corresponding period**
Net tangible asset backing per ordinary security	$0.91	$0.93

For the profit commentary and any other significant information needed by an investor to make an informed assessment of Incitec Pivot Limited's results please refer to the accompanying Incitec Pivot Limited Profit Report.

Additional Appendix 4D disclosure requirements can be found in the notes to Incitec Pivot Limited's half-year financial report and the half-year Directors' report.

The information should be read in conjunction with Incitec Pivot Limited's 30 September 2019 Annual Financial Report.

Current period		*Previous corresponding period*	
Conduit foreign income component:		**Conduit foreign income component:**	
Interim dividend		Interim dividend	
Ordinary	nil	Ordinary	1.30 cents
		Final dividend	
		Ordinary	2.38 cents

Half-Year Consolidated Financial Report

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Directors' Report

The Directors of Incitec Pivot Limited present their report together with the financial report for the half-year ended 31 March 2020 and the auditor's review report thereon.

Directors

The Directors of the Company during the financial half-year and up to the date of this report are:

Name and qualifications	Period of directorship
Non-executive directors	
B Kruger BEc	Appointed as a director on 5 June 2017 and appointed Chairman on 1 July 2019
R McGrath BTP(Hons), MASc, FAICD	Appointed as a director on 15 September 2011
B Brook BCom, BAcc, FCA, MAICD	Appointed as a director on 3 December 2018
G Robinson Bsc(Hon), MBA, MAICD	Appointed as a director on 25 November 2019
X Liu PhD (Extractive Metallurgy), BEng (Extractive Metallurgy), GAICD, FAusIMM, FTSE	Appointed as a director on 25 November 2019
Executive director	
J Johns B.S. Chemical Engineering, *magna cum laude*	Appointment as Managing Director & CEO commenced on 15 November 2017
Former directors	
J Breunig BS(Chemical Engineering), MBA	Appointed as a director on 5 June 2017 and retired as a director on 28 February 2020
K Fagg FTSE, BE(Hons), MCom(Hons), Hon.DBus(UNSW), Hon.DChemEng(UQ)	Appointed as a director on 15 April 2014 and retired as a director on 20 December 2019

Review of operations

A review of the operations of Incitec Pivot Limited and its controlled entities (collectively the 'Group') during the half-year ended 31 March 2020 is contained in the accompanying Incitec Pivot Limited Profit Report.

Events subsequent to reporting date

Since the end of the half-year, in May 2020 the directors determined not to pay a dividend in respect of the half-year ended 31 March 2020.

The Group has and continues to actively managing the risks arising from COVID-19 on its people and operations. This includes a financial response plan that covers stress testing of cash flow and debt metric forecasts with different COVID-19 scenarios; re-prioritisation of capital projects and non-critical operational expenditure; working capital management; and continued monitoring of the Group's hedging instruments and foreign exchange exposures. To date IPL has not had any significant adverse operational or financial impacts as a result of the pandemic. The Group's operations are in industries that have been deemed essential by Governments and we are continuing to run in line with the required safety and health guidelines. The extent of the future impact of COVID-19 on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulations imposed by governments with respect to the outbreak response, and the impact on customers, employees and vendors all of which are uncertain and cannot be predicted at this time.

In September 2019, IPL commenced a strategic review of the Incitec Pivot Fertilisers business with three possible outcomes envisaged – sale, demerger, or retain. On 21 April 2020, IPL announced that it has concluded the strategic review and has decided to retain the business.

On 11 May 2020, IPL announced the raising of $600m in new equity through a fully underwritten institutional placement, and a non-underwritten share purchase plan to eligible shareholders of up to $75m, subject to scale back, with the ability to raise more or less. IPL is taking pre-emptive action to strengthen the Balance Sheet to increase resilience in the current environment and provide financial flexibility to pursue disciplined organic growth opportunities.

Other than the matters reported above, as at the date of this report, the directors are not aware of any significant matter or circumstance that has arisen since 31 March 2020 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

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the half-year ended 31 March 2020.

Rounding

The Group is of a kind referred to in ASIC Legislative Instrument, ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission dated 24 March 2016 and, in accordance with that Legislative Instrument, the amounts shown in this report and in the accompanying half-year financial report have been rounded off, except where otherwise stated, to the nearest one hundred thousand dollars.

This report is made in accordance with a resolution of Directors.

Signed on behalf of the Board.

Brian Kruger,
Chairman

Dated at Melbourne
this 11th day of May 2020

Deloitte Touche Tohmatsu
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Melbourne VIC 3000

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The Board of Directors
Incitec Pivot Limited
Level 8, 28 Freshwater Place
Southbank Victoria 3006

11 May 2020

Dear Board Members

Auditors Independence Declaration to Incitec Pivot Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Incitec Pivot Limited.

As lead audit partner for the review of the half year financial report of Incitec Pivot Limited for the half year ended 31 March 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 March 2020

	Notes	March 2020 $mill	March 2019 $mill
Revenue	(5)	**1,847.9**	1,742.3
Financial and other income	(5)	**27.0**	21.2
Share of profit of equity accounted investments		**14.2**	17.4
Operating expenses			
Changes in inventories of finished goods and work in progress		**29.9**	189.8
Raw materials and consumables used and finished goods purchased for resale		**(850.6)**	(997.8)
Employee expenses		**(359.7)**	(328.4)
Depreciation and amortisation		**(178.3)**	(145.5)
Financial expenses		**(77.1)**	(69.8)
Purchased services		**(102.3)**	(97.3)
Repairs and maintenance		**(84.1)**	(90.0)
Outgoing freight		**(142.1)**	(130.9)
Lease payments – operating leases		**(14.0)**	(30.3)
Asset impairment write-downs		**–**	(5.3)
Other expenses		**(26.9)**	(24.3)
Profit before income tax		**83.9**	51.1
Income tax expense		**(19.3)**	(9.5)
Profit for the half-year		**64.6**	41.6
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit plans		**(14.3)**	(11.8)
Gross fair value gains on assets at fair value through other comprehensive income		**–**	0.1
Income tax relating to items that will not be reclassified subsequently to profit or loss		**3.9**	3.2
		(10.4)	(8.5)
Items that may be reclassified subsequently to profit or loss			
Fair value loss on cash flow hedges		**(42.5)**	(39.6)
Cash flow hedge gains transferred to profit or loss		**(17.9)**	(14.1)
Exchange differences on translating foreign operations		**300.2**	60.6
Net loss on net investment hedges		**(146.7)**	(29.6)
Income tax relating to items that may be reclassified subsequently to profit or loss		**42.6**	12.9
		135.7	(9.8)
Other comprehensive income for the half-year, net of income tax		**125.3**	(18.3)
Total comprehensive income for the half-year		**189.9**	23.3
Profit attributable to:			
Members of Incitec Pivot Limited		**64.6**	41.9
Non-controlling interest		**–**	(0.3)
Profit for the half-year		**64.6**	41.6
Total comprehensive income attributable to:			
Members of Incitec Pivot Limited		**189.9**	23.6
Non-controlling interest		**–**	(0.3)
Total comprehensive income for the half-year		**189.9**	23.3
Earnings per share			
Basic (cents per share)	(6)	**4.0**	2.6
Diluted (cents per share)	(6)	**4.0**	2.6

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	March 2020 $mill	September 2019 $mill
Current assets			
Cash and cash equivalents	(10)	**210.9**	576.4
Trade and other receivables		**543.3**	316.7
Inventories		**633.5**	600.9
Other assets		**42.8**	50.6
Other financial assets	(11)	**41.6**	6.2
Total current assets		**1,472.1**	1,550.8
Non-current assets			
Trade and other receivables		**50.6**	47.4
Other assets		**28.9**	21.6
Other financial assets	(11)	**57.2**	16.6
Equity accounted investments		**368.8**	357.7
Property, plant and equipment		**4,379.0**	4,190.0
Right-of-use lease assets		**209.4**	–
Intangible assets		**3,370.5**	3,179.5
Deferred tax assets		**17.0**	15.9
Total non-current assets		**8,481.4**	7,828.7
Total assets		**9,953.5**	9,379.5
Current liabilities			
Trade and other payables		**1,281.4**	1,152.0
Lease liabilities		**43.0**	–
Interest bearing liabilities	(10)	**24.7**	1,213.4
Other financial liabilities	(11)	**147.2**	39.2
Provisions		**81.5**	86.1
Current tax liabilities		**42.0**	13.4
Total current liabilities		**1,619.8**	2,504.1
Non-current liabilities			
Trade and other payables		**13.1**	17.4
Lease liabilities		**193.0**	–
Interest bearing liabilities	(10)	**2,567.8**	1,443.0
Other financial liabilities	(11)	**73.7**	45.1
Provisions		**123.3**	116.5
Deferred tax liabilities		**447.6**	498.4
Retirement benefit obligation		**82.8**	67.2
Total non-current liabilities		**3,501.3**	2,187.6
Total liabilities		**5,121.1**	4,691.7
Net assets		**4,832.4**	4,687.8
Equity			
Issued capital	(8)	**3,160.7**	3,136.8
Reserves		**115.5**	(19.9)
Retained earnings		**1,556.2**	1,570.9
Total equity		**4,832.4**	4,687.8

Consolidated Statement of Cash Flows

For the half-year ended 31 March 2020

	Notes	March 2020 $mill Inflows/ (Outflows)	March 2019 $mill Inflows/ (Outflows)
Cash flows from operating activities			
Profit after tax for the half-year		**64.6**	41.6
Adjusted for non-cash items			
Net finance cost		**75.3**	67.6
Depreciation and amortisation		**178.3**	145.5
Impairment of property, plant and equipment		**–**	5.3
Share of profit of equity accounted investments		**(14.2)**	(17.4)
Net gain on sale of property, plant and equipment	(5)	**(0.8)**	(1.0)
Non-cash share-based payment transactions		**1.0**	0.3
Income tax expense		**19.3**	9.5
Changes in assets and liabilities			
Increase in receivables and other operating assets		**(204.4)**	(36.1)
Increase in inventories		**(14.8)**	(205.0)
Increase in payables, provisions and other operating liabilities		**120.4**	18.9
		224.7	29.2
Adjusted for cash items			
Dividends received		**15.8**	13.5
Interest received		**1.8**	2.2
Interest paid		**(78.6)**	(65.3)
Income tax paid		**(11.7)**	(14.4)
Net cash flows from operating activities		**152.0**	(34.8)
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		**(154.1)**	(171.8)
Proceeds from sale of property, plant and equipment		**1.9**	3.4
Payments for acquisition of subsidiaries and non-controlling interest		**(13.6)**	–
Payments towards investment in joint arrangement		**(9.2)**	–
Proceeds from sale of equity securities		**–**	2.3
Loans to equity accounted investees		**–**	(12.5)
(Payments)/receipts from settlement of net investment hedge derivatives		**(46.2)**	4.7
Net cash flows from investing activities		**(221.2)**	(173.9)
Cash flows from financing activities			
Repayments of borrowings	(10)	**(1,183.2)**	(487.0)
Proceeds from borrowings	(10)	**925.9**	555.7
Dividends paid to members of Incitec Pivot Limited	(7)	**(30.7)**	(100.8)
Dividends paid to non-controlling interest holder		**–**	(5.9)
Lease liability payments		**(20.2)**	–
Realised market value gain on derivatives		**10.3**	–
Purchased shares for IPL employees		**(1.3)**	(0.6)
Payment for buy-back of shares		**–**	(89.7)
Net cash flows from financing activities		**(299.2)**	(128.3)
Net decrease in cash and cash equivalents held		**(368.4)**	(337.0)
Cash and cash equivalents at the beginning of the half-year		**576.4**	588.5
Effect of exchange rate fluctuation on cash and cash equivalents held		**2.9**	6.6
Cash and cash equivalents at the end of the half-year	(10)	**210.9**	258.1

Consolidated Statement of Changes in Equity

For the half-year ended 31 March 2020

	Notes	Issued capital $mill	Cash flow hedging reserve $mill	Share -based payments reserve $mill	Foreign currency translation reserve $mill	Fair value reserve $mill	Retained earnings $mill	Total $mill	Non-controlling interest $mill	Total equity $mill
Balance at 1 October 2018		3,226.5	15.6	25.0	(84.0)	(12.0)	1,566.6	4,737.7	6.5	4,744.2
Profit for the half-year		–	–	–	–	–	41.9	41.9	(0.3)	41.6
Total other comprehensive income for the half-year		–	(37.6)	–	27.8	0.1	(8.6)	(18.3)	–	(18.3)
Dividends paid	(7)	–	–	–	–	–	(100.8)	(100.8)	(5.9)	(106.7)
Share buy-back		(89.7)	–	–	–	–	–	(89.7)	–	(89.7)
Change in non-controlling interest		–	–	–	–	(7.6)	–	(7.6)	(0.3)	(7.9)
Purchased shares for IPL employees		–	–	(0.6)	–	–	–	(0.6)	–	(0.6)
Share-based payment transactions		–	–	0.3	–	–	–	0.3	–	0.3
Balance at 31 March 2019		3,136.8	(22.0)	24.7	(56.2)	(19.5)	1,499.1	4,562.9	–	4,562.9
Balance at 1 October 2019		**3,136.8**	**(48.3)**	**26.0**	**22.1**	**(19.7)**	**1,570.9**	**4,687.8**	**–**	**4,687.8**
Adoption of AASB 16 Leases (i)		**–**	**–**	**–**	**–**	**–**	**(14.3)**	**(14.3)**	**–**	**(14.3)**
Profit for the half-year		**–**	**–**	**–**	**–**	**–**	**64.6**	**64.6**	**–**	**64.6**
Total other comprehensive income for the half-year		**–**	**(42.4)**	**–**	**178.1**	**–**	**(10.4)**	**125.3**	**–**	**125.3**
Dividends paid	(7)	**–**	**–**	**–**	**–**	**–**	**(54.6)**	**(54.6)**	**–**	**(54.6)**
Shares issued during the half-year	(8)	**23.9**	**–**	**–**	**–**	**–**	**–**	**23.9**	**–**	**23.9**
Purchased shares for IPL employees		**–**	**–**	**(1.3)**	**–**	**–**	**–**	**(1.3)**	**–**	**(1.3)**
Share-based payment transactions		**–**	**–**	**1.0**	**–**	**–**	**–**	**1.0**	**–**	**1.0**
Balance at 31 March 2020		**3,160.7**	**(90.7)**	**25.7**	**200.2**	**(19.7)**	**1,556.2**	**4,832.4**	**–**	**4,832.4**

(i) Refer note 2 for additional information on the adoption of AASB 16 *Leases*.

Cash flow hedging reserve

This reserve comprises the cumulative net change in the fair value of the effective portion of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based payments reserve

This reserve comprises the fair value of rights recognised as an employee expense under the terms of the 2017/20, 2018/21 and 2019/22 Long Term Incentive Plans.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled operations are taken to the foreign currency translation reserve. The relevant portion of the reserve is recognised in the profit or loss when the foreign operation is disposed of.

The foreign currency translation reserve is also used to record gains and losses on hedges of net investments in foreign operations.

Fair value reserve

This reserve represents the cumulative net change in the fair value of equity instruments. The annual net change in the fair value of investments in equity securities (including both realised and unrealised gains and losses) is recognised in other comprehensive income.

1. Basis of preparation

Incitec Pivot Limited (the **Company**, or **IPL**) is a company incorporated and domiciled in Australia. This half-year Consolidated Financial Report includes the financial statements of the Company and its subsidiaries and the Group's interest in joint arrangements and associates (collectively the **Group**) as at, and for, the half-year ended 31 March 2020.

The half-year Consolidated Financial Report is a general purpose Financial Report which has been prepared in accordance with the requirements of the Australian *Corporations Act 2001* and Accounting standards applicable in Australia, including AASB 134 *Interim Financial Reporting*.

This half-year Consolidated Financial Report does not include all the notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 September 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure obligations set out in the ASX listing rules. Where applicable, comparative disclosures have been reclassified for consistency with the current period.

The Annual Financial Report of the Group for the year ended 30 September 2019 is available on Incitec Pivot Limited's website, www.incitecpivot.com.au, or upon request from the Company's registered office at Level 8, 28 Freshwater Place, Southbank Victoria 3006, Australia.

This half-year Consolidated Financial Report was approved by the Board of Directors on 11 May 2020.

The Group is of a kind referred to in ASIC Legislative Instrument, *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191,* issued by the Australian Securities and Investments Commission dated 24 March 2016 and, in accordance with that Legislative Instrument, the amounts shown in this report have been rounded off, except where otherwise stated, to the nearest one hundred thousand dollars.

Deficiency in net current assets

As at 31 March 2020, the Group's current liabilities exceeded its current assets by $147.7m. This is primarily due to current lease liabilities recognised upon the adoption of AASB 116 *Leases* of $43.0m as well as increased utilisation of short term current trade working capital facilities at period end rather than utilising long term debt facilities (also refer note 12 for disclosure of trade working capital facilities). At 31 March 2020, the Group has cash balances of $210.9m and the following committed undrawn financing facilities:

- 3 year bank facility of $114.2m that matures in August 2021; and
- 5 year bank facility of $810.2m that matures in October 2021.

The Group's forecast cash flow for the next twelve months indicates that it will be able to meet current liabilities as and when they fall due. Accordingly, the Consolidated Financial Report has been prepared on a going concern basis. The Group constantly assesses the adequacy of its financing arrangements and will establish new funding facilities as and when required, to support its investment grade credit profile and liquidity requirements.

2. Summary of accounting policies

Except as described below, the accounting policies applied by the Group in the half-year Consolidated Financial Report are the same as those applied by the Group in its Annual Financial Report as at, and for, the year ended 30 September 2019.

New accounting standard

AASB 16 *Leases*

AASB 16 replaces AASB 117 (including associated guidance) and specifies how to recognise, measure and disclose leases. Under AASB 16, the present value of a lease commitment is shown as a liability on the balance sheet together with a right-of-use asset.

The Group has adopted AASB 16 from 1 October 2019, using the modified retrospective approach. In accordance with this approach, the lease liability was calculated using the incremental borrowing rate at date of transition. The difference between the asset and liability (net of tax), was recognised as an adjustment to opening retained earnings on 1 October 2019 with no restatement to comparative information. The Group has elected to apply the following practical expedients available on transition:

- Short term (12 months or less) or low value leases will continue to be expensed to the profit or loss;
- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- The use of hindsight in determining the lease term.

Adoption of AASB 16 resulted in an increase in lease liabilities of $243.7m; increase in right-of-use lease assets of $216.0m; increase in deferred tax assets of $6.0m; decrease in other liabilities of $7.4m and a decrease to retained earnings of $14.3m at 1 October 2019. The weighted average incremental borrowing rate applied to the Group's lease liabilities at 1 October 2019 is 2.5 percent.

The following table provides a reconciliation of the operating lease commitments disclosed in note 12 'Commitments' in the 2019 Annual Report to the total lease liability recognised at 1 October 2019:

	$ mill
Operating lease commitments as at 30 September 2019	233.3
Add: Cost of reasonably certain extension options (undiscounted)	57.4
Less: Components excluded from lease liability (undiscounted)	(14.3)
Less: Effect of discounting	(32.7)
Total additional lease liabilities recognised at 1 October 2019	**243.7**

Depreciation of right-of-use lease assets of $19.0m was expensed during the six months ended 31 March 2020 and $2.9m of interest was recorded in net finance cost.

As a result of adopting AASB 16, the Group's revised lease accounting policy from 1 October 2019 is as follows:

- *All leases except for short term or low value leases* are recognised on the balance sheet; as a right-of-use lease asset and a corresponding lease liability. Short term (12 months or less) and low value leases will continue to be recognised in the profit or loss as a lease expense.

2. Summary of accounting policies (contined)

New accounting standard (continued)

- *Right-of-use lease assets* are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use lease assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received. Right-of-use lease assets are depreciated on a straight line basis in the profit or loss over the lease term.
- *Lease liabilities* are recognised by the Group at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments and variable lease payments that depend on an index or rate.

Key estimates and judgements made

Extension options – The Group considers an option to extend a lease to be reasonably certain on a lease-by-lease basis which considers the importance of the lease to the Group's operations and its economic incentive to extend the lease. The lease term is reassessed upon the occurrence of a significant event or change in circumstance.

Incremental borrowing rate – To calculate the present value of lease payments, the Group uses an incremental borrowing rate at the commencement date of the lease. The incremental borrowing rate reflects the duration and the financing characteristics of the lease. Where the interest rate implicit in the lease is not readily available, the Group uses its incremental borrowing rate applicable to a portfolio of leases with reasonably similar characteristics.

3. Critical accounting estimates and judgements

Impairment of assets

The Group performs annual impairment testing as at 30 September for intangible assets with indefinite useful lives. More frequent reviews are performed of the relevant asset or asset group where there are potential indicators of impairment. The identification of impairment indicators involves management judgement. When an indicator of impairment is identified, a formal impairment assessment is performed. Impairment testing involves comparing an asset's recoverable amount to its carrying amount.

At 31 March 2020, the Group has identified the global economic impact of COVID-19 as a potential indicator of impairment. Accordingly, an impairment assessment was performed for all of the Group's cash generating units (CGUs) at 31 March 2020. The Group has prepared value-in-use models for the purpose of impairment testing as at 31 March 2020, using five year discounted cash flow models based on Board approved forecasts. Cash flows beyond the five year period are extrapolated using a terminal value growth rate. The accounting policies applied by the Group in relation to the preparation of the impairment models are the same as those applied in its Annual Financial Report for the year ended 30 September 2019.

The Group is actively managing the impacts and risks arising from COVID-19 on its people and operations and to date there are no known significant long term structural changes that affect the future cash flows of the CGUs. As a result, the recoverable amounts of the Group's CGUs continued to exceed their carrying amounts at 31 March 2020. Sensitivity analyses of the recoverable amounts of the Group's CGUs, considering reasonable change scenarios relating to key assumptions and considering the current economic environment are included below.

Key assumptions

Key assumptions	1 – 5 years		Terminal value (after 5 years)	
	March 2020	September 2019	**March 2020**	September 2019
	US$	US$	**US$**	US$
DAP(1)	**296 to 421**	340 to 455	**495**	518
Urea(2)	**247 to 331**	275 to 332	**377**	379
Gas (DNA CGU)(3)	**2.05 to 3.03**	2.65 to 3.29	**3.08**	3.11
Ammonia(4)	**250 to 384**	310 to 389	**437**	444
AUD:USD(5)	**0.63 to 0.69**	0.68 to 0.73	**0.68**	0.73

(1) Di-Ammonium Phosphate price (FOB Tampa – USD per tonne).
(2) Granular Urea price (FOB Middle East – USD per tonne).
(3) Henry Hub natural gas price (USD per mmbtu).
(4) Ammonia price (CFR Tampa – USD per tonne).
(5) AUD:USD exchange rate.

For both DNAP and IPF, the gas price assumption for the period after the current gas contracts expire is based on a long term gas production cost forecast of between $6.70 and $7.00 per gigajoule.

Fertiliser prices, foreign exchange rates and natural gas prices are estimated by reference to external market publications and market analyst estimates, and are updated at each reporting date.

3. Critical accounting estimates and judgements (continued)

Key assumptions (continued)

Discount and growth rates

The post-tax discount rate used in the calculations is 9% (2019: 9%) for the IPF and SCI CGUs and 8.5% for the DNA and DNAP CGUs (2019: 8.5%). The rate reflects the underlying cost of capital adjusted for market and asset specific risks. The terminal value growth rate represents the long term forecast consumer price index (**CPI**) of 2.5% (2019: 2.5%) for all CGUs. Sensitivity analyses on the discount and growth rates, considering the current volatile market conditions, are provided below.

Sensitivity analyses

As part of its COVID-19 response plan, the Group has run several sensitivity analyses under different scenarios that could impact operations in the short term. These include but are not limited to manufacturing plant and distribution centre shut-downs, customer demand reduction and supply chain interruption scenarios. These short term scenarios currently have no significant structural impacts that affect the long term cash flows of the Group's CGUs.

In addition, the Group prepared sensitivity analyses of the recoverable amounts of the CGUs relating to key long term assumptions considering reasonable change scenarios in the current economic environment. The impact of these change scenarios on the recoverable amount of the CGUs at 31 March 2020 are included below:

	Post-tax discount rate	Terminal value growth rate	Natural gas price
	+1%	**-1.0%**	**+AU$1 per gj**
DNAP	**AU$m**	**AU$m**	**AU$m**
Change in recoverable amount	(359.1)	(294.2)	(53.5)
Impairment charge	(133.5)	(68.6)	–

	Post-tax discount rate	Terminal value growth rate	Ammonia price	Natural gas price
	+1%	**-1.0%**	**-US$50 per tonne**	**+US$1 per mmbtu**
DNA	**US$m**	**US$m**	**US$m**	**US$m**
Change in recoverable amount	(592.4)	(460.8)	(347.3)	(286.7)
Impairment charge	–	–	–	–

	Post-tax discount rate	Terminal value growth rate	DAP Price	AUD:USD exchange rate
	+1%	**-1.0%**	**-US$50 per tonne**	**+5c**
SCI	**US$m**	**US$m**	**US$m**	**US$m**
Change in recoverable amount	(144.4)	(103.1)	(649.4)	(390.8)
Impairment charge	–	–	–	–

	Post-tax discount rate	Terminal value growth rate	Urea price	Natural gas price
	+1%	**-1.0%**	**-US$50 per tonne**	**+AU$1 per gj**
IPF	**US$m**	**US$m**	**US$m**	**US$m**
Change in recoverable amount	(142.3)	(109.5)	(223.3)	(114.0)
Impairment charge	–	–	–	–

Each of the sensitivities above assumes that a specific assumption moves in isolation, while all other assumptions are held constant. A change in one of the aforementioned assumptions could be accompanied by a change in another assumption, which may increase or decrease the net impact.

Other considerations

As at 31 March 2016, the Group recognised a non-cash impairment charge of $150.8m against the Gibson Island assets largely due to the impact of lower forecast fertiliser prices and higher cost of natural gas delivered to the Australian East Coast. In 2018, the Group announced that it had entered into a joint operation with Central Petroleum Limited for the development of acreage in Queensland that could deliver economic gas to the Gibson Island manufacturing facility in future. In June 2019, the Group announced that it had entered into multiple arrangements for the supply of gas to allow continuation of manufacturing operations at its Gibson Island plant through to 31 December 2022.

On 27 March 2020, the Group announced that the project for the development of gas acreage in Queensland has been temporarily paused at the request of its joint arrangement partner, Central Petroleum Limited considering the current disruptions in the oil and gas markets and those driven by COVID-19. However, IPL and Central Petroleum Limited remain committed to the project and look forward to recommencing the project as soon as possible. There was no impact on the assumptions and sensitivities used in the IPF impairment modelling as a result of the temporary postponement of the project.

As the long term supply of gas to the Gibson Island facility remains dependent on the outcome of the gas acreage development, or alternative economic gas supply, there was no reversal of the previously recognised impairment or any further impairment charge. Any potential reversal of the previous impairment will be dependent on the results of the drilling activities and other economic factors at that time.

4. Segment report

The Group operates a number of strategic divisions that offer different products and services and operate in different markets. For reporting purposes, these divisions are known as reportable segments. The results of each segment are reviewed monthly by the executive management team (the chief operating decision makers) to assess performance and make decisions about the allocation of resources.

Description of reportable segments

Asia Pacific
Fertilisers is made up of the following reportable segments:

- Incitec Pivot Fertilisers (**IPF**): manufactures and distributes fertilisers in Eastern Australia. The products that IPF manufactures include urea, ammonia and single super phosphate. IPF also imports products from overseas suppliers and purchases ammonium phosphates from Southern Cross International for resale.
- Southern Cross International (**SCI**): manufactures ammonium phosphates and is a distributor of its manufactured fertiliser product to wholesalers in Australia (including IPF) and the export market. SCI operates the Industrial Chemicals business and also includes the Group's Hong Kong marketing company, Quantum Fertilisers Limited.

Fertilisers Elimination (**Fertilisers Elim**): represents the elimination of sales and profit in stock arising from the sale of SCI manufactured products to IPF at an import parity price.

Dyno Nobel Asia Pacific (**DNAP**): manufactures and sells industrial explosives and related products and services to the mining industry in the Asia Pacific region and Turkey.

Asia Pacific Eliminations (**APAC Elim**): represents the elimination of sales and profit in stock arising from IPF sales to DNAP at an arm's length transfer price.

Americas
Dyno Nobel Americas (**DNA**): manufactures and sells industrial explosives and related products and services to the mining, quarrying and construction industries in the Americas (USA, Canada, Mexico and Chile). It also manufactures and sells industrial chemicals to the agriculture and specialist industries.

Corporate
Corporate costs include all head office expenses that cannot be directly or reasonably attributed to the operation of any of the Group's businesses.

Group Eliminations (**Group Elim**): represents elimination of sales and profit in stock arising from intersegment sales at an arm's length transfer price.

Reportable segments – financial information

	Asia Pacific							Americas			
31 March 2020	IPF **$mill**	SCI **$mill**	Fertilisers Elim **$mill**	Total Fertilisers **$mill**	DNAP **$mill**	APAC Elim **$mill**	Total **$mill**	DNA **$mill**	Group Elim **$mill**	Corporate[i] **$mill**	Consolidated Group **$mill**
Revenue from external customers	**479.1**	**272.2**	**(134.8)**	**616.5**	**491.9**	**(7.1)**	**1,101.3**	**768.8**	**(22.2)**	**–**	**1,847.9**
Share of profit of equity accounted investments	**–**	**–**	**–**	**–**	**5.5**	**–**	**5.5**	**8.7**	**–**	**–**	**14.2**
EBITDA[ii]	**0.7**	**35.6**	**3.0**	**39.3**	**111.3**	**–**	**150.6**	**199.7**	**(1.3)**	**(11.5)**	**337.5**
Depreciation and amortisation	**(19.2)**	**(30.0)**	**–**	**(49.2)**	**(40.2)**	**–**	**(89.4)**	**(86.3)**	**–**	**(2.6)**	**(178.3)**
EBIT[iii]	**(18.5)**	**5.6**	**3.0**	**(9.9)**	**71.1**	**–**	**61.2**	**113.4**	**(1.3)**	**(14.1)**	**159.2**
Net interest expense											**(75.3)**
Income tax expense											**(19.3)**
Profit after tax											**64.6**
Profit attributable to members of IPL											**64.6**
Segment assets	**1,169.7**	**646.8**	**–**	**1,816.5**	**2,591.3**	**–**	**4,407.8**	**5,125.9**	**–**	**402.8**	**9,936.5**
Segment liabilities	**(744.2)**	**(127.5)**	**–**	**(871.7)**	**(278.9)**	**–**	**(1,150.6)**	**(672.4)**	**–**	**(2,850.5)**	**(4,673.5)**
Net segment assets[iv]	**425.5**	**519.3**	**–**	**944.8**	**2,312.4**	**–**	**3,257.2**	**4,453.5**	**–**	**(2,447.7)**	**5,263.0**
Deferred tax balances											**(430.6)**
Net assets											**4,832.4**

(i) Corporate assets and liabilities include the Group's interest bearing liabilities and derivative assets and liabilities.
(ii) Earnings Before Interest, related income tax expense, Depreciation and Amortisation.
(iii) Earnings Before Interest and related income tax expense.
(iv) Net segment assets exclude deferred tax balances.

4. Segment report (continued)

Reportable segments – financial information (continued)

31 March 2019	Asia Pacific IPF $mill	SCI $mill	Fertilisers Elim $mill	Total Fertilisers $mill	DNAP $mill	APAC Elim $mill	Total $mill	Americas DNA $mill	Group Elim $mill	Corporate[i] $mill	Consolidated Group $mill
Revenue from external customers	406.9	240.6	(94.5)	553.0	470.5	(3.0)	1,020.5	744.9	(23.1)	–	1,742.3
Share of profit of equity accounted investments	–	–	–	–	5.4	–	5.4	12.0	–	–	17.4
EBITDA[ii]	(4.5)	8.7	0.3	4.5	115.4	–	119.9	156.6	(1.2)	(11.1)	264.2
Depreciation and amortisation	(10.3)	(26.7)	–	(37.0)	(38.8)	–	(75.8)	(68.7)	–	(1.0)	(145.5)
EBIT[iii]	(14.8)	(18.0)	0.3	(32.5)	76.6	–	44.1	87.9	(1.2)	(12.1)	118.7
Net interest expense											(67.6)
Income tax expense											(9.5)
Profit after tax											41.6
Non-controlling interest											0.3
Profit attributable to members of IPL											41.9
30 September 2019											
Segment assets	750.3	704.4	–	1,454.7	2,564.9	–	4,019.6	4,647.8	–	696.2	9,363.6
Segment liabilities	(528.0)	(127.5)	–	(655.5)	(290.5)	–	(946.0)	(562.0)	–	(2,685.3)	(4,193.3)
Net segment assets[iv]	222.3	576.9	–	799.2	2,274.4	–	3,073.6	4,085.8	–	(1,989.1)	5,170.3
Deferred tax balances											(482.5)
Net assets											4,687.8

(i) Corporate assets and liabilities include the Group's interest bearing liabilities and derivative assets and liabilities.
(ii) Earnings Before Interest, related income tax expense, Depreciation and Amortisation.
(iii) Earnings Before Interest and related income tax expense.
(iv) Net segment assets exclude deferred tax balances.

Geographical information – secondary reporting segments

The Group operates in four principal countries being Australia (country of domicile), USA, Canada and Turkey.

In presenting information on the basis of geographical information, revenue is based on the geographical location of the entity making the sale. Assets are based on the geographical location of the assets.

31 March 2020	Australia $mill	USA $mill	Canada $mill	Turkey $mill	Other/Elim $mill	Consolidated $mill
Revenue from external customers	**1,056.5**	**637.9**	**118.2**	**26.6**	**8.7**	**1,847.9**
Non-current assets other than financial assets and deferred tax assets	**3,589.3**	**4,597.2**	**75.1**	**2.7**	**142.8**	**8,407.1**
Trade and other receivables	**354.6**	**121.5**	**43.7**	**15.4**	**58.7**	**593.9**

31 March 2019	Australia $mill	USA $mill	Canada $mill	Turkey $mill	Other/Elim $mill	Consolidated $mill
Revenue from external customers	975.7	641.1	89.2	23.5	12.8	1,742.3

30 September 2019	Australia $mill	USA $mill	Canada $mill	Turkey $mill	Other/Elim $mill	Consolidated $mill
Non-current assets other than financial assets and deferred tax assets	3,412.8	4,187.8	66.6	1.6	127.4	7,796.2
Trade and other receivables	143.3	89.8	43.4	18.1	69.5	364.1

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2020

5. Revenue and other income

	March 2020 $mill	March 2019 $mill
Revenue		
External sales	**1,847.9**	1,742.3
Total revenue	**1,847.9**	1,742.3
Financial income		
Interest income	**1.8**	2.2
Other income		
Royalty income and management fees	**13.9**	15.9
Net gain on sale of property, plant and equipment	**0.8**	1.0
Other income from operations	**10.5**	2.1
Total financial and other income	**27.0**	21.2

Seasonality of operations

Earnings (and cash inflows) are biased to the second half of the financial year and are significantly influenced in the Fertilisers business by the Australian winter planting season which is dependent upon autumn and early winter rainfall, and in the Explosives business by the wet season in Queensland, Australia and the North American winter.

6. Earnings per share

	March 2020 Cents per share	March 2019 Cents per share
Basic earnings per share	**4.0**	2.6
Diluted earnings per share	**4.0**	2.6
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**1,609,090,014**	1,614,483,986
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**1,611,631,253**	1,617,234,957

Reconciliation of earnings used in the calculation of basic and diluted earnings per share

	March 2020 $mill	March 2019 $mill
Profit attributable to ordinary shareholders	**64.6**	41.9

7. Dividends

Dividends paid or declared by the Company in respect of the half-year ended 31 March were:

	March 2020 $000	March 2019 $000
Ordinary shares		
Final dividend of 6.2 cents per share, 20 percent franked, paid 17 December 2018(1)	–	100,848
Final dividend of 3.4 cents per share, 30 percent franked, paid 8 January 2020(1)	**54,591**	–
Total ordinary share dividends	**54,591**	100,848

(1) The dividend paid in cash was $30.7m, and $23.9m (2019: nil) was satisfied by the issue of 7,658,312 ordinary shares (2019: nil) under the Company's Dividend Reinvestment Plan.

Since the end of the half-year, in May 2020 the directors determined not to pay a dividend in respect of the half-year ended 31 March 2020.

The financial effect of this dividend has not been recognised in the half-year Consolidated Financial Report and will be recognised in subsequent Financial Reports.

8. Issued capital

Issued capital as at 31 March 2020 amounted to $3,160.7m (1,613,442,279 ordinary shares). During the six months ended 31 March 2020 the Company issued 7,658,312 ordinary shares under its Dividend Reinvestment Plan, at an average price per share of $3.118.

9. Equity accounted investments

Name of entity	Ownership interest
Joint ventures	
Incorporated in USA[1]	
Alpha Dyno Nobel Inc.	50%
Buckley Powder Group[2]	51%
IRECO Midwest Inc.	50%
Wampum Hardware Co.	50%
Western Explosives Systems Company	50%
Warex Corporation	50%
Warex LLC	50%
Warex Transportation LLC	50%
Vedco Holdings, Inc.	50%
Virginia Explosives & Drilling Company Inc.	50%
Austin Sales LLC	50%
Virginia Drilling Company, LLC	50%
Incorporated in Canada[1]	
Quantum Explosives Inc.	50%
Dene Dyno Nobel Inc.	49%
Qaaqtuq Dyno Nobel Inc.[3]	49%
Dene Dyno Nobel (DWEI) Inc.[4]	49%
Incorporated in Australia[5]	
Queensland Nitrates Pty Ltd	50%
Queensland Nitrates Management Pty Ltd	50%

Name of entity	Ownership interest
Joint ventures (continued)	
Incorporated in South Africa	
DetNet South Africa (Pty) Ltd[1]	50%
Sasol Dyno Nobel (Pty) Ltd[5]	50%
Incorporated in Mexico[1]	
DNEX Mexico, S. De R.L. de C.V.	49%
Explosivos De La Region Lagunera, S.A. de C.V.	49%
Explosivos De La Region, Central, S.A. de C.V.	49%
Nitro Explosivos de Ciudad Guzman, S.A. de C.V.	49%
Explosivos Y Servicios Para La Construccion, S.A. de C.V.	49%
Associates	
Incorporated in USA[1]	
Maine Drilling and Blasting Group	49%
Independent Explosives	49%
Incorporated in Canada[1]	
Labrador Maskuau Ashini Ltd	49%
Innu Namesu Ltd	49%

Joint operation

IPL has a 50% interest in an unincorporated joint operation with Central Petroleum Limited for the development of gas acreage in Queensland, Australia, which commenced in the 2018 financial year.

(1) These entities have a 31 December financial year end. For the purpose of applying the equity method of accounting, the unaudited financial information through to 31 March 2020 has been used.

(2) Due to the contractual and decision making arrangement between the shareholders of the entities, despite the legal ownership exceeding 50 percent, this entity is not considered to be a subsidiary.

(3) Due to legal requirements in the Canadian Northwest Territories, the Group cannot own more than 49 percent of shares in Qaaqtuq Dyno Nobel Inc. However, under the joint venture agreement, the Group is entitled to 75 percent of the profit of Qaaqtuq Dyno Nobel Inc.

(4) Due to legal requirements in the Canadian Northwest Territories, the Group cannot own more than 49 percent of shares in Dene Dyno Nobel (DWEI) Inc. However, under the joint venture agreement, the Group is entitled to 95 percent of the profit of Dene Dyno Nobel (DWEI) Inc.

(5) These entities have a 30 June financial year end. For the purpose of applying the equity method of accounting, the unaudited financial information through to 31 March 2020 has been used.

10. Net debt

The Group's net debt comprises the net of interest bearing liabilities, cash and cash equivalents, and the fair value of derivative instruments economically hedging the foreign exchange rate and interest rate exposures of the Group's interest bearing liabilities at the reporting date. The Group's net debt at the reporting date is analysed as follows:

	Notes	**March 2020 $mill**	September 2019 $mill
Interest bearing liabilities		**2,592.5**	2,656.4
Cash and cash equivalents		**(210.9)**	(576.4)
Fair value of derivatives	(11)	**(505.4)**	(388.6)
Net debt		**1,876.2**	1,691.4

Interest bearing liabilities

The Group's interest bearing liabilities comprise the following at the reporting date:

	March 2020 $mill	September 2019 $mill
Current		
Other loans	**4.0**	12.6
Loans from joint ventures	**20.7**	17.0
Fixed interest rate bonds	**–**	1,183.8
	24.7	1,213.4
Non-current		
Other loans	**5.9**	7.4
Bank facilities	**500.4**	293.0
Fixed interest rate bonds	**2,061.5**	1,142.6
	2,567.8	1,443.0
Total interest bearing liabilities	**2,592.5**	2,656.4

Interest bearing liabilities (continued)

Fixed Interest Rate Bonds

The Group has on issue the following fixed interest rate bonds:

- USD500m of Notes as a private placement in the US market. USD250m has a fixed rate semi-annual coupon of 4.03 percent and matures in October 2028 and USD250m has a fixed rate semi-annual coupon of 4.13 percent and matures in October 2030.
- HKD560m 7 year bond as a private placement in the Regulation S debt capital market. The bond has a fixed rate annual coupon of 4.13 percent and matures in February 2026.
- AUD450m 7 year bond on issue in the Australian debt capital market. The bond has a fixed rate semi-annual coupon of 4.30 percent and matures in March 2026.
- USD400m 10 year bond on issue in the Regulation S debt capital market. The bond has a fixed rate semi-annual coupon of 3.95 percent and matures in August 2027.

Bank Facilities

The Group holds the following committed bank facilities:

- 3 year facility domiciled in Australia, entered into in August 2018, consisting of two tranches: Tranche A has a limit of AUD260m and Tranche B has a limit of USD220m. The facility matures in August 2021.
- 5 year facility of USD500m domiciled in the US, entered into in August 2015, with an initial maturity of August 2020. In 2017 the maturity was extended to October 2021.

As at 31 March 2020, the Group has committed undrawn financing facilities of $924.4m.

Tenor of interest bearing liabilities

The Group's average tenor of its drawn interest bearing liabilities at 31 March 2020 is 6.6 years (September 2019: 3.4 years) and the average tenor of its total debt facilities is 5.2 years (September 2019: 3.9 years).

The table below includes detail on the movements in the Group's interest bearing liabilities for the six months ended 31 March 2020:

			Cash flow		Non-cash changes			
	Notes	1 October 2019 **$mill**	Proceeds from borrowings **$mill**	Repayments of borrowings **$mill**	Reclassification **$mill**	Foreign exchange movement **$mill**	Funding costs & fair value adjustments **$mill**	31 March 2020 **$mill**
Current								
Other loans		12.6	–	(10.6)	1.7	0.3	–	4.0
Loans from joint ventures		17.0	2.1	–	–	1.6	–	20.7
Fixed interest rate bonds		1,183.8	–	(1,172.6)	–	(10.6)	(0.6)	–
Non-current								
Other loans		7.4	–	–	(1.7)	0.2	–	5.9
Bank facilities		293.0	201.1	–	–	5.3	1.0	500.4
Fixed interest rate bonds		1,142.6	722.7	–	–	155.1	41.1	2,061.5
Total liabilities from financing activities		**2,656.4**	**925.9**	**(1,183.2)**	–	**151.9**	**41.5**	**2,592.5**
Derivatives held to hedge interest bearing liabilities	(11)	(388.6)	–	–	–	(78.7)	(38.1)	(505.4)
Debt after hedging		**2,267.8**	**925.9**	**(1,183.2)**	–	**73.2**	**3.4**	**2,087.1**

11. Financial instruments

Fair value

The fair value of the Group's financial assets and liabilities is calculated using a variety of techniques depending on the type of financial instrument as follows:

- The fair value of financial assets and financial liabilities traded in active markets (such as equity securities and fixed interest rate bonds) is the quoted market price at the reporting date.
- The fair value of financial assets and financial liabilities not traded in active markets is calculated using discounted cash flows. Future cash flows are calculated based on observable forward interest rates and foreign exchange rates.
- The fair value of forward exchange contracts, interest rate swaps, cross currency interest rate swaps, commodity swaps and forward contracts is calculated using discounted cash flows, reflecting the credit risk of various counterparties. Future cash flows are calculated based on the contract rate, observable forward interest rates and foreign exchange rates.
- The fair value of option contracts is calculated using the contract rates and observable market rates at the end of the reporting period, reflecting the credit risk of various counterparties. The valuation technique is consistent with the Black-Scholes methodology and utilises Monte Carlo simulations.
- The fair value of commodity swaps and commodity forward contracts is calculated using their quoted market price, where available. If a quoted market price is not available, then fair value is calculated using discounted cash flows. Future cash flows are estimated based on the difference between the contractual price and the current observable market price, reflecting the credit risk of various counterparties. These future cash flows are then discounted to present value.
- The nominal value less expected credit losses of trade receivables and payables are assumed to approximate their fair values due to their short term maturity.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

March 2020	**Level 1 $mill**	**Level 2 $mill**	**Level 3 $mill**
Derivative financial assets	**–**	**98.9**	**–**
Derivative financial liabilities	**–**	**(220.9)**	**–**

September 2019	Level 1 $mill	Level 2 $mill	Level 3 $mill
Derivative financial assets	–	22.8	–
Derivative financial liabilities	–	(84.3)	–

Fair value (continued)

Other financial assets and liabilities

The other financial assets and liabilities are as follows at the reporting date:

		31 March 2020		30 September 2019	
	Notes	**Asset $mill**	**Liability $mill**	Asset $mill	Liability $mill
Current					
Cash flow hedge		**33.7**	**(62.6)**	0.4	(2.0)
Fair value hedge	(10)	**–**	**(41.0)**	365.4	–
Net investment hedge		**7.6**	**(43.3)**	4.4	(401.7)
Held for trading(1)		**0.3**	**(0.3)**	0.5	–
Offsetting contracts(2)		**–**	**–**	(364.5)	364.5
		41.6	**(147.2)**	6.2	(39.2)
Non-current					
Cash flow hedge		**1.3**	**(73.1)**	0.6	(45.5)
Fair value hedge(3)	(10)	**546.4**	**–**	23.2	–
Net investment hedge(3)		**–**	**(491.2)**	–	(6.7)
Held for trading(1)		**0.7**	**(0.6)**	–	(0.1)
Offsetting contracts(2)		**(491.2)**	**491.2**	(7.2)	7.2
		57.2	**(73.7)**	16.6	(45.1)
		98.8	**(220.9)**	22.8	(84.3)

(1) Derivatives which are classified as held for trading are in economic hedge relationships that do not qualify for hedge accounting. These hedges are effective economic hedges or offsetting hedges based on contractual amounts and cash flows over the life of the underlying item.

(2) Balances are included in other financial assets/liabilities in the Statement of Financial Position. Financial assets and financial liabilities that are subject to enforceable master netting arrangements are offset in the Statement of Financial Position.

(3) The fair value hedge and net investment hedge balances include derivatives that hedge the foreign exchange rate exposure of the Group's USD borrowings and USD net assets. These hedges mature in December 2022.

Fair value of financial assets and liabilities carried at amortised cost

Cash and cash equivalents, trade and other receivables, and trade and other payables are carried at amortised cost which equals their fair value. Interest bearing liabilities are carried at amortised cost – refer to note 10. The fair value of the interest bearing financial liabilities at 31 March 2020 was $2,673.7m (September 2019: $2,709.9m) and was based on the level 2 valuation methodology.

12. Trade working capital facilities

Trade receivables

To manage cash inflows which are impacted by seasonality and demand and supply variability while reducing the customer credit risk the Company is exposed to, the Group has a nonrecourse receivable purchasing agreement to sell certain receivables to an unrelated entity in exchange for cash. As at 31 March 2020, receivables totalling $103.1m (30 September 2019: $216.3m) had been sold under this arrangement. The receivables were derecognised upon sale as substantially all risks and rewards associated with the receivables passed to the purchaser.

Trade and other payables

To manage the cash flow conversion cycle on some products procured by the Group, and to ensure that suppliers receive payment in a time period that suits their business model, the Group offers some suppliers the opportunity to use supplier financing arrangements. At 31 March 2020, the balance of the trade and other payable facilities was $422.4m (30 September 2019: $330.7m). The Group evaluates supplier arrangements against a number of indicators to assess if the payable continues to have the characteristics of a trade and other payable or should be classified as borrowings. These indicators include whether the payment terms exceed customary payment terms in the industry. At 31 March 2020, the Group has assessed that on balance the payables subject to supplier financing arrangements did not meet all of the characteristics to be classified as borrowings and accordingly the balances remained in trade and other payables.

13. Contingencies

There have been no significant changes to other contingent liabilities disclosed at 30 September 2019.

14. Events subsequent to reporting date

Since the end of the half-year, in May 2020 the directors determined not to pay a dividend in respect of the half-year ended 31 March 2020.

The Group has and continues to actively managing the risks arising from COVID-19 on its people and operations. This includes a financial response plan that covers stress testing of cash flow and debt metric forecasts with different COVID-19 scenarios; re-prioritisation of capital projects and non-critical operational expenditure; working capital management; and continued monitoring of the Group's hedging instruments and foreign exchange exposures. To date IPL has not had any significant adverse operational or financial impacts as a result of the pandemic. The Group's operations are in industries that have been deemed essential by Governments and we are continuing to run in line with the required safety and health guidelines. The extent of the future impact of COVID-19 on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulations imposed by governments with respect to the outbreak response, and the impact on customers, employees and vendors all of which are uncertain and cannot be predicted at this time.

In September 2019, IPL commenced a strategic review of the Incitec Pivot Fertilisers business with three possible outcomes envisaged – sale, demerger, or retain. On 21 April 2020, IPL announced that it has concluded the strategic review and has decided to retain the business.

On 11 May 2020, IPL announced the raising of $600m in new equity through a fully underwritten institutional placement, and a non-underwritten share purchase plan to eligible shareholders of up to $75m, subject to scale back, with the ability to raise more or less. IPL is taking pre-emptive action to strengthen the Balance Sheet to increase resilience in the current environment and provide financial flexibility to pursue disciplined organic growth opportunities.

Other than the matters reported above, as at the date of this report, the directors are not aware of any significant matter or circumstance that has arisen since 31 March 2020 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.

Directors' Declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Brian Kruger
Chairman

Melbourne, 11th day of May 2020

Deloitte.

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Independent Auditor's Review Report to the members of Incitec Pivot Limited

We have reviewed the accompanying half-year financial report of Incitec Pivot Limited, which comprises the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 19.

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, we have become aware of any matter that makes us 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 consolidated entity's financial position as at 31 March 2020 and its 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 Incitec Pivot Limited, 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Incitec Pivot Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

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 Incitec Pivot Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2020 and of its 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*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Melbourne, 11 May 2020

Genevra Cavallo

Genevra Cavallo
Partner
Chartered Accountants
Melbourne, 11 May 2020

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