Appendix 4E
Preliminary Final Report

Incitec Pivot Limited

ABN 42 004 080 264

Financial Year Ended (current period)	**Previous Financial Year Ended** (previous corresponding period)
30 September 2015	30 September 2014

Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the financial year ended 30 September 2015				**$A mill**
Revenues from ordinary activities	up	$Amill 291.3 (8.7%)	to	3,643.3
Net profit for the financial year attributable to members of Incitec Pivot Limited	up	$Amill 151.5 (61.3%)	to	398.6
Profit after tax excluding individually material items attributable to members of Incitec Pivot Limited	up	$Amill 42.3 (11.9%)	to	398.6

Dividends	**Amount per security cents**	**Franked amount per security cents**
Current period		
Interim dividend	4.40	0.00
Final dividend	7.40	4.44
Previous corresponding period		
Interim dividend	3.50	2.63
Final dividend	7.30	0.73

Record date for determining entitlements to the final dividend:	23 November 2015
Payment date of final dividend:	14 December 2015

The Dividend Reinvestment Plan (the DRP) will continue to operate at nil discount. The last date to elect to participate in the DRP is 24 November 2015. In accordance with the DRP Rules, the offer price will be calculated as the arithmetic average of the daily volume weighted average market price of the Company's shares during the 10 trading days commencing on the second trading day after the record date.

	Current period	**Previous corresponding period**
Net tangible asset backing per ordinary security	$0.80	$0.85

The information should be read in conjunction with the consolidated financial report, which is set out on pages 39 to 71.

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

Conduit foreign income component:

Current period		*Previous corresponding period*	
Interim dividend		Interim dividend	
Ordinary	4.40 cents	Ordinary	0.88 cents
Final dividend		Final dividend	
Ordinary	2.96 cents	Ordinary	4.27 cents

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Annual General Meeting

The Annual General Meeting will be held as follows:

Location	The Melbourne Convention Centre Level 1, Rooms 105 and 106 1 Convention Centre Place South Wharf VIC 3006
Date	17 December 2015
Time	2.00 pm
Approximate date the annual report will be available	20 November 2015

Compliance Statement

This report has been prepared under accounting policies which comply with the Corporations Act 2001 (Cth), the Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001 (Cth).

This report uses the same accounting policies as the financial statements prepared under the Corporations Act 2001 (Cth). This gives a true and fair view of the matters disclosed. The financial report is based on accounts which have been audited.

For further information, please contact:

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Directors' Report

The directors of Incitec Pivot Limited present the directors' report, together with the financial report, of the Company and its controlled entities (the Group) for the year ended 30 September 2015 and the related auditor's report.

Directors

The directors of the Company during the financial year and up to the date of this report are:

Name, qualifications and special responsibilities	Experience
Paul Brasher BEc(Hons), FCA Non-executive Chairman Chairman of the Nominations Committee	Mr Brasher was appointed as a director on 29 September 2010. He is a non-executive director of Amcor Limited and the Deputy Chairman of the Essendon Football Club. He is also a former director of Perpetual Limited. From 1982 to 2009, Mr Brasher was a partner of PricewaterhouseCoopers (and its predecessor firm, Price Waterhouse), including five years as the Chairman of the Global Board of PricewaterhouseCoopers. Mr Brasher brings to the Board his local and global experience as a senior executive and director, particularly in the areas of strategy, finance, audit and risk management and public company governance, as well as his experience as a non-executive director of Australian companies with significant overseas operations. Directorships of listed entities within the past three years: • Director, Amcor Limited (since January 2014) • Director, Perpetual Limited (November 2009 – August 2015)
Kathryn Fagg FTSE, BE(Hons), MCom(Hons) Non-executive director Member of the Health, Safety, Environment and Community Committee Member of the Remuneration Committee	Ms Fagg was appointed as a director on 15 April 2014. Ms Fagg is a non-executive member of the Reserve Bank of Australia, and is also a non-executive director of Djerriwarrh Investments Limited and Boral Limited. She is Chair of the Melbourne Recital Centre and a non-executive director of the Breast Cancer Network of Australia. Ms Fagg was previously President of Corporate Development at Linfox Logistics Group and, prior to that, she held executive roles with BlueScope Steel and Australia and New Zealand Banking Group. Ms Fagg was also a consultant with McKinsey and Co. Ms Fagg brings to the Board extensive executive experience across a range of industries in Australia and Asia, including logistics, manufacturing, resources, banking, professional services and strategy consulting, as well as her experience in managing international subsidiaries for global businesses. Directorships of listed entities within the past three years: • Director, Boral Limited (since September 2014) • Director, Djerriwarrh Investments Limited (since May 2014)
Gregory Hayes MAppFin, GradDipACC, BA, ACA Non-executive director Chairman of the Audit and Risk Management Committee	Mr Hayes was appointed as a director on 1 October 2014. Mr Hayes is also a non-executive director of Echo Entertainment Group Limited. His prior roles include: Chief Financial Officer and Executive Director of Brambles Limited, Chief Executive Officer & Group Managing Director of Tenix Pty Ltd, Chief Financial Officer and later interim CEO of the Australian Gaslight Company (AGL), CFO Australia and New Zealand of Westfield Holdings and Executive General Manager, Finance of Southcorp Limited. Mr Hayes is an experienced executive having worked across a range of industries including energy, infrastructure and logistics. He brings to the Board skills and experience in the areas of strategy, finance, mergers and acquisitions and strategic risk management, in particular in listed companies with global operations. Directorships of listed entities within the past three years: • Director, Echo Entertainment Group Limited (since April 2015) • Director, Brambles Limited (December 2009 to October 2012)

Name, qualifications and special responsibilities	Experience
John Marlay BSc, FAICD Non-executive director Chairman of the Remuneration Committee Member of the Audit and Risk Management Committee	Mr Marlay was appointed as a director on 20 December 2006. Mr Marlay is Chairman of Cardno Limited and a non-executive director of Boral Limited. He is also the independent Chairman of Flinders Ports Holdings Limited. Mr Marlay is a former Chief Executive Officer and Managing Director of Alumina Limited, a former director of Alesco Corporation Limited, Alcoa of Australia Limited and the Business Council of Australia, the former Chairman of the Australian Aluminium Council and the former independent Chairman of Tomago Aluminium Company Pty Ltd. Mr Marlay brings extensive international experience as a public company chief executive, operational experience including in manufacturing industries as well as non-executive director experience in companies with global operations, particularly in North America. Directorships of listed entities within the past three years: • Chairman, Cardno Limited (since August 2012) and Director (since November 2011) • Director, Boral Limited (since December 2009) • Director, Alesco Corporation Limited (December 2011 to December 2012)
Rebecca McGrath BTP(Hons), MASc, FAICD Non-executive director Chairman of the Health, Safety, Environment and Community Committee Member of the Audit and Risk Management Committee Member of the Nominations Committee	Ms McGrath was appointed as a director on 15 September 2011. Ms McGrath is currently a non-executive director of OZ Minerals Limited, CSR Limited and Goodman Group. Ms McGrath is also a director of Barristers Chambers Limited and Project New Dawn Ltd and a member of the Advisory Council at JP Morgan Australia. During her 23 year career with BP plc, Ms McGrath held a number of senior roles including as Chief Financial Officer and Executive Board member for BP Australia and New Zealand. Ms McGrath is also a former director of Big Sky Credit Union Limited. Ms McGrath brings to the Board over 20 years experience in the international oil industry, senior executive experience in operations and finance, an operational and strategic understanding of occupational health and safety both as an executive and as a director and experience gained through significant exposure to manufacturing and supply chain management. Directorships of listed entities within the past three years: • Director, Goodman Group (since April 2012) • Director, CSR Limited (since February 2012) • Director, Oz Minerals Limited (since November 2010)
Graham Smorgon AM B.Juris, LLB Non-executive director Member of the Health, Safety, Environment and Community Committee Member of the Nominations Committee Member of the Remuneration Committee	Mr Smorgon was appointed as a director on 19 December 2008. Mr Smorgon is a non-executive director of Arrium Limited, Chairman of Smorgon Consolidated Investments and the GBM Group, and a Trustee of the Victorian Arts Centre Trust. His former roles include Chairman of the Print Mint Group, director of Fed Square Pty Ltd, Chairman of Smorgon Steel Group Ltd, Deputy Chairman of Melbourne Health, Director of The Walter and Eliza Hall Institute of Medical Research, Chairman of Creative Brands, Chairman of GBM Logic, and partner of law firm Barker Harty & Co, where he practised as a commercial lawyer for 10 years. Mr Smorgon has extensive experience as both an executive and public company director in industries relevant to Incitec Pivot including in resources and manufacturing. He brings to the Board skills in the areas of commercial law, public company governance and risk management. Directorships of listed entities within the past three years: • Director, Arrium Limited (since September 2007)
James Fazzino BEc(Hons) Managing Director & CEO Member of the Health, Safety, Environment and Community Committee	Mr Fazzino was appointed Managing Director & CEO on 29 July 2009. Mr Fazzino was first appointed as a director on 18 July 2005, following his appointment as Chief Financial Officer in May 2003. Before joining Incitec Pivot, he had many years' experience with Orica Limited in several business financial roles, including Investor Relations Manager, Chief Financial Officer for the Orica Chemicals group and Project Leader of Orica's group restructure in 2001. Mr Fazzino is also Chairman of the Advisory Board for LaTrobe University's Business School. Mr Fazzino brings to the Board his deep knowledge of the fertilisers and explosives industries including extensive knowledge of the global participants in these markets, as well as manufacturing experience.

Directors' Report

Company Secretary

Ms Daniella Pereira holds the office of Company Secretary.

Ms Pereira joined the Company in 2004, and was appointed Company Secretary on 31 October 2013. Prior to joining the Company, Ms Pereira practised as a lawyer with Blake Dawson (now Ashurst). Ms Pereira holds a Bachelor of Laws (with Honours) and a Bachelor of Arts.

Directors' interests in share capital

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Securities Exchange (ASX) in accordance with section 205G(1) of the Corporations Act 2001 (Cth), as at the date of this report is as follows:

Director	Fully paid ordinary shares Incitec Pivot Limited
P V Brasher[1]	60,600
K Fagg[1]	10,000
G Hayes	0
J Marlay[2]	37,926
R J McGrath[2]	18,758
G Smorgon AM[2]	13,100
J E Fazzino[1]	1,708,180

(1) Held both directly and indirectly.
(2) Held indirectly.

Further details of directors' interests in share capital are set out on page 35 of the Remuneration Report.

Principal activities

The principal activities of the Group during the course of the financial year were the manufacture, trading and distribution of fertilisers, industrial explosives and chemicals, and the provision of related services. No significant changes have occurred in the nature of these activities during the financial year.

Operating and financial review

Refer to the operating and financial review on page 5 for the operating and financial review of the Group during the financial year and the results of these operations.

Dividends

Dividends paid since the last annual report were:

Type	Cents per share	Total amount $mill	Franked/ Unfranked	Date of payment
Paid during the year				
2014 final dividend	7.3	120.8	10% franked	16 December 2014
2015 interim dividend	4.4	73.7	unfranked	1 July 2015
Paid after end of year				
2015 final dividend	7.4	124.7	60% franked	14 December 2015

Dealt with in the financial report as:	Note	$mill
Dividends	6	194.5
Subsequent event	23	124.7

Changes in the state of affairs

There have been no significant changes to the Group's state of affairs during the financial year.

Events subsequent to reporting date

Since the end of the financial year, in November 2015, the directors determined to pay a final dividend for the Company of 7.4 cents per share on 14 December 2015. The dividend is 60% franked (refer to note 6 to the financial statements).

Other than the matters reported on above, the directors have not become aware of any other significant matter or circumstance that has arisen since 30 September 2015 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' meetings

The number of directors' meetings held (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are listed below:

	Board		Audit and Risk Management		Remuneration		Nominations		Health, Safety, Environment and Community	
Director – Current [1],[2]	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
P V Brasher[3]	**11**	11			**2**	2	**2**	2		
K Fagg[4]	**11**	11			**4**	4			**4**	4
J Marlay	**11**	11	**5**	5	**6**	6				
R J McGrath	**11**	11	**5**	5			**2**	2	**4**	4
G Smorgon AM	**11**	10			**6**	6	**2**	2	**4**	4
G Hayes[5]	**11**	10	**5**	5						
J E Fazzino	**11**	11							**4**	4
Director – Former										
A C Larkin[6]	**3**	3	**1**	1						

Chairman   Member

(1) 'Held' indicates the number of meetings held during the period that the director was a member of the Board or Committee.
(2) 'Attended' indicates the number of meetings attended during the period that the director was a member of the Board or Committee.
(3) Mr Paul Brasher was appointed as a member of the Remuneration Committee on 19 December 2013 and ceased to be a member of the Remuneration Committee on 1 January 2015.
(4) Ms Kathryn Fagg was appointed as a member of the Remuneration Committee on 1 January 2015.
(5) Mr Gregory Hayes was appointed as a director on 1 October 2014, as a member of the Audit and Risk Management Committee on 2 October 2014 and as Chairman of the Audit and Risk Management Committee on 19 December 2014.
(6) Mr Anthony Larkin retired as director on 19 December 2014.

Likely developments

The Operating and Financial Review beginning at page 5 of this report contains information on the Company's business strategies and prospects for future financial years, and refers to likely developments in the Company's operations and the expected results of these operations in future financial years. Information on likely developments in the Company's business strategies, prospects and operations for future financial years and the expected results of those operations together with details that could give rise to material detriment to the Company (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) have not been included in this report where the directors believe it would likely result in unreasonable prejudice to the Company.

Environmental regulation and performance

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted including Australia, United States of America, Mexico, Chile, Canada, Indonesia, Papua New Guinea and Turkey. The Group is committed to complying with environmental legislation, regulations, standards and licences relevant to its operations.

The environmental laws and regulations generally address certain aspects and potential impacts of the Group's activities in relation to, among other things, air and noise quality, soil, water, biodiversity and wildlife.

The Group operates under a Global Health, Safety and Environment Management System which sets out guidelines on the Group's approach to environmental management, including a requirement for sites to undertake an Environmental Site Assessment.

In certain jurisdictions, the Group holds licences for some of its operations and activities from the relevant environmental regulator. The Group measures its compliance with such licences and reports statutory non-compliances as required.

Measurement of the Group's environmental performance, including determination of areas of focus and assessment of projects to be undertaken, is based not only on the actual impact of incidents, but also upon the potential consequence, consistent with Incitec Pivot's risk based focus.

During the year, the Group has continued to focus on remediation of legacy sites. Remediation works have been completed successfully at Cockle Creek in Australia and progress was also made at a number of sites in the US.

For the 2015 financial year, the Group received two fines for environmental incidents: a fine of A$5,692 in relation to a loss of containment in Australia, and a fine of US$42,614 for failure to file certain reports regarding a site in the US.

Indemnification and insurance of officers

The Company's Constitution provides that, to the extent permitted by law, the Company must indemnify any person who is, or has been, a director or secretary of the Company against any liability incurred by that person including any liability incurred as an officer of the Company or a subsidiary of the Company and legal costs incurred by that person in defending an action.

The Constitution further provides that the Company may enter into an agreement with any current or former director or secretary or a person who is, or has been, an officer of the Company or a subsidiary of the Company to indemnify the person against such liabilities.

The Company has entered into Deeds of Access, Indemnity and Insurance with officers. The Deeds address the matters set out in the Constitution. Pursuant to those deeds, the Company has paid a premium in respect of a contract insuring officers of the Company and officers of its controlled entities against liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with some exceptions. The contract of insurance prohibits disclosure of the nature of the liability insured against and the amount of the premium paid.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327B(2) of the Corporations Act 2001 (Cth).

Non-audit services

Deloitte Touche Tohmatsu has provided non-audit services to the amount of $202,700 during the year ended 30 September 2015 (refer note 22 to the financial statements).

As set out in note 22 to the financial statements, the Audit and Risk Management Committee must approve individual non-audit engagements provided by Deloitte Touche Tohmatsu above a value of $100,000, as well as the aggregate amount exceeding $250,000 per annum. Further, in accordance with its Charter, during the year the Committee has continued to monitor and review the independence and objectivity of the auditor, having regard to the provision of non-audit services. Based on the advice of the Audit and Risk Management Committee, the directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and does not compromise the external auditor's independence.

Lead Auditor's Independence Declaration

The lead auditor has provided a written declaration that no professional engagement for the Group has been carried out during the year that would impair Deloitte Touche Tohmatsu's independence as auditor.

The lead auditor's independence declaration is set out on page 37.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, the amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest one hundred thousand dollars.

Corporate Governance Statement

The Company complies with the Australian Securities Exchange Corporate Governance Principles and Recommendations 3rd Edition (ASX Principles). Incitec Pivot's Corporate Governance Statement, which summarises the Company's corporate governance practices and incorporates the disclosures required by the ASX Principles, can be viewed at www.incitecpivot.com.au/Corporate_Governance.

Operating and Financial Review

Group Overview

Incitec Pivot Limited is an industrial chemicals company that supplies fertilisers and industrial explosives products and services to the agriculture and mining industries. Through Dyno Nobel, Incitec Pivot is a leading supplier of industrial explosives and blasting services to the mining, quarrying, seismic and construction industries in North America and to the mining industry in Asia Pacific, principally Australia. Incitec Pivot Fertilisers is Australia's largest supplier of fertilisers, dispatching around 1.9 million tonnes each year for use in the grain, cotton, pasture, dairy, sugar and horticulture industries.

The Company has operations in Australia, North America, Europe, Asia, Latin America and Africa.

Incitec Pivot operates through three business units, details of which are set out in this review:

- Dyno Nobel Asia Pacific ("DNAP");
- Dyno Nobel Americas ("DNA"); and
- Fertilisers (Incitec Pivot Fertilisers ("IPF") and Southern Cross International ("SCI")).

Zero Harm

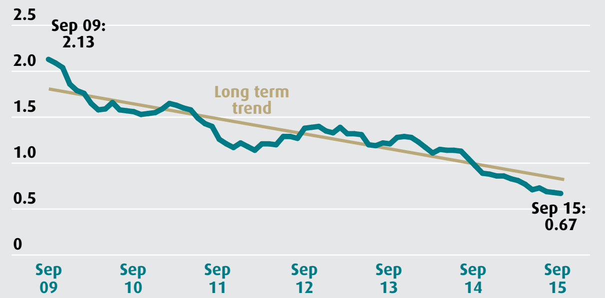
Incitec Pivot prioritises the "Zero Harm for Everyone, Everywhere" company value above all others. The Company's approach to workplace health and safety focuses on four key areas known as the '4Ps': Passionate Leadership, People, Procedures and Plant and is underpinned by the corporate commitment to continuous improvement through Business Excellence ("BEx").

Incitec Pivot has in place a fully integrated Health, Safety and Environment ("HSE") management system which provides the foundation for effective identification and management of health, safety and environmental risks.

Tragically, in May 2015 a fatality occurred in DNAP's underground operations. The Company held a global safety stand-down for all 5,500 employees in the Group to reflect on the fatality, pay tribute to their colleague and remind all personnel of the hazards they are exposed to and the risks they face in their workplace every day.

In 2012, Incitec Pivot adopted a five year Global HSE Strategy to achieve world class safety performance and have an all worker Total Recordable Injury Frequency Rate (TRIFR)[1] of less than 1.0 by 2016. For the 2015 financial year, the Company delivered a TRIFR of 0.67[2] continuing its trend of improvement and reflecting the changing safety culture within the business. As demonstrated in the chart below, the Group's safety performance as measured by TRIFR has improved by more than 65 percent in the last six years.

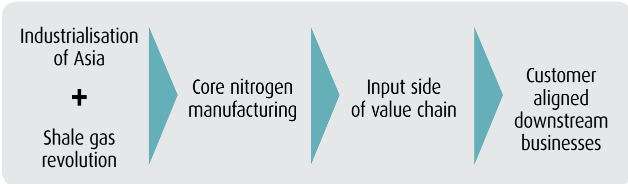
Incitec Pivot Group TRIFR – Sep 2009 to Sep 2015



Although TRIFR is improving, the Group's safety record can still be improved, as we continue to strive towards zero harm. Zero harm is possible, as it is the outcome achieved on the majority of the Group's sites every day. "Zero Harm for Everyone, Everywhere" is, and continues to be, the Group's highest priority.

Strategy

As an industrial chemicals company, Incitec Pivot's strategy is to leverage dislocations in the world's two largest economies, being the industrialisation and urbanisation of Asia and the shale gas revolution in the USA. Incitec Pivot executes its strategy by positioning itself on the input side of the value chain, leveraging core nitrogen and high explosives chemicals manufacturing expertise and servicing customers via aligned downstream businesses.



In the medium term, Incitec Pivot's growth is linked to the recovery and re-industrialisation of the United States through the DNA business and the investment in the Louisiana ammonia plant.

With the medium term growth platform set, the immediate focus for all businesses is now firmly on optimising existing manufacturing assets, improving productivity and executing strategies to maximise returns. BEx, Incitec Pivot's globally integrated continuous improvement system, aims to drive sustainable and ongoing business efficiency and productivity through an empowered and engaged workforce.

Louisiana Ammonia Plant

On 17 April 2013, Incitec Pivot announced an investment of $US850m to build an 800,000 metric tonne per annum ammonia plant in Louisiana, USA ("WALA"). The project is approximately 90 percent complete with construction and costs on track. Production is anticipated to commence in the third quarter of the 2016 calendar year and the key business case financial metrics remain intact. From late 2016, the project will drive significant earnings growth in DNA by capturing the US ammonia manufacturing margin.

In the past year, $256.4m of growth capital has been allocated toward the project. All major structures were completed, including the ammonia tank, the cooling tower, various steel plant structures and the control room. The installation and alignment of the reformers, absorber and compressors were completed and 85 percent of all piping is in place. More than 60 percent of electrical cable has been installed and the main control system was installed and is going through field check-out. The ammonia pipeline was charged and rail and barge load out facilities have been completed.

(1) TRIFR is expressed as the number of recordable injuries per 200,000 hours worked.
(2) Subject to finalisation of the classification of any pending incidents.

Stage 1 of the truck load out facility is completed and stage 2 work is underway. The turnover and commissioning team is on site. Cooling tower and water treatment plant pre commissioning activities are underway and the natural gas feed line has been flushed and cleaned. The DNA operations team is in place and training is progressing to plan.

Cumulative capital expenditure on the plant to 30 September 2015 was approximately $US634m. Full year 2016 capital expenditure is expected to be $US216m, bringing the total project cost to $US850m upon completion. In addition, interest will be capitalised during construction.

Business Excellence ("BEx")

BEx is Incitec Pivot's continuous improvement system. Through BEx, the Company is building a culture of continuous improvement within its businesses, which will support productivity improvements, the focus on Zero Harm and the furtherance of sustainability initiatives. BEx is strongly aligned to Incitec Pivot's corporate values and has lean principles at its core – it is about eliminating waste in all its forms.

BEx has completed its third full year and has been implemented in a comprehensive manner in most areas and regions of the business. Through investing in the Group's people and empowering them to drive productivity from the ground up, the benefits of BEx in changing the way the Group conducts its business operations are becoming visible.

Group Financial Performance Review

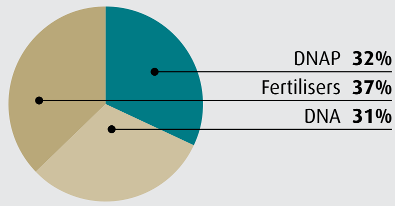
Incitec Pivot has delivered profit growth in the face of challenging markets. Strong financial discipline coupled with BEx, continues to drive efficiency, productivity gains and earnings growth.

	Year Ended 30 September		
INCITEC PIVOT GROUP FINANCIAL PERFORMANCE	**2015 $Amill**	**2014 $Amill**	**Change %**
Sales revenue	3,643.3	3,352.0	9%
EBITDA ex IMIs(1)	825.6	742.7	11%
EBIT ex IMIs(2)	576.5	519.4	11%
NPAT ex IMIs(3)	398.6	356.3	12%
IMIs	–	(109.2)	
NPAT attributable to shareholders	398.6	247.1	61%
Business Segment EBIT			
Dyno Nobel Asia Pacific ("DNAP")	192.7	203.3	(5%)
Dyno Nobel Americas ("DNA")	181.7	165.7	10%
Intercompany Elimination	1.6	1.5	
Explosives	**376.0**	**370.5**	**1%**
Southern Cross International ("SCI")	174.9	79.6	120%
Incitec Pivot Fertilisers ("IPF")	50.3	103.7	(51%)
Intercompany Elimination	(1.1)	0.1	
Fertilisers	**224.1**	**183.4**	**22%**

(1) EBITDA ex IMIs = Earnings Before Interest, Tax, Depreciation and Amortisation, excluding Individually Material Items ("IMIs").
(2) EBIT ex IMIs = Earnings Before Interest, Tax, excluding IMIs.
(3) NPAT ex IMIs = Net Profit After Tax attributable to shareholders of Incitec Pivot, excluding IMIs.

FY15 EBIT by Segment

Incitec Pivot Limited



Net Profit After Tax excluding Individually Material Items ("NPAT ex IMIs") increased by 12 percent, or $42.3m to $398.6m (2014: $356.3m), largely reflecting strong manufacturing performance at Phosphate Hill and the benefit of the lower $A.

Group sales revenue increased by nine percent, or $291.3m, to $3,643.3m (2014: $3,352.0m). Fertiliser revenue was higher, reflecting the positive impact of the higher $A global fertiliser prices and stronger production from Phosphate Hill. Explosives revenue was higher, driven primarily by sales growth to customers of the Moranbah ammonium nitrate plant ("Moranbah") and the translation benefit of the lower $A on DNA's $US revenues.

The Explosives business was resilient in challenging markets. DNA explosives $A EBIT increased due to a favourable foreign exchange translation. Overall, DNA's $US EBIT declined due to lower global commodity prices impacting profit from fertiliser sales and lower earnings from the Coal and Metal & Mining ("M&M") segments. Partially offsetting these negatives were the benefits of growth in Quarry & Construction ("Q&C") segment, price improvements and efficiencies generated by BEx. DNAP earnings contracted due to mine closures, customer cost reduction and efficiency programs, services margins and insourcing at some mines, only partially offset by earnings growth from Moranbah. Moranbah produced strongly against nameplate capacity producing 320kt.

The Fertilisers business delivered strong EBIT growth. The lower $A and stronger manufacturing performance at Phosphate Hill contributed to significant earnings growth, which was partially offset by higher gas costs for the period. Distribution margins have declined predominantly due to competitive forces and seasonal impacts on margins, timing of urea purchases and reduced production volume from the Gibson Island plant, which is now in its fifth and final year of its five year operating campaign. Phosphate Hill and Mt Isa produced at record rates in 2015, with production of 1,043kt of ammonium phosphates.

A detailed analysis of the performance of each business segment is provided on the following pages.

Group Financial Position Review

Incitec Pivot's Balance Sheet at 30 September 2015 reflects the ongoing financial discipline throughout the business.

INCITEC PIVOT GROUP	Year Ended 30 September 2015 $Amill	2014 $Amill	Change $Amill
Balance Sheet			
Trade Working Capital – Fertilisers	(161)	(136)	(25)
Trade Working Capital – Explosives	169	197	(28)
Net property plant and equipment	4,004	3,511	493
Intangible assets	3,346	2,992	354
Environmental & restructure provisions	(112)	(113)	1
Tax liabilities	(530)	(360)	(170)
Net other liabilities	(739)	(204)	(535)
Net Debt(1)	(1,289)	(1,480)	191
Net Assets	**4,688**	**4,407**	**281**
Equity	**4,688**	**4,407**	**281**
Balance Sheet Key Performance Indicators			
Net tangible assets per share ($)	0.80	0.85	
Fertilisers – Average TWC % Rev(2)	0.8%	1.4%	
Explosives – Average TWC % Rev(2)	11.1%	12.2%	
Group – Average TWC % Rev(2)	6.9%	8.0%	
Financing Key Performance Indicators			
Operating cash flow	$756.2	$535.2	$221.0
Interest cover (times)(3)	9.7x	9.1x	
Net Debt/EBITDA (times)(1),(4)	1.6x	2.0x	

(1) 'Net Debt' aggregates interest bearing liabilities plus the fair value of derivative instruments in place economically to hedge the Group's interest bearing liabilities, less available cash and cash equivalents.
(2) Average TWC % Rev = 13 month average trade working capital/Annual Revenues.
(3) Interest cover = 12 month rolling EBITDA excluding IMIs/net interest expense.
(4) Net Debt/EBITDA is based on Net Debt at point in time/last 12 month historical EBITDA excluding IMIs.

Operating cash flow increased by 41 percent or $221.0m to $756.2m (2014: $535.2m) driven by strong growth in EBITDA and reduction in Trade Working Capital ("TWC"). TWC decreased by $53m from 30 September 2014 to $8m, primarily due to improved stock turns leading to lower inventory levels and the timing of fertiliser imports, partially offset by the impact of foreign exchange on $US balances. The Group's lower average 13 month TWC as a percentage of the Group's annual revenues reflected Incitec Pivot's continuous focus on efficient cash management, driven by BEx.

Net property, plant and equipment increased by $493m to $4,004m from 30 September 2014. The significant items in this movement include capital expenditure on WALA of $A256.4m (2014: $388.4m), sustenance capital expenditure of $100.0m (2014: $256.9m), a positive foreign currency translation of non $A denominated assets of $317.1m and depreciation of $219.4m.

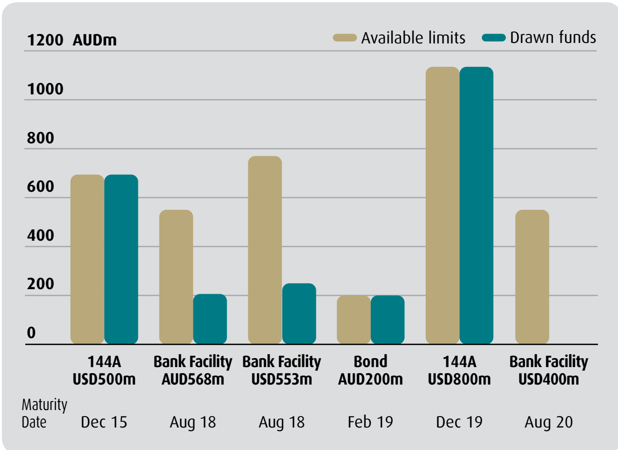
The intangible assets balance increased by $354m due to a positive translation of foreign currency denominated intangible assets ($378.5m), partially offset by amortisation of intangibles ($29.7m).

Environmental and other provisions were in line with the prior year at $112m (2014: $113m).

Tax liabilities increased by $170m to $530m (2014: $360m) primarily due to the impact of foreign exchange movements on $US tax liabilities, the difference between tax and accounting depreciation rates related to capital spend and the recoupment of US chemical credits.

Net other liabilities increased by $535m from September 2014, largely due to unfavourable market value movements of derivative hedging instruments (offsetting the foreign exchange movements in $US net assets) and movements in the retirement benefit obligations, partially offset by the positive translation benefit of equity accounted investments.

The chart below illustrates the tenor and diversity of the Company's debt book, with funding secure throughout the construction phase of the Louisiana ammonia plant.



At 30 September 2015, Incitec Pivot's net debt was $1.3bn (2014: $1.5bn), with committed headroom available of $2.1bn (2014: $1.5bn), representing the $1.5bn undrawn syndicated bank facility and cash on hand at 30 September 2015.

Two new syndicated facility agreements ("SFA") were put in place during the year, a three year $A and $US facility and a five year $US facility. The new SFA will be used to repay the US$500m 144A bond which matures in December 2015.

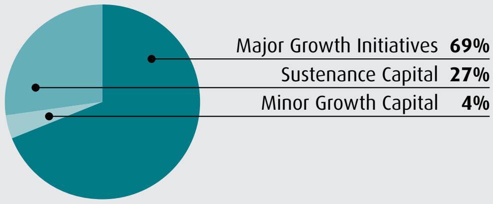
The Net Debt/EBITDA result of 1.6 times (2014: 2.0 times) remains within the target range of ≤2.5 times, notwithstanding the current investment being made in WALA. Interest cover improved over the 12 months, up to 9.7 times (2014: 9.1 times).

Investment of Capital

Incitec Pivot's capital allocation process is centralised and overseen by the Corporate Finance and Strategy & Business Development functions. Capital is invested on a prioritised basis and all submissions are assessed against Incitec Pivot's risk, financial, strategic and corporate governance criteria. Capital is broadly categorised into major growth initiatives, minor growth capital and sustenance capital. In line with the strategy, major growth initiatives continue to receive the vast majority of the Company's growth capital.

INCITEC PIVOT GROUP	Year Ended 30 September 2015 $Amill	2014 $Amill	Change $Amill
Capital Expenditure			
Major growth initiatives	256.4	388.4	(132.0)
Minor growth capital	16.4	17.1	(0.7)
Sustenance capital	100.0	256.9	(156.9)
Total Capital	**372.8**	**662.4**	**(289.6)**

FY15 Capital Spend Allocation



Major growth initiatives of $256.4m represents the investment into the build of WALA in 2015. Minor growth capital of $16.4m (2014: $17.1m) was tightly controlled given the capital funding being channelled into WALA. Sustenance capital in 2015 was $100.0m, with the major items being the St Helens turnaround and control system upgrade, completion of the new Phosphate Hill gypsum cell and preparatory work for the 2016 Gibson Island ("GI") turnaround. Sustenance spend will vary annually according to the turnaround work completed in each year. Following significant turnaround activity and spend in 2014, the 2015 turnaround schedule was considerably lighter than an average year.

Shareholder Returns & Dividends

Earnings per share excluding IMIs ("EPS ex IMIs") increased ten percent to 23.8cps (2014: 21.7cps).

	Year Ended 30 September		
INCITEC PIVOT GROUP	2015 cents per share	2014 cents per share	Change %
Shareholder Returns			
EPS ex IMIs[(1)]	23.8	21.7	10%
EPS	23.8	15.0	59%
Dividend per share[(2)]	11.8	10.8	9%

(1) EPS ex IMIs = Earnings Per Share, excluding IMIs.
(2) Dividend declared in respect of the financial year.

Since the end of the financial year, in November 2015, the directors determined to pay a final dividend for the Company of 7.4 cents per share on 14 December 2015. The dividend is 60 percent franked. This brings the total dividend in respect of the 2015 financial year to 11.8 cents per share. The dividend represents a payout ratio of 50 percent.

IPL will maintain its dividend reinvestment plan ("DRP"). No discount will be applied in determining the offer price under the DRP. This will be executed in a manner that ensures there will be no dilutive effect.

Company Outlook

BEx will continue to deliver benefits in 2016. The quantum of benefits in any one year is difficult to predict. A net benefit of at least $25m is the goal.

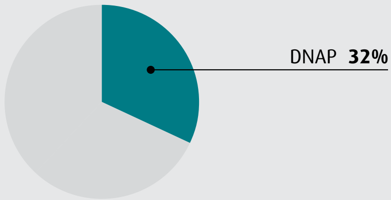
Corporate costs for 2016 are expected to remain in the range of $22m to $24m.

2016 net borrowing costs are expected to be approximately $90m assuming a slight increase in US interest rates, capitalisation of interest related to WALA ceasing in the third calendar quarter of 2016 and the $US500m 144A bond being repaid from existing bank facilities. The full year effective tax rate is expected to be approximately 22 to 24 percent.

The business units' outlook commentary follows within the respective business performance overviews.

Dyno Nobel Asia Pacific

FY15 EBIT Contribution – DNAP



Overview

Dyno Nobel Asia Pacific ("DNAP") is a leading supplier of industrial explosives and blasting services to the mining industry across Australia, Indonesia and Papua New Guinea ("PNG"). In particular, DNAP supplies industrial explosives and blasting services to surface and underground miners in the thermal coal, metallurgical coal, iron ore and other mining sectors. DNAP is the second largest explosives supplier in Australia – the third largest explosives market in the world.

Strategy

DNAP's strategy is to invest in capability to maximise returns across markets directly linked to the industrialisation of Asia.

	Year Ended 30 September		
FINANCIAL SUMMARY – DNAP	2015 $Amill	2014 $Amill	Change %
Revenue	910.8	897.0	2%
EBIT	192.7	203.3	(5%)

Performance

Overall DNAP's EBIT was down $10.6m or five percent to $192.7m (2014: $203.3m). The DNAP business faced some significant headwinds in 2015, with customer mine closures and customers continuing their cash flow optimisation focus and looking to drive down costs through efficiency programs. Earnings from Moranbah grew in 2015, in line with production growth. In addition, Indonesian earnings declined due to challenging market conditions.

Market Summary

Total ammonium nitrate ("AN") sales volumes were up five percent in 2015. Across all Australian markets, cost focused customers changed blasting patterns (slightly reducing explosives intensity), moved to lower cost products, closed mines, increased services productivity and insourced services at some sites. Australia will continue to be a challenging market with impending over capacity of regionally produced AN.

Coal (East Coast including Moranbah)

Coal region sales accounted for 58 percent of total AN sales, with growth of four percent over 2014. With similar weather conditions to the previous year and a small increase in production, Bowen Basin AN volumes grew modestly. Moranbah ran well, producing 320kt of ammonium nitrate against a nameplate capacity of 330kt.

Iron Ore (Western Australia ("WA"))

Iron Ore sales accounted for 25 percent of the AN volumes, with an increase of six percent over 2014. Despite the volume increase, earnings in this region contracted as growth from increased volume was more than offset by the negative earnings impact of existing customers' cost reduction activities.

Hard Rock & Underground(1)

Hard Rock & Underground sales accounted for 10 percent of the AN volumes in this period. AN volumes were 15 percent higher for the year, due to increased mining by customers in PNG and the WA goldfields. Many Australian customers in this segment continue to focus on cash flow optimisation and reducing mining costs by closing mines, mining higher grade pits where possible, processing stockpiles and scaling back development of underground block caving operations.

Indonesia(1)

Indonesia accounted for seven percent of the AN volumes. In the year, volumes grew modestly as a result of some one-off spot sales and stronger than usual volumes with several customers due to a longer dry season than normal.

Nitromak

Nitromak is a Turkish subsidiary, acquired as part of the Dyno Nobel acquisition in 2008. Nitromak earnings held reasonably constant in 2015. Given regional instability and increased competition in the Turkish explosives market, this is a solid result in a challenging market.

Outlook

Australia will continue to be a challenging explosives market due to sustained low commodity prices, limited demand growth and the impending over capacity of regionally produced AN. It is expected that customers will continue to review the viability of high cost mining operations, continue their cash flow optimisation focus and look to drive down their costs through efficiency programs. Product and services margins will continue to be challenged in 2016.

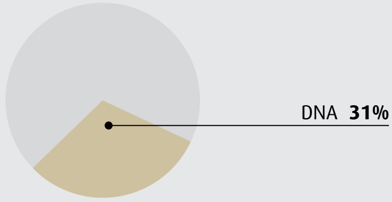
Arrow, a party to the joint venture that supplies gas to the Moranbah plant, has stated that the gas supply reduction at Moranbah is not expected to persist beyond calendar year 2016. While noting the uncertainty as to the extent of the supply reduction and its impacts, the impact for financial year 2016 if there were to be a sustained and consistent 20 percent reduction in gas supply over the 12 month period, is estimated to be in the order of $22m NPAT.

Consistent with soft global mining markets, the Turkish and Indonesian explosives markets are both challenging. DNAP's earnings from Indonesia are expected to decline in 2016 and Nitromak earnings are expected to be flat in 2016.

(1) In previous Annual Reports, DNAP's PNG volumes were in the 'Indonesia and PNG' segment. DNAP's PNG volumes are now included in the 'Hard Rock and Underground' segment, as the PNG market is predominantly Hard Rock and Underground mining.

Dyno Nobel Americas

FY15 EBIT Contribution – DNA



DYNO
Dyno Nobel

Overview

Dyno Nobel Americas ("DNA") is a leading supplier of industrial explosives and blasting services to the mining, quarrying and construction industries. DNA is a market leader in North America – the largest explosives market in the world. DNA also includes earnings from industrial explosives products and services sold to customers in Latin America and initiating systems and related products globally.

Additionally, DNA supplies nitrogen based products to several agricultural and industrial chemical markets in North America.

Strategy

DNA's strategy is to produce improved and sustainable earnings by leveraging established infrastructure, brand and channel strategies, as well as to capitalise on industry size to build scale and expertise which can be deployed into other markets.

	Year Ended 30 September		
FINANCIAL SUMMARY – DNA	2015 $mill	2014 $mill	Change %
$Am			
Revenue	1,268.7	1,205.2	5%
EBIT	181.7	165.7	10%
$USm			
Revenue	996.1	1,109.9	(10%)
EBIT	141.1	152.8	(8%)

Performance

DNA's $A EBIT increased $16.0m or 10 percent to $181.7m (2014: $165.7m) due to the weaker $A. DNA's $US EBIT decrease of $11.7m or eight percent to $141.1m (2014: $152.8m) was primarily due to lower fertiliser prices negatively impacting revenue in the North American agricultural business and slightly lower earnings in the explosives business.

DNA's EBIT decline was due to the impact of challenging markets, with reduced coal and metals volumes due to lower demand in coal and mining markets and the closure of Canadian iron ore and metallurgical coal mines. DNA again delivered strong volume growth in the Q&C market and is placed well for the continued recovery of this market. The net sales volume reduction combined with an increase in purchased ammonia costs and the unfavourable translation impact of the weaker Canadian dollar negatively impacted $US earnings in the period. These negatives were partially offset by improved margins driven by a combination of price increases and product and customer mix improvements, and benefits gained through BEx.

The DNA Agriculture & Industrial Chemicals ("Ag&IC") business was negatively impacted by the lower realised fertiliser prices.

The negative impact of lower production due to the turnaround and controls system upgrade at St Helens (commenced September 2015) was offset by BEx efficiency gains throughout the year.

Market Summary

Quarry & Construction ("Q&C")

Q&C accounted for 23 percent of total AN volume. Q&C volumes are driven by the public construction, residential and non-residential construction industries. Overall, sales volumes were up 11 percent, with growth concentrated in the western and southern states. The growth was driven by industrial construction, state infrastructure spending and related activity. DNA remains well positioned for the continued recovery in this market.

Coal

Coal accounted for 48 percent of total AN volumes. Sales volumes were down 22 percent, reflecting the closure of a Canadian metallurgical coal customer, continued deterioration of the Appalachian region, lost business in the Illinois Basin and a negative seasonal impact to volumes into the Powder River Basin.

Metals & Mining ("M&M")

M&M accounted for 29 percent of total AN volumes. Sales volumes were down 19 percent, due to the impact of mine closures (Canadian iron ore), reduced seismic activity, miners' cost efficiency programs and some lost business in eastern Canadian iron ore. Customers' cost efficiency programs are driving reduced mining operating spend, cuts to capital expenditure and mining operations' concentration on high grade pits.

Outlook

Market conditions in Coal and M&M are expected to continue to be challenging in 2016. The remaining impact of the 2014 contract wins and losses will flow into 2016. Q&C market growth is forecast to be approximately five percent. A net negative volume impact of approximately five percent is likely in 2016, albeit with a positive mix of Q&C growth. With North American and global mining markets challenged, initiating systems volumes are expected to be weaker in 2016.

Ag&IC production volumes are expected to be in line with 2015 as St Helens will remain offline during October and early November for the completion of the planned maintenance turnaround and control system upgrade.

WALA is expected to be commissioned in the third quarter of calendar 2016. WALA is expected to deliver DNA earnings growth post commissioning.

EBIT Sensitivities

The table below shows the sensitivities associated with the DNA business:

	Sensitivity (per annum)
DNA: Urea (NOLA FOB)[1]	+/-$US10/st = +/-$US1.8m
DNA: Forex – translation of Explosives earnings[2]	+/- 1 cent = -/+$A2.3m

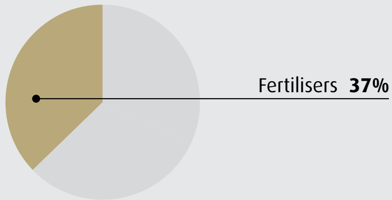
Assumptions:

(1) 180,000 short tonnes (DNA urea equivalent actual FY15 production) urea equivalent sales.

(2) Based on 2015 US dollar denominated EBIT and the 2015 average exchange rate of $A/$US0.7868 (representing the average exchange rate in the twelve month period ended 30 September 2015).

Fertilisers (Incitec Pivot Fertilisers and Southern Cross International)

FY15 EBIT Contribution – IPF & SCI



Overview

Southern Cross International ("SCI") sells manufactured fertiliser in Australia, and actively markets its product in offshore markets such as South East Asia and Latin America, via Quantum Fertilisers, an Incitec Pivot subsidiary. In addition, SCI sells manufacturing by-products and fertiliser products into non-Agricultural markets through its Industrial Chemicals business.

Incitec Pivot Fertilisers ("IPF") is Australia's largest supplier of fertilisers, dispatching around 1.9 million tonnes each year for use in the grain, cotton, pasture, dairy, sugar and horticulture industries. Bulk and packaged fertiliser products are distributed to farmers through a network of more than 200 business partners and agents. IPF supports farmers in eastern Australia, from tropical fruit growers in north Queensland to dairy producers in Tasmania, and sources fertilisers from the Group's GI plant, Geelong and Portland single superphosphate ("SSP") plants, SCI and imports. IPF also manufactures various industrial chemical products used in water treatment, process manufacturing and other industrial applications.

Strategy

The Fertilisers strategy is to maximise value by leveraging asset positions and alternative channels to market to maximise returns and reduce volatility in earnings.

	Year Ended 30 September		
FINANCIAL SUMMARY – FERTILISERS	2015 $Amill	2014 $Amill	Change %
SCI			
Revenue	755.2	542.8	39%
EBIT	174.9	79.6	120%
IPF			
Revenue	1,034.5	953.2	9%
EBIT	50.3	103.7	(51%)

Performance

SCI's EBIT increased by $95.3m or 120 percent to $174.9m (2014: $79.6m). A number of factors contributed to SCI's strong result:

- The benefit of the lower $A compared to prior year, and a slightly stronger global di-ammonium phosphate ("DAP") price.

- Phosphate Hill and Mt Isa plants ran at record rates, producing 1,043kt of ammonium phosphates in 2015. The combination of reliable production post the 2014 turnaround and BEx-driven initiatives to debottleneck and improve plant uptime, has led to the strong manufacturing performance. The plants have now run reliably producing at or near nameplate levels for the 15 months post the May/June 2014 turnaround. Reliability and efficiency of these two plants remains a key focus for the manufacturing teams.
- Industrial & Trading EBIT decreased as a result of reduced revenue due to falling global urea prices, lower sales volumes of sulphuric acid and ammonia. Quantum's EBIT decreased by $2.7m to $1.0m. Earnings in Quantum can vary year to year depending on trading volumes and East Asian market conditions.

IPF's EBIT decreased by $53.4m or 51 percent to $50.3m (2014: $103.7m). IPF's EBIT was negatively impacted by lower production from GI and a contraction in distribution margins. GI operated at approximately 85 percent of capacity as the plant is in the final year of its current five year operating campaign. This resulted in lower earnings due to the negative impacts on revenue and absorption costing from lower production. The next turnaround is scheduled for March 2016, where the goal is to restore the plant to at or above 90 percent of nameplate capacity.

Distribution margins have contracted due to:

- Lower BigN sales into the Northern NSW and Queensland cotton markets, due to drought conditions in those regions.
- The long urea market position at the start of the year due to the abrupt end to the winter crop top dress in 2014.
- Timing of urea purchases leading into the 2015 winter crop top dress season, leaving IPL with a slightly higher cost stock position.
- Competitive market pressures and changing market buying patterns driving margins lower in bulk commodity fertilisers.

Market Summary

Summer Crop

Overall, summer crop volumes were down one percent in 2015. Strong sales growth into the sugar markets was offset by volume contraction into cotton and sorghum markets. In the non-irrigated cotton regions of NSW and Southern Queensland, sales volumes were approximately 17 percent down on the prior year due to drought in those regions.

Pasture & Dairy

Volumes in this segment were up three percent in 2015 as a result of favourable weather conditions and some early pasture planting due to the expectation of dry El Nino conditions in spring and summer.

Winter Crop

Volumes sold into the winter crop market were up six percent in 2015, due to generally favourable early season cropping conditions for most winter cropping zones on the East Coast of Australia.

Outlook

Given the potential material impact of movements in fertiliser prices and foreign exchange markets on the Group result, the Fertiliser business does not provide price forecasts. The domestic market outlook is being significantly influenced by a very hot, dry spring and the growing probability of a significant El Nino event in 2016 producing continuing dry conditions. At this early stage, IPF distribution margins are expected to partially recover in 2016 and distribution volumes are expected to be similar to 2015 (subject to reasonable weather patterns and farm economics).

GI is expected to continue to produce at 85 percent of capacity through to the planned turnaround scheduled to start in March 2016. The plant is expected to be back online mid-April with the goal of producing at or above 90 percent of nameplate capacity post the turnaround. 2016 is a full production year for Phosphate Hill, with a nameplate production of 950kt. Higher prices for contracted gas at Phosphate Hill will have a negative cost impact of approximately $25m in the 2016 financial year. For further details on input cost risks, refer to the Principal Risks section.

The Group has hedged 90 percent of its estimated first half 2016 $US price linked fertiliser sales at a rate of $0.77, with full participation in downward rate movements.

EBIT Sensitivities

The sensitivities shown below have been calculated based on the 2015 achieved DAP and urea prices, at an average foreign exchange rate between $A/$US of $0.7868 (representing the average exchange rate in the 12 month period ended 30 September 2015), and actual 2015 urea and DAP produced and sold.

	Sensitivity (per annum)
IPF: Urea – Middle East Granular Urea (FOB)(1)	+/-$US10/t = +/-$A4.6m
SCI: DAP – Di-Ammonium Phosphate Tampa (FOB)(2)	+/-$US10/t = +/-$A13.3m
Forex – transactional (DAP & Urea)(3)	+/- 1 cent = ($A9.6m)/$A9.8m

Assumptions:

(1) 360kt (Gibson Island Fertiliser actual FY15 production) urea equivalent sales at 2015 realised price of $US308/t and the 2015 average exchange rate of $A/$US0.7868.

(2) 1,046kt (Phosphate Hill actual FY15 tonnes sold) DAP sales at a 2015 realised price of $US466/t and the 2015 average exchange rate of $A/$US0.7868.

(3) DAP & urea volumes and FOB price based on assumptions (1) and (2) (excludes impact of hedging).

Principal Risks

Set out below are the principal risks and uncertainties associated with Incitec Pivot's business and operations. These risks, which may occur individually or concurrently, could significantly affect the Group's business and operations. There may be additional risks unknown to Incitec Pivot and other risks, currently believed to be immaterial, which could become material. In addition, any loss from such risks may not be recoverable in whole or in part under Incitec Pivot's insurance policies. The treatment strategies do not remove the risks, but may in some cases either partially or fully mitigate the exposure.

The Group's process for managing risk is set out in the Corporate Governance Statement (Principle 7: Recognise and manage risk).

Risk	Description and potential consequences	Treatment strategies employed by Incitec Pivot include:
General Economic and Business Conditions		
Changing global economic and business climate	The current global economic and business climate and any sustained downturn in the North American, South American, Asian, European or Australian economies may adversely impact Incitec Pivot's overall performance. This may affect demand for fertilisers, industrial chemicals, industrial explosives and related products and services, and profitability in respect of them.	• Diversification across explosives and fertilisers markets in numerous geographical locations helps spread exposures. • BEx provides long term sustainable competitiveness and business fluidity, through its focus on continuous improvement in productivity and efficiency. • Continuous review and management of country specific risks.
Commodity price risks	Pricing for fertilisers, certain industrial chemicals and ammonium nitrate are linked to internationally traded commodities (e.g. urea, DAP, ammonia); price fluctuations in these products could adversely affect Incitec Pivot's business. The pricing of internationally traded commodities is based on international benchmarks and is affected by global supply and demand forces. Weaker hard and soft commodity prices (particularly coal, iron ore, gold, corn, wheat, cotton and sugar) could have an adverse impact on the Group's customers and has the potential to impact the customers' demand, impacting volume and market prices.	• The Group seeks to maintain low cost positions in its chosen markets, which helps its business units to compete in changing and competitive environments. • Sales and operations planning ("S&OP") process helps inventory management to minimise profit in stock risk. • Incitec Pivot Fertilisers employs "value at risk" and "earnings at risk" frameworks. This allows the business to manage its short and medium term exposures to commodity price fluctuations while taking into account its commercial obligations and the associated price risks. • To ensure volume and price commitments are upheld, the Group works with its customers and enforces customer supply contracts. • Where commodity price exposures cannot be eliminated through contracted and/or other commercial arrangements, the Group may enter into derivative contracts where available on a needs basis, to mitigate this risk. However, in some instances price risk exposure cannot be economically mitigated by either contractual arrangements or derivative contracts.
External financial risk	The appreciation or depreciation of the Australian dollar against the US dollar may materially affect Incitec Pivot's financial performance. A large proportion of Incitec Pivot's sales are denominated either directly or indirectly in foreign currencies, primarily the US dollar. In addition, Incitec Pivot also borrows funds in US dollars, and the Australian dollar equivalent of these borrowings will fluctuate with the exchange rate. Other financial risks that can impact Incitec Pivot's earnings include the cost and availability of funds to meet its business needs, compliance with terms of financing arrangements and movements in interest rates.	• Incitec Pivot's capital management strategy is aimed at maintaining an investment grade credit profile to allow it to optimise the weighted average cost of capital over the long term while maintaining an appropriate mix of US dollar and Australian dollar debt, provide funding flexibility by accessing different debt markets and reduce refinance risk by ensuring a spread of debt maturities. A detailed discussion of financial risks is included in note 14 (Financial Risk Management). • Group Treasury undertakes financial risk management in accordance with policies approved by the Board. Hedging strategies are adopted to manage, to the extent possible and appropriate, currency and interest rate risks. • As part of the S&OP process, the IPF business employs an "earnings at risk" framework. This model provides guidance in determining the amount of sales contracts and derivatives used to allow the business to reduce and optimise its short and medium term exposures to currency movements to acceptable levels.

Risk	Description and potential consequences	Treatment strategies employed by Incitec Pivot include:
Industry structure and competition risks	Incitec Pivot operates in highly competitive markets with varying competitor dynamics and industry structures. The actions of established or potential competitors could have a negative impact on sales and market share and hence the Group's financial performance. The balance between supply and demand of the products that Incitec Pivot manufactures and sells can greatly influence prices and plant utilisation. The structural shift in the North American power sector, which has seen a movement away from coal-fired energy production and towards natural gas, has placed increasing pressure on the returns enjoyed by existing customers (therefore giving rise to increased cost pressure on inputs to their supply) as well as resulting in reduced demand for their outputs. Reduced demand for steel inputs (iron ore and metallurgical coal) can lead to a decrease in demand for explosives in these industries. The Fertilisers business operates in distribution and manufacturing markets competing against manufacturers with lower input costs and potentially having regulatory and economic advantages. A competitive market may also lead to the loss of customers, which may negatively impact earnings.	• Incitec Pivot seeks to maintain competitive cost positions in its chosen markets, whilst maintaining quality product and service offerings. This focus on cost and quality assists its business units compete over the medium to longer term in changing and competitive environments. • Where practical, Incitec Pivot prefers to engage in long term customer and supply contractual relationships. • Pricing and risk management processes exist in all businesses.
Customer risks	Incitec Pivot has strong relationships with key customers for the supply of products and services. These relationships are fundamental to the Group's success, and the loss of key customers may have a negative impact on Incitec Pivot's financial performance. This is particularly relevant in the Explosives business where supply contracts tend to be longer term and significant high value customers are represented. Customers' inability to pay their accounts when they fall due, or inability to continue purchasing from the Group due to financial distress, may expose the Group to customer credit risks.	• Where practical, for high value customers in the Explosives businesses, Incitec Pivot prefers to engage in long term customer contractual relationships. • The Group endeavours to diversify its customer base, to reduce the potential impact of the loss of any single customer. • Sales and customer plans are developed in line with the business strategy. • The Group manages customer credit risks by establishing credit limits by customer, as well as monitoring and actively managing overdue amounts within policy guidelines.
Product quality and/ or specification risk	Incitec Pivot manufactures or procures product to specific customer and industry specifications and statutory parameters. The Group is exposed to financial and reputational risk if these standards, requirements and parameters are not met.	• Incitec Pivot operates and manufactures products using detailed quality management systems. Quality Assurance plans are in place for manufactured products intermediaries, procured products and raw materials. • Certificates of Analysis are provided for bulk shipments of fertiliser into export markets.
Over supply of AN in Australia and North America	New ammonium nitrate ("AN") capacity has recently been or is soon to be introduced in both the DNAP and DNA geographic regions. In both instances, the markets are predominantly domestically supplied and the new capacity may create a supply/demand imbalance. Over supply may result in margin erosion as there is an increased likelihood of lost customers and downward price pressure.	• Where practical, for high value customers in the explosives businesses, Incitec Pivot prefers to engage in long term customer contractual relationships. • Incitec Pivot seeks to maintain competitive cost positions in its chosen markets, whilst maintaining quality product and service offerings. • Planning, pricing and risk management processes are in place to ensure there is an appropriate balance between value versus volume.

Risk	Description and potential consequences	Treatment strategies employed by Incitec Pivot include:
Operational Risks		
Production, transportation and storage risks	Incitec Pivot operates 17 key manufacturing and assembly sites and is exposed to operational risks associated with the manufacture, transportation and storage of fertilisers, AN, initiating systems, industrial chemicals and industrial explosives products. Incitec Pivot's manufacturing systems are vulnerable to equipment breakdowns, energy or water disruptions, natural disasters and acts of God, unforeseen human error, sabotage, terrorist attacks and other unforeseen events which may disrupt Incitec Pivot's operations and materially affect its financial performance. Timely and economic supply of key raw materials represents a potential risk to the Group's ability to supply.	• Comprehensive HSE management system is in place with clear principles and policies communicated to employees. • HSE risk management strategies are employed at all times and across all sites. Incidents are investigated and learnings are shared throughout the Group. • Global workers compensation programs are in place to assist employees who have been injured while at work, including external insurance coverage. • Management undertakes risk identification and mitigation strategies across all sites. • Incitec Pivot undertakes business continuity planning and disaster preparedness across all sites. • Global industrial special risks insurance is obtained from a variety of highly rated insurance companies to ensure the appropriate coverage is in place. The policies insure the business, subject to policy limits, from damage to its plants and property and the associated costs arising from business interruptions. • Flexible supply chain and, in many instances, alternative sourcing solutions are maintained as a contingency. • The S&OP process and inventory management practices provide flexibility and assurance to deal with short term disruptions. • The Group has strict processes around the stewardship, movement and safe handling of dangerous goods and other chemicals.
Natural gas risk	Gas is one of the major inputs required for the production of ammonia and therefore is a critical feedstock for Incitec Pivot's nitrogen manufacturing operations. Availability and quality of gas are both key factors when sourcing supply. The Group has various gas contracts and supply arrangements for its plants across Australia and North America. In respect of the Australian fertiliser operations there is a risk that a reliable, committed source of gas at economically viable prices may not be available following the expiry of current contractual arrangements. The cost of gas impacts the variable cost of production of ammonia and can influence the plants' overall competitive position. In respect of the Group's Moranbah operations, there is risk that gas supply may be reduced or may not be available due to issues affecting the supplier of gas to the facility, given the existence of only a single source of gas supply to the facility.	• The Group has medium term gas contracts in place for its Australian manufacturing sites. The contracts have various tenures and pricing mechanisms. As part of normal operations the company explores new gas supply arrangements where appropriate. • The Group is exploring various treatment strategies in relation to the gas supply risk for the Moranbah operations, including connecting to the local power grid in order to reduce the overall gas requirements and optimising supply chain management by moving ammonia from Gibson Island to Moranbah. • The US gas market is a liquid market, with offtake facilitated by an extensive gas pipeline infrastructure and pricing commonly referenced to a quoted market price. DNA has short term gas supply arrangements in place for its gas needs with market referenced pricing mechanisms. • Gas supply has been contracted for the new Louisiana ammonia plant for its first five years of production with market referenced pricing mechanisms. • In respect of the DNA business (including the Louisiana ammonia plant), there is some ability to hedge gas prices and the Group reviews its approach to gas hedging in the US on a regular basis.

Risk	Description and potential consequences	Treatment strategies employed by Incitec Pivot include:
Sulphuric acid cost and supply into Phosphate Hill	Sulphuric acid is a major raw material required for the production of ammonium phosphates. Approximately 40 percent of Phosphate Hill's sulphuric acid needs come from processing metallurgical gas sourced from Glencore's Mt Isa Mines copper smelting facility. Glencore has confirmed that Mt Isa Mines has the necessary environmental authority to operate to 2022. Glencore has confirmed that the Mt Isa copper smelter and Townsville copper refinery will remain open beyond 2016. Alternative sources of sulphuric acid are likely to negatively impact the cost of producing ammonium phosphates at the Phosphate Hill facility. The quantum of the impact will depend on the future availability and price of sulphur and/or sulphuric acid and the prevailing $A/$US rate. Sulphuric acid supply into Phosphate Hill may be negatively impacted from a volume and/or price perspective, after the closure of the Mt Isa Mines copper smelter.	• The Group has several sources of sulphuric acid for supply for Phosphate Hill. Along with sulphuric acid produced from metallurgical gas capture, Mt Isa produces sulphuric acid from burning imported elemental sulphur. Phosphate Hill's operations are also supplemented with sulphuric acid purchased directly from a domestic smelter to meet total sulphuric acid requirements for the production of ammonium phosphates. In addition, Phosphate Hill uses phosphoric acid reclaimed from its gypsum stacks in place of sulphuric acid. It is unlikely that the majority of the lost sulphuric acid can be replaced but the cost impact is yet to be determined. • The Mt Isa site is a leased site, with a lease contract in place with Mt Isa Mines to 2020. Accordingly, Incitec Pivot is able to continue to produce sulphuric acid at Mt Isa (albeit at a higher cost) by burning elemental sulphur until the end of 2020, even if the copper smelter operation ceases before that time.
Phosphate Rock	Phosphate rock, used in the manufacture of both ammonium phosphates and single superphosphate fertilisers, is a naturally occurring mineral rock. Phosphate rock is an internationally traded commodity with pricing based on international benchmarks and is affected by global supply and demand forces and its cost for single superphosphate manufacturing purposes is also impacted by fluctuations in foreign currency exchange rates, particularly the $A/$US rate. Fluctuations in either of these variables can impact the cost of Incitec Pivot's single superphosphate manufacturing operations, as these operations rely on rock imported from limited foreign supply sources.	• At its own facility in Phosphate Hill, Incitec Pivot mines phosphate rock which is used for the production of ammonium phosphates at that facility. • Phosphate rock is used in the production of single superphosphate at Incitec Pivot's Geelong and Portland operations. Incitec Pivot seeks to diversify the sources of supply of rock (subject to certain requirements regarding the composition of rock, including cadmium and odour considerations) required for these operations by sourcing it from a number of international suppliers (albeit that the sources of supply are limited).
Labour	A shortage of skilled labour or loss of key personnel could disrupt Incitec Pivot's business operations or adversely affect Incitec Pivot's business and financial performance. Incitec Pivot's manufacturing plants require skilled operators drawn from a range of disciplines, trades and vocations. Incitec Pivot has operations in regional and remote locations where it can be difficult to attract and retain critical and diverse talent.	• Incitec Pivot's scale provides some, albeit limited, ability to relocate staff to cover shortages or losses of critical staff. • The Group has policies and procedures, including flexible working arrangements and competitive compensation structures, designed to help attract and retain workforce. • Management identifies critical roles and attempts to implement policies to help ensure that appropriate succession and retention plans are in place. • With the contracting Australian mining market, there is an increased availability of labour.
Weather	In relation to both its Fertilisers and Explosives businesses, seasonal conditions (particularly rainfall), are a key factor for determining demand and sales. Any prolonged adverse weather conditions could impact the future profitability and prospects of Incitec Pivot. Some plants are located in areas that are susceptible to extreme weather events, such as hurricanes, tropical storms and tornadoes.	• The S&OP process incorporates forecasting which enables scenario planning and some supply flexibility. Forecasts are based on typical weather conditions and are reviewed monthly as the seasons progress to help align supply to changing demand. • Safety and evacuation plans are in place for all personnel and sites. • The Group endeavours to include force majeure clauses in agreements where relevant. • Insurance policies are in place across the Group.

Risk	Description and potential consequences	Treatment strategies employed by Incitec Pivot include:
Construction, Commissioning and Start-up Risk		
Louisiana ammonia plant ("WALA") construction, commissioning and start-up risk	A potential risk is that the construction of WALA is completed late and/or exceeds the budgeted capital amount. Risks associated with construction and commissioning of WALA and associated infrastructure include, but are not limited to, natural disasters and acts of God, sabotage, unforeseen human error, terrorist attacks, major equipment failure and other issues which may disrupt or delay the construction, commissioning or start-up of the plant. There is also a potential risk of the plant not operating, or not performing to the level expected and maintaining stable operations once commissioned. The construction of such a large scale chemical plant requires skilled personnel drawn from a range of disciplines, trades and vocations. A shortage in skilled labour or loss of key personnel could also impact the construction, commissioning and start-up phases of WALA.	• Incitec Pivot has a competent project team on site, managing the outside battery limits works and reviewing the contractors' activity for all inside battery limits ("IBL") works. Incitec Pivot has appointed KBR Inc., an experienced ammonia technologist and engineering, procurement and construction company that is responsible for the construction and commissioning. • The construction contract with KBR for all IBL works is a lump sum turn-key contract, with allowance for specific variations only. • Management undertakes risk identification and mitigation strategies across all sites and has engaged an external party to conduct regular audit services on Incitec Pivot's risk management in respect of this project. • Management identifies critical roles and, where possible, ensures that appropriate recruitment, succession and retention plans are in place. All operating staff have been recruited with additional staff recruited for the first year of operations in order to reduce start-up risk. A comprehensive training framework has also been implemented with all operating staff undergoing training within the framework. • A steering committee is in place with executive leadership to support the team and oversee successful implementation.
WALA offtake and logistics capability risk	WALA has a nameplate production capacity of 800kmt per annum. With a plant of this size, notwithstanding storage capacity on site, there is a risk that if production is not sold and effectively moved into the market, plant uptime and earnings will be negatively impacted.	• WALA has a 100 percent committed offtake, with supply contracts in place with DNA (internal), Cornerstone Chemical Company and Trammo, Inc. • The plant logistics capability allows for the offtake to be distributed via rail, truck, barge and pipeline. In total, the plant has a logistics capability of approximately 200 percent of the plant production capacity, providing flexibility and allowing for future growth. • The Group's S&OP process and inventory management practices provide flexibility and assurance to deal with short term disruptions.

Risk	Description and potential consequences	Treatment strategies employed by Incitec Pivot include:
Compliance, Regulatory and Legal Risk		
Compliance, regulatory and legal risk	Changes in federal or state government legislation, regulations or policies in any of the countries in which Incitec Pivot operates may adversely impact its business, financial condition and operations, or the business, financial condition and operations of Incitec Pivot's customers and suppliers. This includes changes in domestic or international laws relating to sanctions, import and export quotas, and geopolitical risks relating to countries with which Incitec Pivot, or its customers and suppliers, engages to buy or sell products and materials. In addition, changes in tax legislation or compliance requirements in the jurisdictions in which Incitec Pivot, or its customers and suppliers, operates, or changes in the policy or practices of the relevant tax authorities in such jurisdictions, may result in additional compliance costs and/or increased risk of regulatory action, including potential impact on licences to operate. Incitec Pivot's business, and that of its customers and suppliers, is subject to environmental laws and regulations that require specific operating licences and impose various requirements and standards. Changes in these laws and regulations (for example, increased regulation of coal fired energy generation in the US and the imposition of carbon trading schemes), failure to abide by the laws and/or licencing conditions, or changes to licence conditions, may have a detrimental effect on Incitec Pivot's operations and financial performance, including the need to undertake environmental remediation, financial penalties or ceasing to operate. Incitec Pivot is exposed to potential legal and other claims or disputes in the course of its business, including contractual disputes, and property damage and personal injury claims in connection with its operations.	• Management, through the Managing Director & CEO and the Chief Financial Officer, is responsible for the overall design, implementation, management and coordination of the Group's risk management and internal control system. • Each business unit has responsibility for identification and management of risks specific to the business. This is managed through an annual risk workshop, risk register and internal audits aligned to the material business risks. • Corporate functions are in place to provide sufficient support and guidance to ensure regulatory risks are identified and addressed within the business well in advance. • Country regulatory risk is regularly reviewed through the Group's risk management framework. • Where possible, Incitec Pivot appoints local business leaders and management teams who bring a strong understanding of the local operating environment and strong customer relationships. • Comprehensive HSE management system is in place with clear principles and policies communicated to employees. • HSE risk management strategies are employed at all times and across all sites. Incidents are investigated and learnings are shared throughout the Group. • The Group has strict processes regarding the stewardship, movement and safe handling of dangerous goods and other chemicals. • Incitec Pivot engages with governments and other key stakeholders to ensure potential adverse impacts of proposed fiscal, tax, infrastructure access and regulatory changes are understood and, where possible, mitigated.
Loss or exposure of sensitive data	Sensitive data, relating to Incitec Pivot, its employees, associates, customers or suppliers may be lost or exposed, resulting in a negative impact on the Group's reputation.	• Policies, procedures and practices (e.g. firewalls) are in place regarding the use of company information, personal storage devices and IT security. • External testing is performed to assess the security of the Group's IT systems.

Introduction from the Chairman of the Remuneration Committee

Dear Shareholders,

On behalf of the Remuneration Committee and the Board, I am pleased to present the Remuneration Report for 2015 which sets out the remuneration information for the Managing Director & Chief Executive Officer, the Executive Team and the Non-Executive Directors.

2014/15 Remuneration Outcomes

In 2015, Incitec Pivot delivered a strong financial result amid challenging market conditions, in particular, in the Group's Explosives business, where markets have been impacted by the end of the mining boom in Australia and by the structural changes in the coal industry in North America.

As a result of the Group's strong financial performance, Executives have been awarded short term incentive payments, details of which are set out in the report.

Further, with regard to the long term incentives, the Board is pleased to report that the performance rights under the LTI 2012/15, the performance period for which ended on 30 September 2015, will partially vest. This result is particularly pleasing as the long term incentive is a measure of the success of the corporate strategy in driving shareholder value for the long term. The partial vesting of the performance rights therefore reflects disciplined execution on the strategy.

2015/16 Remuneration Approach

We expect that 2016 market conditions will continue to be challenging. The Board and Executive have determined that there will be no increases to non-executive director fees or fixed annual remuneration for Key Management Personnel for the 2016 financial year.

No significant changes are proposed to the "at risk" remuneration structure for Executives in 2016.

The Board invites you to consider the 2015 Remuneration Report. We welcome feedback on the Company's remuneration approach in supporting Incitec Pivot's business strategy.

John Marlay
Chairman, Remuneration Committee

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Remuneration Report

The directors of Incitec Pivot Limited (the Company or Incitec Pivot) present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 (Cth) for the Company and its controlled entities (collectively referred to in this report as the "Group") for the year ended 30 September 2015. This Remuneration Report is audited.

This Remuneration Report forms part of the Directors' Report.

Details of the Group's remuneration strategy and arrangements for the 2014/15 financial year are set out in this Remuneration Report.

This Remuneration Report is prepared in respect of the Key Management Personnel, being those persons who have authority and responsibility for planning, directing and controlling the activities of the Group.

The Board has determined that the Key Management Personnel are the non-executive directors of the Company (refer to Table B.1), certain former executives (refer to Table C.4) and the people referred to in the table below.

The term "Executives", when used in this Remuneration Report, means the people listed in the following table (and certain former executives, as the context requires).

Name	Position
Mr James Fazzino	Managing Director & CEO
Mr Frank Micallef	Chief Financial Officer
Mr Simon Atkinson	President, Dyno Nobel Asia Pacific & Global Technology
Mr Stephen Dawson	President, Manufacturing Operations
Mr Alan Grace	President, Strategic Engineering
Ms Elizabeth Hunter	Chief Human Resources Officer
Mr Gary Kubera	President, Dyno Nobel Americas
Mr Jamie Rintel	President, Strategy & Business Development
Mr James Whiteside	Chief Operating Officer, Incitec Pivot Fertilisers

A. Executive Remuneration Strategy

Incitec Pivot aims to generate competitive returns for its shareholders through its strategy as a leading global chemicals Group, manufacturing and distributing industrial explosives, fertilisers and related products and services. Incitec Pivot recognises that, to achieve this, the Group needs outstanding people who are capable, committed and motivated. The philosophy of Incitec Pivot's remuneration strategy is that it should support the objectives of the business and enable the Group to attract, retain and reward Executives of the necessary skill and calibre. Accordingly, the key principles of Incitec Pivot's remuneration strategy are as follows:

- to reward strategic outcomes at both the Group and business unit level that create top quartile long term shareholder value;
- to encourage integrity and disciplined risk management in business practice;
- to drive strong alignment with shareholder interests through delivering part of the reward in the form of equity;
- to structure the majority of executive remuneration to be "at risk" and linked to demanding financial and non-financial performance objectives;
- to reward Executives for high performance within their role and responsibilities, and ensure rewards are competitive within the industry and market for their role in respect of pay level and structure; and
- to ensure the remuneration framework is simple, transparent and easily implemented.

B. Non-Executive Director Remuneration

Incitec Pivot's policy is to:

- remunerate non-executive directors by way of fees and payments which may be in the form of cash and superannuation benefits; and
- set the level of non-executive directors' fees and payments to be consistent with the market and to enable Incitec Pivot to attract and retain directors of an appropriate calibre.

Non-executive directors are not remunerated by way of options, shares, performance rights, bonuses nor by incentive-based payments.

Non-executive directors receive a fee for being a director of the Board and non-executive directors, other than the Chairman of the Board, receive additional fees for either chairing or being a member of a Board Committee. The level of fees paid to a non-executive director is determined by the Board after an annual review and reflects a non-executive director's time commitments and responsibilities.

Following a review of the level of fees paid to non-executive directors, for the 2014/15 financial year, base fees and Board Committee fees were increased by 3% with effect from 1 October 2014. The last increase to non-executive director fees occurred on 1 October 2011.

For the 2014/15 financial year, fees paid to non-executive directors amounted to $1,723,000, which was within the $2,000,000 limit approved by shareholders at the 2008 Annual General Meeting.

For the 2015/16 financial year, the Board has determined that there will be no increase to non-executive director fees.

Table B.1 – Non-executive directors' remuneration

Details of the non-executive directors' remuneration for the financial year ended 30 September 2015 are set out in the following table:

For the year ended 30 September 2015

		Short-term benefits[(A)]	Post-employment benefits	Other long term benefits[(B)]	
		Fees	Superannuation benefits		Total[(C)]
	Year	**$000**	**$000**	**$000**	**$000**
Non-executive directors – Current					
P V Brasher, Chairman	**2015**	**514**	**19**	**–**	**533**
	2014	498	18	–	516
K Fagg[(1)]	**2015**	**192**	**17**	**–**	**209**
	2014	81	7	–	88
G J Hayes[(2)]	**2015**	**202**	**17**	**–**	**219**
	2014	-	-	–	–
J Marlay	**2015**	**218**	**19**	**–**	**237**
	2014	211	18	–	229
R J McGrath	**2015**	**226**	**19**	**–**	**245**
	2014	215	18	–	233
G J Smorgon AM	**2015**	**202**	**19**	**–**	**221**
	2014	197	18	–	215
Non-executive directors – Former					
A C Larkin[(3)]	**2015**	**54**	**5**	**–**	**59**
	2014	208	18	–	226
A D McCallum[(4)]	**2015**	**–**	**–**	**–**	**–**
	2014	45	4	3	52
Total non-executive directors	**2015**	**1,608**	**115**	**–**	**1,723**
	2014	1,455	101	3	1,559

(A) Apart from the fees paid or payable to the non-executive directors, no other short term benefits were paid or are payable in respect of the reporting period.
(B) Consistent with best practice, with the exception of the contractual entitlements paid in the 2013/14 financial year to Mr McCallum who was appointed to the Board prior to 1 June 2003, the Company does not pay additional benefits to non-executive directors.
(C) The increase in aggregate fees paid to non-executive directors for the 2014/15 financial year reflects the 3% increase to non-executive director fees for the 2014/15 financial year and the timing of director retirements and appointments in the 2013/14 financial year, noting that for part of the 2013/14 financial year there were 5 non-executive directors.
(1) Ms Fagg was appointed to the Board as a non-executive director effective 15 April 2014.
(2) Mr Hayes was appointed to the Board as a non-executive director effective 1 October 2014.
(3) Mr Larkin retired as a non-executive director on 19 December 2014.
(4) Mr McCallum retired as a non-executive director on 19 December 2013.

C. Executive Remuneration

Executive remuneration policy and practice

The remuneration of the Executives is set by the Board.

In alignment with its remuneration strategy, the Board's policy on executive remuneration is that it comprises both a fixed component (fixed annual remuneration (FAR)) and an "at risk" or performance-related component (short term and long term incentives) where:

(i) the majority of executive remuneration is "at risk"; and

(ii) the level of FAR for Executives will be benchmarked against that paid for similar positions at the median of companies in a comparator group with a range of market capitalisations (50% – 200% of that of the Group).

Remuneration arrangements for Executives are reviewed annually to ensure the arrangements continue to remain market competitive and consistent with the strategy of creating sustained shareholder value and in alignment with the Group's business strategy.

For the 2014/15 financial year, the Remuneration Committee received market and benchmarking data from Ernst & Young. Ernst & Young were engaged by and reported directly to the Remuneration Committee. The information provided by Ernst & Young did not include a "remuneration recommendation" (as defined in the Corporations Act 2001 (Cth)). For the 2014/15 financial year, the Board approved an increase of 3% to the Executives' FAR with effect from 1 October 2014, save that the Chief Human Resources Officer received an increase of 9.4% following a detailed benchmarking of this role. Refer to Table C.4 for details of the fixed annual remuneration for the Executives for the financial year ended 30 September 2015.

For the 2015/16 financial year, the Board has determined that the fixed annual remuneration for the Executives, in respect of their current roles, will not be increased.

The relative proportion of the Executives' total remuneration packages for the 2014/15 financial year that was performance-based is set out in the table below, and indicates a majority of the Executives' total remuneration is "at risk" (64% – 67%).

Table C.1 – Remuneration structures by level

	% of Total remuneration (annualised)		
	Fixed remuneration	Performance-based remuneration	
	FAR	**STI**	**LTI**
Managing Director & CEO	33%	33%	34%
Executives	36%	36%	28%

In calculating the "at risk" compensation as a proportion of total remuneration for the 2014/15 year, for each Executive, the maximum entitlement under the Short Term Incentive (STI) or Long Term Incentive (LTI) was taken into account.

Key features of the components of Executive remuneration

The key features of the three components of Executive remuneration that are relevant to the 2014/15 financial year are as follows:

Fixed annual remuneration

Executives receive their fixed remuneration in a variety of forms, including cash, superannuation, and any applicable fringe benefits. Fixed annual remuneration is not dependent upon Company performance and is set by reference to appropriate benchmark information for each Executive's role, level of knowledge, skill, responsibilities and experience. The level of remuneration is reviewed annually in alignment with the financial year and is reviewed with reference to, among other things, market data provided by an appropriately qualified and independent external consultant.

Refer to Table C.4 for details of the fixed annual remuneration for the Executives for the year ended 30 September 2015.

At risk remuneration – Short Term Incentive (STI) Plan

The STI is an annual "at risk" cash incentive which is dependent on the achievement of particular performance measures for the financial year ended 30 September 2015. All of the Executives participate in the STI Plan.

What were the STI performance measures for the 2014/15 STI?

STI Gate

To ensure STI awards are aligned with business performance outcomes, the Group's financial performance must meet minimum levels of performance before any awards can be made. This is known as the "STI Gate" and is determined by the Board. If financial performance does not meet the STI Gate, no awards are made under the STI, save that the STI Gate does not apply to the safety measure component of the STI (refer to further details on the safety measure in this section).

For the 2014/15 financial year, the STI Gates were as follows:

- for Group roles (marked * in Table C.2), Group financial performance was required to meet the EPS growth threshold which was determined by the Board by reference to the prior year EPS performance; and
- for Business Unit roles (marked ** in Table C.2), Group financial performance was required to meet 80% of the prior year NPAT and Business Unit EBIT was required to meet the relevant Business Unit EBIT threshold (including the cash conversion measure).

The inclusion of a separate STI Gate for Business Unit roles was introduced for the first time in the 2014/15 STI to encourage the optimisation of business unit results.

Financial performance measures

There were two financial performance measures for the 2014/15 financial year:

- Growth in EPS (before Individually Material Items (IMIs))
- Business Unit Earnings Before Interest and Tax (EBIT) which included a cash conversion measure, such that part of the STI was linked to the percentage of EBIT of the relevant business unit (before depreciation and amortisation) that was converted to operating cash flow.

Non-financial and business performance measures

In addition, to ensure STI awards drive performance and behaviours consistent with achieving the Group's strategy for 2014/15 and Zero Harm objectives, the non-financial and business performance measures for 2014/15 comprised:

- Safety: Total Recordable Injury Frequency Rate (TRIFR) of less than or equal to 0.90 (TRIFR is calculated based on work-related incidents classified and reported in accordance with the United States Occupational Safety and Health Act and regulations). In the event of a fatality or life threatening incident, the extent of the impact of that fatality/incident on the achievement of the safety measure is assessed by the Board having regard to the circumstances of the incident and may result in all or part of this component of the STI being forfeited.
- Business appropriate strategic and performance measures including:
  - (i) manufacturing performance, in particular, production outcomes from major operations (for example, Moranbah ammonium nitrate production and Phosphate Hill ammonium phosphate production) and turnaround execution;
  - (ii) Business Excellence (BEx) and productivity, in particular, delivering on specific BEx "pillars", noting that for Business Units, BEx is a key enabler of achieving EBIT outcomes and is therefore embedded in the financial performance measures of the respective Business Units;
  - (iii) corporate strategic objectives as to capital investments and major projects (for example, the investment in the Louisiana ammonia project and optimisation projects for Phosphate Hill and Gibson Island) and objectives aligned to customers/markets.

Table C.2 below sets out the STI performance measure weightings for the Executives for the year ended 30 September 2015.

Why were these measures chosen?

STI Gate & financial measures

The STI measures (other than safety) are subject to the STI Gate to ensure that Executive reward is aligned with the creation of shareholder value.

EPS growth is considered an appropriate financial measure because it is aligned with the Company's strategic intent of achieving top quartile performance as measured against S&P/ASX 100 companies.

The EBIT of a business unit is also used as a measure for Executives in relevant business units as it ensures robust alignment of performance in a particular business unit with reward for the Executive managing that business unit. The inclusion of a cash conversion requirement within the EBIT performance measure ensures a focus on driving both profit and cash generation.

Non-financial and business performance measures

These specific measures were chosen to drive performance and behaviours consistent with achieving critical aspects of the Group's strategy.

For this reason, measures were set with regards to production outcomes from the Group's major operations, such as ammonium nitrate volumes from the Moranbah plant, strategic initiatives such as the Louisiana ammonia project investment as well as ongoing initiatives to drive continuous improvement through BEx.

In addition, since 2012/13, the STI has included a safety measure based on TRIFR which is aligned with the Company's commitment to "Zero Harm for Everyone, Everywhere". In 2012, the Company adopted its five year Global HSE Strategy to drive continued improvement in the Group's health, safety and environmental performance. On its journey to achieve world class safety performance, the Company sets annual targets on TRIFR, seeking year-on-year improvements. For the 2014/15 financial year, the target was 0.90.

Table C.2 – STI performance measure weightings for Executives

For the year ended 30 September 2015	Financial		Non-financial/business				Maximum STI opportunity
	Growth in EPS (before IMIs)	Business Unit EBIT (including cash conversion requirement)	Safety: TRIFR target ≤0.90	BEx	Manufacturing performance	Strategic objectives/customers/markets	
J E Fazzino* Managing Director & CEO	90%		10%				100%
F Micallef* Chief Financial Officer	90%		10%				100%
S Atkinson** President – Dyno Nobel Asia Pacific & Global Technology		80%	10%			10%	100%
S Dawson* President – Manufacturing Operations			10%	20%	70%		100%
A Grace* President – Strategic Engineering			10%	10%	70%	10%	100%
E Hunter* Chief Human Resources Officer	70%		10%	20%			100%
G Kubera** President – Dyno Nobel Americas		80%	10%			10%	100%
J Rintel* President – Strategy & Business Development	50%		10%			40%	100%
J D Whiteside** Chief Operating Officer – Incitec Pivot Fertilisers	10%	70%	10%			10%	100%

*Group role **Business Unit role

What is the method for determining if the measures are satisfied?

Financial measures

Satisfaction of these measures is based on a review by the Board of the audited accounts and the financial performance of the Group for the financial year.

Non-financial and business performance measures

Executive performance is reviewed by the Board, in the case of safety, based on a review of the TRIFR for the year, as well as safety performance generally and, in relation to the other non-financial and business performance measures, following the annual performance review process for the Executives.

Does the 2014/15 STI include mechanisms for clawback and deferral?

The 2014/15 STI includes a clawback provision, which requires the repayment of all or part of any STI awarded within three years after a payment is made in the event of a material misstatement which results in a restatement of the financial accounts.

What were the outcomes in relation to the STI for the year ended 30 September 2015?

In relation to the financial performance measures, EPS (before IMIs), increased 9.7% to 23.8 cents per share and, accordingly, certain Executives have earned awards in full in respect of this financial performance measure.

In relation to Business Unit financial performance, Incitec Pivot Fertilisers EBIT increased 22% driven by the exceptional performance of the Phosphate Hill plant and Phosphate value chain. Accordingly, incentives were earned in full for this component. The Explosives Business Units, Dyno Nobel Asia Pacific and Dyno Nobel Americas, produced sound results with EBIT up 1% in markets impacted by the end of the mining boom in Australia and structural changes in the coal industry in North America. However, the financial performance did not meet the challenging targets that were set for these Business Units and accordingly, no incentives were earned for this component.

In relation to the non-financial and business performance measures:

- ***Safety:*** The STI in respect of the safety measure was forfeited as a result of the fatality in May 2015 in the Company's Asia Pacific explosives business.
- ***Business Excellence:*** These measures were achieved in full with significant progress made on specific BEx "pillars" with respect to asset care in manufacturing and also in relation to human capital.
- ***Manufacturing performance:*** These were partially achieved with Phosphate Hill achieving record ammonium phosphate production and turnaround execution objectives delivered. Despite strong performance, Moranbah ammonium nitrate production targets were not met in full.
- ***Strategic objectives, customers, markets:*** These were achieved, with the Louisiana ammonia project meeting the applicable project milestones as at 30 September 2015, and the Phosphate Hill and Gibson Island optimisation projects progressing to plan. Similarly, customer aligned incentives were also awarded in full recognising the outperformance in this area.

Details of the STI payments earned by the Executives in respect of the financial year ended 30 September 2015 are set out in tables C.4 and C.5.

At risk remuneration – Long Term Incentive (LTI) Plans

The LTI Plans are 'performance rights' plans which entitle the participant to acquire ordinary shares in the Company, on a one right to one share basis, for no consideration at a later date. The performance rights are issued by Incitec Pivot Limited and the entitlement of the participants to acquire ordinary shares is subject to the satisfaction of certain conditions. As no shares are transferred to participants until exercise, performance rights have no dividend entitlement. Performance rights expire on vesting or lapsing of the rights.

The only LTI Plan to mature in the 2014/15 financial year was the Long Term Incentive Performance Rights Plan for 2012/15 (LTI 2012/15) which matured on 30 September 2015.

There are two other LTI Plans in place:

- Long Term Incentive Performance Rights Plan for 2013/16 (LTI 2013/16); and
- Long Term Incentive Performance Rights Plan for 2014/17 (LTI 2014/17).

These plans do not mature until 30 September 2016 and 30 September 2017, respectively.

Executives and other selected managers participated in the LTI 2012/15. For the LTI 2013/16 and the LTI 2014/17, participation was limited to the Executives who are Key Management Personnel, with other selected and senior managers participating in a cash-based, deferred payment performance plan (being the Sustained Performance Plan). The primary objective of the Sustained Performance Plan is to align value creation with factors that are directly within the control of an employee and, in doing so, achieve a higher correlation between contribution to Company performance and individual outcomes.

Details of the Executives' participation in LTI plans are set out in Tables C.6 and C.7.

What is the purpose of the LTIs?

The LTIs are the long term incentive component of remuneration for the Executives, who are able to influence the sustained generation of shareholder value through their direct contribution to the Company's performance.

The LTIs are designed to link reward with the key performance drivers which underpin sustainable growth in shareholder value. Rewards resulting in share ownership on the achievement of demanding targets, ties remuneration to Company performance, as experienced by shareholders. The arrangements also support the Company's strategy for retention and motivation of the Executives.

What is the process for deciding who will participate in the LTI Plans?

The decision to grant performance rights and to whom they will be granted is made annually by the Board, noting that the grant of performance rights to the Managing Director is subject to shareholder approval. Grants of performance rights to participants are based on a percentage of the relevant Executive's fixed annual remuneration.

Whether or not those performance rights will vest is determined in accordance with the plan rules for the LTI 2012/15, the LTI 2013/16 and the LTI 2014/17.

How is the number of performance rights calculated under the LTI Plans?

For each of the LTI 2012/15, LTI 2013/16 and LTI 2014/17, the number of performance rights issued to a participant was based on the market value of the Company's shares and was determined by dividing the dollar value of the relevant participant's LTI opportunity by the Company's volume weighted average share price over the 20 business days up to but not including the grant date.

What is the performance period of the LTI Plans?

The LTI 2012/15, LTI 2013/16 and LTI 2014/17 are performance rights plans each of which has a performance period of three years:

- LTI 2012/15 – 1 October 2012 to 30 September 2015
- LTI 2013/16 – 1 October 2013 to 30 September 2016
- LTI 2015/17 – 1 October 2014 to 30 September 2017

What are the performance conditions for the LTI Plans?

The Board approves the performance conditions on the commencement of the relevant plan. At the end of the performance period, the performance rights will vest only following a determination by the Board that the performance conditions have been met.

LTI 2012/15 and LTI 2013/16

For each of the LTI 2012/15 and the LTI 2013/16, the performance conditions are based on the relative Total Shareholder Returns of the Company and growth in Earnings Per Share before IMIs. Each of these conditions is equally weighted.

Total Shareholder Return (TSR) Condition

The TSR Condition requires growth in the Company's total shareholder returns to be at or above the median of the companies in the comparator group, being the S&P/ASX 100. The S&P/ASX 100 has been chosen as the comparator group because, having regard to the business segments in which the Group operates and, specifically, the absence of a sufficient number of direct comparator companies, the Board considers the S&P/ASX 100 to represent the most appropriate, and objective, comparator group. It also represents the group of companies against which Incitec Pivot competes for shareholder capital.

If, at the end of the performance period, the Company's TSR over the three year performance period is:

- below the 50th percentile of the comparator group of companies ranked by their TSR performance: no performance rights in this tranche will vest;
- between the 50th and 75th percentile of the comparator group of companies ranked by their TSR performance: the portion of performance rights in this tranche that will vest will be increased on a pro rata basis from 50%; and
- equal to or above the 75th percentile of the comparator group of companies ranked by their TSR performance: all performance rights in this tranche will vest.

Earnings Per Share (EPS) Condition

For the LTI 2012/15 and LTI 2013/16 if, at the end of the performance period, the compound annual growth rate on EPS over the performance period, from the base year, is:

- below 6% per annum: no performance rights in this tranche will vest;
- equal to or greater than 6% per annum but less than 12.5% per annum: the portion of performance rights in this tranche that will vest will be increased on a pro rata basis from 50%; and
- 12.5% or greater: all performance rights in this tranche will vest.

LTI 2014/17

For the LTI 2014/17, the performance conditions are measured by reference to relative TSR and the delivery of certain strategic initiatives. The TSR Condition applies to 70% of the performance rights in a grant of performance rights made under the LTI 2014/17. The Strategic Initiatives Condition, which was introduced for the first time in the LTI 2014/17 in place of the EPS Condition, applies to the remaining 30%. The Strategic Initiatives Condition was selected on the basis that the two components of the condition align with the most significant components of the Board's approved strategy. The successful delivery of the Louisiana ammonia project is expected to transform the Dyno Nobel Americas business and create long term shareholder value. Similarly, Business Excellence ("BEx") is the Company's business and continuous improvement system, through which the Company seeks to enhance productivity on a sustainable basis utilising "lean" business methods. The LTI objectives in relation to BEx are focussed on incentivising the delivery of sustainable productivity improvements, rather than one-off benefits.

Total Shareholder Return (TSR) Condition

The TSR Condition is determined on the same basis as under the LTI 2012/15 and the LTI 2013/16, requiring growth in the Company's total shareholder returns to be at or above the median of the companies in the comparator group, being the S&P/ASX 100.

Strategic Initiatives Condition

The Strategic Initiatives Condition comprises two equal components relating to:

- delivery of the Louisiana ammonia project; and
- delivery of the Business Excellence System.

The following table summarises each of the two components of the Strategic Initiatives Condition:

Strategic Initiatives Condition component	Rationale	Scorecard	
		Measurement criteria	Performance goals
Louisiana Ammonia Project **(Applies to 15% of the performance rights in a grant)**	The Louisiana ammonia project currently under construction at Waggaman, Louisiana, is the largest and most significant capital project underway within the Incitec Pivot Group. The project, which is scheduled for completion in the third quarter of 2016, underpins the future growth of the Dyno Nobel Americas business.	Performance in relation to this component of the Strategic Initiatives Condition will be measured against a Project Scorecard comprising performance goals based on the Project business case, as approved by the Board in April 2013, related to the following key performance indicators: • safety, • capital cost, • plant efficiency, • output and EBITDA.	**Safety:** Total Recordable Injury Frequency Rate (TRIFR) for the Louisiana ammonia project to be less than or equal to the Incitec Pivot Group TRIFR **Capital cost:** as per Project business case (US$850 million) **Plant efficiency:** as per Project business case (32MMBtu of gas per metric tonne of ammonia) **Output and EBITDA:** Output and EBITDA measures comprising Year 1 output and EBITDA consistent with the Project IRR of 15% and aligned to the Company's financial year.
Business Excellence (BEx) System **(Applies to 15% of the performance rights in a grant)**	BEx seeks to drive productivity and deliver sustainable year on year improvements. To fully achieve the benefits of BEx requires management to focus not only on driving the productivity outcomes ('performance'), but also the processes, procedures, culture and management systems which generate those improvements ('practices').	Performance in relation to this component of the Strategic Initiatives Condition will be assessed against a Scorecard comprising performance goals related to: • Business system maturity (practices) • Cumulative productivity benefits (performance) • Manufacturing plant uptime (performance)	**Business system maturity:** An absolute improvement in Business Excellence system maturity over the performance period measured by reference to an external benchmark against which the baseline and final maturity assessments will be verified by an independent third party. **Cumulative productivity benefits:** Delivery of cumulative savings over the performance period against targets approved by the Board. **Manufacturing plant uptime:** Plant uptime measured across specified manufacturing plants, with target performance at the end of the performance period to be at 75th percentile (which reflects world class performance for ammonia and ammonium phosphate plants globally) adjusted for plant age.

Details of the Scorecards and specific performance goals for each component of the Strategic Initiatives Condition were notified to Executives on commencement of the LTI 2014/17. These performance goals involve quantitative targets, some of which the Company considers to be commercial-in-confidence, with the result that publication of that information prior to the end of the performance period may be prejudicial to the interests of the Company. Accordingly, complete details of the performance goals will be disclosed at the end of the performance period in the 2017 Remuneration Report.

Measuring the performance conditions

After the expiry of the relevant performance period, the Board determines whether the performance conditions are satisfied. The performance conditions are tested once, at the end of the relevant performance period. If the performance conditions are satisfied and the rights vest, the participant is entitled to acquire ordinary shares in the Company. The participant does not pay for those shares.

If the performance conditions are not satisfied during the performance period, the performance rights will lapse.

In relation to the Strategic Initiatives Condition, at the end of the performance period on 30 September 2017, the Board will determine the outcome for each of the two components of the Strategic Initiatives Condition having regard to the results achieved against the performance goals across the entirety of the Scorecards for each of those components. If the Board determines that all of the performance goals in respect of a component of the Strategic Initiatives Condition (that is, either the Louisiana ammonia project component or the Business Excellence System component) have been achieved, all of the performance rights subject to that component will vest (that is, 15% of the performance rights in a grant).

Similarly, if the Board determines that all of the performance goals in respect of both the Louisiana ammonia project component and the BEx System component have been achieved, all of the performance rights subject to the Strategic Initiatives Condition will vest (ie 30% of the performance rights in a grant).

If not all performance goals in respect of a component of the Strategic Initiatives Condition are met over the performance period, the extent to which that component of the Strategic Initiatives Condition has been satisfied (if at all) will be determined by the Board. In doing so, the Board will have regard to the results achieved against the performance goals across all of the components of the relevant Scorecard, without applying a specific weighting to any particular performance goal. This could mean, for example, that the Board may determine that all or a proportion of the performance rights the subject of the component vest. Similarly, the Board could determine that none of the performance rights are to vest if some or all of the performance goals for the relevant component Scorecard were not satisfactorily met during the performance period.

At the end of the performance period, the Board will disclose in the 2017 Remuneration Report, performance against each component of the Strategic Initiatives Condition, including the rationale for the relevant vesting percentage.

What happens if a participant leaves the Group?

The performance rights will lapse on a cessation of employment except where the participant has died, becomes totally and permanently disabled, is retrenched or retires. In those circumstances, the performance rights will be reduced pro rata to the proportion of days worked during the relevant performance period.

What performance rights will vest in respect of the 30 September 2015 financial year?

The performance period for the LTI 2012/15 ended on 30 September 2015. Following testing against the performance conditions, in November the Board determined that the Company's relative TSR performance exceeded the median of the companies in the S&P/ASX100, with the Company achieving a relative TSR ranking of 53.33 against the comparator group. Accordingly, 56.66% of the performance rights granted subject to the TSR Condition will vest in the 2016 financial year (being 28.33% of the total performance rights granted). No performance rights will vest in respect of the EPS Condition as the minimum compound annual growth rate on EPS was not met. The performance rights that do not vest under the LTI 2012/15 will lapse.

The performance conditions under LTI 2013/16 and LTI 2014/17 will not be tested until after 30 September 2016 and 30 September 2017, respectively.

In what circumstances can the performance rights vest before the expiry of the performance period under the LTI Plans?

On the occurrence of one of the following during the relevant performance period:

- a takeover bid is made to holders of shares in the Company;
- a statement is lodged with ASX to the effect that a person has become entitled to not less than 50% of the shares in the Company;
- the Court orders a meeting to be held in relation to a proposed compromise or arrangement in connection with a scheme for the reconstruction of the Company or its amalgamation with any other companies;
- the Company passes a resolution for a voluntary wind-up; or
- an order is made for the compulsory winding-up of the Company,

the Board may give a notice that the performance rights vest at the time specified by the Board in the notice.

Analysis of relationship between the Group's performance, shareholder wealth and remuneration

In considering the Group's performance, the benefit to shareholders and appropriate remuneration for the Executives, the Board, through its Remuneration Committee, has regard to financial and non-financial indices, including the indices shown in Table C.3 in respect of the current financial year and the preceding four financial years.

Table C.3 – Indices relevant to the Board's assessment of the Group's performance and the benefit to shareholders

	2011	2012	2013	2014	2015
Net Profit After Tax excluding non-controlling interests (before individually material items) (NPAT (before IMIs)) ($m)	530.1	404.7	293.5	356.3	398.6
Earnings Per Share (before individually material items) (EPS (before IMIs)) (cents)	32.5	24.8	18.0	21.7	23.8
Dividends – paid in the financial year – per share (DPS (paid)) (cents)	9.3	11.5	12.5	9.3	11.7
Dividends – declared in respect of the financial year – per share (DPS (declared)) (cents)	11.5	12.4	9.2	10.8	11.8
Share price ($) (Year End)	3.27	2.98	2.69	2.71	3.90
Total Shareholder Return (TSR) (%)(1)	(10)	4	(16)	(7)	43

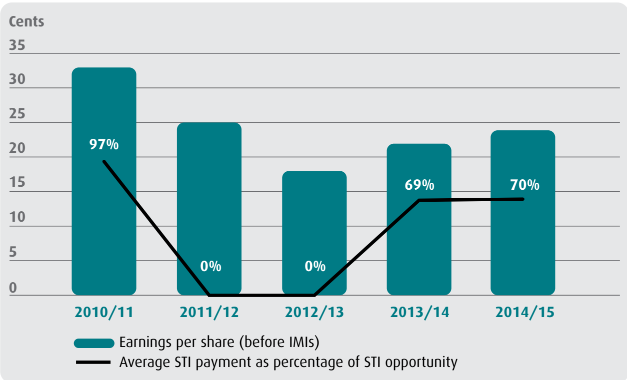
(1) For the financial years ended 30 September 2011 and 30 September 2012, the TSR was based on a 3 year compound rate per annum. For the financial years ended 30 September 2013, 30 September 2014 and 30 September 2015, TSR is calculated in accordance with the rules of the LTI 2010/13, LTI 2011/14 and LTI 2012/15 respectively over the 3 year performance period, having regard to the volume weighted average price of the shares over the 20 business days up to but not including the first and last day of the performance period.

The "at risk" or performance related components of the Executives' total remuneration, in the form of short term and long term incentives, reward Executives only where value is delivered to shareholders, directly linking the reward to the Group's financial results and its overall performance, in the case of the long term incentive, over a sustained period of three years.

In relation to the LTI, the Company's approach is to set challenging targets to drive the creation of shareholder value. LTI awards are only made where there is exceptional performance over a sustained period.

The following graph illustrates the relationship between Company performance and STI awards in respect of the current financial year and the preceding four financial years. Notably, in 2010/11 financial year, with EPS (before IMIs) growing 19% awards were made to Executives under the relevant STI plan applicable for that year. Conversely, in respect of the 2011/12 and 2012/13 financial years, EPS (before IMIs) decreased 24% and 27% respectively and, accordingly, no awards were made under those plans. In the 2013/14 financial year, with EPS (before IMIs) growing by 21% to 21.7cps, partial awards were made to Executives under the 2013/14 STI plan. For the 2014/15 financial year EPS (before IMIs) increased by 9.7% to 23.8cps and, as a result, certain Executives earned awards in full in respect of this performance measure.

Company performance and STI outcomes



Executives' remuneration arrangements

Managing Director & Chief Executive Officer

Mr James Fazzino was appointed as Managing Director & CEO on 29 July 2009. The terms of Mr Fazzino's appointment as Managing Director & CEO are set out in a single contract of service dated 29 July 2009. The contract is unlimited in term but capable of termination in the manner described below.

Details of the nature and amount of each element of remuneration of the Managing Director & CEO are included in Table C.4.

The following is a summary of Mr Fazzino's employment arrangements and remuneration.

Fixed annual remuneration

For 2014/15, Mr Fazzino's fixed annual remuneration was $2,228,245, effective 1 October 2014. His fixed annual remuneration is reviewed annually having regard to Incitec Pivot's executive remuneration policy. For the 2014/15 financial year, the fixed annual remuneration for the Executives was increased by 3% with effect from 1 October 2014. There is no increase to Mr Fazzino's fixed annual remuneration for the financial year commencing 1 October 2015.

STI

Mr Fazzino is eligible to participate in Incitec Pivot's STI Plan.

For 2014/15, Mr Fazzino's maximum STI opportunity was 100% of his fixed annual remuneration and was determined by reference to growth in EPS (before IMIs) in the 2014/15 financial year.

For the 2014/15 financial year, EPS (before IMIs) was 23.8 cents per share and, accordingly Mr Fazzino was awarded a STI payment of $2,005,421 in respect of the period from 1 October 2014 to 30 September 2015. The safety component of Mr Fazzino's STI was forfeited due to a fatality.

LTI

Mr Fazzino participated in the LTI 2012/15, the performance period for which ended on 30 September 2015. Mr Fazzino's maximum LTI opportunity under this plan was 100% of fixed annual remuneration. On determination of performance measured against the performance conditions, in accordance with the LTI 2012/15 plan rules, 206,382 of Mr Fazzino's performance rights will vest in the 2016 financial year.

In addition, Mr Fazzino currently participates in the following LTI Plans:

- the LTI 2013/16 pursuant to which Mr Fazzino was issued 804,218 performance rights as approved by shareholders in accordance with the ASX Listing Rules at the 2013 Annual General Meeting held on 19 December 2013; and
- the LTI 2014/17 pursuant to which Mr Fazzino was issued 773,696 performance rights as approved by shareholders in accordance with the ASX Listing Rules at the 2014 Annual General Meeting held on 19 December 2014.

Mr Fazzino's maximum LTI opportunity under these plans is 100% of fixed annual remuneration.

The LTI 2013/16 and LTI 2014/17 are each for a three year period and the performance conditions will not be tested until after 30 September 2016 and 30 September 2017, respectively.

Termination by Incitec Pivot

The Company may terminate Mr Fazzino's employment:

- immediately for cause, without payment of any separation payment, save as to accrued fixed annual remuneration, accrued annual leave and long service leave;
- otherwise, without cause, with or without notice, in which case the Company must pay a separation payment plus accrued fixed annual remuneration, accrued annual leave and long service leave. The separation payment will be equal to 52 weeks of fixed annual remuneration as at the date of termination.

Termination by Managing Director & CEO

The agreement provides that Mr Fazzino may terminate his employment on six months' notice.

Effect of termination on long term incentives

For the LTI 2013/16 and the LTI 2014/17, generally the performance rights will lapse except in circumstances of death, total and permanent disablement, retrenchment or retirement. In those circumstances, the performance rights will be reduced pro rata to the proportion of days worked during the relevant performance period.

Executive Team

Remuneration and other terms of employment for the Executives (excluding Mr Fazzino, whose arrangements are set out above) are formalised in service agreements between the Executive and the Group, details of which are summarised below. Most Executives are engaged on similar contractual terms, with minor variations to address differing circumstances. The Group's policy is for service agreements for the Executives to be unlimited in term, but capable of termination in the manner described below. Details of the nature and amount of each element of remuneration of the Executives are included in Table C.4.

Fixed annual remuneration

Fixed annual remuneration comprises salary paid in cash and mandatory employer superannuation contributions. Fixed annual remuneration may also come in other forms such as fringe benefits (e.g. motor vehicles).

This component of remuneration is subject to annual review. For the 2014/15 financial year, the fixed annual remuneration for the Executives was increased by 3% with effect from 1 October 2014, save that Ms Hunter received a higher increase following a detailed benchmarking of this role.

The fixed annual remuneration for the Executive Team for the financial year commencing 1 October 2015 has not been increased.

STI

Participation is at the Board's discretion. For all Executives, for the 2014/15 financial year, the maximum STI opportunity was 100% of fixed annual remuneration and was determined with reference to performance conditions outlined on pages 22 and 23.

LTI

Participation is at the Board's discretion. For the LTI 2012/15, the LTI 2013/16 and the LTI 2014/17, for all Executives, the maximum LTI opportunity is 80% of fixed annual remuneration. For the LTI 2012/15 and LTI 2013/16 the vesting of rights is determined by reference to conditions based on relative TSR and growth in EPS (before IMIs). For the LTI 2014/17 the vesting of rights is determined by reference to relative TSR and the delivery of strategic initiatives.

Termination by Incitec Pivot

Incitec Pivot may terminate the service agreements:

- immediately for cause, without payment of any separation sum, save as to accrued fixed annual remuneration, accrued annual leave and long service leave;
- on notice in the case of incapacity, and the Company must pay a separation payment plus accrued fixed annual remuneration, accrued annual leave and long service leave;
- otherwise, without cause, with or without notice and the Company must pay a separation payment plus accrued fixed annual remuneration, accrued annual leave and long service leave.

The amount of a separation payment is calculated on a "capped" number of weeks basis as set out in the contract with each Executive. The following table sets out the "capped" number of weeks for each Executive.

	Number of Weeks
Mr Frank Micallef	26 weeks
Mr Simon Atkinson	52 weeks
Mr Stephen Dawson(1)	26 weeks
Mr Alan Grace	26 weeks
Ms Elizabeth Hunter	26 weeks
Mr Gary Kubera(2)	26 weeks
Mr Jamie Rintel(3)	26 weeks
Mr James Whiteside(4)	45.41 weeks

(1) In addition, Mr Dawson's contract provides where Mr Dawson is terminated for reasons not related to performance or conduct, the Company will also pay Mr Dawson an additional amount of one months' FAR at the time of termination for each completed year of continuous service, up to 12 months' FAR.
(2) Mr Kubera joined the Company on 4 February 2015 and is considered to be a Key Management Person from that date.
(3) With effect from 1 October 2015, Mr Rintel was appointed Chief Operating Officer – WALA. From this date, Mr Rintel ceased to be a member of the Executive Team and is no longer a Key Management Person.
(4) On 4 November 2015, Mr Whiteside resigned and will cease employment with the Company on 4 December 2015.

Termination by the Executive

An Executive may terminate his/her employment on 13 weeks' notice (save for Mr Atkinson and Mr Grace who may terminate on 8 weeks' notice) and the Company may require the Executive to serve out the notice period or may make payment in lieu.

Effect of termination on long term incentives

For the LTI 2013/16 and the LTI 2014/17, on cessation of employment, the performance rights lapse except in circumstances of death, total and permanent disablement, retrenchment or retirement. In those circumstances, the performance rights will be reduced pro rata to the proportion of days worked during the relevant performance period.

Details of Executive remuneration

Table C.4 – Executive remuneration

Details of the remuneration for each Executive for the year ended 30 September 2015 are set out below.

		Short-term benefits			Post-employment benefits	Other long term benefits(C)	Termination benefits	Share-based payments – Accounting values				
		Salary & Fees	Short term incentive & other bonuses(A)	Other short term benefits(B)	Super-annuation benefits			Current period expense(D)	Prior periods expense write-back(D)	Total share-based payments	Total	Short term incentive & other bonuses as a proportion of remuneration(E)
	Year	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**%**
Executives – Current												
J E Fazzino Managing Director & CEO	**2015**	**2,209**	**2,005**	**–**	**19**	**74**	**–**	**1,277**	**–**	**1,277**	**5,584**	**36**
	2014	2,145	1,730	–	18	65	–	864	(347)	517	4,475	36
F Micallef Chief Financial Officer	**2015**	**898**	**825**	**–**	**19**	**21**	**–**	**420**	**–**	**420**	**2,183**	**38**
	2014	872	732	–	18	23	–	285	(114)	171	1,816	38
S Atkinson President – Dyno Nobel Asia Pacific and Global Technology	**2015**	**745**	**76**	**–**	**19**	**16**	**–**	**318**	**–**	**318**	**1,174**	**6**
	2014	692	435	–	18	32	–	189	(79)	110	1,287	32
S Dawson President – Manufacturing Operations	**2015**	**745**	**535**	**4**	**19**	**31**	**–**	**350**	**–**	**350**	**1,684**	**32**
	2014	724	470	4	18	29	–	237	(95)	142	1,387	32
A Grace President – Strategic Engineering	**2015**	**745**	**535**	**–**	**19**	**17**	**–**	**339**	**–**	**339**	**1,655**	**32**
	2014	724	519	–	18	62	–	216	(75)	141	1,464	34
E Hunter(1) Chief Human Resources Officer	**2015**	**561**	**522**	**30**	**19**	**6**	**–**	**221**	**–**	**221**	**1,359**	**38**
	2014	500	459	79	18	2	–	100	–	100	1,158	40
G Kubera(2) President – Dyno Nobel Americas	**2015**	**517**	**56**	**292**	**–**	**–**	**–**	**106**	**–**	**106**	**971**	**6**
	2014	–	–	–	–	–	–	–	–	–	–	–
J Rintel(3) President – Strategy & Business Development	**2015**	**870**	**688**	**–**	**19**	**11**	**–**	**350**	**–**	**350**	**1,938**	**36**
	2014	743	643	–	18	20	–	227	(95)	132	1,556	39
J D Whiteside Chief Operating Officer – Incitec Pivot Fertilisers	**2015**	**745**	**611**	**–**	**19**	**24**	**–**	**350**	**–**	**350**	**1,749**	**35**
	2014	724	148	–	17	22	–	237	(95)	142	1,053	13
Executives – Former												
D McAtee(4) President – Dyno Nobel Americas	**2015**	**19**	**–**	**55**	**–**	**–**	**–**	**–**	**(207)**	**(207)**	**(133)**	**0**
	2014	669	364	1	–	–	–	169	(77)	92	1,126	30
K J Gleeson(5) General Counsel & Company Secretary	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	181	–	51	4	7	371	–	–	–	614	0
B C Walsh(6) President – Global Manufacturing	**2015**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2014	3	–	97	–	–	–	51	(33)	18	118	0
Total Executives	**2015**	**8,054**	**5,853**	**381**	**152**	**200**	**–**	**3,731**	**(207)**	**3,524**	**18,164**	**32**
	2014	7,977	5,500	232	147	262	371	2,575	(1,010)	1,565	16,054	32

(A) Certain STI payments are awarded in US$. Such STI payments were converted to A$ at the spot rate on 30 September 2015, being 1.4252.

(B) Other short term benefits include annual leave paid, the taxable value of fringe benefits paid attributable to the fringe benefits tax year (2015: 1 April 2014 to 31 March 2015) (2014: 1 April 2013 to 31 March 2014), rent and mortgage interest subsidies, relocation allowances and other allowances. For Ms Hunter, this includes commuting costs, comprising airfares and car transfers incurred. For Mr Kubera this includes a relocation allowance. For Mr McAtee, Mrs Gleeson and Mr Walsh, this includes annual leave paid on termination.

(C) Other long term benefits represent long service leave accrued during the reporting period.

(D) In accordance with accounting standards, remuneration includes the amortisation of the fair value of performance rights issued under the LTI Plans that are expected to vest, less any write-back on performance rights lapsed or expected to lapse as a result of actual or expected performance against non-market hurdles ("Option Accounting Value"). The value disclosed in Table C.4 represents the portion of fair value allocated to this reporting period and is not indicative of the benefit, if any, that may be received by the Executive should the performance conditions with respect to the relevant long term incentive plan be satisfied. In respect of the LTI 2012/15, the Company wrote-back an amount of $1.0 million in the 2013/14 financial year which had previously been incurred as an expense in the 2012/13 financial year relating to the issue of performance rights to Executives at that time. The accounting standards provide that prior period expenses must be written back in certain circumstances. Where these write-backs relate to named executives and directors in the remuneration report, the write-back has been recorded against the remuneration of the relevant executives and directors, which is reflected in this Remuneration Report.

External valuation advice from PricewaterhouseCoopers has been used to determine the fair value at grant date of these rights. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right. The fair value has been allocated evenly over the performance period.

The terms and conditions of each grant affecting remuneration in this or future reporting periods are as follows:

	Grant date	Fair value per share treated as rights at grant date
LTI 2012/15 – TSR	25/01/2013	$1.54
LTI 2012/15 – EPS	25/01/2013	$2.86
LTI 2013/16 – TSR	6/01/2014	$1.40
LTI 2013/16 – EPS	6/01/2014	$2.39
LTI 2014/17 – TSR	30/12/2014	$1.99
LTI 2014/17 – Strategic Initiatives	30/12/2014	$2.88

Once vested, a performance right is deemed to be exercised automatically and no amount is payable on exercise.

The number of rights for the purposes of remuneration, held by each Executive is referred to in Table C.7.

Refer to "At Risk Remuneration – Long Term Incentive Plans" in section C of this Remuneration Report for further details of the LTI 2012/15, the LTI 2013/16, the LTI 2014/17 and LTIs generally.

(E) The short term incentive and other bonuses as a proportion of remuneration is calculated based on the short term incentive expense as a proportion of the total remuneration (excluding the prior period share-based payment expense write-back).

(1) Ms Hunter became a Key Management Person from 9 October 2013.

(2) Mr Kubera commenced employment on 4 February 2015. Mr Kubera's fixed annual remuneration is inclusive of 401K pension contributions. Mr Kubera's payments were converted from US$ to A$ at the average rate for 4 February 2015 to 30 September 2015, being 1.3189.

(3) Mr Rintel's remuneration increased in 2015 to reflect additional interim duties. With effect from 1 October 2015, Mr Rintel was appointed Chief Operating Officer – WALA. From this date, Mr Rintel ceased to be a member of the Executive Team and is no longer a Key Management Person.

(4) On 7 October 2014, Mr McAtee ceased employment with the Company. The payments received by Mr McAtee in the 2014/15 financial year include accrued annual leave. Mr McAtee's fixed annual remuneration was inclusive of 401K pension contributions. Mr McAtee's payments were converted from US$ to A$ at the average rate for 1 October 2014 to 7 October 2014 being 1.1379. The prior period share-based payment expense write-back includes the accounting value of rights written back in relation to the LTI 2012/15 and the LTI 2013/16 upon Mr McAtee's resignation.

(5) Mrs Gleeson ceased employment with the Company on 31 December 2013.

(6) Mr Walsh ceased employment with the Company on 1 October 2013.

Details of performance related remuneration: short term incentives

Table C.5 – Short term incentives awarded for the year ended 30 September 2015

Details of the vesting profile of the STI payments awarded for the year ended 30 September 2015 as remuneration to each Executive are set out below:

	Short term incentive for the year ended 30 September 2015		
	Included in remuneration $000	% earned	% forfeited
Executives – Current			
J E Fazzino	2,005	90	10
F Micallef	825	90	10
S Atkinson	76	10	90
S Dawson	535	70	30
A Grace	535	70	30
E Hunter	522	90	10
G Kubera	56	10	90
J Rintel	688	90	10
J D Whiteside	611	80	20
Executives – Former			
D McAtee	–	–	–
K J Gleeson	–	–	–
B C Walsh	–	–	–

Details of performance related remuneration: long term incentives

Table C.6 – Details of long term incentives granted and vested in the year ended 30 September 2015 and the vesting profile of long term incentives granted as remuneration

The movement during the reporting period, by value, of rights for the purposes of remuneration held by each Executive and the vesting profile of long term incentives granted as remuneration are detailed below:

		Grant date	Granted during 2015 as remuneration(A) $000	Exercised in year $000	Vested in year(B) %	Forfeited in year(C) %	Financial year in which grant may vest (D)	Maximum value of outstanding rights(E) $000
Key Management Personnel								
Executives – Current								
J E Fazzino	Performance Rights Plan 2012/15	25 January 2013	–	–	–	–	2016	1,603
	Performance Rights Plan 2013/16	6 January 2014	–	–	–	–	2017	1,524
	Performance Rights Plan 2014/17	30 December 2014	1,746	–	–	–	2018	1,746
F Micallef	Performance Rights Plan 2012/15	25 January 2013	–	–	–	–	2016	528
	Performance Rights Plan 2013/16	6 January 2014	–	–	–	–	2017	502
	Performance Rights Plan 2014/17	30 December 2014	575	–	–	–	2018	575
S Atkinson	Performance Rights Plan 2012/15	25 January 2013	–	–	–	–	2016	364
	Performance Rights Plan 2013/16	6 January 2014	–	–	–	–	2017	346
	Performance Rights Plan 2014/17	30 December 2014	479	–	–	–	2018	479
S Dawson	Performance Rights Plan 2012/15	25 January 2013	–	–	–	–	2016	440
	Performance Rights Plan 2013/16	6 January 2014	–	–	–	–	2017	418
	Performance Rights Plan 2014/17	30 December 2014	479	–	–	–	2018	479
A Grace(1)	Performance Rights Plan 2012/15	25 January 2013	–	–	–	–	2016	345
	Performance Rights Plan 2013/16	6 January 2014	–	–	–	–	2017	418
	Performance Rights Plan 2014/17	30 December 2014	479	–	–	–	2018	479
E Hunter(2)	Performance Rights Plan 2013/16	6 January 2014	–	–	–	–	2017	299
	Performance Rights Plan 2014/17	30 December 2014	364	–	–	–	2018	364
G Kubera(3)	Performance Rights Plan 2014/17	5 February 2015	317	–	–	–	2018	317
J Rintel	Performance Rights Plan 2012/15	25 January 2013	–	–	–	–	2016	440
	Performance Rights Plan 2013/16	6 January 2014	–	–	–	–	2017	418
	Performance Rights Plan 2014/17	30 December 2014	479	–	–	–	2018	479
J D Whiteside	Performance Rights Plan 2012/15	25 January 2013	–	–	–	–	2016	440
	Performance Rights Plan 2013/16	6 January 2014	–	–	–	–	2017	418
	Performance Rights Plan 2014/17	30 December 2014	479	–	–	–	2018	479
Executives – Former								
D McAtee(4)	Performance Rights Plan 2012/15	25 January 2013	–	–	–	100	2016	–
	Performance Rights Plan 2013/16	6 January 2014	–	–	–	100	2017	–
B C Walsh	Performance Rights Plan 2012/15	25 January 2013	–	–	–	–	2016	154

(A) The value of rights granted in the year is the fair value of those rights calculated at grant date using a Black-Scholes option-pricing model. The value of these rights is included in the table above. This amount is allocated to the remuneration of the applicable Executive over the vesting period (i.e. in financial years 2014/15 to 2016/17 for the LTI 2014/17).

(B) The percentage vested in the year represents the number of rights vested due to the performance conditions or other conditions being achieved following Board determination.

(C) The percentage forfeited in the year represents the number of rights forfeited due to performance conditions not being met or being unachievable.

(D) Whilst the LTI 2012/15 performance conditions were met and accounted for as an expense under AASB 2: *Share based payment*, the rights did not legally vest under the plan rules until Board approval was received in November 2015. As a result, the vesting of these rights will be reported in the 2015/16 financial year.

(E) The maximum value of outstanding rights is based on the fair value of the performance rights at the grant date. This may be different to the value of the rights in the event that they vest. The minimum value of rights yet to vest is $nil, as the performance criteria may not be met.

(1) Mr Grace's rights were granted under the LTI 2012/15 based on his fixed annual remuneration prior to him becoming a Key Management Person on 1 October 2013.

(2) Ms Hunter's employment commenced on 9 October 2013 and she is not a participant in the LTI 2012/15.

(3) Mr Kubera's employment commenced on 4 February 2015 and he is not a participant in either the LTI 2012/15 or the LTI 2013/16.

(4) Mr McAtee ceased employment with the Company on 7 October 2014. As a result of ceasing employment during the 2014/15 financial year and in accordance with his employment arrangements, all of Mr McAtee's entitlements under the LTI 2012/15 and LTI 2013/16 were forfeited.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including rights) granted to a Key Management Person have been altered or modified by the issuing entity during the reporting period.

Table C.7 – Movements in rights over equity instruments in the Company

The movement during the reporting period in the number of rights over shares in the Company, held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

		Number of Rights				
	Year	Opening balance	Granted as compensation(A)	Vested(B)	Forfeited(C)	Closing balance
Key Management Personnel						
Executives – Current						
J E Fazzino	**2015**	**1,532,715**	**773,696**	**–**	**–**	**2,306,411**
	2014	1,319,122	804,218	–	(590,625)	1,532,715
F Micallef	**2015**	**504,597**	**254,715**	**–**	**–**	**759,312**
	2014	434,278	264,763	–	(194,444)	504,597
S Atkinson	**2015**	**348,238**	**212,263**	**–**	**–**	**560,501**
	2014	274,717	182,721	–	(109,200)	348,238
S Dawson	**2015**	**420,498**	**212,263**	**–**	**–**	**632,761**
	2014	361,899	220,636	–	(162,037)	420,498
A Grace	**2015**	**377,231**	**212,263**	**–**	**–**	**589,494**
	2014	284,170	220,636	–	(127,575)	377,231
E Hunter	**2015**	**157,621**	**161,111**	**–**	**–**	**318,732**
	2014	–	157,621	–	–	157,621
G Kubera	**2015**	**–**	**140,552**	**–**	**–**	**140,552**
	2014	–	–	–	–	–
J Rintel	**2015**	**420,498**	**212,263**	**–**	**–**	**632,761**
	2014	327,437	220,636	–	(127,575)	420,498
J D Whiteside	**2015**	**420,498**	**212,263**	**–**	**–**	**632,761**
	2014	361,899	220,636	–	(162,037)	420,498
Executives – Former						
D McAtee(1)	**2015**	**356,713**	**–**	**–**	**(356,713)**	**–**
	2014	173,615	196,095	–	(12,997)	356,713
K J Gleeson	**2015**	**–**	**–**	**–**	**–**	**–**
	2014	355,787	–	–	(355,787)	–
B C Walsh	**2015**	**70,127**	**–**	**–**	**–**	**70,127**
	2014	379,907	–	–	(309,780)	70,127

(A) For the 2014/15 financial year, this represents the rights acquired by Executives during the reporting period pursuant to the LTI 2014/17.

(B) For the 2014/15 financial year, this represents the number of rights that vested during the reporting period.

(C) For the 2014/15 financial year, this represents rights that were forfeited by Executives during the reporting period.

(1) Mr McAtee ceased employment with the Company on 7 October 2014. As a result of ceasing employment during the 2014/15 financial year and in accordance with his employment arrangements, all of Mr McAtee's entitlements under the LTI 2012/15 and LTI 2013/16 were forfeited.

Table C.8 – Actual Pay

The table below provides a summary of actual remuneration paid to the Executives in the financial year ended 30 September 2015. The accounting values of the Executives' remuneration reported in accordance with the Accounting Standards may not always reflect what the Executives have actually received, particularly due to the valuation of share based payments. The table below seeks to clarify this by setting out the actual remuneration that the Executives have been paid in the financial year. Executive remuneration details prepared in accordance with statutory requirements and the Accounting Standards are presented in Table C.4 of this report.

	Year	Salary & Fees(A) $000	Short Term Incentive & other bonuses(B) $000	Other Short Term benefits(C) $000	Superannuation benefits $000	Termination benefits(D) $000	Total $000
Executives – Current							
J E Fazzino	**2015**	**2,209**	**1,730**	**–**	**19**	**–**	**3,958**
Managing Director & CEO	2014	2,145	–	–	18	–	2,163
F Micallef	**2015**	**898**	**732**	**–**	**19**	**–**	**1,649**
Chief Financial Officer	2014	872	–	–	18	–	890
S Atkinson	**2015**	**745**	**435**	**–**	**19**	**–**	**1,199**
President – Dyno Nobel Asia Pacific and Global Technology	2014	692	–	–	18	–	710
S Dawson	**2015**	**745**	**470**	**4**	**19**	**–**	**1,238**
President – Manufacturing Operations	2014	724	–	4	18	–	746
A Grace	**2015**	**745**	**519**	**–**	**19**	**–**	**1,283**
President – Strategic Engineering	2014	724	–	–	18	–	742
E Hunter	**2015**	**561**	**459**	**30**	**19**	**–**	**1,069**
Chief Human Resources Officer	2014	500	–	79	18	–	597
G Kubera(1)	**2015**	**482**	**–**	**292**	**–**	**–**	**774**
President – Dyno Nobel Americas	2014	–	–	–	–	–	–
J Rintel(2)	**2015**	**889**	**643**	**–**	**19**	**–**	**1,551**
President – Strategy & Business Development	2014	724	–	–	18	–	742
J D Whiteside	**2015**	**745**	**148**	**–**	**19**	**–**	**912**
Chief Operating Officer – Incitec Pivot Fertilisers	2014	724	–	–	17	–	741
Executives – Former							
D McAtee(3)	**2015**	**21**	**364**	**55**	**–**	**–**	**440**
President – Dyno Nobel Americas	2014	667	–	1	–	–	668
K J Gleeson(4)	**2015**	**–**	**–**	**–**	**–**	**–**	**–**
General Counsel & Company Secretary	2014	181	–	51	4	493	729
B C Walsh(5)	**2015**	**–**	**–**	**–**	**–**	**–**	**–**
President – Global Manufacturing	2014	3	–	97	–	1,241	1,341
Total Executives	**2015**	**8,040**	**5,500**	**381**	**152**	**–**	**14,073**
	2014	7,956	–	232	147	1,734	10,069

(A) For Mr Kubera, Mr Rintel and Mr McAtee, the salary and fees paid in the reporting period differs from the corresponding amounts for those Executives in Table C.4 due to timing of certain payments to those Executives at year end.

(B) Represents short term incentives paid during the 2014/15 financial year in relation to incentives awarded in respect of the 2013/14 financial year under the STI 2013/14.

(C) Other short term benefits include annual leave paid, the taxable value of fringe benefits paid attributable to the fringe benefits tax year (2015: 1 April 2014 to 31 March 2015) (2014: 1 April 2013 to 31 March 2014), rent and mortgage interest subsidies, relocation allowances and other allowances. For Ms Hunter, this includes commuting costs, comprising airfares and car transfers incurred in the 2013/14 financial year. For Mr Kubera this includes a relocation allowance. For Mr McAtee, Mrs Gleeson and Mr Walsh this includes annual leave paid on termination.

(D) Represents termination benefits paid. In relation to Mrs Gleeson and Mr Walsh, this includes long service leave payments on termination.

(1) Mr Kubera's employment commenced on 4 February 2015. The disclosures for the 2014/15 financial year are from the date he become a Key Management Person, 4 February 2015. Mr Kubera's fixed annual remuneration is inclusive of 401K pension contributions. Mr Kubera's payments were converted from US$ to A$ at the average rate for 4 February 2015 to 30 September 2015, being 1.3189.

(2) Mr Rintel's remuneration increased in 2015 to reflect additional interim duties.

(3) On 7 October 2014, Mr McAtee ceased employment with the Company. Pursuant to his contract of employment dated 31 May 2012, Mr McAtee was entitled to a payment of $439,625 in respect of his salary, short term incentive and accrued annual leave. These amounts were paid to Mr McAtee in the 2014/15 financial year. Mr McAtee's payments were converted from US$ to A$ at the average rate for 1 October 2014 to 7 October 2014 being 1.1379.

(4) On 31 December 2013, Mrs Gleeson ceased employment with the Company. Pursuant to her contract of employment dated 19 January 2004, Mrs Gleeson was entitled to a separation payment of $370,944 and payment of $50,519 for accrued annual leave and $122,225 for accrued long service leave. These amounts were paid to Mrs Gleeson in the 2013/14 financial year.

(5) On 1 October 2013, Mr Walsh ceased employment with the Company following a restructure of Global Manufacturing Operations. Pursuant to his contract of employment dated 17 October 2003, Mr Walsh was entitled to a separation payment of $904,031 and payment of $96,850 for accrued annual leave and $337,314 for accrued long service leave. These amounts were paid to Mr Walsh in the 2013/14 financial year.

D. Key management personnel disclosures

Table D.1 – Movements in shares in the Company

The movement during the reporting period in the number of shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is set out in the table below:

		Number of Shares(A)			
	Year	Opening balance	Shares acquired	Shares disposed	Closing balance
Non-executive directors – Current					
P V Brasher	**2015**	**40,600**	**20,000**	**–**	**60,600**
	2014	40,600	–	–	40,600
K J Fagg(1)	**2015**	**10,000**	**–**	**–**	**10,000**
	2014	–	10,000	–	10,000
G J Hayes(2)	**2015**	**–**	**–**	**–**	**–**
	2014	–	–	–	–
J Marlay	**2015**	**37,926**	**–**	**–**	**37,926**
	2014	37,926	–	–	37,926
R J McGrath	**2015**	**13,758**	**5,000**	**–**	**18,758**
	2014	7,000	6,758	–	13,758
G J Smorgon	**2015**	**–**	**13,100**	**–**	**13,100**
	2014	–	–	–	–
Non–executive directors – Former					
A C Larkin(3)	**2015**	**5,000**	**–**	**–**	**5,000**
	2014	5,000	–	–	5,000
A D McCallum(4)	2014	216,501	–	–	216,501
Executive directors – Current					
J E Fazzino	**2015**	**1,708,180**	**–**	**–**	**1,708,180**
	2014	1,708,180	–	–	1,708,180
Executive – Current					
F Micallef	**2015**	**–**	**15,800**	**–**	**15,800**
	2014	–	–	–	–
S Atkinson	**2015**	**3,380**	**–**	**–**	**3,380**
	2014	3,380	–	–	3,380
S Dawson	**2015**	**23,867**	**–**	**–**	**23,867**
	2014	23,867	–	–	23,867
A Grace(5)	**2015**	**111,000**	**–**	**(35,200)**	**75,800**
	2014	111,000	–	–	111,000
E Hunter	**2015**	**–**	**–**	**–**	**–**
	2014	–	–	–	–
G Kubera(6)	**2015**	**–**	**–**	**–**	**–**
	2014	–	–	–	–
J Rintel	**2015**	**–**	**–**	**–**	**–**
	2014	–	–	–	–
J D Whiteside	**2015**	**3,500**	**–**	**–**	**3,500**
	2014	3,500	–	–	3,500
Executive – Former					
D McAtee(7)	**2015**	**–**	**–**	**–**	**–**
	2014	–	–	–	–
K J Gleeson(8)	2014	3,241	–	–	3,241
B C Walsh(9)	2014	10,500	–	(10,500)	–

(A) Includes fully paid ordinary shares and shares acquired under the Employee Share Ownership Plan (ESOP) in Incitec Pivot Limited. Details of the ESOP are set out in note 15, Share based payments.
(1) Ms Fagg was appointed to the Board as a non-executive director effective 15 April 2014.
(2) Mr Hayes was appointed to the Board as a non-executive director effective 1 October 2014.
(3) Mr Larkin retired as a director effective 19 December 2014.
(4) Mr McCallum retired as a director effective 19 December 2013.
(5) The opening balance represents shares held as at the date of becoming a Key Management Person. Movements are from this date.
(6) Mr Kubera commenced employment on 4 February 2015.
(7) Mr McAtee ceased employment with the Company effective 7 October 2014.
(8) Mrs Gleeson ceased employment with the Company effective 31 December 2013.
(9) Mr Walsh ceased employment with the Company effective 1 October 2013.

(a) Loans to key management personnel

In the year ended 30 September 2015, there were no loans to key management personnel and their related parties (2014: nil).

(b) Other key management personnel transactions

The following transactions, entered into during the year and prior year with key management personnel, were on terms and conditions no more favourable than those available to other customers, suppliers and employees:

(1) The spouse of Mr Fazzino, the Managing Director & Chief Executive Officer, is a partner in the accountancy and tax firm PricewaterhouseCoopers (PwC) from which the Group purchased services of $6,534,577 during the year (2014: $4,701,371). Mr Fazzino's spouse did not directly provide these services. Mr Fazzino has not engaged PwC at any time for any assignment.

(2) The spouse of Ms Fagg is a partner in the accountancy and tax firm KPMG from which the Group purchased services of $443,761 during the year (2014: $89,078). Ms Fagg's spouse did not directly provide these services. Ms Fagg was not involved in any engagement of KPMG.

Signed in accordance with a resolution of the directors:

Paul V Brasher
Chairman

Dated at Melbourne this 9th day of November 2015

Deloitte.

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

9 November 2015

Dear Board Members

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 audit of the financial statements of Incitec Pivot Limited for the financial year ended 30 September 2015, 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 audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Tom Imbesi

Tom Imbesi
Partner
Chartered Accountants

Financial Report

Financial report

Introduction

This is the consolidated financial report of Incitec Pivot Limited ('the Company', 'IPL', or 'Incitec Pivot') a company domiciled in Australia, and its subsidiaries including its interests in joint ventures and associates (collectively referred to as the 'Group') for the financial year ended 30 September 2015.

Over the past year the content and structure of the financial report was reviewed to identify opportunities to make disclosures more relevant to the users. This included:

- a thorough review of content to eliminate immaterial disclosures to enhance the usefulness of the financial report;
- reorganisation of the notes to the financial statements into sections to assist users in understanding the Group's financial position and performance; and
- using graphs where appropriate, to better illustrate certain important financial information.

The purpose of these changes is to provide users with a clearer understanding of what drives the financial performance and financial position of the Group, whilst still complying with the provisions of the Corporations Act 2001 and Australian Accounting Standards.

Change in content and structure of the financial report

The notes to the financial statements and the related accounting policies are grouped into the following distinct sections in the 2015 financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

Financial performance: Provides detail on the Group's Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position that are most relevant to forming an understanding of the Group's financial performance for the year.

Shareholder returns: Provides information on the performance of the Group in generating shareholder returns.

Capital structure: Provides information about the Group's capital and funding structures.

Capital investment: Provides information on the Group's investment in tangible and intangible assets, and the Group's future capital commitments.

Risk management: Provides information about the Group's risk exposures, risk management practices, provisions and contingent liabilities.

Other: Provides information on items that require disclosure to comply with Australian Accounting Standards and the requirements under the Corporations Act. However, these disclosures are not considered key to understanding the Group's financial performance or financial position.

Information is only included in the notes to the financial statements to the extent it is considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the dollar amount is significant in size (quantitative factor)
- the item is significant by nature (qualitative factor)
- the Group's results cannot be understood without the specific disclosure (qualitative factor)
- it relates to an aspect of the Group's operations that is important to its future performance.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 September 2015

	Notes	2015 $mill	2014 $mill
Revenue	(2)	**3,643.3**	3,352.0
Financial and other income	(2)	**51.2**	59.3
Share of profit on equity accounted investments	(16)	**38.2**	33.3
Operating expenses			
Changes in inventories of finished goods and work in progress		**(30.8)**	1.0
Raw materials and consumables used and finished goods purchased for resale		**(1,537.6)**	(1,465.2)
Employee expenses		**(626.5)**	(575.2)
Depreciation and amortisation	(2)	**(249.1)**	(223.3)
Financial expenses	(2)	**(81.6)**	(95.0)
Purchased services		**(160.7)**	(145.4)
Repairs and maintenance		**(141.1)**	(130.3)
Outgoing freight		**(258.4)**	(236.6)
Lease payments – operating leases		**(69.7)**	(71.7)
Asset write-downs, clean-up and environmental provisions		**(5.3)**	(134.9)
Other expenses		**(64.2)**	(56.3)
Profit before income tax		**507.7**	311.7
Income tax expense	(3)	**(108.8)**	(63.5)
Profit for the year		**398.9**	248.2
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses on defined benefit plans	(17)	**(4.5)**	(14.8)
Gross fair value (loss)/gain on assets at fair value through other comprehensive income	(14)	**(3.6)**	3.2
Income tax relating to items that will not be reclassified subsequently to profit or loss		**2.7**	5.5
		(5.4)	(6.1)
Items that may be reclassified subsequently to profit or loss			
Fair value (loss)/gain on cash flow hedges	(14)	**(29.4)**	10.8
Cash flow hedge (gains)/losses transferred to profit or loss	(14)	**(5.0)**	1.9
Exchange differences on translating foreign operations		**657.7**	151.3
Net loss on hedge of net investment	(14)	**(602.6)**	(138.0)
Income tax relating to items that may be reclassified subsequently to profit or loss		**(34.4)**	5.0
		(13.7)	31.0
Other comprehensive income for the year, net of income tax		**(19.1)**	24.9
Total comprehensive income for the year		**379.8**	273.1
Profit attributable to:			
Members of Incitec Pivot Limited		**398.6**	247.1
Non-controlling interest		**0.3**	1.1
Profit for the year		**398.9**	248.2
Total comprehensive income attributable to:			
Members of Incitec Pivot Limited		**379.5**	272.0
Non-controlling interest		**0.3**	1.1
Total comprehensive income for the year		**379.8**	273.1
Earnings per share			
Basic (cents per share)	(5)	**23.8**	15.0
Diluted (cents per share)	(5)	**23.7**	15.0

Consolidated Statement of Financial Position

As at 30 September 2015

	Notes	2015 $mill	2014 $mill
Current assets			
Cash and cash equivalents	(8)	**606.3**	70.5
Trade and other receivables	(4)	**288.8**	265.5
Inventories	(4)	**401.3**	434.1
Other assets		**38.4**	46.6
Other financial assets	(14)	**9.1**	16.9
Total current assets		**1,343.9**	833.6
Non-current assets			
Trade and other receivables	(4)	**21.2**	7.1
Other assets		**63.2**	40.3
Other financial assets	(14)	**36.0**	221.8
Equity accounted investments	(16)	**323.6**	291.2
Property, plant and equipment	(9)	**4,003.6**	3,511.4
Intangible assets	(10)	**3,346.3**	2,992.3
Deferred tax assets	(3)	**58.5**	72.5
Total non-current assets		**7,852.4**	7,136.6
Total assets		**9,196.3**	7,970.2
Current liabilities			
Trade and other payables	(4)	**888.5**	823.0
Interest bearing liabilities	(8)	**747.1**	33.9
Other financial liabilities	(14)	**129.1**	26.0
Provisions	(13)	**86.9**	90.5
Current tax liabilities		**44.6**	16.7
Total current liabilities		**1,896.2**	990.1
Non-current liabilities			
Trade and other payables	(4)	**4.6**	10.1
Interest bearing liabilities	(8)	**1,806.6**	1,709.0
Other financial liabilities	(14)	**77.8**	277.0
Provisions	(13)	**93.3**	83.6
Deferred tax liabilities	(3)	**543.4**	415.3
Retirement benefit obligation	(17)	**86.2**	78.1
Total non-current liabilities		**2,611.9**	2,573.1
Total liabilities		**4,508.1**	3,563.2
Net assets		**4,688.2**	4,407.0
Equity			
Issued capital	(7)	**3,430.9**	3,332.8
Reserves		**(156.7)**	(144.8)
Retained earnings		**1,411.0**	1,216.3
Non-controlling interest		**3.0**	2.7
Total equity		**4,688.2**	4,407.0

Consolidated Statement of Cash Flows

For the year ended 30 September 2015

	Notes	2015 $mill	2014 $mill
		Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Profit after tax for the year		**398.9**	248.2
Net finance cost		**68.8**	76.9
Depreciation and amortisation	(2)	**249.1**	223.3
Write-down of property, plant and equipment	(9)	**4.5**	53.2
Impairment of goodwill and other intangible assets	(10)	**–**	37.6
Impairment of equity accounted investments	(16)	**1.1**	26.0
Share of profit on equity accounted investments	(16)	**(38.2)**	(33.3)
Net gain on sale of property, plant and equipment	(2)	**(2.4)**	(14.9)
Non-cash share-based payment transactions		**4.3**	0.1
Deferred tax expense	(3)	**59.4**	7.2
Income tax expense	(3)	**49.4**	56.3
Changes in assets and liabilities			
decrease in receivables and other operating assets		**5.4**	93.0
decrease/(increase) in inventories		**47.6**	(11.0)
decrease in payables, provisions and other operating liabilities		**(58.5)**	(194.9)
		789.4	567.7
Dividends received	(16)	**37.0**	23.7
Interest received		**12.8**	18.1
Interest expense		**(67.3)**	(75.8)
Income tax (paid)/recovered		**(15.7)**	1.5
Net cash flows from operating activities		**756.2**	535.2
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		**(372.8)**	(662.4)
Proceeds from sale of property, plant and equipment		**7.0**	24.4
(Loans to)/payments from equity accounted investees		**(17.3)**	5.3
Payments from settlement of net investment hedge derivatives		**(115.1)**	(5.0)
Net cash flows from investing activities		**(498.2)**	(637.7)
Cash flows from financing activities			
Repayments of borrowings		**(436.5)**	(224.6)
Proceeds from borrowings		**805.1**	214.4
Realised market value losses on derivatives		**–**	(8.3)
Dividends paid		**(96.4)**	(85.1)
Net cash flows from financing activities		**272.2**	(103.6)
Net increase/(decrease) in cash and cash equivalents held		**530.2**	(206.1)
Cash and cash equivalents at the beginning of the year		**70.5**	270.6
Effect of exchange rate fluctuation on cash and cash equivalents held		**5.6**	6.0
Cash and cash equivalents at the end of the year	(8)	**606.3**	70.5

Consolidated Statement of Changes in Equity

For the year ended 30 September 2015

	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 2013		3,265.9	(26.7)	22.2	(163.1)	(11.0)	1,129.6	4,216.9	2.9	4,219.8
Profit for the year		–	–	–	–	–	247.1	247.1	1.1	248.2
Total other comprehensive income for the year		–	9.3	–	21.7	2.3	(8.4)	24.9	–	24.9
Dividends paid	(6)	–	–	–	–	–	(152.0)	(152.0)	(1.3)	(153.3)
Shares issued during the year		66.9	–	–	–	–	–	66.9	–	66.9
Share-based payment transactions		–	–	0.5	–	–	–	0.5	–	0.5
Balance at 30 September 2014		3,332.8	(17.4)	22.7	(141.4)	(8.7)	1,216.3	4,404.3	2.7	4,407.0
Balance at 1 October 2014		**3,332.8**	**(17.4)**	**22.7**	**(141.4)**	**(8.7)**	**1,216.3**	**4,404.3**	**2.7**	**4,407.0**
Early adoption of AASB 9 Financial instruments	(4)	**–**	**–**	**–**	**–**	**–**	**(6.5)**	**(6.5)**	**–**	**(6.5)**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**398.6**	**398.6**	**0.3**	**398.9**
Total other comprehensive income for the year		**–**	**(22.5)**	**–**	**8.8**	**(2.5)**	**(2.9)**	**(19.1)**	**–**	**(19.1)**
Dividends paid	(6)	**–**	**–**	**–**	**–**	**–**	**(194.5)**	**(194.5)**	**–**	**(194.5)**
Shares issued during the year	(7)	**98.1**	**–**	**–**	**–**	**–**	**–**	**98.1**	**–**	**98.1**
Share-based payment transactions	(15)	**–**	**–**	**4.3**	**–**	**–**	**–**	**4.3**	**–**	**4.3**
Balance at 30 September 2015		**3,430.9**	**(39.9)**	**27.0**	**(132.6)**	**(11.2)**	**1,411.0**	**4,685.2**	**3.0**	**4,688.2**

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 2012/15, 2013/16 and 2014/17 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 Consolidated Financial Statements: Basis of preparation

For the year ended 30 September 2015

Basis of preparation and consolidation

The consolidated financial statements of the Group have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

The financial results and financial position of the Group are expressed in Australian dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The consolidated financial statements were authorised for issue by the directors on 9 November 2015.

Subsidiaries

Subsidiaries are those entities that are controlled by the Group. The financial results and financial position of the subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

A list of the Group's subsidiaries is included in note 20.

Joint ventures and associates

A joint venture is an arrangement where the parties have rights to the net assets of the venture.

Associates are those entities in respect of which the Group has significant influence, but not control, over the financial and operating policies of the entities.

Investments in joint ventures and associates are accounted for using the equity method. They are initially recognised at cost, and subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the investees.

A list of the Group's joint ventures and associates is included in note 20.

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) and the Corporations Act 2001. The consolidated financial statements of the Group comply with International Financial Reporting Standards and interpretations. The Company is a for-profit entity.

Deficiency in net current assets

As at 30 September 2015, the Group's current liabilities exceeded its current assets by $552.3m. The Group has undrawn financing facilities of $1,478.7m at 30 September 2015. In addition, the Group's forecast cash flow for the next twelve months indicates that it will be able to meet current liabilities as and when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis. The Group constantly assesses the adequacy of its financing arrangements and will establish new funding facilities as and when required, to ensure they appropriately support its investment grade credit profile and liquidity requirements.

Rounding of amounts

The Group is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission. Accordingly, amounts in the consolidated financial statements have been rounded off in accordance with that Class Order to the nearest one hundred thousand dollars, or in certain cases, the nearest one thousand dollars.

Accounting standards issued

The relevant Australian Accounting Standards and Interpretations that became effective and that were early adopted by the Group since 30 September 2014 were:

- AASB 2015-2: *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.* The amendments clarify that disclosure in the financial statements should be tailored to provide users with clear and precise information of an entity's financial performance and financial position.
- AASB 9: *Financial Instruments*. The Group early adopted the remaining phases of AASB 9 during the year. Detail of the impact of early adoption of the standard is included in notes 4 and 14.

The following relevant standard was available for early adoption but has not been applied by the Group:

- AASB 15: *Revenue from Contracts with Customers*. Details of the expected impact of AASB 15 on the Group, when it is adopted, is included in note 2.

1. 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

Fertilisers

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.

Explosives

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.

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 agricultural chemicals.

Explosives Elimination (Elim): represents elimination of profit in stock arising from DNA sales to DNAP at an arm's length transfer price.

Corporate

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

Reportable segments – financial information

30 September 2015	IPF $mill	SCI $mill	Elim $mill	Total Fertilisers $mill	DNAP $mill	DNA $mill	Elim $mill	Total Explosives $mill	Corporate/ Group Elim[(1)] $mill	Consolidated Group $mill
Sales to external customers	**1,034.5**	**755.2**	**(278.8)**	**1,510.9**	**910.8**	**1,268.7**	**(32.6)**	**2,146.9**	**(14.5)**	**3,643.3**
Share of profits in equity accounted investments	**–**	**–**	**–**	**–**	**19.2**	**19.0**	**–**	**38.2**	**–**	**38.2**
EBITDA[(2)]	**82.2**	**211.6**	**(1.1)**	**292.7**	**271.6**	**280.7**	**1.6**	**553.9**	**(21.0)**	**825.6**
Depreciation and amortisation	**(31.9)**	**(36.7)**	**–**	**(68.6)**	**(78.9)**	**(99.0)**	**–**	**(177.9)**	**(2.6)**	**(249.1)**
EBIT[(3)]	**50.3**	**174.9**	**(1.1)**	**224.1**	**192.7**	**181.7**	**1.6**	**376.0**	**(23.6)**	**576.5**
Net interest expense										**(68.8)**
Income tax expense										**(108.8)**
Profit after tax										**398.9**
Non-controlling interest										**(0.3)**
Profit attributable to members of IPL										**398.6**
Segment assets	**811.3**	**520.1**	**–**	**1,331.4**	**2,923.6**	**4,214.2**	**–**	**7,137.8**	**668.6**	**9,137.8**
Segment liabilities	**(472.9)**	**(112.5)**	**–**	**(585.4)**	**(221.0)**	**(543.5)**	**–**	**(764.5)**	**(2,614.8)**	**(3,964.7)**
Net segment assets[(4)]	**338.4**	**407.6**	**–**	**746.0**	**2,702.6**	**3,670.7**	**–**	**6,373.3**	**(1,946.2)**	**5,173.1**
Deferred tax balances										**(484.9)**
Net assets										**4,688.2**

(1) Corporate assets and liabilities include the Group's interest bearing liabilities and derivative assets and liabilities.
(2) Earnings Before Interest, related Income tax expense, Depreciation and Amortisation.
(3) Earnings Before Interest and related Income tax expense.
(4) Net segment assets exclude deferred tax balances.

Note 1

1. Segment report (continued)

Reportable segments – financial information (continued)

30 September 2014	IPF $mill	SCI $mill	Elim $mill	Total Fertilisers $mill	DNAP $mill	DNA $mill	Elim $mill	Total Explosives $mill	Corporate/ Group Elim $mill	Consolidated Group $mill
Sales to external customers	953.2	542.8	(194.4)	1,301.6	897.0	1,205.2	(38.8)	2,063.4	(13.0)	3,352.0
Share of profits in equity accounted investments	–	–	–	–	16.5	16.8	–	33.3	–	33.3
EBITDA(1)	134.1	105.8	0.1	240.0	277.2	255.6	1.5	534.3	(31.6)	742.7
Depreciation and amortisation	(30.4)	(26.2)	–	(56.6)	(73.9)	(89.9)	–	(163.8)	(2.9)	(223.3)
EBIT(1)	103.7	79.6	0.1	183.4	203.3	165.7	1.5	370.5	(34.5)	519.4
Net interest expense										(76.9)
Income tax expense										(85.1)
Profit after tax(1)										357.4
Non-controlling interest										(1.1)
Individually material items (net of tax)										(109.2)
Profit attributable to members of IPL										247.1
Segment assets	760.1	563.8	–	1,323.9	3,003.2	3,207.8	–	6,211.0	362.8	7,897.7
Segment liabilities	(434.5)	(89.2)	–	(523.7)	(197.7)	(453.7)	–	(651.4)	(1,972.8)	(3,147.9)
Net segment assets	325.6	474.6	–	800.2	2,805.5	2,754.1	–	5,559.6	(1,610.0)	4,749.8
Deferred tax balances										(342.8)
Net assets										4,407.0

(1) Excluding individually material items.

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.

30 September 2015	Australia **$mill**	USA **$mill**	Canada **$mill**	Turkey **$mill**	Other/Elim **$mill**	Consolidated **$mill**
Revenue from external customers	**2,306.4**	**991.4**	**212.3**	**63.9**	**69.3**	**3,643.3**
Non-current assets other than financial assets and deferred tax assets	**3,759.5**	**3,824.5**	**60.9**	**1.3**	**111.7**	**7,757.9**
Trade and other receivables	**178.0**	**46.8**	**40.3**	**17.1**	**27.8**	**310.0**

30 September 2014	Australia $mill	USA $mill	Canada $mill	Turkey $mill	Other/Elim $mill	Consolidated $mill
Revenue from external customers	2,070.3	882.6	253.4	79.0	66.7	3,352.0
Non-current assets other than financial assets and deferred tax assets	3,801.4	2,863.3	62.5	–	115.1	6,842.3
Trade and other receivables	116.6	48.9	50.1	19.4	37.6	272.6

2. Revenue and expenses

	Notes	2015 $mill	2014 $mill
Revenue			
External sales		**3,643.3**	3,352.0
Total revenue		**3,643.3**	3,352.0
Financial income			
Interest income		**12.8**	18.1
Other income			
Royalty income and management fees	(16)	**29.5**	23.5
Net gain on sale of property, plant and equipment		**2.4**	14.9
Settlement and curtailment of defined benefit plans	(17)	**4.1**	0.8
Other income		**2.4**	2.0
Total financial and other income		**51.2**	59.3

Expenses

Profit before income tax includes the following specific expenses:

	Notes	2015 $mill	2014 $mill
Depreciation and amortisation			
depreciation	(9)	**219.4**	194.1
amortisation	(10)	**29.7**	29.2
		249.1	223.3
Recoverable amount write-down			
property, plant and equipment	(9)	**4.5**	53.2
intangible assets	(10)	**–**	37.6
equity accounted investments	(16)	**1.1**	26.0
		5.6	116.8
Amounts set aside to provide for:			
impairment losses on trade and other receivables		**2.9**	17.2
inventory losses and obsolescence		**1.5**	0.6
employee entitlements	(13)	**4.4**	5.7
environmental liabilities	(13)	**0.8**	5.6
legal and other provisions	(13)	**6.4**	1.7
restructuring and rationalisation costs	(13)	**1.4**	5.0
Research and development expense		**9.7**	7.3
Defined contribution superannuation expense		**31.9**	27.8
Defined benefit superannuation expense	(17)	**2.8**	2.2
Financial expenses			
Unwinding of discount on provisions	(13)	**3.4**	5.6
Net interest expense on defined benefit obligation	(17)	**3.0**	2.9
Interest expenses on financial liabilities		**75.2**	86.5
Total financial expenses		**81.6**	95.0

Individually material items

There were no items of revenue or expenses that require separate disclosure in order to explain the Group's financial performance at 30 September 2015.

At 30 September 2014 the Group's profit included the following expense items whose separate disclosure was relevant in explaining the financial performance of the Group in that year:

- Impairment write-down of $61.4m (net of tax, $56.5m) in relation to Nitromak's intangible assets, property, plant and equipment and trade receivables balances due to declining business activity.
- Impairment write-down of the DNA Donora plant of $43.4m (net of tax, $26.7m) due to lower forecast production at the plant as a result of reduced contracted volumes with key North American customers.
- Impairment write-down of DNAP's investment in Fabchem China Limited of $26.0m due to lower forecast earnings as a result of a slowdown in the Chinese nitrogen market.

Key accounting policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable by the Group. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

Sale of goods: revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred to the buyer and where the costs incurred or to be incurred can be measured reliably.

Take-or-pay revenue: take-or-pay revenue is recognised in line with the sale of goods policy. In circumstances where goods are not taken by the customer, revenue is recognised when the likelihood of the customer meeting its obligation to 'take goods' becomes remote.

Services: revenue is recognised once the service is delivered. The fee for service component is recognised separately from the sale of goods.

Interest income is recognised as it accrues.

Issued Accounting Standards not early adopted

AASB 15 *Revenue from Contracts with Customers* establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The first application date for the Group is the financial year ending 30 September 2019 (subject to Australian Accounting Standards Board approval). The Group did not early adopt this Standard when it was issued during the year. However, based on preliminary assessment of the Group's material customer contracts, the impact of this standard on the recognition and reporting of the Group's revenue is not considered material.

Goods and services tax

Revenues, expenses, assets and liabilities (other than receivables and payables) are recognised net of the amount of goods and services tax (GST). The only exception is where the amount of GST incurred is not recoverable from the relevant taxation authorities. In these circumstances, the GST is recognised as part of the cost of the asset or as part of the item of expenditure.

3. Taxation

Income tax expense for the year

	2015 $mill	2014 $mill
Current tax expense		
Current year	**52.1**	60.5
Adjustment to current tax expense relating to prior years	**(2.7)**	(4.2)
	49.4	56.3
Deferred tax expense		
Origination and reversal of temporary differences	**59.4**	7.2
Total income tax expense	**108.8**	63.5

Income tax reconciliation to prima facie tax payable

	2015 $mill	2014 $mill
Profit before income tax	**507.7**	311.7
Tax at the Australian tax rate of 30% (2014: 30%)	**152.3**	93.5
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of intangible assets and investment	**0.3**	17.0
Other foreign deductions	**(30.1)**	(20.4)
Joint venture income	**(11.5)**	(10.1)
Sundry items	**(3.2)**	(14.2)
Difference in overseas tax rates	**3.7**	1.9
Adjustment to current tax expense relating to prior years	**(2.7)**	(4.2)
Income tax expense attributable to profit	**108.8**	63.5

Tax amounts recognised directly in equity

The aggregate current and deferred tax arising in the year and not recognised in net profit or loss but directly charged to equity is $31.7m for the year ended 30 September 2015 (2014: credit of $10.5m).

Net deferred tax assets/(liabilities)

	2015 $mill	2014 $mill
Deferred tax balances comprise temporary differences attributable to the following:		
Employee entitlements provision	**19.8**	19.0
Retirement benefit obligations	**26.7**	24.5
Provisions and accruals	**46.5**	42.5
Tax losses	**13.5**	7.2
Property, plant and equipment	**(350.3)**	(269.1)
Intangible assets	**(140.7)**	(117.9)
Joint venture income	**(17.6)**	(13.4)
Derivatives	**(41.0)**	(8.9)
Other	**(41.8)**	(26.7)
Net deferred tax liabilities	**(484.9)**	(342.8)
Presented in the Statement of Financial Position as follows:		
Deferred tax assets	**58.5**	72.5
Deferred tax liabilities	**(543.4)**	(415.3)
Net deferred tax liabilities	**(484.9)**	(342.8)

Movements in net deferred tax liabilities	**2015 $mill**	2014 $mill
Opening balance at 1 October	**(342.8)**	(328.1)
Debited to the profit or loss	**(55.1)**	(8.4)
Charged to equity	**(31.7)**	10.5
Foreign exchange movements	**(51.0)**	(19.7)
Tax rate change	**–**	1.7
Adjustments in respect of prior years	**(4.3)**	1.2
Closing balance at 30 September	**(484.9)**	(342.8)

Key accounting policies

Income tax expense

Income tax expense comprises current tax (amounts payable within 12 months) and deferred tax (amounts payable or receivable after 12 months). Tax expense is recognised in the profit or loss, unless it relates to items that have been recognised in equity (as part of other comprehensive income). In this instance, the related tax expense is also recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year. It is calculated using tax rates applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised for all taxable temporary differences and is calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Offsetting tax balances

Tax assets and liabilities are offset when the Group has a legal right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group. As a result it is taxed as a single entity. The head entity of the tax consolidated group is Incitec Pivot Limited.

Key estimates and judgments:

Provisions for potential further tax payments that may result from audit activities by the revenue authorities of jurisdictions in which the Group operates are recognised if a present obligation in relation to a taxation liability is assumed as probable and can be reliably estimated.

The assumption regarding future realisation of tax benefits, and therefore the recognition of deferred tax assets, may change due to the future operating performance of the Group, as well as other factors, some of which are outside of the control of the Group.

4. Trade and other assets and liabilities

The Group's total trade and other assets and liabilities consists of receivables, payables and inventory balances, net of provisions for any impairment losses.

30 September 2015	Trade $mill	Other $mill	Total $mill
Inventory	**401.3**	**–**	**401.3**
Receivables	**274.3**	**35.7**	**310.0**
Payables	**(667.9)**	**(225.2)**	**(893.1)**
	7.7	**(189.5)**	**(181.8)**

30 September 2014	Trade $mill	Other $mill	Total $mill
Inventory	434.1	–	434.1
Receivables	241.7	30.9	272.6
Payables	(614.6)	(218.5)	(833.1)
	61.2	(187.6)	(126.4)

Inventory by category:

	2015 $mill	2014 $mill
Raw materials and stores	**82.7**	84.6
Work-in-progress	**64.1**	50.4
Finished goods	**263.7**	306.8
Provisions	**(9.2)**	(7.7)
Total inventory balance	**401.3**	434.1

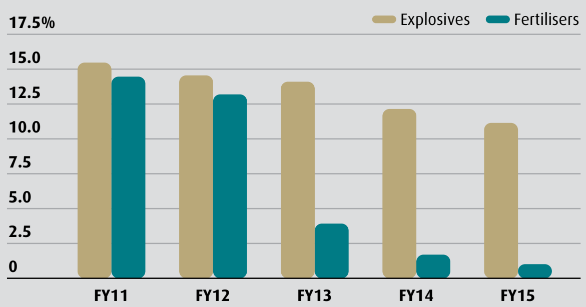
Receivables ageing and provision for impairment

Included in the following table is an age analysis of the Group's trade receivables, along with impairment provisions against these balances at 30 September:

	Gross 2015 $mill	Impairment 2015 $mill	Net 2015 $mill	Gross 2014 $mill	Impairment 2014 $mill	Net 2014 $mill
Current	**240.5**	**–**	**240.5**	210.9	–	210.9
30 – 90 days	**38.8**	**(8.0)**	**30.8**	35.5	(7.2)	28.3
Over 90 days	**25.7**	**(22.7)**	**3.0**	21.5	(19.0)	2.5
Total	**305.0**	**(30.7)**	**274.3**	267.9	(26.2)	241.7

The graphs below show the Group's trade working capital (trade assets and liabilities) performance over a five year period.

13 month rolling average trade working capital/ Annual net revenue



Key accounting policies

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of manufactured goods is based on a weighted average costing method. For third-party sourced finished goods, cost is net cost into store.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost less any provisions for expected impairment losses or actual impairment losses. Credit losses and recoveries of items previously written off are recognised in the profit or loss.

Where substantially all risks and rewards relating to a receivable are transferred to a third party, the receivable is derecognised.

During the year, the Group early adopted the remaining phases of AASB 9 *Financial Instruments*. As a result, the provision for impairment losses in relation to trade receivable balances is calculated using an expected impairment loss model.

This change in accounting policy resulted in an opening balance adjustment of $6.5m to retained earnings and the provision for impairment losses.

Trade and other payables

Trade and other payables are stated at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid at the reporting date.

Key estimates and judgments:

The expected impairment loss calculation considers the impact of past events, and exercises judgment over the impact of current and future economic conditions when considering the recoverability of outstanding trade receivable balances at the reporting date. Subsequent changes in economic and market conditions may result in the provision for impairment losses increasing or decreasing in future periods.

Note 5
Note 6

5. Earnings per share

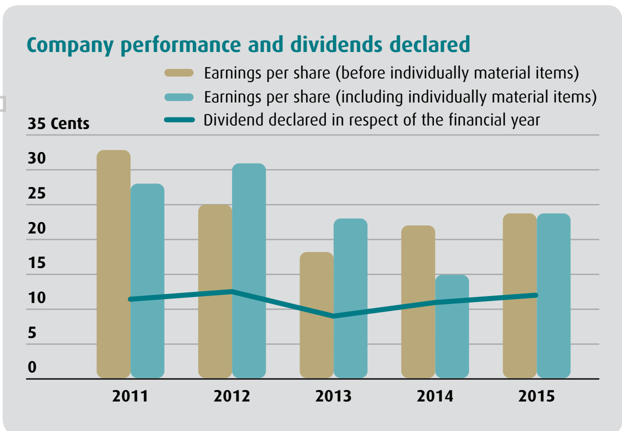
	2015 Cents per share	2014 Cents per share
Basic earnings per share		
including individually material items	**23.8**	15.0
excluding individually material items	**23.8**	21.7
Diluted earnings per share		
including individually material items	**23.7**	15.0
excluding individually material items	**23.7**	21.7
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share(1)	**1,673,824,398**	1,643,969,800
Weighted average number of ordinary shares used in the calculation of diluted earnings per share(1)	**1,678,614,972**	1,649,661,656

(1) 30,658,837 shares were issued during the year ended 30 September 2015 (2014: 26,268,087), refer note 7.

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

	2015 $mill	2014 $mill
Profit attributable to ordinary shareholders	**398.6**	247.1
Individually material items after income tax	**-**	109.2
Profit attributable to ordinary shareholders excluding individually material items	**398.6**	356.3

The graph shows the Group's earnings per share and dividend payout over the last five years.



6. Dividends

Dividends paid or declared by the Company in respect of the year ended 30 September were:

	2015 $000	2014 $000
Ordinary shares		
Final dividend of 5.8 cents per share, 75 percent franked, paid 18 December 2013	**-**	94,466
Interim dividend of 3.5 cents per share, 75 percent franked, paid 1 July 2014	**-**	57,572
Final dividend of 7.3 cents per share, 10 percent franked, paid 16 December 2014	**120,814**	-
Interim dividend of 4.4 cents per share, unfranked, paid 1 July 2015	**73,723**	-
Total ordinary share dividends	**194,537**	152,038

Since the end of the financial year, the directors have determined to pay a final dividend of 7.4 cents per share, 60 percent franked, to be paid on 14 December 2015. The total dividend payment will be $124.7m.

The financial effect of this dividend has not been recognised in the 2015 Consolidated Financial Statements.

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

Dividend reinvestment plan

The Group operates a dividend reinvestment plan which allows eligible shareholders to elect to invest dividends in ordinary shares of Incitec Pivot Limited. The offer price for shares is calculated using the daily volume weighted average market price of Incitec Pivot Limited's ordinary shares sold on the Australian Securities Exchange, calculated with reference to a period of ten consecutive trading days less any discount which may apply, as determined by the directors. Shares are provided under the plan free of brokerage and other transaction costs to the participants and rank equally with all other Incitec Pivot Limited ordinary shares on issue. There was no discount applied in respect of the 2015 final dividend.

Franking credits

Franking credits available to shareholders of the Company amount to $5.0m (2014: $4.7m) at the 30 percent (2014: 30 percent) corporate tax rate. The final dividend for 2015 is 60 percent franked at the 30 percent corporate tax rate.

Key accounting policies

A provision for dividends payable is recognised in the reporting period in which the dividends are paid. The provision is for the total undistributed dividend amount, regardless of the extent to which the dividend will be paid in cash.

7. Contributed equity

Capital management

Capital is defined as the amount subscribed by shareholders to the Company's ordinary shares and amounts advanced by debt providers to the Group. The Group's objectives when managing capital are to safeguard its ability to continue as a going concern while providing returns to shareholders and benefits to other stakeholders.

The Group's key strategies for maintenance of an optimal capital structure include:

- Aiming to maintain an investment grade credit profile and the requisite financial metrics.
- Securing access to diversified sources of debt funding with a spread of maturity dates and sufficient undrawn committed facility capacity.
- Optimising over the long term, and to the extent practicable, the Group's Weighted Average Cost of Capital (WACC), while maintaining financial flexibility.

In order to optimise its capital structure the Group may undertake one or a combination of the following actions:

- Change the amount of dividends paid to shareholders;
- Return capital or issue new shares to shareholders;
- Vary discretionary capital expenditure;
- Raise new debt funding or repay existing debt balances;
- Draw down additional debt or sell assets to reduce debt.

Key financial metrics

The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including gearing ratio (net debt/EBITDA) and EBITDA interest cover (before individually material items). At 30 September the Group's position in relation to these metrics was:

	Target range	2015	2014
Gearing ratio (times)	**equal or less than 2.5**	**1.6**	2.0
Interest cover (times)	**equal or more than 6.0**	**9.7**	9.1

Metrics are maintained in excess of any debt covenant restrictions. At 30 September 2015, the reported gearing ratio is 1.6 times and the reported interest cover ratio is 9.7 times. These ratios are impacted by a number of factors including the level of operating cash flows generated by the Group, foreign exchange rates and the fair value of hedges economically hedging the Group's net debt.

Self-insurance

The Group also self-insures for certain insurance risks under the Singapore Insurance Act. Under this Act, authorised general insurer, Coltivi Insurance Pte Limited (the Group's self-insurance company), is required to maintain a minimum amount of capital. For the financial year ended 30 September 2015, Coltivi Insurance Pte Limited maintained capital in excess of the minimum requirements prescribed under this Act. Outstanding claims are recognised when an incident occurs that may give rise to a claim. They are measured at the cost that the entity expects to incur in settling the claims.

Issued capital

Ordinary shares

Ordinary shares issued are classified as equity and are fully paid, have no par value and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any related income tax benefit.

The table below includes details on movements in issued capital and fully paid ordinary shares of the Company during the year.

Date	Details	Number of Shares	$mill
30 Sept 2014	Balance at the end of the previous financial year	**1,654,998,194**	**3,332.8**
Shares issued during the year			
16 Dec 2014	Shares issued (Dividend Reinvestment Plan)	**20,623,269**	**59.3**
1 July 2015	Shares issued (Dividend Reinvestment Plan)	**10,035,568**	**38.8**
30 Sept 2015	Balance at the end of the financial year	**1,685,657,031**	**3,430.9**

8. 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 30 September is analysed as follows:

	Notes	**2015 $mill**	2014 $mill
Interest bearing liabilities		**2,553.7**	1,742.9
Cash and cash equivalents		**(606.3)**	(70.5)
Fair value of derivatives	(14)	**(658.1)**	(192.4)
Net debt		**1,289.3**	1,480.0

Interest bearing liabilities

The Group's interest bearing liabilities are unsecured and expose it to various market and liquidity risks. Detail on these risks and their mitigation are included in note 14.

The following table details the interest bearing liabilities of the Group at 30 September:

	2015 $mill	2014 $mill
Current		
Bank loans	**20.1**	24.2
Fixed interest rate bonds	**714.9**	–
Loans to joint ventures and associates	**12.1**	9.7
	747.1	33.9
Non-current		
Bank facility	**441.1**	–
Fixed interest rate bonds	**1,365.5**	1,709.0
	1,806.6	1,709.0
Total interest bearing liabilities	**2,553.7**	1,742.9

Fixed interest rate bonds

The Group has on issue the following Fixed Interest Rate Bonds in the US 144A/Regulation S debt capital market:

- USD500m 5 year bond, with a fixed rate semi-annual coupon of 4 percent, maturing in December 2015.
- USD800m 10 year bond, with a fixed rate semi-annual coupon of 6 percent, maturing in December 2019.

The Group has on issue the following Fixed Interest Rate Bond in the Australian debt capital market:

- AUD200m 5.5 year bond, with a fixed rate semi-annual coupon of 5.75 percent, maturing in February 2019.

Bank facility

Bank facilities of AUD568m and USD953m were entered into in August 2015 and are split into two facilities. The first facility is for a 3 year term maturing in August 2018. This facility has two tranches: Tranche A has a limit of AUD568m and Tranche B has a limit of USD553m. The second facility has a limit of USD400m and is for a 5 year term, maturing in August 2020. These facilities replaced the AUD1,450m bank facility and will be used for general funding purposes including the refinancing of the 144A USD500m bond maturing in December 2015.

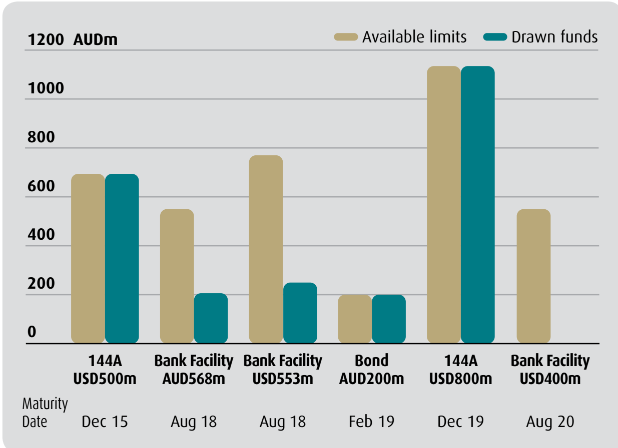
Interest rate profile

The table below summarises the Group's interest rate profile, net of interest rate hedging, of its interest bearing liabilities at 30 September:

	2015 $mill	2014 $mill
Fixed interest rate financial instruments	**940.3**	794.2
Variable interest rate financial instruments	**1,613.4**	948.7
	2,553.7	1,742.9

Funding profile

The graph details the Group's available funding, its maturity dates and drawn funds at 30 September 2015:



Cash and cash equivalents

Cash and cash equivalents at 30 September 2015 was $606.3m (2014: $70.5m) and consisted of cash at bank of $103.2m (2014: $70.5m) and deposits on call of $503.1m (2014: nil).

Key accounting policies

Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value less any directly attributable borrowing costs. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost using the effective interest method, with any difference between cost and redemption value recognised in the profit or loss over the period of the borrowings.

The Group derecognises interest bearing liabilities when its obligation is discharged, cancelled or expires. Any gains and losses arising on derecognition are recognised in the profit or loss.

Interest bearing liabilities are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the year end, which are classified as non-current.

Cash and cash equivalents

Cash includes cash at bank, cash on hand and deposits at call, net of bank overdrafts.

Borrowing costs

Borrowing costs include interest on borrowings and the amortisation of premiums relating to borrowings.

Borrowing costs are expensed as incurred, unless they relate to qualifying assets (refer note 9). In this instance, the borrowing costs are capitalised and depreciated over the asset's expected useful life.

9. Property, plant and equipment

	Notes	Freehold land and buildings $mill	Machinery, plant and equipment $mill	Construction in progress $mill	Total $mill
At 1 October 2013					
Cost		746.6	2,882.3	306.8	3,935.7
Accumulated depreciation		(174.3)	(727.9)	–	(902.2)
Net book amount		572.3	2,154.4	306.8	3,033.5
Year ended 30 September 2014					
Opening net book amount		572.3	2,154.4	306.8	3,033.5
Additions		2.7	153.1	507.8	663.6
Disposals		(3.9)	(5.6)	–	(9.5)
Depreciation	(2)	(22.1)	(172.0)	–	(194.1)
Impairment of assets	(2)	(13.3)	(39.9)	–	(53.2)
Reclassification from construction in progress		21.2	120.0	(141.2)	–
Foreign exchange movement		6.3	30.1	34.7	71.1
Closing net book amount		563.2	2,240.1	708.1	3,511.4
At 30 September 2014					
Cost		753.0	3,076.8	708.1	4,537.9
Accumulated depreciation		(189.8)	(836.7)	–	(1,026.5)
Net book amount		563.2	2,240.1	708.1	3,511.4
Year ended 30 September 2015					
Opening net book amount		**563.2**	**2,240.1**	**708.1**	**3,511.4**
Additions		**4.5**	**38.1**	**361.0**	**403.6**
Disposals		**(1.0)**	**(3.6)**	**–**	**(4.6)**
Depreciation	(2)	**(23.1)**	**(196.3)**	**–**	**(219.4)**
Impairment of assets	(2)	**–**	**(4.5)**	**–**	**(4.5)**
Reclassification from construction in progress		**11.8**	**155.8**	**(167.6)**	**–**
Foreign exchange movement		**26.8**	**111.3**	**179.0**	**317.1**
Closing net book amount		**582.2**	**2,340.9**	**1,080.5**	**4,003.6**
At 30 September 2015					
Cost		**804.0**	**3,481.4**	**1,080.5**	**5,365.9**
Accumulated depreciation		**(221.8)**	**(1,140.5)**	**-**	**(1,362.3)**
Net book amount		**582.2**	**2,340.9**	**1,080.5**	**4,003.6**

Capitalised interest

During the year ended 30 September 2015 interest of $37.7m (2014: $17.7m) was capitalised in relation to the funding of expansion projects.

Key accounting policies

Property, plant and equipment is measured at cost, less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Borrowing costs in relation to the funding of qualifying assets are capitalised and included in the cost of the asset. Qualifying assets are assets that take more than 12 months to get ready for their intended use or sale. Where funds are borrowed generally, a weighted average interest rate is used for the capitalisation of interest.

Property, plant and equipment is subject to impairment testing. For details of impairment of assets, refer note 11.

Depreciation

Property, plant and equipment, other than freehold land, is depreciated on a straight-line basis. Freehold land is not depreciated. Depreciation rates are calculated to spread the cost of the asset (less any residual value), over its estimated useful life. Residual value is the estimated value of the asset at the end of its useful life.

Estimated useful lives in the current and comparative years for each class of asset are as follows:

- Buildings and improvements 20 – 40 years
- Machinery, plant and equipment 3 – 40 years

Residual values and useful lives are reviewed and adjusted where relevant when changes in circumstances impact the use of the asset.

10. Intangibles

	Notes	Software $mill	Goodwill $mill	Patents, trademarks & customer contracts $mill	Brand names $mill	Total $mill
At 1 October 2013						
Cost		86.2	2,537.8	239.7	245.7	3,109.4
Accumulated amortisation		(54.7)	–	(93.7)	–	(148.4)
Net book amount		31.5	2,537.8	146.0	245.7	2,961.0
Year ended 30 September 2014						
Opening net book amount		31.5	2,537.8	146.0	245.7	2,961.0
Additions		0.8	–	–	–	0.8
Impairment of intangible assets	(2)	(0.8)	(34.1)	–	(2.7)	(37.6)
Amortisation	(2)	(10.8)	–	(18.4)	–	(29.2)
Foreign exchange movement		0.6	76.8	6.5	13.4	97.3
Closing net book amount		21.3	2,580.5	134.1	256.4	2,992.3
At 30 September 2014						
Cost		87.8	2,580.5	250.9	256.4	3,175.6
Accumulated amortisation		(66.5)	–	(116.8)	–	(183.3)
Net book amount		21.3	2,580.5	134.1	256.4	2,992.3
Year ended 30 September 2015						
Opening net book amount		**21.3**	**2,580.5**	**134.1**	**256.4**	**2,992.3**
Additions		**5.2**	**–**	**–**	**–**	**5.2**
Amortisation	(2)	**(10.1)**	**–**	**(19.6)**	**–**	**(29.7)**
Foreign exchange movement		**1.2**	**302.7**	**22.6**	**52.0**	**378.5**
Closing net book amount		**17.6**	**2,883.2**	**137.1**	**308.4**	**3,346.3**
At 30 September 2015						
Cost		**98.0**	**2,883.2**	**294.6**	**308.4**	**3,584.2**
Accumulated amortisation		**(80.4)**	**–**	**(157.5)**	**–**	**(237.9)**
Net book amount		**17.6**	**2,883.2**	**137.1**	**308.4**	**3,346.3**

Allocation of goodwill

For impairment testing purposes the Group identifies its cash generating units (CGUs), which is the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or other groups of assets. Each CGU is no larger than a segment. For impairment testing, the Group's CGUs are the same as its reportable segments (as set out in note 1) but with no allocation to corporate assets and liabilities.

The Group's indefinite life intangible assets are allocated to the groups of CGUs as follows:

30 September 2015	**Goodwill $mill**	**Brand names $mill**	**Total $mill**
Incitec Pivot Fertilisers (IPF)	**183.8**	**–**	**183.8**
Southern Cross International (SCI)	**2.6**	**–**	**2.6**
Dyno Nobel Asia Pacific (DNAP)	**1,132.4**	**40.3**	**1,172.7**
Dyno Nobel Americas (DNA)	**1,564.4**	**268.1**	**1,832.5**
	2,883.2	**308.4**	**3,191.6**

30 September 2014	Goodwill $mill	Brand names $mill	Total $mill
Incitec Pivot Fertilisers (IPF)	183.8	–	183.8
Southern Cross International (SCI)	2.1	–	2.1
Dyno Nobel Asia Pacific (DNAP)	1,132.4	40.3	1,172.7
Dyno Nobel Americas (DNA)	1,262.2	216.1	1,478.3
	2,580.5	256.4	2,836.9

Key accounting policies

Goodwill
Goodwill on acquisition of subsidiaries is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or circumstances indicate that it might be impaired.

Brand names
Brand names acquired by the Group have indefinite useful lives and are measured at cost less accumulated impairment. They are tested annually for impairment, or more frequently if events or circumstances indicate that they might be impaired.

Other intangible assets
Other intangible assets acquired by the Group have finite lives. They are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure
Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits of the asset to which it relates. All other such expenditure is expensed as incurred.

Amortisation
Goodwill and brand names are not amortised.

For intangible assets with finite lives, amortisation is recognised in the profit or loss on a straight-line basis over their estimated useful life. The estimated useful lives of intangible assets in this category are as follows:

- Software 3 – 7 years
- Product trademarks 4 – 10 years
- Patents 13 – 15 years
- Customer contracts 10 – 17 years

Useful lives are reviewed at each reporting date and adjusted where relevant.

11. Impairment of goodwill and non-current assets

At 30 September 2015, the Group has identified the following indicators of impairment:

Explosives

The global mining downturn, and consequent lower mining commodity prices, have resulted in mining companies reviewing their operating costs and this has led to margin pressure for their suppliers, including explosives manufacturers.

Fertilisers

Global fertiliser prices are impacted by new supply and varying global demand caused by regional weather patterns and variable soft commodity pricing. In addition, there is a risk that reliable, committed sources of natural gas and sulphuric acid at economically viable prices may not be available to the Group for use at its Fertilisers manufacturing operations.

In addition, the Group also identified indicators of impairment for the Nitromak and Gibson Island assets.

Impairment testing

The Group has prepared value-in-use models for the purpose of impairment testing as at 30 September 2015, using five year discounted cash flow models based on Board approved forecasts. Cash flows beyond the five year period are extrapolated using a terminal value growth rate.

The Group's impairment testing resulted in no impairment at 30 September 2015. In addition, no reversal of impairment was required for the Nitromak and Donora assets that were impaired in 2014.

Key assumptions

The estimation of future cash flows requires management to make significant estimates and judgments on the timing of cash flows, commodity prices and foreign exchange rates. Details of the key assumptions used in the value-in-use calculations at 30 September are set out below:

Key assumptions	**1 – 5 years**		**Terminal value (after 5 years)**	
	2015	2014	**2015**	2014
DAP(1)	**\$425 to \$493**	\$457 to \$482	**\$535**	\$535
Urea(2)	**\$265 to \$325**	\$321 to \$333	**\$336**	\$345
Gas(3)	**\$9.00**	\$9.00	**\$9.18**	\$9.00
AUD:USD(4)	**\$0.72 to \$0.76**	\$0.82 to \$0.89	**\$0.76**	\$0.81

(1) Di-Ammonium Phosphate price (FOB Tampa – USD per tonne).
(2) Granular Urea price (FOB Middle East – USD per tonne).
(3) Australian East Coast natural gas price (AUD per gigajoule).
(4) AUD:USD exchange rate.

Fertiliser prices, foreign exchange rates and natural gas prices used in the value-in-use models are estimated by reference to external market publications and market analyst estimates, and updated at each reporting date.

The post-tax discount rate used in the value-in-use calculations is 9% (2014: 9%) for all CGUs except Nitromak where 17.5% (2014: 17.5%) was used. The rate reflects the underlying cost of capital, adjusted for market risk.

The terminal value growth rate represents the forecast consumer price index (CPI) within the respective markets, and was 2.5% (2014: 2.5%) for all the CGUs except Nitromak, where no growth was assumed (current and prior year).

The value-in-use models reflects management's assumption that all operating site leases will be extended beyond 2020.

Sensitivity analyses

Included in the table below is a sensitivity analysis of the recoverable amounts and, where applicable, the impairment charge considering reasonable change scenarios relating to key assumptions at 30 September 2015:

	AUD:USD exchange rate	DAP/Urea price in USD(1)	Terminal value growth rate	Australian East Coast natural gas price in AUD
	+ 5c	**- USD40 per tonne**	**- 1.0%**	**+ AUD2 per gigajoule**
SCI	**\$mill**	**\$mill**	**\$mill**	**\$mill**
– Value-in-use	(342.8)	(468.6)	(80.2)	(169.1)
– Impairment charge	–	(93.5)	–	–
	+ 5c	**- USD20 per tonne**	**- 1.0%**	**+ AUD2 per gigajoule**
Gibson Island	**\$mill**	**\$mill**	**\$mill**	**\$mill**
– Value-in-use	(172.1)	(144.5)	(17.4)	(227.3)
– Impairment charge	(71.3)	(43.7)	–	(126.5)
	n/a	**n/a**	**- 1.0%**	**n/a**
DNAP	**\$mill**	**\$mill**	**\$mill**	**\$mill**
– Value-in-use	n/a	n/a	(310.3)	n/a
– Impairment charge	n/a	n/a	(131.6)	n/a

(1) DAP price impacts the value-in-use of the SCI CGU. The Urea price impacts the value-in-use of the Gibson Island assets.

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

Impairment of other property, plant and equipment

During the year ended 30 September 2015 property, plant and equipment was impaired by \$4.5m (2014: \$3.6m) as a result of the Group's fixed asset verification procedures and the abandonment of certain assets.

Key accounting policies

Impairment testing

The Group performs annual impairment testing 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 judgment. Where an indicator of impairment is identified, a formal impairment assessment is performed.

The Group's annual impairment testing determines whether the recoverable amount of a CGU or group of CGUs, to which goodwill and/or indefinite life intangible assets are allocated, exceeds its carrying amount.

11. Impairment of goodwill and non-current assets (continued)

Key accounting policies (continued)

Impairment testing (continued)

A CGU is the smallest identifiable group of assets that generate cash flows largely independent of cashflows of other assets or other groups of assets. Goodwill and other indefinite life intangible assets are allocated to CGUs or groups of CGUs which are no larger than one of the Group's reportable segments.

Determining the recoverable amount

Impairment testing involves comparing an asset's recoverable amount to its carrying amount. The recoverable amount of an asset (excluding receivables) is determined as the higher of its fair value less costs to sell and its value-in-use. "Value-in-use" is a term that means an asset's value based on the expected future cash flows arising from its continued use, discounted to present value. For discounting purposes, a post-tax rate is used that reflects current market assessments of the risks specific to the asset.

A recoverable amount is estimated for each individual asset or, where it is not possible to estimate for individual assets, for the CGU to which the asset belongs. Cash flows are estimated for the asset in its current condition and do not include cash inflows or outflows that improve or enhance the asset's performance or that may arise from future restructuring.

Impairment losses

An impairment loss is recognised whenever the carrying amount of an asset (or its CGU) exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of CGUs are allocated against assets in the following order:

- Firstly, against the carrying amount of any goodwill allocated to the CGU.
- Secondly, against the carrying amount of any remaining assets in the CGU.

Key estimates and judgments:

The Group is required to make significant estimates and judgments in determining whether the carrying amount of its assets and/or CGUs has any indication of impairment, in particular in relation to:

- key assumptions used in forecasting future cash flows;
- discount rates applied to those cash flows; and
- the expected long term growth in cash flows.

Such estimates and judgments are subject to change as a result of changing economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes in the recognition of impairment charges in future periods.

12. Commitments

Capital expenditure commitments

Capital expenditure contracted but not provided for or payable at 30 September:

	2015 $mill	2014 $mill
no later than one year	**146.0**	188.1
later than one, no later than five years	**1.7**	45.3
	147.7	233.4

Lease commitments

Non-cancellable operating lease commitments comprise a number of operating lease arrangements for the provision of certain equipment. These leases have varying durations and expiry dates. The future minimum rental commitments are as follows at 30 September:

	2015 $mill	2014 $mill
no later than one year	**49.5**	50.3
later than one, no later than five years	**76.5**	76.8
later than five years	**59.8**	55.4
	185.8	182.5

Key accounting policies

Leases are accounted for as either finance leases or operating leases.

Finance leases

Under the terms of a finance lease, the Group assumes most of the risks and benefits associated with ownership of the leased asset.

Assets subject to finance leases are measured at the present value of the minimum lease payments. The leased asset is amortised on a straight-line basis over the period that benefits are expected to flow from its use. A corresponding liability is established for the lease payments. Each lease payment is allocated between finance charges and reduction of the liability.

Operating leases

Under the terms of an operating lease, the Group does not assume the risks and benefits associated with ownership of the leased asset. Payments made under operating leases are shown as lease payments in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

13. Provisions and contingencies

Provisions at 30 September 2015 are analysed as follows:

30 September 2015	Employee entitlements $mill	Restructuring and rationalisation $mill	Environmental $mill	Asset retirement obligations $mill	Legal and other $mill	Total provisions $mill
Carrying amount at 1 October 2014	**56.1**	**7.3**	**73.9**	**32.1**	**4.7**	**174.1**
Provisions made during the year	**4.4**	**1.4**	**0.8**	**2.5**	**6.4**	**15.5**
Provisions written back during the year	**–**	**–**	**(6.4)**	**–**	**(0.4)**	**(6.8)**
Payments made during the year	**(3.6)**	**(4.0)**	**(6.7)**	**(0.5)**	**(0.4)**	**(15.2)**
Unwind	**0.5**	**–**	**0.4**	**2.5**	**–**	**3.4**
Foreign currency exchange differences	**–**	**0.2**	**6.8**	**1.6**	**0.6**	**9.2**
Carrying amount at 30 September 2015	**57.4**	**4.9**	**68.8**	**38.2**	**10.9**	**180.2**
Current	**51.8**	**4.7**	**19.0**	**0.5**	**10.9**	**86.9**
Non-current	**5.6**	**0.2**	**49.8**	**37.7**	**–**	**93.3**

Key accounting policies

Provisions

Provisions are measured at management's estimate of the expenditure required to settle the obligation. This estimate is based on a "present value" calculation, which involves the application of a discount rate to the expected future cash flows associated with settlement. The discount rate takes into account factors such as risks specific to the liability and the time value of money.

Employee entitlements

Provisions are made for liabilities to employees for annual leave, long service leave and other employee entitlements. Where the payment to employees is expected to take place in 12 months time or later, a present value calculation is performed. In this instance, the corporate bond rate is used to discount the liability to its present value.

Restructuring and rationalisation

Provisions for restructuring or rationalisation are only recognised when a detailed plan has been approved and the restructuring or rationalisation has either commenced or been publicly announced.

Environmental

Provisions (and the related expense) relating to the remediation of soil, groundwater, untreated waste and other environmental contamination are made when the Group has an obligation to carry out the clean-up operation as a result of a past event. In addition, a provision will only be made where it is possible to reliably estimate the costs involved.

Asset retirement

In certain circumstances, the Group has an obligation to dismantle and remove an asset and to restore the site on which it is located. The present value of the estimated costs of this process is recognised as part of the asset that is depreciated and also as a provision.

At each reporting date, the provision is remeasured in line with changes in discount rates and the timing and amount of future estimated cash flows. Any changes in the provision are added to or deducted from the related asset, other than changes associated with the passage of time. This is recognised as a borrowing cost in the profit or loss.

Legal and other

There are a number of legal claims and other exposures, including claims for damages arising from products and services supplied by the Group, that arise from the ordinary course of business. A provision is only made where it is probable that a sacrifice of future economic benefits will be required and the costs involved can be reliably estimated.

Key estimates and judgments:

Provisions are based on the Group's estimate of the timing and value of outflows of resources required to settle or satisfy commitments and liabilities known to the Group at the reporting date.

Contingencies

The following contingent liabilities are considered remote. However the directors consider they should be disclosed:

- Under the terms of the ASIC Class Order 98/1418 (as amended) dated 13 August 1998, which relieved certain wholly-owned subsidiaries from the requirement to prepare audited financial statements, IPL and certain wholly-owned subsidiaries have entered into an approved deed for the cross guarantee of liabilities with those subsidiaries identified in note 20. No liabilities subject to the deed of cross guarantee at 30 September 2015 are expected to arise to IPL or the relevant subsidiaries.
- The Group is regularly subject to investigations and audit activities by the revenue authorities of jurisdictions in which the Group operates. The outcome of these investigations and audits depends upon several factors which may result in further tax payments or refunds of tax payments already made by the Group.
- Contingent liabilities arise in the normal course of business and include a number of legal claims, environmental clean-up requirements and bank guarantees.

The Directors are of the opinion that no additional provisions are required in respect of these matters, as it is either not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

14. Financial risk management

The Group is exposed to financial risks including liquidity risk, market risk and credit risk. This note explains the Group's financial risk exposures and its objectives, policies and processes for measuring and managing these risks.

The Board of Directors (the 'Board') has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board established the Audit and Risk Management Committee (ARMC) which is responsible for, amongst other things, the monitoring of the Group's risk management plans. The ARMC is assisted in its oversight role by the Group's Risk Management function. The Risk Management function performs reviews of the Group's risk management controls and procedures, the results of which are reported to the ARMC. The ARMC reports regularly to the Board on its activities.

The Group's financial risk management framework includes policies to identify, analyse and manage the Group's financial risks. These policies set appropriate financial risk limits and controls, identify permitted derivative instruments and provide guidance on how to monitor and report financial risks and adherence to set limits. Financial risk management policies, procedures and systems are reviewed regularly to ensure they remain appropriate given changes in market conditions and/or the Group's activities.

Financial risks

Liquidity risk: This is the risk that the Group is not able to refinance its debt obligations or meet its cash commitments when required.

Source of risk

Exposure to liquidity risk derives from the Group's operations and from the external interest bearing liabilities that it holds.

Risk mitigation

Liquidity risk is managed by ensuring that there are sufficient committed funding facilities available to meet the Group's financial commitments in a timely manner.

The Group's forecast liquidity requirements are continually reassessed based on regular forecasting of earnings and capital requirements. This includes stress testing of critical assumptions such as input costs, sales prices, production volumes, exchange rates and capital expenditure.

The Group aims to hold a minimum liquidity buffer of at least $500m in undrawn non-current committed funding to meet any unforeseen cash flow requirements. Details on the Group's committed finance facilities, including the maturity dates of these facilities, are included in note 8.

Outstanding financial instruments

The Group's exposures to liquidity risk are set out in the tables below:

30 September 2015	Contractual cash flows(1) **$mill**	0 – 12 months **$mill**	1 – 5 years **$mill**	more than 5 years **$mill**
Non-derivative financial liabilities				
Interest bearing liabilities	**2,553.7**	**747.1**	**1,806.6**	**–**
Interest payments	**357.4**	**70.0**	**287.4**	**–**
Trade and other payables	**893.1**	**888.5**	**4.6**	**–**
Bank guarantees	**144.4**	**70.7**	**8.4**	**65.3**
Total non-derivative cash outflows	**3,948.6**	**1,776.3**	**2,107.0**	**65.3**
Derivative financial (assets)/liabilities				
Forward exchange contracts	**(3.2)**	**(3.2)**	**–**	**–**
Cross currency interest rate swaps	**143.4**	**30.1**	**113.3**	**–**
Interest rate swaps	**9.7**	**(6.2)**	**7.4**	**8.5**
Platinum forwards	**1.2**	**1.2**	**–**	**–**
Natural gas swaps	**10.8**	**10.8**	**–**	**–**
Net derivative cash outflows	**161.9**	**32.7**	**120.7**	**8.5**

30 September 2014	Contractual cash flows (1) $mill	0 – 12 months $mill	1 – 5 years $mill	more than 5 years $mill
Non-derivative financial liabilities				
Interest bearing liabilities	1,742.9	33.9	778.2	930.8
Interest payments	422.4	100.3	294.5	27.6
Trade and other payables	833.1	823.0	10.1	–
Bank guarantees	126.2	57.4	9.0	59.8
Total non-derivative cash outflows	3,124.6	1,014.6	1,091.8	1,018.2
Derivative financial (assets)/liabilities				
Forward exchange contracts	(0.8)	(0.8)	–	–
Foreign exchange options	9.2	9.2	–	–
Cross currency interest rate swaps	81.4	–	81.4	–
Interest rate swaps	(26.9)	(15.3)	(16.1)	4.5
Net derivative cash outflows	62.9	(6.9)	65.3	4.5

(1) Contractual cash flows are not discounted, include interest amounts payable, and are based on foreign exchange rates at year end. Any subsequent movements in foreign exchange rates could impact the actual cash flows on settlement of these assets and liabilities.

14. Financial risk management (continued)

Financial risks (continued)

Market risk: Market risk is the risk that changes in foreign exchange rates, interest rates and commodity prices will affect the Group's earnings, cash flows and the carrying values of its financial instruments.

Foreign exchange risk

Source of risk

The Group is exposed to changes in foreign exchange rates (primarily in USD) on the following transactions and balances:

- Sales and purchases
- Trade receivables and trade payables
- Interest bearing liabilities

The Group is also exposed to foreign exchange rate movements (primarily in USD) on the translation of the earnings, assets and liabilities of its foreign operations.

Risk mitigation

Foreign exchange exposure to sales and purchases is mitigated, to the extent possible, by entering into formal hedging arrangements.

The Group hedges both specific transactions and net exposures by entering into foreign exchange rate derivative contracts.

The translation risk of USD denominated interest bearing liabilities and net investments in foreign operations and their earnings is also managed by entering into foreign exchange rate derivative financial instruments.

Outstanding financial instruments and sensitivity analysis

The tables below summarises the Group's exposures to movements in the AUD:USD exchange rate and the derivative financial instruments that are in place to hedge these exposures at 30 September:

	2015 AUD:USD USD mill	2014 AUD:USD USD mill
Transactional exposures		
Trade and other receivables	**0.2**	10.3
Trade and other payables	**(179.0)**	(242.0)
Interest bearing liabilities	**(1,573.0)**	(1,300.0)
Gross exposure (before hedging)	**(1,751.8)**	(1,531.7)
Hedge of transactional exposures		
Trade and other receivables and payables		
Forward exchange contracts	**176.4**	235.6
Interest bearing liabilities		
Forward exchange contracts	**273.0**	–
Cross currency interest rate swaps	**1,300.0**	1,300.0
Total hedge contract values	**1,749.4**	1,535.6
Net exposure (after hedging)	**(2.4)**	3.9

	2015 AUD:USD USD mill	2014 AUD:USD USD mill
Hedge of forecast sales and purchases		
Forward exchange contracts	**27.9**	154.3
Foreign exchange options	**–**	(165.0)
Total hedge contract values	**27.9**	(10.7)

	2015 AUD:USD USD mill	2014 AUD:USD USD mill
Translational exposures		
Net investment in foreign operations	**2,280.2**	2,182.1
Gross exposure (before hedging)	**2,280.2**	2,182.1
Hedge of translational exposures		
Cross currency interest rate swaps	**(1,746.5)**	(1,781.5)
Forward exchange contracts	**(473.0)**	(203.5)
Total hedge contract values	**(2,219.5)**	(1,985.0)
Net exposure (after hedging)	**60.7**	197.1

Foreign exchange rates

The AUD:USD foreign exchange rates used by the Group to translate its foreign denominated earnings, assets and liabilities are set out below:

	2015 AUD:USD	2014 AUD:USD
30 September foreign exchange rate	**0.7017**	0.8705
Average foreign exchange rate for the year	**0.7868**	0.9204

Note 14

14. Financial risk management (continued)

Financial risks (continued)

Market risk (continued)

Foreign exchange risk (continued)

Outstanding financial instruments and sensitivity analysis (continued)

Foreign exchange rate sensitivity on outstanding financial instruments

The table below shows the impact of a 1 cent movement (net of hedging) in the AUD:USD exchange rate on the Group's profit and equity before tax in relation to foreign denominated assets and liabilities at 30 September:

	2015 AUD:USD AUD mill	2014 AUD:USD AUD mill
Foreign exchange sensitivity – (net of hedging)		
+1c		
Trade and other receivables and payables – (profit or loss)	**–**	(0.1)
Hedge of forecast transactions – (equity)	**(0.6)**	0.1
Investments in foreign operations – (equity)	**(1.2)**	(2.6)
-1c		
Trade and other receivables and payables – (profit or loss)	**–**	0.1
Hedge of forecast transactions – (equity)	**0.6**	(0.1)
Investments in foreign operations – (equity)	**1.3**	2.6

Sensitivity to foreign exchange rate movements during the year (unhedged)

The table below shows the impact of a 1 cent movement in foreign exchange rates on the Group's profit before tax, in relation to sales and earnings during the year that are denominated in USD.

	+ 1c AUD:USD AUD mill 2015	**- 1c AUD:USD AUD mill 2015**	+ 1c AUD:USD AUD mill 2014	- 1c AUD:USD AUD mill 2014
Foreign exchange sensitivity – (unhedged)				
USD Fertiliser sales from Australian plants	**(9.6)**	**9.8**	(5.6)	5.7
North American USD earnings	**(2.9)**	**2.9**	(2.2)	2.2

The Fertiliser sales sensitivity calculation is based on actual tonnes manufactured by the Australian fertiliser plants and sold during the year, the average AUD:USD exchange rate for the year, and the average USD fertiliser price.

The North American earnings translation sensitivity calculation is based on the earnings before interest, tax, depreciation and amortisation from the North American business for the year and the average AUD:USD exchange rate achieved during the year.

Interest rate risk

Source of risk
Exposure to interest rate risk is a result of the effect of changes in interest rates on the Group's outstanding interest bearing liabilities and derivative instruments.

Risk mitigation
The exposure to interest rate risk is mitigated by maintaining a mix of fixed and variable interest rate borrowings and by entering into interest rate derivative instruments.

Outstanding financial instruments and sensitivity analysis

The Group's interest bearing liabilities at 30 September was $2,553.7m (2014: $1,742.9m), comprising $2,080.4m (2014: $1,709.0m) of fixed rate borrowings and $473.3m (2014: $33.9m) of floating rate borrowings (refer note 8). The Group also holds interest rate swap contracts as at 30 September summarised in the tables below:

30 September 2015	**Average pay fixed rate**	**Average receive fixed rate**	**Duration years**	**Net contract amounts mill**
USD LIBOR				
not later than one year	**–**	**(1.55%)**	**0.2**	**USD 500**
later than one year, no later than five years	**3.31%**	**(3.17%)**	**4.1**	**USD 350**
later than five years	**3.68%**	**–**	**3.0**	**USD 250**

30 September 2014	Average pay fixed rate	Average receive fixed rate	Duration years	Net contract amounts mill
USD LIBOR				
later than one year, no later than five years	1.95%	–	2.1	USD 450
later than five years	–	(1.57%)	3.6	USD 350
AUD BBSW				
later than one year, no later than five years	3.07%	–	3.0	AUD 100

14. Financial risk management (continued)

Financial risks (continued)

Market risk (continued)

Interest rate risk (continued)

Outstanding financial instruments and sensitivity analysis (continued)

Interest rate sensitivity on outstanding financial instruments

The following table shows the sensitivity of the Group's profit before tax to a 1 per cent change in interest rates. The sensitivity is calculated based on the Group's interest bearing liabilities and derivative financial instruments that are exposed to interest rate movements and the AUD:USD exchange rate at 30 September:

Interest Rate Sensitivity	**+ 1% AUD mill**	**- 1% AUD mill**	+ 1% AUD mill	- 1% AUD mill
	2015	**2015**	2014	2014
LIBOR	**(25.1)**	**25.1**	(14.7)	14.7
BBSW	**7.9**	**(7.9)**	5.1	(5.1)

The sensitivity above is also representative of the Group's interest rate exposures during the year.

Commodity risk

Source of risk

Exposure to changes in commodity prices is by virtue of the products that the Group sells and its manufacturing operations, and can be categorised into four main commodities, namely: Ammonium Nitrate, Ammonium Phosphate, Urea and Natural Gas.

Risk mitigation

Price risk exposure is managed by entering into long term contracts with suppliers and customers where possible.

Where commodity price exposures cannot be eliminated through contracted and/or other commercial arrangements, the Group may enter into derivative contracts where available on a needs basis, to mitigate this risk. However, in some instances price risk exposure can not be economically mitigated by either contractual arrangements or derivative contracts.

Outstanding financial instruments and sensitivity analysis

The table below includes the Group's derivative contracts that are exposed to changes in natural gas prices at 30 September:

	Total volume (MMBTU)(1)	**Price/ Strike(2)**	Total volume (MMBTU)(1)	Price/ Strike(2)
	2015	**2015**	2014	2014
Contracts maturing within 1 year				
Natural gas swaps fixed payer/(receiver)	**13,391,500**	**USD 3.34**	(76,050)	USD 3.98
Natural gas options				
Sold Call	**1,499,000**	**USD 4.00**	–	–
Bought Call	**1,499,000**	**USD 3.19**	–	–
Sold Put	**1,499,000**	**USD 2.50**	–	–
Bought Put	**1,499,000**	**USD 1.50**	–	–
Contracts maturing between 1 and 5 years				
Natural gas options				
Bought Call	**8,232,000**	**USD 4.24**	–	–
Sold Put	**8,232,000**	**USD 3.00**	–	–

(1) Million Metric British Thermal Units
(2) Nymex Henry Hub gas price

Natural gas price sensitivity on outstanding financial instruments

The table below shows the sensitivity of the Group's equity before tax to a change of USD1 per MMBTU in the natural gas price. The sensitivity is based on natural gas derivative contracts held by the Group at 30 September:

Natural gas price sensitivity	**+ USD1 per 1 MMBTU AUD mill**	**- USD1 per 1 MMBTU AUD mill**	+ USD1 per 1 MMBTU AUD mill	- USD1 per 1 MMBTU AUD mill
	2015	**2015**	2014	2014
Henry Hub USD	**27.3**	**(27.3)**	(0.1)	0.1

Sensitivity to natural gas price movements during the year

The table below shows the sensitivity of the Group's profit before tax to a change of USD1 per MMBTU in the natural gas price. The sensitivity is based on the average natural gas price, the average AUD:USD exchange rate (excluding the impact of hedging) and the current annual natural gas consumption of the Group's manufacturing operations in the Americas that are exposed to changes in natural gas prices:

Natural gas price sensitivity	**+ USD1 per 1 MMBTU AUD mill**	**- USD1 per 1 MMBTU AUD mill**	+ USD1 per 1 MMBTU AUD mill	- USD1 per 1 MMBTU AUD mill
	2015	**2015**	2014	2014
Henry Hub USD	**(7.9)**	**7.9**	(6.4)	6.4

Sensitivity to fertiliser price movements during the year

The table below shows the sensitivity of the Group's profit before tax to a USD10 per tonne change in Ammonium Phosphates and Urea prices. The sensitivity is based on actual tonnes manufactured and sold by the Group during the year and the average AUD:USD exchange rate (excluding the impact of hedging) for the year:

Fertiliser price sensitivity	**+ USD10 per tonne AUD mill**	**- USD10 per tonne AUD mill**	**Actual Tonnes ('000)**
2015			
Granular Urea (FOB Middle East)	**4.6**	**(4.6)**	**360**
DAP (FOB Tampa)	**13.3**	**(13.3)**	**1,046**
Urea (FOB NOLA)	**2.1**	**(2.1)**	**163**
2014			
Granular Urea (FOB Middle East)	4.4	(4.4)	403
DAP (FOB Tampa)	8.4	(8.4)	775
Urea (FOB NOLA)	1.7	(1.7)	158

Note 14

14. Financial risk management (continued)

Financial risks (continued)

Market risk (continued)

Included in the table below are details of the Group's derivative instruments at 30 September 2015, classified by hedge accounting type and market risk category:

		Balance at 30 September 2015				During the period	
30 September 2015	**Notes**	Carrying amount of hedging instrument asset[(1)]	Carrying amount of hedging instrument liability[(1)]	Fair value hedge adjustment of hedged item	Balance of gains/ (losses) in reserves before tax	Gains/ (losses) recognised in reserves[(2)]	Reclassification of (gains)/ losses from reserves to profit or loss[(2)]
Cash flow hedges							
Foreign exchange risk on forecast sales & purchases							
Forward exchange contracts		**3.0**	**(2.8)**	–	**0.1**	**0.1**	–
Discontinued hedge [(3)]		–	–	–	**13.4**	**33.2**	**(14.3)**
Commodity risk on forecast purchases							
Natural gas swaps		–	**(10.5)**	–	**(9.2)**	**(9.2)**	–
Natural gas options		–	**(3.3)**	–	**(3.4)**	**(3.4)**	–
Platinum forwards		–	**(1.2)**	–	**(1.2)**	**(1.2)**	–
Discontinued hedge [(3)]		–	–	–	**(3.6)**	**(8.2)**	**4.6**
Interest rate risk on highly probable debt							
Interest rate swaps		–	**(43.5)**	–	**(41.8)**	**(39.2)**	**0.7**
Discontinued hedge [(3)]		–	–	–	**(7.7)**	**(1.5)**	**4.0**
Total cash flow hedges		**3.0**	**(61.3)**	–	**(53.4)**	**(29.4)**	**(5.0)**
Fair value hedges[(5)]							
Foreign exchange risk on USD borrowings							
Cross currency interest rate swaps		**521.5**	–	**(522.9)**	–	–	–
Forward exchange contracts		**101.8**	–	**(18.9)**	–	–	–
Interest rate risk on fixed USD and AUD Bonds							
Interest rate swaps		**34.8**	–	**(41.1)**	–	–	–
Discontinued hedge[(4)]		–	–	**4.5**	–	–	–
Total fair value hedges	(8)	**658.1**	–	**(578.4)**	–	–	–
Net investment hedges							
Foreign exchange risk on foreign operation							
Cross currency interest rate swaps		–	**(665.0)**	–	**(654.3)**	**(413.0)**	–
Forward exchange contracts		**2.8**	**(101.8)**	–	**(76.8)**	**(67.3)**	–
Discontinued hedge[(3)]		–	–	–	**(74.7)**	**(122.3)**	–
Total net investment hedges		**2.8**	**(766.8)**	–	**(805.8)**	**(602.6)**	–
Held for trading[(6)]							
Forward exchange contracts		**48.9**	**(47.7)**	–	–	–	–
Interest rate swaps		**1.7**	**(1.7)**	–	–	–	–
Total held for trading		**50.6**	**(49.4)**	–	–	–	–
Offsetting contracts[(1)]		**(670.6)**	**670.6**	–	–	–	–
Equity instruments		**1.2**	–	–	**(16.0)**	**(3.6)**	–
Total net		**45.1**	**(206.9)**	**(578.4)**	**(875.2)**	**(635.6)**	**(5.0)**

(1) 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.

(2) Gains or losses recognised in the reserves will be reclassified to the same line item in the profit or loss as the underlying hedged item when the underlying forecast transaction occurs.

(3) Gains or losses on discontinued hedges that were in cash flow hedge or net investment hedge relationships remain in the reserves until the underlying transactions occur or upon disposal of the underlying net investment. At 30 September 2015, a loss of $1.4m was transferred from reserves to profit or loss in relation to ineffective hedges, as the underlying transaction was no longer expected to occur.

(4) The fair value hedge adjustment of a hedged item where the hedging instrument is discontinued remains in the carrying amount of the hedged item and is amortised to the profit or loss over the life of the hedged item.

(5) The total fair value of derivatives hedging the Group's interest bearing liabilities is $658.1m. The cross currency interest rate swaps and forward exchange contracts hedging the foreign currency exposure of the Group's USD borrowings have a contract value of USD1,573m, and are economic hedges of USD1,573m of the Group's USD interest bearing liabilities. The interest rate swap contracts effectively convert USD800m of the Group's fixed interest rate borrowings to floating interest rates.

(6) 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.

14. Financial risk management (continued)

Financial risks (continued)

Market risk (continued)

Included in the table below are details of the Group's derivative instruments at 30 September 2014, classified by hedge accounting type and market risk category:

30 September 2014	Notes	Balance at 30 September 2014 Carrying amount of hedging instrument asset[1]	Carrying amount of hedging instrument liability[1]	Fair value hedge adjustment of hedged item	Balance of gains/ (losses) in reserves before tax	During the period Gains/ (losses) recognised in reserves[2]	Reclassification of (gains)/ losses from reserves to profit or loss[2]
Cash flow hedges							
Foreign exchange risk on forecast sales & purchases							
Forward exchange contracts		2.7	(0.2)	–	2.4	2.4	–
Discontinued hedge[3]		–	–	–	(7.9)	12.8	(1.5)
Interest rate risk on highly probable debt							
Interest rate swaps		0.6	(5.5)	–	(3.1)	(3.1)	–
Discontinued hedge[3]		–	–	–	(10.4)	(1.3)	3.4
Total cash flow hedges		3.3	(5.7)	–	(19.0)	10.8	1.9
Fair value hedges[5]							
Foreign exchange risk on USD borrowings							
Cross currency interest rate swaps		165.4	–	(163.5)	–	–	–
Interest rate risk on fixed USD and AUD Bonds							
Interest rate swaps		27.0	–	(34.1)	–	–	–
Discontinued hedge[4]		–	–	3.4	–	–	–
Total fair value hedges	(8)	192.4	–	(194.2)	–	–	–
Net investment hedges							
Foreign exchange risk on foreign operation							
Cross currency interest rate swaps		–	(247.2)	–	(207.3)	(133.6)	–
Forward exchange contracts		–	(20.9)	–	(11.1)	(9.9)	–
Discontinued hedge[3]		–	–	–	15.2	5.5	–
Total net investment hedges		–	(268.1)	–	(203.2)	(138.0)	–
Held for trading[6]							
Forward exchange contracts		38.0	(18.2)	–	–	–	–
Cross currency interest rate swaps		–	(0.5)	–	–	–	–
Interest rate swaps		0.2	(0.8)	–	–	–	–
Foreign exchange options		–	(9.7)	–	–	–	–
Total held for trading		38.2	(29.2)	–	–	–	–
Equity instruments		4.8	–	–	(12.4)	3.2	–
Total net		238.7	(303.0)	(194.2)	(234.6)	(124.0)	1.9

(1) 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.
(2) Gains or losses recognised in the reserves will be reclassified to the same line item in the profit or loss as the underlying hedged item when the underlying forecast transaction occurs.
(3) Gains or losses on discontinued hedges that were in cash flow hedge or net investment hedge relationships remain in the reserves until the underlying transactions occur or upon disposal of the underlying net investment.
(4) The fair value hedge adjustment of a hedged item where the hedging instrument is discontinued remains in the carrying amount of the hedged item and is amortised to the profit or loss over the life of the hedged item.
(5) The total fair value of derivatives hedging the Group's interest bearing liabilities is $192.4m. The cross currency interest rate swaps hedging the foreign currency exposure of the Group's USD borrowings have a contract value of USD1,300m, and are economic hedges of USD1,300m of the Group's USD interest bearing liabilities. The interest rate swap contracts effectively convert USD800m of the Group's fixed interest rate borrowings to floating interest rates.
(6) 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.

14. Financial risk management (continued)

Financial risks (continued)

Credit risk: Credit risk is the risk of financial loss to the Group as a result of customers or counterparties to financial assets failing to meet their contractual obligations.

Source of risk

The Group is exposed to customer and counterparty credit risk from trade and other receivables and financial instrument contracts that are outstanding at the reporting date.

Risk mitigation

The Group minimises the credit risk associated with trade and other receivables balances by undertaking transactions with a large number of customers in various countries.

The creditworthiness of customers is reviewed prior to granting credit, using trade references and credit reference agencies. Credit limits are established and monitored for each customer, and these limits represent the highest level of exposure that a customer can reach. Trade credit insurance is purchased when required.

The Group mitigates credit risk from financial instrument contracts by only entering into transactions with counterparties who have sound credit ratings and, where applicable, with whom the Group has a signed netting agreement. Given their high credit ratings, the Group does not expect any counterparty to fail to meet its obligations.

Credit risk exposure

The Group's maximum exposure to credit risk at 30 September is the carrying amount, net of any provision for impairment, of the financial assets as detailed in the table below:

	2015 $mill	2014 $mill
Trade and other receivables	**310.0**	272.6
Cash and cash equivalents	**606.3**	70.5
Derivative assets	**43.9**	233.9
	960.2	577.0

Financial assets and financial liabilities that are subject to enforceable master netting arrangements are offset in the Statement of Financial Position. At 30 September 2015, the amount netted in other financial assets and other financial liabilities is $670.6m (2014: nil).

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. Adjustments for the currency basis are made at the end of the reporting period.
- 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, 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).

2015	**Level 1 $mill**	**Level 2 $mill**	**Level 3 $mill**
Listed equity securities	**1.2**	**–**	**–**
Derivative financial assets	**–**	**43.9**	**–**
Derivative financial liabilities	**–**	**(206.9)**	**–**

2014	Level 1 $mill	Level 2 $mill	Level 3 $mill
Listed equity securities	4.8	–	–
Derivative financial assets	–	233.9	–
Derivative financial liabilities	–	(303.0)	–

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.

Interest bearing liabilities have a carrying value of $2,553.7m (2014: $1,742.9m) – refer to note 8. The fair value of the interest bearing financial liabilities at 30 September 2015 was $2,664.3m (2014: $1,860.0m) and was based on the level 2 valuation methodology.

14. Financial risk management (continued)

Key accounting policies

Foreign currency transactions and balances

The Group presents its accounts in Australian dollars. Foreign currency transactions are translated into Australian dollars using the exchange rates at the date the transaction occurs.

Balance sheet items, monetary assets (such as trade receivables) and liabilities (such as trade creditors) denominated in foreign currencies are translated into Australian dollars using the exchange rate at 30 September. Non-monetary items (for example, plant and machinery) that are measured at historical cost in a foreign currency are not re-translated.

Foreign exchange gains and losses relating to transactions are recognised in the profit or loss, with the exception of gains and losses arising from cash flow hedges and net investment hedges that are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of the Group's foreign operations are translated at applicable exchange rates at 30 September. Income and expense items are translated at the average exchange rates for the period.

Foreign exchange gains and losses arising on translation are recognised in the foreign currency translation reserve (FCTR). If and when the Group disposes of the foreign operation, these gains and losses are transferred from the FCTR to the profit or loss.

Derivatives and hedging

The Group uses contracts known as derivative financial instruments to hedge its financial risk exposures.

On entering into a hedging relationship, the Group formally designates and documents details of the hedge, risk management objective and strategy for entering into the arrangement. The Group applies hedge accounting to hedging relationships that are expected to be highly effective in offsetting changes in fair value, i.e. where the cash flows arising from the hedge instrument closely match the cash flows arising from the hedged item.

Hedge accounting is discontinued when:

- the hedging relationship no longer meets the risk management objective.
- the hedging instrument expires or is sold, terminated or exercised.
- the hedge no longer qualifies for hedge accounting.

Derivatives are measured at fair value. The accounting treatment applied to specific types of hedges is set out below.

Cash flow hedges

Changes in the fair value of effective cash flow hedges are recognised in equity, in the cash flow hedge reserve. To the extent that the hedge is ineffective, changes in fair value are recognised in the profit or loss.

Fair value gains or losses accumulated in the reserve are taken to profit or loss when the hedged item affects the profit or loss.

When the hedged item is a non-financial asset, the amount recognised in the reserve is transferred to the carrying amount of the asset when the asset is purchased.

Net investment hedges

Hedges of a net investment in a foreign operation are accounted for in a similar way as cash flow hedges. Gains or losses on the effective portion of the hedge are recognised directly in equity (in the FCTR) while any gains or losses relating to the ineffective portion are recognised in the profit or loss.

On disposal of the foreign operation, the cumulative value of gains or losses recognised in the FCTR are transferred to profit or loss.

Fair value hedges

Changes in the fair values of both the hedging instrument and hedged item are recognised in the profit or loss.

Hedge ineffectiveness

The Group aims to transact only highly effective hedge relationships, and in most cases the hedging instruments have a 1:1 hedge ratio with the hedged items. However, at times, some hedge ineffectiveness can arise and is recognised in profit or loss in the period in which it occurs. Key sources of hedge ineffectiveness for the Group are as follows:

- Maturity dates of hedging instruments not matching the maturity dates of the hedged items.
- Credit risk inherent within the hedging instrument not matching the movement in the hedged item.
- Interest rates of the Group's financing facilities not matching the interest rates of the hedging instrument.
- Forecast transactions not occurring.

Classification of financial instruments

Financial instruments are classified into the following categories:

- Amortised cost (cash and cash equivalents, interest bearing liabilities and trade and other receivables and payables).
- Fair value through other comprehensive income (listed equity securities).
- Fair value through profit or loss (derivative financial instruments).

Early adoption of AASB 9: Financial Instruments

The early adoption of the remaining phases of AASB 9 during the year introduced a new hedge accounting methodology. The new methodology had an impact on the way the Group measures the effectiveness of its hedging arrangements. It allowed the Group to recognise the movement in the time value of its hedges in the hedge reserve until the underlying transaction occurs. Previously this was recognised immediately in the profit or loss.

The adoption of the new hedge accounting methodology did not have a material impact on the Group's results for the current or prior year.

15. Share based payments

Long Term Incentive Plans (LTIs)

The LTIs are designed to link reward with the key performance drivers that underpin sustainable growth in shareholder value. With regard to the LTI 2012/15 and LTI 2013/16 plans, the performance conditions comprise earnings per share growth and relative total shareholder return. With regard to the LTI 2014/17, the performance conditions comprise relative total shareholder return and the delivery of certain strategic initiatives.

The arrangements support the Company's strategy for retention and motivation of its executives.

Employee Share Ownership Plan

The Board established the Incitec Pivot Employee Share Ownership Plan (ESOP) on 28 October 2003. The Board determines which employees are eligible to receive invitations to participate in the ESOP. Invitations are generally made annually to eligible employees on the following basis:

- employees are each entitled to acquire shares with a maximum value of $1,000.
- employees cannot dispose of the shares for a period of three years from the date of acquisition or until they leave their employment with the Company, whichever occurs first.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2015 $000	2014 $000
Accounting value of performance rights issued under the LTI performance plans(1)	**4,268**	111

(1) The expense disclosed in 2014 is net of the prior year write-back of the LTI 2012/15 that did not meet the earnings per share performance condition.

	2015 Number	2014 Number
Number of performance rights outstanding under the LTI performance plans	**6,643,412**	8,529,850

Detailed disclosure of the movements in LTIs are disclosed in the Remuneration Report.

Key accounting policies

The rights to shares granted to employees under the terms of the plans are measured at fair value. The fair value is recognised as an employee expense over the period that employees become unconditionally entitled to the rights. There is a corresponding increase in equity, which is reflected in the share based payments reserve.

The amount recognised as an expense is adjusted to reflect the actual number of rights taken up, once related service and other non-market conditions are met.

16. Equity accounted investments

The Group has performed an analysis of the balance sheets and the results of each of its joint ventures and associates (as listed in note 20) at 30 September 2015 and considers them to be individually immaterial to the Group. As a result, no individual disclosures are included for the Group's investments in joint ventures and associates.

Included in the table below is the summarised financial information of the Group's joint ventures and associates at 30 September:

Carrying value of joint ventures and associates

	Notes	**2015 $mill**	2014 $mill
Carrying amount at 1 October		**291.2**	299.1
Share of net profits		**38.2**	33.3
Impairment of investment in associate	(2)	**(1.1)**	(26.0)
Dividends received/receivable		**(37.0)**	(23.7)
Elimination of profit on transactions with joint ventures and associates		**–**	(0.4)
Foreign exchange movement		**32.3**	8.9
Carrying amount at 30 September		**323.6**	291.2
Carrying amount of investments in:			
Joint ventures		**267.8**	246.7
Associates		**55.8**	44.5
Total carrying amount of investments in joint ventures and associates		**323.6**	291.2

The investment in Fabchem China Limited has been written down by $1.1m (2014: $26.0m) to its fair value of $3.0m at 30 September 2015 less estimated selling costs.

Transactions between subsidiaries of the Group and joint ventures and associates

	Notes	**2015 $mill**	2014 $mill
Sales of goods/services		**315.5**	264.5
Purchase of goods/services		**(34.7)**	(46.8)
Management fees/royalties	(2)	**29.5**	23.5
Interest income		**–**	0.3
Interest expense		**(0.1)**	(0.1)
Dividend income		**37.0**	23.7

Joint ventures and associates transactions represent amounts that do not eliminate on consolidation.

Outstanding balances arising from transactions with joint ventures and associates

	2015 $mill	2014 $mill
Amounts owing to related parties	**3.7**	1.1
Amounts owing from related parties	**45.6**	39.2
Loans from joint ventures and associates		
Loans to joint ventures and associates	**23.6**	6.5
Loans from joint ventures and associates	**12.1**	9.8

Outstanding balances arising from transactions with joint ventures and associates are on standard market terms.

17. Retirement benefit obligation

The Group operates a number of defined benefit plans in North America and Australia to provide benefits for employees and their dependants on retirement, disability or death.

The Group also makes contributions to defined contribution schemes.

Financial position and performance

Net defined benefit obligation at 30 September

	2015 $mill	2014 $mill
Present value of obligations	**385.3**	356.5
Fair value of plan assets	**(299.1)**	(278.4)
Net defined benefit obligation	**86.2**	78.1

Maturity profile of the net defined benefit obligation

The expected maturity analysis of the undiscounted defined benefit obligation is as follows:

	2015 $mill	2014 $mill
Within next 10 years	**248.1**	242.2
Within 10 to 20 years	**176.6**	176.9
In excess of 20 years	**146.3**	155.8

Return on plan assets for the year ended 30 September

	2015 $mill	2014 $mill
Actual return on plan assets	**5.0**	24.1

Composition plan assets at 30 September

	2015	2014
The percentage invested in each asset class:		
Equities	**50%**	57%
Fixed interest securities	**27%**	28%
Property	**9%**	6%
Other	**14%**	9%

Movements in plan assets/liabilities

Amounts recognised in Other Comprehensive Income

	Notes	2015 $mill	2014 $mill
Gains/(losses) arising from changes in acturial assumptions		**3.3**	(34.3)
Return on plan assets (less)/greater than discount rate		**(7.8)**	19.5
Total recognised in Other Comprehensive Income		**(4.5)**	(14.8)
Amounts recognised in Profit or Loss			
Net interest expense	(2)	**(3.0)**	(2.9)
Defined benefit superannuation expense	(2)	**(2.8)**	(2.2)
Settlement and curtailment of defined benefit plans	(2)	**4.1**	0.8

Key assumptions and sensitivities

Principal actuarial assumptions

	2015	2014
Discount rate (gross of tax)	**3.8% – 6.3%**	3.4% – 6.5%
Future salary increases	**2.0% – 5.0%**	2.0% – 5.0%

Sensitivity analysis

The sensitivity analysis is based on a change in a significant actuarial assumption while holding all other assumptions constant. The following table summarises how the defined benefit obligation as at 30 September 2015 would have increased/(decreased) as a result of a change in the respective assumption by 1 percentage point:

	1 percent increase	1 percent decrease
Discount rate	**(59.6)**	**71.7**
Rate of salary increase	**20.6**	**(20.6)**

Key accounting policies

All employees of the group are entitled to benefits from the Group's superannuation plan on retirement, disability or death or can direct the group to make contributions to a defined contribution plan of their choice. The Group's superannuation plan has a defined benefit section and a defined contribution section. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from group companies and the Group's legal or constructive obligation is limited to these contributions.

The liability or asset recognised in the balance sheet in respect of defined benefit superannuation plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Contributions to the defined contribution section of the Group's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

Key estimates and judgments:

The present value of the defined benefit obligation at the reporting date is based on expected future payments arising from membership of the fund. This is calculated annually by independent actuaries considering the expected future wage and salary levels of employees, experience of employee departures and employee periods of service.

Expected future payments are discounted using market yields on corporate bonds at the reporting date, which have terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

18. Deed of cross guarantee

Entities that are party to the Deed of Cross Guarantee are included in note 20. The Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position for this closed group are shown below:

Statement of Profit or Loss and Other Comprehensive Income

	2015 $mill	2014 $mill
Profit before income tax	**535.0**	341.6
Income tax expense	**(150.5)**	(76.5)
Profit for the year	**384.5**	265.1
Retained profits at 1 October	**1,346.3**	1,234.3
Other movements in retained earnings	**(1.3)**	(1.1)
Dividend paid	**(194.5)**	(152.0)
Retained profits at 30 September	**1,535.0**	1,346.3

Statement of Financial Position

	2015 $mill	2014 $mill
Current assets		
Cash and cash equivalents	**419.2**	19.3
Trade and other receivables	**175.2**	140.5
Inventories	**261.5**	316.4
Other assets	**12.7**	24.0
Other financial assets	**9.1**	16.9
Total current assets	**877.7**	517.1
Non-current assets		
Trade and other receivables	**134.3**	129.4
Other financial assets	**4,267.9**	4,331.2
Equity accounted investments	**24.3**	54.3
Property, plant and equipment	**2,184.8**	2,255.9
Intangible assets	**260.9**	270.6
Deferred tax assets	**181.4**	117.4
Total non-current assets	**7,053.6**	7,158.8
Total assets	**7,931.3**	7,675.9
Current liabilities		
Trade and other payables	**644.2**	604.0
Interest bearing liabilities	**734.9**	24.0
Other financial liabilities	**118.5**	26.0
Provisions	**61.2**	65.5
Current tax liabilities	**50.8**	11.9
Total current liabilities	**1,609.6**	731.4
Non-current liabilities		
Trade and other payables	**244.6**	306.2
Interest bearing liabilities	**586.0**	780.4
Other financial liabilities	**74.5**	277.0
Provisions	**46.8**	44.3
Deferred tax liabilities	**426.3**	268.3
Retirement benefit obligation	**7.3**	9.1
Total non-current liabilities	**1,385.5**	1,685.3
Total liabilities	**2,995.1**	2,416.7
Net assets	**4,936.2**	5,259.2
Equity		
Issued capital	**3,430.9**	3,332.8
Reserves	**(29.7)**	580.1
Retained earnings	**1,535.0**	1,346.3
Total equity	**4,936.2**	5,259.2

19. Parent entity disclosure

Throughout the financial year ended 30 September 2015 the parent company of the Group was Incitec Pivot Limited.

Parent entity guarantees in respect of debts of its subsidiaries

As at 30 September 2015 the Company's current liabilities exceeded its current assets by $1,220.6m. The parent entity is a party to the Deed of Cross Guarantee, under which each entity guarantees the debt of the other. The Group's forecast cash flows for the next 12 months indicate that it will be able to meet current liabilities as and when they fall due. In addition, the Group has undrawn financing facilities of $1,478.7m at 30 September 2015 and a cash balance of $606.3m.

Statement of Profit or Loss and Other Comprehensive Income

Results of the parent entity	2015 $mill	2014 $mill
Profit for the year	**438.8**	66.6
Other comprehensive (loss)/income	**(18.1)**	(121.5)
Total comprehensive (loss)/income for the year	**420.7**	(54.9)

Statement of Financial Position

	2015 $mill	2014 $mill
Current assets	**432.8**	339.6
Total assets	**7,325.0**	6,416.3
Current liabilities	**1,653.4**	964.1
Total liabilities	**3,664.7**	3,286.7
Net assets	**3,660.3**	3,129.6
Share capital	**3,430.9**	3,332.8
Reserves	**(35.3)**	(222.9)
Retained earnings	**264.7**	19.7
Total equity	**3,660.3**	3,129.6

Parent entity contingencies and commitments

Contingent liabilities of Incitec Pivot Limited are disclosed in note 13.

Plant and equipment – commitments	2015 $mill	2014 $mill
Contracted but not yet provided for and payable:		
Within one year	**2.4**	1.6

Note 18

Note 19

20. Investments in subsidiaries, joint ventures and associates

The following list includes the Group's principal operating subsidiaries and subsidiaries that are party to the Deed of Cross Guarantee dated 30 September 2008. Other than as noted below, there were no changes in the Group's existing shareholdings in its subsidiaries, joint ventures and associates in the financial year.

Subsidiaries

Name of entity	Ownership interest
Company	
Incitec Pivot Limited [1]	
Controlled Entities – operating	
Incitec Fertilizers Limited [1]	100%
TOP Australia Ltd [1]	100%
Southern Cross Fertilisers Pty Ltd [1]	100%
Southern Cross International Pty Ltd [1]	100%
Incitec Pivot LTI Plan Company Pty Limited	100%
Incitec Pivot Holdings (Hong Kong) Limited	100%
Incitec Pivot Explosives Holdings Pty Limited [1]	100%
TinLinhe Nitrogen Limited	100%
Quantum Fertilisers Limited	65%
Coltivi Insurance Pte Limited	100%
Queensland Operations Pty Limited	100%
Incitec Pivot Investments 1 Pty Ltd [1]	100%
Incitec Pivot Investments 2 Pty Ltd	100%
Incitec Pivot US Investments	100%
Incitec Pivot US Holdings Pty Ltd	100%
Incitec Pivot Management LLC	100%
Incitec Pivot Finance LLC	100%
Incitec Pivot Finance Australia Pty Ltd [1]	100%
Dyno Nobel Pty Limited	100%
Dyno Nobel Australia LLC	100%
Prime Manufacturing Ltd	75%
The Dyno Nobel SPS LLC	100%
Dyno Nobel Europe Pty Ltd	100%
Dyno Nobel Management Pty Limited	100%
Industrial Investments Australia Finance Pty Limited	100%
Dyno Nobel Holdings IV LLC	100%
Dyno Nobel Holdings USA III, Inc.	100%
Dyno Nobel Holdings USA II	100%
Dyno Nobel Holdings USA II, Inc.	100%
Dyno Nobel Holdings USA, Inc.	100%
Dyno Nobel Inc.	100%
Dyno Nobel Transportation, Inc.	100%
Simsbury Hopmeadow Street LLC	100%
Dyno Nobel Holdings V LLC	100%
Tradestar Corporation	100%
Dyno Nobel Explosivos Chile Limitada	100%
CMMPM, LLC	100%
CMMPM Holdings, L.P.	100%
Dyno Nobel Peru S.A.	100%
Dyno Nobel Mexico, S.A. de C.V.	99%
Dyno Nobel Canada Inc.	100%
Dyno Nobel Transportation Canada Inc.	100%
Dyno Nobel Nunavut Inc.	100%
Incitec Pivot Finance Canada Inc.	100%

Name of entity	Ownership interest
Controlled Entities – operating (continued)	
Polar Explosives 2000 Inc.	100%
Polar Explosives Ltd	84%
Dyno Nobel Asia Pacific Pty Limited [1]	100%
Dampier Nitrogen Pty Ltd	100%
DNX Australia Pty Ltd [1]	100%
DNX Papua New Guinea Ltd [2]	100%
Dyno Nobel Moranbah Pty Ltd [1]	100%
Dyno Nobel Moura Pty Limited [1]	100%
PT DNX Indonesia	100%
Nitromak DNX Kimya Sanayii A.S.	100%
SC Romnitro Explosives Srl.	100%
DNX Nitro Industria Kimike Sh.p.k	100%
Dyno Nobel Louisiana Ammonia, LLC	100%
Dyno Nobel Waggaman Inc. [3]	100%

Joint ventures and associates

Name of entity	Ownership interest
Joint ventures	
Alpha Dyno Nobel Inc	50%
Boren Explosives Co., Inc.	50%
Buckley Powder Co. [4]	51%
IRECO Midwest Inc.	50%
Wampum Hardware Co.	50%
Midland Powder Company	50%
Mine Equipment & Mill Supply Company	50%
Controlled Explosives Inc.	50%
Western Explosives Systems Company	50%
Newfoundland Hard-Rok Inc.	50%
Dyno Nobel Labrador Inc.	50%
Quantum Explosives Inc.	50%
Dene Dyno Nobel Inc.	49%
Qaaqtuq Dyno Nobel Inc. [5]	49%
Denesoline Western Explosives Inc. [6]	49%
Queensland Nitrates Pty Ltd	50%
Queensland Nitrates Management Pty	50%
DetNet International Limited	50%
DetNet South Africa (Pty) Ltd	50%
DNEX Mexico, S. De R.L. de C.V.	49%
Explosivos De La Region Lagunera, S.A. de C.V.	49%
Explosivos De La Region, Central, S.A. de C.V.	49%
Nitro Explosivos de Ciudad Guzman, S.A. de C.V.	49%
Explosivos Y Servicios Para La Construccion, S.A. de C.V.	49%
Tenaga Kimia Ensign-Bickford Sdn Bhd	50%
Sasol Dyno Nobel (Pty) Ltd	50%
Associates	
Labrador Maskuau Ashini Ltd	25%
Fabchem China Ltd	30%
Valley Hydraulics Inc.	25%
Apex Construction Specialities Inc.	25%
Innu Namesu Ltd	25%
Warex Corporation	25%
Warex LLC	25%
Maine Drilling and Blasting Group	49%
Independent Explosives	49%

(1) A party to Deed of Cross Guarantee dated 30 September 2008.
(2) These entities have a 31 December financial year end.
(3) Dyno Nobel Waggaman Inc. was incorporated in the 2015 financial year.
(4) 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.
(5) 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.
(6) Due to legal requirements in the Canadian Northwest Territories, the Group cannot own more than 49 percent of shares in Denesoline Western Explosives Inc. However, under the joint venture agreement, the Group is entitled to 95 percent of the profit of Denesoline Western Explosives Inc.

21. Key management personnel disclosures

Key management personnel remuneration

	2015 $000	2014 $000
Short-term employee benefits	**15,896**	15,164
Post-employment benefits	**267**	248
Other long-term benefits	**200**	265
Termination benefits	**–**	371
Share-based payments	**3,524**	1,565
	19,887	17,613

Determination of key management personnel and detailed remuneration disclosures are provided in the Remuneration Report.

Loans to key management personnel

In the year ended 30 September 2015, there were no loans to key management personnel and their related parties (2014: nil).

Other key management personnel transactions

The following transactions, entered into during the year and prior year with key management personnel, were on terms and conditions no more favourable than those available to other customers, suppliers and employees:

(1) The spouse of Mr Fazzino, the Managing Director & Chief Executive Officer, is a partner in the accountancy and tax firm PricewaterhouseCoopers (PwC) from which the Group purchased services of $6,534,577 during the year (2014: $4,701,371). Mr Fazzino's spouse does not directly provide these services. Mr Fazzino has not engaged PwC at any time for any assignment.

(2) The spouse of Ms Fagg is a partner in the accountancy and tax firm KPMG from which the Group purchased services of $443,761 during the year (2014: $89,078). Ms Fagg's spouse does not directly provide these services. Ms Fagg was not involved in any engagement of KPMG made by the Group.

22. Auditor's remuneration

	2015 $000	2014 $000
Fees payable to the Group's auditor for assurance services		
Audit of the Group's annual report(1)	**927.3**	924.8
Audit of subsidiaries(2)	**608.1**	557.9
Audit-related assurance services(3)	**167.5**	170.0
Total current year assurance services	**1,702.9**	1,652.7
Fees payable to the Group's auditor for other services		
Other services relating to taxation(4)	**172.7**	100.2
All other services(5)	**30.0**	55.0
Total other services	**202.7**	155.2
Total fees paid to Group auditor	**1,905.6**	1,807.9
– Payable to Australian Group auditor firm	**1,419.8**	1,511.6
– Payable to International Group auditor associates	**485.8**	296.3

(1) Comprises the fee payable to the Group's auditors for the audit of the Group's financial statements.
(2) Comprises the audits of the Group's subsidiaries.
(3) Mainly comprises review of half-year reports.
(4) Comprises taxation compliance procedures for the Group's subsidiaries.
(5) Comprises non-statutory based assurance procedures.

From time to time, the auditors provide other services to the Group. These services are subject to strict corporate governance procedures which encompass the selection of service providers and the setting of their remuneration. The Audit and Risk Management Committee must approve individual non audit engagements provided by the Group's auditor above a value of $100,000, as well as where the aggregate amount exceeds $250,000 per annum.

23. Events subsequent to reporting date

Dividends

Since the end of the financial year, in November 2015, the directors determined to pay a final dividend of 7.4 cents per share on 14 December 2015. This dividend is 60 percent franked at the 30 percent corporate tax rate.

Other than the matter reported above, the directors have not become aware of any other significant matter or circumstance that has arisen since the end of the financial year, that has affected or may affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

Note 21
Note 22
Note 23

Directors' Declaration

on the Financial Statements set out on pages 39 to 71

I, Paul Brasher, being a director of Incitec Pivot Limited ("the Company"), do hereby state in accordance with a resolution of the directors that in the opinion of the directors,

1. (a) the financial statements and notes, set out on pages 39 to 71, and the remuneration disclosures that are contained in the Remuneration Report on pages 18 to 36 of the Directors' Report, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the financial position of the Company and the Group as at 30 September 2015 and of their performance, for the year ended on that date; and
    - (ii) complying with Accounting Standards in Australia (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) the financial report also complies with International Financial Reporting Standards as disclosed on page 45; and

   (c) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the controlled entities identified in Note 20 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418 (as amended).
3. The directors have been given the declaration by the Chief Executive Officer and the Chief Financial Officer as required by section 295A of the Corporations Act 2001 for the financial year ended 30 September 2015.

Paul Brasher
Chairman

Dated at Melbourne this 9th day of November 2015

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

Report on the Financial Report

We have audited the accompanying financial report of Incitec Pivot Limited ("the Company"), which comprises the consolidated statement of financial position as at 30 September 2015, 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 year ended on that date, pages 44 to 72 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. On page 45, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the consolidated entity comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Incitec Pivot Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in the Basis of Preparation on page 45 of the Financial Report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 36 of the directors' report for the year ended 30 September 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Incitec Pivot Limited for the year ended 30 September 2015, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Tom Imbesi
Partner
Chartered Accountants
Melbourne, 9 November 2015