

## **INCITEC PIVOT LIMITED – AUSTRALIAN TAXATION GUIDE TO THE SHARE SPLIT**

Effective 7pm on 23 September 2008, Incitec Pivot Limited converted every fully paid ordinary share into 20 fully paid ordinary shares in accordance with section 254H of the Corporations Act 2001 (Cth).

**Set out in this guide are the general Australian income tax implications in respect of the share split for Australian resident individual shareholders that held their Incitec Pivot shares on capital account at the time of the share split. It does not apply to shareholders that held their Incitec Pivot shares on revenue account or as trading stock, nor does it apply to non-resident shareholders.**

**Broadly, a shareholder will hold their shares on capital account where they hold their shares for long term investment and do not hold their Incitec Pivot shares as a share trader.**

**This guide has been prepared for general circulation and does not take into account the individual facts and circumstances of each investor. All shareholders should seek independent professional tax advice and should not rely on this material.**

If you are an Australian resident and hold your shares on capital account, the share split should not result in a taxing event.

Broadly, you will need to apportion the total tax cost base in the Incitec Pivot shares you held at the time of the share split over the Incitec Pivot shares held following the share split.

Following the share split, if you dispose of your Incitec Pivot shares you should use this new apportioned tax cost in determining any gain or loss from the disposal of your shares.

### **Example:**

If you acquired 100 shares for \$5000 in total in 2007, prior to the share split your cost base in your shares would be \$50 for each share.

After the share split, you would have 2000 shares and your cost base would be \$2.50 per share.

If you sell your shares for \$3.00 after the share split, you will make a capital gain of \$0.50 per share.