

Appendix 4D

Half-year report



Incitec Pivot Limited
ABN 42 004 080 264

Financial half-year ended
(‘current period’)

Previous financial half-year ended
(‘previous corresponding period’)

31 March 2009	31 March 2008
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Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the half-year ended 31 March 2009

\$Amill

Revenues from ordinary activities	up	128%	to	1,708.0
Net profit for the financial half-year	down	(41)%	to	99.6
Dividends		Amount per security cents		Franked amount per security cents
Current Period				
Interim dividend		2.1		2.1
Previous corresponding period				
Interim dividend ⁽¹⁾		10.2		10.2
Year end dividend - 2008				
Final dividend		19.5		19.5
Record date for determining entitlements to the interim dividend:		21 May 2009		
Payment date of interim dividend:		7 July 2009		

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security⁽²⁾	(\$0.14)	\$0.38

⁽¹⁾ Dividends per share declared before the share split have been restated to reflect the 20 to 1 share split as approved by shareholders in September 2008.

⁽²⁾ Net tangible asset backing per ordinary security before the share split have been restated to reflect the 20 to 1 share split as approved by shareholders in September 2008.

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

The information should be read in conjunction with the most recent Annual Financial Report.

Half-year Financial Report

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Directors' Report

The directors of Incitec Pivot Limited present their report together with the financial report for the half-year ended 31 March 2009 and the auditor's review report thereon.

Directors

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

Name, qualification and special responsibilities	Period of directorship
Non-executive directors	
J C Watson AM, MAICD Chairman	Appointed as a director on 15 December 1997 and appointed Chairman in 1998.
A C Larkin FCPA, FAICD	Appointed as a director on 1 June 2003.
A D McCallum Dip. Ag Science, FAICD	Appointed as a director on 15 December 1997.
J Marlay BSc, FAICD	Appointed as a director on 20 December 2006.
G Smorgon B.Juris LL.B	Appointed as a director on 19 December 2008.
B Healey FAICD, FAIM	Appointed as a director on 1 June 2003 and retired as a director on 19 December 2008.
Executive directors	
J Segal BSc, MBA Managing Director and Chief Executive Officer	Appointed as a director on 3 June 2005 and resigned as a director on 8 May 2009.
J E Fazzino BEc(Hons), CPA Finance Director and Chief Financial Officer Acting Chief Executive Officer (8 May 2009)	Appointed as a director on 18 July 2005.

Review of operations

A review of the operations of the Consolidated entity during the half-year and of the results of those operations is contained in the accompanying Incitec Pivot Limited Profit Report.

Events subsequent to balance date

Since the end of the half-year, the Directors have determined to pay an interim dividend of 2.1 cents per share. This dividend is fully franked at the 30% corporate tax rate and is payable on 7 July 2009.

Since the end of the half-year, due to low demand for Single Superphosphate, it has been determined to close the Geelong manufacturing plant, with effect from 30 June 2009. The immediate cost of the closure is approximately \$2 million (after tax), for redundancies and associated costs.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2009 that has affected or may affect the operations of the Consolidated entity, the result of those operations, or the state of affairs of the Consolidated entity in subsequent years, which has not been covered in this report.

Directors' Report (continued)

Lead Auditor's Independence Declaration

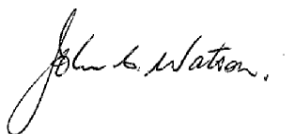
The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 March 2009.

Rounding

The Consolidated entity 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 accompanying half-year financial report have been rounded off, except where otherwise stated, to the nearest one hundred thousand dollars.

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

Signed on behalf of the Board



John C Watson, AM
Chairman

Dated at Melbourne this 8th day of May 2009



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

To: the directors of Incitec Pivot Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the financial half-year ended 31 March 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

S Bell

Suzanne Bell
Partner

Melbourne

8 May 2009

Income Statement

For the half-year ended 31 March 2009

	Notes	March 2009 \$mill	March 2008 \$mill
Revenue	(4)	1,708.0	749.3
Other and financial income	(4)	27.4	13.5
Operating expenses			
Changes in inventories of finished goods and work in progress		70.0	220.7
Raw materials and consumables used and finished goods purchased for resale		(975.5)	(498.8)
Employee expenses		(271.6)	(60.9)
Depreciation and amortisation expense		(91.9)	(19.0)
Borrowing and finance costs		(83.4)	(25.1)
Purchased services		(96.5)	(47.6)
Repairs and maintenance		(60.2)	(25.3)
Outgoing freight		(75.7)	(54.2)
Profit on share equity accounted investments		9.5	-
Asset write-downs, clean-up and environmental provisions		(2.1)	(1.3)
Other expenses		(46.2)	(19.9)
		(1,623.6)	(531.4)
Profit before income tax		111.8	231.4
Income tax expense		(12.2)	(61.6)
Profit for the half-year		99.6	169.8
		cents	cents
Earnings per share			
Basic earnings per share from continuing operations ⁽¹⁾	(6)	6.7	16.8
Diluted earnings per share from continuing operations ⁽¹⁾	(6)	6.7	16.8

⁽¹⁾ Earnings per share in the comparative period have been restated following the 20 for 1 share split as approved by shareholders in September 2008.

The income statement should be read in conjunction with the notes to the half-year financial report set out on pages 11 to 22.

Statement of Comprehensive Income

For the half-year ended 31 March 2009

	March 2009 \$mill	March 2008 \$mill
Profit for the half-year	99.6	169.8
Other comprehensive income		
Cash flow hedging reserve		
Changes in fair value of cash-flow hedges	(9.8)	1.1
Losses in cash-flow hedges transferred to income statement	1.9	-
Income tax on movements in the cash flow hedging reserve	(2.6)	(0.3)
	(10.5)	0.8
Fair value reserve		
Change in fair value of assets held as available for sale	(2.5)	(15.5)
Income tax on change in fair value of assets held as available for sale	0.7	4.6
Losses in assets available for sale transferred to income statement	0.5	-
	(1.3)	(10.9)
Foreign currency translation reserve		
Exchange differences on translation of foreign operations	340.0	-
Exchange differences on non-repayable inter-company loans	9.6	-
	349.6	-
Total other comprehensive income	337.8	(10.1)
Actuarial (losses)/gains on defined benefit plans (net of income tax)	(35.2)	-
Total comprehensive income for the half-year	402.2	159.7

The statement of comprehensive income should be read in conjunction with the notes to the half-year financial report set out on pages 11 to 22.

Statement of Financial Position

As at 31 March 2009

	Notes	March 2009 \$mill	September 2008 \$mill
Current assets			
Cash and cash equivalents		493.8	479.7
Trade and other receivables		460.0	625.3
Other financial assets		38.5	30.3
Inventories		737.5	676.6
Other assets		55.4	51.7
Assets classified as held for sale		3.3	4.8
Total current assets		1,788.5	1,868.4
Non-current assets			
Trade and other receivables		32.6	2.3
Investments accounted for using the equity method		321.8	311.2
Other financial assets		-	0.6
Property, plant and equipment		1,926.9	1,689.2
Intangible assets		4,452.7	3,856.2
Deferred tax assets		225.9	311.6
Other assets		20.3	0.1
Total non-current assets		6,980.2	6,171.2
Total assets		8,768.7	8,039.6
Current liabilities			
Trade and other payables		804.5	1,132.0
Interest bearing liabilities	(7)	173.2	2,238.8
Other financial liabilities		1.6	16.2
Current tax liabilities		103.8	180.4
Provisions		67.0	88.6
Total current liabilities		1,150.1	3,656.0
Non-current liabilities			
Trade and other payables		460.1	474.5
Interest bearing liabilities	(7)	2,426.0	271.2
Other financial liabilities		13.9	-
Deferred tax liabilities		260.3	333.4
Retirement benefit obligation		128.6	66.8
Provisions		99.7	90.8
Total non-current liabilities		3,388.6	1,236.7
Total liabilities		4,538.7	4,892.7
Net assets		4,230.0	3,146.9
Equity			
Issued capital		3,181.8	2,267.7
Reserves		705.5	353.8
Retained earnings		342.7	525.4
Total equity		4,230.0	3,146.9

The statement of financial position should be read in conjunction with the notes to the half-year financial report set out on pages 11 to 22.

Statement of Cash Flows

For the half-year ended 31 March 2009

	March 2009 \$mill Inflows/ (Outflows)	March 2008 \$mill Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers	2,074.8	646.3
Payments to suppliers and employees	(2,054.3)	(562.9)
Interest received	18.2	3.2
Borrowing costs paid	(74.5)	(25.0)
Other trading revenue received	-	0.9
Income taxes paid	(77.0)	(41.5)
Net cash flows from operating activities	(112.8)	21.0
Cash flows from investing activities		
Payments for property, plant and equipment and intangibles	(240.7)	(24.2)
Proceeds from sale of property, plant and equipment	31.4	2.3
Net cash flows from investing activities	(209.3)	(21.9)
Cash flows from financing activities		
Repayments of borrowings	(2,423.7)	(172.0)
Proceeds from borrowings	2,144.9	160.0
Payment of borrowing costs	(16.3)	-
Proceeds from shares issued	901.7	-
Share issue costs paid	(36.7)	-
Dividends paid	(237.4)	(116.5)
Net cash flows from financing activities	332.5	(128.5)
Net increase / (decrease) in cash and cash equivalents held	10.4	(129.4)
Cash and cash equivalents at the beginning of the half-year	479.7	218.3
Effect of exchange rate fluctuation on cash and cash equivalents	3.7	-
Cash and cash equivalents at the end of the half-year	493.8	88.9

The statement of cash flows should be read in conjunction with the notes to the half-year financial report set out on pages 11 to 22.

Statement of Changes in Equity

For the half-year ended 31 March 2009

	Issued capital	Cash flow hedging Reserve	Share- based payments Reserve	Foreign Currency Transation Reserve	Fair Value Reserve	Retained earnings	Total
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Balance at 1 October 2007	360.8	1.1	(8.0)	-	24.6	156.5	535.0
Total comprehensive income for the period	-	0.8	-	-	(10.9)	169.8	159.7
Dividends paid	-	-	-	-	-	(116.5)	(116.5)
Share-based payment transactions							
Dividends received as loan repayment	-	-	1.1	-	-	-	1.1
Option expense	-	-	1.4	-	-	-	1.4
Deferred tax on share based payments	-	-	0.4	-	-	-	0.4
Loan repayments	-	-	0.3	-	-	-	0.3
Shareholder loans	-	-	(7.0)	-	-	-	(7.0)
Balance at 31 March 2008	360.8	1.9	(11.8)	-	13.7	209.8	574.4
Balance at 1 October 2008	2,267.7	(11.0)	(10.8)	362.8	12.8	525.4	3,146.9
Adjustment for adoption of AASB 2008-8	-	9.7	-	-	-	(9.7)	-
Total comprehensive income for the period	-	(10.5)	-	349.6	(1.3)	64.4	402.2
Dividends paid	-	-	-	-	-	(237.4)	(237.4)
Shares issued during the period	950.8	-	-	-	-	-	950.8
Transaction cost on issuing of shares	(36.7)	-	-	-	-	-	(36.7)
Share-based payment transactions							
Dividends received as loan repayment	-	-	1.7	-	-	-	1.7
Option expense	-	-	1.2	-	-	-	1.2
Deferred tax on share based payments	-	-	0.1	-	-	-	0.1
Loan repayments	-	-	1.2	-	-	-	1.2
Balance at 31 March 2009	3,181.8	(11.8)	(6.6)	712.4	11.5	342.7	4,230.0

The statement of changes in equity should be read in conjunction with the notes to the half-year financial report set out on pages 11 to 22.

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

Share-based payments reserve: The share-based payments reserve represents the amount receivable from employees in relation to limited recourse loans for shares issued under long term incentive plans, as well as the fair value of shares treated as options recognised as an employee expense over the relevant vesting period.

Foreign currency translation reserve: Exchange differences arising on translation of foreign controlled operations are taken to the foreign currency translation reserve. The relevant position of the reserve is recognised in the income statement when the foreign operation is disposed of.

Fair value reserve: The fair value reserve represents the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised as available-for-sale.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

1. Basis of preparation

Incitec Pivot Limited is a Company domiciled in Australia. The half-year financial report of the Company as at and for the six months ended 31 March 2009 comprises the Company and its controlled entities (collectively the "Consolidated entity"). The Annual Financial Report of the Consolidated entity is available upon request from the Company's registered office at 70 Southbank Boulevard, Southbank Victoria 3006, Australia or at www.incitecpivot.com.au.

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

This half-year financial report does not include all the notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 September 2008 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This half-year financial report was approved by the Board of directors on 8th May 2009.

The Consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the half-year financial report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated. The half-year financial report is presented in Australian dollars.

2. Summary of accounting policies

Except as described below, the accounting policies applied by the Consolidated entity in this half-year financial report are the same as those applied by the Consolidated entity in its Annual Financial Report as at and for the year ended 30 September 2008.

The principal Australian Accounting standards and interpretations that have been adopted since 30 September 2008 are:

- AASB 2008-8 *Amendments to Australian Accounting Standards – Eligible Hedged Items* (adopted early)
- Interpretation 4 *Determining whether an Arrangement contains a lease*

The early adoption of AASB 2008-8 changes the Consolidated entity's accounting policy in regards to treatment of options as an effective hedge instrument. This has resulted in the following changes to the Consolidated entity's financial statements:

- In the prior year, the movement in market value of option premiums was booked to the Cash Flow Hedging Reserve. AASB 2008-8 requires the decrease in the market value (time related portion) of the option premiums to be expensed, resulting in \$13.8m (\$9.7m net of tax) being transferred from the Cash Flow Hedging Reserve to Retained Earnings. In the Consolidated Entity's full year results, prior year earnings will be restated (reduced) by \$13.8m (\$9.7m net of tax) as this transaction occurred in the second half of the year ended 30 September 2008;
- In the current half-year, the movement in market value (time related portion) of option premiums totalling \$6.9m (\$4.8m net of tax) has been expensed; in the event that AASB 2008-8 had not been adopted early this amount would have been transferred to the Cash Flow Hedging Reserve.

The following standards were available for early adoption but have not been applied by the Consolidated entity in the half-year financial report:

- AASB 8 *Operating Segments* (February 2007) requires disclosure of profit or loss, income and expense, assets and liabilities reported to the entity's chief operating decision maker. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009.
- AASB 3 *Business Combinations* (March 2008) requires an acquirer of a business to recognise the assets acquired and liabilities assumed at their acquisition-date fair values and discloses information that enables users to evaluate the nature and financial effects of the acquisition. AASB 3 is applicable for annual reporting periods beginning on or after 1 July 2009.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

3. Segment report

(a) Description of segments

31 March 2008

During the half year ended 31 March 2008, the Consolidated entity operated in one business segment, in which the principal activities were the manufacture, trading and distribution of fertilisers and chemicals, in one geographic location, Australia.

31 March 2009

The acquisition of Dyno Nobel Limited resulted in the Consolidated entity operating with two distinct businesses with distinct reporting structures. As a result, the Consolidated entity adopted business segments as its primary segment reporting format.

Business segments

The Consolidated entity comprises the following main business segments:

- Fertilisers: the manufacture, trading and distribution of fertilisers and chemicals.
- Explosives: the manufacture and sale of industrial explosives and related products and services to mining, quarrying and construction industries.

(b) Primary reporting format – business segments

	Fertilisers \$mill	Explosives \$mill	Consolidation adjustments \$mill	Consolidated \$mill
External sales	697.1	1,010.9	-	1,708.0
Segment result - Gross margin	267.5	479.3	-	746.8
Profit before depreciation, amortisation, interest, related income tax expense and individually material items	163.4	196.9	-	360.3
Depreciation and amortisation (excluding individually material items)	(20.1)	(68.0)	-	(88.1)
Profit from ordinary activities before interest, related income tax expense and individually material items	143.3	128.9	-	272.2
Individually material items before related income tax expense	(65.2)	(35.9)	-	(101.1)
Profit before interest and related income tax expense	78.1	93.0	-	171.1
Interest income				18.2
Financial expenses (excluding individually material items)				(77.5)
Profit before income tax				111.8
Income tax expense				(12.2)
Profit for the half-year				99.6

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

3. Segment report (continued)

	Fertilisers \$mill	Explosives \$mill	Consolidation adjustments \$mill	Consolidated \$mill
Segment assets	2,500.7	7,007.8	(1,061.6)	8,446.9
Investment in associates accounted for using the equity method	-	321.8	-	321.8
Total assets	2,500.7	7,329.6	(1,061.6)	8,768.7
Segment liabilities	1,512.2	4,088.1	(1,061.6)	4,538.7
Total liabilities	1,512.2	4,088.1	(1,061.6)	4,538.7
Share of profits in associates	-	9.5	-	9.5
Acquisition of property, plant and equipment, intangibles and other non-current assets	25.2	194.8	-	220.0
Impairment losses - inventories	65.8	5.4	-	71.2
Impairment losses - trade receivables	(0.9)	(4.9)	-	(5.8)

(c) Geographical segments – secondary reporting segments

The Fertiliser and Explosives segments are managed on a group-wide basis, but operate in two principal geographical areas, Australia/Asia and the Americas (including USA, Mexico and Canada).

In presenting information on the basis of geographical segments, segment revenue is based on geographical locations of customers. Segment assets are based on the geographical location of the assets.

	Australia/Asia \$mill	Americas \$mill	Consolidation adjustments \$mill	Consolidated \$mill
Revenue from external customers	947.8	760.2	-	1,708.0
Segment assets	3,491.6	6,016.9	(1,061.6)	8,446.9
Acquisition of property, plant and equipment, intangibles and other non-current assets	180.9	39.1	-	220.0

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

	March 2009 \$mill	March 2008 \$mill
4. Revenue and other income		
Revenue		
External sales	1,708.0	749.3
Total revenue	1,708.0	749.3
Other income		
Interest income		
external parties	18.2	2.6
unwinding of discount on provisions and other payables ⁽¹⁾	-	5.8
Other income	2.5	3.7
From outside operating activities		
Net gain on sale of property, plant and equipment	6.7	1.4
Total other income	27.4	13.5
Total revenue and other income	1,735.4	762.8

Seasonality of operations

Earnings are biased to the second half of the financial year and are significantly influenced in the Fertilisers segment by the Australian winter planting season which is dependent upon autumn and early winter rainfall and, in the Explosives segment which is significantly influenced by the North American winter.

The following table presents selected results for the Consolidated entity for the 12 months ended 31 March 2009 and 31 March 2008.

Fertilisers	2,295.3	1,578.9
Explosives (since acquisition date 16 June 2008)	1,581.8	-
Revenue from ordinary activities	3,877.1	1,578.9
Fertilisers	707.6	440.8
Explosives (since acquisition date 16 June 2008)	151.5	-
Profit from ordinary activities before interest and related income tax	859.1	440.8

- ⁽¹⁾ Prior year balance includes: (a) the unwinding of discount on Incitec Pivot's long term provisions; and
(b) the adjustment to long-term provisions and other payable balances after applying the most recently calculated discount rates. This resulted in a favourable profit and loss impact as the discount rates used increased over the period in line with market conditions.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

	Gross \$mill	March 2009 Tax \$mill	Net \$mill	Gross \$mill	March 2008 Tax \$mill	Net \$mill
5. Individually material items						
Profit includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the Consolidated entity:						
Business restructuring costs ⁽¹⁾						
other direct costs	-	-	-	(0.5)	0.2	(0.3)
Total business restructuring	-	-	-	(0.5)	0.2	(0.3)
Business restructuring costs - Separation and Integration ⁽²⁾						
other direct costs	-	-	-	(1.4)	0.4	(1.0)
Total business restructuring - Separation and Integration	-	-	-	(1.4)	0.4	(1.0)
Business restructuring costs - Dyno Nobel Integration ⁽³⁾						
restructuring and other direct costs	(17.4)	5.4	(12.0)	-	-	-
employee redundancies and allowances	(12.6)	4.1	(8.5)	-	-	-
Total business restructuring - Dyno Nobel Integration	(30.0)	9.5	(20.5)	-	-	-
Business restructuring costs - Cockle Creek closure ⁽⁴⁾						
restructuring and other direct costs	(15.8)	4.8	(11.0)	-	-	-
employee redundancies and allowances	-	-	-	-	-	-
Total Clean-up and closure costs	(15.8)	4.8	(11.0)	-	-	-
Other						
inventory NRV provision ⁽⁵⁾	(49.4)	14.8	(34.6)	-	-	-
write off borrowing costs ⁽⁶⁾	(5.9)	1.8	(4.1)	-	-	-
Total Other	(55.3)	16.6	(38.7)	-	-	-
Individually material items attributable to members of Incitec Pivot Limited	(101.1)	30.9	(70.2)	(1.9)	0.6	(1.3)

⁽¹⁾ 2005 saw a significant rationalisation of the fertiliser industry, following which the Consolidated entity incurred significant expenditure in reacting to the changed industry dynamics including developing and implementing a new business model and embarking on a major restructuring of the business.

⁽²⁾ Expenditure in relation to the separation from Orica Limited and integration of Southern Cross Fertilisers Pty Limited including the development of a Standard Operating Environment (IT Platform).

⁽³⁾ Following the acquisition of Dyno Nobel Limited, restructuring and integration expenditure has been incurred including employee redundancy costs as well as IT expenditure in creating common networks and collaboration between sites.

⁽⁴⁾ During 2008 Cockle Creek ceased beneficial production and was subsequently closed in January 2009. Expenditure has been incurred in closing the site and losses have been made in selling excess inventory and plant and equipment.

⁽⁵⁾ During 2009 sales volumes and market prices for imported phosphate rock based products have declined significantly, The provision represents the write down of the phosphate rock component of finished goods and phosphate rock on hand to net realisable value.

⁽⁶⁾ Direct transaction costs in relation to the Bridge Facility negotiation in order to acquire the shares in Dyno Nobel Limited which it did not already own during the 2008 financial year. As the Bridge Facility is replaced with new borrowings, its transaction costs are required to be written off.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

	March 2009 Cents per share	March 2008 Cents per share ⁽¹⁾
6. Earnings per share (EPS)		
Basic earnings per share		
including individually material items	6.7	16.8
excluding individually material items	11.5	17.0
Diluted earnings per share		
including individually material items	6.7	16.8
excluding individually material items	11.5	17.0
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	1,478,060,354	1,008,477,700
	\$mill	\$mill
Earnings used in the calculation of basic and diluted earnings per share including individually material items	99.6	169.8
Reconciliation of earnings used in the calculation of basic and diluted earnings per share excluding individually material items		
Profit for the half-year	99.6	169.8
(Deduct) / Add back individually material items after income tax	70.2	1.3
Earnings used in calculation of basic and diluted EPS excluding individually material items	169.8	171.1

⁽¹⁾ Earnings per share in the comparative period have been restated following the 20 for 1 share split as approved by shareholders in September 2008.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

7. Interest bearing liabilities

The following current and non-current interest bearing liabilities were issued and repaid during the six months ended 31 March 2009:

	March 2009	September 2008
	\$mill	\$mill
Syndicated Facility	1,672.9	-
Bridge / Working Capital Facility	535.9	2,147.1
Participation Facility	297.0	333.4
Bank Loans	0.0	7.8
Bank Overdrafts	0.0	11.0
Trade Loan Facility	75.5	-
Joint Ventures and associates	17.9	10.7
Total	2,599.2	2,510.0

	Syndicated Facility	Bridge / Working Capital	Other	Total
Balance at 1 October 2008	0.0	2,147.1	362.9	2,510.0
Drawn Down	1,679.5	382.7	82.7	2,144.9
Repayments	(6.6)	(2,361.9)	(55.2)	(2,423.7)
Foreign Exchange Loss	-	368.0	-	368.0
Balance at 31 March 2009	1,672.9	535.9	390.4	2,599.2

Significant terms and conditions

Interest expense is recognised progressively over the life of the facilities.

Bridge / Working Capital Facility

In March 2009, the Company entered into a Working Capital Facility, which replaced the Bridge facility. The Working Capital Facility is designed to support the Consolidated entity's working capital requirements. The facility limit at 31 March 2009 is A\$698 million and reduces over the term of the facility to October 2010. The funds available under this facility average A\$390 million over the term.

Syndicated Facility

The Syndicated Facility is a 3 year revolving facility that can be drawn in either AUD or USD. It has a facility limit of A\$1,680 million and matures in September 2011.

Participation Facility

The Participation Facility matures in August 2013, the carrying amount of the facility is secured against certain assets operated by Southern Cross Fertilisers Pty Ltd. The facility is denominated in AUD and has a fixed nominal interest rate of 8.93% for the term of the facility.

Trade Loan Facility

The Trade Loan Facility is an uncommitted funding arrangement for the purposes of funding trade related payments associated with the importation of various raw and finished products. It has a facility limit of US\$50 million.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

March	March
2009	2008
\$mill	\$mill

8. Dividends

Dividends paid or declared in the half-year ended 31 March were:

Ordinary Shares

Final dividend comprising:	
- normal dividend of 9.55 cents per share, fully franked at 30%, paid on 13 December 2007	- 96.3
- special dividend of 2 cents per share, fully franked at 30%, paid on 13 December 2007	- 20.2
Final dividend of 19.5 cents per share, fully franked at 30%, paid 2 December 2008	237.4 -
Total ordinary share dividends paid in cash	237.4 116.5

Subsequent event

Since the end of the half-year, the Directors have determined to pay the following dividend:

Ordinary shares

Interim dividend of 2.1 cents per share, fully franked at 30%, payable on 7 July 2009	33.6
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The financial effect of this dividend has not been recognised in the half-year financial report and will be recognised in subsequent financial reports.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

9. Business combination

A. Acquisition of Dyno Nobel Limited

(a) Summary of acquisition

On 16 June 2008, the Consolidated entity acquired the remaining shares it did not already own (86.8%) in Dyno Nobel Limited for \$2,460.8 million, including \$37.1 million of transaction costs. During 2007 the Company acquired 13.2% of the shares in Dyno Nobel Limited for \$256.2 million. Dyno Nobel Limited manufactures and sells industrial explosives and related products and services to mining, quarrying and construction industries.

(b) Purchase consideration

	30-Sep-08	Amendments	31-Mar-09
	\$mill	\$mill	\$mill
Consideration paid, satisfied in cash	551.9	(1.0)	550.9
Less cash acquired	(25.5)	-	(25.5)
Net cash outflow	526.4	(1.0)	525.4
Add back cash acquired	25.5	-	25.5
Shares issued	1,908.9	-	1,908.9
Original investment (13.2%)	256.2	-	256.2
Purchase consideration	2,717.0	(1.0)	2,716.0

(c) Assets and liabilities acquired

Since 30 September 2008 the following amendments to the initial fair value of assets and liabilities have been recognised due to additional information obtained during the half year in relation to the provisional fair values recognised:

	Provisional Fair Value as at 16-Jun-08	Amendments	Revised Provisional Fair Value
	\$mill	\$mill	\$mill
Acquiree's net assets at the acquisition date			
Cash and cash equivalents	25.5	-	25.5
Trade and other receivables	357.7	-	357.7
Inventories	177.7	(1.4)	176.3
Equity accounted investments	227.5	-	227.5
Property, plant and equipment	914.4	(6.3)	908.1
Intangibles			
- Goodwill	-	-	-
- Software	27.6	(1.1)	26.5
- Non compete	-	-	-
- Patents	24.1	-	24.1
- Customer contracts	159.9	-	159.9
- Trademarks	41.0	-	41.0
- Dyno brand name	241.5	-	241.5
Deferred tax assets	247.9	17.6	265.5
Trade payables	(70.5)	-	(70.5)
Other assets / (liabilities)	(704.0)	(21.8)	(725.8)
Step-up Preference Shares	(345.0)	-	(345.0)
Tax liabilities	(84.7)	-	(84.7)
Deferred tax liabilities	(271.7)	-	(271.7)
Provisions	(56.9)	-	(56.9)
Interest bearing liabilities	(858.0)	-	(858.0)
Net identifiable assets and liabilities	54.0	(13.0)	41.0
Less consideration	2,717.0	(1.0)	2,716.0
Goodwill on acquisition recognised	2,663.0	12.0	2,675.0

Additional amendments will be required to be made to the fair value of assets and liabilities accounted for at acquisition date if further information is identified within the next 3 months which provides better evidence of the item's fair value.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

10. Share based payments

Long Term Incentive (LTI) Performance Plans – 2006/08, 2006/09, 2007/10 and Retention Award – Mr Segal

The terms and conditions of the LTI Performance Plans 2006/08, 2006/09, 2007/10 and Retention Award – Mr Segal, are disclosed in the Annual Financial Report as at and for the year ended 30 September 2008. Details regarding Mr Segal's entitlements following his cessation of employment effective 8 May 2009 were notified to the Australian Securities Exchange on 22 April 2009.

The 2006/08 LTI Plan vested on 30 September 2008 and, as the performance criteria were achieved, awards were granted, by way of partial loan forgiveness.

During the six months there has been an additional LTI Performance Rights Plan established (as detailed below).

LTI Performance Rights Plan – 2008/11

During the half-year, the Company established a LTI Performance Rights Plan under the Incitec Pivot Performance Rights Plan Rules. The performance period for the 2008/11 LTI Performance Rights Plan is based on a three year performance cycle from 1 October 2008 to 30 September 2011. The 2008/11 LTI Plan operates by way of the Company granting participants Performance Rights, which entitle the participant to receive a fully paid ordinary share in Incitec Pivot Ltd, at no cost, upon the exercise of the Performance Right, subject to the satisfaction of the performance conditions and the Plan Rules.

The number of Performance Rights that vest will be determined according to Incitec Pivot Ltd's performance. Absolute Total Shareholder Return (Absolute TSR) is the performance condition that will determine the number of Performance Rights which will vest. This will be tested at the end of the Performance Period, being 30 September 2011.

The Performance Rights allocated to participants under the 2008/11 LTI Plan are treated as options for the purpose of AASB 2 *Share-Based Payments* (AASB 2). Participants were invited into the 2008/11 LTI Plan on 1 December 2008. Accordingly, the terms and conditions of the Performance Rights allocated, granted during the six months ended 31 March 2009 are summarised as follows:

	Grant Date	Expiry Date	Exercise price	Number of rights, treated as options, granted
2008/11 LTI Performance Rights Plan	19 Dec 2008	30 Sep 2013	\$nil	3,040,430

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

10. Share based payments (continued)

Fair value of performance rights treated as options granted during the six months ended 31 March 2009

The basis of measuring fair value is consistent with that disclosed in the consolidated financial report as at and for the year ended 30 September 2008. The fair value at grant date is independently determined using an adjusted form of the Black-Scholes option pricing model that takes into account the exercise price, the life of the performance right treated as an option, 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 performance right treated as an option:

The model inputs for these performance rights, treated as options, granted during the six months ended 31 March 2009 included:

Vesting period and conditions – 2008/11 LTI Plan

Performance Rights treated as options were granted at \$nil per right, have a three year life, and vest after certain Absolute TSR targets are met for the period 1 October 2008 to 30 September 2011 and are treated as exercisable at the earlier of 31 December 2011 or cessation of employment.

Grant date (in accordance with AASB 2)	19 Dec 2008
Share price (at grant date)	\$2.45
Exercise price	\$nil
Expected price volatility of the Company's shares	40%pa
Expiry date	30 Sept 2013
Expected dividends	5.0%
Risk-free interest rate (based on Australian Government bonds) with approximately 3 years to maturity (as at 19 December 2008)	3.1%pa
Share price which TSR targets are measured from	\$5.61

	2008/11
	LTI Plan
Fair value at grant date	\$0.30

Notes to the Half-year Financial Report

For the half-year ended 31 March 2009

11. Events subsequent to reporting date

Since the end of the half-year, the Directors have determined to pay an interim dividend of 2.1 cents per share. This dividend is fully franked at the 30% corporate tax rate and is payable on 7 July 2009.

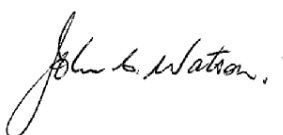
Since the end of the half-year, due to low demand for Single Superphosphate, it has been determined to close the Geelong manufacturing plant, with effect from 30 June 2009. The immediate cost of the closure is approximately \$2 million (after tax), for redundancies and associated costs.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2009 that has affected or may affect the operations of the Consolidated entity, the result of those operations, or the state of affairs of the Consolidated entity in subsequent years, which has not been covered in this report.

Directors' Declaration

I, John C Watson, being a director of Incitec Pivot Limited, do hereby state in accordance with a resolution of the directors that in the opinion of the directors,

- (a) the financial statements and notes set out on pages 6 to 22, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Consolidated entity as at 31 March 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



John C Watson, AM
Chairman

Dated at Melbourne this 8th day of May 2009.



Independent auditor's review report to the members of Incitec Pivot Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Incitec Pivot Limited, which comprises the consolidated interim statement of financial position as at 31 March 2009, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of accounting policies and other explanatory notes 1 to 11 and the directors' declaration of the Consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated entity's financial position as at 31 March 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Incitec Pivot Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Incitec Pivot Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Consolidated entity's financial position as at 31 March 2009 and of its performance for the half-year ended on that date; and

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

KPMG

KPMG

Suzanne Bell

Suzanne Bell
Partner

Melbourne

8 May 2009