

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 2017

31 March 2016

Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the financial half-year ended 31 March 2017

\$A mill

Revenues from ordinary activities	up	\$A mill 11.7 (0.8%)	to	1,535.7
Net profit for the period attributable to members of Incitec Pivot Limited	up	\$A mill 120.6 (382.9%)	to	152.1
Profit after tax excluding individually material items attributable to members of Incitec Pivot Limited	up	\$A mill 15.0 (10.9%)	to	152.1

Dividends	Amount per security cents	Franked amount per security cents
Current period		
Interim dividend	4.50	0.00
Previous corresponding period		
Interim dividend	4.10	4.10
Year end dividend – 2016		
Final dividend	4.60	0.00
Record date for determining entitlements to the interim dividend:	23 May 2017	
Payment date of interim dividend:	3 July 2017	

The Dividend Reinvestment Plan (DRP) has been suspended until further notice. The DRP will not be available for the 2017 interim dividend.

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.92	\$0.82

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 2016 Annual Financial Report.

Conduit foreign income component:

<i>Current period</i>		<i>Previous corresponding period</i>	
Interim dividend		Interim dividend	
Ordinary	4.50 cents	Ordinary	nil
		Final dividend	
		Ordinary	4.60 cents

Half-Year 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 2017 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, qualification and special responsibilities	Period of directorship
Non-executive directors	
P V Brasher BEc(Hons), FCA Chairman Chairman of the Nominations Committee Member of the Audit and Risk Management Committee Member of the Remuneration Committee	Appointed as a director on 29 September 2010 and appointed Chairman on 30 June 2012
K Fagg FTSE, BE(Hons), MCom(Hons), Hon.DBus(UNSW) Chairman of the Remuneration Committee Member of the Health, Safety, Environment and Community Committee	Appointed as a director on 15 April 2014
G Hayes MAppFin, GradDipACC, BA, ACA Chairman of the Audit and Risk Management Committee	Appointed as a director on 1 October 2014
R McGrath BTP(Hons), MASC, FAICD Chairman of the Health, Safety, Environment and Community Committee Member of the Audit and Risk Management Committee Member of the Nominations Committee	Appointed as a director on 15 September 2011
G Smorgon AM B.Juris, LLB Member of the Health, Safety, Environment and Community Committee Member of the Nominations Committee Member of the Remuneration Committee	Appointed as a director on 19 December 2008
Executive directors	
J E Fazzino BEc(Hons), Adjunct Professor, La Trobe Business School Managing Director & Chief Executive Officer Member of the Health, Safety, Environment and Community Committee	Appointed as a director on 18 July 2005 and appointed Managing Director & CEO on 29 July 2009
Former directors	
J Marlay BSc, FAICD	Appointed as a director on 20 December 2006 and retired as a director on 16 December 2016

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 2017 is contained in the accompanying Incitec Pivot Limited Profit Report.

Events subsequent to reporting date

Since the end of the half-year, in May 2017 the directors determined to pay an interim dividend for the Company of 4.5 cents per share on 3 July 2017. The dividend is unfranked (refer to note 7 in the half-year financial report).

The directors have determined to suspend the DRP until further notice. The DRP will not be available for the 2017 interim dividend.

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 2017 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 2017.

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.



Paul V Brasher,
Chairman

Dated at Melbourne
this 9th day of May 2017

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

9 May 2017

Dear Board Members

Auditor's 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 2017, 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



Tom Imbesi
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 March 2017

	Notes	March 2017 \$mill	March 2016 \$mill
Revenue	(5)	1,535.7	1,524.0
Financial and other income	(5)	67.4	20.4
Share of profit on equity accounted investments		19.2	17.3
Operating expenses			
Changes in inventories of finished goods and work in progress		98.2	129.8
Raw materials and consumables used and finished goods purchased for resale		(739.3)	(726.8)
Employee expenses		(291.6)	(312.8)
Depreciation and amortisation		(130.5)	(125.3)
Financial expenses		(52.3)	(30.8)
Purchased services		(74.6)	(79.5)
Repairs and maintenance		(66.9)	(75.6)
Outgoing freight		(124.6)	(112.9)
Lease payments – operating leases		(30.6)	(33.8)
Asset write-downs, clean-up and environmental provisions		(4.3)	(154.5)
Other expenses		(12.9)	(17.4)
Profit before income tax		192.9	22.1
Income tax (expense)/benefit		(39.7)	9.8
Profit for the half-year		153.2	31.9
Other comprehensive income, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain/(loss) on defined benefit plans		26.5	(2.5)
Gross fair value loss on assets at fair value through other comprehensive income		(0.2)	(0.3)
Income tax relating to items that will not be reclassified subsequently to profit or loss		(10.3)	1.0
		16.0	(1.8)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value gain/(loss) on cash flow hedges		49.3	(30.7)
Cash flow hedge gains transferred to profit or loss		(13.3)	(0.2)
Exchange differences on translating foreign operations		(9.6)	(294.3)
Net gain on hedge of net investment		8.2	261.2
Income tax relating to items that may be reclassified subsequently to profit or loss		(9.8)	27.2
		24.8	(36.8)
Other comprehensive income for the half-year, net of income tax		40.8	(38.6)
Total comprehensive income for the half- year		194.0	(6.7)
Profit attributable to:			
Members of Incitec Pivot Limited		152.1	31.5
Non-controlling interest		1.1	0.4
Profit for the half-year		153.2	31.9
Total comprehensive income attributable to:			
Members of Incitec Pivot Limited		192.9	(7.1)
Non-controlling interest		1.1	0.4
Total comprehensive income for the half-year		194.0	(6.7)
Earnings per share			
Basic (cents per share)	(6)	9.0	1.9
Diluted (cents per share)	(6)	9.0	1.9

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	March 2017 \$mill	September 2016 \$mill
Current assets			
Cash and cash equivalents	(10)	90.1	427.1
Trade and other receivables		315.1	256.1
Inventories		496.8	405.7
Other assets		85.1	39.3
Other financial assets	(11)	9.5	9.2
Current tax assets		13.2	4.5
Total current assets		1,009.8	1,141.9
Non-current assets			
Trade and other receivables		25.5	20.7
Other assets		36.4	62.8
Other financial assets	(11)	33.4	37.2
Equity accounted investments		320.5	318.0
Property, plant and equipment		3,889.1	3,892.7
Intangible assets		3,158.2	3,170.4
Deferred tax assets		21.7	23.2
Total non-current assets		7,484.8	7,525.0
Total assets		8,494.6	8,666.9
Current liabilities			
Trade and other payables		715.4	939.5
Interest bearing liabilities	(10)	17.7	11.1
Other financial liabilities	(11)	19.0	5.2
Provisions		81.1	114.4
Total current liabilities		833.2	1,070.2
Non-current liabilities			
Trade and other payables		3.9	7.3
Interest bearing liabilities	(10)	2,263.2	2,278.3
Other financial liabilities	(11)	42.8	96.9
Provisions		97.3	88.1
Deferred tax liabilities		497.9	442.6
Retirement benefit obligation		53.1	99.0
Total non-current liabilities		2,958.2	3,012.2
Total liabilities		3,791.4	4,082.4
Net assets		4,703.2	4,584.5
Equity			
Issued capital		3,436.8	3,436.8
Reserves		(160.4)	(187.3)
Retained earnings		1,421.4	1,330.7
Non-controlling interest		5.4	4.3
Total equity		4,703.2	4,584.5

Consolidated Statement of Cash Flows

For the half-year ended 31 March 2017

	Notes	March 2017 \$mill Inflows/ (Outflows)	March 2016 \$mill Inflows/ (Outflows)
Cash flows from operating activities			
Profit after tax for the half-year		153.2	31.9
<i>Adjusted for non-cash items</i>			
Net finance cost		49.9	24.4
Depreciation and amortisation		130.5	125.3
Write-down of property, plant and equipment		0.4	151.1
Share of profit on equity accounted investments		(19.2)	(17.3)
Net gain on sale of property, plant and equipment		(1.5)	(0.6)
Non-cash share-based payment transactions		2.3	1.8
Deferred tax expense/(benefit)		37.2	(37.2)
Current income tax expense		2.5	27.4
<i>Changes in assets and liabilities</i>			
Increase in receivables and other operating assets		(75.8)	(111.2)
Increase in inventories		(94.0)	(147.0)
Decrease in payables, provisions and other operating liabilities		(250.5)	(52.0)
		(65.0)	(3.4)
<i>Adjusted for cash items</i>			
Dividends received		19.0	19.2
Interest received		1.5	5.3
Interest paid		(45.3)	(26.4)
Income tax paid		(11.2)	(60.6)
Net cash flows from operating activities		(101.0)	(65.9)
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(173.0)	(300.6)
Proceeds from sale of property, plant and equipment and intangibles		2.1	0.9
Repayments from equity accounted investees		0.7	-
Receipts from settlement of net investment hedge derivatives		5.0	38.2
Net cash flows from investing activities		(165.2)	(261.5)
Cash flows from financing activities			
Repayments of borrowings	(10)	-	(821.5)
Proceeds from borrowings	(10)	6.5	759.6
Dividends paid		(77.6)	(124.9)
Net cash flows from financing activities		(71.1)	(186.8)
Net decrease in cash and cash equivalents held		(337.3)	(514.2)
Cash and cash equivalents at the beginning of the half-year		427.1	606.3
Effect of exchange rate fluctuation on cash and cash equivalents held		0.3	(9.1)
Cash and cash equivalents at the end of the half-year	(10)	90.1	83.0

Consolidated Statement of Changes in Equity

For the half-year ended 31 March 2017

	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 2015		3,430.9	(39.9)	27.0	(132.6)	(11.2)	1,411.0	4,685.2	3.0	4,688.2
Profit for the half-year		-	-	-	-	-	31.5	31.5	0.4	31.9
Total other comprehensive income for the half-year		-	(20.8)	-	(16.0)	(0.2)	(1.6)	(38.6)	-	(38.6)
Dividends paid	(7)	-	-	-	-	-	(124.9)	(124.9)	-	(124.9)
Shares issued during the half-year		5.9	-	(5.9)	-	-	-	-	-	-
Share-based payment transactions		-	-	1.8	-	-	-	1.8	-	1.8
Balance at 31 March 2016		3,436.8	(60.7)	22.9	(148.6)	(11.4)	1,316.0	4,555.0	3.4	4,558.4
Balance at 1 October 2016		3,436.8	(33.6)	22.3	(164.7)	(11.3)	1,330.7	4,580.2	4.3	4,584.5
Profit for the half-year		-	-	-	-	-	152.1	152.1	1.1	153.2
Total other comprehensive income for the half-year		-	25.4	-	(0.6)	(0.2)	16.2	40.8	-	40.8
Dividends paid	(7)	-	-	-	-	-	(77.6)	(77.6)	-	(77.6)
Share-based payment transactions		-	-	2.3	-	-	-	2.3	-	2.3
Balance at 31 March 2017		3,436.8	(8.2)	24.6	(165.3)	(11.5)	1,421.4	4,697.8	5.4	4,703.2

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 2014/17, 2015/18 and 2016/19 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.

Non-controlling interest

Represents a 35 percent outside equity interest in Quantum Fertilisers Limited, a Hong Kong based fertiliser marketing company.

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2017

1. Basis of preparation

Incitec Pivot Limited (the 'Company') 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 ventures and associates (collectively the 'Group') as at, and for, the half-year ended 31 March 2017.

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 2016 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.

The Annual Financial Report of the Group for the year ended 30 September 2016 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 9 May 2017.

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.

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 2016.

The Group adopted all amendments to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current half-year. The adoption of these revised Standards and Interpretations did not have a material impact on the Group's results.

3. Critical accounting estimates and judgements

Impairment of assets

The carrying amount of the Group's assets, excluding financial assets, defined benefit fund assets, inventories and deferred tax assets, is reviewed at each reporting date to determine whether there are any indicators of impairment. If indicators are identified, the asset is tested for impairment by comparing its recoverable amount to its carrying amount. Irrespective of any indication of impairment, goodwill and indefinite life intangible assets are tested for impairment annually in September.

Southern Cross International (SCI)

At 31 March 2017 the Group had identified the sustained pressure on fertiliser prices and high input costs in Australia as indicators of impairment which resulted in the assessment of the recoverable amount of the SCI cash generating unit (CGU). The Group employed a value-in-use model to determine the recoverable amount of the SCI CGU and after considering changes in fertiliser prices, foreign exchange rates and input costs of raw materials, which are estimated by reference to external market publications and market analyst estimates, the Group has concluded that the recoverable amount of the SCI CGU remains higher than its carrying amount.

Other CGUs

As at 31 March 2016, the Group recognised a non-cash impairment charge of \$150.8m (\$105.6m after tax) in relation to the Gibson Island CGU (which forms part of the Incitec Pivot Fertilisers CGU) using a fair value less cost to dispose model. The Gibson Island charge related to the write-off of property, plant and equipment largely due to the impact of lower forecast fertilisers prices and higher cost of natural gas delivered to the Australian East Coast. The impairment charge could reverse in future years should there be favourable changes in the market conditions impacting the Gibson Island manufacturing facility. However, at 31 March 2017 management did not identify any significant changes in the market conditions that resulted in the impairment.

The recoverable amounts of IPL's remaining CGUs, being IPF, DNAP and DNA exceeded their carrying amounts at 30 September 2016 and the economic performance of these CGUs for the six months ended 31 March 2017 continued to support their carrying values.

Sensitivity analyses of the recoverable amounts of the Group's CGUs, considering reasonable change scenarios relating to key assumptions, are included in the Annual Financial Report for the year ended 30 September 2016 and remain relevant at 31 March 2017.

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2017

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 Group's 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 65 percent share of the Hong Kong marketing company, Quantum Fertilisers Limited.

Fertilisers Elimination (**Elim**): represents the elimination of 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 (**Elim**): represents the elimination of profit in stock arising from IPF and SCI 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) and manufactures and sells industrial chemicals and fertilisers.

Corporate

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

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

Reportable segments – financial information

31 March 2017	Asia Pacific						Americas		Group Elim \$mill	Corporate ^(iv) \$mill	Consolidated Group \$mill
	IPF \$mill	SCI \$mill	Elim \$mill	Total Fertilisers \$mill	DNAP \$mill	Elim \$mill	Total \$mill	DNA \$mill			
Revenue from external customers	406.6	243.7	(120.9)	529.4	444.9	(7.6)	966.7	591.0	(22.0)	-	1,535.7
Share of profits of equity accounted investments	-	-	-	-	7.6	-	7.6	11.6	-	-	19.2
EBITDA ⁽ⁱ⁾	29.1	30.6	(0.8)	58.9	131.9	-	190.8	191.1	(0.6)	(8.0)	373.3
Depreciation and amortisation	(13.5)	(19.0)	-	(32.5)	(40.3)	-	(72.8)	(57.1)	-	(0.6)	(130.5)
EBIT ⁽ⁱⁱ⁾	15.6	11.6	(0.8)	26.4	91.6	-	118.0	134.0	(0.6)	(8.6)	242.8
Net interest expense											(49.9)
Income tax expense											(39.7)
Profit after tax											153.2
Non-controlling interest											(1.1)
Profit attributable to members of IPL											152.1
Segment assets	811.7	514.3	-	1,326.0	2,872.8	-	4,198.8	4,099.7	-	174.4	8,472.9
Segment liabilities	(361.3)	(86.2)	-	(447.5)	(203.3)	-	(650.8)	(466.5)	-	(2,176.2)	(3,293.5)
Net segment assets ⁽ⁱⁱⁱ⁾	450.4	428.1	-	878.5	2,669.5	-	3,548.0	3,633.2	-	(2,001.8)	5,179.4
Deferred tax balances											(476.2)
Net assets											4,703.2

(i) Earnings Before Interest, related income Tax expense, Depreciation and Amortisation.

(ii) Earnings Before Interest and related income Tax expense.

(iii) Net segment assets exclude deferred tax balances.

(iv) Corporate assets and liabilities include the Group's interest bearing liabilities and derivative assets and liabilities.

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2017

4. Segment report (continued)

Reportable segments – financial information (continued)

	Asia Pacific						Americas			Corporate \$mill	Consolidated Group \$mill
	IPF \$mill	SCI \$mill	Elim \$mill	Total Fertilisers \$mill	DNAP \$mill	Elim \$mill	Total \$mill	DNA \$mill	Group Elim \$mill		
31 March 2016											
Revenue from external customers	338.0	319.5	(130.1)	527.4	446.7	(6.3)	967.8	580.8	(24.6)	–	1,524.0
Share of profits of equity accounted investments	–	–	–	–	8.4	–	8.4	8.9	–	–	17.3
EBITDA	29.8	63.3	(3.4)	89.7	128.2	–	217.9	113.2	1.4	(9.9)	322.6
Depreciation and amortisation	(15.3)	(20.0)	–	(35.3)	(40.1)	–	(75.4)	(49.0)	–	(0.9)	(125.3)
EBIT	14.5	43.3	(3.4)	54.4	88.1	–	142.5	64.2	1.4	(10.8)	197.3
Net interest expense											(24.4)
Income tax expense											(35.4)
Profit after tax											137.5
Non-controlling interest											(0.4)
Individually material items (net of tax)											(105.6)
Profit attributable to members of IPL											31.5
30 September 2016											
Segment assets	676.4	515.7	–	1,192.1	2,861.7	–	4,053.8	4,079.7	–	510.2	8,643.7
Segment liabilities	(482.5)	(100.2)	–	(582.7)	(249.2)	–	(831.9)	(540.8)	–	(2,267.1)	(3,639.8)
Net segment assets	193.9	415.5	–	609.4	2,612.5	–	3,221.9	3,538.9	–	(1,756.9)	5,003.9
Deferred tax balances											(419.4)
Net assets											4,584.5

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.

	Australia \$mill	USA \$mill	Canada \$mill	Turkey \$mill	Other/Elim \$mill	Consolidated \$mill
31 March 2017						
Revenue from external customers	915.4	470.4	82.3	29.2	38.4	1,535.7
Non-current assets other than financial assets and deferred tax assets	3,536.3	3,699.3	54.8	1.2	138.1	7,429.7
Trade and other receivables	181.2	68.6	40.4	13.2	37.2	340.6
31 March 2016						
Revenue from external customers	903.7	443.8	91.2	32.0	53.3	1,524.0
30 September 2016						
Non-current assets other than financial assets and deferred tax assets	3,568.2	3,710.2	52.8	1.4	132.0	7,464.6
Trade and other receivables	118.4	71.5	34.3	12.2	40.4	276.8

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2017

5. Revenue and other income

	March 2017 \$mill	March 2016 \$mill
Revenue		
External sales	1,535.7	1,524.0
Total revenue	1,535.7	1,524.0
Financial income		
Interest income	2.4	6.4
Other income		
Income from delay damages	47.2	-
Net gain on sale of property, plant and equipment and intangibles	1.5	0.6
Royalty income and management fees	11.8	13.4
Other income from operations	4.5	-
Total financial and other income	67.4	20.4

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.

The following table presents selected results for the Group for the 12 months period ended:

	March 2017 \$mill	March 2016 \$mill
Revenue from ordinary activities		
Asia Pacific		
- Fertilisers	1,343.9	1,474.8
- Explosives	919.0	929.8
- Elimination	(16.2)	(16.8)
Total Asia Pacific	2,246.7	2,387.8
Americas	1,160.8	1,225.2
Group Elimination	(42.1)	(40.6)
Total revenue from ordinary activities	3,365.4	3,572.4

	March 2017 \$mill	March 2016 \$mill
Profit from ordinary activities before interest, related income tax and individually material items		
Asia Pacific		
- Fertilisers	76.2	219.5
- Explosives	189.6	188.3
Total Asia Pacific	265.8	407.8
Americas	229.4	170.5
Group Elimination/Corporate	(21.6)	(20.1)
Total profit from ordinary activities before interest, related income tax and individually material items	473.6	558.2

6. Earnings per share

	March 2017 Cents per share	March 2016 Cents per share
Basic earnings per share		
including individually material items	9.0	1.9
excluding individually material items	9.0	8.1
Diluted earnings per share		
including individually material items	9.0	1.9
excluding individually material items	9.0	8.1
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,687,170,521	1,686,771,360
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	1,690,434,072	1,691,098,292

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

	March 2017 \$mill	March 2016 \$mill
Profit attributable to ordinary shareholders	152.1	31.5
Individually material items after income tax	-	105.6
Profit attributable to ordinary shareholders excluding individually material items	152.1	137.1

7. Dividends

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

	March 2017 \$000	March 2016 \$000
Ordinary shares		
Final dividend of 7.4 cents per share, 60 percent franked, paid 14 December 2015	-	124,851
Final dividend of 4.6 cents per share, unfranked, paid 13 December 2016	77,610	-
Total ordinary share dividends	77,610	124,851

Since the end of the half-year, the directors have determined to pay an interim dividend of 4.5 cents per share, unfranked, to be paid on 3 July 2017. The total dividend payment will be \$75.9 million.

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.

Consistent with recent years, the dividend reflects a payout ratio of approximately 50 percent of net profit after tax (before individually material items where applicable).

The directors have determined to suspend the DRP until further notice. The DRP will not be available for the 2017 interim dividend.

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2017

8. Issued capital

Issued capital as at 31 March 2017 amounted to \$3,436.8m (1,687,170,521 ordinary shares).

9. Equity accounted investments

Name of entity	Ownership interest	Name of entity	Ownership interest
Joint ventures		Joint ventures (continued)	
Incorporated in USA⁽¹⁾		Incorporated in South Africa	
Alpha Dyno Nobel Inc.	50%	DetNet South Africa (Pty) Ltd ⁽¹⁾	50%
Boren Explosives Co., Inc.	50%	Sasol Dyno Nobel (Pty) Ltd ⁽⁵⁾	50%
Buckley Powder Co. ⁽²⁾	51%	Incorporated in Mexico⁽¹⁾	
IRECO Midwest Inc.	50%	DNEX Mexico, S. De R.L. de C.V.	49%
Wampum Hardware Co.	50%	Explosivos De La Region Lagunera, S.A. de C.V.	49%
Midland Powder Company	50%	Explosivos De La Region, Central, S.A. de C.V.	49%
Mine Equipment & Mill Supply Company	50%	Nitro Explosivos de Ciudad Guzman, S.A. de C.V.	49%
Controlled Explosives Inc.	50%	Explosivos Y Servicios Para La Construccion, S.A. de C.V.	49%
Western Explosives Systems Company	50%	Incorporated in Malaysia⁽¹⁾	
Vedco Holdings Inc.	50%	Tenaga Kimia Ensign-Bickford Sdn Bhd	50%
Incorporated in Canada⁽¹⁾		Associates	
Newfoundland Hard-Rok Inc.	50%	Incorporated in USA⁽¹⁾	
Dyno Nobel Labrador Inc.	50%	Warex Corporation	25%
Quantum Explosives Inc.	50%	Warex LLC	25%
Dene Dyno Nobel Inc.	49%	Maine Drilling and Blasting Group	49%
Qaaqtuq Dyno Nobel Inc. ⁽³⁾	49%	Independent Explosives	49%
Dene Dyno Nobel (DWEI) Inc. ⁽⁴⁾	49%	Incorporated in Canada⁽¹⁾	
Dyno Nobel Baffin Island Inc.	50%	Labrador Maskuau Ashini Ltd	25%
Incorporated in Australia⁽⁵⁾		Valley Hydraulics Inc.	25%
Queensland Nitrates Pty Ltd	50%	Apex Construction Specialities Inc.	25%
Queensland Nitrates Management Pty	50%	Innu Namesu Ltd	25%

(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 2017 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. (previously Denesoline Western Explosives 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 2017 has been used.

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2017

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 2017 \$mill	September 2016 \$mill
Interest bearing liabilities		2,280.9	2,289.4
Cash and cash equivalents		(90.1)	(427.1)
Fair value of derivatives	(11)	(453.2)	(468.5)
Net debt		1,737.6	1,393.8

Interest bearing liabilities

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

	March 2017 \$mill	September 2016 \$mill
Current		
Bank loans	6.6	-
Loans to joint ventures and associates	11.1	11.1
	17.7	11.1
Non-current		
Bank facilities	1,006.9	1,009.0
Fixed interest rate bonds	1,256.3	1,269.3
	2,263.2	2,278.3
Total interest bearing liabilities	2,280.9	2,289.4

Interest bearing liabilities (continued)

Fixed Interest Rate Bonds

The Group has on issue the following Fixed Interest Rate Bonds:

- USD800m 10 year bonds on issue in the US 144A / Regulation S debt capital market. The bonds have a fixed rate semi-annual coupon of 6 percent and matures in December 2019.
- AUD200m 5.5 year bonds on issue in the Australian debt capital market. The bonds have a fixed rate semi-annual coupon of 5.75 percent and matures in February 2019.

Bank Facilities

Bank facilities of AUD568m and USD953m were entered into in August 2015 and are split into two facilities as follows:

- 3 year facility domiciled in Australia consisting of two tranches: Tranche A has a limit of AUD568m and Tranche B has a limit of USD453m. The facility matures in October 2018; and
- 5 year facility domiciled in the USA with a limit of USD500m. The facility matures in October 2021.

The following current and non-current interest bearing liabilities were issued and repaid during the six months ended 31 March 2017:

	1 October 2016 \$mill	Cash flow		Non-cash changes			31 March 2017 \$mill
		Financing activities Proceeds \$mill	Repayments \$mill	Foreign exchange movement \$mill	Fair value adjustment \$mill	Funding costs amortisation \$mill	
Current							
Bank loans	-	6.5	-	0.1	-	-	6.6
Loans to joint ventures and associates	11.1	-	-	-	-	-	11.1
Non-current							
Bank facilities	1,009.0	-	-	(2.3)	-	0.2	1,006.9
Fixed interest rate bonds	1,269.3	-	-	(2.0)	(12.0)	1.0	1,256.3
Total liabilities from financing activities	2,289.4	6.5	-	(4.2)	(12.0)	1.2	2,280.9
Derivatives held to hedge interest bearing liabilities	(468.5)	-	-	4.7	10.6	-	(453.2)
Debt after hedging	1,820.9	6.5	-	0.5	(1.4)	1.2	1,827.7

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2017

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 forward exchange contracts, interest rate swaps, and cross currency interest rate swaps 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 forward contracts is calculated using their quoted market price.
- 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 2017	Level 1 \$mill	Level 2 \$mill	Level 3 \$mill
Listed equity securities	3.1	-	-
Derivative financial assets	-	39.8	-
Derivative financial liabilities	-	(61.8)	-
September 2016	Level 1 \$mill	Level 2 \$mill	Level 3 \$mill
Listed equity securities	1.1	-	-
Derivative financial assets	-	45.3	-
Derivative financial liabilities	-	(102.1)	-

Fair value (continued)

Fair value of derivative financial instruments

The fair value of derivative financial instruments are as follows at the reporting date:

Notes	31 March 2017		30 September 2016	
	Asset \$mill	Liability \$mill	Asset \$mill	Liability \$mill
Current				
Cash flow hedge	8.7	(6.6)	7.2	(3.7)
Net investment hedge	-	(11.5)	0.1	-
Held for trading ⁽¹⁾	0.8	(0.9)	1.9	(1.5)
	9.5	(19.0)	9.2	(5.2)
Non-current				
Cash flow hedge	16.1	(25.7)	10.5	(67.1)
Fair value hedge (10)	453.2	-	468.5	-
Net investment hedge	-	(456.1)	-	(472.8)
Held for trading ⁽¹⁾	-	-	0.1	-
Equity instruments	3.1	-	1.1	-
Offsetting contracts ⁽²⁾	(439.0)	439.0	(443.0)	443.0
	33.4	(42.8)	37.2	(96.9)
	42.9	(61.8)	46.4	(102.1)

(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.

Fair value of financial assets and liabilities carried at amortised cost

Cash and cash equivalents, trade and other receivables, interest bearing liabilities, and trade and other payables are carried at amortised cost which equals their fair value, with the exception of interest bearing liabilities. The fair value of the interest bearing financial liabilities at 31 March 2017 was \$2,360.1m (September 2016: \$2,367.0m) and was based on the level 2 valuation methodology.

12. Contingencies

There have been no significant changes to other contingent liabilities disclosed at 30 September 2016.

13. Events subsequent to reporting date

Since the end of the half-year, in May 2017, the directors determined to pay an interim dividend for the Company of 4.5 cents per share on 3 July 2017. The dividend is unfranked (refer to note 7 in the half-year financial report).

The directors have determined to suspend the DRP until further notice. The DRP will not be available for the 2017 interim dividend.

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 2017 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



Paul V Brasher
Chairman

Melbourne, 9th day of May 2017

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 2017, 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 16.

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 2017 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 report.

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 2017 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



Tom Imbesi
Partner
Chartered Accountants
Melbourne, 9 May 2017

Incitec Pivot Limited

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