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 2021	31 March 2020

Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the financial half-year ended 31 March 2021				**A$ mill**
Revenues from ordinary activities	down	A$ mill 123.8 (6.7%)	to	1,724.1
Net profit for the period attributable to members of Incitec Pivot Limited	down	A$ mill 28.2 (43.7%)	to	36.4

Dividends	**Amount per security cents**	**Franked amount per security cents**
Current period		
Interim dividend	1.0	1.0
Previous corresponding period		
Interim dividend	nil	nil
Year end dividend – 2020		
Final dividend	nil	nil

Record date for determining entitlements to the interim dividend: 1 June 2021

Payment date of interim dividend: 2 July 2021

The Dividend Reinvestment Plan (DRP) is suspended until further notice. The DRP will not be available for the 2021 interim dividend.

	Current period	**Previous corresponding period**
Net tangible asset backing per ordinary security	$1.16	$0.91

Net tangible assets include the right-of-use assets recognised under AASB 16 *Leases*.

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 2020 Annual Financial Report.

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

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HALF-YEAR CONSOLIDATED FINANCIAL REPORT

Contents

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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 2021 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
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
G Biltz BChE, MBA, NACD	Appointed as a director on 1 December 2020
Executive director	
J Johns B.S. Chemical Engineering, *magna cum laude*	Appointment as Managing Director & CEO commenced on 15 November 2017
Former directors	
R McGrath BTP(Hons), MASc, FAICD	Appointed as a non-executive director on 15 September 2011 and retired as a non-executive director on 18 December 2020

* On 11 May 2021 IPL announced the appointment of Tonianne Dwyer as a non-executive director, effective 20 May 2021.

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 2021 is contained in the accompanying Incitec Pivot Limited Profit Report.

Events subsequent to reporting date

Since the end of the half-year, in May 2021 the directors determined to pay an interim dividend for the Company of 1.0 cent per share on 2 July 2021. The dividend is fully franked (refer to note 7 in the half-year financial report).

On 5 May 2021, the Group announced that its wholly owned subsidiary, Incitec Fertilizers Pty Ltd, had entered into a 20-year off-take agreement with Perdaman Chemicals and Fertilisers Pty Ltd (Perdaman) with a commitment to take up to 2.3 million tonnes per annum of granular urea fertiliser from Perdaman's proposed urea plant at Karratha in Western Australia. The Offtake Agreement is subject to the satisfaction of certain conditions precedent, including Perdaman obtaining financing for construction of the new plant (which in turn depends on Perdaman finalising gas supply arrangements and obtaining various environmental and other regulatory approvals for the plant). Subject to the satisfaction of the conditions precedent, construction of the plant by Perdaman is anticipated to be completed by the end of 2025.

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 2021 that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

Lead Auditor's Independence Declaration

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 2021.

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.

Chairman

Melbourne, 17 May 2021

Jeanne Johns
Managing Director & CEO

Melbourne, 17 May 2021

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Deloitte.

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

17 May 2021

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 2021, 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
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 March 2021

	Notes	**March 2021 $mill**	March 2020 $mill
Revenue	(5)	**1,724.1**	1,847.9
Financial and other income	(5)	**18.7**	27.0
Share of profit of equity accounted investments		**15.0**	14.2
Operating expenses			
Changes in inventories of finished goods and work in progress		**187.8**	29.9
Raw materials and consumables used and finished goods purchased for resale		**(980.7)**	(850.6)
Employee expenses		**(333.7)**	(359.7)
Depreciation and amortisation		**(175.5)**	(178.3)
Financial expenses		**(64.7)**	(77.1)
Purchased services		**(96.7)**	(102.3)
Repairs and maintenance		**(85.4)**	(84.1)
Outgoing freight		**(125.6)**	(142.1)
Lease payments		**(11.7)**	(14.0)
Other expenses		**(24.9)**	(26.9)
Profit before income tax		**46.7**	83.9
Income tax expense		**(10.3)**	(19.3)
Profit for the half-year attributable to members of Incitec Pivot Limited		**36.4**	64.6
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit plans		**29.1**	(14.3)
Income tax relating to items that will not be reclassified subsequently to profit or loss		**(7.9)**	3.9
		21.2	(10.4)
Items that may be reclassified subsequently to profit or loss			
Fair value gain/(loss) on cash flow hedges		**27.4**	(42.5)
Cash flow hedge loss/(gain) transferred to profit or loss		**1.0**	(17.9)
Exchange differences on translating foreign operations		**(209.1)**	300.2
Net gain/(loss) on net investment hedges		**82.6**	(146.7)
Income tax relating to items that may be reclassified subsequently to profit or loss		**(7.9)**	42.6
		(106.0)	135.7
Other comprehensive income for the half-year, net of income tax		**(84.8)**	125.3
Total comprehensive income for the half-year attributable to members of Incitec Pivot Limited		**(48.4)**	189.9
Earnings per share			
Basic (cents per share)	(6)	**1.9**	4.0
Diluted (cents per share)	(6)	**1.9**	4.0

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Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	March 2021 $mill	September 2020 $mill
Current assets			
Cash and cash equivalents	(10)	**124.0**	554.6
Trade and other receivables		**419.8**	373.9
Inventories		**660.7**	474.4
Other assets		**27.8**	47.2
Other financial assets	(11)	**34.4**	79.8
Total current assets		**1,266.7**	1,529.9
Non-current assets			
Trade and other receivables		**28.6**	26.9
Other assets		**25.8**	25.8
Other financial assets	(11)	**65.2**	56.1
Equity accounted investments		**306.7**	326.3
Property, plant and equipment		**3,996.3**	4,071.7
Right-of-use lease assets		**214.9**	221.1
Intangible assets		**2,909.3**	3,019.7
Deferred tax assets		**11.9**	13.5
Total non-current assets		**7,558.7**	7,761.1
Total assets		**8,825.4**	9,291.0
Current liabilities			
Trade and other payables		**1,010.0**	1,049.4
Lease liabilities		**42.8**	41.5
Interest bearing liabilities	(10)	**20.5**	21.2
Other financial liabilities	(11)	**53.0**	93.6
Provisions		**95.0**	102.3
Current tax liabilities		**13.7**	21.5
Total current liabilities		**1,235.0**	1,329.5
Non-current liabilities			
Trade and other payables		**12.4**	16.2
Lease liabilities		**199.1**	206.2
Interest bearing liabilities	(10)	**1,579.6**	1,849.1
Other financial liabilities	(11)	**59.1**	65.3
Provisions		**121.3**	125.5
Deferred tax liabilities		**432.5**	429.0
Retirement benefit obligation		**31.3**	66.9
Total non-current liabilities		**2,435.3**	2,758.2
Total liabilities		**3,670.3**	4,087.7
Net assets		**5,155.1**	5,203.3
Equity			
Issued capital		**3,806.2**	3,806.2
Reserves		**(327.6)**	(221.8)
Retained earnings		**1,676.5**	1,618.9
Total equity		**5,155.1**	5,203.3

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Consolidated Statement of Cash Flows

For the half-year ended 31 March 2021

	Notes	**March 2021 $mill**	March 2020 $mill
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Profit after tax for the half-year		**36.4**	64.6
Adjusted for non-cash items			
Net finance cost		**63.5**	75.3
Depreciation and amortisation		**175.5**	178.3
Share of profit of equity accounted investments		**(15.0)**	(14.2)
Net gain on sale of property, plant and equipment		**–**	(0.8)
Non-cash share-based payment transactions		**1.2**	1.0
Income tax expense		**10.3**	19.3
Changes in assets and liabilities			
Increase in receivables and other operating assets		**(46.2)**	(204.4)
Increase in inventories		**(193.5)**	(14.8)
(Decrease)/increase in payables, provisions and other operating liabilities		**(85.7)**	120.4
		(53.5)	224.7
Adjusted for cash items			
Dividends received		**27.7**	15.8
Interest received		**1.2**	1.8
Interest paid		**(63.6)**	(78.6)
Income tax paid		**(14.9)**	(11.7)
Net cash flows from operating activities		**(103.1)**	152.0
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		**(158.1)**	(154.1)
Proceeds from sale of property, plant and equipment		**2.5**	1.9
Payment of acquisition of subsidiaries, non-controlling interests & equity investments		**(8.5)**	(13.6)
Payments towards investment in joint arrangement		**(0.8)**	(9.2)
Loan payments from equity accounted investees		**4.0**	–
Payments for settlement of net investment hedge derivatives		**(0.1)**	(46.2)
Net cash flows from investing activities		**(161.0)**	(221.2)
Cash flows from financing activities			
Repayments of borrowings	(10)	**(151.3)**	(1,183.2)
Proceeds from borrowings	(10)	**–**	925.9
Dividends paid to members of Incitec Pivot Limited		**–**	(30.7)
Lease liability payments		**(19.9)**	(20.2)
Realised market value gain on derivatives		**9.7**	10.3
Purchased shares for IPL employees		**(1.0)**	(1.3)
Net cash flows from financing activities		**(162.5)**	(299.2)
Net decrease in cash and cash equivalents held		**(426.6)**	(368.4)
Cash and cash equivalents at the beginning of the half-year		**554.6**	576.4
Effect of exchange rate fluctuation on cash and cash equivalents held		**(4.0)**	2.9
Cash and cash equivalents at the end of the half-year	(10)	**124.0**	210.9

Consolidated Statement of Changes in Equity

For the half-year ended 31 March 2021

	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 equity $mill
Balance at 1 October 2019		3,136.8	(48.3)	26.0	22.1	(19.7)	1,570.9	4,687.8
Adoption of AASB 16 Leases		–	–	–	–	–	(14.3)	(14.3)
Profit for the half-year		–	–	–	–	–	64.6	64.6
Total other comprehensive income for the half-year		–	(42.4)	–	178.1	–	(10.4)	125.3
Dividends paid	(7)	–	–	–	–	–	(54.6)	(54.6)
Shares issued during the half-year		23.9	–	–	–	–	–	23.9
Purchased shares for IPL employees		–	–	(1.3)	–	–	–	(1.3)
Share-based payment transactions		–	–	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
Balance at 1 October 2020		**3,806.2**	**(64.3)**	**27.1**	**(164.9)**	**(19.7)**	**1,618.9**	**5,203.3**
Profit for the half-year		**–**	**–**	**–**	**–**	**–**	**36.4**	**36.4**
Total other comprehensive income for the half-year		**–**	**19.6**	**–**	**(125.6)**	**–**	**21.2**	**(84.8)**
Purchased shares for IPL employees		**–**	**–**	**(1.0)**	**–**	**–**	**–**	**(1.0)**
Share-based payment transactions		**–**	**–**	**1.2**	**–**	**–**	**–**	**1.2**
Balance at 31 March 2021		**3,806.2**	**(44.7)**	**27.3**	**(290.5)**	**(19.7)**	**1,676.5**	**5,155.1**

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 2018/21, 2019/22 and 2020/23 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.

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Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2021

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 2021.

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 2020 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 2020 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 17 May 2021.

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.

Impact of COVID-19 pandemic

The Group continues to actively manage the risks arising from COVID-19 on the health and safety of its people and the business continuity of the Group's operations. The Group's operations are in industries that have been deemed as providing 'essential services' by governments and continue to run in line with the required safety and health guidelines. IPL has also implemented a financial Response Plan that commenced in FY20 to deliver sustained cost savings from business efficiencies and improvement of free cash flow by FY22. The extent of the future impact of COVID-19 on the Group's operational and financial performance will depend on certain developments, including the containment strategies imposed by governments and duration of the COVID-19 pandemic, and the subsequent impact of these strategies on the operations of customers, employees and vendors.

2. Summary of accounting policies

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 2020.

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.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

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 for indicators of impairment of all the Group's assets, including operating assets. The identification of impairment indicators involves management judgement. When an indicator of impairment is identified, a formal impairment assessment is performed. The recoverable amounts of IPL's CGUs, being Fertilisers APAC, DNAP and DNA exceeded their carrying amounts at 30 September 2020. No impairment indicators were identified since this date.

Since 30 September 2020, the Group announced the impact of the extension of turnaround activities and one-off outages at some of its US manufacturing facilities. In addition, the Group is actively managing the risks arising from COVID-19. To date there are no known significant long term structural changes that affect the future cash flows of the CGUs as a result of these events.

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 2020 and remain relevant at 31 March 2021.

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Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2021

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 Asia Pacific (**Fertilisers APAC**): manufactures and sells fertilisers in Eastern Australia and the export market. It also manufactures, imports and sells industrial chemicals to the agriculture and specialist industries.

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 elimination of sales and profit in stock arising from Fertilisers APAC sales to DNAP.

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 (Canada, Mexico and Chile) and initiating systems to businesses in Australia, Turkey and South Africa. 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 2021	**Fertilisers APAC $mill**	**DNAP $mill**	**APAC Elim $mill**	**Total $mill**	**DNA $mill**	**Group Elim $mill**	**Corporate[i] $mill**	**Consolidated Group $mill**
Revenue from external customers	628.3	455.8	(9.2)	1,074.9	671.1	(21.9)	–	1,724.1
Share of profit of equity accounted investments	–	6.1	–	6.1	8.9	–	–	15.0
EBITDA[ii]	75.7	110.1	–	185.8	109.0	(0.5)	(8.6)	285.7
Depreciation and amortisation	(55.5)	(39.9)	–	(95.4)	(77.6)	–	(2.5)	(175.5)
EBIT[iii]	20.2	70.2	–	90.4	31.4	(0.5)	(11.1)	110.2
Net interest expense								(63.5)
Income tax expense								(10.3)
Profit after tax attributable to members of IPL								**36.4**
Segment assets	1,764.9	2,548.9	–	4,313.8	4,239.2	–	260.5	8,813.5
Segment liabilities	(802.6)	(234.9)	–	(1,037.5)	(543.8)	–	(1,656.5)	(3,237.8)
Net segment assets[iv]	962.3	2,314.0	–	3,276.3	3,695.4	–	(1,396.0)	5,575.7
Deferred tax balances								(420.6)
Net assets								**5,155.1**

(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.

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2021

31 March 2020	Asia Pacific Fertilisers APAC $mill	DNAP $mill	APAC Elim $mill	Total $mill	Americas DNA $mill	Group Elim $mill	Corporate(i) $mill	Consolidated Group $mill
Revenue from external customers	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)	39.3	111.3	–	150.6	199.7	(1.3)	(11.5)	337.5
Depreciation and amortisation	(49.2)	(40.2)	–	(89.4)	(86.3)	–	(2.6)	(178.3)
EBIT(iii)	(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 attributable to members of IPL								**64.6**
30 September 2020								
Segment assets	1,536.0	2,564.9	–	4,100.9	4,436.5	–	740.1	9,277.5
Segment liabilities	(770.1)	(282.4)	–	(1,052.5)	(639.2)	–	(1,967.0)	(3,658.7)
Net segment assets(iv)	765.9	2,282.5	–	3,048.4	3,797.3	–	(1,226.9)	5,618.8
Deferred tax balances								(415.5)
Net assets								**5,203.3**

(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 2021	**Australia $mill**	**USA $mill**	**Canada $mill**	**Turkey $mill**	**Other/Elim $mill**	**Consolidated $mill**
Revenue from external customers	1,043.0	541.2	118.2	18.9	2.8	1,724.1
Non-current assets other than financial assets and deferred tax assets	3,504.3	3,767.2	85.4	2.2	122.5	7,481.6
Trade and other receivables	248.7	108.5	34.9	10.1	46.2	448.4

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

30 September 2020	Australia $mill	USA $mill	Canada $mill	Turkey $mill	Other/Elim $mill	Consolidated $mill
Non-current assets other than financial assets and deferred tax assets	3,549.2	3,942.2	80.6	2.0	117.5	7,691.5
Trade and other receivables	215.9	98.6	46.7	11.2	28.4	400.8

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Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2021

5. Revenue and other income

	March 2021 $mill	March 2020 $mill
Revenue		
External sales	**1,724.1**	1,847.9
Total revenue	**1,724.1**	1,847.9
Financial income		
Interest income	**1.2**	1.8
Other income		
Royalty income and management fees	**13.6**	13.9
Net gain on sale of property, plant and equipment	**–**	0.8
Other income from operations	**3.9**	10.5
Total financial and other income	**18.7**	27.0

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 bias towards second half earnings will be more pronounced in the 2021 financial year, given that three of the four plant turnarounds have occurred in the first half of the financial year.

6. Earnings per share

	March 2021 Cents per share	March 2020 Cents per share
Basic earnings per share	**1.9**	4.0
Diluted earnings per share	**1.9**	4.0
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**1,942,225,029**	1,609,090,014
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**1,945,595,413**	1,611,631,253

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

	March 2021 $mill	March 2020 $mill
Profit attributable to ordinary shareholders	**36.4**	64.6

7. Dividends

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

	March 2021 $000	March 2020 $000
Ordinary shares		
Final dividend of 3.4 cents per share, 30 percent franked, paid 8 January 2020 (1)	–	54,591
Total ordinary share dividends	–	54,591

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

Since the end of the half-year, the directors have determined to pay an interim dividend of 1.0 cent per share, fully franked, to be paid on 2 July 2021. The total dividend payment will be $19.4 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.

8. Issued capital

Issued capital as at 31 March 2021 amounted to $3,806.2m (1,942,225,029 ordinary shares).

Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2021

9. Equity accounted investments

Name of entity	Ownership interest
Joint ventures	
Incorporated in USA (1)	
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)	
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%
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 Servicos Para LA Construccion, S.A. de C.V.	49%

Name of entity	Ownership interest
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 operations

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 2021 has been used.

(2) Due to the contractual and decision making arrangement between the shareholders of the entity, 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 100 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 2021 has been used.

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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 2021 $mill**	September 2020 $mill
Interest bearing liabilities		**1,600.1**	1,870.3
Cash and cash equivalents		**(124.0)**	(554.6)
Fair value of derivatives	(11)	**(142.9)**	(287.0)
Net debt		**1,333.2**	1,028.7

Interest bearing liabilities

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

	March 2021 $mill	September 2020 $mill
Current		
Other loans	**5.0**	4.8
Loans from joint ventures	**15.5**	16.4
	20.5	21.2
Non-current		
Other loans	**3.9**	5.2
Fixed interest rate bonds	**1,575.7**	1,843.9
	1,579.6	1,849.1
Total interest bearing liabilities	**1,600.1**	1,870.3

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.
- AUD431.3m 7 year bond on issue in the Australian debt capital market. The bond was issued in March 2019 for AUD450m and reduced by AUD18.7m as a result of the buy-back in November 2020. The bond has a fixed rate semi-annual coupon of 4.30 percent and matures in March 2026.
- USD305.7m 10 year bond on issue in the Regulation S debt capital market. The bond was issued in August 2017 for USD400m and reduced by USD94.3m as a result of the buy-back in November 2020. The bond has a fixed rate semi-annual coupon of 3.95 percent and matures in August 2027.

Bank Facilities

In March 2021, IPL cancelled its US domiciled Syndicated Term facility (USD500m) and its Australian domiciled Syndicated Term facility (AUD122m and USD109m). Both facilities were due to mature in October 2021. These cancelled facilities were replaced by a Syndicated Term facility domiciled in Australia and consisting of two tranches: Tranche A has a limit of AUD490m and Tranche B has a limit of USD200m. The facility matures in April 2024.

As at 31 March 2021, the Group has committed undrawn financing facilities of $753.3m.

Tenor of interest bearing liabilities

The Group's average tenor of its drawn interest bearing liabilities at 31 March 2021 is 6.8 years (September 2020: 7.3 years) and the average tenor of its total debt facilities is 5.6 years (September 2020: 5.1 years).

The table below includes detail on the movements in the Group's interest bearing liabilities for the six months ended 31 March 2021:

		Cash flow		**Non-cash changes**			
	1 October 2020 $mill	**Proceeds from borrowings $mill**	**Repayments of borrowings $mill**	**Reclassification $mill**	**Foreign exchange movement $mill**	**Funding costs & fair value adjustments $mill**	**31 March 2021 $mill**
Current							
Other loans	4.8	–	(0.6)	1.3	(0.5)	–	5.0
Loans from joint ventures	16.4	–	–	–	(0.9)	–	15.5
Non-current							
Other loans	5.2	–	–	(1.3)	–	–	3.9
Fixed interest rate bonds	1,843.9	–	(150.7)	–	(74.6)	(42.9)	1,575.7
Total liabilities from financing activities	**1,870.3**	**–**	**(151.3)**	**–**	**(76.0)**	**(42.9)**	**1,600.1**
Derivatives held to hedge interest bearing liabilities	(287.0)	–	–	–	98.3	45.8	(142.9)
Debt after hedging	**1,583.3**	**–**	**(151.3)**	**–**	**22.3**	**2.9**	**1,457.2**

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 2021	**Level 1 $mill**	**Level 2 $mill**	**Level 3 $mill**
Derivative financial assets	**–**	**96.6**	**–**
Derivative financial liabilities	**–**	**(112.1)**	**–**
Investment in Equity Instrument	**–**	**–**	**3.0**

September 2020	Level 1 $mill	Level 2 $mill	Level 3 $mill
Derivative financial assets	–	132.9	–
Derivative financial liabilities	–	(158.9)	–
Investment in Equity Instrument	–	–	3.0

Other financial assets and liabilities

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

		31 March 2021		30 September 2020	
	Notes	**Asset $mill**	**Liability $mill**	Asset $mill	Liability $mill
Current					
Cash flow hedge		**34.1**	**(53.0)**	37.1	(59.6)
Fair value hedge	(10)	**–**	**–**	8.8	–
Net investment hedge		**–**	**–**	37.9	(38.1)
Held for trading (1)		**0.3**	**–**	0.2	(0.1)
Offsetting contracts (2)		**–**	**–**	(4.2)	4.2
		34.4	**(53.0)**	79.8	(93.6)
Non-current					
Cash flow hedge		**26.5**	**(42.6)**	0.8	(65.6)
Fair value hedge (3)	(10)	**159.8**	**(16.9)**	354.9	(76.7)
Net investment hedge (3)		**3.4**	**(127.1)**	75.3	(300.9)
Equity Instruments		**3.0**	**–**	3.0	–
Offsetting contracts (2)		**(127.5)**	**127.5**	(377.9)	377.9
		65.2	**(59.1)**	56.1	(65.3)
		99.6	**(112.1)**	135.9	(158.9)

(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 Consolidated 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.

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 2021 was $1,692.6m (September 2020: $1,949.2m) and was based on the level 2 valuation methodology.

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Notes to the half-year Consolidated Financial Report

For the half-year ended 31 March 2021

12. Trade working capital facilities

Trade receivables

To manage cash inflows which are impacted by seasonality and demand and supply variability, the Group has a nonrecourse receivable purchasing agreement to sell certain receivables to an unrelated entity in exchange for cash. As at 31 March 2021, receivables totalling $131.7m (30 September 2020: $115.9m & 31 March 2020: $103.1m) 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 supply chain financing. At 31 March 2021, the balance of the supply chain finance program was $225.3m (30 September 2020: $296.4m & 31 March 2020: $422.4m). 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 2021, 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 2020.

14. Events subsequent to reporting date

Since the end of the half-year, in May 2021 the directors determined to pay an interim dividend for the Company of 1.0 cent per share on 2 July 2021. The dividend is fully franked (refer to note 7 in the half-year financial report).

On 5 May 2021, the Group announced that its wholly owned subsidiary, Incitec Fertilizers Pty Ltd, had entered into a 20-year off-take agreement with Perdaman Chemicals and Fertilisers Pty Ltd (Perdaman) with a commitment to take up to 2.3 million tonnes per annum of granular urea fertiliser from Perdaman's proposed urea plant at Karratha in Western Australia. The Offtake Agreement is subject to the satisfaction of certain conditions precedent, including Perdaman obtaining financing for construction of the new plant (which in turn depends on Perdaman finalising gas supply arrangements and obtaining various environmental and other regulatory approvals for the plant). Subject to the satisfaction of the conditions precedent, construction of the plant by Perdaman is anticipated to be completed by the end of 2025.

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 2021 that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

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Directors' Declaration

The directors declare that:

1. In the opinion of the directors:

   (a) in the directors' opinion, there are reasonable grounds to believe that the Company and 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, 17 May 2021

Jeanne Johns
Managing Director & CEO

Melbourne, 17 May 2021

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

Conclusion

We have reviewed the half-year financial report of Incitec Pivot Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 March 2021, the consolidated statement 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, and the directors' declaration as set out on pages 5 to 17.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 March 2021 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2021 and 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*.

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards	Terry Ludeman
Partner	Partner
Chartered Accountants	Chartered Accountants
Melbourne, 17 May 2021	Melbourne, 17 May 2021